

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Planning and Community Development AF

BOARD AGENDA # *D-3

Urgent Routine

AGENDA DATE March 17, 2015

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval to Adopt a Resale Policy for Affordable Housing Assisted Properties of the Former Stanislaus County Redevelopment Agency and Authorization to Use Resale Funds to Cover Administrative Costs Associated

STAFF RECOMMENDATIONS:

1. Adopt the Resale Policy for affordable housing assisted properties of the former Stanislaus County Redevelopment Agency.
2. Authorize the use of resale funds, not to exceed 10 percent, to cover administrative costs associated with the implementation of the Resale Policy.
3. Authorize the Director of the Planning and Community Development Department to take all actions necessary to implement the Resale Policy.

FISCAL IMPACT:

Pursuant to the Redevelopment Agency Dissolution Act (ABx1 26), Stanislaus County has elected to serve as the Successor Housing Agency (SHA) of the former Stanislaus County Redevelopment Agency. The SHA has all rights, powers, duties, liabilities, and obligations of the former redevelopment agency; however, the SHA receives no funding for administration beyond those funds received by the SHA as repayment of affordable housing program loans made by the former redevelopment agency.

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BOARD ACTION AS FOLLOWS:

No. 2015-108

On motion of Supervisor Chiesa, Seconded by Supervisor De Martini
and approved by the following vote,
Ayes: Supervisors: O'Brien, Chiesa, Monteith, De Martini, and Chairman Withrow
Noes: Supervisors: None
Excused or Absent: Supervisors: None
Abstaining: Supervisor: None

- 1) X Approved as recommended
- 2) _____ Denied
- 3) _____ Approved as amended
- 4) _____ Other:

MOTION:

ATTEST: 
CHRISTINE FERRARO TALLMAN, Clerk

File No.

FISCAL IMPACT: (Continued)

The proposed Resale Policy will allow the SHA to retain up to 10 percent of received funds to cover the administration costs associated with the implementation and ongoing administration of the Resale Policy. Although Redevelopment Law allowed up to twenty percent, the ten percent is consistent with the amount allowed for use by the former Redevelopment Agency for administrative costs.

DISCUSSION:

The former State Redevelopment Law, set forth under the California Community Redevelopment Law (Health and Safety Code 33000), required redevelopment agencies to set aside a minimum of 20% of tax increment revenues for affordable housing activities into a Low and Moderate Income Housing Fund (known as “set-aside” funds). Under the terms of a 1991 CRLA agreement, the former Stanislaus County Redevelopment Agency (RDA) exceeded state requirements by providing a 25% set-aside.

Whenever possible, partnerships were developed with non-profit affordable housing developers to facilitate the implementation of the RDA’s affordable housing programs. One such partnership was with Habitat for Humanity Stanislaus County (HfH), and throughout the RDA’s existence, HfH and the RDA partnered on several occasions to develop affordable housing opportunities for low income families.

In 2007 and 2008, the RDA entered into loan contracts with HfH for the acquisition and development of seven single-family units in the Airport Neighborhood. The terms of the funding ensure that affordable housing is being provided by imposing an affordability covenant and restricting the homeowners’ housing costs (with respect to monthly payments) to levels affordable to those with an Area Median Income (AMI) of 80% or below. Furthermore, the terms of the original funding do not require any repayment by HfH for 45-years, with 0% interest applied, and are secured by liens on the properties. The RDA investment in the seven HfH assisted properties is approximately \$819,363.

All seven of the properties have been sold by HfH to new income qualified buyers; however, HfH maintains the obligation to repay the RDA funding, under the terms of the original loan contracts, and maintains the first right to repurchase all seven properties. All seven properties are currently in a position of being sold for above market value, providing for full repayment of all outstanding RDA loans. Gallo is offering to purchase six of the properties for an expansion of their existing adjacent facility. All seven buyers will be repurchasing homes in other HfH affordable housing developments.

While full repayment will release the RDA’s financial interest in the properties, the affordability covenants will remain with the properties for the remaining terms. Due to the desire for Gallo to utilize the property for industrial purposes as envisioned by the properties’ Industrial Transition land use designation in the County General Plan, a

resale policy allowing for the sale of the property in excess of market value (exceeding the affordability covenant allowance), in accordance with Health and Safety Code Section 33413(c)(2), must be adopted. Adoption of a resale policy establishes a program to protect the RDA's investing of moneys from the set-aside fund.

The following Resale Policy is proposed for adoption:

Stanislaus County, serving as the Successor Housing Agency (SHA) of the Former Stanislaus County Redevelopment Agency (RDA), shall allow for the resale of affordable housing properties developed under agreement with a non-profit affordable housing developer, provided the following criteria are met:

- The property shall be sold at a value in excess of market value (exceeding affordable covenant allowance); and
- The SHA shall recover full repayment of the RDA's investment into the property.

Within three years of sale, the proceeds shall be used to make affordable an equal number of units at the same income level as the units sold (80% AMI or below), for a period of not less than the remaining duration of the original deed restriction (affordability covenant) and use of the proceeds shall be restricted to the former RDA's Project Area No. 1.

The SHA shall work in collaboration with the originally funded affordable housing developer to develop a "reuse plan", subject to SHA approval, outlining how the funds will be used for the development of the replacement affordable housing units within the required three year time period. The "reuse plan" shall be submitted to the SHA within six-months of property sale and be approved for implementation, by the SHA, within one year of property sale. The "reuse plan" shall provide for the following:

- All new housing developed shall meet established loan to value ratios not to exceed 105% of the purchase price at the time property transfers to an income qualified buyer.

If a "reuse plan" is not received within six-months of property sale or approved for implementation with one year, the SHA shall pursue alternatives for reuse of proceeds within the required time period.

If the need arises, the proposed Resale Policy may be amended to look beyond just properties developed under agreement with a non-profit affordable housing developer; however, at this time, staff has no indication that such a need exists.

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The RDA's substantial investment in projects developed by affordable housing developers makes the sale of the properties at affordable levels (while also protecting the RDA's investment) a challenge as a result of the decline in property values over the last decade. Working with affordable housing developers also offers a better opportunity to meet timing requirements for the use of resale proceeds.

While Redevelopment Law does not specify any type of penalty for failure to use the resale proceeds within the required three year time period, every effort will be made to ensure that the required timing is met.

STAFF IMPACTS:

Implementation of the resale policy will be performed by existing staff as part of the Planning and Community Development Department's existing affordable housing program.

POLICY ISSUES:

Approval of this action supports the Board's priorities of A Healthy Community, A Strong Local Economy, and Effective Partnerships by working with the affordable housing development and business communities to meet the needs of affordable housing and business expansion consistent with the County's General Plan.

CONTACT PERSON:

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