



CITY OF POMONA COUNCIL REPORT

November 20, 2017

To: Honorable Mayor and Members of the City Council, Sitting as the Governing Board of the Pomona Housing Authority and Housing Successor Agency to the Former Redevelopment Agency

From: Linda Lowry, Executive Director

Submitted By: Benita DeFrank, Neighborhood Services Director

Subject: **Approving the Sale of Real Property Owned by the Housing Successor Agency, Located at 246 Newman Street, Pomona, to Chudamani and Maina Adhikari**

OVERVIEW

Recommendation - That the City Council, sitting as the Governing Board of the Housing Authority and Housing Successor Agency to the former Redevelopment Agency:

1. Approve the sale of real property owned by the Housing Successor Agency, located at 246 Newman Street (APN 8348-010-901, "Property") to Chudamani and Maina Adhikari.
2. Authorize the Executive Director to execute all documents required to put into effect and complete the sale.

Fiscal Impact – All fees incurred will be paid with sales proceeds. The balance of proceeds of the sale will go to the developer, Shield of Faith Economic Development Corporation.

Previous Related Action – On December 1, 2014, the City Council approved a Development Agreement with Shield of Faith Economic Development Corporation to oversee the development and resale of the Property.

EXECUTIVE SUMMARY

Based on the scope of the Development Agreement approved by City Council, Shield of Faith Economic Development Corporation ("Development Contractor") undertook the development of vacant property, owned by the Housing Successor Agency, located at 246 Newman Street, utilizing HOME Program Community Housing Development Organization ("CHDO") proceeds which the Development Contractor held. The development project included renovation of an 1895 Victorian style home, relocated from the site previously known as Pomona Gardens to the Property, along with new construction incorporated into the Victorian home. Except for landscaping, the project is completed, and with this action a qualified homebuyer will be able to purchase the Property.

DISCUSSION

The subject property, located at 246 Newman Street, was originally purchased with Redevelopment Agency Low- and Moderate-Income Housing funds and was transferred to the Pomona Housing Authority as part of transfer of property to the Housing Successor Agency. At time of transfer, the Property was a 7,429 square-foot vacant lot, within an R-2 zone. In an effort to develop the vacant property and to preserve an 1895 Victorian-style house which was designated as historic and located on property formerly held by the Redevelopment Agency, the house was moved to the subject property. The original Victorian style home was 932 square-feet and in an effort to provide a larger affordable housing unit, an additional 784 square-feet was added to make this a three-bedroom, two-and-half-bathroom home. A detached two-car garage was also added.

Because this property was purchased with Low-Mod Housing Funds, a 45-year Declaration of Covenants, Conditions, and Restrictions will need to be recorded on the property. The rehabilitation and construction of the house was funded with CHDO proceeds, recycled from previous projects that the Development Contractor completed. As a result, the covenant will also include terms that meet HOME Program funding requirements.

The property was listed with the Multiple Listing Service (MLS) and was advertized on the broker Hathaway Homes Services' nationwide website, as well as other real estate related websites. The proposed homebuyer, the Adhikari family, is a first-time homebuyer with a household size of four members. Their household income is between 61% to 80% of the Los Angeles County Median income (with an annual income of \$72,100 or below for a household size of four based on 2017 income limits). Because the household is considered to be in the lower income range, and the property was originally purchased with Low-Mod Housing Funds and rehabilitated with HOME funds, the buyer's monthly payment, including loan principal, interest, taxes, insurance and a reasonable allowance for utilities, cannot not exceed 30% of the family's gross monthly income. This is the ratio that the U.S. Department of Housing and Urban Development (HUD) considers to be an affordable housing cost.

In October 2017, the Property appraised for \$437,000. Being low- to moderate-income, the homebuyers will be provided with First Time Homebuyer Program assistance to bridge the gap between what the homebuyers can afford and the sales price. The infusion of first time homebuyer assistance also requires that the sales price be reduced to \$405,000, which is the maximum sales price for Los Angeles County, per program regulations. The buyer will also be putting in funds towards the down payment.

Upon Council approval, the Agency will open escrow with the homebuyer and will complete the sale. The net proceeds from the sale will be granted to the Development Contractor as CHDO proceeds to be used for future housing developments, pursuant to the Development Agreement executed on December 1, 2014.

Attachment: Declaration of Covenants, Conditions, and Restrictions