



Meeting Date: 07/25/2006

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input checked="" type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Ernest Whitaker *EW* Agenda Item No. 0-1
 Reviewed By: City Manager *PHB* City Attorney *Holmberg* Finance *MM* Other (Specify) _____

DATE: July 12, 2006

TO: City Council

FROM: *for* Sal Gonzalez, Housing Director *Antonio Culla*
Housing Department

SUBJECT: Affordable Housing and Loan Agreement (Agreement) with Housing Opportunity Management and Education (HOME) Corporation

RECOMMENDATION

That City Council:

1. Approve and authorize the Mayor to execute an Affordable Housing and Loan Agreement (A-6723) with HOME Corporation providing gap financing in the amount of \$840,000 for the purchase of five lots in the 100 block of North Hayes Street for the development of 26 affordable townhomes.
2. Approve the expenditure of HOME Community Housing Development Organization (CHDO) funds in the amount of \$556,772.
3. Approve the appropriation of \$283,228 from the housing in-lieu fee fund balance for HOME Corporation.

DISCUSSION

At its meeting of February 10, 2004 City Council designated HOME Corporation as a CHDO. The only funds advanced to date by the City for housing programs to HOME Corporation have been for housing counseling programs. These programs educate first time homebuyers who may be taking advantage of the City's downpayment and closing cost matching grant or purchasing inclusionary units under the terms of the City's affordable housing ordinance.

HOME Corporation has been exploring affordable housing development opportunities in the Colonia neighborhood and the Meta Street redevelopment area. The HOME Corporation has submitted a proposal requesting \$840,000 of gap financing to purchase five lots in Colonia in the 100 block of North Hayes Street.

Subject to the normal planning entitlement process, HOME proposes to construct 26 townhomes; 11 of the units will be sold to low income buyers, 15 of the units will be sold to moderate income buyers. Each of the 26 townhomes will have three bedrooms. The low income units will sell for an estimated \$209,000 and the moderate income units will sell for \$274,000. HOME plans to use a variety of state loan and grant programs to keep the monthly mortgage payments as low as possible. The estimated monthly payment for the low income units is \$1,235, and for the moderate income units, \$1,692. HOME plans to make available a first floor location at the corner of First and Hayes Streets as a Police Department storefront to serve the Colonia neighborhood.

This is HOME Corporation's first venture into development. HOME has assembled an experienced team to carry out the project. Local contractors are being interviewed to do the construction. Michael Sanchez is the architect. Amir Alimardani, is an engineer, formerly worked with the Housing Authority's Modernization Program and has recently financed the construction and sale of three homes in the Colonia neighborhood and two multi-family buildings in Los Angeles. Separately from the HOME Corporation, Henry Casillas has built one home in Colonia, a second in Camarillo and has extensive addition and rehabilitation work experience. His latest project was the restoration of the Cruz Reynoso Justice Center in downtown Oxnard. The Bank of America will provide construction financing and permanent financing for the homebuyers.

The City's Colonia Task Force and the Colonia Neighborhood Council have reviewed the project and recommend that City Council approve the appropriation of the requested funds.

Deal Points

The Agreement contains the following terms:

1. The City will loan HOME \$840,000 at LAIF plus 1% per annum. If the project does not go forward HOME Corporation must repay the \$840,000 with interest. The City will initially have first lienholder position, but will be required to subordinate to construction financing. Private funds will secure the balance of the \$1.1 million purchase price of the land.
2. The loan will be repaid as each of the 26 units closes escrow and then is transferred to each homeowner as downpayment assistance. No interest will accrue in this instance.
3. Each owner will execute a 20 year Resale Restriction Agreement. The \$32,308 City lien will be repaid at the end of 20 years at a rate of 5% per year simple interest. During the 20 year period the lien may be transferred to another low or moderate income buyer. The unit may not be rented and must be sold to a low or moderate income buyer.
4. An amount of \$275,000 of the City's Cal Home grant of \$500,000 will be reserved for the 11 low income buyers. Each of the 11 buyers will be able to receive up to \$25,000 of Cal Home funds as needed.

FINANCIAL IMPACT

The City's contribution to this project will come from the In-Lieu Fund Balance and several HOME accounts:

Housing In-Lieu Fee Fund Balance	\$283,228
CHDO Development Account FY 04 (Project 775125) (295-5162-804-8602)	\$23,746
CHDO Development Account FY 05 (Project 775138) (295-5162-804-8602)	\$171,631
CHDO Development Account FY 06 (Project 775153) (295-5162-804-8602)	<u>\$361,395</u>
	\$556,772

There are sufficient funds in the City's Housing In-Lieu Fee fund 371 to cover the \$283,228 appropriation.

- Attachment #1 – Funding for Single Family Developments
#2 – Funding for Homebuyers
#3 – Special Budget Appropriation
#4 – Affordable Housing and Loan Agreement

Note: The Affordable Housing and Loan Agreement, with supporting documents, has been provided to the City Council. Copies are available for review at the Circulation Desk in the library after 6:00 p.m. on the Thursday prior to the Council meeting and at the City Clerk's office after 8:00 a.m. on Friday.

(EW/em)

000127

City of Oxnard

Publicly Funded Single Family Developments

<u>Project/Year</u>	<u>Units</u>	<u>Total Development Costs</u>	<u>City Share</u>	<u>% of City Share</u>
El Paseo (2000)	190	\$28,400,000	\$4,150,000	15%
Hacienda Guadalupe (2002)	26	\$7,850,000*	\$732,000	9%
Habitat (2002-2005)	9	\$1,125,000*	\$234,000	21%
Sonria (2004)	22	\$8,631,000	\$462,000	5%
Heritage Walk (2006)	12	\$4,521,268	\$790,000	18%
(HOME Corporation) (2006)	26	\$8,200,000	\$840,000	10%

*Estimated Costs

Heritage Walk – Proforma of November 2004.

Meadowcrest Villas – Proforma of January 2005.

000128

ATTACHMENT NO. 1
PAGE 1 OF 1

City of Oxnard

Publicly Funded Single Family Homes

Developer Assisted

<u>Project/Year</u>	<u>Number of Units</u>	<u>Funding</u>	<u>Per Unit</u>
El Paseo (2000)	190	\$4,150,000	\$21,800
Hacienda Guadalupe (2002)	26	\$732,000	\$28,100
Habitat (2002-2005)	9	\$234,000	\$26,000
Sonria (2004)	22	\$462,000	\$21,000
Heritage Walk (2006)	12	\$790,000	\$65,800
(HOME Corporation) (2006)	26	(\$840,000)	(\$32,300)

Homebuyer Assisted

Sonrisa (2001)	15	\$69,500	\$4,600
Mayfield Village (2002)	9	\$48,000	\$5,300
Sycamore Place (2003)	11	\$105,200	\$9,500
Casa Bonita (2005)	22	\$182,300	\$8,200
Meadow Crest (2006)	8	\$320,000	\$40,000

000129

ATTACHMENT NO. 2
PAGE 1 OF 1

CITY OF OXNARD

REQUEST FOR SPECIAL BUDGET APPROPRIATION

To the City Manager:

July 10, 2006

Request is hereby made for an appropriation of total \$ 283,228

Reason for appropriation:

FUND	DESCRIPTION/ACCOUNT	AMOUNT
Housing In-Lieu (371)	HOME Corporation 371-51xx-82604-8364 (xxxxxx)	\$ <u>283,228</u>
	Net Estimated Change to Housing In-Lieu Fund Balance	\$ <u>(283,228)</u>

Antonio Calt

for Manager

REQUIRES CITY COUNCIL APPROVAL

DIRECTOR OF FINANCE

Mr. [Signature]

Disposition

Approved _____

Rejected _____

Transfer by Journal Voucher _____

ATTACHMENT NO. 3
PAGE 1 OF 1

000130