



Board Report

File #: 18-900, Version: 1

- a. Approve and authorize County Administrative Office staff to exercise the County's Option to Purchase the inclusionary unit located at 11120 Union Circle, Castroville, CA 95012 pursuant to Section 16 of the Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase (the "Agreement").
- b. Approve and authorize the Assistant County Administrative Officer, or designee, to execute the contract, including amendments thereto, contingent upon approval by County Counsel, which do not affect the maximum dollar amount, to purchase the inclusionary unit.
- c. Approve and authorize the Assistant County Administrative Officer, or designee, to spend inclusionary housing program dollars to purchase the inclusionary unit, in the amount not to exceed \$250,000.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize County Administrative Office staff to exercise the County's Option to Purchase the inclusionary unit located at 11120 Union Circle, Castroville, CA 95012 pursuant to Section 16 of the Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase (the "Agreement").
- b. Approve and authorize the Assistant County Administrative Officer, or designee, to execute the contract, including amendments thereto, contingent upon approval by County Counsel, which do not affect the maximum dollar amount, to purchase the inclusionary unit in accordance to real estate requirements.
- c. Approve and authorize the Assistant County Administrative Officer, or designee, to spend inclusionary housing program dollars to purchase the inclusionary unit, in the amount not to exceed \$250,000.

SUMMARY:

Kerry Johnson and Rosemarie Johnson are the owners of an inclusionary home located at 11120 Union Circle, Castroville, in the Union Circle subdivision. Mr. and Mrs. Johnson have received a Notice of Trustee's Sale estimating their property's date of sale being September 24, 2018. Estimated amount of unpaid balance and other charges is \$187,905.04. The maximum restricted resale value of the inclusionary unit is \$298,349.

DISCUSSION:

Mr. and Mrs. Johnson executed a Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase (the "Agreement") in favor of the County of Monterey. The Agreement, and as further defined in the Inclusionary Housing Administrative Manual, established several obligations that owners of inclusionary homes must meet and offers the County the option to purchase the unit at a restricted price if the owner fails to abide by the terms of the Agreement, thus making the unit available to another income qualified purchaser. The County's Option to Purchase the unit under the Agreement remains in effect in perpetuity.

The Agreement (Section 18), requires that "If a creditor acquires title to the Home through a deed in lieu of foreclosure, a trustee's deed upon sale, or otherwise," Mr. and Mrs. Johnson "shall not be entitled to the proceeds of sale to the extent that such proceeds otherwise payable to the Owner when added to the proceeds paid or credited to the creditor exceed the Maximum Restricted Resale Price. The Owner shall instruct the holder of such excess proceeds to pay such proceeds to the County in consideration of the benefits received by the Owner through purchase of the Home under the County's Inclusionary Housing Ordinance."

Upon the purchase of the inclusionary unit, the County would then address any health and safety, and deferred maintenance items prior to selling the inclusionary unit to another eligible household. There are more than 400 households waiting to purchase one of the County's inclusionary housing units.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed the Notice of Trustee's Sale and the Buyer's Occupancy and Resale Restriction Agreement with Option to Purchase and determined that the County has the option to purchase the inclusionary unit with the approval of the Board of Supervisors.

FINANCING:

There is no fiscal impact on the General Fund or on revenues. Should the Board of Supervisors elect to exercise the County's Option to Purchase, there are sufficient funds in the Inclusionary Housing Fund (Fund 009, Unit 8208, DEO002) to purchase the unit, estimated at \$250,000. This amount is estimated to cover the unpaid balance and other charges by the trustee, closing costs, repairs, and holding costs while pending its subsequent resale to an income qualified household.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The County's Inclusionary Housing Program provides homeownership opportunities in the unincorporated areas of Monterey County to Low or Moderate income households.

Mark a check to the related Board of Supervisors Strategic Initiatives

☒ Economic Development

☐ Administration

☒ Health & Human Services

☐ Infrastructure

☐ Public Safety

Prepared by: _____
Rosa Camacho-Chavez, Housing Project Analyst I, Ext. 5389

Approved by: _____
Nicholas E. Chiulos, Assistant County Administrative Officer, Ext. 5145

Attachments:

Board Report

Attachment A - Notice of Trustee Sale