State of California

MEMORANDUM

To: CHFA Board **Date: 03-07-00**

From: G R Schermerhorn, Director of Programs
CALIFORNIA HOUSING FINANCE AGENCY

Subject: Single Family MRB Sales Price Limits

The following is a report on what the Agency has done to address the problem of outdated sales price limits applicable to our Single Family Mortgage Revenue Bond programs.

Included in the applicable federal requirements on our Single Family Mortgage Revenue Bond programs are two requirements generally recognized as income limits and sales prices limits. The U.S Department of Housing and Urban Development is responsible for the promulgation of the annual update of income limits, and the U.S. Treasury Department is responsible for the annual update of sales price limits.

A problem developed with sales price limits when the Treasury Department failed to issue any annual updates subsequent to their September 6, 1994, update. The resurgent California economy and the resultant increase in real estate purchase prices has increasingly priced single family homes above the outstanding sales price limits.

Last year we raised this issue at the National Council of State Housing Agencies (NCSHA) spring conference recommending that a national effort be made to advocate either the elimination of sales price limits or the application of a less complicated process that could be easily administered by all states. Through participation in a NCSHA working group, we recommended an alternative approach that is currently being pursued in Congress. If sales price limits are not eliminated, the proposal is to apply a 3.5 multiplier on income limits to determine applicable sales price limits. We've advocated this approach because income limits define the public purpose objective and income limits have the most impact on determining the maximum loan amount and ultimately the sales price.

Faced with escalating home prices, an uncertain legislative resolution to this problem, and no indication that the Treasury Department was going to issue any further sales price updates, we took action consistent with the provisions of Section 143(e)(2) of the Internal Revenue Code of 1986 and 26 CFR (Code of Federal Regulations), Section 6a, which authorizes an issuer to use average area purchase price limitations different from the safe harbor limitations published by the Treasury Department for which the issuer has more accurate and comprehensive data.

Last fall we commissioned a statewide survey to update average area purchase prices for all counties and metropolitan areas in California. It was a substantial task as comprehensive purchase price data is not readily available for every county in the state. In some cases this is because the county assessor's offices do not identify all parcels by a use code. This makes it difficult to determine whether or not a sale should be included in the calculations. Also, for a few of the small counties, very limited data is available for new home sales.

The data we received is derived from housing sales transactions recorded during the 12-month period November 1998 through October 1999, except for San Benito County for which the most recent 12-month period for which data is available is June 1998 through May 1999.

The results of this effort and the sales price limits we plan on utilizing are displayed on the attached charts. The first chart compares (from left to right by county):

- the current CHFA sales price limits based on the last Treasury Department sales price update issued 09-06-94;

- the average area purchase price limits as determined by our recent statewide update. Where insufficient or no data was available, it is noted as 'No Data';

- the updated CHFA Single Family sales price limits.

The second chart illustrates the basis for determining the sales price limits using a 3.5 multiplier on the higher of a county or statewide median income for a family of 3 or more. We've applied the following criteria in finalizing the limits that are derived by using the 3.5 multiplier on income limits:

- no county sales price limit will be less than the current sales price limit;

- sales price limits resulting from the 3.5 multiplier are no less than the current sales price limits and no greater than the average area purchase price limits in our statewide update;

- and adjustments to the CHFA limits between new construction and resale are based on the ratios between the average area purchase price limits in our statewide update (except for Monterey, San Mateo, San Francisco & Marin where sales price limits were less than resale).

We have used the 3.5 multiplier to establish the sales price limits as the most appropriate and consistent method of achieving our public purpose objectives in serving the needs of low and moderate families.

We also explored the feasibility of providing a 'safe harbor' publication of the results of our statewide update so that local and state governments could rely on this information for their program purposes without incurring additional costs. However there is no supporting legal authority to accomplish this. Alternatively we will be making our information available for local and state government use and we will continue to do annual updates until such time as there is a more appropriate resolution to this issue.

COMPARISON OF SALES PRICE LIMITS

3/7/00

	1994 CURRENT LIMITS		SURVEY LIMITS		CHFA LIMITS	
	New Const.	Resale	New Const.	Resale	New Const.	Resale
Alameda	$ 199,930	$ 187,972	$ 353,342	$ 239,982	$ 264,443	$ 239,982
Alpine	$ 169,109	$ 143,915	$ 207,429	$ 162,573	$ 207,429	$ 162,573
Amador	$ 169,109	$ 143,915	$ 131,698	$ 115,852	$ 169,109	$ 143,915
Butte	$ 169,109	$ 96,310	$ 134,586	$ 109,031	$ 169,109	$ 109,031
Calaveras	$ 169,109	$ 143,915	No Data	No Data	$ 169,109	$ 143,915
Colusa	$ 169,109	$ 143,915	No Data	$ 89,351	$ 169,109	$ 143,915
Contra Costa	$ 199,930	$ 187,972	$ 353,342	$ 239,982	$ 264,443	$ 239,982
Del Norte	$ 169,109	$ 143,915	No Data	No Data	$ 169,109	$ 143,915
El Dorado	$ 153,708	$ 134,257	$ 190,076	$ 147.930	$ 190,076	$ 147,930
Fresno	$ 169,109	$ 115.113	$ 134,339	$ 99,653	$ 169,109	$ 115.113
Glenn	$ 169,109	$ 143,915.	No Data	No Data	$ 169,109	$ 143,915
Humboldt	$ '169,109	$ 143,915	$ 113.608	$ 107,192	$ 169,109	$ 143,915
Imperial	$ 169.109	$ 143,915	$ 128,774	$ 99,048	$ 169,109	$ 143,915
Inyo	$ 169,109	$ 143,915	$ 96,062	$ 144,448	$ 169,109	$ 144,448
Kern	$ 169,109	$ 98,521	$ 113,117	$ 87,342	$ 169,109	$ 98.521
Kings	$ 169,109	$ 143,915	No Data	No Data	$ 169,109	$ 143,915
Lake	$ 169,109	$ 143.915	No Data	No Data	$ 169,109	$ 143,915
Lassen	$ 169,109	$ 143,915	No Data	$ 96,172	$ 169,109	$ 143,915
Los Angeles	$ 230,564	$ 196,198	$ 281,903	$ 219,684	$ 247,779	$ 219,684
Madera	$ 169,109	$ 115,113	$ 134,339	$ 99,653	$ 169,109	$ 115,113
Marin	$ 224,072	$ 256,510	$ 394,808	$ 421,041	$ 291,410	$ 291,410
Mariposa	$ 169,109	$ 143,915	No Data	$ 134,680	$ 169,109	$ 143,915
Mendocino	$ 169,109	$ 143,915	$ 149,338	$ 154,266	$ 169.109	$ 154,266
Merced	$ 169,109	$ 143,915	$ 124,700	$ 101,130	$ 169,109	$ 143,915
Modoc	$ 169,109	$ 143,915	No Data	No Data	$ 169,109	$ 143,915
Mono	$ 169,109	$ 143,915	No Data	No Data	$ 169,109	$ 143.915
Monterey	$ 169,109	$ 178,556	$ 239,380	$ 292,529	$ 217,753	$ 217,753
Napa	$ 173,303	$ 174,219	$ 234,968	$ 162,889	$ 217,753	$ 174,219
Nevada	$ 169,109	$ 143.915	$ 177,890	$ 184,971	$ 177,890	$ 184,971
Orange	$ 229,883	$ 204,837	$ 345,436	$ 245,864	$ 274,908	$ 245,864
Placer	$ 153,708	$ 134,257	$ 190,076	$ 147,930	$ 190,076	$ 147,930
Plumas	$ 169,109	$ 143,915	No Data	No Data	$ 169,109	$ 143,915
Riverside	$ 149,599	$ 160,249	$ 196,464	$ 122,656	$ 196,464	$ 160,249
Sacramento	$ 153,708	$ 134,257	$ 190,076	$ 147,930	$ 190,076	$ 147,930
San Benito	$ 169,109	$ 143.915	$ 237,374	$ 208,689	$ 217,753	$ 208,689
San Bernardino	$ 149,599	$ 160,249	$ 196,464	$ 122,656	$ 196,464	$ 160,249
San Diego	$ 149,933	$ 167,232	$ 283,604	$ 217,167	$ 217,753	$ 217,167
San Francisco	$ 224,072	$ 256,510	$ 394,808	$ 421,041	$ 291.410	$ 291,410
San Joaquin	$ 169,109	$ 120,512	$ 171,105	$ 122,133	$ 171,105	$ 122.133
San Luis Obispo	$ 169,109	$ 178,861	$ 208,914	$ 202,109	$ 208,914	$ 202.109
San Mateo	$ 224,072	$ 256,510	$ 394,808	$ 421,041	$ 291,410	$ 291,410
Santa Barbara	$ 169.109	$ 183;443	$ 236,364	$ 235,066	$ 217,753	$ 216,665
Santa Clara	$ 237,705	$ 228,411	$ 412,505	$ 347,916	$ 332,465	$ 280,268
Santa Cruz	$ 169,109	$ 215,278	$ 324,999	$ 295,322	$ 245,525	$ 223,180
Shasta	$ 169,109	$ 111,113	$ 120,078	$ 102,758	$ 169,109	$ 111,113
Sierra	$ 169,109	$ 143.915	No Data	No Data	$ 169,109	$ 143,915
Siskiyou	$ 169,109	$ 143,915	No Data	No Data	$ 169,109	$ 143,915
Solano	$ 173,303	$ 174,219	$ 234,968	$ 162,889	$ 217,753	$ 174,219
Sonoma	$ 169,109	$ 188,590	$ 257,188	$ 219,373	$ 224,998	$ 219,373
Stanislaus	$ 169,109	$ 112,412	$ 145,361	$ 108,568	$ 169,109	$ 112,412
Sutter	$ 169,109	$ 143,915	$ 145,172	$ 103,008	$ 169,109	$ 143,915
Tehama	$ 169,109	$ 143.915	$ 112,543	$ 82,341	$ 169,109	$ 143,915
Trinity	$ 169,109	$ 143,915	No Data	No Data	$ 169,109	$ 143,915
Tulare	$ 169,109	$ 88,267	$ 123,917	$ 120,806	$ 169,109	$ 120,806
Tuolumne	$ 169,109	$ 143,915	$ 108,702	$ 91,506	$ 169,109	$ 143.915
Ventura	$ 169,109	$ 190,349	$ 322,661.	$ 216,258	$ 262,833	$ 216,258
Yolo	$ 169,109	$ 143,915	$ 220,257	$ 161,204	$ 217,753	$ 161,204
Yuba	$ 169,109	$ 143,915	No Data	No Data	$ 169,109	$ 143,915

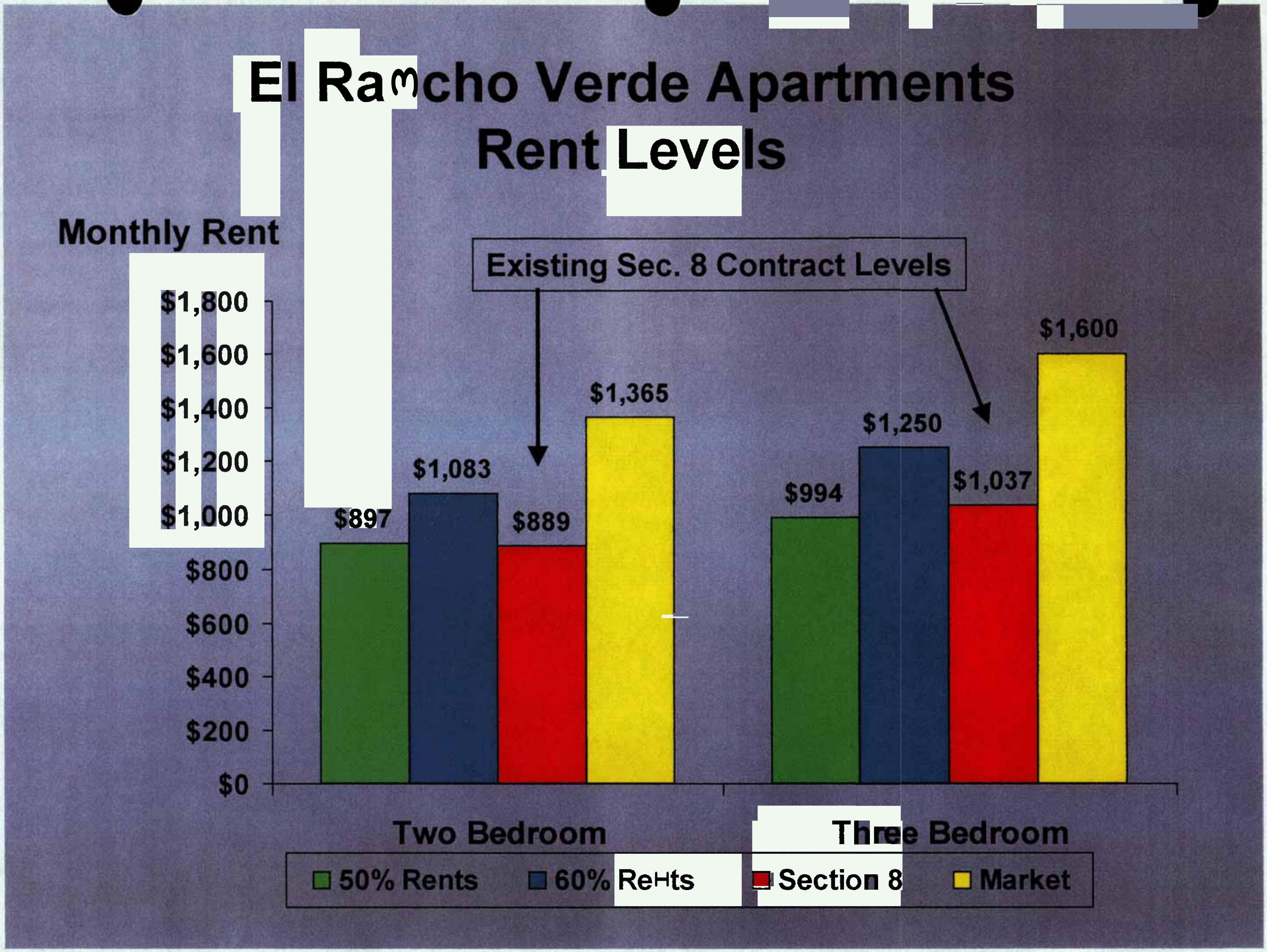
SalesPriceLimits.xls

AFFORDABILITY-BASED PROPOSED SALES PRICE LIMITS

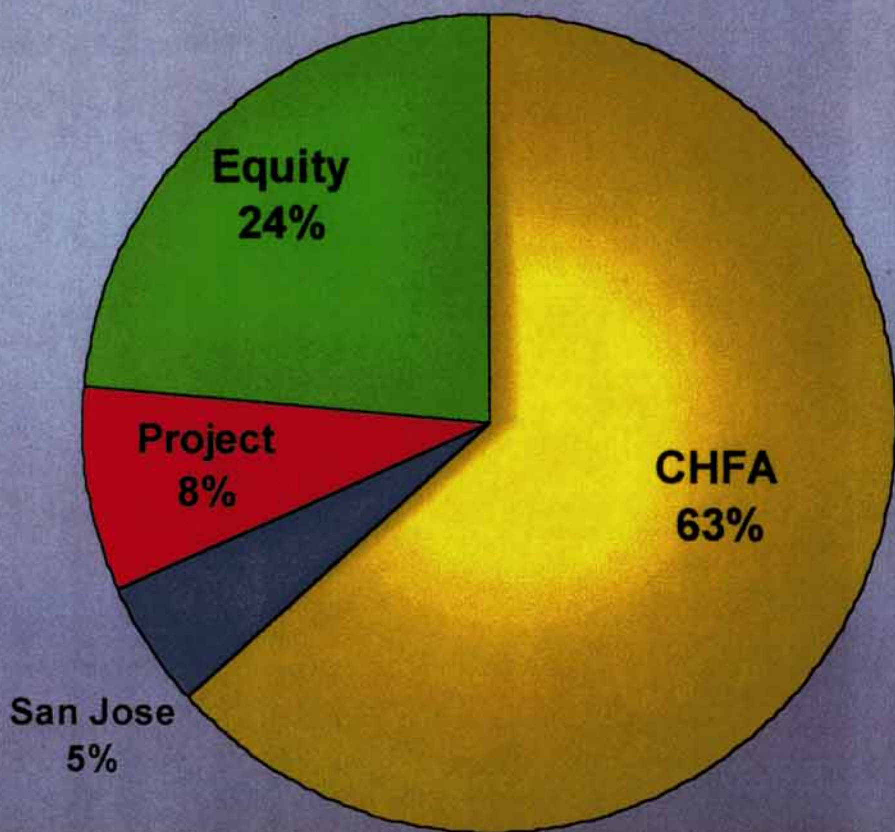
2/24/00
Non-Target

COUNTY NAME	3+ Persons 115% MRB Income	x 3.5 Proposed Sales Price	Current Non-Target New	Current Non-Target Resale
ALAMEDA	$ 75,555	$ 264,443	$ 199,930	$ 187,972
ALPINE	$ 62,2 15	$ 217,753	$ 169,109	$ 143,915
AMADOR	$ 62,215	$ 217.753	$ 169,109	$ 143,915
BUTTE	$ 62,215	$ 217.753	$ 169.109	$ 96,310
CALAVERAS	$ 62,215	$ 217,753	$ 169.109	$ 143.915
COLUSA	$ 62,215	$ 217,753	$ 169,109	S 143,915
CONTRA COSTA	$ 75.555	$ 264,443	$ 199,930	S 187,972
DEL NORTE	$ 62,215	$ 217,753	$ 169,109	$ 143,915
EL DORADO	$ 62,215	$ 217.753	$ 153,708	$ 134,257
FRESNO	$ 62,215	$ 217,753	$ 169,109	$ 115,113
GLENN	$ 62.21 5	S 217,753	S 169.109	S 143,915
HUMBOLDT	$ 62,215	$ 217,753	S 169,109	S 143.915
IMPERIAL	$ 62,215	$ 217,753	S 169,109	S 143.915
INYO	$ 62.215	S 217.753	S 169,109	S 143,915
KERN	$ 62.215	$ 217,753	S 169,109	S 98.521
KINGS	$ 62.21 5	S 217,753	S 169,109	S 143,915
LAKE	$ 62,215	$ 217.753	$ 169,109	$ 143.915
LASSEN	$ 62,215	$ 217,753	$ 169,109	$ 143,915
LOS ANGELES	$ 70,794	$ 247,779	$ 230,564	$ 196.198
MADERA	$ 62.21 5	$ 217.753	$ 169,109	$ 115,113
MARIN	$ 83,260	$ 291,410	$ 224.072	$ 256,510
MARIPOSA	$ 62.215	$ 217,753	$ 169,109	$ 143,915
MENDOCINO	$ 62.215	$ 217,753	$ 169.109	$ 143,915
MERCED	$ 62.21 5	S 217,753	S 169.109	$ 143.915
MODOC	$ 62,215	S 217,753	$ 169,109	S 143.915
MONO	$ 62,215	$ 217.753	$ 169.109	S 143,915
MONTEREY	$ 62,215	$ 217,753	$ 169.109	$ 178.556
NAPA	$ 62.21 5	$ 217.753	$ 173,303	$ 174.219
NEVADA	$ 62,215	$ 217.753	$ 169,109	S 143.915
ORANGE	$ 78,545	$ 274,908	$ 229,883	$ 204.837
PLACER	$ 62.2 15	$ 217,753	$ 153.708	$ 134.257
PLUMAS	$ 62,215	$ 217.753	S 169,109	$ 143,915
RIVERSIDE	$ 62,215	$ 217.753	$ 149,599	$ 160,249
SACRAMENTO	$ 62.21 5	$ 217,753	$ 153,708	$ 134,257
SAN BENITO	$ 62,215	$ 217.753	$ 169,109	$ 143,915
SAN BERNARDINO	$ 62,215	$ 217.753	$ 149,599	$ 160,249
SAN DIEGO	$ 62,215	S 217,753	S 149,933	$ 167.232
SAN FRANCISCO	$ 83.260	$ 291,410	$ 224,072	$ 256,510
SAN JOAQUIN	$ 62,215	$ 217.753	$ 169.109	S 120,512
SAN LUIS OBISPO	$ 62,215	S 217,753	S 169.109	S 178,861
SAN MATEO	$ 83,260	$ 291,410	$ 224,072	$ 256,510
SANTA BARBARA	$ 62,215	$ 217,753	$ 169.109	$ 183.443
SANTA CLARA	$ 94,990	$ 332,465	$ 237,705	$ 228.411
SANTA CRUZ	$ 70.1 50	$ 245,525	$ 169,109	$ 215,278
SHASTA	$ 62,215	S 217.753	$ 169.109	$ 111.113
SIERRA	$ 62,215	$ 217,753	S 169,109	$ 143,915
SISKIYOU	$ 62,215	S 217,753	$ 169.109	$ 143,915
SOLANO	$ 62.215	S 217,753	S 173,303	$ 174,219
SONOMA	$ 64,285	S 224,998	S 169.109	S 188,590
STANISLAUS	$ 62,215	S 217,753	S 169,109	S 112,412
SUTTER	$ 62.21 5	S 217.753	S 169,109	$ 143,915
TEHAMA	$ 62,215	$ 217.753	S 169,109	$ 143.915
TRINITY	$ 62,215	S 217.753	S 169,109	S 143,915
TULARE	$ 62,215	S 217.753	S 169.109	S 88,267
TUOLUMNE	$ 62,215	S 217.753	S 169,109	S 143,915
VENTURA	$ 75.095	$ 262.833	S 169,109	S 190.349
YOLO	$ 62.2 15	S 217.753	S 169.109	$ 143,915
YUBA	$ 62.2 15	S 217,753	$ 169,109	$ 143,915

SalesPriceBackup.xls

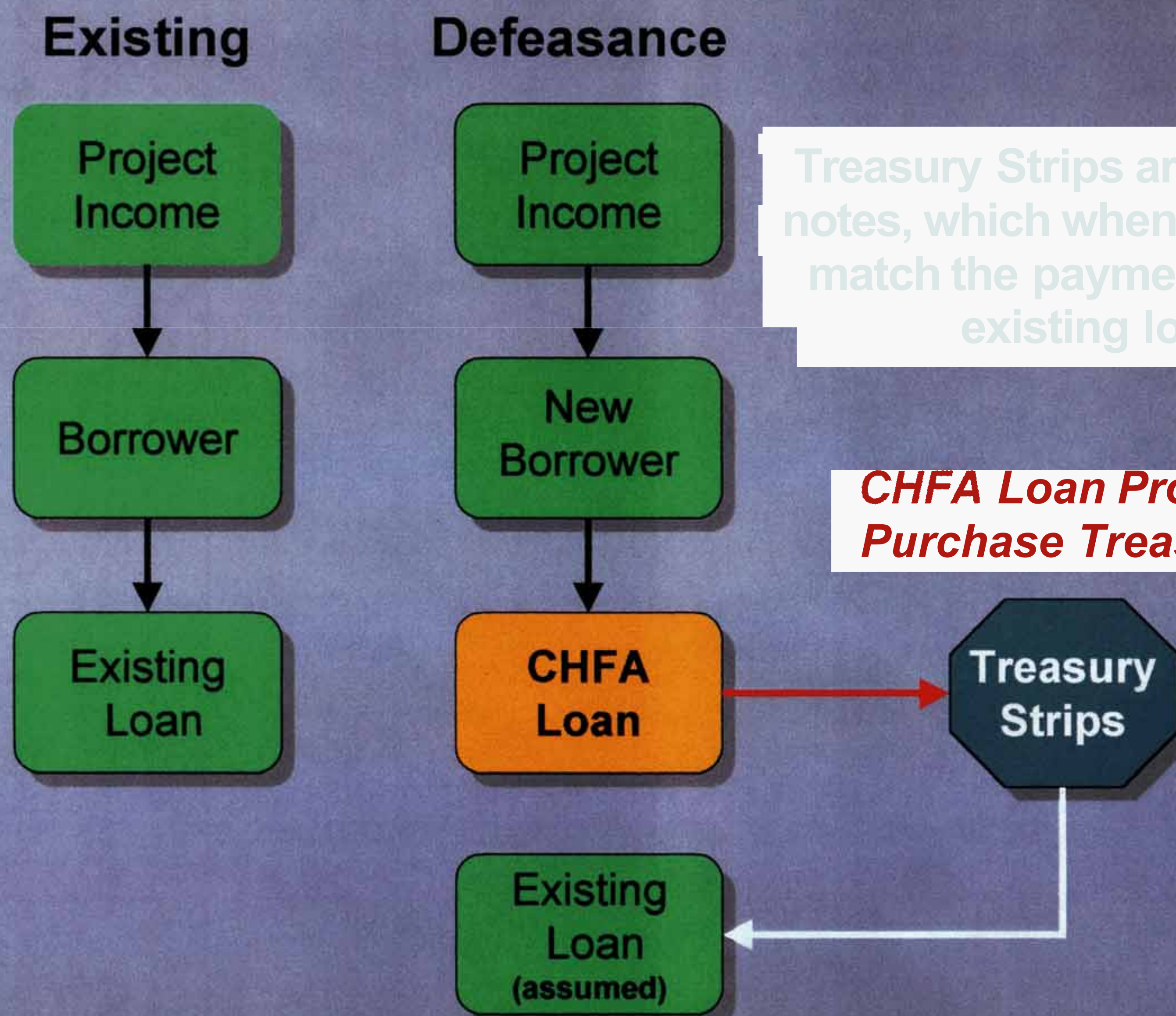

El Rancho Verde Apartments
Rent Levels
Monthly Rent
$1,800
$1,600
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
Existing Sec. 8 Contract Levels
$897
$1,083
$889
$1,365
$994
$1,250
$1,037
$1,600
Two Bedroom
Three Bedroom
50% Rents
60% Rents
Section 8
Market

Sources of Project Funds



- *CHFA Tax-Exempt and Taxable*
  - *$70 million*
- *City of San Jose*
  - *$5.5 million*
- *Project Operations*
  - *$9 million*
- *Tax Credit Equity*
  - *$26 million*

LOAN DEFEASANCE



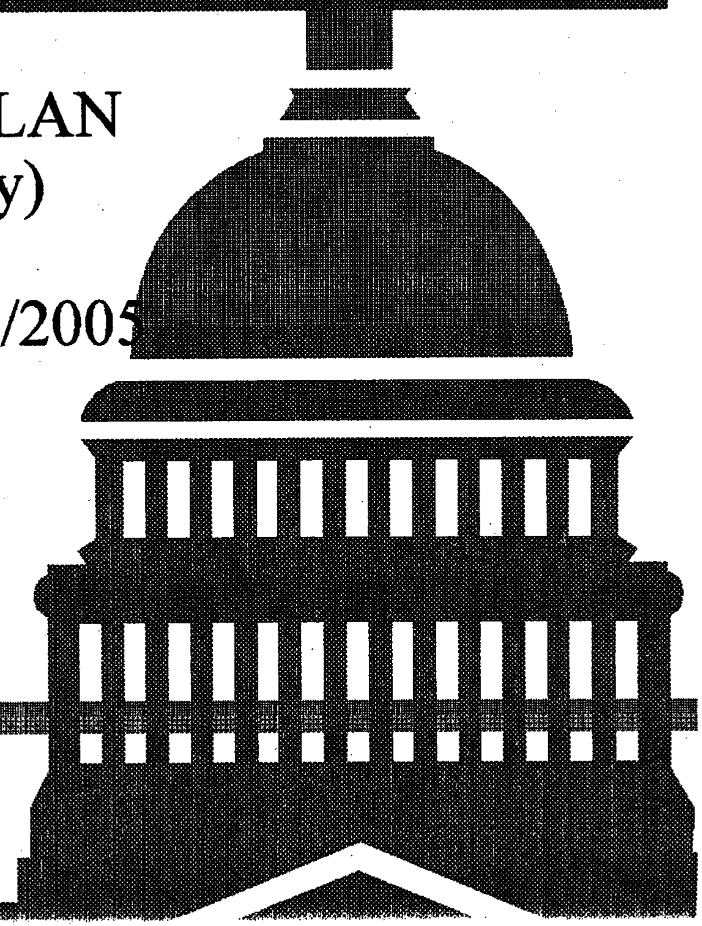
Treasury Strips are risk free notes, which when redeemed match the payments of the existing loan

CHFA Loan Proceeds Purchase Treasury Strips

CHFA PROGRAMS

BUSINESS PLAN
(preliminary)

2000/01 - 2004/2005



SINGLE FAMILY

■ MISSION

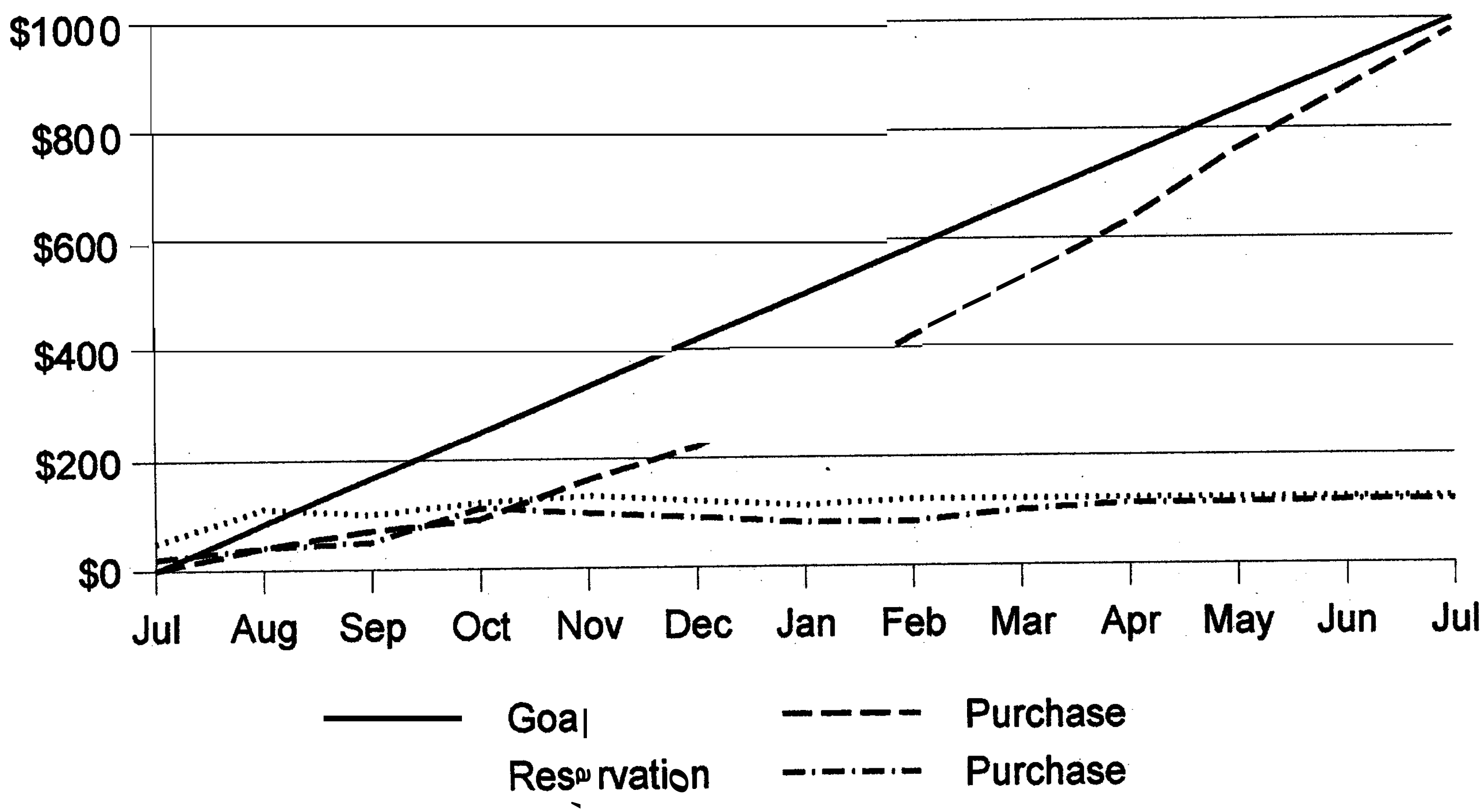
To provide homeownership opportunities to very low, low and moderate income first-time homebuyers.

■ OBJECTIVES

- Provide below market, long term, fixed rate, first mortgage loans;
- Loan availability throughout the year;
- Equitable distribution of loans throughout the state and between new construction and resale.

	2000/01	2001/02	2002/03	2003/04	2004/05
SF Loans	$1,000M	$1,000M	$1,000M	$1,000M	$1,000M
HAT (Housing Assistance Trust)					
Mortgage Assistance	$15M	$15M	$15M	$15M	$15M
Self **Help**	$2M	$2M	$ 2M	$2M	$2M
Total	$1,017M	$1,017M	$1,017M	$1,017M	$1,017M

1999/2000 SF Business Plan



CHFA Interest Rates

- 03-09-2000

	Standard	AHPP
Statewide		
Moderate	8.0%	N/A
Low Income	7.25%	7.0%
Hi Cost		
Moderate	7.75 %	N/A
Low Income	7.0%	6.75%

Multi Family

MISSION

Maximize public purpose benefit in rental housing for very low, low and moderate income individuals and families.

OBJECTIVES

- Provide below market, long term, fixed rate permanent financing for new construction and acquisition/ rehabilitation projects.
- Facilitate the preservation of affordable rental housing.
- Address unmet needs.

- RETAIL: Direct lending to for-profit, non-profit and government agencies.
- WHOLESALE: Provide secondary market support.
- HAT (Housing Assistance Trust): Loan funds used to support the primary lending objectives.

■	2000/01	2001/02	2002/03	2003/04	2004/05
Retail Loans	$200M	$200M	$200M	$200M	$200M
HAT Loans	$20M	$20M	$20M	$20M	$20M
Wholesale	$700M				
Total	$920 M	$220 M	$220 M	$220 M	$220 M

Specialty Programs

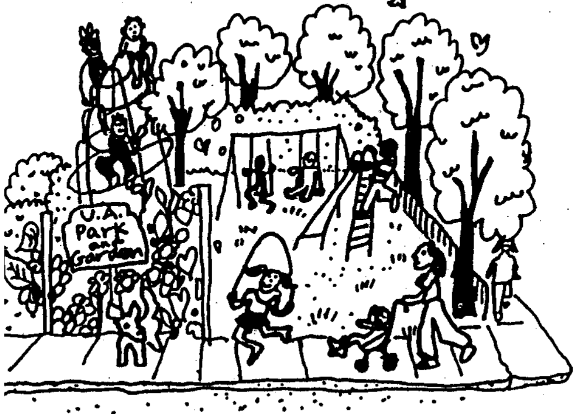
■	2000101	2001/02	2002/03	2003/04	2004105
HELP	$20 M	$20 M	$20 M	$20 M	$20 M
Small Business	$2 M	$2 M	$2 M	$2 M	$2 M
Total	$22 M	$22 M	$22 M	$22 M	$22 M

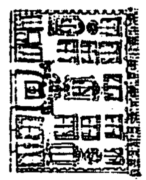
University Avenue Cooperative Homes

University Avenue Cooperative Homes opened in 1982 in Berkeley, U A. Housing's first development The site was a half city black that contained five 1920s-era cottages and an eight-unit apartment &ld-ing Architects Lyndon/Buchanan drew up plans for a mixed-unit complex that would retain the old structures on the block, while building a cluster of new apartments and townhouses among them The 47-unit, low-income development is a successful example of infill housing the original appearance from the street remains unchanged, while an attractive set of planted walkways leads to the townhouses and apartments behind

The tenants' co-op organization manages the day-to day affairs cr UACH The co-op principle works to empower tenants with owner ship and control of their co-op organization and to create a supportive and productve community

Tenants are selected from eligible low-income individuals a i d fain. ilies to assure a mixture of generations and ethnic groups and to include people who are physically and mentally disabled Rents are subsidized by the federal Section 8 program





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U.A. Housing, Inc.
1640 Addison St.
Berkeley, CA 94703

Tel. (510) 843-0588
Fax: (510) 843-2730

POSTAGE

U.A. HOUSING,.' INC.

U.A. Cooperative Homes

A History of Commitment to Affordable Housing

IN 1976 A GROUP OF CONCERNED TENANTS and members of the Consumers Cooperative of Berkeley decided that cooperative housing could be the answer to providing stable, affordable homes for low-income people, while empowering them through co-op ownership Housing costs were starting to skyrocket, resulting in displacement of many low-income families from Berkeley, thus threatening the city's economic, social and racial diversity

By 1978 the Housing Task Force of the Consumers Cooperative, which had been formed to look into uses for a piece of Co-op owned land, incorporated as a community board, called U A Housing, Inc , and began plans for a low-income, cooperative housing development on the site. The development was named University Avenue Cooperative Homes

Today U A Housing functions as the parent organization of U A Cooperative Homes, while looking for other sites to acquire and develop for low and moderate income housing Its latest project is the rehabilitation of the U C Hotel for low-income residents

A New Challenge: Nonprofit-Operated "Efficiency Housing"

The devastating Loma Prieta earthquake of October 1989 wiped out hundreds of units of low-income housing in the Bay Area Particularly hard-hit were the old. single-room occupancy residence hotels, making them unsafe for occupancy and leaving an estimated 2,500 people homeless or, at best, in temporary living situations

Nonprofit and local government housing officials saw an opportunity Residence hotels had fallen into disrepair because they were difficult to operate at a profit Often owners were absentee and management was minimal Housing advocates said why not operate these hotels on a not for-profit basis, and make them safe, supportive places for fixed-income people to live?

In March 1990 the Berkeley City Council approved U A Housing's plan to acquire *and* rehabilitate the U.C. Hotel, a 64-year old, 75-room residence hotel, closed and vacant since the earthquake, and operate it as a nonprofit efficiency hotel The renovated hotel will accommodate 75 low-income people, including some single parents with children, and will provide social services on-site The target date for opening is September 1992

U A Housing obtained grants for the project from the Nonnern California Grantmakers, the Federal Emergency Management Administration (FEMA), and the City of Berkeley's Community Development Block Grant (CDBG) program and loans from the Red Cross, the Small Business Administration, the California Housing Rehabilitation Program (CHRP) and the Savings Association Mortgage Corporation (SAMCO)

U.A. Housing is a participant in Oakland Housing Organization's Step One: The Post Quake Housing Recovery Project, an East Bay consortium of nonprofit housing organizations and social service providers formed to respond to the need to replace low-income housing lost in the earthquake. Approximately 800 units are now under development, while a great need for additional projects exists.

U.C. Hotel

History of University Avenue Cooperative Homes

In 1974, a group of concerned tenants and members of the Consumers Cooperative of Berkeley decided that cooperative housing could be the answer to providing stable, affordable homes for low-income people, while empowering them through co-op ownership. Housing costs were starting to skyrocket, resulting in displacement of many low-income families from Berkeley, thus threatening the city's economic, social and racial diversity.

By 1978, the Housing Task Force of the Consumers Cooperative, which had been formed to look into uses for a piece of Co-op owned land, incorporated as a community board, called UA Housing, Inc. and began plans for a low-income, co-operative housing development on the site. The development was named University Avenue Co-operative Homes.

The project enjoyed a unique financing mechanism. The California Housing Finance Agency (CHFA) granted a mortgage in the amount of $2,845,000 to the University Avenue Partnership (UAP). The Partnership was assigned an investment of $540,000 by CHFA. The City of Berkeley gave $443,604 to UAH, Inc. in grant monies which were in turn loaned to the Partnership. In addition, the City of Berkeley through its Redevelopment Agency, loaned $616,000 to purchase the land. Payments by the real estate syndicate, Capital Management Strategies (CMS), Inc., formerly CRICO, were paid over a five-year period. The National Cooperative Bank loaned $75,000. Some of the Member's Funds went into financing the development. In turn for purchasing the land, a 55-year lease was signed between the UAP and the City of Berkeley, after which the City of Berkeley will own both the land and capital improvements (housing) in the year 2036.

The University Avenue Partnership is comprised of Capitol Management Strategies, formerly CRICO, which has 99.99% ownership within the Partnership and University Avenue Housing, Inc., which has .01% ownership. UAH, Inc. acts as the Managing General Partner and is responsible for day-to-day activities on behalf of the Partnership. Capital Management Strategies acts on behalf of several investors involved with the financing of the development.

UACH opened in 1982 in Berkeley, being UA Housing's first development. The site was a half city block that contained five 1920's cottages and an eight-unit apartment building. Architects Lyndon/Buchanan drew up plans for a mixed-unit complex that would retain old structures on the block, while building a cluster of new apartments and townhouses among them. The 47-unit, low-income development is a successful example of infill housing: the original appearance from the street remains unchanged, while an attractive set of planted walkways leads to the townhouses and apartments behind.

The Housing Cooperative organization manages the day-to-day affairs of UACH. The co-op principle works to empower its members with ownership and control over their co-op organization and to create a supportive and productive community, The seven-member Board of Directors of UACH and 2 alternate Board members are elected annually by the membership and hold monthly meetings.

Members of the Housing Cooperative are selected from eligible low-income individuals and families to assure a mixture of generations and ethnic groups and to include people who are physically and mentally-disabled. Rents are subsidized by the federal Section 8 program.

Tenants guarded about housing purchase

January 12, 2000 (Oakland Tribune)

By Martin G. Reynolds
STAFF WRITER

OAKLAND -- The housing director calls the purchase a good deal, but tenants said they'll wait and see.

The recent purchase of two separate subsidized-housing projects in West Oakland by A.F. Evans Company Inc. and Citizens Housing Corporation has the blessing of city Housing and Community Development Director Roy Schweyer.

Wilford Shields, a grandmother who has lied in the decaying MORH I Housing units for 26 years, says she'll be happy when new Sheetrock, paint and light fixtures start rolling in.

Talk is clearly cheap in the minds of many residents who live m the 126 MORH I units located around 7th and Filbert streets.

A lawsuit against MORH I's former owner for allowing the property to fall apart has left this group suspicious.

The other purchased complex, Oak Center at Market and 18th streets, is in better condition than MORH I, Schweyer said. It has 76 units but after remodeling, will have 74.

What makes these purchases important is that the companies intend to spend $10 million to renovate the units and keep them affordable once they are completed, said Jim Buckley of San Francisco-based nonprofit Citizens Housing Corporation (CHC).

Before they were bought, these units were considered "at-risk" because the federal Housing and Urban Development Section 8 program, which subsidizes monthly rents for many of the tenants, is now being renewed annually. "HUD had a contract (to provide rent subsidies) that went for 20 years with the previous owners," Buckley said.

With the new regulations, the federal government could end the subsidy program and the units could be put on the market at rates a person like Shields couldn't afford. "Thousands of units across the Bay Area and across the county (are subsidized)," Buckley said. "Our goal is to acquire these properties and for the subsidy to remain in place and that the units remain affordable for a long time." The units were previously owned by a partnership managed by Bruce Rozet, one of the largest owners of HUD-assisted housing in the country.

Section 8 allows people to pay one-third of their income in rent and HUD makes up the difference with a subsidy.

A.F. Evans is a San Francisco-based private developer that has been in business for 22 years, said company Vice President Charmaine Curtis. Arthur F. Evans once served as San Francisco's Redevelopment Agency executive director. "There is a real strong commitment in out company," Curtis said of why the company wanted to secure subsidized housing. "It's sort of who we are as people." "We don't want to lose money, but we're not going to get rich acquiring (property such as these)."

The two complexes were bought for a total of about $8 million with money from California Housing Finance Agency, Bank of America Community Development Bank, HUD, the National Housing Trust and the California Tax Credit Allocation Committee.