

Date: October 9, 2023

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Patrice Toney, Interim City Manager
Tanya Skillman, Housing Development Manager

Subject:

Presentation on creation of revolving construction loan fund that sets aside \$2,000,000 to provide gap financing for housing rehabilitation and the development of infill housing. (All Wards)

Strategic Focus Area: Livable Neighborhoods

Strategic Objective: Promoting the Development of Affordable Housing

Strategic Plan Action Item: Yes

Key Work Item: Yes



The Housing Development Department proposes that the City set aside \$2,000,000 to create a revolving construction loan fund for new construction development and preservation of affordable housing.

Gap financing will be available for experienced developers and contractors with plans to build new construction or rehab houses available to sell to buyers with incomes ranging from 80% to 120% area median income.

The maximum loan amount will be up to \$100,000 for 12 to 18 months at 2% interest as approved by the City Manager. City funds will be used for hard construction costs only. Site acquisition costs or fees payable to the developer must be funded from another source. Developers must demonstrate suitable experience and financial capacity to qualify. The final sales price to buyers must not exceed the maximum sales price allowed by HUD.

Developers will be encouraged to consider City owned lots for new construction development. The City staff will verify additional funding sources, budgets and plans prior to closing.

All homes supported by the program will subject to a 15-year affordability period pursuant to The Housing Act.

The fund will be created with a \$1,000,000 allocation of State ARPA funds and \$1,000,000 allocation of HOME.