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City of
LEMOORE
CALIFORNIA
Redevelopment Agency

Redevelopment Division

119 Fox Street
Lemoore ◆ CA 93245
Phone (559) 924-6701
FAX (559) 924-9003

Memorandum

To: **Lemoore Redevelopment Agency Board**

From: **Brooke Austin, Housing Specialist**

Date: **February 8, 2011**

Subject: **Low-Moderate Income Housing Fund Requirements**

Mayor Rodarmel asked that staff provide some background data on the requirements associated with using the 20% Low-Moderate Income Housing Set-aside. As most of you are aware, Health and Safety Code Section 33334.2 requires the Agency "to Use 20% of Tax Increment to Increase, Improve and Preserve the Community Supply of Low and Moderate Income Housing." One part of the Health and Safety Code that may be a little less familiar is the section that speaks about excess surplus housing funds. An agency becomes at risk of having excess surplus funds when it does not spend or designate housing funds. Section 3334.12 states that if the Agency does not spend (or encumber) the excess within one year, then it has two options. It can 1) give the excess to a housing authority or other public body that has housing development powers in the jurisdiction, or 2) take an extra two years to spend it. If the Agency chooses to take the additional two years to spend it, but does not succeed in doing so, then the Agency must match the excess funds by an amount equal to 50% of the excess with non-housing funds. In addition, the Agency will not be allowed to spend any redevelopment funds until it has expended all of the excess plus the 50% in additional funds.

The Agency has used the amounts previously committed to housing projects, such as $1,650,000 to Village at Acacia and $873,000 to Oleander Terrace, as funds that were unencumbered but designated. This has helped the Agency to avoid having an excess surplus. However, as these funding commitments expire and if they are not extended or replaced, the Agency will be at risk of having an excess surplus. Based on expected expenditures for this fiscal year, the Low-Moderate Income Housing Fund is anticipated to have an ending balance of $5,557,243 on June 30, 2011. If no further commitments are made, the Agency forecasts having excess surplus by the end of next fiscal year.

In addition, there have recently been multiple discussions about the rehabilitation of existing single-family and multi-family properties. The Housing Rehabilitation Program and the Multi-Family Rehabilitation Program were both listed as potential new programs in the RDA Five-Year Implementation Plan adopted in December 2009. At the next available opportunity, staff applied to the Department of Housing and Community Development's HOME Program for $500,000 to continue the First-Time HOMEbuyer Program and $300,000 to implement a new Housing Rehabilitation Program. The City

was notified February 3rd that their application was approved. So, as soon as the Standard Agreement is received from the State, staff will begin administering the Housing Rehabilitation Program that will provide assistance to low-income homeowners to substantially rehabilitate their owner-occupied homes. Furthermore, staff recently began accepting applications for the Multi-Family Rehabilitation Program approved by the Board last year.

In an effort to prepare for the update of the City's Housing Element and the RDA's Five-Year Implementation Plan, a Housing Summit was held in March of 2009. This provided an opportunity for the public and the Council/Board to provide ideas for housing programs and projects to be included in the updates. Based on the suggestions received, programs and projects were outlined in the adopted RDA Five-Year Implementation Plan. Staff generally uses this as a guide to provide housing services to the community.