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**Redevelopment
Division**

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Staff Report

ITEM
NO.

17

To: Lemoore Redevelopment Agency Board
From: Brooke Austin, Housing Specialist
Date: March 9, 2009
Subject: Infill Housing Program – Finder's Fee

Discussion:

The Agency began accepting applications for the two recently constructed Infill Houses in December 2008. Staff received and processed a successful application for the home on Sequoia Avenue and the home is currently in escrow. The home located at 75 Somerset Drive is available to low-income families. Despite interest shown by several families, no applications have been received. Local real estate professionals have inquired whether the Agency would pay a commission if they brought in a successful applicant. They have indicated that they have qualified buyers lined up but will not show them this home without a commission. The program was not initially set up to offer a real estate commission and Board approval would be necessary to establish one.

Typical real estate commission is 6%, split 3% between the seller's and buyer's agent. However, this amount is negotiable and can also be established at a set dollar amount. In this instance, the Agency is its own selling agent, so there would be no seller's agent commission. Therefore, we are only considering a buyer's agent commission. Staff feels that 3% of the \$175,000 selling price, or \$5,250.00, would be excessive and not an effective use of Agency funds. For this reason, a flat finder's fee of \$2,500 is proposed. This amount would be in addition to the assistance of up to \$95,000 to the family to make the home affordable.

Budget Impact:

The 2008-2009 RDA Budget has \$400,000 budgeted from the Low-Moderate Income Housing Fund for Infill Housing. A total of \$280,508 has been expended on construction of the two homes. The net proceeds to the Agency from the sale of the homes are estimated at \$240,000, which will be returned to the Low-Moderate Income Housing Fund. This fee would reduce the fund by an additional \$2,500.

Recommendation:

That the Board approve a finder's fee of \$2,500 for the real estate agent who brings an applicant who successfully purchases the home at 75 Somerset Drive.