

9. **OLD BUSINESS**

c. Community Housing Resources (CHR) Issues

- ii. Discussion of Community Housing & Resources (CHR) request for certain ground lease amendments for Below Market Rate Housing units (per letter from CHR), and direction to Staff to prepare necessary documentation for consideration at April 1, 2008, Council Meeting.




Community Housing & Resources, Inc.

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To: Ken Cuyler, City Attorney
From: Scott Marcelais, CHR Director 
Date: March 11, 2008
RE: Requesting Ground Lease Amendments
CC: Jim Isom, Mike Cuscaden

The Board of Directors of Community Housing & Resources voted to approve a request to City Council to amend and restate the ground lease agreement for locations of Below Market Rate Housing where the City of Sanibel owns the land and CHR owns (or intends to own) the vertical improvements. We believe the format of the ground lease developed in 2003 as a result of the debt for land exchange is sufficient.

Currently included in the ground lease are the properties located at Beach Road, Sanibel Highlands, Airport, and Mahogany Way. There is also the Casa Mariposa property where the land is owned by the City. The Woodhaven land is intended to be conveyed to the City. The property at Algiers has been discussed to be used as a BMRH unit.

Our request is twofold:

1. For rental units located at Airport (12 units), Mahogany (14 units), Woodhaven (12 units), Casa Mariposa (12 units), Algiers (1 unit) we are requesting a 50 year lease. This number is what the State of Florida considers to be a long term commitment to affordable rental housing.
2. We are requesting that the units located at Beach Road (5 units) and Sanibel Highlands (3 units) be governed under a lease term of 99 years, automatically renewing, allowing the potential of conversion to limited equity workforce/essential worker ownership.

As you may recall, in December of 2005 CHR requested and received approval to submit a SHIP grant application to convert four of five units at Beach Road to Limited Equity Ownership with a Land Trust. This grant was awarded providing rehabilitation funds to fix up the properties before sale to City Workers as first offer. This same opportunity could apply in the future for the remaining unit at Beach Road and the three units at Sanibel Highland which we deem as having the best potential based on scale and configuration for such conversion. Any consideration of such actions would be brought before City Council for approval, as SHIP or other non-City funding for rehabilitation, down payment assistance or other homebuyer subsidy would be necessary. The Council's approval of such grant applications would be required.

In summary, granting this request puts all the properties in one document. It fosters significant municipal compliance with actions of the Florida Legislature HB 1363 and HB 1375 requiring

units of government to determine surplus lands and dedicating them to workforce and affordable housing. It allows the flexibility of limited scale rental unit conversion to limited equity ownership, and provides an important vehicle to maintain on-island housing opportunities for the workforce and essential workers beyond income tested eligibility and continued occupancy limits.

We will be available at the Council meeting to address any questions. Thank you.