

**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 FOUR 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, there is currently no market for low-income one bedroom units and moderate-income buyers are purchasing market-rate units; and

**WHEREAS**, the owners of affordable housing units at 207 Parc Place Drive, and 228 Parc Place Drive, 198 Parc Place Drive, 1101 S. Abel Street #219, and 24 Rain Walk in Milpitas, California, have contacted the Agency regarding their desire to resell their affordable housing units, which total five (5) units collectively; and

**WHEREAS**, under the Resale Restriction Agreements and Options to Purchase (“Resale Restriction Agreements”) to which those five (5) 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 eleven 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. The Redevelopment Agency has also authorized the purchase of ten low-income units in order to preserve the affordable unit. A total of \$815,000 in additional housing funds was committed for price reductions and down-payment assistance loans for these units; and

**WHEREAS**, an additional \$270,000 would need to be invested in the three moderate-income units for the Agency to purchase and resell them to low-income households; and

**WHEREAS**, the one low-income unit at 198 Parc Place Drive 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 198 Parc Place Drive 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 198 Parc Place Drive 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 198 Parc Place Drive for the appraisal value in an amount not to exceed Two Hundred Forty Thousand Dollars (\$240,000). 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 198 Parc Place Drive to provide down-payment assistance loan not-to-exceed \$98,000.00
7. The resale restrictions under the Resale Restriction Agreements for the properties at 207 Parc Place Drive, 228 Parc Place Drive, 1101 S. Abel Street #219, and 24 Rain Walk 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