

INDIAN WELLS CITY COUNCIL

November 28, 2022



To: Indian Wells City Council
From: City Attorney
Prepared by: Todd Leishman, City Attorney
Subject: **Affordable Housing Property Acquisition Funding Agreement (APN 633-360-002)**

RECOMMENDED ACTION:

Council **CONSIDERS** and **APPROVES** the proposed Affordable Housing Property Acquisition Funding Agreement; and

FINDS no further review is needed under CEQA.

DISCUSSION:

The Indian Wells Housing Authority ("Authority") was created to promote and encourage the retention, rehabilitation, and development of affordable housing. The Authority and the City are both authorized to acquire interests in the property to promote the development of affordable housing in accordance with the law.

On November 3, 2022, the City Council adopted a Resolution of Necessity authorizing the acquisition of certain real property located on the northeast corner of Miles Avenue and Warner Trail in the City of Indian Wells, more particularly described as Assessor Parcel No. 633-360-002, in Riverside County, California (the "Property"), for affordable housing and supporting public park, recreation, open space, and parking.

The Authority has money in its Low and Moderate Income Housing Asset Fund ("Fund"). The Fund was established under Health & Safety Code section 34176. Money from the Fund may be used to develop affordable housing in accordance with the Community Redevelopment Law (Health & Safety Code §§33000 et seq.), except as set forth in Health & Safety Code Section 34176.1.

Under Health and Safety Code section 33334.2(e)(2), the Authority may utilize money from the Fund to acquire real property to construct affordable housing.

In accordance with Health and Safety Code section 33334.2(e)(2), the Authority may allocate money from the Fund for the City to acquire the Property and develop it for affordable housing and supporting uses.

In accordance with the adopted Resolution of Necessity, the City Attorney's Office filed the eminent-domain action on November 18.

A deposit equal to the appraised fair market value (\$12.14 million) must be deposited before the City may obtain pre-judgment possession. The proposed funding agreement facilitates the needed deposit.

The funding agreement allows the Authority to pay for the acquisition of the 34-acre property, with the City paying the Authority back within five years after the final purchase (i.e., within five years after the eminent-domain action is finally settled and done) for whatever portion of the property is not committed to affordable housing or other allowed uses of housing funds. Repayment will be with interest as required by law. The interest rate is based on the Local Agency Investment Fund (LAIF), which is approximately 1.772 percent at the time of this report.

The City adopted an EIR addendum for the acquisition of the Property concurrently with its adoption of the Resolution of Necessity. No further environmental review is required under the California Environmental Quality Act.

FISCAL IMPACT:

Money for the acquisition of the Property will be paid out of the Fund in accordance with state law. Funds in the amount of \$12.14 million are available. Under the proposed agreement, any proceeds that are not utilized for permissible uses plus any interest are required to be redeposited into the Housing Fund.

ATTACHMENTS:

1. Funding Agreement