



AGENDA

**WINTERS AFFORDABLE HOUSING STEERING COMMITTEE
MEETING SCHEDULED FOR WEDNESDAY, AUGUST 8, 2007,
6:30 P.M., CITY COUNCIL CHAMBERS, FIRST FLOOR,
CITY HALL, 318 FIRST STREET
WINTERS, CA 95694**

CALL TO ORDER

RECOGNIZE AUDIENCE/CORRESPONDENCE

DISCUSSION ITEM

Discussion of potential affordable housing projects and City of Winters resources for these projects.

INFORMATIONAL ITEM

None.

ADJOURNMENT



STAFF REPORT
August 8, 2007

TO: Affordable Housing Steering Committee

FROM: Dan Sokolow – Community Development Director

SUBJECT: Discussion of potential affordable housing projects and City of Winters resources for these projects.

RECOMMENDATION: Staff recommends that the Affordable Housing Steering Committee (AHSC) receive a staff report on potential affordable housing projects and City of Winters resources for these projects. Staff also recommends that the AHSC provide staff with input on priorities for City funding.

SUMMARY: City staff has been reviewing potential affordable housing projects and programs. Because the City’s internal funding sources for funding and staff resources for implementing these projects and program are limited, priorities need to be established.

Potential Affordable Housing Projects and Programs

PROJECT/PROGRAM	FUNDING	NOTES
Almondwood Apts	\$390,000	Loan for rehab of apts.
Sacramento Mutual Housing Association	\$250,000	Pre-development recoverable grant. City’s bond counsel has advised that recoverable grant is actually a loan.
	\$1,300,000	Grant for construction.
	\$2,500,000	HOME loan for construction.
Anderson Apartments	Unknown	
Anderson Place	\$200,000	Grant for construction of affordable units.
Mary Rose Gardens	\$200,000	Grant for construction of affordable units.
Senior Housing Rehab	\$300,000	Grants/loans.
1st Time Homebuyer	Unknown	

Potential City Funding Sources for Affordable Housing Projects and Programs

FUNDING SOURCE	AMOUNT	NOTES
CDA Tax Increment	\$735,000	Redevelopment (CDA) low-moderate housing tax increment. Should receive \$395,000 payment in FY 2007-08; \$258,000 encumbered for bond int./principal payments.
CDA Bond Proceeds	\$2,640,000	Redevelopment (CDA) low-moderate housing bond proceeds.
CDBG Housing Rehab PI	\$29,389	Community Development Block Grant Program Income.
CDBG 1st Homebuyer PI	\$48,603	Community Development Block Grant Program Income.

HOME 1st Homebuyer PI	\$44,492	HOME Program Income.
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BACKGROUND: The City has received two funding assistance requests for affordable housing projects and is considering a third project initiated by staff.

Almondwood Apartments

1. **Funding Request:** \$390,000 loan for rehabilitation of 39-unit apartment complex that serves lower-income households.
2. **Summary of Project:** The apartment complex located on Dutton Street was constructed in 1983 under the Section 515 U.S. Department of Agriculture loan program. Of the 39 units, 22 are subsidized by USDA rental assistance, 12 units are subsidized by the RHCP (State) program, and the remaining 5 units are not covered by rental assistance. The owners have decided to sell the facility and want the new owner(s) to continue to operate the facility for affordable housing. Mike Condry, a private real estate investor from Sanger, is under contract to purchase the Almondwood Apartments. He has purchased eight Section 515 projects in the last four years. The real estate broker for the sale, Al Inouye, also represented the former owner of the Winters Apartments when the multi-family affordable housing facility was sold to the Community Housing Opportunities Corporation (CHOC) in 2002. Winters Apartments was also constructed under the Section 515 program. (The City provided a loan/grant from Community Development Block Grant Program Income funds in the amount of \$185,000 for rehabilitation and a redevelopment grant in the amount of \$250,000 for acquisition for the Winters Apartments.) Condry has made a preliminary loan request of \$390,000 for funding half of the rehabilitation work necessary for Almondwood. City participation in the project will require that a 55-year affordability restriction be recorded against the property.

Sacramento Mutual Housing Association (SMHA)

1. **Funding Request:** \$250,000 predevelopment recoverable grant, \$1,300,000 CDA grant, and \$2,500,000 HOME loan (City lends the funds out after receipt of HOME grant).
2. **Summary of Project:** SMHA wants to construct 40 rental units for very low-income senior households and 50 market-rate, townhome units (for sale on the Village on the Park project site (Railroad Avenue – directly south of NC Foliage). The senior complex would be located at the center of the five-acre project site while the townhome units would border it on all four sides.

Anderson Avenue (Silvestri) Apartments

1. **Funding Request:** Unkown at this time.
2. **Summary of Project:** The Anderson Avenue Apartments consists of ten, single-story duplexes near the intersection of Carrion Circle and Anderson Avenue. The 20 half-plex units are located on two separate parcels. A third parcel approximately

20,145 square feet in size borders the two duplex parcels. The three parcels were inherited by two brothers and their sister a few years ago. Staff is interested in rehabilitating the units, improving the circulation of the site, upgrading the internal roadways/parking areas and landscaping, and potentially constructing amenities for the tenants such as a small playground and community/laundry room on the vacant parcel. As part of the City's participation in the project, a 55-year affordability deed restriction would be recorded against the residential properties. While the City could potentially purchase the three parcels or partner with another entity such as a non-profit housing developer, the purchase cost combined with the costs of rehabilitating the units and providing other improvements would be significant and would require outside funding assistance.

RECENT AFFORDABLE HOUSING PROJECTS SUPPORTED BY CITY: The City has funded two affordable housing projects in the last two years: Winters II apartment complex and first time homebuyer assistance for the Cottages at Carter Ranch Subdivision.

1. **Winters II** – The 34-unit apartment complex for very low-income households is under construction and it is estimated that construction will be completed late this year. The City provided the following funding for the project.
 - a) \$2,850,280 loan (HOME funds).
 - b) \$1,400,000 grant (redevelopment low-moderate housing bond proceeds).
 - c) \$150,000 development loan (redevelopment low-moderate housing bond proceeds).
 - d) \$50,000 pre-development loan (redevelopment low-moderate housing bond proceeds).

The City also purchased the property for Winters II at a cost of approximately \$460,000 and is leasing the property to the developer of the project, Bruhn Orchards Housing Associates, L.P. (Community Housing Opportunities Corporation), at a nominal cost. A significant amount of City staff time was expended to process the NEPA (National Environmental Policy Act), prepare the TEFRA public hearing and resolution (Tax Equity and Fiscal Responsibility Act for the issuance of tax-exempt financing), review the various funding agreements, assist with the preparation of the HOME funding application, and complete other assignments. As a result of the HOME funding, the City is responsible for conducting the wage monitoring for construction of the project and filing various labor, financial, and other required HOME reports.

2. **Cottages at Carter Ranch** – The City provided \$785,000 in first time home buyer assistance to the families that purchased the six very low-income and the thirteen low-income units at the project. In addition, through a density bonus and planned development overly, the City provided development concessions on street standards, off-street parking, setbacks, and lot coverage. The City also deferred payment of the City impact fees for the thirteen low- and eleven moderate-income units until close of escrow and hired a consultant at City expense to administer the first time homebuyer program. While it is difficult to assign a dollar value to the

development concessions and the deferral of the impact fees, these items certainly assisted the project that resulted in the construction of six units for very low-, thirteen units for low-, and eleven units for moderate-income households. The source of the first time homebuyer funds consisted of CDBG (Community Development Block Grant) Program Income, HOME Program Income, redevelopment low-moderate housing tax increment, and developer contributions.

Affordable Housing/AHSC Stf Rpt Affordable Projects & City Resources 8Aug07