



CITY COUNCIL STAFF REPORT

ITEM NO. 5.7

DATE: April 14, 2025

TO: Honorable Mayor and City Council

FROM: Brent Smith, Community Development Director

SUBJECT: Resolution authorizing execution of a Low-Income For Sale Housing Agreement with City Ventures for a 31-unit subdivision located northeast of the Portola Avenue and Rincon Avenue intersection (VTPM 11473).

RECOMMENDED ACTION

Staff recommends the City Council adopt a resolution authorizing the City Manager to execute a Low Income For Sale Housing Agreement with City Ventures for a 31-unit subdivision located northeast of the Portola Avenue and Rincon Avenue intersection (VTPM 11473).

SUMMARY

In August 2024, the Planning Commission approved a 31-unit residential "Parkview" subdivision proposed by City Ventures located northeast of the Portola Avenue and Rincon Avenue intersection. In accordance with the City's Affordable Housing Ordinance, and the project's Conditions of Approval, the developer must enter into a Low Income For Sale Housing Agreement with the City. The developer proposes to provide 6 affordable units in the development for sale to median-and moderate-income households, and to provide an In-Lieu fee payment of \$46,764 representing 0.2 affordable units in the development, as allowed by the City's ordinance. Staff recommends approval of this proposal, further described in the Low Income For Sale Housing Agreement, as it will provide affordable first-time homebuyer opportunities, and an In-Lieu fee contribution to the City's Affordable Housing Trust Fund that will support affordable housing throughout the City.

DISCUSSION

When City Ventures (the, "Developer") submitted their SB 330 application to the City, the City's Affordable Housing Ordinance stated that developers completing for-sale residential projects within the City's Isabel Neighborhood Specific Plan Area (INSP) must satisfy the affordable housing requirement by providing twenty percent (20%) of those units at prices as affordable for median- and moderate-income households or provide an equivalent alternative, subject to City Council approval.

In August 2024, the Planning Commission approved a 31-unit "Parkview" residential subdivision

proposed by City Ventures located northeast of the Portola Avenue and Rincon Avenue intersection (the "Development"). As a Condition of Approval, in accordance with the City's Affordable Housing ordinance, the developer must enter into a Low Income For Sale Housing Agreement with the City to fulfill the Inclusionary Housing requirement. The development is subject to an affordability requirement of 6.2 units for sale to median- and moderate-income first-time homebuyers. The developer proposes to provide 6 affordable units on-site as required by the City's Affordable Homeownership Program and to pay an equivalent In-Lieu Fee of \$46,764 for the remaining 0.2 affordable units, as allowed under the ordinance.

The proposed fee was calculated using the fee calculation methodology for projects with 11 or more units and was based on a review of comparable home sales. As described in the Low Income For Sale Housing Agreement, the fee is calculated as the difference between the average affordable sales price of a 3-bedroom median- and moderate-income home, and the estimated market sales price of a 3-bedroom home in the subject development, based on current comparable units.

Staff recommends approval of the proposal as it meets the requirements of the City's Affordable Housing ordinance, advances City Council's affordable housing goals and meets the City's Strategic Plan Community Pillar of providing a Safe Community that Thrives. The on-site affordable units priced at median- and moderate-income levels will serve a range of low- to moderate-income homebuyers with the assistance of other County and State Down Payment Assistance funds to support purchases. Prices for the affordable units will be determined in accordance with the established sales prices adopted by the City for the Affordable Homeownership Program at the time of sale.

The affordable units would be marketed throughout the community, and the applicant selection process would prioritize applicants that meet City Council's established preferences, including Livermore residents and workers, Livermore Valley Joint Unified School District teachers, first responders, tenants of affordable rental units regulated by the City and veterans. All purchasers must meet the City's Affordable Homeownership Program qualifying criteria, including first-time homebuyer qualification, a minimum 660 credit score, determination of creditworthiness, and a three percent (3%) down payment requirement. Buyers will be required to enter into a resale restriction agreement with the City along with a promissory note and recorded deed of trust which reflect the affordability subsidy amount (e.g., difference between the market value and the affordable sales price).

In addition, the project will make a fee payment for the fractional 0.2 affordable unit which will be contributed to the City's Affordable Housing Trust, serving the housing needs of low- and very low-income families, seniors and unhoused individuals.

FISCAL AND ADMINISTRATIVE IMPACTS

If approved, the Low Income For Sale Housing Agreement (LIHA) will provide 6 affordable units for sale to median- and moderate-income homebuyers and an additional fee payment of \$46,764 to the City's Low Income Housing Fund which could be accessed for other housing purposes and goals of the City.

Upon sale of the affordable units, the City will hold a promissory note secured by a recorded deed of trust with the homebuyer in an amount that is the difference between the market rate appraised value of the home and the affordable for sale price at the time of sale. The promissory notes require no payment and may transfer to a new eligible buyer at resale. If the unit is sold at a market rate-unrestricted price to an ineligible buyer, the City collects the amount of the promissory note, and all restrictions terminate on the unit.

The City will also receive an administrative fee of one and a half percent (1.5%) of the affordable sales price. The developer will pay this fee at close of escrow. The fee will be used to defray the City's marketing, application, selection and homebuyer education costs as well as to monitor resale restriction agreements and comply with all federal and state fair housing laws and regulations.

COMMUNITY PILLAR

1: A Safe Community that Thrives

GOAL

7: Expand and preserve the supply of affordable housing opportunities.

ATTACHMENTS

- 1. Resolution
- 2. Exhibit A - Agreement

Prepared by: Fran Earl
Housing and Human Services
Manager

Approved by:



Marianna A. Burch
City Manager

Fiscal Review by:



Tina Olson
Administrative Services Director