



Staff Report

File #: TMP-1351, **Version:** 1

MEETING DATE:

September 22, 2020

SUBJECT:

RESOLUTION NO. SHA 2020-042 - DISPOSAL OF FIVE AFFORDABLE SMALL HOUSING PROPERTY INTERESTS OF THE SUCCESSOR HOUSING AGENCY

Recommendation

ADOPT a resolution awarding authorizing the City as the Successor Housing Agency to the former Redevelopment Agency (RDA) to:

1. Sell three manufactured home lots and vacated homes located at 500 Rancheros Drive, Spaces 21 & 94, and 1219 E. Barham Drive, Space 169, as “small housing projects” pursuant to California Health and Safety Code (HSC), limiting the resale of 500 Rancheros Drive, Spaces #21 and #94 and 1219 E. Barham Drive, Space 169 to persons of low- or moderate-income in accordance with the redevelopment plan; and
2. Sell two manufactured home lots and vacated homes located at 500 Rancheros Drive, Space 122 and 150 S. Rancho Santa Fe Rd, Space 146, in the event tenant abandons property or desires to purchase at market rate as determined by certified appraiser, as “small housing projects” pursuant to California HSC, conditioned on the resale of Spaces #146 and #122 to persons of low- or moderate-income in accordance to the redevelopment place; and
3. Report on the sale of the manufactured home lots as per HSC 33433(c)(1) at the end of the fiscal year in which they are sold.

Board or Commission Action

Not applicable.

Relevant Council Strategic Theme

Not applicable.

Relevant Department Goal

Not applicable.

Executive Summary

The City, as the Successor Housing Agency (SHA) to the Redevelopment Agency, owns five manufactured home lots designated for low-and moderate-income housing. The properties are located at 500 Rancheros Drive, Spaces 21, 94 and 122; 150 S. Rancho Santa Fe Rd, Space 146; and 1219 E. Barham Drive, Space 169 (Properties). Two lots located at 500 Rancheros Drive, Spaces 21 and 94, and one lot located at 1219 E. Barham Drive, Space 169, are not occupied due to abandonment; the other two lots, one located at 500 Rancheros Drive, Space 122 and 150 S. Rancho Santa Fe Rd, Space 146 are occupied by tenants who own

their manufactured homes and rent the spaces from the SHA.

The lots were purchased in the 1990s during the conversion of the manufactured home parks from rental parks to condominium parks. At the time of conversion, the majority of lots were purchased by homeowners residing in the manufactured home parks. The Redevelopment Agency entered into leases with homeowners who could not afford to, or chose not to, purchase the underlying space at the time of conversion. The leases allowed the tenant to remain as a renter of the lot, but since the spaces are located in a condominium park, not a rental park, once the tenant vacated their home, the space has to be sold.

As required by California HSC sections 33433(c)(1) and 33431, the disposal of the five manufactured home properties must be conducted at a public hearing that has been properly noticed two consecutive weeks in a row. This public hearing was originally scheduled for and was opened September 8, 2020 but was continued to September 22, 2020 with a notice of the public hearing published in a newspaper of general circulation in the community on September 12 and September 17, 2020.

Discussion

California Health and Safety Code (HSC) section 33430 allows an agency to dispose of its interest in real property by sale, lease or through a number of other means including transfer. A “small housing project” is defined by HSC section 33013 as real property owned by the agency that contains or is proposed to contain up to four dwelling units that are set aside for low or moderate-income housing. On February 14, 2006, the Redevelopment Agency of the City of San Marcos adopted Resolution 2006-352 authorizing the sale of property necessary for the production, improvement or preservation of affordable housing for low- and moderate-income households. The Properties qualify as small housing projects pursuant to HSC section 33013 because they contain no more than four dwelling units in each park, are owned by the Successor Housing Agency, and are proposed to be conveyed to low- and moderate-income purchasers.

Staff recommends that the Successor Housing Agency sell the Properties by engaging the services of a manufactured home broker through a competitive public bid and/or proposal. Staff will seek a qualified manufactured home broker to sell both the home and lot to low- and moderate-income persons (120% of the County’s Area Median Income, adjusted for family size) for use as their primary residence in accordance to the redevelopment plan. The broker will be specifically required to have experience in the sale of manufactured homes with affordable housing deed restrictions, with preference for a broker with experience selling properties held by public agencies.

The properties are currently deed restricted for a period of six to eight years. An additional 30 years of deed restriction will be added to these under the same terms as the current deed restrictions (120% of Area Median Income, adjusted for family size). Extending the duration of the deed restrictions on these homes will ensure that they remain available as affordable housing while the deed restrictions on the manufactures homes around them lapse. Additionally, as the homes around them lapse out of their deed restrictions in the next six to eight years, they will become inclusionary housing.

Environmental Review

Provide any necessary CEQA or other environmental documents, if any, before the sale of the manufactured home properties.

Fiscal Impact

The proceeds from the sale of the five (5) manufactured home properties will be deposited into the San

Marcos Successor Housing Agency Fund (250) in an amount yet to be determined.

Attachment

Resolution 2020-XXXX

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Approved by: Jack Griffin, City Manager