

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Planning and Building	(2) MEETING DATE 11/25/2014	(3) CONTACT/PHONE Stephanie Fuhs, Planner III/(805)781-5721	
(4) SUBJECT Submittal of a Notice of Cancellation of Covenant and Agreement Restricting Use of Property located at 6250 Huasna Townsite Road, Arroyo Grande, and Agreement by Paul O. Scheibe, Marlene C. Scheibe, Lawrence Floth and Lynn Floth. District 4.			
(5) RECOMMENDED ACTION It is recommended that the Board instruct the Chairperson to sign the Notice of Cancellation of Covenant and Agreement Restricting Use of Property, and Agreement by Paul O. Scheibe, Marlene C. Scheibe, Lawrence Floth and Lynn Floth.			
(6) FUNDING SOURCE(S) Current Budget	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ___) <input type="checkbox"/> Board Business (Time Est. ___)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW Lisa M. Howe			
(18) SUPERVISOR DISTRICT(S) District 4			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Planning and Building / Stephanie Fuhs, Planner III

VIA: Ellen Carrol, Planning Manager/Environmental Coordinator

DATE: 11/25/2014

SUBJECT: Submittal of a Notice of Cancellation of Covenant and Agreement Restricting Use of Property located at 6250 Huasna Townsite Road, Arroyo Grande, and Agreement by Paul O. Scheibe, Marlene C. Scheibe, Lawrence Floth and Lynn Floth. District 4.

RECOMMENDATION

It is recommended that the Board instruct the Chairperson to sign the Notice of Cancellation of Covenant and Agreement Restricting Use of Property, and Agreement by Paul O. Scheibe, Marlene C. Scheibe, Lawrence Floth and Lynn Floth.

DISCUSSION

Attached is a Notice of Cancellation of Covenant and Agreement Restricting Use of Property. The notice is being processed in order to allow the owner to cancel the covenant and agreement recorded against their property. The covenant and agreement requires that when a primary and secondary dwelling are located on a parcel, one of the units must be occupied by the owner of the property, per Land Use Ordinance standards (Section 22.30.470). The owner is trying to sell their property through the Federal Housing Administration (FHA) programs.

The FHA recently began interpreting its federal regulations so as to preclude the U.S. Department of Housing and Urban Development (HUD) and the FHA from insuring loans on conveyance for single family housing on properties that include any form of legal restriction. As a result, the FHA has refused to insure any mortgages on the owner's property. The agreement also provides notification of the owner-occupancy requirements of the Land Use Ordinance, Section 22.30.470 to the future owners of the property. The owner-occupancy requirement continues to apply to the property notwithstanding the cancellation.

At this time, we believe this is unique to this property. Staff will be monitoring the situation to see if this may have a wider impact to the sales of other properties with second units and will advise the Board accordingly.

The notice is in connection with a building permit (PMT2003-02933) for a second residential unit. This permit was issued on June 10, 2004 and finalized on November 3, 2004. The property is located at 6250 Huasna Townsite Road, approximately 15 miles east of the City of Arroyo Grande.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel prepared the notice and approved the resolution and document as to form and legal effect.

FINANCIAL CONSIDERATIONS

None.

RESULTS

Approving and accepting the Notice of Cancellation of Covenant and Agreement Restricting the Use of Property will allow the current owner to sell their property and allow the new owner to receive funding through the FHA. The agreement also provides notification of the owner-occupancy requirements of the Land Use Ordinance, Section 22.30.470 to the future owners of the property. This is consistent with the County goal of providing a healthy and livable community.

ATTACHMENTS

Attachment 1 – Notice of Cancellation