

# STAFF REPORT

## Lancaster Redevelopment Agency

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MVB

Date: May 27, 2008

To: Chairman Parris and Agency Board Members

From: Elizabeth Brubaker, Housing and Neighborhood Revitalization Director

Subject: **Approve Agreement for Acquisition of Real Property between the Lancaster Redevelopment Agency and Deutsche Bank National Trust Company, as Trustee of Argent Mortgage Securities, Inc. Asset-Backed Pass-Through Certificates Series 0006-W3 for property located at 45546 3<sup>rd</sup> Street East**

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### **Recommendation:**

Approve Agreement for Acquisition of Real Property between the Lancaster Redevelopment Agency and Deutsche Bank National Trust Company, as Trustee of Argent Mortgage Securities, Inc. Asset-Backed Pass-Through Certificates Series 0006-W3 for property located at 45546 3<sup>rd</sup> Street East for property located at 45546 3<sup>rd</sup> Street East.

### **Fiscal Impact:**

The purchase price of \$84,900 plus closing costs will come from the Lancaster Redevelopment Agency's Low- and Moderate-Income Housing Fiscal Year 2007-2008 Budget Fund Foreclosure Program Account No. 940-7002-942.

### **Background:**

The Agency is required to deposit not less than 20% of its tax increment revenues in the low- and moderate-income housing fund and to expend the monies in the housing fund only for the purpose of increasing, improving or preserving the supply of low- and moderate-income housing within the city. Failure to spend monies in the housing fund in a timely manner could result in penalties against the Agency. These penalties could prevent the Agency from undertaking any economic development activities and require the expenditure of non-housing money for housing purposes.

In August 2007, the Agency Board approved the implementation of the Neighborhood Foreclosure Preservation Home Ownership Program (the "Program") citywide. The goal of the Program is to reclaim vacant, abandoned properties for affordable housing, to strengthen blocks and neighborhoods by eliminating the blighting effects of vacant properties, and enforce the city codes and city building code requirements. The Program is designed to preserve sustainable homeownership for Lancaster residents by reclaiming foreclosed homes as neighborhood assets. The owner-occupied housing will be for qualifying low- or moderate-income families. Such units will be subject to occupancy and affordability restrictions recorded against the property as required by Health & Safety Code 33334.2(e)(2).

**Acquisition Agreement for Deutsche Bank – 45546 3<sup>rd</sup> Street East**

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The targeted areas for acquisition of foreclosed homes are in areas designated as having all of the key and contributing indicators of potential neighborhood problems identified in the Housing Needs Assessment. Key and contributing indicators include high crime, excessive code violations, low/very low wealth, high rental housing, high Section 8 housing, and high age of housing stock.

The property at 45546 3<sup>rd</sup> Street East is a foreclosed property located in the Piute neighborhood. Deutsche Bank (the “Bank”) owns it and they are under contract to have the real estate firm, Keller Williams Realty, represent them in the sale of the property. Based on comparable sales within the area, the property’s estimated market value is \$84,900. During negotiations staff determined that the purchase price of \$84,900 was fair and equitable for both buyer and seller.

Agency staff believes that purchasing the property at 45546 3<sup>rd</sup> Street East is in harmony with the Neighborhood Foreclosure Preservation Home Ownership Program; therefore, staff is recommending the Agency Board approve the proposed acquisition of property.