

# STAFF REPORT

## Lancaster Redevelopment Agency

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07/28/09
MVB

Date: July 28, 2009

To: Chairman Parris and Agency Board Members

From: Elizabeth Brubaker, Housing and Neighborhood Revitalization Director

Subject: **Agreement for Acquisition of Real Properties between the Lancaster Redevelopment Agency and Deutsche Bank National Trust Company.**

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### **Recommendation:**

Approve Agreement for Acquisition of Real Properties between the Lancaster Redevelopment Agency and Deutsche Bank National Trust Company, as Trustee under the Pooling and Servicing Agreement dated as of September 1, 2005, GSAMP Trust 2005-WMC1 as part of the approved Neighborhood Stabilization Program.

### **Fiscal Impact:**

The purchase price of all residences, plus closing costs will come from the Community Development Block Grant (CDBG) Funds Fiscal Year 2008-2009 Neighborhood Stabilization Program Account No. 363-4542-770.

### **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 Neighborhood Foreclosure Preservation Homeownership Program**

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In addition to the Lancaster Redevelopment Agency's Low- and Moderate-Income Housing Fund, the Lancaster Redevelopment Agency, as part of the Housing and Economic Recovery Act of 2008, appropriated additional CDBG funds to address the community effects of abandoned and foreclosed properties within the City of Lancaster.

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

These properties have been foreclosed upon and are located in several neighborhoods within the urban core of the City of Lancaster (see attached Site Maps marked as part of Exhibit "A"). Various local commercial lending institutions (the "Banks") own and are contracting to have real estate firms represent them in the sale of property (Exhibit "A"). Staff has since determined that the purchase prices were fair and equitable for both buyer and seller.

Agency staff believes that purchasing these properties is in harmony with the Neighborhood Stabilization Program; therefore, staff is recommending the Agency Board approve the proposed acquisition of properties.

EB:LA:de

**Attachment(s):**

1. Exhibit "A" – Foreclosed Property Inventory
2. Site Maps