



Department Source: Community Development - CDBG/Home

To: City Council

From: City Manager & Staff

Council Meeting Date: October 21, 2019

Re: Consideration of an Amendment to Job Point Columbia Community Housing Development Organization Funding Agreement

Executive Summary

The FY 2019 CDBG and HOME Annual Action Plan included a reallocation of \$30,000 to increase funding for Job Point's 7 and 9 Third Avenue homes being constructed. The additional funds increase the total subsidy by \$15,000 per home due to changes to how the subsidy is provided to Community Housing Development Organizations (CHDO) through City CDBG and HOME Administrative Guidelines.

Discussion

On June 6, 2018, the Housing and Community Development Commission (HCDC) voted to recommend the City Council approve providing \$65,314 in HOME CHDO funds for the development of affordable homes at 7 and 9 Third Avenue. City Council approved \$65,314 in HOME CHDO funding for two homes, one home to be located at 7 Third Avenue and one home to be located at 9 Third Avenue.

The original sources and uses statement provided a total development cost for each individual home to be \$143,563 and an individual HOME CHDO subsidy amount to be \$32,657. The City has historically provided up to \$7,500 in down payment assistance, however City Council approved amending our guidelines on November 19, 2018 to require the entire subsidy amount to be determined on the initial subsidy to qualified CHDOs and ensure that qualified buyers maintain an 80% LTV on their first mortgage.

Job Point reached out to City staff inquiring for additional funds to assist in meeting the additional gap that exists due the amendment in our guidelines, as well as the significant increase in construction costs. City staff had the Lynn Cottages recently re-estimated and saw a 13% estimated increase in costs from when costs were provided in early 2017. Job Point trimmed some of their project budget costs and items and narrowed their increase in costs to 9.6%. Their increase in costs and change in subsidy is as seen below.

	June 5, 2018	February 11, 2019
Total Development Cost Per Home	\$143,563	\$157,352 (9.6% increase)
Subsidy	\$32,657	\$32,657
Down payment Assistance Up To	\$7,500	NA
Appraised Value	\$125,000	\$125,000
80% LTV	\$100,000	\$100,000
Remaining Gap	\$3,406	\$24,695



Job Point requested \$15,000 additional HOME funds per house to cover the removal of access to down payment assistance funds, as well as the increase in estimated construction costs. There is still a remaining gap that staff anticipates will be filled by proceeds from previously funded projects, donations and other funding raising efforts taken on by Job Point. Staff recommends considering the approval of this request.

Fiscal Impact

Short-Term Impact: None.

Long-Term Impact: None.

Strategic & Comprehensive Plan Impacts

Strategic Plan Impacts:

Primary Impact: Social Equity, Secondary Impact: Infrastructure, Tertiary Impact: Economy

Comprehensive Plan Impacts:

Primary Impact: Livable & Sustainable Communities,

Legislative History

Date	Action
November 3, 2018	Council approved an agreement with Job Point COMO CHDO for the construction of two homes at 7 & 9 Third Avenue.
June 17, 2019	City Council approved the FY 2019 Annual Action Plan allocating additional funds for Job Point COMO CHDO's 7 & 9 Third Avenue project.

Suggested Council Action

Consider the resolution approving an amendment to the Columbia Community Housing Development Organization 7 & 9 Third Avenue.