



Legislation Text

File #: 19-480, **Version:** 1

RESOLUTION of the City of San Leandro City Council to Authorize the City Manager to Appropriate up to \$415,000 from the City Affordable Housing Asset Fund Balance to Purchase a Below Market Rate Housing Unit at 713 Bloom Street for Resale to an Income Eligible Homebuyer and to Execute a Purchase and Sale Agreement with an Income Eligible First Time Homebuyer, which would be subject to an updated Property Value Restrictions, Resale Agreement, and Option to Purchase

WHEREAS, Ms. Stephanie Ransom-Clark purchased 713 Bloom Street, San Leandro, California in 2003 with the help of the San Leandro Redevelopment Agency, which provided a loan to finance her down payment as part of the Agency's program to facilitate home ownership for low and moderate income persons; and

WHEREAS, as part of the down payment assistance, the Agency and Ms. Clark entered into a Property Value Restrictions, Resale Agreement, and Option to Purchase (the "Agreement"), effective April 24, 2003; and

WHEREAS, the Agreement gives the Agency the right of first refusal for any proposed sale, and prohibits Ms. Clark from any sale unless the Agency gives consent. The Agreement further provides that any sale price must be based on the original \$247,000 purchase price, adjusted for the Consumer Price Index (CPI.) Finally, the Agreement prohibits the owner from refinancing the property to exceed 100% of its purchase price; and

WHEREAS, pursuant to State law that eliminated Redevelopment Agencies, the City assumed and was assigned to enforce the Agreement; and

WHEREAS, in December 2017 Ms. Clark refinanced the property for \$408,000 and did not seek the City's consent. This refinancing breached the Agreement because the refinancing exceeded 100% of the purchase price. In May 2018, Ms. Clark refinanced the property again for \$432,000 and did not seek the City's consent. In December 2018 Ms. Clark refinanced the property again for \$510,000 without the City's consent. When the City became aware of these breaches, the City contacted Ms. Clark to attempt to bring her back into compliance, but she refused. In addition, the City received notice that Ms. Clark was in default on the loans, and had also violated the Agreement by not using it as her primary residence, and engaging in non-hosted short term rental of the property; and

WHEREAS, OCMBC dba LoanStream, the company that executed the refinancings with Ms. Clark, informed the City of its intent to sell its existing loan to an investor in exchange for Ms. Clark granting the investor a deed in lieu of foreclosure. The investor would no longer be bound by the affordability restrictions in the Agreement and the subject property would no longer be available for low income housing. This was unacceptable to the City, which caused the City to file suit against Ms. Clark and LoanStream; and

WHEREAS, upon filing suit, the City recorded a lis pendens on the property, which clouds the title for any sale of the property. The lis pendens was recorded on August 5, 2019; and

WHEREAS, LoanStream has an agreement in principle with the City to sell the property directly to the City at the CPI adjusted price as set forth in the Resale Agreement.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE as follows:

1. That the agreement in principle to purchase 713 Bloom Street from LoanStream at the CPI adjusted price, as set forth in the Resale Agreement, is approved; and
2. Up to \$415,000 in City Affordable Housing Asset Fund Balance shall be appropriated from the fund and used towards the purchase, and a purchase and sale agreement to be executed with an income eligible first time homebuyer is hereby approved and execution by the City Manager is hereby authorized, subject to approval as to form by the City Attorney; and
3. That the City Attorney is directed to recover all costs and fees, including attorneys' fees and costs, related to the purchase and resale of 713 Bloom Street from the defendants, Ms. Clark, and LoanStream.