

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF MILPITAS AUTHORIZING AND DIRECTING AGENCY STAFF TO PURCHASE ONE AFFORDABLE HOUSING UNIT, AND RELEASE THE RESALE RESTRICTIONS ON FIVE OTHER AFFORDABLE HOUSING UNITS

WHEREAS, California Redevelopment Law authorizes the Milpitas Redevelopment Agency (“Agency”) to set aside at least twenty percent (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, California Redevelopment Law requires that fifteen percent (15%) of the housing units within the redevelopment project area shall be affordable to low and moderate-income households. Nine percent (9%) of the units are to be affordable to low and moderate-income households, and six percent (6%) are to be very low-income households; 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, currently nineteen percent (19%) of the units that have been approved for development or have been constructed in the project area are designated as affordable, ten percent (10%) for low and moderate income households, and nine percent (9%) for very-low income households. This represents 100 more low and moderate income units in the project area than the minimum amount required; and

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

WHEREAS, the owners of affordable housing at 1101 S. Main Street #221, 90 Parc Place, 106 Parc Place, 113 Parc Place, 143 Parc Place, and 35 Moon Shadow Drive in Milpitas, California, have contacted the Agency regarding their desire to resell their affordable housing units, which total six (6) units collectively; and

WHEREAS, under the Resale Restriction Agreements and Options to Purchase (“Resale Restriction Agreements”) to which those six (6) properties are subject, if the existing property owners cannot sell their units as affordable housing units to qualified buyers, 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 later resell those units to affordable 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) appraisal (“Appraisal Method”) or (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”). The latter methodology may be used only if the Agency specifically waives its right to an appraisal and determines that, in its best judgment, the appraised value will be substantially higher than the current owner’s base purchase price; and

WHEREAS, since February 2009, the Redevelopment Agency has authorized the purchase of nine moderate-income affordable units from home owners in order to preserve the affordability restriction and authorized staff to reduce the price of the units from moderate to low-income given that the price of moderate income units is very close to current market prices. A total of \$790,000 in additional housing funds was committed for price reductions and down-payment assistance loans for these units; and

WHEREAS, an additional \$450,000 would need to be invested in the five moderate income units for the Agency to purchase and re-sell them to low-income households; and

WHEREAS, the one low-income unit at 1101 S. Main Street #221 could be purchased and resold with a new \$25,000 down-payment assistance loan, and sufficient funds are available in the Redevelopment Agency twenty percent (20%) Low-Income Housing Funds to fund such purchase and the costs associated with the resale of the one low-income affordable unit.

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 the one (1) affordable unit located at 1101 S. Main Street #221 to 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 the one (1) affordable unit located at 1101 S. Main Street #221 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 the one (1) affordable unit is consistent with the provisions of Redevelopment Law which require that twenty percent (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 and directed to exercise purchase options under the Resale Restriction Agreements and purchase the property at 1101 S. Main Street #221 for the appraisal value in an amount not to exceed Two Hundred Thirty-Nine Thousand Nine Hundred Dollars (\$239,900). In addition, Agency Staff is authorized to expend monies for homeowners' association fees, maintenance costs, and other ownership-related fees that may accrue before the Agency resells the property, and resale costs, as deemed appropriate by the Agency Executive Director.
6. Agency Staff is further directed to modify the Resale Restriction Agreement for the property at 1101 S. Main Street #221 to provide a Twenty-Five Thousand Dollar (\$25,000) down-payment assistance loan.
7. The resale restrictions under the Resale Restriction Agreements for the properties at 90 Parc Place, 106 Parc Place, 113 Parc Place, 143 Parc Place, and 35 Moon Shadow Drive in Milpitas, California are hereby released.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Mary Lavelle, Agency Secretary

Robert Livengood, Chair

APPROVED AS TO FORM

Michael J. Ogaz, Agency Counsel

Purchase Low-Income Housing Units and Releasing Five Moderate-Income Units
(Pursuant to Resale Restriction and Option to Purchase Agreement)

<u>Property Address</u>	<u>Base Resale Purchase Price:</u>
90 Parc Place	\$318,500
106 Parc Place	\$318,500
113 Parc Place	\$318,500
143 Parc Place	\$318,500
1101 S. Main Street # 221 (*)	\$239,900
35 Moon Shadow Drive	\$316,530

Notes:

(*) Low-income affordable unit to be purchased by RDA (not to exceed amount): \$239,900

Estimated level of RDA subsidy to purchase five (5) moderate-income units: \$450,000

Average low-income purchase price \$250,000 with \$25,000 down payment assistance loan