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## Staff Report

CC ITEM 5

**To:** Lemoore City Council  
**From:** Judy Holwell, Redevelopment Project Manager  
**Date:** January 23, 2012  
**Subject:** Resolution No. 2012-03 of the City of Lemoore to serve as Successor Agency of the Lemoore Redevelopment Agency and selection of the Lemoore Housing Authority as the recipient of the Housing Assets & Functions

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### Discussion

On February 1<sup>st</sup> the Lemoore Redevelopment Agency (Agency) is scheduled to dissolve per AB X1 26 as modified by the California Supreme Court in CRA v. Matosantos. Since the City did not opt out of becoming the Agency's successor agency by January 13, 2012, the City will become the successor agency and receive all assets, including bond proceeds, properties, contracts, leases, books and records, buildings, and equipment of the former agency. The successor agency will be responsible for completing all enforceable obligations and winding down the affairs of the Agency as identified in the materials presented during the January 17 Council Meeting. As noted, limited funding is available for the administration of the successor agency until such time that all obligations are accomplished.

In addition to winding down the affairs of the Agency, the City must also either retain the housing assets and functions or select a local housing authority to perform the housing responsibilities. An illustration of the anticipated cost to administer the housing functions on an annual basis and an estimate of potential revenues available with which to fund those administrative functions is attached. Based on the City's current Cost Allocation Plan, the cost to administer the housing functions is \$175,352. As shown in the spreadsheet, it is anticipated that there will be sufficient funds to carry out the bond projects, and the first-time homebuyer and owner-occupied rehabilitation programs for at least the first three years.

In addition, the City has been successful in applying for and receiving grants from the Department of Housing and Community Development. If this success continues, the grants will provide an ongoing source of funding for programs and administration. There are also smaller amounts received each year from rental income and residual receipt loan payments. These amounts could be used to fund any of our former

redevelopment agency housing programs or saved for a future project. The income in the projected budget does not account for any Low-Moderate Income (LMI) Housing Funds that may be able to be retained or for the sale of any property paid for with LMI funds.

The attached resolution, which was prepared with the assistance of our City Attorney's office, formalizes Council's acceptance to serve as the successor agency to the Lemoore Redevelopment Agency. In addition, since there appears to be sufficient funds available to perform the housing functions, it is recommended that Council maintain local control over the affordable housing decisions taking place in our community and select the Lemoore Housing Authority as the recipient of the Agency's housing assets and functions. The resolution will take effect immediately upon its adoption.

### **Budget Impact**

The acceptance of the successor agency obligations will not impact the City's budget. However, the Agency's unencumbered funds will eventually be transferred to the Kings County Auditor-Controller for distribution to the taxing entities. The City can expect to receive a one-time payment of approximately 19.78 percent of all unencumbered funds, which is estimated between \$2,350,000 and \$3,500,000.

### **Recommendation**

That Council adopt Resolution No. 2012-03 formalizing its intent to serve and accept the designation of successor agency to the Lemoore Redevelopment Agency and declare the Lemoore Housing Authority as the City's selection to retain and/or obtain the housing assets and functions of the Agency.