

# Chapter 8 Agreement Sale

## LA County Requirements for Nonprofits



Presented by  
The Los Angeles County Treasurer and Tax Collector

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# Maximize Use of Existing Resources and Relationships

Established a partnership between:

- Treasurer and Tax Collector
- Community Development Commission (CDC)



# CDC's Responsibilities and Program Overview

- Initial Evaluation:
  - Application review
  - Nonprofit project experience and financial capacity
  - Property suitable for affordable housing
- Recommendation to TTC:
  - Draft Sales Agreement and Performance Conditions
- Monitoring
  - Online payment access restricted



# Application & Fees

- Complete CDC application
- \$1,440 fee must accompany application
  - includes \$740 one-time fee for review of organization capacity
- \$3,705 fee to be paid before Notice to Proceed will be issued by CDC
  - This fee may vary depending on complexity of project



# Application Process

- Overview
- Project Information
- Financial Analysis: Proforma worksheets
- Organizational documents
- Site Information and Zoning



# Application Process cont'd

- Design & Construction
- Property Management
- Supportive Services and Operating Plan
- Relocation, if applicable
- Other documents – letter from local jurisdictions, non-discrimination & equal opportunity policy.



# Recommendation to Treasurer and Tax Collector

- Approve or deny participation of nonprofit as to selected property
- Draft Nonprofit property-specific Agreement for Sale and Purchase
  - Specific conditions of performance must be completed prior to CDC's issuance of the Notice to Proceed



# Typical Conditions of Performance

- Progress reports and financial statements every 6 months until property is ready for occupancy.
- Recorded Tax deed
- CEQA approval documentation
- Work write-up; construction schedule
- Financing commitments: construction and permanent loans





# Typical Conditions of Performance

## cont'd

- Building permit(s)
- Affirmative Marketing Plan
- Affordability restrictions (Tenant or buyer income qualifications)
- Affordable Rent and Affordable Housing Cost
- Construction start allowed only with CDC's Notice to Proceed
- Certificate of Occupancy (no later than 2 yrs after Tax Deed is recorded)



# CDC Monitoring

- During predevelopment and construction or rehabilitation
- Affordability restrictions
  - initial sale for ownership unit – owner occupancy
  - 15 years of annual monitoring for 2-4 rental unit building
  - 20 years of annual monitoring for 5+ rental unit building and at least \$135,000/unit of increase in assessed value less nonprofit's cost
- Compliance with Nonprofit Integrity Act of 2004



# Terms and Definitions

- Low-income restrictions
  - persons and families earning up to 120% of the County median income
- Affordable rent
  - no more than 30% times 110% of the area median income even though tenant income may go up to 120% of median
- Monthly Housing Cost (for-sale units)
  - Price based on affordable monthly payment is no more than 35% of the annual income of low-income homeowner



# Proceeds

- Homeownership Property
- Rental Property



# Default

- Examples:
  - Begin construction prior to CDC issuance of a Notice to proceed
  - Failure to perform all work or in good workmanlike manner; Homeownership property is not owner-occupied;
  - Buyer or tenant is not low income
  - Transfer the property in violation of the agreement
  - Others – see Sec 8 of Agreement for Sale & Purchase of Tax Defaulted Real Property.



# Questions?

