

MEMORANDUM



The
**Long Beach
Housing
Development
Company**

DATE: May 19, 2010
TO: Board of Directors
The Long Beach Housing Development Company
FROM: Programs Committee
PREPARED BY: Robin Grainger, Housing Rehabilitation Services Officer
SUBJECT: Approval of "Over Limit" Single-Family
Rehabilitation Loan – 472 West 25th Street
(Council District 6)

RECOMMENDATION

Approve a single-family rehabilitation loan to Ms. Nelda Pagay in an amount not to exceed \$75,000.

BACKGROUND

On March 3, 2010, staff inspected the property at 472 West 25th Street in response to a request for housing rehabilitation loan assistance made by Ms. Pagay. At the time of inspection, it was apparent to staff that the property had been neglected for many years and required a great deal of rehabilitation, and an ADA compliant bathroom addition was warranted in order to accommodate the disability of Ms. Pagay.

Ms. Pagay is a widowed 68 year-old owner-occupant whose property was built in 1930 and consists of 3 bedrooms, 1 bathroom, 1399 square feet of living area, and is situated on a 5,500 square foot lot. Ms. Pagay purchased the property in 1977. She receives Social Security, and a small pension, which totals \$19,450. Ms. Pagay's son, his wife and their two children (4 year old son, and 1 year old daughter), live with Ms. Pagay and has income that totals \$36,000.

All work write-up items are code required, or are necessary to accommodate Ms. Pagay's disability. These items include: installation of forced air heating system; replacement of original hot and cold water supply lines with copper piping; removal of all roofing layers and installation of new roof; replacement of 18 windows; kitchen cabinet replacement to accommodate Ms. Pagay's wheelchair; and construction of a 90 square foot ADA compliant bathroom off of Ms. Pagay's bedroom. The contractor bid for all work is \$71,085. A contingency fund of \$3,633 is appropriate and recommended, and processing costs are \$282. Staff has reviewed the bid submitted by the owner and has determined that contractor costs are acceptable.

**MAKING
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AGENDA ITEM NO. 6

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Staff established the "after-rehabilitation" value of this property at \$325,000, which was based on a comparable sales analysis of properties recently sold in the area. There is an existing loan balance of \$78,539 with Bank of America. Based on the "after rehabilitation" value established, and the requested loan amount, combined loan-to-value ratio computes to 47.08%, which is well beneath the program guideline maximum of 85%. Funding for this project would be provided through the HUD HOME program.

The Programs Committee has reviewed this application and recommends approval of this loan application to the Board. The current Program loan limit is \$60,000 maximum, and this loan exceeds that limit by \$15,000. The total loan amount would be \$75,000.

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