



County of El Dorado

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Legislation Details (With Text)

File #: 12-0094 **Version:** 2
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On agenda: 9/4/2012 **Final action:** 9/4/2012

Title: Health and Human Services Agency, Community Services Division, recommending the Board:
1) Decline the purchase option specified per Section 12 of Amendment II of the Lesarra Attached Homes Affordable Housing Agreement for 13 deed-restricted units; and
2) Authorize the Director of the Health and Human Services Agency, or successor, to execute a letter to the developer stating the County's decision to decline the purchase option for the specific 13 deed-restricted units indicated in Amendment II of the Lesarra Attached Homes Affordable Housing Agreement, and monitor market rate sales of those specific 13 units to ensure that recapture provisions of the Agreement are enforced.

Sponsors:

Indexes:

Code sections:

Attachments: 1. 2A-CoCo Response V2 12-0094 9-4-12, 2. 2B-Lesarra Letter to County V2 12-0094 9-4-12, 3. 2C-Lesarra - Decline Purchase Ltr V2 12-0094 9-4-12, 4. 2D-Lesarra Amendment II Executed V2 12-0094 9-4-12, 5. A-Blue Route.pdf, 6. B-Lesarra Amendment II.pdf, 7. C-Lesarra Amendment II redline.pdf, 8. D-Lesarra Amendment I.pdf, 9. E-Lesarra Agreement.pdf

Date	Ver.	Action By	Action	Result
9/4/2012	2	Board of Supervisors	Approved	Pass
2/14/2012	1	Board of Supervisors	Approved	Pass

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Fiscal Impact/Change to Net County Cost

No change. Staff time associated with this item is paid through General Fund General Plan and Housing Element Implementation funds already budgeted for that purpose.

Background

The County entered into an Affordable Housing Developer's Agreement (Agreement) with Lesarra Attached Homes, LP in 2006 as a condition of the project approval set by the Planning Commission for the Lesarra condominium project located in El Dorado Hills. The Agreement required the Lesarra project to deed restrict 12 newly constructed units for moderate income home buyers. Moderate income is defined as households earning up to 120% of the area median income for the County adjusted by household size.

Amendment I to the Agreement, approved by the Board of Supervisors and recorded in November

2007, reduced the down payment requirement from 5% as stated in the original Agreement to 3% of the purchase price and amended the property tax rate to reflect tax rates for the El Dorado Hills area.

Amendment II to the Agreement, approved by the Board of Supervisors and recorded in April 2012, identified the new project owner, CAP VI - Lesarra, LLC, a California limited liability company, and identified 13 units of standing stock (existing construction not previously sold) in place of 12 newly constructed units in order to meet the deed restriction terms of the Agreement.

Section 12 of the Developer's Agreement requires that "If any Owner, including Developer, is unable to sell the Deed Restricted Unit within sixty (60) days of good faith offering, marketing and advertising the unit for sale, the owner may offer to sell the Unit to the County at the Affordable Housing Price at the time of offer. If the County or its assignee does not complete the purchase of the Unit within ninety (90) days of the Owner's offer of sale to the County, the resale obligations and Deed Restrictions for the Unit shall terminate; however, the provisions of this section relating to Recapture Upon Sale shall continue to apply and remain in full force and effect. In no event may a Deed Restricted Unit be sold at or above an affordable price without full and complete compliance with this section."

Current housing market conditions are such that although these units will no longer be deed-restricted, they will likely sell within an affordable price range that will provide home ownership opportunities for low to moderate income households.

Reason for Recommendation

Pursuant to Section 12 of Amendment II of the Lesarra Affordable Housing Agreement, Lesarra notified the County on July 23, 2012, that after 60 days of good faith advertising, the units have not sold and, as required, the County is being offered the option to purchase one of more of these units.

The County is seeking to be proactive in declining the purchase before the 90 day deadline of October 22, 2012. Should the County fail to complete the purchase of the properties within 90 days, the provisions of Section 12 would automatically apply. Staff is satisfied that advertising and marketing efforts were carried out as agreed and recommends the County decline to purchase the 13 deed-restricted units.

Action(s) to be taken following Board approval

Agency Director to execute letter to decline Lesarra purchase option of 13 deed-restricted units and monitor the recapture provisions of the Agreement upon sale of each unit.

Contact

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Concurrences

County Counsel