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**Redevelopment  
Division**

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## Staff Report

ITEM NO. 10

**To:** Lemoore City Council/  
Redevelopment Agency Board

**From:** Brooke Austin, Housing Specialist

**Date:** January 21, 2011

**Subject:** HOME Grant Resolution 2011-05 and Funding Commitment

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### Discussion:

Over the past several years staff has been working with MacFarlane Costa Housing Partners to build Oleander Terrace, a 66-unit affordable family apartment community on the corner of "D" and Smith Streets (the approved site plan and elevations are attached for your reference). In 2007, the Redevelopment Agency committed \$1,750,000 toward this project. Of that amount, \$877,000 was spent in 2008 to purchase the project site. Therefore, a balance of \$873,000 remained on the original commitment. In order to better leverage Agency funds, staff successfully applied for HOME Funds in 2009 for this project and was awarded \$975,000. At that time, it was believed that the Agency would only need to provide \$230,000 of the remaining commitment. However, due to changes in the tax credit market and scoring, these amounts are no longer sufficient to competitively receive the tax credits needed to fully fund the project. As a result, the Department of Housing and Community Development released a Supplemental NOFA January 20, 2011 for rental projects previously awarded HOME funds, but unable to secure tax credits. This NOFA allows us to apply for an additional \$2,125,000 in HOME funds, for a total of \$3,100,000 for the project.

If we are successful in receiving additional funds through the Supplemental NOFA, the project must apply for tax credits again in March. The NOFA requires that a project must be financially feasible to apply. In order to be considered financially feasible, the project must have a projected tax credit tiebreaker score at least 10% above the lowest winning score in the second round of 2010. To meet this requirement, the project would need to utilize \$750,000 of the Redevelopment Agency's remaining original commitment, which as mentioned above is \$873,000.

Staff believes that this is the best opportunity to secure the funding needed to complete this project. Therefore, staff is currently working with MacFarlane Costa to finalize the application, which is due February 3<sup>rd</sup>. As part of the application process, the City Council must pass a resolution authorizing submittal of the application and, if funding is approved, the use of funds in accordance with HOME requirements. The attached resolution meets the requirements of the application process.

**Budget Impact:**

\$750,000 of the Low-Moderate Income Housing Fund will be allocated towards this project. The 2010-2011 Low-Moderate Income Housing Fund budgeted \$1,650,000 for a different multi-family project; however, the funding commitment expired December 31, 2010, so those funds will not be expended. The funds can be used for the \$750,000 commitment, if needed this fiscal year. If these funds are not needed until next fiscal year, they will be programmed into the 2011-2012 Budget.

**Recommendation:**

That Council approve Resolution No. 2011-05, which authorizes the submittal of the HOME Grant Application and, if awarded, the execution of any related documents; and that the Agency Board authorize the Executive Director to execute a new commitment letter for the project in the amount of \$750,000.