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**Redevelopment
Division**

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Staff Report

ITEM
NO.

11

To: Lemoore Redevelopment Agency Board
From: Brooke Austin, Housing Specialist
Date: May 25, 2011
Subject: Approval of home purchase by and loan to
Kings County Management & Development Corporation

Discussion:

In preparation for the Highway 198 and 19th Avenue Interchange Project, the Redevelopment Agency (RDA) purchased four homes along Stinson Drive and Carmel Drive that were proposed to be affected by the project. Since their purchase in 2004-2006, the Kings County Management and Development Corporation (KCMD) (the nonprofit arm of the Housing Authority of Kings County) has been providing property management services of the homes and renting them to low to moderate income families. The Management Agreement between KCMD and the RDA includes a "Right to Purchase" clause. This clause gives KCMD the opportunity to purchase any of the houses required to be moved or demolished for \$1.00 each. Under this Agreement, KCMD is required to pay the costs and expenses of relocating the purchased houses, including moving costs, land acquisition costs, City building fees, utility connection fees, etc.

The most recent plans from the California Department of Transportation (Caltrans) indicate that two homes may have to be removed. The home at 752 Carmel Drive (023-530-015) definitely needs to be moved or demolished. A portion of the home at 1315 Stinson Drive (APN# 023-530-016) is located in the temporary construction easement and we are awaiting a final decision from Caltrans as to whether it needs to be moved, remodeled or demolished (a map of all properties affected by the interchange project, as well as, an aerial photograph of the home still in question are attached). KCMD would like to purchase these two homes and relocate them to a lot they have purchased, and subsequently submitted a tentative parcel map to split, on the southwest corner of "G" and Follett Streets. In order to complete the relocation, KCMD has requested a loan from the RDA to cover the related costs. KCMD has obtained estimates from several companies for house moving, as well as, calculated the estimated costs for all other required expenses. The total costs are estimated to be \$134,464 for the Carmel house and \$113,794 for the Stinson house (please see attachment for breakdown of costs).

Staff proposes selling the homes that are required to be removed by Caltrans to KCMD. In addition, a loan to KCMD is proposed for up to \$250,000 with a term of ten years at 0% interest. If only one home is required to be removed, then the loan would be reduced accordingly. The loan terms will also require that KCMD continue to make the homes available at affordable housing cost to, and occupied by, persons and families of low or moderate income for 55 years.

The long term affordability covenant will allow the RDA to count these units towards our housing production requirement. Furthermore, the relocation will benefit the City/RDA in additional ways. The homes will not have to be demolished. Their relocation to the proposed location will utilize an infill housing lot and help to complete and beautify a neighborhood in the City's central core area. In addition, the RDA will not be required to replace the affordable units. The homes are currently vacant; therefore, no tenant relocation expenses are required.

If the request is denied, the Agency will still have the burden of removing the homes. Furthermore, Section 33413(a) of the California Community Redevelopment Law requires that whenever dwelling units housing persons of low or moderate income are destroyed or removed from the low and moderate income housing market as part of a redevelopment project subject to a written agreement with the agency or having been provided financial assistance by an agency, the agency shall, within four (4) years of the destruction or removal of the dwelling units, cause to be developed at affordable housing costs an equal number of replacement dwelling units which have an equal or greater number of bedrooms as those units destroyed or removed within the territorial jurisdiction of the agency. Therefore, the homes would have to be replaced accordingly.

Budget Impact:

The Low-Moderate Income Housing Fund has an estimated ending balance of \$5,155,208 for Fiscal Year 2010-2011. The Fund would be reduced by up to \$250,000. If the funds are not used this fiscal year, the expenditure will be incorporated into next year's budget. As the loan is repaid, funds will be deposited into the Low-Moderate Income Housing Fund.

Recommendation:

That the Agency Board approve the purchase of the homes located at 1315 Stinson Drive and/or 752 Carmel Drive (depending on final determination by Caltrans), exclusive of land, and authorize a loan to Kings County Management and Development Corporation for up to \$250,000 for the relocation of homes.