



Legislation Text

File #: 21-566, **Version:** 1

Staff Report for a City Council Resolution to Approve an Amendment to the FY2021-2022 Consulting Services Agreement (CSA) Between the City of San Leandro and Bay Area Affordable Homeownership Alliance (BAAHA) Increasing Funding by \$40,255 (to a new contract total of \$76,185)

SUMMARY AND RECOMMENDATIONS

On October 7, 2019, the City Council approved Resolution No. 2019-161 authorizing the City Manager to appropriate funding of \$415,000 to purchase a below market rate (BMR) property at 713 Bloom Street from the original homeowner who had breached the affordability contract with the City. In May 2021, the City used approximately \$382,000 to exercise its rights to purchase the property under the regulatory agreement recorded on the property's title. The City proposes to make renovations to the property and to re-sell it to another income-qualified first-time homebuyer household under the City's Inclusionary Housing Program.

Staff recommends that the City Council approve a resolution to amend the existing FY2021-2022 Consulting Services Agreement (CSA) with the City's first time home buyer (FTHB) consultant, Bay Area Affordable Homeownership Alliance (BAAHA). BAAHA manages the City's homebuyer programs including the resale of BMR for sale units to income eligible households. Through this amendment to BAAHA's contract, BAAHA will oversee the necessary improvement work to place 713 Bloom on the market as an affordable homeownership opportunity.

Background and Analysis

In the early 2000s, the Cherrywood subdivision was constructed and included over 300 owner-occupied detached single family and attached townhome units. Over 30 units were required by the City to be sold at below market rate prices to eligible low- and moderate-income homebuyers under the City's Inclusionary Housing Program. The owner of 713 Bloom Street purchased the BMR unit as part of this program. The intent of the program was to create affordable homeownership opportunities for income qualified households, who were primarily first-time homebuyers. If any BMR home is sold or transferred prior to the end of the affordability period, then the home must be re-sold to a similar income eligible homebuyer at the restricted resale value based on the Consumer Price Index (CPI) formula in the recorded agreement between the owner and the City.

During its routine monitoring, Staff found that the BMR owner had not only moved out and illegally rented 713 Bloom Street as a non-hosted short-term rental, but also had refinanced the property in excess of the allowed resale amount multiple times without City approval. After City Council approved authority to purchase 713 Bloom in October 2019, the City closed escrow and purchased 713 Bloom Street in May 2021.

The City's contract Homebuyer Program consultant, Bay Area Affordable Homeownership Alliance

(BAAHA), will manage the minor repairs related to wear and tear and deferred maintenance, install new appliances, fully clean the interior and conduct other cosmetic repairs to market and sell the property. BAAHA will also manage the resale process, as it typically does for the resale of other City BMR homes. BAAHA will utilize the City interest list of households who qualify and are ready to purchase BMR units, like 713 Bloom Street. BAAHA will give priority to qualified households who live or work in San Leandro per the City's inclusionary housing requirements.

Previous Actions

- October 7, 2019, City Council Resolution No. 2019-161 authorized the City Manager to appropriate funding from the Affordable Housing Assets Fund (Fund 168) in the amount of \$415,000 to purchase a below market rate (BMR) property located at 713 Bloom Street.

Applicable General Plan Policies

- Housing Element Policy 55.01, Community Stability Through Home Ownership - Enhance community stability by promoting home ownership and creating opportunities for first-time homebuyers in the City of San Leandro.

Legal Analysis

The City Attorney's Office reviewed and approved this staff report and related resolution.

Fiscal Impacts

This Affordable Housing Assets Fund (Fund 168) project will cost \$40,255, which will require no increase to existing funding to the FY 2021-22 Budget. All related project funding activity was previously approved in Council Resolution 2019-161 and will see full reimbursement.

Budget Authority

This project received Council authority under the resolution listed above and requires no increased appropriations.

Attachment to Staff Report

- None

Attachment to Resolution

- Amendment #1 to CSA between the City of San Leandro and BAAHA

PREPARED BY: Maryann Sargent, Senior Housing Specialist, Community Development Department