



Yolo County Housing

Lisa A. Baker, Executive Director

147 W. Main Street
WOODLAND, CA 95695

Woodland: (530) 662-5428
Sacramento: (916) 444-8982
TTY: (800) 545-1833, ext. 626

BOARD OF COMMISSIONERS

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Bernita Toney

DATE: April 2, 2009
TO: YCH Board of Commissioners
FROM: Lisa A. Baker, Executive Director
SUBJECT: **Review and Approve Execution of Letter of Intent to Purchase Crosswoods Apartments, Woodland, CA**

RECOMMENDED ACTIONS:

That the Board of Commissioners review and approve execution of the Letter of Intent to Purchase Crosswoods Apartments, located at 646 3rd Street, Woodland, CA 95695.

BACKGROUND / DISCUSSION

On October 2, 2008, the Board authorized Lisa A. Baker, Executive Director of Yolo County Housing (YCH) to act as the Agency's chief negotiator for the potential purchase of real property located at 646 3rd Street, Woodland, CA 95695. The complex, known as Crosswoods Apartments is a 48-unit U.S. Department of Housing and Urban Development (HUD) 236 (privately-owned, HUD-subsidized) property whose subsidy contract expires in February 2011. The property is currently for sale. Sale of the property to the private rental market would jeopardize its continued affordability. The goal is to ensure the continued affordability of the property and its continued viability as quality rental housing.

The YCH, through its membership in Cal-AHA, has been able to help with current acquisition to maintain its affordability, while creating a mechanism to purchase the property from Cal-AHA in 2011. Cal-AHA is proposing to issue 5-Year Bond Anticipation Notes that will allow Cal-AHA to acquire the property. Cal-AHA, in turn, requests that the YCH enter into a Letter of Intent to Purchase the property from Cal-AHA in February 2011. This letter is contingent on the YCH being able to obtain financing on favorable terms and conditions. This Letter of Intent is not a contract, but is an expression of interest on the part of YCH to subsequently purchase the property. The proposed purchase would be for the same amount of sales price and fees as the 2009 purchase and is within the appraised value of the property.

If Cal-AHA is successful in its bond issuance and acquisition of the property and if the Letter of Intent is executed, a subsequent Purchase Agreement will be drafted and brought back to the Board for its approval.

Cal-AHA is currently going through the HUD approval process for acquisition of the HUD-236 contract and YCH is currently going through the HUD approval process to determine if it will be able to directly manage the units on behalf of Cal-AHA during its ownership phase.

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FISCAL IMPACT

None at this time.

CONCLUSION

Staff requests that the Board approve the Letter of Intent.

Attachment: Letter of Intent



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April 2, 2009

California Affordable Housing Agency

c/o Thomas E. Lewis, Esq.
Silveira, Mattos & Lewis
530 W. 21st Street
Merced, CA 95344

Subject: Letter of Intent to Purchase Crosswoods Apartments, Woodland, CA

Dear Mr. Lewis:

This Letter of Intent ("Letter") serves as an expression of intent by the Housing Authority of the County of Yolo (informally known as Yolo County Housing [YCH]) ("Purchaser") in purchasing the real property known as Crosswoods Apartments, 646 3rd Street, Woodland, CA 95695 ("Property"), a 48-unit apartment complex. It is anticipated that the terms and conditions stated in this letter will be memorialized in a Purchase and Sale Agreement ("Agreement") to be later drawn and submitted for your review.

1. **Price.** Subject to Purchaser's approval of all of the conditions in Item 3 below, Purchaser shall pay **Two Million Nine Hundred Forty Thousand Dollars (\$2,940,000)** in cash at close of escrow;
2. **Deposit.** Purchaser shall make a deposit into escrow in the amount of One Hundred Dollars (\$100.00) with a mutually acceptable title company ("Title Company") following execution of the Agreement;
3. **Purchaser's Conditions.** The Purchaser's obligation to purchase shall be contingent upon satisfaction or acceptance of the following conditions:
 - A. **Pertinent Documents.** Seller shall make available to purchaser all documents pertinent to the Property, including, but not limited to, operating statements, receipts for repairs and maintenance, contracts, current rent roll and rental agreement, appraisals, Phase I and Phase II, or other reports concerning the operation of condition of the Property which the Seller has in its possession.
 - B. **Financing Contingency.** This Agreement is contingent on Purchaser receiving new financing on terms and conditions acceptable to Purchaser. These new funding sources have specific funding dates set by the State of California. The dates are outside the control of the Purchaser. The Purchaser will submit funding applications for the next reasonable available funding allocation scheduled for bonds and tax credits that will result in a Close of Escrow

Working together to provide quality affordable housing and community development services for all

during the time period specified in Paragraph 4 below. If the Purchaser is successful in obtaining funding, the Purchaser shall have two (2) business days after receiving the allocation to notify Seller in writing and remove this financing contingency. If Purchaser is not successful in obtaining financing, Purchaser may terminate this Agreement by giving written notice to the Seller.

4. **Close of Escrow.** Close shall occur as soon as practicable after approval or acceptance of Purchaser's conditions, but no later than ninety (90) days after removal of all contingencies nor earlier than February 2, 2011.
5. **Escrow Costs.** Title and escrow fees shall be paid as is the custom in Yolo County: title insurance (CLTA) and document transfer tax shall be paid by the Seller. Escrow fees shall be split equally.

This Letter is not a contract, but only an expression of the Purchaser's interest in entering into an agreement for the purchase of the Property. Any binding agreement negotiated between Purchaser and Seller with respect to this transaction will be generally consistent with price, terms and conditions outlined in this Letter. The parties shall use reasonable efforts to execute such Agreement within five (5) business days of execution hereof.

If the price, terms and conditions are acceptable to the Seller, please have the Seller indicate so by signing a copy of this letter and returning signed acceptance within the time period stated above. Upon receipt, we will immediately begin preparation of a definitive Purchase Agreement based on the price, terms and conditions stated in this Letter.

Sincerely,

**Housing Authority of the County of Yolo
(Yolo County Housing) (Purchaser)**

Lisa A. Baker, Executive Director

Date

ACCEPTED AND AGREED:

**California Affordable Housing Agency
(Seller)**

Signature

Date

Name and Title