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## Redevelopment Agency

## Redevelopment Division

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# Staff Report

ITEM  
NO. 7

**To:** Lemoore Redevelopment Agency Board  
**From:** Judy Holwell, Redevelopment Project Manager  
**Date:** December 11, 2006  
**Subject:** Loan to Housing Authority of Kings County

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### Discussion

As you know, the Lemoore Union High School District is offering their property, located at the SE corner of Fox Street and Cinnamon Drive, for sale to public agencies. As noted in the attached letter, the Housing Authority of Kings County (Housing Authority) is interested in purchasing this property to develop an affordable housing project; however, they are requesting financial assistance from the Lemoore Redevelopment Agency (Agency) for up to \$1,000,000 to acquire the property.

The property listed above has been identified by staff as an ideal location for a senior housing project. It is within  $\frac{1}{4}$  mile of services, such as, the downtown area, pharmacies, doctor and dentist offices, banks, markets, restaurants and entertainment. The site is also within  $\frac{1}{2}$  mile of our major retail center located at the SW corner of Hanford-Armona Road and Lemoore Avenue. This property is currently zoned for single-family housing, but because of the odd shape of the lot, it may be changed to multi-family as part of the General Plan Update. A map of potential sites in Lemoore in relation to services is attached for your review, as well as, the financial pro forma provided by Pacific West Communities, Inc.

The Housing Authority has been working with Pacific West Communities, Inc., a private developer, as a potential partner to develop an affordable senior housing project on the site. Approximately six acres would be developed for seniors, with the remaining acreage reserved for single-family housing units.

In order to make this project work, the Housing Authority is asking the Agency for a loan to purchase the property. They are requesting an amount equal to the appraised value of the property up to \$1,000,000. The loan would be paid back at the end of three years at a rate of one percent and would be tied to the affordable housing project. The Agency would record a lien as security so that in the event the project does not come to fruition or if the Housing Authority is unable to pay back the loan at the end of the three year period, the Agency will have the ability to foreclosure the property.

The Agency has funds available in the Low-Moderate Income Housing Fund which are to be used exclusively for affordable housing projects and programs. California Redevelopment Law requires at least 15 percent of all new and substantially rehabilitated housing units developed within our project area be made available to very low to moderate income persons. Of that 15 percent, 40 percent must be available for persons of very low-income. Each of the senior housing units would count towards our 40 percent requirement and the single-family housing units would count towards the 15 percent requirement. To ensure this, an affordability covenant would be recorded against the property requiring each of the rental units to remain affordable for 55 years and the single-family, owner-occupied homes to be affordable for 45 years.

In addition to the state requirement, the community supports senior housing programs. In 2004, an Affordable Housing Summit was held to discuss housing needs in our community. The outcomes of the Summit were integrated into the goals of the RDA Five-Year Implementation Plan. One of which is to “increase the supply of senior housing units”. The Lemoore Housing Plan, part of the Housing Element, also lists an objective to “Support the development of senior/disabled housing”.

If the Agency Board approves this request, a conceptual site plan, acceptable to City staff will be required prior to January 15. In addition, our City Attorney will review and approve the lien document prior to issuance of the warrant on or about March 15.

### **Budget Impact**

The Redevelopment Agency Low-Moderate Housing Fund would be reduced by not more than \$1,000,000, leaving an available balance of \$1,600,000.

### **Recommendation**

That the Lemoore Redevelopment Agency Board approve a loan to the Housing Authority of Kings County for the purchase of the Lemoore Union High School District property located at the SE corner of Fox Street and Cinnamon Drive in Lemoore, APN No. 021-500-003 and 021-500-004, for an amount equal to the appraised value of said property, but not to exceed \$1,000,000 with terms of one percent interest and a balloon payment due on the total balance at the end of three years.