CITY OF IRWINDALE

5050 N. IRWINDALE AVE., IRWINDALE CA 91706 • PHONE: (626) 430-2200 • FACSIMILE: 962-4209

H. MANUEL ORTIZ
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LARRY G. BURROLA
MAYOR PRO TEM

ALBERT F. AMBRIZ
COUNCILMEMBER

MARK A. BRECEDA
COUNCILMEMBER

MANUEL R. GARCIA
COUNCILMEMBER

NOTICE AND AGENDA FOR THE SPECIAL MEETING OF THE

CITY COUNCIL

HOUSING AUTHORITY

APRIL 5, 2021

6:00 P.M. - CITY COUNCIL AGENDA
6:30 P.M. - HOUSING AUTHORITY AGENDA

IRWINDALE CITY COUNCIL CHAMBER

CLOSED SESSION / OPEN SESSION – CITY COUNCIL CHAMBER

(Closed to the Public)
Pursuant to Executive Order N-29-20

The Governor has declared a State of Emergency to exist in California as a result of the threat of COVID-19 (aka the "Coronavirus"). The Governor also issued Executive Order N-25-20, which directs Californians to follow public health directives including canceling large gatherings. The Executive Order also allows local legislative bodies to hold meetings via conference calls while still meeting state transparency requirements.

The public's health and well-being are the top priority for the City, and you are urged to take all appropriate health safety precautions. To facilitate this process, the meeting and opportunities to participate will also be available through the following options:

https://attendee.gotowebinar.com/register/1420008686186941968

WEBINAR ID:
846-454-995

Spontaneous Communications: The public is encouraged to address the City Council on any matter listed on the agenda or on any other matter within its jurisdiction. The City Council will hear public comments on items listed on the agenda during discussion of the matter and prior to a vote. The City Council will hear public comments on matters not listed on the agenda during the Spontaneous Communications period.

Pursuant to provisions of the **Brown Act**, no action may be taken on a matter unless it is listed on the agenda, or unless certain emergency or special circumstances exist. The City Council may direct staff to investigate and/or schedule certain matters for consideration at a future City Council meeting.

Americans with Disabilities Act: In compliance with the ADA, if you need special assistance to participate in a City Council meeting or other services offered by this City, please contact City Hall at (626) 430-2200. Assisted listening devices are available at this meeting. Ask the Chief Deputy City Clerk if you desire to use this device. Upon request, the agenda and documents in the agenda packet can be made available in appropriate alternative formats to persons with disabilities. Notification of at least 48 hours prior to the meeting or time when services are needed will assist the City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

Note: Staff reports are available for inspection at the office of the Chief Deputy City Clerk, City Hall, 5050 N. Irwindale Avenue, during regular business hours (8:00 a.m. to 6:00 p.m., Monday through Thursday).

Code of Ethics

As City of Irwindale Council Members, our fundamental duty is to serve the public good. We are committed to the principle of an efficient and professional local government. We will be exemplary in obeying the letter and spirit of Local, State and Federal laws and City policies affecting the operation of the government and in our private life. We will be independent and impartial in our judgment and actions.

We will work for the common good of the City of Irwindale community and not for any private or personal interest. We will endeavor to treat all people with respect and civility. We will commit to observe the highest standards of morality and integrity, and to faithfully discharge the duties of our office regardless of personal consideration. We shall refrain from abusive conduct, personal charges or verbal attacks upon the character or motives of others.

We will inform ourselves on public issues, listen attentively to public discussions before the body, and focus on the business at hand. We will base our decisions on the merit and substance of that business. We will be fair and equitable in all actions, claims or transactions. We shall not use our official position to influence government decisions in which we have a financial interest or where we have a personal relationship that could present a conflict of interest, or create a perception of a conflict of interest.

We shall not take advantage of services or opportunities for personal gain by virtue of our public office that are not available to the public in general. We shall refrain from accepting gifts, favors or promises of future benefit that might compromise our independence of judgment or action or give the appearance of being compromised.

We will behave in a manner that does not bring discredit or embarrassment to the City of Irwindale. We will be honest in thought and deed in both our personal and official lives.

Ultimate responsibility for complying with this Code of Ethics rests with the individual elected official. In addition to any other penalty as provided by law, violation of this Code of Ethics may be used as a basis for disciplinary action or censure of a Council Member.

These things we hereby pledge to do in the interest and purposes for which our government has been established.

IRWINDALE CITY COUNCIL

City of Irwindale
"Jardin de Roca"
1860
1957
California

CITY COUNCIL - CLOSED SESSION – 6:00 P.M.

A. CALL TO ORDER

B. ROLL CALL: **Councilmembers: Albert F. Ambriz, Mark A. Breceda, Manuel R. Garcia; Mayor Pro Tem Larry G. Burrola; Mayor H. Manuel Ortiz**

SPONTANEOUS COMMUNICATIONS

Spontaneous communications are limited to the special meeting agenda items only.

C. RECESS TO CLOSED SESSION

1. Public Employee Performance Evaluation
   Pursuant to California Government Code Section 54957

   Title: City Manager

D. RECONVENE IN OPEN SESSION

E. REPORT FROM CLOSED SESSION

F. ADJOURNMENT

HOUSING AUTHORITY - OPEN SESSION – 6:30 P.M.

A. CALL TO ORDER

B. PLEDGE OF ALLEGIANCE

C. INVOCATION

D. ROLL CALL: **Housing Authority Board Members: Albert F. Ambriz, Mark A. Breceda, Manuel R. Garcia; Vice Chair Larry G. Burrola; Chair H. Manuel Ortiz**

E. BOARD MEMBER COMMENTS

SPONTANEOUS COMMUNICATIONS

Spontaneous communications are limited to the special meeting agenda items only.

1. NEW BUSINESS

At this time, members of the audience may ask to be heard regarding an item on New Business.

A. Status of Mayans Housing Project

Executive Director's Recommendation: Receive and file or provide other direction.

B. Equity Sharing Policy

Executive Director's Recommendation: Approve concept of proposed equity sharing policy for Substantial Rehabilitation and First Time Homebuyer programs and direct Authority Counsel to prepare formal policy for approval.

2. RECESS TO CLOSED SESSION

A. Conference with Legal Counsel – Exposure to Litigation
Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2),(e)(1)

Number of Potential Cases: One (1)

A point has been reached where, in the opinion of the Board of the Irwindale Housing Authority and on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the Housing Authority, but the Housing Authority believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed.

3. RECONVENE IN OPEN SESSION

4. REPORT FROM CLOSED SESSION

5. ADJOURNMENT

AFFIDAVIT OF POSTING

I, Armando Hegdahl, Acting Chief Deputy City Clerk, certify that I caused the agenda for the special meeting of the City Council and Irwindale Housing Authority Board to be held on April 5, 2021, be posted at the City Hall, Library, and Post Office on March 31, 2021.

Armando Hegdahl

Armando Hegdahl, CMC
Acting Chief Deputy City Clerk

☐City Council
☐Successor Agency
☒Housing Authority
☐Reclamation Authority
☐Joint Powers Authority

City of
IRWINDALE
AGENDA REPORT

HOUSING AUTHORITY
ITEM NO. 1A
APRIL 5, 2021

Date:	April 5, 2021
To:	Honorable Chair and Members of the Housing Authority Board
From:	William K. Tam, Executive Director
Issue:	Status of Mayans Housing Project

Executive Director's Recommendation:

Receive and File or provide other direction.

Prepared by:

Jamie Traxler, Assistant Authority Counsel

J. Traxler

Reviewed by:

Adrian Guerra, Authority Counsel

Electronically Approved

Approved by:

William K. Tam, Executive Director

Background and Analysis:

The Irwindale Housing Authority's Mayans Housing Project affordable housing program ("Program") provides affordable single-family housing opportunities for first-time homebuyers. The Program was initiated in 2014, and the Housing Authority was recently notified that Phase 4 of the project, consisting of 7 total units, is nearing completion with an expected completion date of late July or early August of 2021.

In furtherance of Program completion, given the length of the project and the fact that all units are income-restricted and have been developed and offered for sale only to qualifying applicants pursuant to the Authority's income eligibility classification criteria, staff will initiate a final recertification of the remaining six (6) Phase 4 Program lottery awardees.

<u>704 A Street</u>

At its special meeting on December 21, 2020, the Board terminated the Phase 4 Program lottery award for the low income designated property located at 704 A Street due to the applicant household's income ineligibility. As part of the recertification process, staff intends to bring before the Board an award for the house at 704 A Street to an income-qualified low income household from the Program's list of priority ranked applicants.

CEQA Findings: No Environmental Impact.

Fiscal Impact: No fiscal impact.

☐City Council
☐Successor Agency
☒Housing Authority
☐Reclamation Authority
☐Joint Powers Authority

City of
IRWINDALE
AGENDA REPORT

HOUSING AUTHORITY
ITEM NO. 1B
APRIL 5, 2021

Date:	April 5, 2021
To:	Honorable Chair and Members of the Housing Authority
From:	William K. Tam, Executive Director
Issue:	Equity Sharing Policy

Executive Director's Recommendation:

Approve concept of proposed equity sharing policy for Substantial Rehabilitation and First Time Homebuyer programs and direct Authority Counsel to prepare formal policy for approval.

Prepared and Submitted by:

Robert J. Lee, Assistant Authority Counsel — Electronically Approved

Reviewed by:

Adrian Guerra, Authority Counsel — Electronically Approved

Eva Carreon, Finance Director / City Treasurer

Approved by:

William K. Tam, Executive Director

BACKGROUND:

The affordable housing statutes provide that all new or substantially rehabilitated housing units developed or otherwise assisted with moneys from the Low and Moderate Income Housing Fund shall remain available at affordable housing cost to, and occupied by, persons and families of low or moderate income and very low income and extremely low income households for the longest feasible time, but for not less than 45 years for owner-occupied units. The statutes provide that an equity sharing program may be established allowing sale of owner-occupied units prior to expiration of the 45-year period for a price in excess of the affordable housing price, through implementation of a schedule of equity sharing that permits seller and the agency to retain a portion of sale proceeds based on length of occupancy prior to sale. This allows the agency to protect its investment of moneys from the Low and Moderate Income Housing Fund, as the monies retained by the agency are to be deposited in the Low and Moderate Income Housing Fund.

The statute does not prescribe any particular apportionment of how much of the excess sale proceeds are to be retained by the seller and agency, and it is up to each individual agency to determine the schedule. In making this type of determination, communities must choose between maintaining affordability and allowing homebuyers to keep up with rising home prices. Strict resale restrictions will maintain affordability but will not allow homeowners to gain enough equity to buy an equivalent house on the open market. On the other hand, more generous equity sharing will require the public agency to provide additional subsidies in the future with every resale in order to keep the homes affordable. This is the push-pull that each housing authority that elects to adopt an equity sharing program needs to address, and there is no exact science to help determine which approach should be utilized.

Currently, the equity sharing practices of the Irwindale Housing Authority ("Authority") provides for the Authority to retain the lion's share of the excess sale proceeds until year 40 of the 45-year affordable housing period which, when compared against several other affordable housing programs within the State, falls within the very high end of the spectrum. Accordingly, it is very difficult for affordable homeowners in the City of Irwindale to build meaningful equity in their affordable homes in an effort to improve their financial status which is one of the paramount objectives of affordable housing programs, including the Authority's programs, throughout the State.

On March 10, 2021, the Authority Board reviewed and considered the Authority's current equity sharing practices to determine whether certain modifications to the current practices should be made to allow affordable homeowners to retain a larger proportion of sale proceeds, and directed staff to bring back suggested modifications to be implemented through a policy.

In coordination with the Authority Counsel's office, the Executive Director has formulated proposed terms of a modified equity sharing policy, which would differ depending on whether the Authority is operating under the Substantial Rehabilitation ("SR") program or First Time Homebuyer ("FTH") program.

DISCUSSION:

Under both the SR and FTH programs, the equity sharing appreciation amount ("ESAA") would be established based on the difference between the sale price that is in excess of the affordable housing price and the original purchase price of the home paid by the affordable homeowner.

Example 1:

SR (for sales within first 20 years) and FTH (for sales within first 30 years):

- $500,000 (sale price) – $400,000 (original purchase price) = $100,000 (ESAA).

Example 2:

SR (for sales after first 20 years) and FTH (for sales after first 30 years):

- $600,000 (sale price) – $400,000 (original purchase price) = $200,000 (ESAA).

The loan term for the Authority loan would be 20 years under the SR program and 30 years for the FTH program, the latter being an attempt to align with the typical private 30-year loan obtained by homeowners in a standard purchase of a home.

The proposed equity sharing formulas under the SR and FTH programs are detailed below; since the equity sharing program is integrally related to the loan programs, details of the associated proposed loan programs are also provided below.

Substantial Rehabilitation:

Loan Details:

- Loan period to be 20 years.
- Principal on the loan to be reduced by 5% (1/20) per annum during the 20-year period.
- The entire loan is forgiven after 20 years.

Equity Sharing Details:

- For the first 20 years of the loan, the equity sharing ratio ("ESR") to be retained by the Authority is 25% of the ESAA.
- For years 21 through 45, the ESR will decrease by 1% per annum starting in year 21 until year 45 is reached.

Example 1:

- Assume ESAA of $100,000 and sale during year 5 of 45-year term. Under this assumption:
  - The homeowner would need to repay the remaining balance of the Authority loan; and
  - After applying a 25% ESR to the $100,000 ESAA, the amount of sale proceeds retained by the Authority will be $25,000 and the homeowner retains the remaining $75,000.

Example 2:

- Assume ESAA of $200,000 and sale just after year 25 of 45-year term. Under this assumption:
  - The Authority loan has been forgiven after 20 years. Therefore, the homeowner is not required to repay any portion of the loan.
  - After applying a 20% ESR (25% is reduced by 1% per year for 5 years) to the $200,000 ESAA, the amount of sale proceeds retained by the Authority is $40,000 and the homeowner retains the remaining $160,000.

First Time Homebuyer:

Loan Details:

- Loan period to be 30 years.
- Principal on the loan to be reduced by 1/30 per annum during the 30-year period.
- The entire loan is forgiven after 30 years.

Equity Sharing Details:

- For the first 30 years of the loan, the equity sharing ratio ("ESR") to be retained by the Authority will vary depending on the amount of the Authority loan:
  - 20% of ESAA if loan amount is less than $200,000.
  - 25% of ESAA if loan amount is between $200,000 and $300,000.
  - 30% of ESAA if loan amount is over $300,000.

- For years 31 through 45, the ESR will decrease by the following amounts starting in year 31 until year 45 is reached.
  - 1.33% per annum for the 20% category.
  - 1.67% per annum for the 25% category.
  - 2% per annum for the 30% category.

Example 1:

- Assume ESAA of $100,000 and sale during year 5 of 45-year term. Also assume Authority loan amount of $305,000. Under this assumption:
  - The homeowner would need to repay the remaining balance of the Authority loan; and
  - After applying a 30% ESR to the $100,000 ESAA, the amount of sale proceeds retained by the Authority will be $30,000 and the homeowner retains the remaining $70,000.

Example 2:

- Assume ESAA of $200,000 and sale just after year 35 of 45-year term. Also assume Authority loan amount of $305,000. Under this assumption:
  - The Authority loan has been forgiven after 30 years. Therefore, the homeowner is not required to repay any portion of the loan.

- After applying a 20% ESR (30% is reduced by 2% per year for 5 years) to the $200,000 ESAA, the amount of sale proceeds retained by the Authority is $40,000 and the homeowner retains the remaining $160,000.

As proposed, this policy:

- Maintains the 45 year covenant period.
- Protects the investment of the Low and Moderate Income Housing Funds by only forgiving the SR loan after 20 years and FTH loan after 30 years.
- After forgiveness of the loan, the Authority is still entitled to equity sharing as provided under state law, but not in a manner that it retains the lion's share of the appreciation as under the current policy. Rather, since the value of the loan has been forgiven, its investment is fully recovered and it is not necessary to retain most of the appreciation. The majority of the appreciation is retained by the homeowner after the forgiveness period.

It should be noted that the foregoing sets forth only the general concepts of the proposed equity sharing policy, as any additional particulars would be incorporated into the policy, as may be appropriate.

FISCAL IMPACT:

Unknown at this time.