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## Staff Report

ITEM NO. 4

**To:** Lemoore City Council  
**From:** Brooke Austin, Housing Specialist  
**Date:** March 26, 2012  
**Subject:** Public Hearing – Proposed CDBG 2012  
General Allocation Grant Application for  
Multi-Family Rental Rehabilitation of Brookfair Manor  
and a Business Assistance Loan Program

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### Discussion:

On March 20, 2012, the City held a Public Hearing to discuss the availability of Community Development Block Grant (CDBG) Funds and potential programs/projects to pursue. Council indicated that they would be in favor of applying for the multi-family rental rehabilitation of the Brookfair Manor Apartments and a Business Assistance Loan Program as an un-scored set-aside activity.

Brookfair Manor is a 72-unit housing community located at 515 Beech Lane in the City Lemoore. The rehabilitation will include replacement of 52 evaporative coolers with HVAC units, installation of new roofs for 22 buildings, and exterior painting of 24 buildings. Staff is also working with the developer to incorporate additional aesthetic improvements, such as new carports, replacement of asphalt with concrete, landscaping, and fencing to conceal waste receptacles and tenant items. Staff proposes applying for a CDBG grant of \$1,000,000, plus \$75,000 in administration, to complete the rehabilitation. A successful application will allow the improvements to be made while maintaining affordability of the units for low income households.

Originally, the developer had proposed installing new water laterals and meters to allow separate metering for each unit. After further discussions, staff does not feel this is a good use of public funds as it will not provide an improvement or benefit for the tenants or the community. The developer has agreed to remove the installation of 72 water laterals from the project and instead use those funds for additional aesthetic improvements.

Current pictures of the units are attached. It is also important to note that there are eight buildings (24 units) located on Brooks Drive that are not owned by Affordable Homes, Inc. These units have four different property owners and will not be rehabilitated as part of the project. However, staff will keep these units in mind for future projects. An aerial photo highlighting the Brookfair Manor units is also included for your reference.

The proposed Development Agreement between Affordable Homes, Inc. and the City of Lemoore is included as an attachment. Under the Agreement, the Developer will assist in completing the set-up conditions of the grant, including the environmental review, oversight of construction, and coordination for prevailing wage monitoring. The Developer proposes a fee of \$50,000 for performing these services. This amount can be paid out of the \$159,600 of activity delivery funds available for the project.

In addition, staff would like to apply for \$100,000, plus \$7,500 in administration, for a Business Assistance Loan Program as an un-scored set-aside activity. If the multi-family rehabilitation application is successful, the set-aside activity will be awarded. This will give staff the opportunity to try out the program while determining the need for such a program in Lemoore. Specific program guidelines will be developed if funds are received. However, the program does require the creation of one low-income job for every \$35,000 loaned.

As part of the application process, the City is required to hold a Public Hearing to discuss the application submittal. At the conclusion of the Public Hearing, Council is required to adopt a resolution authorizing submittal of the application.

**Budget Impact:**

None.

**Recommendation:**

It is recommended that Council:

- 1) Hold a Public Hearing to accept testimony regarding an application to the State CDBG Program;
- 2) Adopt Resolution No. 2012-14 authorizing the City to submit an application to the State CDBG Program requesting up to \$1,182,500 of 2012 grant funds; and,
- 3) Approve the attached Development Agreement between the City of Lemoore and Affordable Homes, Inc., which is conditional on the receipt of CDBG funds.