



Meeting Date: 9/27/2011

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Karl Lawson *Karl Lawson* Agenda Item No. I-5
 Reviewed By: City Manager *[Signature]* City Attorney Holmberg *[Signature]* Finance *[Signature]* Other (Specify) _____

DATE: September 9, 2011

TO: City Council

FROM: William E. Wilkins, Housing Director *[Signature]*

SUBJECT: Substitution of Developer for Eligibility for CalHome BEGIN Funds

RECOMMENDATION

That the City Council adopt a resolution:

- (1) designating the Vista Urbana project in RiverPark, being developed by Aldersgate , as a project whose homebuyers will be eligible for CalHome BEGIN grant funding made available by the State of California; and
- (2) authorizing the City Manager and/or his designee to take all necessary actions to re-designate \$2,940,000 of BEGIN funding for eligible first-time homebuyers in the Vista Urbana project.

DISCUSSION

On May 23, 2008, the California Department of Housing and Community Development (HCD) announced the availability of \$40,000,000 to local communities under the Building Equity and Growth in Neighborhoods (BEGIN) program. Grant funds were made available to local governments which offer regulatory relief and incentives to reduce the cost of homeownership opportunities for low- and moderate-income homebuyers. Funds come to the city and are then awarded to first-time homebuyers via a loan of up to \$30,000, in the form of a note secured by a deed of trust in that amount. Upon the subsequent sale of any home purchased with BEGIN funds, the monies are repaid to the City to be reissued to other low- and moderate-income purchasers.

On June 24, 2008, the City Council authorized the City Manager to apply for \$3,000,000 in BEGIN funds, and the HCD awarded the City that amount. The BEGIN-approved portion of the Riverpark master plan was developed by Shea Homes, and the funding was designated to provide down-payment assistance of up to \$30,000 to one hundred (100) homebuyers.

From 2009 to early 2011, new units in the designated parcel were sold by Shea Homes and its operating partner, Standard Pacific. Those transactions netted only two (2) purchasers who took advantage of the availability of the BEGIN funds, utilizing a total of \$60,000 of the \$3 million available, leaving a balance of \$2,940,000 in unexpended BEGIN funds.

The term of the BEGIN grant called for funds to be expended by June 30, 2011. Staff sought and obtained authorization from the HCD to obtain an extension of time beyond June 30, 2011 for expenditure of the funds, and additionally sought authorization to utilize the BEGIN funds for another development within the Riverpark project area. Specifically, Aldersgate Investments, LLC, presented a project calling for a 156 new units to be entirely designated for low- and moderate-income homebuyers. Aldersgate proposes to apportion any available BEGIN funds among all homebuyers, such that each could be eligible for assistance averaging approximately \$18,800 per homebuyer.

On August 25, 2011, the HCD notified the City that it was authorizing the substitution of Aldersgate for Shea Homes. With this action, the state has granted authorization to the City to allocate the available \$2.94 million in BEGIN funds to homebuyers in the Aldersgate development.

The construction phase of the project has already commenced, and Aldersgate anticipates that the first units will be ready for occupancy in early 2012. Aldersgate has presented a comprehensive marketing program designed to solicit applications from eligible low-income and moderate-income Oxnard households who would like to become homeowners, with the goal of attempting to sell all 156 units to income-eligible Oxnard families.

Staff seeks authorization from Council to take the necessary administrative actions to make the BEGIN loans available to Oxnard households who are applying to purchase homes in the Aldersgate development. A resolution is included as Attachment Number #1 hereto.

FINANCIAL IMPACT

There is no General Fund impact. Approval of the recommended action will support the beneficial use of \$2,940,000 in Oxnard.

ATTACHMENT

- #1 - Resolution approving Developer Substitution for State of California Building Equity and Growth in Neighborhoods (BEGIN) Funds.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD, CALIFORNIA,
APPROVING DEVELOPER SUBSTITUTION FOR STATE OF CALIFORNIA BUILDING
EQUITY AND GROWTH IN NEIGHBORHOODS (B.E.G.I.N.) FUNDS

WHEREAS, in 2008 the California Department of Housing and Community Development (HCD) announced the availability of \$40,000,000 to local communities under the Building Equity and Growth in Neighborhoods (BEGIN) program; and

WHEREAS, BEGIN fund grants were made available to local governments which offer regulatory relief and incentives to reduce the cost of homeownership opportunities for low- and moderate-income homebuyers; and

WHEREAS, on June 24, 2008 the City Council authorized the City Manager to apply for \$3,000,000 in BEGIN funds for the purpose of providing down-payment assistance of up to \$30,000 to one hundred (100) homebuyers in that portion of the Riverpark master plan to be developed by Shea Homes/Standard Pacific; and

WHEREAS, on February 9, 2009 the State of California HCD approved the City's application and awarded \$3,000,000 in BEGIN funds to the City; and

WHEREAS, the sale of new housing units by the developer in the designated parcel netted only two (2) purchasers who took advantage of the availability of the BEGIN funds, utilizing \$60,000 of the \$3 million available; and

WHEREAS, Aldersgate Investments, LLC, another developer in the Riverpark master plan area, is constructing Vista Urbana, a 156-unit housing project, with all units designated for low-income or moderate-income homebuyers; and

WHEREAS, on August 25, 2011, the HCD notified the City that it was authorizing a substitution of Aldersgate for the previous developer, and making available the remaining balance of \$2.94 million in BEGIN funds to homebuyers in the Aldersgate development.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Oxnard, California, as follows:

1. That the City Council substitute the Vista Urbana project in Riverpark, as the project, homebuyers in which will receive grants funded with CalHome BEGIN funds; and
2. That the City Manager or his designee, the Housing Director, are hereby directed to take all necessary actions to re-designate \$2,940,000 of BEGIN funding for eligible first-time homebuyers in the Vista Urbana project.

PASSED AND ADOPTED THIS 27th day of September, 2011, by the following vote:

AYES:

NOES:

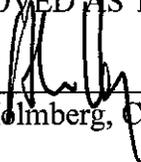
ABSENT:

Dr. Thomas E. Holden, Mayor

ATTEST:

Daniel Martinez, City Clerk

APPROVED AS TO FORM:


Alan Holmberg, City Attorney