



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Community Services
Department
Department No.: 057
For Agenda Of: June 7, 2016
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department George Chapjian, Community Services Director (805) 568-2457
Director(s)
Contact Info: Dinah Lockhart, Deputy Director (805) 568-3523
Margo Wagner, Sr. Housing Program Specialist (805) 568-3529

SUBJECT: Resale of Affordable Housing Unit at 217 E. Rice Ranch Road, Orcutt
Fourth Supervisorial District

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

General Services Concurrence:

As to form: Yes

Recommended Actions:

- a) Adopt a Resolution (Attachment A) to accept the bid from Jose Vargas to purchase the County-owned affordable housing unit(Unit) located at 217 E. Rice Ranch Road (Assessor Parcel Number 103-630-008), in the Orcutt area, for the sales price of \$140,000, pursuant to the terms and conditions set forth in the Resolution, his contract and the attachments thereto; the Resolution shall authorize the Chair of the Board of Supervisors and the CSD Director to execute the Grant Deed and related escrow documents, to be delivered to escrow subject to performance and compliance by the purchaser of all the terms or conditions of his contract to be performed concurrently therewith in accordance with California Government Code Section 25535;
- b) Authorize the CSD Director to open escrow and execute any and all required escrow documents;
- c) Determine that the recommended actions are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) as it can be seen with certainty that there is no possibility that these actions will have a significant effect on the environment, and direct staff to file the Notice of Exemption (Attachment B).

Summary Text:

On March 15, 2016, the Board adopted a Resolution declaring the County's intention to sell the property located at 217 E. Rice Ranch Road, in Orcutt. A Request for Proposals (RFP) was publicly issued on March 17, 2016 and the results were reviewed under the supervision of the Auditor Controller's office in order to select the highest qualified bidder. CSD's Housing and Community Development (HCD) division has processed an HCD Homeownership Application to ensure that the prospective buyer is eligible under the County's Affordable Housing Program. CSD has accepted a qualifying offer and is returning to the Board for final approval to obtain the authority necessary to complete the sale and record a new restrictive covenant that is consistent with the current restrictions and includes additional terms that address matters not covered by the current restrictions (Attachment C). The Board's approval of the recommended actions will enable the County's Community Services Department ("CSD") to accept the offer to purchase from Jose Vargas and enter escrow to consummate the sale.

Background:

In 1994 and in 2002, an Agreement to Provide Affordable Housing and an Agreement for Assumption of Resale Restrictive Covenant, respectively, were recorded against the Rice Ranch Property in order to satisfy the County's requirement for the provision of affordable housing. These restrictions were imposed as a condition of approval by the County for the development of the Lorraine Estates residential development.

In 2007, when an initial sale of an affordable, restricted unit to a qualified household was unsuccessful, the County Chief Executive Officer (CEO) purchased the Rice Ranch Property from the owner on behalf of the County. The CEO purchased the property pursuant to County Ordinance 4637, which was passed and adopted in January 2007 in accordance with California Government Code Section 25350.60.

The residential property at 217 Rice Ranch Road in Orcutt is a 2 bedroom 2 bath attached condominium unit with 1001 square feet of living area. Subsequent attempts since 2007 by the County to resell the unit failed due to buyer disinterest, the existence of affordable housing covenants on the property, HOA dues of \$395, and falling residential property values.

An RFP was issued to the public creating an open bidding period from March 17th through April 20th 2016, during which HCD received sealed bids to purchase the unit from pre-approved applicants. During the open bidding period, HCD conducted an extensive marketing campaign to advertise the sale of the property. This included the publication of the RFP on the County's website and within 3 local newspapers; an announcement on local radio station 100.3 La Ley; internet listings on Trulia.com and Zillow.com; two open houses; and, presentations to the Santa Maria Board of Realtors, Vandenberg Air Force Base, and to North County employees. Received pre-approved sealed bids were opened in public and the names of the applicant were read aloud under the supervision of the Auditor Controller's office. The submitted proposals were reviewed and evaluated, and HCD selected the highest offer from an eligible buyer. The CSD Director is requesting the Board grant final approval for the acceptance of the bid; authorize execution of the grant deed; to open escrow; and, to execute any and all required escrow documents.

The County will record new restrictions in order to clarify and update the restrictions on the property. The new owner will be subject to the County's Affordable Housing Program's resale provisions for 8

years, until 2024. If the new buyer sells or refinances the property before then, the sales price of the property or the ability of the owner to refinance will be restricted to the applicable household income and resale price guidelines in effect for the year in which they sell or refinance. Additionally, the owner would be required to sell the property to a qualified buyer who meets the income qualification under those guidelines.

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

The County expended \$177,700 from Affordable Housing Trust Fund (Fund 0065) to repurchase the home in 2007. County has expended approximately \$4,800 annually for maintenance and monthly HOA dues. After costs associated with the sale of the property are deducted, HCD will deposit the net proceeds from the sale of the home into the Affordable Housing Trust Fund to be used at a future date to preserve or increase the number of affordable housing units in the County.

Work performed by General Services associated with preparing the property for sale, and preparing the sales documentation, and staff time by HCD's Property Management/Inclusionary Housing Program, will be funded by Fund 0065.

Key Contract Risks:

n/a

Staffing Impacts:

There are no staffing impacts other than for on-going monitoring of the subject property.

Special Instructions:

Provide Minute Order to: Housing and Community Development
Attn: Margo Wagner, Sr. Housing Program Specialist

Attachments:

Attachment A – Resolution
Attachment B – CEQA Notice of Exemption
Attachment C – Resale Restrictive Covenant

cc:

Scott Greenwood, Deputy County Counsel
Don Grady, Real Property Division Manager, General Services