

RESOLUTION NO. HA__

**A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF MILPITAS
AUTHORIZING AND DIRECTING STAFF TO RELEASE THE RESALE RESTRICTIONS ON
THIRTY SEVEN AFFORDABLE HOUSING UNITS**

WHEREAS, California Redevelopment Law authorized 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 required 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, the Housing Authority endeavors to comply with the affordable housing regulations governing the former Redevelopment Agency in the provision of affordable housing within Milpitas; and

WHEREAS, the existing housing market conditions over the past several years have made it extremely difficult for moderate income units to compete with market rate units because the difference in cost is minimal. There is currently no market for moderate-income restricted units since buyers are currently purchasing unrestricted market-rate units; and

WHEREAS, the Affordable Housing Regulatory Agreement governing the Coyote Creek Project requires, among other things, the development and sale of 37 moderate income level affordable units and the owner and developer of these units, William Lyons Homes, LLC, has contacted the Housing Authority and proposed the elimination of the affordability restrictions on these affordable units in exchange for \$1,480,000 to be deposited into the Affordable Housing Fund.

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

1. The Milpitas Housing Authority 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 Executive Officer (City Manager) for the Housing Authority for the City of Milpitas is authorized to execute an amendment to the Affordable Housing Regulatory Agreement

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releasing the 37 moderate income affordable units from affordability restrictions upon deposit of the sum of \$1,480,000 by the developer into the Affordable Housing Fund.

PASSED AND ADOPTED this ___ day of _____, 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

Mary Lavelle, Authority Secretary

Jose S. Esteves, Chair

APPROVED AS TO FORM:

Michael J. Ogaz, Authority Counsel



William Lyon Homes, Inc.

February 6, 2013

Sent Via Hand Delivery

Mr. Felix Reliford
Principal Housing Planner
City of Milpitas
455 E. Calaveras Blvd.,
Milpitas, Ca 95035-5411

RECEIVED

FEB 06 2013

HNP DIVISION

Subject: Coyote Creek- Affordable Housing Agreement

Dear Felix,

The Affordable Housing Agreement (the Agreement) recorded against the property as Document 20006558 on October 6, 2008, requires forty-four (44) homes be restricted to lower income households with seven (7) units designated low-income and thirty-seven (37) designated moderate income. Please consider this letter our formal request to amend the Agreement to build and sell seven (7) low-income, two-bedroom units, and pay an in-lieu affordable housing fee of \$1,480,000.00 exchange for releasing the 37 moderate income units.

To provide some background, the Agreement was negotiated and approved before it was clear we would experience the worst decline in housing prices in U.S. history. After years of falling home prices, the disparity between market rate and affordable housing has narrowed significantly.

Attached you will find a copy of our most recent price release for the Row Towns and Motor Courts at Coyote Creek. As shown in the following table, the price of a moderate income home, as defined in the Agreement, and established by the City of Milpitas, is between \$447,900 and \$489,900. By comparison, the market rate sale price for the same home is between \$484,990 and \$524,990. The market rate list price is an average of \$23,000 or five percent (5%) higher than the required affordable list price for sixty-eight percent (68%) of the 37 restricted moderate income homes. The average market list price for all 37 homes is another two-and-a-half percent (2.5%) higher than the required affordable list price.

Product Plan Type	# Units	Affordable List Price	Market Rate List Price	Pricing Difference
Row Town - Plan A	7	\$447,900	\$484,990	(\$37,090)
Row Town - Plan B	7	\$489,900	\$504,990	(\$15,090)
Row Town - Plan D	11	\$489,900	\$519,990	(\$30,090)
Motor Court - Plan A	4	\$447,900	\$504,990	(\$57,090)
Motor Court - Plan C	8	\$447,900	\$524,990	(\$77,090)

Mr. Felix Reliford
Principal Housing Planner
Coyote Creek- Affordable Housing Agreement
February 6, 2013
Page 2

Over the past five years, there has been a paradigm shift in the housing market where the gap between market rate and affordable pricing is no longer insurmountable for moderate income households to enter the free housing market. The combination of pricing parity and historically low interest rates has made it much easier for moderate income households to purchase a market rate home without restrictions. Conversely, the resale restrictions, limited upside equity and other governmental restrictions tied to the Agreement have all but eliminated qualified, eligible homebuyers for the moderate income units. Consequently, there is no market for restricted moderate income units, and a standing inventory of restricted moderate income homes can be expected as a result of this equality if the Agreement is not amended.

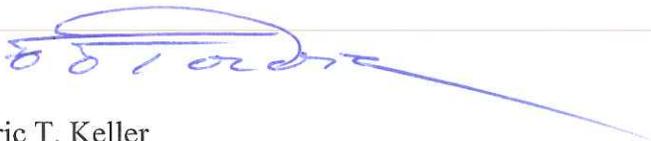
In response to the future challenges of selling the restricted moderate income units, and given precedent has been established by the City of Milpitas for amending affordable housing agreements to alleviate this issue, we respectfully request an amendment to our Agreement as follows:

1. Provide a total of seven (7) low income, two-bedroom units as illustrated on the attached map;
2. Pay an in-lieu affordable housing fee of \$1,480,000.00, which is equal to \$40,000/unit in exchange for releasing the 37 moderate income units.

It is our hope that you will accept this request, and initiate the process of bringing it before the City Council with a recommendation of approval at the third meeting in February. Should you have any questions or require additional information, please contact me at your earliest convenience.

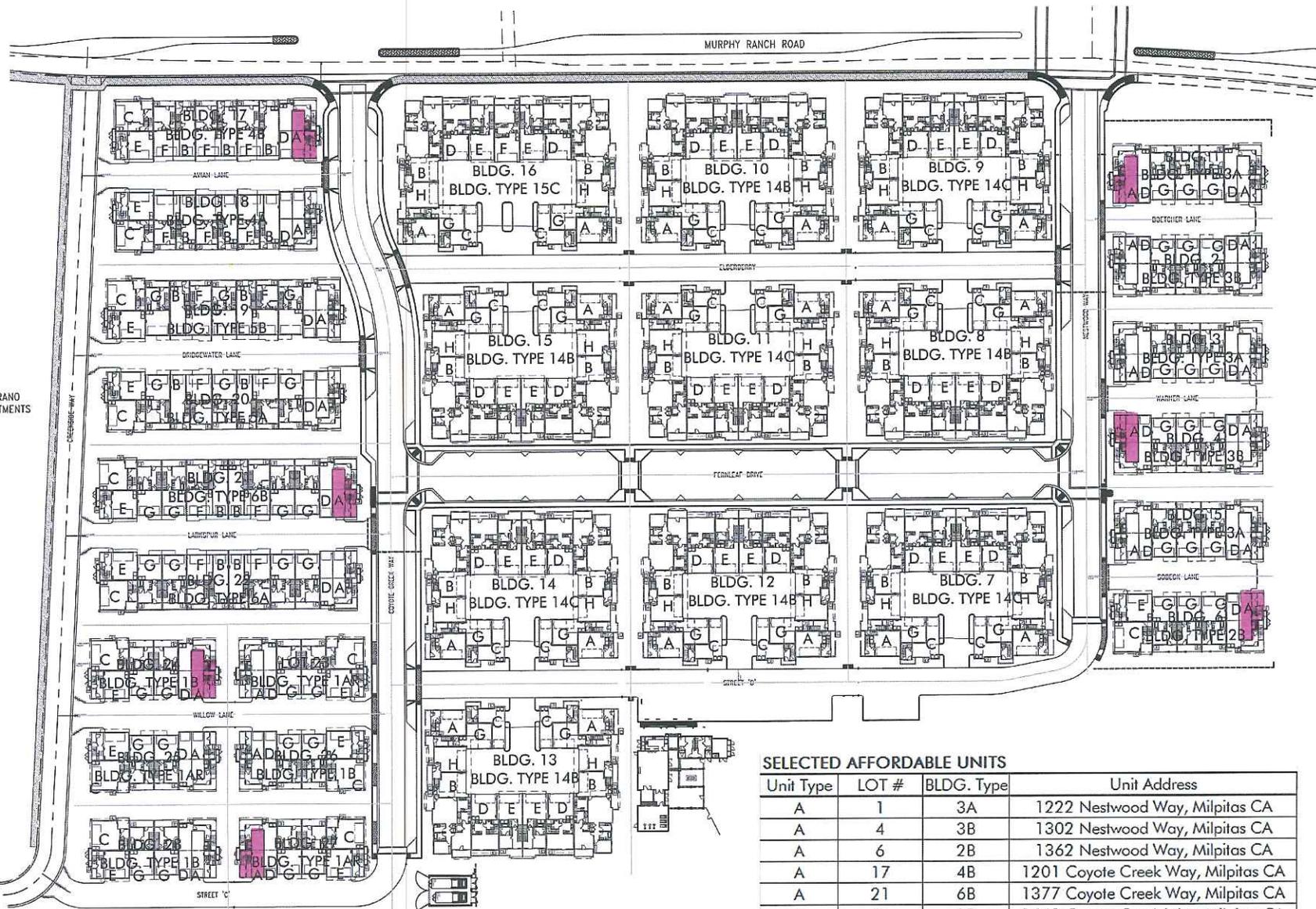
Sincerely,

William Lyon Homes



Eric T. Keller
Project Manager

cc: Carl Morabito William Lyon Homes Vice President
Michael Zarola Resmark Communities Vice President-Owner



DAHLIN GROUP
 ARCHITECTURE
 5805 Owens Drive
 Pleasanton, CA 94588
 925.251.7200
 925.251.7201 Fax

**Coyote Creek
 Row/Townhomes
 for William Lyon Homes**

SITE LEGEND

 Affordable Housing
 Regulatory Agreement
 Selected Restrictive Units



SELECTED AFFORDABLE UNITS

Unit Type	LOT #	BLDG. Type	Unit Address
A	1	3A	1222 Nestwood Way, Milpitas CA
A	4	3B	1302 Nestwood Way, Milpitas CA
A	6	2B	1362 Nestwood Way, Milpitas CA
A	17	4B	1201 Coyote Creek Way, Milpitas CA
A	21	6B	1377 Coyote Creek Way, Milpitas CA
A	24	1B	1449 Coyote Creek Way, Milpitas CA
A	27	1A	1561 Coyote Creek Way, Milpitas CA

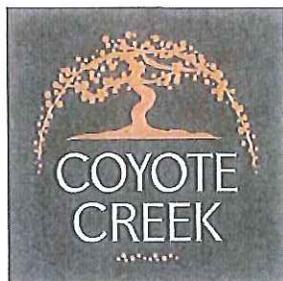
REVISIONS		
Δ	DESCRIPTION	DATE BY
	REVISED PER CLIENT	02/06/2013

Reference
 Site Plan

Scale: 1" = 40' PRINTED 02-06-13

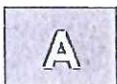
JOB NO. 366,020 SHEET

DRAWN xxx
 CHECK xxx **A 0.5**
 DATE xxx/xx/xx



The Rows

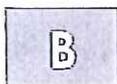
Residence
Approx. 1,198 sq. ft.



Three-Story • 2 Bedrooms • 2.5 Bathrooms • 2-Car Tandem Garage

Priced From \$489,990

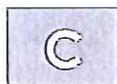
Residence
Approx. 1,370 sq. ft.



Three-Story • 3 Bedrooms • 3 Bathrooms • 2-Car Tandem Garage

Not Available

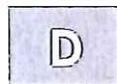
Residence
Approx. 1,464 sq. ft.



Three-Story • 3 Bedrooms • 2.5 Bathrooms • 2-Car Garage

Not Available

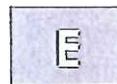
Residence
Approx. 1,462 sq. ft.



Three-Story • 3 Bedrooms • 2.5 Bathrooms • 2-Car Tandem Garage

Priced From \$524,990

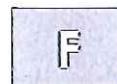
Residence
Approx. 1,530 sq. ft.



Three-Story • 3 Bedrooms • 2.5 Bathrooms • 2-Car Garage

Not Available

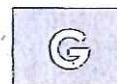
Residence
Approx. 1,668 sq. ft.



Three-Story • 3 Bedrooms + Bonus • 3.5 Bathrooms • 2-Car Garage • Optional Full Bathroom at Powder

Not Available

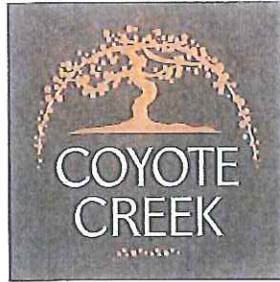
Residence
Approx. 1,788 sq. ft.



Three-Story • 3 Bedrooms + Den • 3.5 Bathrooms • 2-Car Garage

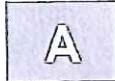
Priced From \$604,990

In our continuing policy of research and improvement, William Lyon Homes reserves the right to change product, design specifications, materials, prices and terms without prior notice. Product type is subject to availability. Optional features may be included at additional cost subject to construction cut-off dates. All square footage is approximate. All maps, plans, landscaping and elevation renderings are artist conceptions and are not to scale. Architectural elements such as window placement and porches may vary according to exterior elevation of the home. Some of these variances may also cause minor variations in square footage. See your sales representative for details. Adam Turner, DRE License #01341669 and Trinh Tran, DRE License #01346891. 12/22/2012.



The Courts

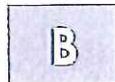
Residence
Approx. 1,218 sq. ft.



Three-Story • 2 Bedrooms • 2.5 Bathrooms • 2-Car Garage

Priced From \$504,990

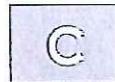
Residence
Approx. 1,316 sq. ft.



Single-Story • 2 Bedrooms • 2 Bathrooms • 2-Car Garage

Priced From \$524,990

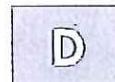
Residence
Approx. 1,363 sq. ft.



Three-Story • 2 Bedrooms • 2.5 Bathrooms • 2-Car Tandem Garage

Priced From \$524,990

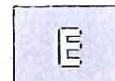
Residence
Approx. 1,454 sq. ft.



Two-Story • 3 Bedrooms • 2.5 Bathrooms • 2-Car Garage

Priced From \$554,990

Residence
Approx. 1,686 sq. ft.



Three-Story • 4 Bedrooms • 3.5 Bathrooms • 2-Car Garage

Priced From \$609,990

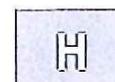
Residence
Approx. 1,951 sq. ft.



Three-Story • 3 Bedrooms • 2 Bathrooms • 2-Car Garage

Priced From \$654,990

Residence
Approx. 1,972 sq. ft.



Three-Story • 3 Bedrooms + Den • 2.5 Bathrooms • 2-Car Garage

Priced From \$664,990

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