



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 02/07/2023

ITEM NO: 9

DATE: February 2, 2023

TO: Mayor and Town Council

FROM: Laurel Prevetti, Town Manager

SUBJECT: Consider the Following Actions for the Property Location: 137 Bersano Lane. APN 424-29-054. Property Owner: Lisa DeGeorge.

- 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 Revenue and Expenditure Budget Adjustments in the Amount of \$436,276 from Available BMP Housing In-Lieu Fee Fund to Re-Purchase, Repair, and Pay Past Due Fees and Taxes of the Property.

RECOMMENDATION:

Staff recommends that the Town Council authorize the following actions for the property located at 137 Bersano Lane:

- 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 137 Bersano Lane (APN 424-29-054),
- b. Authorize the Town Manager to negotiate and execute all agreements and documents necessary to preserve of the affordable housing unit, and
- c. Authorize revenue and expenditure budget adjustments in the amount of \$436,276 from available BMP Housing In-Lieu Fee Fund to re-purchase, repair, and pay past due fees and taxes of the property.

PREPARED BY: Bridgette Falconio
Administrative Technician

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

BACKGROUND:

The property, 137 Bersano Lane, is a 2-bedroom 1.5 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 in March of 2014. The unit was purchased for \$250,000.00.

The current owner, Lisa DeGeorge, has notified the Town that she wishes to sell this property back to the Town.

The property has sustained substantial damage and needs to be repaired before reselling. Repair expenses are estimated to be approximately \$80,000. Additionally, there are outstanding Homeowners Association dues (approximately \$1,854) and property taxes (approximately \$10,000) that will be paid at closing. Pursuant to the proposed agreement, the Town will have the repairs done and complete any outstanding payments. The Town will deduct all expenses from the amount due the seller at closing.

The Town's re-purchase price is dictated by the deed restriction. Pursuant to the terms of the proposed purchase and sale agreement, the Town will expend approximately \$344,421.75 from the BMP Housing In-Lieu Fund to repurchase this unit.

After the Town has purchased the unit and made the repairs, the Town will sell the unit to a new income-qualified buyer at the allowable purchase price, which is anticipated to be approximately \$344,421.75.

CONCLUSION AND RECOMMENDATION:

Authorizing the Town's re-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 2).

COORDINATION:

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

FISCAL IMPACT:

The cost for the Town to repurchase the unit is \$344,422. An expenditure budget adjustment in the amount of \$436,276 will be needed from the available BMP Housing In-Lieu Fee Fund to repurchase the unit, pay for repairs, and pay past due fees and property taxes. The cost of the repairs, pay past due fees and past due property taxes totaling approximately \$90,854 will be deducted from the proceeds due to the seller. This amount will be held in an escrow account

PAGE 3 OF 3

SUBJECT: Adopt a Resolution Approving the Purchase and Sale Agreement for 137 Bersano Lane

DATE: February 2, 2023

FISCAL IMPACT (continued):

until the unit has been sold and then a revenue adjustment will be made 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. Draft Purchase and Sale Agreement/Addendum