



## **AGENDA**

**WINTERS AFFORDABLE HOUSING STEERING COMMITTEE  
MEETING SCHEDULED FOR THURSDAY, SEPTEMBER 6, 2007,  
6:30 P.M., CITY COUNCIL CHAMBERS, FIRST FLOOR,  
CITY HALL, 318 FIRST STREET  
WINTERS, CA 95694**

### **CALL TO ORDER**

### **RECOGNIZE AUDIENCE/CORRESPONDENCE**

### **DISCUSSION ITEMS:**

1. Discussion of Almondwood Apartments affordable housing project.
2. Review of *Housing Program Planned Action*.

### **INFORMATIONAL ITEM**

None.

### **ADJOURNMENT**



**STAFF REPORT**  
September 6, 2007

**TO:** Affordable Housing Steering Committee

**FROM:** Dan Sokolow – Community Development Director

**SUBJECT:** **Discussion of Almondwood Apartments affordable housing project.**

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**RECOMMENDATION:** Staff recommends that the Affordable Housing Steering Committee (AHSC) receive a staff report on the Almondwood Apartments affordable housing project and provide the applicant with input on the project.

**BACKGROUND:** The City has received a funding assistance request from the prospective purchaser of the Almondwood Apartments, an affordable housing facility, located on Dutton Street.

- 1. Funding Request:** \$390,000 loan for rehabilitation of 39-unit apartment complex that serves lower-income households.
- 2. Summary of Project:** The apartment complex located on Dutton Street was constructed in 1983 under the Section 515 U.S. Department of Agriculture loan program. Of the 39 units, 22 are subsidized by USDA rental assistance, 12 units are subsidized by the RHCP (State) program, and the remaining 5 units are not covered by rental assistance. The owners have decided to sell the facility and want the new owner(s) to continue to operate the facility for affordable housing. Mike Condry, a private real estate investor from Sanger, is under contract to purchase the Almondwood Apartments. He has purchased eight Section 515 projects in the last four years.

The real estate broker for the sale, Al Inouye, also represented the former owner of the Winters Apartments when the multi-family affordable housing facility was sold to the Community Housing Opportunities Corporation (CHOC) in 2002. Winters Apartments was also constructed under the Section 515 program. (The City provided a loan/grant from Community Development Block Grant Program Income funds in the amount of \$185,000 for rehabilitation and a redevelopment grant in the amount of \$250,000 for acquisition for the Winters Apartments.) Condry has made a preliminary loan request of \$390,000 for funding half of the rehabilitation work necessary for Almondwood. City participation in the project will require that a 55-year affordability restriction be recorded against the property.

Condry has prepared a rehabilitation budget report that details the rehabilitation work and costs; however, this report is preliminary and the USDA will require that Condry obtain a third party physical needs report. Potentially, the rehabilitation work and costs could change.

**Affordable Housing/AHSC Stf Rpt Almondwood Apartments 6Sep07**

# **Housing Programs Planned Action**

## **Mission Statement:**

Develop best practices standards and procedures to insure the long-term affordability of rental and for purchase real property inventory in support of the City's goals of creating new affordable housing and conserving existing affordable housing, ensuring the real property assets are maintained in a manner benefiting the residents, neighborhood, and the community.

## **Objectives:**

Facilitate a comprehensive review of affordable housing policies and procedures by the City Council.

Manage existing and future assets to maximize asset value, leveraging the City of Winters' financial contributions with funding from both private and public sector funding sources.

Conduct community outreach programs to solicit participation in affordable housing program design to insure the needs of the targeted income groups are met to the highest degree possible.

## **Strategies:**

### **1. Policy Issues - Secure City Council direction on key policy issues:**

Staff will utilize policy direction provided by City Council to update policy, procedures, and program design in support of City objectives in the following areas:

- Define homeowners bundle of rights re: equity
- Resale restrictions - very restricted – moderately restricted – little restrictions
- Variable approaches based on source(s) of funding
- Protection for buyer if price of home declines (very restricted)
- Length of affordability restrictions
- Windfall equity and excess proceeds capture
- Lottery weighting factors (target groups)
  - Public Safety and Teachers
  - Current Winters residents
  - Locally employed
- Accelerated equity share as a public safety recruitment tool
- Refinancing restrictions &/or Resale restrictions re:
  - Capital improvements
  - Deferred Maintenance
- Transaction fee (in house or outsource)
- Update In Lieu fee ordinance

### **2. Multifamily properties - Establish management procedures for affordable multifamily properties.**

Staff oversight of affordable rental housing properties to include:

- Annual physical inspections

- Periodic review of tenant file documentation
- Audit 10% of the units
- Review annual reports from CHOC (Winters 1 & 2)
- Conduct outreach to tenant association

### **3. Inclusionary Housing - Implement policies, procedures, and programs for inclusionary housing properties.**

Staff to refine existing and develop new policies, procedures, and programs for affordable homeownership properties including:

- Lottery procedures for 3 target income levels
- Qualified buyers wait list procedure
- Buyer qualification guidelines
  - Down payment requirement, Debt ratio ceilings, & Liquid asset limits
- Update ordinance to reflect priority groups (if applicable)
- Second Lien for new housing (windfall equity)
- Update Affordable Housing Program documents and related policies and procedures
  - Housing Trust Fund
  - Gap Financing
  - Option to Purchase Agreement (optional: at restricted price)
  - Promissory Note
  - Deed of Trust (Optional: Performance Deed of Trust)
  - Request for Notice of Default or Sale
  - Disclosure to Buyers (with Spanish language version)
  - Refinancing Restrictions & compliance monitoring
  - Owner Occupancy Restrictions & compliance monitoring
  - Capital Improvements and Deferred Maintenance at Resale
  - Annual Affordable Sales Price Calculation

#### **4. Existing Housing Inventory - Develop and implement monitoring programs for owner-occupied affordable housing inventory.**

Staff to develop procedures for monitoring compliance with restrictions on existing and future affordable housing inventory including:

- Annual Owner Occupancy Certification
- Semi-Annual audit to identify resale and/or refinance restriction violations
- Annual mailing to property owners with current affordable price computation and restriction(s) reminder

Staff to develop recommendations for Putah Creek Hamlet 2 to minimize negative impacts of existing deficiencies:

- Properties excluded from Supplemental Covenants, Conditions, & Restrictions
- Record assignment on all relevant properties
- Mercy/RCHC to conduct homeowner notification of change of assignment
- Craft Early buy out agreement (opt out fee)

#### **5. Finance - Establish financing options and financial criteria benchmarks for owner occupied properties.**

Staff to evaluate lending sources to maximize layering potential while at the same time insuring compatibility of lender restrictions with City priorities.

- Evaluate funding sources – guidelines and constraints
- Set up ongoing funding sources for FTHB program

- Establish Preferred Lenders and prioritize based on 1) lending program implementation capabilities, and 2) Community Reinvestment Act initiatives
- Determine loan instrument guidelines (ratios, loan types) and memorialize into Housing Element update
- Establish affordable sales price calculation methodology, define down payment requirement and liquid asset limits and incorporate into Housing Element update

**6. Education - Evaluate and implement First Time Homebuyer education and homeowner restrictions education programs.**

Staff to identify and evaluate education providers to establish a strong pre and post purchase educational component to facilitate long- term successful homeownership. Staff to conduct community outreach to generate involvement and solicit input into program design.

- Work with Brian Heller DeLeon of North Valley Sponsoring Committee/PICO to integrate his leader group into design discussions and Homeowner Education provider evaluation
- Participate in community discussions with target income groups to inform and solicit feedback regarding Affordable Housing programs
- Develop Spanish language materials to facilitate understanding of programs, restrictions, and responsibilities
- Recruit key community members to assist in outreach activities.

**7. Legal - Initiate a comprehensive review of Affordable Housing Program documents and related policies and procedures with City Attorney to insure legal compliance.**

Staff to review existing documents, policies, and procedures and craft additional documents where needed, with this process to include review by City Attorney and other legal resources. The goal is to incorporate best practices, policies, and procedures in support of affordable housing asset management.

- Update Affordable Housing Program documents and related policies and procedures
  - Housing Trust Fund
  - Gap Financing
  - Option to Purchase Agreement (optional: at restricted price)
  - Promissory Note
  - Deed of Trust (Optional: Performance Deed of Trust)
  - Request for Notice of Default or Sale
  - Disclosure to Buyers (with Spanish language version)
  - Refinancing Restrictions & compliance monitoring
  - Owner Occupancy Restrictions & compliance monitoring
  - Capital Improvements at Resale
  - Deferred Maintenance at Resale
  - Annual Affordable Sales Price Calculation
- Update ordinance to reflect priority groups (if applicable)
- Second Lien for new housing (windfall equity)
- Establish policy/procedure for restrictions violations -  
Legal action to correct when needed
- Housing Trust Fund – Right to cure versus option to purchase or foreclosure
- First right of refusal with developers for moderates for Public Safety and Teachers (non lottery)

**8. Additional Resources - Staff to utilize all available resources to insure affordable housing programs are well designed.**

- Additional Resource(s) and Vested Interest entities:
  - Affordable Housing Steering Committee
  - Bond Counsel – Harper & Burns LLC (John Harper)
  - Legal Services (John Gianola)
  - McDonnough, Holland & Allen (Steve Rudolph)
  - Mercy/RCHC (Greg Sparks)
  - CHOC and other non-profit developers
  - Yolo County Housing Authority (Lisa Baker)
  - State agencies (HCD)
  - Lending Agencies
  - Homebuyer Education non profit agencies