RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA, ESTABLISHING A PROVISION FOR SHORT SALES IN THE MODERATE INCOME AFFORDABLE HOUSING PROGRAM

WHEREAS, the Atascadero General Plan and Housing Element recognize the importance of providing a range of affordable housing units for the residents and employees of Atascadero; and,

WHEREAS, the City of Atascadero has adopted an inclusionary housing policy that requires certain development projects to provide 20% of the dwelling units as deed restricted affordable units; and,

WHEREAS, the City has approved projects with over 200 inclusionary units as a condition of development; and,

WHEREAS, the City created an equity sharing program for moderate income inclusionary housing units that permit the units to be converted to market rate units; and,

WHEREAS, a severe national recession occurred in 2008 with significant impacts on the value of housing and the construction industry; and,

WHEREAS, a reduction in home values may impact the program and the ability of Program Participants to sell their homes; and,

WHEREAS, the City’s Program objective is to assist moderate-income households in home ownership, and not to unreasonably prevent home sales due to the households’ lack of ability to repay the City’s loan on the home due to decreased home values and demonstrated financial hardships of moderate-income households.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Atascadero

SECTION 1. Program Participants that can demonstrate financial hardship and have suffered a loss of income, a serious medical condition, death of a Participant, or other hardship may petition the City to short sell their home and may request partial or complete relief of the City Program loan;

SECTION 2. Program Participants requesting relief through short sale will be subject to a Financial Means Test which will include an analysis of debt to income ratio, assets and liabilities, and demonstrated hardship;

SECTION 3. Program Participants will be required to submit documents as requested by City for the purpose of determining qualification of relief;
SECTION 4. City will evaluate the petition in accordance with established Financial Means criteria. Based on the established Financial Means criteria, the City Manager or designee may make a determination to forgive an amount up to the total Program loan amount as a result of the short sale;

SECTION 5. In the event of an approved short sale, the Program Participant will remain responsible for paying off the principal mortgage loan, property taxes, payoff interest on the principal mortgage loan, any excess real estate sales commission above 6%, and any other costs not specifically identified above as being the responsibility of the City. In extreme financial hardship cases where foreclosure is imminent, the City Manager may waive this requirement.

SECTION 6. City Manager or designee is authorized to execute all documents required for execution of the short sale.

On motion by Council Member ______________________ and seconded by Council Member ______________________, the foregoing Resolution is hereby adopted in its entirety on the following roll call vote:

AYES:
NOES:
ABSENT:
ADOPTED:

CITY OF ATASCADERO

By: ________________________________
Roberta Fonzi, Mayor

ATTEST:

Marcia McClure Torgerson, C.M.C.,
City Clerk

APPROVED AS TO FORM:

_________________________________
Brian A. Pierik, City Attorney