

TO: City Council
FROM: John Doan, City Administrator
DATE: April 12, 2022
SUBJECT: Habitat for Humanity Housing Project

1) Recommended Action:

Authorize the City to pay the lesser of 100% of the developer costs for underground conversion or \$120,000.00, using remaining housing funds, for the Habitat for Humanity Project on Henderson and 73rd.

2) Background:

The Habitat for Humanity project is located at the corner of 73rd and Henderson, see the attached aerial photo, and is doing initial permit review and design of infrastructure. Our regulations require that when property is subdivided, the adjacent powerlines have to be put underground. In this instance, it means the lines that exist on 73rd. They are not required to underground the lines on Henderson because they cross the street diagonally at that point and it would not be reasonably feasible. The Henderson lines will likely be undergrounded with a City project at some point in the future. The estimate for undergrounding on 73rd is \$100,000. Undergrounding of powerlines improves aesthetics and reduces the risk of outages.

The options are:

*Tell them they have to come up with the funds and do it on their own. This was not a cost they anticipated, and inflation has already impacted the project.

*We use City housing funds to pay the cost. This is direct support of an affordable housing project which will contribute to economic and social stability for low-income persons.

Staff is recommending the final option of paying these costs. It is the most equitable choice. We have funds available to support affordable housing. The City has participated financially in the undergrounding of powerlines for market-rate residential projects with compelling public interests. It is reasonable that it would for an affordable housing project if funds are available because it would result in a public benefit.

Although the applicant's engineer has estimated the costs at \$100,000, staff is recommending up to \$120,000.

3) Policy Support:

Strategic Priority: Build a Community Recognized for Quality, Compassion and Humanity
Goal: *"Work with government, non-profit, and private partners to develop and implement a performance-based plan for affordable housing and to address homelessness."*

4) Alternatives:

☐ The alternatives are discussed above.

5) Fiscal Notes:

The City has \$120,000.00 in housing funds in the General Fund to put toward support of this project. This would eliminate the non-ARPA funds allocated for housing for the remainder of the biennium.

6) Attachments:

A. Arial Photos