



# Agenda Item

## Orange City Council

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Item #: 3.13.

10/14/2025

File #: 25-0534

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**TO:** Honorable Mayor and Members of the City Council

**THRU:** Jarad Hildenbrand, City Manager

**FROM:** Russell Bunim, Community Development Director

### 1. SUBJECT

Revision to funding designation for the sale of 617, 625, and 637 West La Veta Avenue for the development of six affordable housing units.

### 2. SUMMARY

This report provides updated information regarding the Disposition and Development Agreement for 617, 625, and 637 West La Veta, previously approved on April 13, 2021. It clarifies the appropriate allocation of sale proceeds, outlines the use of housing funds to support the transaction, and requests authorization to waive accrued interest to facilitate early repayment by the developer.

### 3. RECOMMENDED ACTION

1. Establish the demand payoff amount for the sale of 617, 625, and 637 West La Veta of \$700,000, if paid in full by November 30, 2025 and waive the accrued interest amount of \$316.44.
2. Appropriate \$700,000 from the unreserved fund balance of the Low & Moderate Income Housing Asset Fund (232) to the Gas Tax Fund (272).
3. Appropriate all proceeds from the sale of 617, 625, and 637 West La Veta to the Low & Moderate Income Housing Asset Fund (232).

### 4. FISCAL IMPACT

The \$700,000 in proceeds from the sale of the properties will reimburse the Gas Tax Fund (272). The Low & Moderate Housing Fund (232) will reflect a temporary expense until repayment is received.

### 5. STRATEGIC PLAN GOALS

Goal 3: Enhance Public Communication Strategy and Quality of Life

### 6. DISCUSSION AND BACKGROUND

On April 13, 2021, the City Council approved a Disposition and Development Agreement between the City of Orange and Shelter Providers of Orange County, Inc. (HomeAid) for the development of six affordable housing units.

The properties were originally acquired in 1992 and 1999 with Gas Tax Funds (272) for a planned street widening project that was later abandoned due to the City's inability to acquire the remaining necessary parcels on the open market.

On April 14, 2020, the City Council declared the properties surplus and offered them for sale to other

governmental agencies and affordable housing developers. Shelter Providers of Orange County, Inc. (HomeAid) was the sole respondent and submitted a proposal for the development.

The sale price of the properties was established at \$700,000. The original staff report indicated that the difference between the acquisition cost of \$514,378 and the sale price would benefit the General Fund (Fund 100). Upon review, staff confirmed that because the properties were originally purchased using Gas Tax Funds, all proceeds from the sale must be returned to that fund.

Additionally, as affordable housing is not an eligible use of Gas Tax Funds, the residual receipts loan cannot be recorded under the City's Gas Tax Fund (272). Staff recommends utilizing the unreserved balance of the Low- and Moderate-Income Housing Asset Fund (232) to reimburse the Gas Tax Fund (272) and to record the residual receipts loan under Fund 232, where affordable housing loans are an eligible activity.

As of this report, no sale proceeds have been received. In July 2025, staff requested full repayment from HomeAid to minimize the impact on the City's Low and Moderate Housing Fund (232). On July 23, 2025, HomeAid's Board of Directors voted to pay the loan in full upon issuance of the final job card approval, received on September 11, 2025.

To expedite the repayment, staff recommends establishing the payoff amount at \$700,000 and waiving accrued interest, estimated to be about \$316.44 through November 15, 2025, to accommodate administrative processing.

## **7. ATTACHMENTS**

- City Council Staff Report, April 13, 2021
- HomeAid Board Meeting Minutes, July 23, 2025