



## Irvine Community Land Trust

### REQUEST FOR IRVINE COMMUNITY LAND TRUST BOARD ACTION

LAND TRUST BOARD MEETING DATE:

JANUARY 20, 2010

TITLE: ACQUISITION OF 55 LAKEPINES, IRVINE CALIFORNIA

Executive Director

#### RECOMMENDED ACTION:

Approve a Resolution of the Irvine Community Land Trust approving the purchase of real property located at 55 Lakepines, Irvine, California.

#### BACKGROUND:

On September 16, 2009, the Board approved the Affordable Housing and Grant Agreement (Agreement) by and between the City of Irvine and the Irvine Community Land Trust. The Agreement authorized \$719,145 in new funding to the Land Trust to acquire existing property for the creation of permanent affordable housing.

The Land Trust's consultant, Adam Eliason, has been working with staff to locate properties within the City of Irvine that could be purchased, rehabilitated and marketed for sale. Mr. Eliason working through the multiple listing service located a two bedroom townhome at 55 Lakepines (see attached maps 1 and 2), which was a FreddieMac foreclosure. Staff was able to inspect the vacant unit and found that it required some rehabilitation and was in the northern part of the City where the Land Trust had not acquired property. Staff requested Mr. Eliason contact the appropriate party to express our interest in the property.

The National Community Stabilization Trust (NCST) was contacted through its local representative, Neighborhood Housing Services of Orange County. The list price for 55 Lakepines was \$325,000. However, Mr. Eliason's effort to work through Neighborhood Housing Services allowed the Land Trust to secure the property at a reduced cost of approximately \$268,000, a savings of \$57,000. This was accomplished by requesting, through NCST, that FreddieMac confirm its estimate of fair market value, allow for adjustments for rehabilitation costs and establish a final price at which they would sell the property to NCST. FreddieMac determined its final non-negotiable price at approximately \$268,000. NCST and Neighborhood Housing Services of Orange County then agreed to a back to back escrow with the Land Trust to acquire the property.

#### FISCAL IMPACT:

Reviewing comparable costs in the area current home sales values are averaging \$321,300 for

similarly sized 2 bedroom units having approximately 1,200 square feet, built during the late 1970's. Comparable listings for 2 bedroom properties with smaller square footage are averaging \$343,600. Therefore staff believes the reduced purchase cost with potential rehabilitation costs of approximately \$20,000 to \$25,000 will result in an affordable unit upon resale. The ultimate sales price, if acquired, will be determined at a later date by the Land Trust after all costs are determined to acquire and rehabilitate the property. Staff will present detailed costs and proposed pricing taking into account that potential buyers must be at or below 80 percent of area median income.

The Land Trust expenditure for acquisition and rehabilitation of 55 Lakepines is estimated at \$288,000. Funds were approved as part of the budget for acquisition and rehabilitation costs averaging \$350,000 per unit this year. As such, there are sufficient funds to acquire and rehabilitate the proposed property.

CONCLUSION:

The Land Trust continues to acquire property for affordable housing pursuant to the grant agreements with the City of Irvine. The 55 Lakepines property is priced at a discounted cost that is well below current market values in the area and the Land Trust could acquire and rehabilitate the property at a reasonable cost. As the sales price is non negotiable by the seller, FreddieMac, and they have already discounted the price to account for rehabilitation costs, staff recommends the acquisition of the property.

Attachments: Site Map 1 – location  
Site Map 2 – aerial  
Resolution 10-008