

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF MILPITAS CONVERTING AN AFFORDABLE UNIT FROM MODERATE-INCOME TO LOW-INCOME AND AUTHORIZING STAFF TO PURCHASE AND/OR RESELL THE UNIT WITH ADDITIONAL FINANCIAL ASSISTANCE

WHEREAS, California Redevelopment Law authorizes the Milpitas Redevelopment Agency (“Agency”) to set aside at least 20% of all tax increment revenue generated from the project area for the purpose of increasing, improving and preserving the community’s supply of low and moderate-income housing; and

WHEREAS, the Housing Element of the General Plan for the City has been certified by the Department of Housing and Community Development and identifies a Regional Housing Needs Allocation of 2,487 dwelling units for the City, of which 1,551 dwelling units are needed for very low, low, and moderate-income households; and

WHEREAS, the Agency has provided funding to financially support 1,248 affordable housing units; and

WHEREAS, additional affordable housing units are still needed to meet the needs of Milpitas residents and employees; and

WHEREAS, the existing housing market conditions over the past year have made it extremely difficult for low and moderate-income households to obtain credit with stricter lending requirements, which limit the opportunity for low and moderate-income households to achieve homeownership; and

WHEREAS, the owners of affordable housing at 700 S. Abel Street #327 in Milpitas, California, has contacted the Agency regarding their desire to resell their affordable housing unit; and

WHEREAS, under the Resale Restriction Agreements and Options to Purchase (“Resale Restriction Agreements”) to which the property is subject, if the existing property owners cannot sell their unit as an affordable housing unit to a qualified buyer, the Agency must purchase those properties within 90 days or allow them to be sold at fair market value, thereby eliminating the affordable restrictions on the properties and removing said properties from the affordable housing pool; and

WHEREAS, to avoid the loss of available affordable housing, the Agency may, under the Resale Restriction Agreements, exercise its option to purchase the affordable units for the purpose of preserving the available affordable housing supply, and thereafter resell those units to low-income households at a later date when such buyers are found; and

WHEREAS, specifically, the Agency may purchase affordable units at a price established by (i) the fair market value as established by an appraisal (“Appraisal Method”), (ii) the adjusted base purchase price paid by the current owner, adjusted by the year-to-year increases in the housing component of the San Francisco-Oakland-San Jose, California consumer price index (“Base Price Method”), or (iii) the original price increased by the same percentage as the increase in the median household income for Santa Clara County; and

WHEREAS, Agency Staff has had the property at 700 S. Abel Street #327 appraised for \$345,000, which is the lowest price of the three methods for establishing the purchase price; and

WHEREAS, furthermore, the Agency wishes to revise the sale restrictions on 700 S. Abel Street #327 in Milpitas, California, and change the resale restrictions thereon from moderate-income to low-income household use and ownership and make the unit eligible for purchase by low-income households; and

WHEREAS, sufficient funds are available in the Redevelopment Agency 20% Low-Income Housing Funds to fund such reduction in the affordability of the unit mentioned herein.

NOW, THEREFORE the Board of the Redevelopment Agency of the City of Milpitas hereby finds, determines, and resolves as follows:

1. The Milpitas Redevelopment Agency Board has considered the full record before it, which may include but is not limited to such things as the staff report, testimony by staff and the public, and other materials and evidence submitted or provided to it. The recitals set forth above are found to be true and correct and are incorporated herein by reference.
2. The expenditure of Set Aside Funds for the purchase and/or resale of 700 S. Abel Street #327 will maintain the availability of affordable housing in the City, which will be of benefit to the Project Area, will further the goals of the Redevelopment Plan and will be consistent with the implementation plan adopted in connection therewith.
3. The purchase and/or resale of 700 S. Abel Street #327 is necessary to maintain the long-term affordability in the affordable housing units and will provide the opportunity for low-income households to become first-time homebuyers.
4. The purchase and/or resale of 700 S. Abel Street #327 is consistent with the provisions of Redevelopment Law which require that 20% of all tax increment revenues must be allocated to increasing, improving and preserving the community's supply of low and moderate-income housing.
5. Agency Staff is authorized to exercise purchase options under the Resale Restriction Agreements and purchase 700 S. Abel Street #327, Milpitas, California under the Appraisal Method for Three Hundred Forty-five Thousand Dollars (\$345,000.00).
6. Agency Staff is further directed to modify the Resale Restriction Agreements and other legal documents, as necessary, and to reduce the sale price to allow the sale of 700 S. Abel Street #327 to low-income households and to resell such properties to low-income households as such buyers are secured, consistent with the requirements of Redevelopment Law and the existing resale restrictions on said properties.
7. Agency Staff is authorized to provide a \$25,000 loan from the Redevelopment Agency 20% Low-Income Housing Funds to purchasers of 700 S. Abel Street #327. In addition, Agency Staff is authorized to expend monies for homeowner association fees, maintenance costs, and other ownership-related fees that may accrue before Agency resale of the properties, and resale costs, as deemed appropriate by the Agency Executive Director.

PASSED AND ADOPTED this ____ day of _____, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Mary Lavelle, Agency Secretary

APPROVED:

Robert Livengood, Chair

APPROVED AS TO FORM:

Michael J. Ogaz, Agency Counsel