



Department Source: Community Development - CDBG/Home

To: City Council

From: Community Development Department

Council Meeting Date: August 3, 2020

Re: Ordinance to Transfer Real Estate and HOME Funds to the Columbia Community Land Trust for the Development of the Cullimore Cottages

## Executive Summary

Staff has prepared an ordinance to transfer real estate and funding to the Columbia Community Land Trust for the purpose of developing permanently affordable housing. City Council approved funding within the FY 2019 Annual Action Plan on March 2, 2020.

## Discussion

Sanitary sewer and storm water improvements to the site have been completed under the supervision of the Housing Programs Division. The Columbia Community Land Trust (CCLT) has also procured the necessary development financing to complete the project, as well as a qualified local homebuilder. The CCLT received four proposals for development financing for the project and the selected bank is providing 0.75% interest financing for up to 85% of the project value and over a repayment period of 24 months. The CCLT also received bids from 3 qualified builders and has chosen to proceed with the most competitively priced bid upon authorization of funds from the City.

Home Plan A consists of 3 bedrooms and 2 bathrooms and will have an estimated cost of \$159,618.86 for construction. Plan C consists of 2 bedrooms and 2 bathrooms and will have an estimated \$132,440.86 cost of construction. Each of the homes in the project will have a subsidized price of approximately 80% of the final appraised value. Initial proposed appraised values for Plan A and Plan C were \$145,000 and \$135,000 respectively. Staff anticipates these to be slightly higher at completion due to significant appreciation observed in other projects.

The attached agreement includes \$232,049 in HOME funds to go towards the construction of the homes, as well as \$50,000 in Water and Light Program funds for the installation of solar panels on each of the homes. Housing Programs Division staff worked with Water and Light Utility Services Division staff and the Water and Light Advisory Board to design a plan for including a sustainable solar funding program source.

Previously completed homes at the Lynn Street Cottages had a per home solar installation cost of approximately \$10,000. The installation of the panels also resulted in an increase of \$2,500 in appraised value of the homes. HPD staff felt it important to pass on all monthly energy cost savings to the program participants, due to the intent of the program. In order to create a more sustainable funding model for supporting the installation of solar panels, the funding agreement requires the CCLT to maintain at least 80% of the increase in appraised value of the homes, expressly due to the installation of the panels, to help fund solar installation costs on future projects.



# City of Columbia

701 East Broadway, Columbia, Missouri 65201

The CCLT anticipates construction to begin in late August or early September of 2020. Approval of this ordinance will authorize the City to transfer real estate and funding to the CCLT to complete the construction of affordable homes at the Cullimore Cottages.

## Fiscal Impact

Short-Term Impact: Allocates \$232,049 in previously approved HOME funding through the Homeownership Assistance Neighborhood Development Program.

Long-Term Impact: None.

## Strategic & Comprehensive Plan Impacts

### Strategic Plan Impacts:

Primary Impact: Social Equity, Secondary Impact: Economy

### Comprehensive Plan Impacts:

Primary Impact: Economic Development, Secondary Impact: Livable & Sustainable Communities

## Legislative History

Date	Action
September 18, 2017	Council approved \$200,000 for the Cullimore Cottages project on N. 8 <sup>th</sup> Street.
April 16, 2018	Council approved ordinance for the purchase of 1101 and 1103 N. 8 <sup>th</sup> Street.
November 19, 2018	Council approved the PD Plan for Cullimore Cottages.
November 4, 2019	Council approved the Final Plat for the Cullimore Cottages.
March 2, 2020	Council approved the allocation of funds for Cullimore Cottages within the FY 2019 Annual Action Plan.
March 16, 2020	Council approved the authorization of completing sanitary and storm water public improvements.

## Suggested Council Action

Approve the ordinance authorizing an agreement to transfer real estate and reserving funds for the completion of the Cullimore Cottages project.