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Tom Buford

Mayor Pro Tem
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Community
Development
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Staff Report

Item # 6

To: Lemoore City Council
From: Holly Smyth, Chief Planner
Date: February 1, 2006
Subject: Public Hearing – Expenditure of Community Development Block Grant (CDBG) Program Income from Antlers Hotel Sale

Discussion:

The final sale / close of escrow for the Antlers Hotel building is anticipated to close 2/2/2006. When funds are delivered to the Redevelopment Agency, a minimum of 40% of the funds must be applied towards CDBG program income in proportion to the amount of CDBG funds that were spent on the entire project, roughly anticipated to be approximately \$282,000. The RDA could decide to put a larger proportion of the proceeds into the CDBG program income account and leave the RDA low-moderate income investment with the project if it so desired, however the current RDA budget accounted for some income from the sale to be deposited back into the RDA low-moderate housing account. Approximately \$1,500,000 in RDA low-moderate income housing funds went into the renovation project and \$1,000,000 in CDBG funds were expended from grant 01-STBG-1592.

The City's Program Income Reuse Plan allows CDBG funds to be used for open grants, reused in revolving loan accounts for housing rehabilitation or business expansion/retention, or to be returned to the State. If funds are used for open grants, the program income funds can remain as "true grants". If program income is used in revolving loan accounts only a very small portion of the funds can be used for grants and the bulk must be loaned out for future recycling of the funds. Therefore, it is more beneficial for the City to utilize in an open CDBG grant.

Prior to applying funds to an open grant, the City must notice and hold a public hearing to decide how much will be allocated to specific activities. The City currently has two open CDBG grants, one for the Teen and Senior Centers which expires December 31, 2006 and a new partially funded grant for child and adult daycare which expires December 31, 2007. Because CDBG only funded \$500,000 of the requested \$1,500,000 for the child and adult daycare facilities, staff recommends that all CDBG program income from the Antlers Hotel sale be utilized in this new project. However, if all funding is not able to be pulled together for the new project, staff would like the option to apply the program income funds to the Teen and Senior Center projects.

After holding a public hearing, should City Council agree with staff's recommendation, the attached resolution would need to be passed to amend the new open grant and leave an option for utilizing those funds in the Teen/Senior Citizen project should the child/adult daycare project fall through.

Budget Impact:

CDBG Program Income funds between \$250,000 - \$705,000 would become available on the new child/adult daycare project and grant #05-STBG-1415 would be amended to utilize these funds. Should the child/adult daycare project fall through, the grant funds could be used in CDBG grant #04-STBG-1905

Recommendation:

Hold the public hearing and adopt the attached resolution.

RESOLUTION NO 2006-04

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMOORE
APPROVING AN AMENDMENT TO OPEN GRANT #05-STBG-1584
FROM THE STATE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

At a Regular Meeting of the City Council of the City of Lemoore duly called and held on February 7, 2006 at 7:30 p.m., it was moved by Councilmember _____, seconded by Councilmember _____ and carried that the following Resolution be adopted:

WHEREAS, the Housing and Community Development Act of 1974 has provided for discretionary Community Development Block Grants to the nation's smaller cities and counties; and

WHEREAS, the City of Lemoore's CDBG Program Income Reuse Plan allows the City to amend an open CDBG grant agreement to include additional CDBG eligible activities to be funded from program income; and

WHEREAS, on February 7, 2006, the Lemoore City Council held a public hearing to receive testimony regarding amending an open CDBG grant to allow \$ _____ dollars in program income received from the Antlers Hotel sale to be used for the child and adult daycare facility project outlined in CDBG grant #05-STBG-1514.

WHEREAS, if the child and adult daycare facility project is not able to be carried out, program income funds will be utilized in open CDBG grant #04-STBG-1905 (65% towards the Lemoore Senior Center and 35% towards ADA compliant handicapped ramps).

NOW THEREFORE, BE IT RESOLVED by the Lemoore City Council as follows:

1. The City Council has reviewed and hereby approves an amendment to CDBG Grant #05-STBG-1514 to provide for child and adult daycare facilities when program income is received from the Antlers Hotel proceeds in the amount of 40% or approximately \$282,000 which will meet the national objective requirements outlined in federal statute at Section 105(a) and in federal regulations at CFR 570.482 and 24 CFR 570.483.
2. The City of Lemoore has reviewed the citizen participation plan for compliance with Federal statutes and has determined that this plan was followed for the transfer of Program Income funds

Passed and adopted at a Regular Meeting of the City Council of the City of Lemoore held on the 7th day of February, 2006 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

APPROVED:

Thomas E. Buford
Mayor

ATTEST:

**_____
Nanci C.O. Lima, City Clerk**

CERTIFICATE

**STATE OF CALIFORNIA)
COUNTY OF KINGS) ss.
CITY OF LEMOORE)**

I, Nanci C.O. Lima, City Clerk of the City of Lemoore do hereby certify the foregoing Resolution of the City Council of the City of Lemoore was duly passed and adopted at a Regular Meeting of the City Council held on February 7, 2006.

DATED: February 8, 2006

**_____
Nanci C.O.Lima, City Clerk**