



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Corsiglia

SUBJECT: SEE BELOW

DATE: February 19, 2003

Approved

Date

COUNCIL DISTRICT: 1
SNI Area: Blackford

SUBJECT: APPROVAL OF A LOAN OF UP TO \$382,500 TO HOUSING FOR INDEPENDENT PEOPLE (HIP) FOR THE ACQUISITION AND REHABILITATION OF A SIX-UNIT APARTMENT BUILDING LOCATED AT 1059 ROEWILL DRIVE

RECOMMENDATION

It is recommended that the City Council adopt a resolution approving a loan in an amount not to exceed \$382,500 to Housing for Independent People (HIP) from the Low and Moderate Income Housing Fund, for the acquisition, rehabilitation and permanent financing of a six-unit building located at 1059 Roewill Drive, to be made affordable to extremely low-income households.

BACKGROUND

On July 5, 2002, the Housing Department received a request from HIP for funding for the acquisition and rehabilitation of a six-unit apartment building located at 1059 Roewill Drive, to be made affordable to extremely low-income households.

On November 19, 2002, the City Council passed a resolution (Resolution # 71302), approving a conditional grant of up to \$382,500 to HIP for the acquisition and rehabilitation of the property from the Extremely Low-Income Housing Reserve Fund for the Fiscal Year 2002-2003. In January 2003, based on budget reductions and other proposals included in the Governor's FY 2003-2004 Budget, the Redevelopment Agency notified the Housing Department that no additional Extremely Low-Income (ELI) funds will be available for commitments not yet executed, pending the outcome of State budget negotiations.

ANALYSIS

The sponsor received an option to purchase from the owners of the property on March 27, 2002, and has negotiated and executed extensions through March 23, 2003.

As previously mentioned, the Redevelopment Agency notified the Housing Department that no additional Extremely Low-Income (ELI) funds will be available for commitments not yet executed, pending the outcome of State budget negotiations. As a result, City Council action is required at this time to authorize replacing previously approved ELI funds with 20% Low and Moderate Income Housing funds.

Rents for all six units in the apartment building will be affordable to households with extremely low incomes. The rents will be:

5 2-Br Units @ \$648 and 1 3-Br Unit @ \$749

Pursuant to the Delegation of Authority approved by the City Council on June 25, 2002, the City Manager will approve the specific business terms of the conditional grant.

COST IMPLICATIONS

Funds for the proposed loan are available in the Housing Department Fiscal Year 2002-2003 20% Low- and Moderate-Income Fund Budget.

LEGAL IMPLICATIONS

55-year affordability restriction restricting the occupancy of the project to extremely low-income persons will be recorded on the properties.

COORDINATION

The preparation of this report has been coordinated with the Office of the City Attorney.

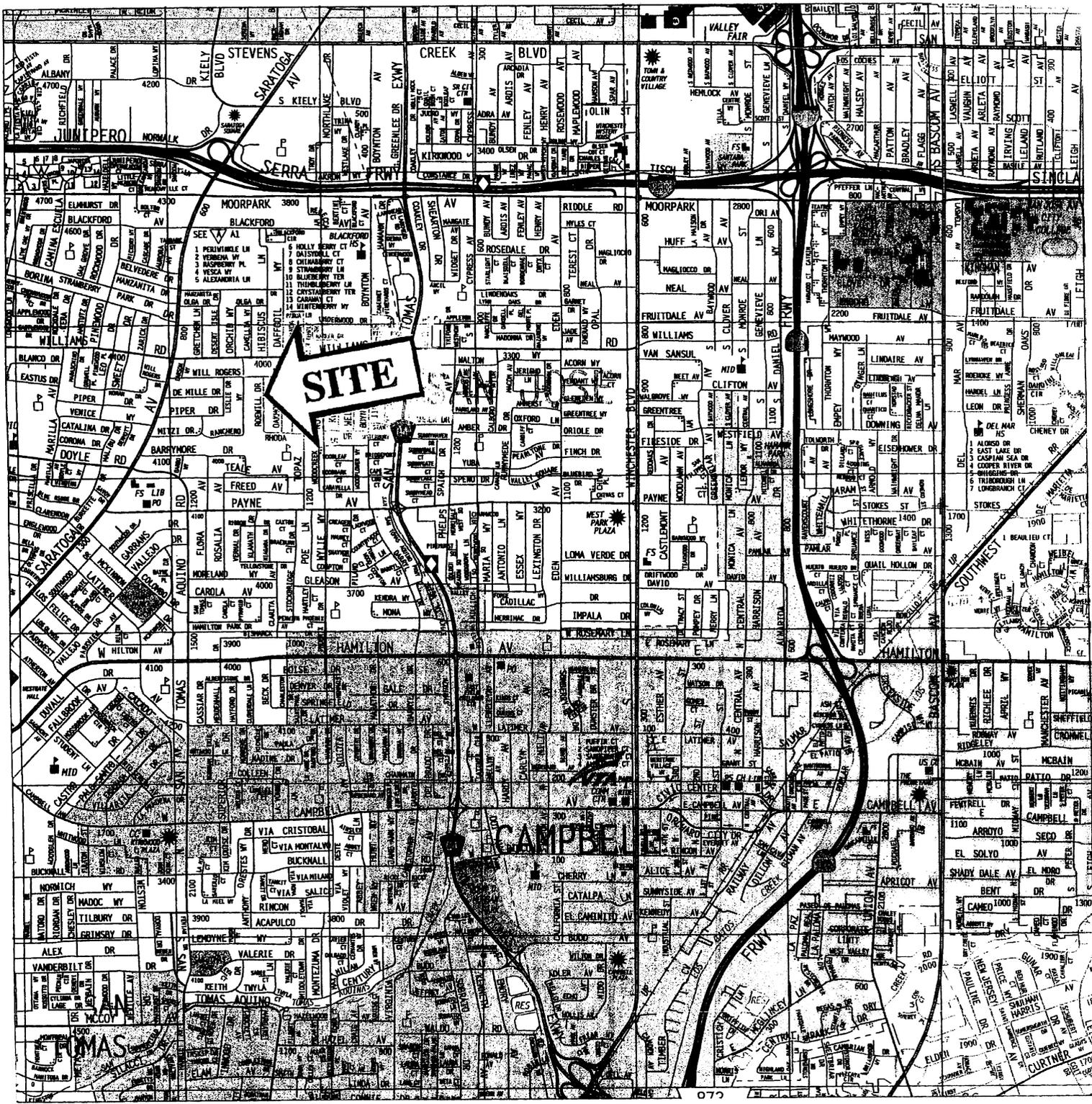
CEQA

Exempt (PP02-10-305)



LESLYE CORSIGLIA
Director of Housing





1059 Roewill Drive