



MEMORANDUM

TO: City Council

FROM: Brian Pedrotti, Community Development Director

BY: Andrew Perez, Planning Manager

SUBJECT: Consideration of Authorizing the City Attorney to Amend the Affordable Housing Agreement for 252 S. Courtland Street

DATE: September 13, 2022

SUMMARY OF ACTION:

Authorize the City Attorney to make amendments to the existing Affordable Housing Agreement for 252 S. Courtland Street (Agreement) to allow the property to be sold to an eligible, moderate income household.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

No financial impact is projected.

RECOMMENDATION:

Authorize the City Attorney to amend the Agreement allowing the property owner to sell the subject property to an eligible, moderate income household.

BACKGROUND:

The dwelling at 252 S. Courtland St. was built in 2005 as part of the Jasmine Place housing development and subsequently deed-restricted as a moderate rate affordable unit. The Jasmine Place project was conditioned to provide a total of seventeen units within the development as affordable to moderate income households. Each of the seventeen units was subject to a Buyer's Occupancy and Resale Agreement (Agreement), which establishes regulations for the occupancy, maintenance, and resale of the property.

The subject home at 252 S. Courtland Street was sold to a qualified buyer in 2005. Three years later, the property owner expressed a need to sell the unit to avoid foreclosure. At that time, the maximum allowable sales price, as determined pursuant to the formula established in the Agreement, exceeded the fair market value of the home. Under the Agreement, the owner must try to sell the property to an eligible buyer at the affordable price, as defined in the Agreement. If they cannot sell it within 90 days, the City has the

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option to purchase the home at the affordable price or allow it to be sold at fair market value. Due to the inequity between the affordable price and fair market value, the home was at high risk of converting to market rate and eliminating the affordable housing covenants recorded against the property. To avoid losing an affordable unit, the City's Redevelopment Agency made arrangements to purchase the property from the owner and then re-sell the property to the San Luis Obispo Housing Authority (HASLO).

HASLO is an established non-profit organization with expertise in building and maintaining affordable housing, and therefore, qualified to manage the rental of this unit. However, because the affordable housing agreements for all seventeen affordable units in this development do not permit an owner to lease their unit, HASLO requested amendments to the Agreement that would allow it to lease the property to a qualified tenant. Council adopted Resolution 4131 authorizing the purchase and subsequent reconveyance of the property (Attachment 1).

ANALYSIS OF ISSUES:

The long-term tenant at 252 S. Courtland Street has voluntarily vacated the property and now HASLO expressed the desire to amend the Agreement to allow it to sell the property to a qualified moderate-income household. Selling the property would allow HASLO to reallocate the revenue from the sale to current affordable housing projects. Pursuant to Section 15 of the Agreement, Council must authorize amendments to the Agreement. If Council is supportive amending the Agreement, the City Attorney will execute the amendments that will allow the property to be sold to a qualified moderate-income household. The purchasing household will enter into a new agreement with the City to ensure the affordability restrictions of the unit are maintained for the next 30 years.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Authorize the City Attorney to make amendments to the existing Agreement; or
2. Provide other direction to staff.

ADVANTAGES:

Approving modifications to the existing Regulatory Agreement will allow HASLO to financially support other affordable housing projects, while ensuring that an existing affordable unit will remain affordable for the next 30 years, at a minimum.

DISADVANTAGES:

None identified.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item.

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PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

Attachments:

1. Resolution No. 4131