

The proposed development will address housing priorities identified in the Consolidated Plan by providing accessible units as long term affordable housing for the benefit of eligible low-income seniors and disabled adults. If approved, the recommended actions for this project will create 66 affordable units for senior households (1 – Studio Unit, 60 one-bedroom and 5 two-bedroom units), while preserving 66 units of elderly housing and providing 55 years of affordability.

FISCAL CONSIDERATIONS:

The issuance of bonds will not constitute a financial liability of the Housing Authority, the City, or the Housing Commission. Neither the faith and credit nor the taxing power of the City or the Housing Authority would be pledged to the payment of the bonds; security for bond payments is limited to the value of the property and its revenue sources. All costs of the financing, including compensation for staff efforts in preparing the bonds, will be borne by the developer. The Housing Commission's origination fee under the financing will be up to \$13,340 (0.23 percent of the bond amount). The change of terms on the Housing Commission loan will mean that interest income of approximately \$1,710,000 is not collected. The interest rate reduction from 3% to 0% is for the first fifteen years only. Provided that the Commission receives legal opinions from reputable tax counsel and General Counsel of the Commission that the reversion to the 3% loan interest rate beginning in Year 16 will not adversely affect the viability of the project, the interest rate on the loan shall be 3% per annum commencing in Year 16 of the project. The developer has agreed to increase affordability an additional ten years in exchange for this loan term revision. All other previously approved loan terms and conditions would remain unchanged.

PREVIOUS COUNCIL and/or COMMITTEE ACTIONS:

At the October 6, 2006 Housing Commission meeting and the November 21, 2006 Housing Authority meeting, the Housing Commission loan for Alabama Manor was increased from \$3,600,000 to \$3,800,000. At the March 3, 2006 Housing Commission meeting and at the April 4, 2006 Housing Authority meeting, actions were taken to approve and authorize funding of a loan in the amount of \$3,600,000 and to take the initial steps to issue up to \$6,800,000 in multi-family housing mortgage revenue bonds. The Housing Authority actions were a companion item to City Council Item #334 on the same date.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

The project was approved 9-0-0 at the March 6, 2006 meeting of the Urban Design Project Review Committee of the Greater North Park Planning Committee. The project is anticipated to be presented at the March 21, 2006 meeting of the Greater North Park Planning Committee.

KEY STAKEHOLDERS & PROJECTED IMPACTS

The sellers of the property are Ronald A. Crampton and Michael J. Hall. The buyer is Community Housing Works, a 501 (c) (3) nonprofit public benefit corporation. Wells Fargo Bank and a still to be determined and selected investor are providing debt and equity for the project. The Housing Commission has engaged CSG Advisors and Stradling Yocca Carlson & Rauth to represent the Housing Authority as financial advisor and bond counsel on the proposed bond transaction.

Respectfully submitted,

Approved by,

Cissy Fisher
Director, Housing Finance and Development

Elizabeth C. Morris
President and Chief Executive Officer

