

**PLACER COUNTY
REDEVELOPMENT AGENCY
MEMORANDUM**

TO: Honorable Members of the Redevelopment Agency Board
FROM: Rich Colwell, Chief Assistant CEO–Redevelopment Director *R. Colwell*
Rae James, Deputy Director
DATE: April 17, 2007
SUBJECT: Adopt a Resolution Authorizing an Increase in the Loan Amount Limits for the Redevelopment Agency Tax Increment Housing Program from \$60,000 to \$150,000 Subject to Agency Counsel Review.

ACTION REQUESTED: Adopt a resolution authorizing an increase in the loan amount limits for the Redevelopment Agency Tax Increment Housing Program from \$60,000 to \$150,000 subject to Agency Counsel Review.

BACKGROUND: The Redevelopment Agency’s (Agency) Tax Increment Housing Program provides housing rehabilitation loans and down payment assistance loans for first time homebuyers. Applicants cannot have incomes that exceed 120% of the area median income. Tax Increment Housing Guidelines adopted by your Board in 2002 provide for a basic housing loan of \$60,000 subject to Agency Loan Committee approval.

This action would allow rehabilitation and down payment assistance loans up to \$150,000. Over the past five years, construction costs have increased significantly. Today’s increased construction costs point to a need to increase these loan limits. Several applicants with homes in a severely declining condition have sought assistance for repair or replacement of the roof, foundation, plumbing, electrical, and heating. The total cost of these repairs exceeds the current program limits. Even with the use of manufactured units for housing replacement, costs can be more than \$130,000. There is a separate item on this Agenda to raise the HOME program loan limits to \$150,000.

Since your Board adopted the guidelines, median housing prices have increased from \$300,000 to \$448,000. A maximum down payment assistance loan limit of \$150,000 will raise the number and type of units available to low and moderate income households. Homebuyers will still be required to provide 3% of the purchase price from their own funds. To promote adequate use of private matching funds, no more than 60% of the purchase price will be provided by the Agency loan. There are two applications pending for moderate income households that can only be funded from this source.

FISCAL IMPACT: There will be no impact to the County General Fund. These funds are budgeted in the Redevelopment Tax Increment Low and Moderate Housing Fund.

RECOMMENDATION: Adopt a resolution approving an increase in the loan amount limits for the Redevelopment Agency Tax Increment Housing Program from \$60,000 to \$150,000 subject to Agency Counsel Review.

Attachment: Resolution

cc: Sabrina Thompson, Agency Counsel

**Before the Placer County
Redevelopment Agency Board of Directors
County of Placer, State of California**

In the matter of:

Adopt a resolution authorizing an increase in the loan amount limits for the Redevelopment Agency Tax Increment Housing Program from \$60,000 to \$150, 000 subject to Agency Counsel approval.

Resol. No:.....

Ord. No:.....

First Reading:

The following _____ Resolution _____ was duly passed by the Redevelopment Agency Board of the County of Placer at a regular meeting held April 17, 2007,

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:

Chair, Agency Board

Clerk of said Board

WHEREAS, the Redevelopment Agency Board adopted on October 8, 2002, Redevelopment Agency Housing Tax Increment Set Aside Guidelines as policy for the administration of the Redevelopment Agency's (Agency) Housing Program; and

WHEREAS, the Agency desires to further amend these Guidelines to increase the loan amounts for the down payment assistance loans and the housing rehabilitation loans.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency Board of the County of Placer that the maximum loan amount for the Tax Increment Housing Loan Program is hereby increased from \$60,000 to \$150,000 for housing down payment assistance loans and housing rehabilitation loans, subject to the loan's being no more than 60% of the total home's value.