



# Monterey County

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## Board Report

Legistar File Number: 15-0142

March 10, 2015

Introduced: 2/10/2015

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

- a. Authorize an increase in estimated appropriations in the amount of \$350,000 in the Economic Development Department's Inclusionary Housing Fund appropriations Unit 009-8208-DEO002; and
- b. Authorize the Auditor-Controller to amend the FY 2014-15 Economic Development Department Community Development adopted budget, Fund 009, Unit 8208 and Appropriation Unit DEO002, to increase estimated appropriations by \$350,000. (4/5th vote required).

### RECOMMENDATION:

- a. It is recommended that the Board of Supervisors:  
Authorize an increase in estimated appropriations in the amount of \$350,000 in the Economic Development Department's Inclusionary Housing Fund appropriations Unit 009-8208-DEO002; and
- b. Authorize the Auditor-Controller to amend the FY 2014-15 Economic Development Department Community Development adopted budget, Fund 009, Unit 8208 and Appropriation Unit DEO002, to increase estimated appropriations by \$350,000. (4/5th vote required).

### SUMMARY:

This request is to increase revenues and appropriations within Economic Development Department's Inclusionary Housing Fund 009. The increase in revenue and appropriations is necessary to enable the County to exercise its option to purchase an inclusionary home before the home is sold at foreclosure and lost from the inclusionary housing inventory. There is currently enough fund balance in Fund 009 to cover this unanticipated expenditure.

### DISCUSSION:

The Board of Supervisors adopted an Inclusionary Housing Ordinance in 1980 to require developers to develop and support affordable housing in the County. Since the program began, more than 250 units of owner occupied affordable housing have been developed. There are three ways that the County loses these units: 1) the term of affordability is reached; 2) the County fails to exercise its option to purchase a home when the owner sells and another income qualified buyer cannot be found; and, 3) when senior lien holders sell the home through foreclosure proceedings.

When an owner purchases an Inclusionary Unit, he/she is required to sign a number of documents that are intended to protect the County's interest in maintaining the stock of affordable housing in Monterey County. One of these documents is the Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase. The terms of this document require Inclusionary Home owners to notify and work with the County to identify income qualified

purchasers who will purchase the home and sell it to an income qualified household in the future. This document also allows the County to purchase the home on a number of grounds, including if the homeowner defaults on senior lien holders, or fails to consult with the County prior to selling the home to a non-income qualified household. The County can also buy the home if the owner wants to sell and offer it to the County for the restricted price.

The owner of 109 Circulo de Casitas in the Pasadera subdivision has defaulted on his second mortgage. However, he has also offered to sell the house to the County. There are sufficient funds in the County's Inclusionary Housing fund to purchase the home. However, an increase in appropriations is necessary to allow the disbursal of the funds to complete the purchase. The increase in revenue and appropriations is necessary to allow the County to purchase the home from the second lien holder before the foreclosure sale takes place and then sell the home to an income qualified home buyer. This will preserve the home as an affordable unit. The County has already notified the first and second mortgage holders of its intent to purchase the home. County staff anticipates that once the County purchases the unit, it will take approximately three months to resell the home.

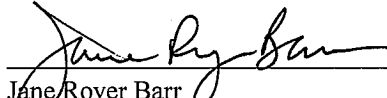
OTHER AGENCY INVOLVEMENT:

The Economic Development Department has worked closely with County Counsel to preserve this unit as affordable housing

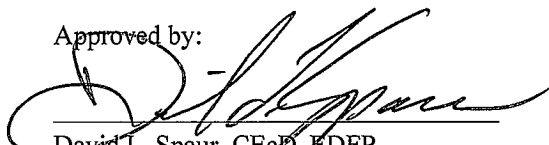
FINANCING:

There is no impact to the General Fund as a result of this action. There is currently sufficient Fund Balance in Fund 009 to cover this unanticipated expenditure.

Prepared by:

  
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Approved by:

  
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