

**MOORPARK CITY COUNCIL  
AGENDA REPORT**

**TO:** Honorable City Council

**FROM:** David Moe, Redevelopment Manager *DM*

**DATE:** March 26, 2013 (CC Meeting of April 3, 2013)

**SUBJECT:** Consider Resolution Approving the Sale of 81 First Street through the City of Moorpark's First Time Home Buyer Program and Rescinding October 19, 2011 Authorization of First Trust Deed Loan for 81 First Street First Time Home Buyer

**BACKGROUND**

In 2010, the Redevelopment Agency of the City of Moorpark ("Redevelopment Agency") completed construction of a single-family home located at 81 First Street. The home was built to be sold as a part of the City's First Time Home Buyer Program (FTHB). Issues with grading on the property, Freddie Mac, and with the State of California have kept the home from being sold under the FTHB program.

**DISCUSSION**

Wells Fargo Bank notified staff that the Federal Home Loan Mortgage Corporation ("Freddie Mac") guidelines they use to underwrite the FTHB loans have changed. The change no longer allows additional financing instruments to contain the City's provisions for equity sharing. On October 19, 2011, the City Council authorized staff to issue a loan to the qualified buyer for the purchase of 81 First Street. Before the escrow could be completed, the Redevelopment Agency was eliminated causing all property transactions to be suspended. In the meantime, the qualified buyer has been leasing the property with an option to purchase once the property can legally be sold through the FTHB program.

Staff has worked with Wells Fargo to change the equity share provision bringing the City's FTHB program once again into compliance with Freddie Mac guidelines. This change to the FTHB program was approved by the City Council on December 19, 2012.

The Successor Agency of the Redevelopment Agency of the City of Moorpark ("Successor Agency") has conducted the low and moderate income housing due diligence review and submitted it to the State Department of Finance ("DOF") for approval. On November 12, 2012, DOF notified the Successor Agency that they have no objections to the transfer of assets to the City, as the successor housing agency. On this agenda, the Successor Agency is also considering the transfer of housing assets of the former Redevelopment Agency to the City, as the successor housing agency, per Oversight Board direction to the Successor Agency on March 19, 2013.

Health and Safety Code Section 33433 (c)(1) requires a public hearing and the adoption of a resolution for the sale of a City owned small housing project (four units or less) that was acquired by the City. The purpose of this hearing is to authorize the sale of 81 First Street through the City's FTHB program. A public notice of this hearing was published on March 20, 2013, and again on March 27, 2013, in a local newspaper of general circulation during the two weeks prior to hearing date as required by Health and Safety Code Section 33431.

Now that the FTHB program is in compliance with the Freddie Mac guidelines and the housing assets for the former Redevelopment Agency will be transferred to the City, as the successor housing agency, staff is ready to sell 81 First Street. Staff recommends rescinding the City Council's October 19, 2011 action authorizing a first trust deed loan prior to adopting resolution authorizing the sale of 81 First Street through the FTHB program after the City, as the successor housing agency has received title of the housing asset properties.

### **FISCAL IMPACT**

The market value of the house is \$325,000, the City, as the successor housing agency will receive approximately \$190,300 from the sale of this property and carry the remaining value of \$134,700 as a silent second trust deed. Proceeds from this sale will be deposited into the Housing-Successor Agency Fund to continue affordable housing activities of the former Redevelopment Agency.

### **STAFF RECOMMENDATION**

1. Open public hearing, receive public testimony, close public hearing.
2. Rescind October 19, 2011 authorization of first deed trust mortgage for new first time home buyer; and
3. Adopt attached Resolution No. 2013- \_\_\_\_\_ authorizing the sale of 81 First Street through the FTHB program; and
4. Authorize City Manager to take any and all actions to execute and deliver any and all documents necessary to finalize the sale of property.

Attachment 1: Resolution No. 2013- \_\_\_\_\_

RESOLUTION NO. 2013 - \_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, AUTHORIZING THE SALE OF 81 FIRST STREET THROUGH THE CITY OF MOORPARK'S FIRST TIME HOME BUYER PROGRAM

WHEREAS, the Redevelopment Agency of the City of Moorpark acquired and constructed the house at 81 First Street for affordable housing purposes; and

WHEREAS, subsequent to the state-wide dissolution of redevelopment, the City Council pursuant to Health and Safety Code Section 34176(a) adopted Resolution 2012-3079 electing to becoming the successor housing agency; and

WHEREAS, a public notice of this hearing was published on March 20, 2013 and again on March 27, 2013 in a local newspaper of general circulation during the two weeks prior to the hearing date as required by Health and Safety Code Section 33431; and

WHEREAS, the City Council finds and determines that pursuant to Health and Safety Code Section 33433(c)(1), the unit will be sold to a qualifying household at an affordable price.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The property located at 81 First Street may be sold to a low-income applicant based on income at an affordable sales price.

SECTION 2. The City Council, in its role as the successor housing agency, authorizes the City Manager to take any and all actions to execute and deliver any and all documents necessary to finalize the sale of the property.

SECTION 3. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original Resolutions.

PASSED AND ADOPTED this 3rd day of April, 2013.

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Janice S. Parvin, Mayor

ATTEST:

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Maureen Benson, City Clerk