



City of Loma Linda Official Report

Ovidiu Popescu, Chairman
Ronald Dailey, Vice Chairman
Stan Brauer, Board Member
Rhodes Rigsby, Board Member
Phillip Dupper, Board Member

CRA AGENDA: May 24, 2011
TO: Agency Board Members
VIA: T. Jarb Thaipejr, Executive Director TJT
FROM: Pamela Byrnes-O'Camb, Secretary pto

Approved/Continued/Denied By Redevelopment Agency Date _____
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SUBJECT: Joint Public Hearing of the City Council and Redevelopment Agency pertaining to the sale of property and approving Housing Disposition Agreements between Luis Vargas, Gloria Vargas, and the City/Agency regarding 25384 Durango Loop [City Clerk/Agency Secretary]

- a. Council Bill #R-2011-18 – Authorizing sale of 25384 Durango Loop by the Agency to Luis Vargas and Gloria Vargas
- b. CRA Bill #R-2011-04 – Authorizing the sale of 25384 Durango Loop and approving the Housing Disposition Agreement

RECOMMENDATION

It is recommended that the City Council adopt Council Bill # R-2011-18 and the Agency Board adopt CRA Bill #R-2011-04 approving the Housing Disposition Agreement between Luis Vargas, Gloria Vargas, and the City/Agency regarding 25384 Durango Loop.

BACKGROUND

The house is located in the Parkside Homes Development which consists of 58 houses of which 35 have long-term affordability covenants that run with the land for a state mandated period of time.

The Agency purchased the house from The Bank of New York Mellon in 2010. A new buyer has been qualified to purchase the house and as previously authorized, the Agency, as the seller, will carry back a mortgage for the amount of the purchase price (less any cash down payment by the homebuyer) for a period of up to 30 years. The covenant runs with the land for a period of 45 years.

The Agreement also provides for monthly payments that include principal, interest, taxes, and insurance that complies with the Affordable Housing Cost for Lower Income Households as set by the State Department of Housing and Community Development (HCD).

ANALYSIS

Agency financing of the house would retain the affordability covenant, provide the buyer within the lower income category the opportunity to purchase a home, and through Agency financing would also reduce probability of Program management issues. The payment schedules have been drafted pursuant to prior Agency Board direction.

FINANCIAL IMPACT

Sale of the Durango Loop property (\$153,000.00) will provide the Agency with funding to maintain and preserve its supply of affordable housing available to income-qualified persons and families pursuant to the Agency's Affordable Housing Program.

The Agreement may be viewed at the City Clerk's Office during normal business hours. Due to the volume of the agreement, a copy was not included in the Agenda packet, but was available on-line.

Attachments Council Bill #R-2011-18
 CRA Bill #R-2011-04

RESOLUTION NO. ____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOMA LINDA CONSENTING TO THE APPROVAL BY THE LOMA LINDA REDEVELOPMENT AGENCY OF AN AGREEMENT FOR THE DISPOSITION OF PROPERTY FOR AFFORDABLE HOUSING USE WITH LUIS VARGAS AND GLORIA VARGAS

(25384 Durango Loop)

WHEREAS, California Health and Safety Code Sections 33334.2 and 33334.6 authorize and direct the Loma Linda Redevelopment Agency (the "Agency") to expend a certain percentage of all taxes which are allocated to the Agency pursuant to Section 33670 for the purposes of increasing, improving and preserving the community's supply of low and moderate income housing available at affordable housing cost to persons and families of low- and moderate-income, lower income, and very low income;

WHEREAS, pursuant to applicable law the Agency has established a Low and Moderate Income Housing Fund (the "Housing Fund");

WHEREAS, pursuant to Health and Safety Code Section 33334.2(e), in carrying out its affordable housing activities, the Agency is authorized to provide subsidies to or for the benefit of very low income and lower income households, or persons and families of low or moderate income, to the extent those households cannot obtain housing at affordable costs on the open market, and to provide financial assistance for the construction and rehabilitation of housing which will be made available at an affordable housing cost to such persons;

WHEREAS, pursuant to Section 33413(b), the Agency is required to ensure that at least 15 percent of all new and substantially rehabilitated dwelling units developed within a project area under the jurisdiction of the Agency by private or public entities or persons other than the Agency shall be available at affordable housing cost to persons and families of low or moderate income;

WHEREAS, the Agency has received a proposal from Luis Vargas and Gloria Vargas, husband and wife (collectively, the "Participant") to acquire from the Agency a residence at 25384 Durango Loop (the "Property") for the purpose of residing at the Property;

WHEREAS, the Participant acknowledges that the use of the Property will be restricted to households of limited income, all as more particularly provided in the "Agreement", as described below;

WHEREAS, the Agency staff has reviewed the Participant's eligibility for acquisition of the Property;

WHEREAS, in order to carry out and implement the Redevelopment Plan for the Agency's redevelopment projects and the affordable housing requirements thereof, the Agency proposes to enter into an agreement in the form submitted herewith (the "Agreement") with the Participant, pursuant to which the Agency would sell the Property to the Participant under a form of deed (the "Agency Deed") which includes long-term affordability covenants limiting the use of property to affordable housing;

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WHEREAS, the sale of the Property to the Participant will promote the Redevelopment Plan by furthering the provision of affordable housing and providing for mechanisms to better assure the long-term affordability of the Property;

WHEREAS, the Property is subject to a deed of trust (the "City Deed of Trust") in favor of the City of Loma Linda (the "City") as beneficiary as security for repayment of certain moneys earlier loaned by the City to the Agency;

WHEREAS, the proposed sale of the Property will not generate moneys at closing sufficient to eliminate or materially reduce the Agency's obligations to the City, and the City, in cooperation with the Agency to further the implementation of the affordable housing activities of the Agency, is agreeable to releasing the Property from the effect of the City Deed of Trust;

WHEREAS, the Agency has duly considered all terms and conditions of the proposed Agreement and believes that the Agreement is in the best interests of the Agency and the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable State and local law requirements;

WHEREAS, the purchase price to be received by the Agency under the Agreement is not less than the fair reuse value of the Property, as determined by a reuse value analysis prepared for the Agency by Community Advisors, a consultant retained by the Agency;

WHEREAS, all actions required by all applicable law with respect to the proposed Agreement have been taken in an appropriate and timely manner; and

WHEREAS, the Agency and the City Council have duly considered all of the terms and conditions of the proposed Agreement and believes that the redevelopment of the Property pursuant to the Agreement is in the best interests of the City of Loma Linda and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LOMA LINDA DOES RESOLVE AS FOLLOWS:

Section 1. The City Council finds and determines, based upon substantial evidence provided in the record before it: (i) the consideration for the Agency's disposition of the Property by sale pursuant to the terms and conditions of the Agreement, particularly including long-term affordability covenants, is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the Agreement; and (ii) the proposed sale of the Property will not generate moneys at closing sufficient to eliminate or materially reduce the Agency's obligations to the City, and the City.

Section 2. The City Council hereby finds and determines that the disposition by sale of the Property by the Agency pursuant to the Agreement will further the achievement of the Agency's affordable housing objectives within the Project Area.

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Section 3. The City Council hereby consents to the approval by the Agency of the Agreement in substantially the form presented to the City Council, subject to such revisions as may be made by the Executive Director of the Agency or his designee. The City Council agrees and acknowledges that the Agency may authorize its Executive Director to make revisions to the Agency which do not materially or substantially increase the Agency's obligations thereunder or materially or substantially change the uses or development permitted on the Property, to sign all documents, to make all approvals and take all actions necessary or appropriate to carry out and implement the Agreement and to administer the Agency's obligations, responsibilities and duties to be performed under the Agreement and related documents.

Section 4. The City Manager (or his designee) are hereby authorized to execute and cause to be recorded a partial release and reconveyance of the City Deed of Trust insofar as such City Deed of Trust encumbers the Property; such authority does not extend to releasing the City Deed of Trust as to any other land.

APPROVED AND ADOPTED this 24th day of May, 2011 by the following vote:

Ayes:

Noes:

Absent:

Rhodes Rigsby, Mayor

ATTEST:

Pamela Byrnes-O'Camb, City Clerk

RESOLUTION NO. ____

A RESOLUTION OF THE LOMA LINDA REDEVELOPMENT AGENCY APPROVING AN AGREEMENT FOR THE DISPOSITION OF PROPERTY FOR AFFORDABLE HOUSING USE WITH LUIS VARGAS AND GLORIA VARGAS

(25384 Durango Loop)

WHEREAS, California Health and Safety Code Sections 33334.2 and 33334.6 authorize and direct the Loma Linda Redevelopment Agency (the "Agency") to expend a certain percentage of all taxes which are allocated to the Agency pursuant to Section 33670 for the purposes of increasing, improving and preserving the community's supply of low and moderate income housing available at affordable housing cost to persons and families of low- and moderate-income, lower income, and very low income;

WHEREAS, pursuant to applicable law the Agency has established a Low and Moderate Income Housing Fund (the "Housing Fund");

WHEREAS, pursuant to Health and Safety Code Section 33334.2(e), in carrying out its affordable housing activities, the Agency is authorized to provide subsidies to or for the benefit of very low income and lower income households, or persons and families of low or moderate income, to the extent those households cannot obtain housing at affordable costs on the open market, and to provide financial assistance for the construction and rehabilitation of housing which will be made available at an affordable housing cost to such persons;

WHEREAS, pursuant to Section 33413(b), the Agency is required to ensure that at least 15 percent of all new and substantially rehabilitated dwelling units developed within a project area under the jurisdiction of the Agency by private or public entities or persons other than the Agency shall be available at affordable housing cost to persons and families of low or moderate income;

WHEREAS, the Agency has received a proposal from Luis Vargas and Gloria Vargas, husband and wife (collectively, the "Participant") to acquire from the Agency a residence at 25384 Durango Loop (the "Property") for the purpose of residing at the Property;

WHEREAS, the Participant acknowledges that the use of the Property will be restricted to households of limited income, all as more particularly provided in the "Agreement", as described below;

WHEREAS, the Agency staff has reviewed the Participant's eligibility for acquisition of the Property;

WHEREAS, in order to carry out and implement the Redevelopment Plan for the Agency's redevelopment projects and the affordable housing requirements thereof, the Agency proposes to enter into an agreement in the form submitted herewith (the "Agreement") with the Participant, pursuant to which the Agency would sell the Property to the Participant under a form of deed (the "Agency Deed") which includes long-term affordability covenants limiting the use of property to affordable housing;

WHEREAS, the sale of the Property to the Participant will promote the Redevelopment Plan by furthering the provision of affordable housing and providing for mechanisms to better assure the long-term affordability of the Property;

WHEREAS, the Property is subject to a deed of trust (the "City Deed of Trust") in favor of the City of Loma Linda (the "City") as beneficiary as security for repayment of certain moneys earlier loaned by the City to the Agency;

WHEREAS, the proposed sale of the Property will not generate moneys at closing sufficient to eliminate or materially reduce the Agency's obligations to the City, and the City, in cooperation with the Agency to further the implementation of the affordable housing activities of the Agency, is agreeable to releasing the Property from the effect of the City Deed of Trust;

WHEREAS, the Agency has duly considered all terms and conditions of the proposed Agreement and believes that the Agreement is in the best interests of the Agency and the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable State and local law requirements;

WHEREAS, the purchase price to be received by the Agency under the Agreement is not less than the fair reuse value of the Property, as determined by a reuse value analysis prepared for the Agency by Community Advisors, a consultant retained by the Agency;

WHEREAS, all actions required by all applicable law with respect to the proposed Agreement have been taken in an appropriate and timely manner; and

WHEREAS, the Agency and the City Council have duly considered all of the terms and conditions of the proposed Agreement and believes that the redevelopment of the Property pursuant to the Agreement is in the best interests of the City of Loma Linda and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, THE LOMA LINDA REDEVELOPMENT AGENCY DOES RESOLVE AS FOLLOWS:

Section 1. The Agency finds and determines, based upon substantial evidence provided in the record before it: (i) the consideration for the Agency's disposition of the Property by sale pursuant to the terms and conditions of the Agreement, particularly including long-term affordability covenants, is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the Agreement; and (ii) the proposed sale of the Property will not generate moneys at closing sufficient to eliminate or materially reduce the Agency's obligations to the City, and the City.

Section 2. The Agency hereby finds and determines that the disposition by sale of the Property by the Agency pursuant to the Agreement will further the achievement of the Agency's affordable housing objectives within the Project Area.

Section 3. The Agency hereby approves the Agreement in substantially the form presented to the Agency, subject to such revisions as may be made by the Executive Director of the Agency or his

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designee. The Executive Director of the Agency is hereby authorized to execute the Agreement (including without limitation all attachments thereto) on behalf of the Agency, together with any instruments necessary or convenient to implement the Agreement. A copy of the Agreement shall, when executed by the Agency, be placed on file in the office of the Secretary of the Agency.

Section 5. The Executive Director of the Agency (or his designee) is hereby authorized, on behalf of the Agency, to make revisions to the Agreement which do not materially or substantially increase the Agency's obligations thereunder or materially or substantially change the uses or development permitted on the Property, to sign all documents, to make all approvals and take all actions necessary or appropriate to carry out and implement the Agreement and to administer the Agency's obligations, responsibilities and duties to be performed under the Agreement and related documents.

APPROVED AND ADOPTED this 24th day of May, 2011 by the following vote:

Ayes:

Noes:

Absent:

Ovidiu Popescu, Chairman

ATTEST:

Pamela Byrnes-O'Camb, Agency Secretary