

RESOLUTION NO. 842

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA AUTHORIZING STAFF TO EXPEND AGENCY FUNDS FROM THE AFFORDABLE HOUSING SET-ASIDE TO PURCHASE AND RESELL ANY AFFORDABLE UNIT WHICH IS IN DEFAULT OR FORECLOSURE, WHETHER INSIDE OR OUTSIDE THE CCRP, IN ORDER TO PREVENT THE LOSS OF THE AFFORDABILITY RESTRICTIONS ON SUCH UNIT.

WHEREAS, each of the affordable condominiums in the City is subject to recorded resale price controls which assure that the unit remains affordable to subsequent purchasers over the long term; and,

WHEREAS, these resale price controls contain language required by lenders which provides that in the event of foreclosure by a 1st trust deed mortgage lender the price controls will expire; and,

WHEREAS, the Redevelopment Agency may be able to preserve the long term affordability of a housing unit which is in default or in foreclosure by purchasing such unit prior to foreclosure or at the foreclosure sale, at a price not to exceed the maximum affordable sale price plus costs of purchase, and reselling the unit to an eligible purchaser at an affordable price; and,

WHEREAS, there is a need for affordable housing within the City of Santa Barbara, and it is in the interest of the City for the Redevelopment Agency to preserve the long term affordability of such a unit through the purchase and subsequent resale; and,

WHEREAS, pursuant to the authority of Health and Safety Code § 33334.2(g), the Redevelopment Agency of the City of Santa Barbara has authorized the expenditure of Agency funds outside the Central City Redevelopment Project (CCRP) Area for low and moderate income housing by Resolution No. 695 dated July 17, 1984,

NOW THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Santa Barbara as follows:

- A. The Redevelopment Agency Board approves administrative authority for staff to expend Agency funds from the affordable housing set-aside to purchase and resell any affordable unit which is in default or foreclosure, whether inside or outside the CCRP, in order to prevent the loss of the affordability restrictions on such unit, provided the following conditions are met:
 1. The affordable unit is in the City of Santa Barbara (whether inside or outside the Central City Redevelopment Project area), and is subject to the City's affordability conditions.

2. The owner is in default in the payments or conditions of a loan against the unit, and there is a chance that the City's resale price controls may be lost due to a foreclosure or tax sale.
3. There are adequate funds available for the purchase in the Agency's affordable housing set-aside.
4. Staff has determined that any risk of loss to the Agency's affordable housing set-aside funds, arising from the purchase and sale, is outweighed by the value to the Agency of retaining the affordability controls on the unit.
5. The purchase price paid by the Agency is as low as possible, and does not exceed the maximum resale price of that unit as determined by the City's recorded price controls, plus costs of purchase.
6. Immediately after the purchase the Agency shall market and sell the unit to an eligible buyer, at a price not to exceed the maximum resale price of that unit. The Agency may list the unit with a real estate broker to facilitate marketing. Any City or Agency loans on unit may be assumed by the purchaser.
7. The net proceeds from the sale of the unit are to be used to reimburse the Agency for the funds used for the purchase of the unit, and to bring current any City or Agency loans on the unit which were delinquent.
8. Any funds remaining after the Agency has been reimbursed for the costs to purchase the unit, and after any City or Agency loans are subtracted, shall be paid to the defaulting owner; this payment shall not exceed the owner's equity at the time of the Agency's purchase. However, if the defaulting owner had been in material breach of the City's recorded resale control covenant, the owner shall not be entitled to any payment from the Agency.

- B. The Redevelopment Agency Board Authorizes the Deputy Director of the Agency to execute all documents necessary to purchase and resell any such affordable unit in conformance with the conditions contained in this Resolution.

BE IT FURTHER RESOLVED, that the foregoing Resolution No. 842 was adopted by the Redevelopment Agency of the City of Santa Barbara on the 27 day of April, 1993, by the following vote:

AYES 5 NAYS 0 ABSTAIN 0 ABSENT 2

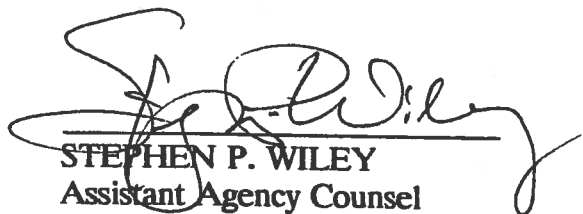
IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the
Redevelopment Agency of the City of Santa Barbara this 30 day of April, 1993.



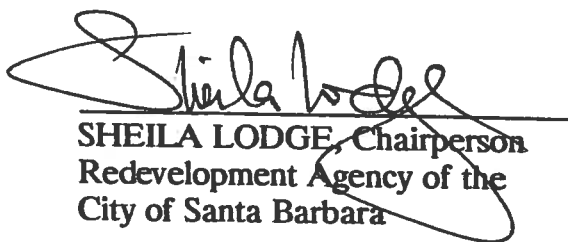
RICHARD D. THOMAS, Secretary
Redevelopment Agency of the
City of Santa Barbara

I hereby approve this Resolution No. 842 this 30 day of April, 1993.

Approved as to Form:



STEPHEN P. WILEY
Assistant Agency Counsel



SHEILA LODGE, Chairperson
Redevelopment Agency of the
City of Santa Barbara