

BOARD OF DIRECTORS
EMERGENCY MEETING
CP 250 CONFERENCE ROOM
MARCH 26, 2009 :: 10:30 A.M.

Present: Jim Alexander, Bill Barrett, Jay Bond, Ted Bremner, Bill Dickerson.

Staff/Guests: Ann Ehl, Bill Herbert, John Jay.

Excused: Pat Carroll, Jay Carvin, Michael LaCour-Little, Mark Stohs.

I. CALL TO ORDER

Vice Chair Ted Bremner called the meeting to order at 10:50 a.m.

II. RESOLUTION: UG PRICE ROLLBACK & MARKET EXPANSION

Mr. Dickerson distributed the resolution and attachment; he explained that the fifth column (“CSUFHA Sale Price”) is the increased resale price established in June 2008. Column eight (“Total to Owner”) was the previous resale price. Last year, two of three homes were sold at the higher price; this year, three have been sold at the higher price, with seven additional homeowners (many who are original owners and have accumulated enough downpayment) indicating that they intend to sell their UG homes to purchase in the outside market. If these homes become available for resale, the Housing Authority has 60 days to purchase homes before the owner may sell to the open market.

This resolution forgoes the \$10-15k revenue to each home sale, reverts prices prior to the June 2008 change, places the burden of resale to homeowner while increasing the sales market to the workforce consortium and educational entities. Once the UG homes are sold to the general public, the Housing Authority will have no control to take back homes when owners no longer work for the university. Also, if the homes are sold to the outside market, the credit union will not fund mortgages to non-members.

The resolution asks that we take less money for homes. For 25 Sycamore, the Housing Authority paid \$260k (maximum resale price) plus \$9k (ground lease refund); our new ground lease is \$17k, with the total to new buyer at \$277.7k. The unused portion of ground lease is returned to the owner. Last year, labor index went up 7% and CPI saw its largest increase. Mr. Dickerson continued that when former Board member Gary Del Fium learned that several homes were available for sale with no waiting list, he reminded the Housing Authority that a potential buyer is not required to buy at the maximum resale price. The maximum resale price is the price of the home at the time the home is purchased times the HUD median income (which has increased approximately 3%/year).

Bill Barrett moved to accept the amended resolution, Jim Alexander seconded and motion carried.

University Gables Price Rollback and Market Expansion -- 2009

WHEREAS, on June 30, 2008 the Board of Directors of the CSU Fullerton Housing Authority increased the price of detached homes at University Gables to \$185 and \$190/square foot depending on location; and

WHEREAS, nine homes at University Gables have recently come on the market which will most assuredly extend the time necessary to find eligible buyers for all nine homes; and

WHEREAS, the Housing Authority's inability to purchase the homes places the burden of selling the home squarely in the control of the homeowner; and

WHEREAS, University Gables homeowners may be inclined to reduce home prices in order to expedite the sale of their homes; and

WHEREAS, it is deemed to be in the best interests of both the Housing Authority AND the homeowners to facilitate expeditious sales; therefore

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Housing Authority agrees to decrease resale prices at University Gables, effective immediately, so that they once again coincide with the formulas outlined in the Ground Lease; and

BE IT FURTHER RESOLVED that the Board also authorizes the expansion of the sales and marketing efforts, effective immediately, to the educational community, the Fullerton Workforce Housing Consortium and through category "K" in the priority list.

III. RESOLUTION: UH LEASE ROLLBACK

Mr. Dickerson reported that via email last week, the majority of this Board concurred with the reduction of lease rates at UH. Additionally, at such a small community, it would make sense to reduce the lease prices for the additional five lessees (and current residents) who are paying the higher rate. This means that we lose \$1000/month, effective April 1, 2009 (and not retroactive). The intent is to roll back the current lease \$200/month for only the current lease.

Mr. Dickerson asked whether we should give UH agent Bob Clark the flexibility to negotiate; Mr. Bremner replied that we should keep rates uniform.

Mr. Bond moved to approve the resolution, Mr. Barrett seconded and motion carried.

University Heights Lease Rollback

WHEREAS, the Board of Directors of the CSU Fullerton Housing Authority authorized the leasing of unsold homes at University Heights on October 21, 2008; and

WHEREAS, monthly lease prices of \$2500 and \$2800, were deemed appropriate and competitive at the time, subsequent reductions in the outside leasing market caused the

Housing Authority via email vote on March 17, 2009 to reduce monthly lease prices to \$2300 and \$2600, respectively; and

WHEREAS, as of today, five of the 21 available homes have already been leased over the past three months at the original prices; and

WHEREAS, a two-tiered leasing structure for University Heights is deemed undesirable at best; therefore

BE IT RESOLVED that the Board of Directors of the CSU Fullerton Housing Authority hereby approves a reduction in the five existing leases at University Heights to \$2300 and \$2600, respectively, effective April 1, 2009.

IV. ANNOUNCEMENTS

Next meeting: Tue 04/07/09 @ 3:30 pm.

Mr. Dickerson reported that the Dewjis asked if the Housing Authority would lower their fees and ground lease. He replied to her that while the Housing Authority can't lower lease, we may do something with the fees. If SchoolsFirst lowers arrangements on a mortgage, the credit union will look to us (as guarantors) to make up the difference. In their conversation, Dewji reminded the Housing Authority would be responsible for various costs if they (the Dewjis) are forced to walk away from the mortgage.

V. ADJOURNMENT

Vice-Chair Ted Bremner adjourned the meeting at 11:50 a.m.

Approved by the Board of Directors, May 12, 2009.

Jay W. Bond, Secretary