

RESOLUTION NO. 02-13

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
DELEGATING AUTHORITY TO THE CITY MANAGER REGARDING DECISIONS
TO EXERCISE OR WAIVE THE CITY'S RIGHT TO PURCHASE HOMES FINANCED
WITH CDBG-FUNDED FIRST-TIME HOMEBUYERS LOANS

WHEREAS, pursuant to Resolutions 94-54, 95-43, and 96-38, the City established and funded a First-Time Homebuyers (FTHB) Loan Program for the purpose of using Community Development Block Grant (CDBG) funds to make deferred-payment second mortgage loans to enable low and moderate income households (i.e., households earning 80% or less of the County median income) purchase their first home; and

WHEREAS, borrowers who obtained FTHB Loans executed "Recapture Agreement and Option to Purchase" agreements, which were recorded against the properties purchased, and under which each borrower agreed to the following conditions:

- At least 90 days prior to the sale or transfer of the subject property, the borrower shall notify the City in writing, via certified mail, of borrower's intent to sell or transfer the subject property;
- The City shall have the option to purchase the subject property for an amount equal to the lesser of the Fair Market Value of the property (as defined by said Recapture Agreement), the offered sales price, or a price mutually agreed upon by borrower and the City;
- If the City decides to exercise its option to purchase the subject property, it shall do so within 30 days of receipt of the written notice and complete said purchase within 90 days.
- The City may assign its right to purchase the subject property to a person who meets the criteria established by the City for the FTHB Program or to a governmental agency or nonprofit organization which is devoted to the provision of affordable housing; and

WHEREAS, from time to time there are not sufficient funds readily available to the City for exercising its option to purchase homes for which FTHB loans were made; and

WHEREAS, from time to time the City may or may not actively offer first-time homebuyers assistance loans for persons of low and moderate income, and a list of qualified persons of low and moderate income interested in purchasing their first home may or may not exist; and

WHEREAS, from time to time property values, including those for which the purchase was assisted with an FTHB Loan, appreciate to a point where the market price of homes exceeds the threshold of affordability for purchase by low and moderate income households, even with available assistance programs similar to the original FTHB Loan Program;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. The City Council of the City of Paso Robles does hereby delegate authority to the City Manager to make decisions to exercise or to waive the City's option to purchase homes financed with CDBG-funded First-Time Homebuyers Loans as established in Paragraph 8 of the "Recapture Agreement and Option to Purchase". In order to make a decision to exercise said option to purchase, the City Manager shall verify that the following conditions exist:

1. For purchase of the home:
 - a. The City Council shall have established a program for the purpose of repurchasing homes which were purchased under the FTHB Program or similar assistance for first-time low and moderate income homebuyers; and
 - b. Said program shall have sufficient funds readily available to purchase a home; and
 - c. The market price of a home shall not exceed the threshold of affordability for purchase by a low and moderate income household, when including available first-time homebuyer assistance.

2. For assignment of the City's option/right to purchase to an eligible low and moderate income household:
 - a. The market price of a home shall not exceed the threshold of affordability for purchase by a low and moderate income household, when including available first-time homebuyer assistance; and
 - b. An FTHB or similar program, offering assistance to low and moderate income first-time homebuyers must be active and sufficient funds to assist in the purchase of the subject home must be readily available; and
 - c. One or more low and moderate income first-time homebuyers must be in a position to qualify to purchase the subject home within 90 days of the City's receipt of the written notice of sale required by the Recapture Agreement and Option to Purchase.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 3rd day of January 2002 by the following vote:

AYES: Finigan, Heggarty, Picanco and Mecham
NOES: None
ABSTAIN: None
ABSENT: Nemeth

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk