

MONTEREY COUNTY

HOUSING AND COMMUNITY DEVELOPMENT

Erik V. Lundquist, AICP, Director



HOUSING, PLANNING, BUILDING, ENGINEERING, ENVIRONMENTAL SERVICES

1441 Schilling Place, South 2nd Floor
Salinas, California 93901-4527

(831)755-5025
www.co.monterey.ca.us

April 29, 2022

Lana L. Canova
25036 El Cotijo Lane
Mission Viejo, CA 92691

RE: County Exercise of County Purchase Option/Settlement Offer
Inclusionary Housing Unit at 114 Circulo de Casitas, Monterey
APN 173-131-014-000

Dear Ms. Canova,

This letter and its attachments serve as the County of Monterey's official Notice of Intent to Purchase the inclusionary housing unit located at 114 Circulo de Casitas, Monterey, CA 93940. If you wish to settle this matter along the terms we discussed earlier this week, the County will postpone exercising its option to purchase the unit to allow the current renters to complete their term, at the end of which you may choose to sell the unit yourself to a qualified buyer. By signing the statement at the end of this Notice, you agree to these terms.

Notice of Intent to Purchase

In accordance with Section 2 of the Inclusionary Housing Agreement recorded April 30, 2001, the County intends to designate a person (Assignee) from the Inclusionary Housing Waitlist. The Designee shall meet the eligibility requirements of the Inclusionary Housing Program and shall be approved by the County. Designation will occur at least 60 days prior to the close of escrow.

Based on median income for the area established by the Federal Office of Housing and Urban Development (HUD), and approved by the California State Department of Housing and Community Development (HCD), your inclusionary unit can be sold for up to **\$391,533**. This calculation will be updated if the sale is postponed to March 2023.

Credit for Good Condition. If the Home has been maintained in good condition, a credit equal to ten percent (10%) of the owner's base price of \$273,00 has been added to the indexed value. Owner shall acknowledge that this 10% credit is to account for any capital improvements the owner may have made to the inclusionary unit, except for bedroom addition(s). The 10% credit shall be decreased or eliminated in an amount necessary to repair any violations of applicable building, plumbing, electric, fire or housing codes or any other provisions of the Monterey County Building Code, as well as to

perform any other repairs needed to put the inclusionary unit into a "sellable condition". Items necessary to put the inclusionary unit into sellable condition shall be determined by the County or its designee, and may include landscaping, cleaning, painting and making needed structural, mechanical, electrical, plumbing and fixed appliance repairs and other deferred maintenance repairs. A home inspection report prepared by a professional building inspector, and a termite inspection report will be required from the owner for the resale transaction.

The unit was transferred into a Trust without approval of the Board of Supervisors. Forms provided to verify owner-occupancy were executed after the death of the owner. Moreover, as stated in the Inclusionary Housing Agreement, there is a prohibition against selling, leasing, assigning or transferring the unit to any person or entity without the County's written consent. The owner entered into a Lease Agreement with the Rowe household from March 1, 2020 through February 28, 2023. This Lease Agreement was executed without the County's consent. Furthermore, the monthly rent of \$3,500 exceeds the County's maximum rental limits of \$2,970 for a Moderate (120% Area Median Income), 3-bedroom unit.

Settlement Terms

Typically, any excess rental proceeds collected by the owner shall be deposited into the Inclusionary Housing Program fund. Over the period of 36 months, you will collect approximately \$19,000 in excess rental proceeds. To settle this matter and avoid disrupting the tenancy, The County of Monterey is willing to allow continued occupancy by the current tenants for the remainder of their Lease Agreement term through February 28, 2023 and will not collect the excess rental proceeds from you.

In order to minimize the period of vacancy between the end of the lease and close of escrow, you will be required to market the unit to households who are income-eligible under our Inclusionary Housing program 60 days prior to the end of the current Rental Lease. If you do not wish to sell the home yourself, the County will do so. You may be required to pay the County a transaction fee equal to six percent (6%) of the sales price if the County (or its assignee) exercises the County Option and purchases the home. This transaction fee is to hire a buying real estate professional.

Last, but not least, you will need to submit to the Housing and Community Development office the \$35 resale value fee. Then, when submitting the enclosed **NOTICE TO SELL** form, please include the \$500 resale transaction fee. Both fees shall be submitted to the Housing and Community Development office in cash, check or money order paid to the COUNTY OF MONTEREY. These fees must be paid regardless of whether you sell the unit yourself, or the County sells the unit.

Your signature below indicates your agreement with the terms of settlement for the disposition of the unit. Please return the originally signed copy to me, at the address above. If I do not receive your signed copy by May 15, 2022, the County may proceed with the legal actions necessary to address the violations of the Inclusionary Housing Agreement, including collection of excess rental proceeds and sale of the home.

Please do not hesitate to contact this office with any questions or inquiries regarding this letter. You may ask for Rosa Camacho-Chavez at (831) 755-5389, or me at (831) 755-5391. We are here to assist you with the transfer of your mother's inclusionary unit to an eligible moderate income household.

Sincerely,

Darby Marshall

Darby Marshall
Housing Program Manager

Enclosures: Restricted Sales Price Value Letter dated April 29, 2022
Notice to Sell Inclusionary Housing Unit

By my signature below, I accept the terms of settlement offered by the County of Monterey Housing Department and will sell the home to an income-eligible household upon expiration of the current lease or allow the County to proceed with the sale, as outlined above. I understand that if I fail to comply with these settlement terms, the County may take legal action against me, including collection of excess rental proceeds as described above.

Lana Canova
Dated: _____

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April 29, 2022

Marjorie Moore
C/O Lana L. Canova
25036 El Cotijo Lane
Mission Viejo, CA 92691

RE: Restricted Sales Price, 120% Moderate-Income Inclusionary Unit
114 Circulo de Casitas, Monterey, California
APN 173-131-014-000

Dear Ms. Canova:

Here is the information you will need to initiate the sale transaction of your Inclusionary house. The new Inclusionary Ordinance 04185, effective May 23, 2003, requires that once your home is sold, it will be restricted in perpetuity (forever) and the new buyer will not be released from the Inclusionary restrictions after 30 years.

The sales process is described below:

NOTICE TO COUNTY: The enclosed **NOTICE TO SELL** form provides official notice to the County to begin processing the resale of your Inclusionary unit.

INITIAL SALE PRICE DETERMINATION:

The Monterey County Housing and Community Development office is sending you this maximum resale price for the sale of your residence. To verify this resale price and to begin your good faith effort to market your residence, you must send the enclosed **NOTICE TO SELL** form to the Housing and Community Development office along with a \$500.00 service fee in cash, check or money order paid to the COUNTY OF MONTEREY.

BUYER SELECTION: Once we receive your **NOTICE TO SELL and the service fee**, and you have indicated to us to use the Lottery List, our office will send letters to those on the List announcing the sale of your unit, instructing interested buyers to contact you to schedule a “walk-through”. Your phone number or the number of your representative (real estate agent) as indicated on the **NOTICE TO SELL** will be listed as the contact. Please maintain your home in a ready-to-show condition at all times during the process of finding a buyer.

Interested buyers need to obtain and present a loan pre-qualification letter to you/your agent at the walk-through. The pre-qualification letter should show how much the lending institution is willing to lend the

buyer based on their income, assets, and other information. Please contact us immediately if no prospective buyers respond. We will provide additional referrals from the Inclusionary Waiting List. We recommend you have a “back-up buyer.

The seller or seller’s agent is responsible for reviewing the lender’s pre-qualification statements with the buyer and back-up buyer as well as establishing whether they have the down payment and closing costs necessary to purchase the unit. Both shall be selected based on their lottery number (lowest number is first in line). Prior to entering into a contract, copies of all loan pre-qualification letters submitted by all interested buyers are to be forwarded to the County.

Once the buyer has been selected and our office has confirmed their Lottery number, the County will begin qualifying them for the Inclusionary Housing Program (certification of income and assets and a review of the Buyer’s Occupancy and Resale Restriction Agreement with Option to Purchase).

If the buyer is found by the County to be income and asset-eligible, the seller is then permitted to proceed with the sale of the Inclusionary unit to that buyer. **When you enter into a purchase agreement, you are required to make it conditioned upon the buyer’s eligibility certification by the Housing and Community Development office.** Again, the County recommends the seller consider selecting a back-up buyer in the event the first buyer is determined to be ineligible.

SALE PRICE ADJUSTMENTS: Based on median income for the area established by the Federal Office of Housing and Urban Development (HUD), and approved by the California State Department of Housing and Community Development (HCD), your residence can be sold for up to **\$391,533**.

Please be aware that a ten percent (10%) credit for good condition has been added to your restricted value calculation. If the physical inspection or a later pest inspection of your residence during escrow indicates damages, the cost to repair the damage in order to put the unit into saleable condition shall be subtracted from the purchase price of your residence. The County may conduct an independent inspection of the property. You will be contacted to set up an appointment if that occurs.

NOTE: The sale price is the highest amount that can be asked for the residence excluding the closing costs negotiated between the buyer and seller. In no event shall the sale price be below the Base (or original) Price paid for the residence. If the property is appraised at a value lower than the Inclusionary value, the appraised value will then become the sale price.

Any questions you have regarding this process to sell your Inclusionary residence may be directed to the Housing and Community Development office, at (831) 755-5390.

Attachment: Notice to Sell

NOTICE TO SELL INCLUSIONARY HOUSING UNIT

DATE: _____

TO: Monterey County Housing and Community Development Department
1441 Schilling Place, South 2nd Floor
Salinas, CA 93901

FROM: Seller: _____
Address: _____
Phone #: _____

SUBJECT: NOTICE TO SELL INCLUSIONARY HOUSING UNIT

I/We herewith notify you that I/we am/are selling the Inclusionary housing unit at the above address in accordance with the requirements of the Inclusionary Housing Ordinance. I/We understand that I/we will have to submit the names of potential buyers of this unit to the Housing and Community Development Department office for final certification. I/We will make a “good faith effort”, lasting a minimum of 60 days, to sell the unit to another qualified buyer. ***The \$500 fee is enclosed with this Notice.***

The Realtor I/we am/are using is:

Name: _____
Address: _____
Phone #: _____
Realty Firm: _____

Please refer any requests to purchase the above unit to the above contact person.

The unit is a _____
(Townhouse, Condos, Detach SF)

and is described by the following information:

Number of Bedrooms _____	Square Footage _____	Resale Purchase Price: \$ _____
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If there are any questions regarding this information, please contact our office.

Signature of Owner (s):
