



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO: 7

DATE: December 10, 2024

TO: Mayor and Town Council

FROM: Gabrielle Whelan, Town Attorney

SUBJECT: Consider the Following Actions for the Property Location: 653 Blossom Hill Road. APN 529-65-002. Property Owner: Natalie Ladd.

- a. Adopt a Resolution Approving a Purchase and Sale Agreement for the Re-Purchase of an Affordable Housing Unit Subject to an Existing Below Market Price (BMP) First Right of Refusal Option; and
- b. Authorize the Town Manager to Negotiate and Execute all Agreements and Documents Necessary and Appropriate to Effectuate the Preservation of the Affordable Housing Unit; and
- c. Authorize an Expenditure Budget Adjustment in the Amount of \$476,154 from Available BMP Housing In-Lieu Fee Fund to Purchase, Make Any Necessary Repairs, and Pay Any Past Due Fees and Taxes of the Property Prior to Resale; and
- d. Authorize a Revenue Budget Adjustment in the Amount of \$476,154 to Redeposit the Sales Proceeds to the BMP Fund after Reselling the Unit

RECOMMENDATION:

Authorize the following actions for the property located at 653 Blossom Hill Road:

- a. Adopt a Resolution (Attachment 1) approving a Purchase and Sale Agreement in substantially the form presented for the re-purchase of an affordable housing unit subject to an existing Below Market Price (BMP) First Right of Refusal Option for property located at 653 Blossom Hill Road (APN 529-65-002),
- b. Authorize the Town Manager to negotiate and execute all agreements and documents necessary to preserve the affordable housing unit,
- c. Authorize an expenditure budget adjustment in the amount of \$476,154 from available BMP Housing In-Lieu Fee Fund to purchase, make any necessary repairs, and pay past due fees and taxes of the property prior to resale, and
- d. Authorize a revenue budget adjustment in the amount of \$476,154 to redeposit the sales proceeds to the BMP Fund after reselling the unit.

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

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SUBJECT: Adopt a Resolution Approving the Purchase and Sale Agreement for 653 Blossom Hill Road

DATE: November 20, 2024

BACKGROUND:

The property, 653 Blossom Hill Road, is a 3-bedroom 3-bath townhome within the Town's BMP Housing Program inventory. The property is subject to an existing first right of refusal option in a Deed Restriction recorded on February 13, 2014. The unit was purchased for \$402,100.00.

The Town has received a Notice of Default from the owner's lender. Pursuant to the recorded Deed Restriction (Attachment 2), the Town is obligated to exercise its purchase option within 90 days of receiving a Notice of Default. The Town is obligated to open an escrow account within 90 days of exercising its option to purchase.

The Town's purchase price is dictated by the recorded Deed Restriction. Pursuant to the terms of the proposed purchase and sale agreement, the Town will expend approximately \$476,154 from the BMP Housing In-Lieu Fund to purchase this unit. Any repairs, past due fees, or taxes paid by the Town will be deducted from the purchase price. If the Town identifies an eligible purchaser before escrow is opened, the Town will assign its option to purchase directly to the eligible purchaser. If an eligible purchaser is not identified, after the Town has purchased the unit, the Town will sell the unit to a new income-qualified buyer at the allowable purchase price, which is anticipated to be approximately \$476,154.

The property owner has informed the Town that she has filed for Chapter 13 bankruptcy. Staff and outside counsel are currently researching the ramifications of that on the Town's exercise of its purchase option and will report back to the Town Council. In the interim, staff is recommending that the Town Council authorize staff to execute the purchase and sale agreement in substantially the form presented, in addition to any other documents required for closing, at the appropriate time.

CONCLUSION AND RECOMMENDATION:

Authorizing the Town's purchase of the unit will preserve the unit in the Town's stock of affordable housing. Staff recommends that the Town Council adopt the prepared resolution (Attachment 1) and authorize the Town Manager to execute a real property purchase and sale agreement in substantially the form attached (Attachment 3).

COORDINATION:

The Town Attorney's Office, Community Development Department, Finance Department, and Town Manager's Office coordinated this report.

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SUBJECT: Adopt a Resolution Approving the Purchase and Sale Agreement for 653
Blossom Hill Road

DATE: November 20, 2024

FISCAL IMPACT:

The cost for the Town to repurchase the unit is \$476,154. An expenditure budget adjustment in the amount of \$476,154 will be needed from the available BMP Housing In-Lieu Fee Fund to purchase the unit, pay for repairs, and pay past due fees and property taxes. The cost of any repairs, past due fees, and past due property taxes totaling will be deducted from the proceeds due to the seller. After the unit has been sold to an eligible buyer, the sales proceeds will be redeposited to the BMP Housing In-Lieu Fee Fund.

ENVIRONMENTAL ASSESSMENT:

The proposed real property purchase is not a project defined under CEQA, and no further action is required.

Attachments:

1. Draft Resolution
2. Recorded Deed Restriction
3. Draft Purchase and Sale Agreement/Addendum