

## REDEVELOPMENT AGENCY

GOVERNMENTAL CENTER  
TOM BURNS  
AGENCY ADMINISTRATOR



## COUNTY OF SANTA CRUZ

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February 7, 2000

Agenda: February 15, 2000

Board of Directors  
County of Santa Cruz Redevelopment Agency  
701 Ocean Street  
Santa Cruz, CA 95060

**First Time Home Buyer Option to Purchase**

Dear Members of the Board:

Under the terms of the Covenants, Restrictions Agreement and Option to Purchase that is part of our First Time Home Buyer loan program, upon the sale of a home with one of these loans the Agency has the option to purchase the home, or assign the purchase to an eligible household. The purpose of this option is to assure that any windfall increase in home value that results from the Agency's financial assistance in the purchase of the unit be passed onto future purchasers, in the form of a lower unit price. Of course, the seller is allowed a reasonable return, which is based on the value of the home at the time it was initially purchased plus the percentage increase in median income and the value of any capital improvements.

We have recently received a notice of intent to sell for a a-bedroom planned unit development located at 138 **Rosea** Drive, Aptos. The appraised fair market value is \$173,000; the Adjusted Base Price is \$142,063. Under the terms of the Agreement, we have **45-days** from receipt of the seller's notice of intent to sell to give notice of our intent to exercise the option to purchase and **90-days** overall to close the purchase escrow.

Consistent with the goals of the First Time Home Buyer loan program, we are proposing to assign the sale to a Low Income eligible buyer (80% of median income) and establish resale restrictions under the First Time Home Buyer loan guidelines, in order to keep this as an affordable unit. Because of the very short time line allowed for completing the purchase, it may be necessary for the Agency to purchase the property and then resell it to an eligible buyer, rather than assigning the purchase in escrow without taking possession. The sales price will include all Agency costs related to the project (closing, realtor fees, etc); we estimate the sales price will approximate \$152,000.

It is therefore **RECOMMENDED** that your Board, as the Board of Directors for the Redevelopment Agency:

Board of Directors  
September 24, 1998  
Page 2

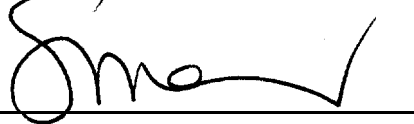
1. Authorize the Agency Administrator to notify the seller of the Agency's intent to exercise the option;
2. Authorize the Agency Administrator to assign the option to purchase to an eligible buyer as described above, with appropriate resale restrictions, or purchase the unit as described above; and
3. Authorize the Agency Administrator to take all necessary actions to complete the sale of the unit to an eligible buyer, with appropriate resale restrictions.

Very truly yours,



Tom Burns  
Redevelopment Agency Administrator  
TB:PH

RECOMMENDED:



Susan A. Mauriello  
Redevelopment Agency Director

cc. RDA

FTHoption.wpd