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City of
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Redevelopment Agency

**Redevelopment
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Staff Report

ITEM NO. 10

To: Redevelopment Agency Board
From: Brooke Austin, Housing Specialist
Date: November 8, 2011
Subject: Multi-Family Substantial Rehabilitation Grant Program

Discussion:

As presented at the April 19th Study Session, staff proposes that \$1.9 million of the 2011 Tax Allocation Bond Proceeds be used to establish a Multi-Family Substantial Rehabilitation Grant Program. This Program is being implemented based on the Board's recommendation to use the 2011 Tax Allocation Bond Proceeds to improve the conditions of existing multi-family rental units in Lemoore.

During our prior discussion, Board Members generally accepted the guidelines that were proposed and made additional suggestions. There was some discussion about the owner match and through further research staff discovered that, according to Health and Safety Code Section 3334.3(j), the Program would only be able to offer up to 50% of the total project costs without making a finding that the owner is unable to finance 50% of the project costs. In addition, it was suggested that there be some flexibility in the affordability of the units to allow for mixed-rent complexes. Furthermore, at least one Board Member wanted the ability to be able to prioritize and/or approve the projects rather than award on a first-come, first-served basis.

In an effort to incorporate these suggestions, staff recommends releasing a Notice of Funding Availability (NOFA), which will be marketed to apartment complexes Citywide. This will allow any interested owners to have the opportunity to submit a proposal for substantial rehabilitation. Staff will hold an application workshop for interested parties to explain the NOFA, Program Guidelines and procedures for project submittal.

After the deadline for project submittals, staff will evaluate proposals based on the projects' current conditions, the grant amount and rehabilitation items requested, and the level of affordability proposed. Once the proposals are reviewed, the recommended projects will be brought back to the Board for approval.

As you know, due to the stays on AB X1 26 & 27, redevelopment agencies are prohibited from entering into any new contracts or agreements. However, the Supreme Court is scheduled to begin hearing the case on November 10 and it is entirely possible

that our Redevelopment Agency could be back in business within 30 days. Therefore, the Board is asked to approve the attached proposed NOFA, Application and Program Guidelines, and direct staff to begin the Program as soon as our Redevelopment Agency is allowed to continue.

Budget Impact:

\$1.9 Million in Low-Moderate Income Housing Fund Bond Proceeds have been approved for the Multi-Family Substantial Rehabilitation Grant Program in the 2011-2012 Budget.

Recommendation:

That the Agency Board approve the attached Program documents and direct staff to release the Notice of Funding Availability for the Multi-Family Substantial Rehabilitation Grant Program upon continuation of our Redevelopment Agency.