



MEMORANDUM NEIGHBORHOOD RESOURCES - Council Memo No. HD14-07

DATE: AUGUST 7, 2014

TO: MAYOR AND CITY COUNCIL

THRU: RICH DLUGAS, CITY MANAGER *RJD*
JEFF CLARK, FIRE CHIEF
JENNIFER MORRISON, NEIGHBORHOOD RESOURCES DIRECTOR *JM*

FROM: KURT KNUTSON, HOUSING AND REDEVELOPMENT MANAGER *KK*

SUBJECT: RESOLUTION NO. 4790, AUTHORIZING THE INTERDEPARTMENTAL TRANSFER OF CERTAIN REAL PROPERTY WITHIN THE CITY OF CHANDLER'S MUNICIPAL UTILITIES DEPARTMENT AND THE HOUSING DIVISION AND AUTHORIZING THE SUBSEQUENT IMPROVEMENT AND LEASING OF PROPERTY TO QUALIFIED FAMILIES AT AN AFFORDABLE RENT AND AUTHORIZING THE HOUSING AND REDEVELOPMENT MANAGER TO TRANSFER FUNDS WITHIN THE HOUSING DIVISION'S FUND 240 CONTINGENCY BUDGET TO FUND 236 TO FACILITATE THE CONSTRUCTION PROJECT AND LEASING PROGRAM

RECOMMENDATION: Staff and the Housing and Human Services Commission recommend to City Council the adoption of Resolution No. 4790 authorizing of the interdepartmental transfer of certain real property within the City of Chandler's Municipal Utilities Department (MUD) and the Housing Division and authorizing the subsequent improvement and leasing of property to qualified families at an affordable rent and authorizing the Housing and Redevelopment Manager to transfer funds within the Housing Division's fund 240 contingency budget to fund 236 to facilitate the construction project and leasing program.

BACKGROUND: The Housing and Redevelopment Division desires to diversify, maintain and expand affordable housing programs within the Community. In conjunction with the approved Strategic Plan, Housing staff is proposing the development of a City owned infill parcel that would add two (2) additional affordable rental housing units to the existing inventory.

MUD recently decommissioned a wellsite on a 7000 square foot residential lot that is located in the 1950's Pamela Park subdivision (aka the Kingston Wellsite).

MUD has no immediate or future use for the former wellsite property and would like to facilitate a reuse of the property. The wellsite property is located across the street from the Housing Division's rental property known as Kingston Arms Apartments at 127 N. Kingston Street. The wellsite property is currently zoned for a duplex to be constructed on the property.

Neighborhood Resources/Housing staff is looking at an opportunity to gain possession of the property contingent upon the development of the property as an affordable rental duplex. This proposed project would eliminate MUD's obligation to manage and maintain a vacant lot and would allow the Housing Division to add much needed affordable housing stock to the Housing Division's inventory. The project would also improve and enhance the existing neighborhood by eliminating a vacant lot and enhancing the area with a new dwelling structure.

DISCUSSION: The Kingston wellsite lot is currently zoned MF1 which will support the construction of a duplex on the lot with the existing zoning. Housing Staff, with the assistance of an architect, has developed a conceptual design of how the duplex might be placed on the lot and a conceptual elevation (Exhibit A). The duplex is designed to complement the existing neighborhood which currently is a mix of multifamily to the south and east, commercial to the north and single family residential to the west. The conceptual plan is for each unit of the duplex to consist of two (2) bedrooms, one (1) bath, approximately 1000 square feet in size with an attached garage. The duplex will be energy efficient (energy star minimum) with desert landscaping.

The attached resolution would authorize:

- Transfer ownership of the property to the City's Housing Division.
- Authorize a transfer of funds within the Housing Division's accounts to allow for the planning, development and construction of the duplex as a turnkey package. (Estimate \$300,000.00)
- Authorize the future leasing of the duplex to income qualified families. Income qualified is defined as an income less than 80% of area median income. (Currently a three-person household would qualify if their income was less than \$45,550.)
- Establishment of affordable rents that would be structured for families with incomes less than the 80% of area median income and rents would be less than fair market rent.
- Renting to qualifying families that must supply information to prove eligibility for the program and show an acceptable background and rental history. Selected applicants must demonstrate they can maintain the housing units.

- The Housing and Redevelopment Manager to develop architectural/ construction plans and specifications, bid documents for construction. (Note: that the bid award associated with any construction contract would return to City Council for approval before any construction would begin.)
- The development of program guidelines and the leasing of units based on the criteria outlined in this resolution. All pertinent documents would be reviewed by the City Attorney's Office.
- The rent revenue derived from this project would pay for the operating, maintenance and capital costs of the project. Any additional revenue will be used to support other affordable housing needs and projects. (Costs to undertake this proposed project will come from sales proceeds from previous Public Housing sales and development proceeds.)

FINANCIAL IMPLICATIONS: The costs to implement this project are derived from Public Housing proceeds and other available resources. The estimated cost for the architectural fees, development fees, permits, construction costs, appliances and landscaping is \$282,000.00. There is funding available (\$28,000.00) for a 10 % contingency.

PROPOSED MOTION: Move to approve Resolution No. 4790 authorizing the interdepartmental transfer of certain real property within the City of Chandler's Municipal Utilities Department and the Housing Division and authorizing the subsequent improvement and leasing of property to qualified families at an affordable rent and authorizing the Housing and Redevelopment Manager to transfer funds within the Housing Division's fund 240 contingency budget to fund 236 to facilitate the construction project and leasing program.

Attachments: Resolution No. 4790
Exhibit A (two pages)
Location Map

RESOLUTION NO. 4790

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AUTHORIZING THE INTERDEPARTMENTAL TRANSFER OF CERTAIN REAL PROPERTY WITHIN THE CITY OF CHANDLER'S MUNICIPAL UTILITIES DEPARTMENT AND THE HOUSING DIVISION AND AUTHORIZING THE SUBSEQUENT IMPROVEMENT AND LEASING OF PROPERTY TO QUALIFIED FAMILIES AT AN AFFORDABLE RENT AND AUTHORIZING THE HOUSING AND REDEVELOPMENT MANAGER TO TRANSFER FUNDS WITHIN THE HOUSING DIVISION'S FUND 240 CONTINGENCY BUDGET TO FUND 236 TO FACILITATE THE CONSTRUCTION PROJECT AND LEASING PROGRAM

WHEREAS, part of the City of Chandler Public Housing Authority's (PHA's) mission is to increase the number of affordable housing units within the City of Chandler; and

WHEREAS, the City of Chandler (PHA) desires to acquire a decommissioned well site property in a residential area managed by the Municipal Utilities Department; and

WHEREAS, the City of Chandler Housing and Redevelopment Division wishes to improve the decommissioned Municipal Utilities Department wellsite by constructing a duplex residential structure on the property; and

WHEREAS, the City's Housing and Redevelopment Division wishes to manage and lease the duplex to families that make less than 80% of area median income at an affordable rent; and

WHEREAS, the Housing and Redevelopment Division has funding available to undertake this project that is specifically targeted to the development of affordable housing, but requires approval to transfer funding within the FY2014/2015 budgets for the architectural, construction and related costs.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chandler, Arizona, as follows:

SECTION ONE. The City of Chandler, acting by, for and through the City of Chandler (PHA) is hereby authorized to accept the transfer of ownership responsibility of the decommissioned Kingston wellsite, parcel number 303-03-018, Pamela Park Two, Lot 53.

SECTION TWO. The Manager of the Housing and Redevelopment Division (PHA Manager), of the City of Chandler, Arizona is hereby authorized to develop the property in order to construct a duplex and make other related improvements to the property.

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SECTION THREE. Ready the property for lease, develop program guidelines and lease the properties to qualified families, all in accordance with the terms and conditions as stated in the program guidelines, and subject to the form of such documents being approved by the City Attorney.

SECTION FOUR. The rent structure for the property developed under this program will not be subsidized by HUD and not subject to all HUD rules and regulations. Rents will be structured as an "annual flat rent" at an affordable amount that is targeted to families earning less than 80% of Phoenix/Mesa area medium income for the metropolitan area.

SECTION FIVE Mayor and Council authorize and approve the reallocation of funding within the Housing and Redevelopment FY 2014/15 budgets to facilitate all costs of this project.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, the ___ day of _____, 2014.

ATTEST:

CITY CLERK

MAYOR

CERTIFICATION

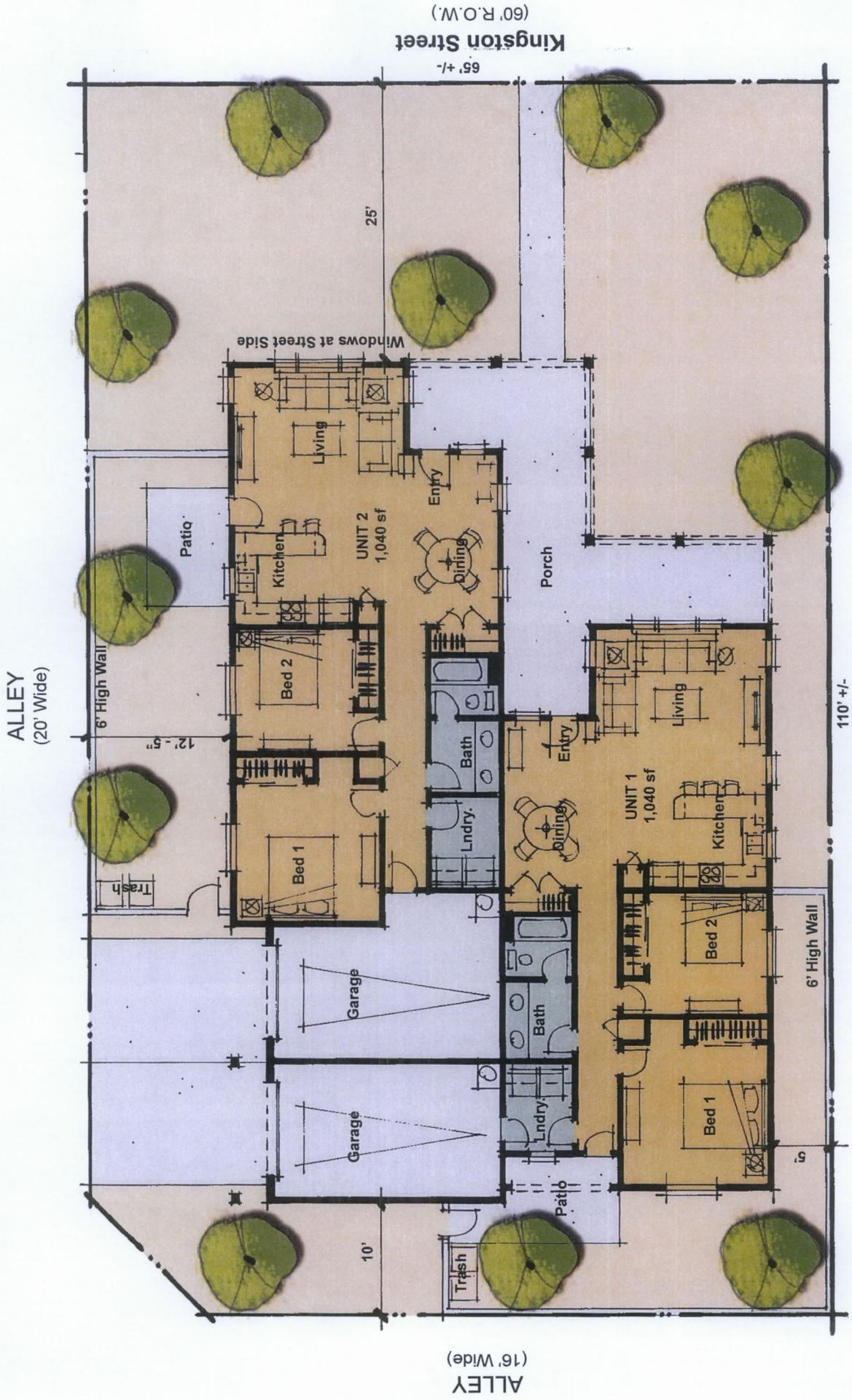
I HEREBY CERTIFY that the above and foregoing RESOLUTION No. 4790 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on the ___ day of _____, 2014, and that a quorum was present thereat.

APPROVED AS TO FORM:

CITY ATTORNEY GAB

CITY CLERK

EXHIBIT A 1 OF 2

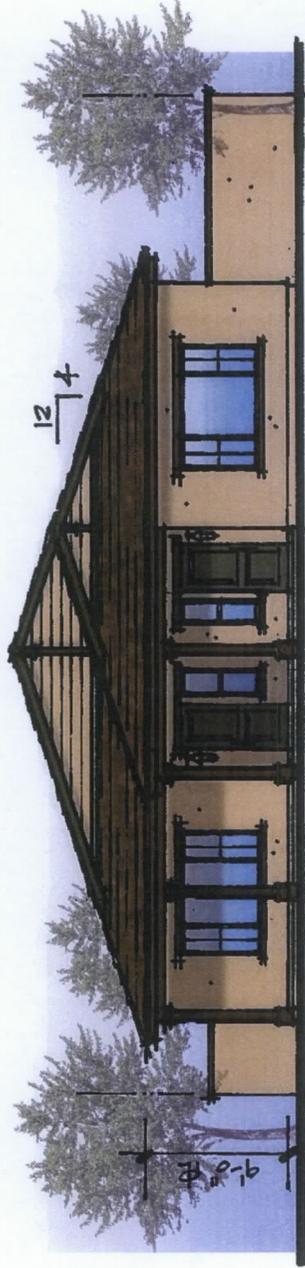


Kingston Street
(60' R.O.W.)

ALLEY
(20' Wide)

ALLEY
(16' Wide)

EXHIBIT A 2 OF 2



FRONT ELEVATION



ALLEY ELEVATION

Location Map for Kingston Wellsite

