



City of Palo Alto

City Council Staff Report

(ID # 5712)

Report Type: Consent Calendar

Meeting Date: 6/22/2015

Summary Title: Pine St Authorize Property Sale; Affordability Funds for Alma and BAO

Title: Authorization for Palo Alto Housing Corporation to Sell the Property They Own at 1259 Pine Street and to Provide Funding for the Rehabilitation and Preservation of Affordable Units at 110-130 El Dorado Avenue, Along With Approval of an Associated Budget Amendment Ordinance

From: City Manager

Lead Department: Planning and Community Environment

Recommendation

Staff recommends that the City Council:

1. Authorize the Palo Alto Housing Corporation (PAHC) to sell the single family residence they own at 1259 Pine Street, conditioned on the recordation of a regulatory agreement with PAHC to deed-restrict the three units at 110-130 El Dorado Avenue for low-income households for a 55-year period and use of the proceeds to pay off existing loans outstanding for 110-130 El Dorado Avenue and on other affordable housing projects located in Palo Alto.
2. Approve a Budget Amendment Ordinance (BAO) recognizing approximately \$73,000 in additional revenue to the Commercial Housing Fund from the proceeds of 1259 Pine Street and appropriating \$375,000 from the Commercial Housing Fund as a loan to the Residential Housing Fund.
3. Authorize a loan of \$375,000 to PAHC from the Residential Housing Fund to be used to deed restrict the property at 110-130 El Dorado Avenue and for its needed rehabilitation.
4. Authorize the City Manager or designee to execute: (a) a Regulatory Agreement with PAHC to deed restrict the three units at 110-130 El Dorado Avenue; (b) loan documents required for the \$375,000 loan; and (c) necessary documents to allow the sale of 1259 Pine Street.

Executive Summary

Recognizing the dire need for additional affordable housing units in Palo Alto, PAHC has requested approval from the City to sell its single family property at 1259 Pine Street in order to

free up significant equity in the property to use elsewhere. Upon the sale, the City is entitled to receive from PAHC approximately \$25,000 plus cost of living adjustments, as detailed in the terms of the original Agreement of Sale signed in 1980 (Attachment A). In accordance with the agreement, this amount, which has been estimated at approximately \$73,000, would be paid to the City upon the close of escrow unless the City Council authorizes its use by Palo Alto Housing Corporation.

The staff recommendation would provide the City's share of \$73,000 from the sale proceeds in addition to approximately \$302,000, for a total of approximately \$375,000, from the City's Commercial Housing Fund as a loan to the Residential Housing Fund. The \$375,000 would be loaned from the Residential Housing Fund to PAHC in exchange for deed restricting and rehabilitating three housing units located at 110-130 El Dorado Avenue and owned by PAHC. These three units are located next to six deed-restricted units owned by PAHC at 2811-2825 Alma, creating a group of nine affordable units. A portion of the sale proceeds would also be used to pay down a portion of the existing loan (\$3.7 million) that PAHC used to purchase the property at 110-130 El Dorado Avenue.

Background

PAHC owns and operates a wide variety of affordable housing units throughout the City, including 1259 Pine Street, which is a single family home. PAHC also owns a total of 9 units on parcels located at the corner of El Dorado Avenue and Alma, of which six units at 2811-2825 Alma were purchased with City assistance and are currently deed restricted for income qualifying tenants.

Alma/El Dorado Avenue Property

In 2011, the City received a \$1.89 million loan request from Palo Alto Housing Corporation to purchase two triplexes located at 2811-2825 Alma St. At that time, however, the City did not have sufficient fund balances in its Housing Funds to provide the \$1.89 million loan, and was only able to provide \$1.29 million. To make up the difference, the Opportunity Fund of Santa Clara County provided a \$600,000 short term loan for the project acquisition with the understanding that the City would repay the short term loan, which was due to expire at the end of 2014. On December 8, 2014 (Staff Report 5197), the City Council approved a loan to PAHC for this purpose.

In 2011, PAHC also purchased the adjacent parcel north of the site, 110-130 El Dorado Avenue. Although the 6 units on Alma have deed restrictions to keep them affordable, the units on El Dorado Avenue do not, and a current loan in the amount of \$3.7 million is outstanding. In addition, there is some deferred maintenance on all three parcels that PAHC wishes to correct, but does not currently have the funding to do so.

PAHC and the City have been in discussions to determine how best to address the need for repairs, as well as secure long term affordability for the units on El Dorado Avenue. The proposed solution involves selling 1259 Pine, and using the proceeds partly for renovation,

partly to pay off the existing loan at 110-130 El Dorado Avenue, and partly for new development on other projects within Palo Alto. Approval of the staff recommendation would provide PAHC with the resources needed to rehabilitate the Alma/El Dorado Avenue property and deed restrict the three units on El Dorado Avenue so that they can only be leased to qualifying low income households. (Note that one of the El Dorado Avenue units is currently occupied by a qualifying low income tenant and the other two are occupied by over-income households. The deed restriction will permit PAHC to charge higher rents for the two non-qualifying units until the non-qualifying tenants vacate.)

1259 Pine Street

In 1980, the City sold the single family home it owned on Pine Street to PAHC for the express purpose as lower income housing, a use that PAHC has continuously maintained since that time. The sale agreement included an option for PAHC to sell the property, provided that upon close of escrow PAHC pays the City \$25,000 adjusted pursuant to the cost of living index set forth in the original agreement. Once the property is sold, PAHC is required to remit this amount – calculated to be \$73,000 -- to the City.

Discussion

The Pine Street house is a three bedroom house in a single family zoned neighborhood which historically has only housed one income qualifying family. The family currently living in the Pine Street house was informed that PAHC intended to sell the house at the time of occupancy and is in the process of relocating. Given the high property values in Palo Alto and the upcoming vacancy, PAHC has determined this to be an optimum time to sell the residence. Equity in the Pine Street single family residence can be utilized more efficiently to address affordable housing needs elsewhere in Palo Alto. Thus PAHC is requesting the City to approve the sale of the single family residence so that the proceeds can be used to make needed improvements to the Alma Street/El Dorado Avenue property, deed-restrict the El Dorado Avenue property, pay off the existing El Dorado Avenue loan, and provide new affordable housing within Palo Alto. Upon sale of the Pine Street property, the City is entitled to a sum of \$73,000 (\$25,000 adjusted by CPI) and PAHC is entitled to the remainder of the proceeds. By providing its portion of the sale proceeds to PAHC along with additional funds (a total of \$375,000), the City would ensure the long term deed restriction of an additional three units of below market rate rental housing, and PAHC would have sufficient resources to rehabilitate the Alma Street/El Dorado Avenue property. The loan would be provided at 3% simple interest, with all payments deferred for the 55-year regulatory agreement period, except in the event of a default.

Resource Impacts

With the requested action, the City would receive an estimated \$73,000 from the sale proceeds of the property located at 1259 Pine Street and provide an appropriation of \$375,000 from the City's Commercial Housing Fund to be loaned to the Residential Housing In-Lieu fund for PAHC.¹

¹ By City Policy, the Commercial Housing Fund can only be used for construction of new units, therefore the Council's action would authorize a loan from this fund to be repaid by the Residential Housing Fund when funds become available (expected in FY16).

The funds would secure deed restrictions on three units that are not currently restricted for use as below market rate housing and would provide PAHC with additional resources to rehabilitate the El Dorado Avenue property. The inter-fund loan between the Commercial Housing In-Lieu and Residential Housing In-Lieu funds is for a period of one-year and will be repaid with interest in Fiscal Year 2016 when funds are expected to become available in the Residential Housing In-Lieu Fund.

Policy Implications

The actions recommended in this report implement the City's adopted Housing Element policies and programs supporting the preservation and development of extremely low, very low, and low income housing. For example, Policy H3.4 calls on the City to pursue funding for the acquisition, construction, and rehabilitation of affordable housing, and Program H3.4.4 states "The City will work with affordable housing developers to pursue opportunities to acquire, rehabilitation, and convert existing multifamily developments to long-term affordable housing units to contribute to the City's fair share of the region's housing needs."

Environmental Review

The funds would be used to deed-restrict the El Dorado Avenue property, which is not a project under CEQA. Any rehabilitation work proposed is all in the nature of maintenance and rehabilitation of the existing facilities, which is exempt from review under the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15301.

Attachments:

- Attachment A: 1980 Agreement of Sale for 1259 Pine Street (PDF)
- Attachment B: Budget Amendment Ordinance (DOCX)

ORIGINAL

6888347

Valley Title Company
Escrow No. 175520-cg
APN 3-45-70 Code No.

4105
1259 Pine St
Sale of Property
PAL Housing Corp

After recording return to:
CITY OF PALO ALTO
Real Estate Division
P. O. Box 10250
Palo Alto, CA 94303

AGREEMENT OF SALE

1259 Pine Street

F 700 28336

RECORD WITHOUT FEE UNDER SECTION 6103
GOVERNMENT CODE OF THE STATE OF CALIFORNIA

THIS AGREEMENT is made this 16th day of September ~~August~~, 1980

by and between the CITY OF PALO ALTO, a municipal corporation ("CITY") and the PALO ALTO HOUSING CORPORATION, a California non-profit corporation ("PAHC"), with reference to the following facts:

A. CITY owns a single family residence located at 1259 Pine Street, Palo Alto ("PROPERTY") more specifically described in the Grant Deed attached hereto as Exhibit A and made a part hereof.

B. PAHC desires to acquire PROPERTY from CITY and CITY desires to convey PROPERTY to PAHC with the PROPERTY to be made available as a low and moderate income rental unit, as such income limits shall be defined from time to time by the United States Department of Housing and Urban Development or any successor agency of the United States of America.

In consideration of the covenants and conditions below, the parties agree as follows:

1. Agreement to Sell. Subject to the terms and conditions set forth in this Agreement, CITY agrees to sell, transfer and deliver to PAHC, and PAHC agrees to purchase from CITY the PROPERTY subject to any and all conditions,

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VALLEY TITLE COMPANY

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deed restrictions, easements, highways, rights-of-way, zoning regulations, and other restrictions and limitations of record affecting the PROPERTY.

2. Purchase Price. For the transfer of the PROPERTY by CITY to PAHC, PAHC shall provide the following consideration:

a. Deposit. One Thousand Dollars (\$1,000) cash shall be deposited by PAHC in escrow to be opened by PAHC with VALLEY TITLE COMPANY ("TITLE COMPANY" herein) upon execution of this Agreement ("DEPOSIT" herein).

b. Cash on Closing. In addition to the DEPOSIT, PAHC shall pay Thirty-Seven Thousand Dollars (\$37,000) cash to CITY on the CLOSE OF ESCROW. The total purchase price for the PROPERTY shall be Thirty Eight Thousand Dollars (\$38,000).

3. CITY's Warranties. The CITY covenants and warrants to and for the benefit of PAHC, as follows:

a. Authority. CITY has full power and authority to own the PROPERTY and to sell, transfer and convey the PROPERTY to PAHC.

b. Inconsistent Contracts. The PROPERTY is not subject to any existing contract, lease, obligation, or commitment inconsistent with the use and enjoyment of the PROPERTY by PAHC.

c. Title. PAHC shall receive good and marketable title to the PROPERTY subject only to the exceptions set forth in the Preliminary Title Report issued by the TITLE COMPANY dated January 31, 1980.

4. PAHC's Warranties. PAHC covenants and warrants to and for the benefit of the CITY that PAHC is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has full corporate power and authority to engage in and consummate the transaction described herein.

5. Restriction on Use. As a condition to the sale of the PROPERTY by CITY, PAHC covenants with CITY that the PROPERTY shall be used exclusively for rental to low and moderate income tenants in accordance with the U.S. Department of HUD Section 8 program or successor program so long as such program is available. PAHC further covenants with CITY to properly manage the PROPERTY, including but not limited to, tenant qualification and selection, rent collection, evictions, if necessary, and any other activities commonly associated with residential rental management functions.

6. Option to Repurchase.

a. Option Price. PAHC hereby grants to the CITY the option to repurchase the PROPERTY together with any improvements thereto for the following purchase price:

(1) One Dollar (\$1.00) or the minimum legally binding consideration if the sum of \$1.00 is not sufficient;

(2) Assumption of all liens and encumbrances of record affecting the PROPERTY;

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(3) Payment to PAHC of an amount equal to the "PAHC DEFICIT" which is defined as (a) the cumulative negative cash flow, if any, incurred by PAHC as a result of managing, maintaining, insuring, and owning the PROPERTY, including servicing debts which are secured by deeds of trust affecting the PROPERTY, plus (b) any cash applied by PAHC toward the purchase of the PROPERTY as if it were advanced by an institutional lender, in particular such funds shall be evidenced by a promissory note amortized over a 30 year period and bearing an interest rate of 12% or any cash applied toward improving the PROPERTY, reduced by (c) any positive cash flow enjoyed by PAHC as a result of managing and owning the PROPERTY. Monthly cash flow shall be determined by rental income reduced by expenses of maintaining, managing, and owning the PROPERTY. The PAHC DEFICIT shall be subject to a cost of living adjustment as set forth in Section 10(b) below. Provided, however, that PAHC shall, prior to incurring any deficits, exercise its best efforts to inform the City of the need to incur, and extent of any potential deficit.

(4) Payment by the CITY of all transfer costs, including escrow fees, title insurance premiums, inspection charges, appraisals and taxes arising from the repurchase, should such fees and expenses be required.

b. Exercise of Option. CITY shall have the right to exercise this option upon sixty (60) days written notice to PAHC; provided, however, this option may only be exercised:

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(1) On or after January 1, 1982 and subject to any lease or tenancy affecting the PROPERTY;

(2) If PAHC provides CITY with one hundred twenty (120) days written notice of its intention to sell the PROPERTY, CITY shall have sixty (60) days after receipt of such notice from PAHC to notify PAHC in writing of its election to exercise the option. If the CITY does not so notify PAHC, then the option shall be extinguished and PAHC may sell the PROPERTY subject to the terms and conditions of this Agreement.

c. Restrictions on Repurchase by CITY. The CITY may repurchase the PROPERTY only if the PROPERTY is used by the CITY for:

(1) Low and moderate income tenants in accordance with the U.S. Department of HUD Section 8 program or successor program if such a program is available; or

(2) The PROPERTY is sold at its fair market value and if proceeds from the sale of the PROPERTY in excess of (i) the CITY's FUTURE PAYMENT, as that term is defined in sections 9 and 10.a below, and (ii) payments to PAHC pursuant to Section 6(a) are used by the CITY in furtherance of providing affordable housing in the City of Palo Alto.

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7. CITY Approvals. PAHC agrees as follows:

a. No refinancing, sale, conveyance, transfer, lease, or any other encumbrance affecting the PROPERTY or any part thereof or any improvement situated thereon shall be made by PAHC. No improvement to the PROPERTY in excess of \$500.00 shall be made by PAHC, and no person shall be put into possession of the PROPERTY, except for leases or rental agreements required under the HUD Section 8 program or any successor program if available, without the prior written approval of CITY; provided, however, that such approval by CITY shall not be unreasonably withheld. The parties agree and understand that funds from any refinancing or borrowing by PAHC secured by the PROPERTY and which are approved by the CITY shall be used for improving or repairing the PROPERTY.

b. CITY may enter and inspect the PROPERTY, improvements situated thereon, and the financial and corporate books of PAHC at reasonable times and upon reasonable notice to PAHC. CITY shall receive copies of PAHC annual financial statements affecting activities relating to the PROPERTY setting forth the PAHC DEFICIT, if any, for such period and the cumulative PAHC DEFICIT, if any.

c. The CITY hereby approves PAHC's borrowing \$38,000 to be secured by the PROPERTY, with this \$38,000 to be used by PAHC for the purchase price set forth in Section 2 above, closing costs, drapes, and appliances.

8. Maintenance and Insurance.

a. Maintenance. PAHC agrees: to keep the PROPERTY in good condition and repair; not to remove or demolish any building erected thereon without the prior written approval of CITY; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefore; to comply with all laws affecting the PROPERTY or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; to operate the PROPERTY in a businesslike manner; and to do all other acts which from the character or use of the PROPERTY may be reasonably necessary. The specific enumerations above do not exclude general maintenance obligations of PAHC.

b. Insurance. PAHC shall maintain insurance acceptable to CITY in full force and effect throughout its ownership of the subject property in accordance with this Agreement. The policy or policies of insurance maintained by PAHC shall provide the following limits and coverage.

Liability Insurance

<u>Policy</u>	<u>Minimum Limits of Liability</u>
(1) Workers Compensation	Statutory
(2) Comprehensive General Liability including personal injury, Broad form property, blanket contractual and liquor liability	Bodily Injury: \$500,000 each \$500,000 each occurrence \$500,000 aggregate Property Damage \$500,000 each occurrence

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(3) Fire & Extended Coverage Not less than 90% of the cost of including water damage & replacement of all insurable debris removal improvement within the Premises.

Insurance shall be in full force upon transfer of the property to PAHC. Each property insurance policy required by this agreement shall contain the following three clauses:

1. "This insurance shall not be cancelled, limited in scope of coverage, nor nonrenewed until after thirty (30) days written notice has been given to the CITY OF PALO ALTO/Real Estate Division, 250 Hamilton Avenue, Palo Alto, California, 94301."

2. "All rights of subrogation are hereby waived against the CITY OF PALO ALTO or the members of the City Council and elective or appointive officers or employees and when acting within the scope of their employment or appointment."

3. "The CITY OF PALO ALTO is named as a loss payee on the property insurance policy described above."

Each liability insurance policy required by this Agreement shall contain Clause I above and the following two clauses.

1. "The CITY OF PALO ALTO is added as an additional insured as respects operations of the named insured at or from the premises."

2. "It is agreed that any insurance maintained by the CITY OF PALO ALTO will apply in excess of, and not contribute with, insurance provided by this policy."

PAHC agrees to deposit with CITY, on or before conveyance of subject PROPERTY to PAHC, certificates of insurance necessary to satisfy CITY that the insurance provisions of this Agreement have been complied with, and to keep such insurance in effect and the certificates therefore on deposit with CITY.

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CITY shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If, in the opinion of CITY's Risk Manager, the insurance provisions in this Agreement do not provide adequate protection for CITY and for members of the public using the demised premises, CITY's Real Estate Division may require PAHC to obtain insurance sufficient in coverage, form, and amount to provide adequate protection. CITY's requirements shall be reasonable but shall be designed to assure protection from and against the kind and extent of the risk which exist at the time a change in insurance is required.

CITY's Real Estate Division shall notify PAHC in writing of changes in the insurance requirements; and if PAHC does not deposit copies of acceptable insurance policies with CITY incorporating such changes within sixty (60) days of receipt of such notice, or in the event PAHC fails to maintain in effect any required insurance coverage, this Agreement shall be in default without further notice to PAHC. Such failure shall constitute a substantial breach of this Agreement.

The procuring of such required policy or policies of insurance shall not be construed to limit PAHC's liability hereunder nor to fulfill the indemnification provision and requirements of this Agreement. Notwithstanding said policy or policies of insurance, PAHC shall be obligated for the

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full and total amount of any damage, injury, or loss caused by negligence or neglect connected with this Agreement or with use or occupancy of the Premises.

9. Sale by PAHC. If the CITY's option is extinguished pursuant to Section 6.b(2) above, PAHC may sell the PROPERTY; provided, however, that in the event PAHC sells the PROPERTY, PAHC shall pay to the CITY, upon close of escrow for such sale of the PROPERTY by PAHC, Twenty-Five Thousand Dollars (\$25,000) adjusted pursuant to the cost-of-living index set forth in Section 10.a below ("CITY'S FUTURE PAYMENT" herein).

10. Cost-of-Living Adjustment.

a. CITY'S FUTURE PAYMENT. The CITY'S FUTURE PAYMENT shall be Twenty-Five Thousand Dollars (\$25,000) adjusted by applying the Consumer Price Index for the San Francisco-Oakland Bay Area ("CPI" herein) as published by the U.S. Department of Labor, and any subsequent statistical index which may be designated by the Federal Government to provide such index. The \$25,000 base payment payable to the CITY upon sale of the PROPERTY shall be adjusted by multiplying such \$25,000 base payment by the percentage by which the CPI as of the first month following the close of escrow for the repurchase of the PROPERTY by the CITY pursuant to Sections 6 or 14 herein exceeds the CPI figure for the first month following the close of escrow for the sale of the PROPERTY by the CITY to PAHC contemplated herein.

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b. The PAHC DEFICIT, if any, shall be adjusted by the CPI by multiplying the PAHC DEFICIT, if any, by the percentage by which the CPI as of the first month following the close of escrow for the repurchase of the PROPERTY by the CITY pursuant to Sections 6 and 14 herein exceeds the CPI figure for the first month following the close of escrow for the sale of the PROPERTY by the CITY to PAHC contemplated herein.

11. Covenants to Run With the Land. This Agreement shall be recorded by the CITY as an encumbrance affecting the PROPERTY. The covenants and conditions of this Agreement shall be appurtenant conditions and easements which run with the land and shall inure to the benefit of and shall bind all parties, persons, and entities claiming under them or using or occupying the PROPERTY unless an instrument signed by both parties or their successors in interest has been recorded agreeing to change said conditions and covenants in whole or in part.

12. Conditions Precedent to Closing.

a. Conditions for PAHC. The obligations of PAHC pursuant to this Agreement are conditioned on the satisfaction or written waiver by PAHC of the following:

(1) Delivery of a grant deed by the CITY in the form of Exhibit A attached hereto;

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(2) Issuance of a CLTA by TITLE COMPANY subject only to the exceptions contained in the Preliminary Title Report issued by TITLE COMPANY dated January 31, 1980 and by liens and encumbrances recorded pursuant to the terms of this transaction, including recordation of a first deed of trust by a lender selected by PAHC including PAHC itself securing a promissory note in the amount of Thirty-Eight Thousand Dollars (\$38,000).

b. Conditions for CITY. The obligations of CITY pursuant to this Agreement are conditioned on the satisfaction or written waiver by CITY of the following:

(1) Payment by PAHC of Thirty-Five Thousand Dollars (\$35,000) to CITY upon close of escrow;

(2) Recording of this Agreement as an encumbrance to the PROPERTY.

13. Closing Costs. PAHC shall pay all fees, transfer taxes, title insurance premiums, and any other closing costs arising from the sale of the PROPERTY by CITY to PAHC.

14. Default by PAHC. Each of the following events constitutes a material breach and default by PAHC.

a. If foreclosure proceedings are commenced by any holder of a mortgage or deed of trust against the PROPERTY and PAHC does not cure the default within sixty (60) days of commencement of such proceedings.

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b. Failure to maintain the PROPERTY as set forth in Section 8 above.

c. Use of the PROPERTY other than as provided in Section 5 above, unless prior written approval of CITY has first been obtained.

d. Dissolution of PAHC.

e. The filing by PAHC of a voluntary petition in bankruptcy, a petition for reorganization, arrangement or other relief under the National Bankruptcy Act, or a voluntary petition for the appointment of a receiver or for other relief under the laws of any State, or the making by PAHC of an assignment of all or substantially all of its assets for the benefit of creditors.

f. The adjudication of PAHC as a bankrupt or insolvent, the appointment of a receiver of all or substantially all of PAHC's assets, or the entry of an order of the reorganization of PAHC under the National Bankruptcy Act, if such adjudication, order or appointment is made upon a petition filed against PAHC and is not, within sixty (60) days after it is made, vacated or stayed on appeal or otherwise, or if PAHC by any action or failure to act signifies its approval thereof, consent thereto or acquiescence therein.

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15. Remedies.

a. Cumulative Remedies. Each and all of the various rights, powers, options, recourses, and remedies contained herein shall be construed as cumulative and no one of them as exclusive of the other or as exclusive of any remedies allowed by law.

b. No Laches. No delay by CITY or PAHC in enforcing any right, power, option, recourse, or remedy afforded by the express terms hereof or by law shall affect, diminish, suspend, or exhaust any of such rights, powers, options, recourses, or remedies unless it is so expressly provided herein.

c. Injunction. In the event of a breach or a threatened breach of this Agreement, either party shall fail or refuse to perform stipulations hereof on their part, then the other party at its option may, by suit, enforce specific performance by the defaulting party, the execution of a deed as herein provided, and performance of any other act hereby required of the defaulting party and/or may recover from such defaulting party whatever damages they may have suffered by reason of such default.

d. Repurchase Option. Upon any default by PAHC, CITY may exercise its option to repurchase the PROPERTY pursuant to Section 6 above, even if the CITY's option has otherwise expired or been extinguished.

16. Time. Time is of the essence in this Agreement and each provision hereof.

17. Attorneys' Fees. Should any litigation be commenced between the parties hereto concerning this Agreement or the rights and duties in relation thereto, the party prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for its attorneys' fees in such litigation which shall be determined by the court in such litigation or in a separate action brought for that purpose.

18. Entire Agreement. This instrument contains the entire agreement between PAHC and CITY regarding the sale of PROPERTY, and any agreement or representation regarding the sale of PROPERTY or the duties of either PAHC or CITY in relation thereto not expressly set forth in this instrument is null and void.

19. Binding on Successors. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective representatives, successors and assigns except as otherwise provided herein.

20. Amendment or Modification. This Agreement may be amended or modified by, and only by, a written instrument executed by the parties.

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21. Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto set their hands the day and year first above written.

PALO ALTO HOUSING CORPORATION,
a California Non-Profit Corporation

By Suzanne R. MacArthur
President

CITY OF PALO ALTO

By Alan Henderson
Mayor

ATTEST:

Alan J. Lauer
City Clerk

Rev. C. W. Allen
City Attorney

APPROVED:

Alan Henderson
City Manager

Alan Henderson
Director, Budget and
Resource Management

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F 700 233 352

Alfred L. Mitchell
City Controller

J. M. Day
Real Property Administrator

F 700 REC 353

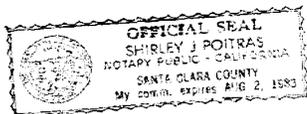
CITY OF PALO ALTO ACKNOWLEDGMENT

STATE OF CALIFORNIA, COUNTY OF SANTA CLARA ss:

On SEPT 19 '80, before me, the undersigned, a Notary Public in and for said County and State, personally appeared ALAN HENDERSON, known to me to be the Mayor of the City of Palo Alto, the municipal corporation that executed the within instrument on behalf of said municipal corporation, and acknowledged to me that said municipal corporation executed the same.

WITNESS my hand and official seal.

Shirley J. Poitras
Notary Public in and for said
County and State



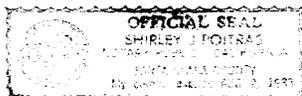
CORPORATE ACKNOWLEDGMENT

STATE OF CALIFORNIA, COUNTY OF SANTA CLARA ss:

On this 16th day of SEPT, 1980, before me, a Notary Public in and for said County and State, personally appeared SUZANNE R. McEVERSON, known to me to be the _____ President, and known to be to be the _____ Secretary of the Corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Shirley J. Poitras
Notary Public in and for said
County and State



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Recorded at Request of:
City of Palo Alto
250 Hamilton Ave.
Palo Alto, CA 94301

and when recorded return to:
Palo Alto Housing Corporation
467 Hamilton Ave.
Palo Alto, CA 94301

A.P. No.: PRIN: 03-45-70
Project No.: CF-7/15-80/30
Project: Sale of Property
1259 Pine Street

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
the City of Palo Alto, a municipal corporation, does hereby GRANT to:

Palo Alto Housing Corporation, A California Corporation

the real property in the City of Palo Alto, County of Santa Clara, State of
California described ~~as~~ in Exhibit A1 attached hereto and made a part hereof
subject to the covenants and conditions set forth in the _____, 1980
Contract of Sale between Grantor and Grantee recorded on Oct 21, 1980
in Book _____ Page _____, Official Records, Santa Clara County.

6888347

EXHIBIT **A**

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F 700 PAGE 355

Dated: _____

Grantor:
City of Palo Alto, a
Municipal Corporation

By _____

STATE OF CALIFORNIA; COUNTY OF SANTA CLARA: ss.

On _____, before me, the undersigned, a Notary Public in and for said County and State, personally appeared _____, known to me to be the _____ of the City of Palo Alto, the municipal corporation that executed the within instrument on behalf of said municipal corporation, and acknowledged to me that said municipal corporation executed the same.

WITNESS my hand and official seal.

Notary Public in and for said County and State

APPROVALS

Approved as to Form City Attorney By _____	Approved as to Content Budget and Resource Management/ Real Estate Division By _____
Approved as to Description Public Works/Engineering By _____	By _____

EXHIBIT **A**

NOT 8 1 1980

A.P. NO. 3.45.73 & 3.45.70
PREPARED BY: L. Cortes
CHECKED BY: E. Wilderink
APPROVED BY: J. Abler
DATE: January 9, 1980

LEGAL DESCRIPTION

F 700 356

Beginning at the northwest corner of Lot 1 of Block 6. as shown on that certain map entitled "Alba Park Addition" recorded on December 18, 1905 in Book L of Maps at page 8, County of Santa Clara, State of California;

Thence from said point of beginning at right angles southerly along the easterly line of Pine Street (60' wide) 90.00';

Thence easterly at right angles and parallel to the southerly line of Community Lane (13' wide) 90.00';

Thence northerly at right angles and parallel to the easterly line of Pine Street, 90.00' to a point on the southerly line of Community Lane;

Thence westerly along said southeasterly line of Community Lane, 90.00' to the point of beginning and being a portion of Lots 1 and 2 of said Block 6.

EXHIBIT A (1042)

EXHIBIT A

001 31 1980

F 700 357

PINE STREET

COMMUNITY LANE

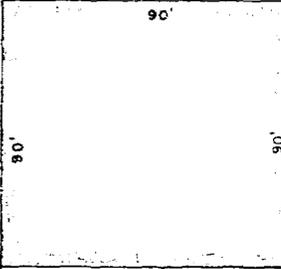


EXHIBIT 'A' (2 of 2)

FIGURING 40.21 41464

FIELD BOOK	31-80	PROPERTY CONVEYANCE PTN. LOTS 1 & 2 BLK. 6, ALBA PARK ADDITION	APPROVED: <i>[Signature]</i> 1982	SCALE: 1" = 40'
PAGE	DATE		ENGINEER	DWG NO.
CHECKED		CITY OF PALO ALTO, CALIFORNIA	REVISION	FILE NO.
REVIEWED: <i>[Signature]</i>				

CSB I C 100

Ordinance No. XXXX

ORDINANCE OF THE COUNCIL OF THE CITY OF PALO ALTO AMENDING THE BUDGET FOR FISCAL YEAR 2015 IN THE COMMERCIAL HOUSING IN-LIEU FUND TO RECOGNIZE \$73,000 IN ADDITIONAL PROCEEDS FROM THE SALE OF PROPERTY LOCATED AT 1259 PINE STREET AND TRANSFER AN ADDITIONAL APPROPRIATION OF \$375,000 FROM THE COMMERCIAL HOUSING IN-LIEU FUND TO BE TRANSFERRED TO THE RESIDENTIAL HOUSING IN-LIEU FUND FOR AN INTER-FUND LOAN FOR A PERIOD OF ONE-YEAR FOR USE BY THE PALO ALTO HOUSING CORPORATION TO REHABILITATE AND DEED RESTRICT THREE UNITS LOCATED AT 110-130 EL DORADO

The Council of the City of Palo Alto does ORDAIN as follows:

SECTION 1. The Council of the City of Palo Alto finds and determines as follows:

A. Pursuant to the provisions of Section 12 of Article III of the Charter of the City of Palo Alto, the Council on June 16, 2014 did adopt a budget for Fiscal Year 2015; and

B. The Palo Alto Housing Corporation is the owner of property located at 2811-2825 Alma/110-130 El Dorado, that provides low-income housing to Palo Alto residents; and

C. The City's Affordable Housing Fund Guidelines require that funds be used to expand, preserve, or improve the supply of low and moderate income housing in the City as defined by the City's comprehensive plan and this project will help the City meet its Regional Housing Needs Allocation (RHNA) requirement as mandated by the State of California; and

D. In 1980, the City sold a single-family home located at 1259 Pine Street to the Palo Alto Housing Corporation (PAHC) for the express purpose as lower income housing, a use that PAHC has continuously maintained since that time. Given the high property values in Palo Alto, equity in the 1259 Pine Street property can be utilized more efficiently to address affordable housing needs elsewhere in Palo Alto. The PAHC has requested approval from the City to sell a single-family property located at 1259 Pine Street of which \$73,000 will be paid to the City upon the close of escrow; and

E. The City's proceeds from 1259 Pine Street (\$73,000) in addition to a supplemental appropriation of \$302,000 from the Commercial Housing In-Lieu Fund, for a total of \$375,000, will be loaned to the Residential Housing In-Lieu Fund for the rehabilitation and deed restricting of existing units located at 110-130 El Dorado.

SECTION 2. Therefore, the sum of Seventy Six Thousand Dollars (\$73,000) is hereby recognized in the Commercial Housing In-Lieu Fund as proceeds from the sale of property located at 1259 Pine Street.

INTRODUCED AND PASSED: Enter Date Here

AYES:

NOES:

ABSENT:

ABSTENTIONS:

NOT PARTICIPATING:

ATTEST:

City Clerk

APPROVED AS TO FORM:

Senior Assistant City Attorney

Mayor

APPROVED:

City Manager

Director of Administrative Services

Director of Planning Community and
Environment