

City of Visalia Memo to File



To: Mike Olmos, City Manager
From: Rhonda Haynes, Housing Specialist *Rhonda Haynes*
CC: Nick Mascia, Community Development Director
Christopher Tavarez, Administrative Services Manager
Date: October 14, 2016
Re: Authorize Habitat- NSP Change in Household Income eligibility for 1816 West Perez

Habitat has an NSP property that is to be sold to a household at or below 50% ami. (1816 W Perez property). Habitat has a potential buyer, who was income eligible 6 months ago, however, was not looking at this property then. The buyer found that the NSP (Perez) property is more suited for her family including her disabled child. Now finding this property, and beginning the process, she is now over income. We are not able to use her income qualifications from 6 months ago (against the rules).

The NSP Program guidelines relate to two income categories: (120% ami and 50% ami). The NSP program mandated that 25 % of the grant and 25% of the program income generated, be used to house families at or below 50% ami. The remaining funds have been used to house families between 51% up to 120% of the area median income. The City's NSP Program has been successful in fulfilling all NSP requirements, generating program income which allowed us to exceed our goals. The City has met its 50% ami requirement, in fact, exceeded the requirement

Staff recommends allowing the income category for Habitat's home to move into the income category (up to 120% ami). However, only this property is allowed to be changed due to the fact that the rehabilitation is still underway, which allows the changes to be made within the NSP reporting system.

Therefore, Staff agrees with Habitat's desire to assist this buyer, she has a need for housing with her children, including the need for accessibility. The design of the home accommodates the family's need.

Process to change income category:

- Authorize the property income eligibility from 50% to the 120% category (City Manager authorization below)
- -HUD-NSP Division considers this a minor change, which staff will work with the Attorney to either prepare a Habitat NSP Agreement Amendment, or if allowed, prepare an Administrative Memo (which is the memo submitted to CM for authorization, and an area for Habitat to sign as well)
- System process:
 - We would create a new activity for this property only under Habitat
 - Do an internal move of the expenses to date within the system (DRGR)

The City has met the 50% ami requirements:

- Above our NSP \$ requirement for spending 25% of the grant and PI toward households at or below 50% ami.
 - Are required amount is: \$1.4 Mi.
 - We have spent over \$2M
- This is a minor change only- under NSP Rules

Authorization:

City Manager Authorizes Habitat, NSP property, 1816 W Perez, transaction and income eligibility into the 120% ami category.

Mike Olmos
City Manager, Mike Olmos

Dirk Holkeboer
Habitat for Humanity/Dirk Holkeboer

[Signature]
City Attorney

10/24/16
Date

10/25/2016
Date

10-20-16
Date