

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: NANCY MANCHESTER, PROGRAM SPECIALIST II
HOUSING AND COMMUNITY SERVICES
SUBJECT: PARTIAL RELEASE OF HOUSING ALLOCATION
PLAN CONTRACT FOR MARKET-RATE UNITS – ORCHARD AT
OAKMONT

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Department of Housing and Community Services that the Council, by resolution, authorize the Mayor to execute the Partial Release of Housing Allocation Plan Contract to release only the market rate units from the Housing Allocation Plan Contract for the Orchard at Oakmont. The Housing Allocation Plan Contract will remain in effect for 25 owner-occupied units affordable to seniors earning 80% of Area Median Income or less.

EXECUTIVE SUMMARY

The Walnut Orchard, LLC (“Developer”), the City of Santa Rosa (“City”) and the Housing Authority of the City of Santa Rosa (“Authority”) entered into a Housing Allocation Plan Contract in 2005, which required that the Developer set aside 25 of the 165 dwellings to be built at Pythian Road and Highway 12 as units for sale to and occupancy by low-income, senior households (“Restricted Units”). The Contract was recorded on all parcels, including the market-rate homes, in the Orchard at Oakmont. Now that all the Restricted Units have been sold to qualified buyers, the City, Housing Authority and Developer should release the market-rate units from the Contract.

BACKGROUND

Orchard at Oakmont (“Project”) was submitted to the City by the Developer in 2005, in accordance with the Inclusionary Housing Ordinance of the City and its related Housing Allocation Plan. Accordingly, the Project approvals required the Developer to set aside 25 of the 165 dwellings as units for sale to and occupancy by seniors earning 80% of Area Median Income or less.

A Housing Allocation Plan Contract (“Contract”) was executed by the parties and recorded in the official records of Sonoma County on September 29, 2005, as

Instrument No. 2005145356. As is customary practice, the Authority recorded the Contract on both market-rate and affordable units in the Orchard at Oakmont with the understanding that the market-rate parcels would be released from the Contract once all the affordable units had been sold.

PRIOR CITY COUNCIL REVIEW

None

ANALYSIS

The first Orchard at Oakmont homes were sold to qualified low-income seniors (those earning 80% of Area Median Income or less) in September of 2006. Home sales continued through late 2014, when the last unit was sold to a qualified buyer; homes are now beginning to be resold to new low-income seniors.

Affordability restrictions in the form of a Resale Restriction and Option to Purchase were executed by each home buyer at the time of purchase and continue to be executed and recorded with each resale. Affordability covenants for each of the 25 restricted units remain in effect for 30 years from the date of the first escrow closing. The restrictions on each unit will expire between 2036 and 2044, depending on the original sale date.

Because the restricted units have all been sold to low-income seniors, it is now appropriate to release the market-rate units from the Housing Allocation Plan Contract. Upon full execution by the City, the Housing Authority and the Developer, the Partial Release of Housing Allocation Plan Contract will be recorded in the official records of Sonoma County.

FISCAL IMPACT

Approval of this item does not have a fiscal impact.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Sample Partial Release of Housing Allocation Plan Contract
- Resolution

CONTACT

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