



REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: July 21, 2009

SUBJECT: Habitat for Humanity MPFP and SLIF Fee Deferral

Report in Brief

In the Spring Lake Specific Plan, developers were given the option of dedicating single family lots to non-profit organizations on a two for one credit as long as the homes are sold to very-low income households. In the plan a total of five such dedications were allowed. In addition, under the City's policies, developers of an affordable housing project can request a full deferral of Development Impact (MPFP) and Spring Lake Infrastructure Fund (SLIF) fees. This deferral assists in making the project feasible as these fees do not need to be financed during the construction of the project.

Staff recommends that the City Council approve Resolution No. ____, authorizing the deferral of MPFP and SLIF fees until Certificate of Occupancy for the Habitat for Humanity of Yolo County lots units at 1607 Brubaker Street and 2204 Farmers Central Road.

Background

As part of the Spring Lake Affordable Housing Plan, market rate developers are required to sell 10% of their units at purchase prices affordable to low (80% AMI) income buyers. However, they are eligible to receive credit for one affordable unit by dedicating two lots to non-profit housing developers who would build and sell the units created to very-low income (50% AMI) households. In the plan a total of five such dedications were allowed. In 2006, KB homes dedicated three lots to Habitat for Humanity under this program. These homes were finished in mid 2008.

In July of 2007 the City Council approved a transfer of the final two allowable parcels by E&L Company with their property in the Heidrick Ranch project. Shortly after the approval, E&L, like many developers, was significantly affected by the downturn in the housing market and did not complete the transfer. The two lots slated for dedication were used by E&L as collateral for a loan to sustain their operations.

In the fall of 2008, to facilitate the sale of 28 lots of the Heidrick Ranch project, the City was approached by E&L and Meritage homes to allow a transfer of two different lots to address part of the outstanding Inclusionary Housing requirement for their project. The City agreed to this to

encourage the development in Spring Lake. This transfer occurred in October of 2008 when E&L transferred the two lots to Habitat for Humanity of Yolo County.

In addition, as part of the Spring Lake Affordable Housing Plan, affordable units were allowed to receive a full deferral of MPFP and SLIF Fees as long as they were built prior to or concurrently with market rate units. These two units will be built prior to most of Meritage's units, which would make them eligible for this deferment.

Discussion

When Habitat for Humanity of Yolo County constructed their first three homes, the City did grant this same request. By granting the request, it allows Habitat to build these units with less funding being required up front. The cost of the fees will be funded when the families of these units get their primary financing from a bank. The City would record a lien against the property to ensure that the fees will be paid prior to the home being occupied.

Fiscal Impact

The amount of SLIF and MPFP to be deferred is estimated at \$116,468. Habitat has hoped to begin construction of the units in September and have them completed around April or May of 2010. Under this schedule, the fees are still expected to be paid in the current fiscal year. If the schedule slips, the deferred fees will not be paid until FY 11. In either case the fiscal impact is minimal.

Public Contact

Posting of the City Council agenda.

Alternative Courses of Action

1. Approve Resolution No. ____, authorizing the deferral of MPFP and SLIF fees until Certificate of Occupancy for the Habitat for Humanity of Yolo County lots units at 1607 Brubaker Street and 2204 Farmers Central Road.
2. Cease further consideration of the deferral of MPFP and SLIF Fees for the Habitat for Humanity units.

Recommendation for Action

Staff recommends that the City Council approve Alternative No. 1.

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Housing Analyst II

Reviewed by: Cynthia Shallit
Redevelopment Manager

Reviewed by: Barry Munowitch, AICP
Assistant City Manager

Mark G. Deven
City Manager

Attachment: Resolution Approving Habitat for Humanity Fee Deferral

RESOLUTION NO. _____
RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WOODLAND
TO APPROVE THE DEFERRAL OF MPFP AND SLIF FEES UNTIL
CERTIFICATE OF OCCUPANCY FOR HABITAT FOR HUMANITY OF
YOLO COUNTY UNITS

WHEREAS, the Heidrick Ranch Project in Spring Lake has an obligation to provide affordable housing; and

WHEREAS, in the Spring Lake Affordable Housing Plan, developers were allowed to dedicate lots to non-profit housing providers and would receive a two for one credit; and

WHEREAS, to facilitate the sale of 28 lots to Meritage, the City allowed the E&L Company to transfer two lots to Habitat for Humanity of Yolo County; and

WHEREAS, the City has a policy to defer fees to facilitate the construction of affordable housing; and

WHEREAS, Habitat for Humanity of Yolo County has requested the deferment;

NOW, THEREFORE, BE IT RESOLVED, the City Council hereby approves the deferral of MPFP and SLIF fees until Certificate of Occupancy for the Habitat for Humanity of Yolo County lots units at 1607 Brubaker Street and 2204 Farmers Central Road.

PASSED AND ADOPTED this 21st day of July, 2009 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Marlin H. "Skip" Davies, Mayor

ATTEST:

Sue Vannucci, City Clerk

APPROVED AS TO FORM:

Andrew Morris, City Attorney