

**RESOLUTION NO. \_\_\_\_**

**A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF MILPITAS  
AUTHORIZING AND DIRECTING AGENCY STAFF TO RELEASE THE RESALE RESTRICTIONS  
ON ONE AFFORDABLE HOUSING UNIT**

**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 two years have made it extremely difficult for low-income households to obtain credit with stricter lending requirements, which limits 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 the affordable housing unit at 1101 S. Main Street #130 in Milpitas, California, have contacted the Agency regarding their desire to resell their affordable housing unit; and

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

**WHEREAS**, to avoid the loss of available affordable housing, the Agency may, under the Resale Restriction Agreement, exercise its option to purchase the affordable unit for the purpose of preserving the available affordable housing supply, and later resell that unit 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 homeowners 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 \$65,000 would need to be invested in the moderate-income unit for the Agency to purchase and resell it to a low-income household.

**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. Furthermore, the recitals set forth above are found to be true and correct and are incorporated herein by reference.
2. The resale restrictions under the Resale Restriction Agreement for the property at 1101 S. Main Street #130 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