



DATE: August 2, 2006

TO: Honorable Mayor and City Councilmembers

FROM: Neighborhood Services Department

SUBJECT: **APPROVAL OF AN AGREEMENT WITH SAN DIEGO HABITAT FOR HUMANITY, INC. TO DEVELOP AN AFFORDABLE FOR-SALE HOUSING PROJECT, AND APPROVAL OF A BUDGET APPROPRIATION IN THE AMOUNT OF \$2,700,000 FROM INCLUSIONARY HOUSING IN LIEU TRUST FUND TO THE LIBBY LAKE VILLAGE AFFORDABLE HOUSING PROJECT**

SYNOPSIS

Staff recommends that the City Council approve an Agreement with San Diego Habitat for Humanity, Inc., for the development of an affordable for-sale housing project to develop 20 single-family homes, approve a budget appropriation in the amount of \$2,700,000 from the Inclusionary Housing In-Lieu Trust Funds to the Libby Lake Village Affordable Housing Project account, and authorize the City Manager to execute the Agreement and related documents.

BACKGROUND

The Libby Lake development is part of a neighborhood revitalization strategy outlined in the Calle Montecito Revitalization Plan. The plan recommended affordable housing for the site. The City has conducted initial engineering studies, determining that approximately 19 to 20 single-family homes could fit on the site. The City issued an RFP and in May 2005 selected San Diego Habitat for Humanity, Inc., hereinafter "Habitat", to develop the site. This development is in conformance with the recommendation of the City's Affordable Housing Task Force and will increase the inventory of affordable housing units in the City. This project will also assist the City in meeting the state-mandated housing goals.

ANALYSIS

Habitat proposes to develop Libby Lake Village, consisting of 20 single-family for-sale homes on a 2.67-acre parcel located at the corner of North River Road and Calle Montecito. Each unit will have three or four bedrooms, one full bath, and one three-quarter bathroom, consistent with the development concept set out in the Scope of Development (Attachment No. 4 to the Agreement) and the Conceptual/Schematic Drawings (Attachment No. 6 to the Agreement) (the "Improvements").

The initial sales price will be affordable to families with incomes of less than 80 percent of the County Median Income (CMI). Using current CMI figures, this amount is no more than \$171,000 for the three-bedroom units and \$187,000 for four-bedroom units. This amount will be revised to fit current income figures at the time of sale. Resale prices for each unit will also be affordable to families with maximum income not to exceed 80 percent of the County Median Income at the time of resale.

The total estimated cost of development for this project is \$5,926,016, plus the value of the property. The City will provide \$2,700,000 to the project in the form of forgivable loans of \$135,000 per home. The City will also place a forgivable loan against the home for the value of the land provided for the homes as part of its contribution to the development. The remaining \$3,226,016 will be provided from donations to Habitat. Habitat will also provide monitoring and administration of the development for fifty-five (55) years.

FISCAL IMPACT

Staff is recommending approval of a budget appropriation in the amount of \$2,700,000 from the Inclusionary Housing In-Lieu Trust Account (284.2510.03565) to the Libby Lake Village Affordable Housing Project account (284.295130.5374), for the construction of 20 single-family homes. The approximate available balance in the Inclusionary Housing In-Lieu Trust account, as of June 25, 2006, is \$14,791,956.

COMMISSION OR COMMITTEE REPORT

At its April 25, 2006, meeting, the Housing Commission unanimously recommended that the City Council approve the Agreement with San Diego Habitat for Humanity, Inc., for the development of a 20-unit affordable for-sale housing project.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

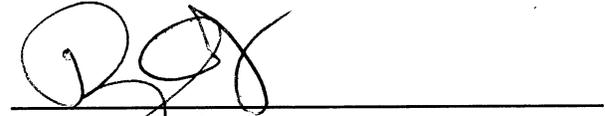
RECOMMENDATION

Staff recommends that the City Council approve an Agreement with San Diego Habitat for Humanity, Inc., for the development of an affordable for-sale housing project to develop 20 single-family homes, approve a budget appropriation in the amount of \$2,700,000 from the Inclusionary Housing In-Lieu Trust Funds to the Libby Lake Village Affordable Housing Project account, and authorize the City Manager to execute the Agreement and related documents.

PREPARED BY:


Stephen L. Jackson
Senior Housing Specialist

SUBMITTED BY:


Barry E. Martin
Interim City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Assistant to the City Manager



Margery M. Pierce, Director of Neighborhood Services



Nita McKay, Financial Services Director



Mike Blessing, Deputy City Manager



ATTACHMENTS

Exhibit A

MEMORANDUM

DATE: August 2, 2006
TO: Honorable Mayor and Councilmembers
FROM: Patricia Allison, City Manager's Office
SUBJECT: AVAILABILITY OF DOCUMENTS FOR REVIEW

Due to their size, the documents related to this item have not been included in the packet, but are available for review in both the City Manager's Office and the City Clerk's Office.