

Council approves loan plan for senior housing project

Contributed by Elizabeth Larson
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CLEARLAKE – The Clearlake City Council gave initial approval Thursday evening to giving a redevelopment agency loan to assist in building the proposed 46-unit Edgewater senior housing project.

City Administrator Dale Neiman took to the council the proposal for a 30-year, \$700,000 loan to Global Premier Development Inc., an Irvine-based company that builds affordable housing projects. The Edgewater is proposed to be built on the corner of Austin Drive and Old Highway 53.

In return for the 3-percent loan, Global Premier offered to enter into affordable housing covenants on a total of 154 units the company has or will have in Clearlake, which will include units at the Edgewater, Adagio and Olympic Drive complexes. That, said Neiman, will help the city meet its state-required housing obligations.

Between 1990 and 2008, 1,118 housing units have been built in the redevelopment area, said Neiman. Based on that number the city needed to have 168 affordability covenants.

Since 1998, the city had spent \$1.8 million to assist with the building of 72 housing units, but no covenants resulted. The only covenants the city currently holds, 38 in all, resulted from a \$5.1 million redevelopment investment to build 49 units since 1998.

The Edgewater project originally was proposed as a low-income project for families and people of all ages, but Global Premier – at Neiman's suggestion – switched to a senior housing project.

Neiman said if the council approved of the project, city staff would begin the process to put together the necessary documents, which he said would require "quite a bit of work."

Community members questioned why more low-income housing – even for seniors – was being built in Clearlake.

Alice Reece asked how the project could be changed to senior housing after the Planning Commission approved it for low-income for all ages. Neiman said it's scheduled to return to the commission next week, where the modifications to the plan will be considered.

"What we have tonight is substantially better than the original project," said Neiman.

The loan, Neiman explained, will come from a housing fund with a little over \$3 million in bond proceeds. It will cover developer impact fees – such as nearly \$160,000 to the school district and more than \$205,000 for wastewater collection. The low interest rate will help make the project viable, he added.

If the city didn't pursue the project, said Neiman, they would have to find other low-income units for the affordability covenants.

City resident Jim Honegger suggested if Global Premier couldn't make the project viable without the city's help, they should "let the market rule."

"If it's a viable project, let them go on the open market," he said.

Neiman responded that, by law, the redevelopment agency has to put money into housing projects, and apartments work better for low-income housing covenants than single-family housing. That's because the units must stay in the covenants for 55 years for rental units and 45 years for owner-occupied units.

Supervisor Jeff Smith suggested Neiman was taking lemons and making lemonade, and finding a way to meet the city's housing goals with one project.

Community member Bill Shields asked why they were building more units when the current complexes were only half full. Neiman disputed that, saying he did a survey several months ago of Global Premier's projects and found they were all occupied.

Shields also has asked why the county wasn't doing more low-income developments in other areas.

Eric Seely, the county's deputy redevelopment director, was at the meeting. He said the county's redevelopment agency is working on a 23-unit senior housing project in Clearlake Oaks and a 50-unit affordable housing project in Nice.

"All redevelopment agencies do have housing obligations," he said.

Seely said putting the deals together can be "quite complex" and it often takes a few years to bring them together. One county affordable housing project has been in the works for four years, he said.

Honegger asked why there were so many affordable housing units in the city and so few covenants. Neiman said he didn't know.

Vice Mayor Chuck Leonard said it was a "win-win" situation, and he and the rest of the council gave Neiman direction to begin working on the loan agreement.

In other news, the council voted to extend the budget year for between one and three months. That will allow city staff time to close the books and reconcile funds due to general ledger changes, complete the 2006-07 audit, and move to operating on a cash basis in the budget and general ledger.

The council approved calling the Nov. 4 election for three council seats, and gave \$2,000 to the Old Time Bluegrass Festival and \$500 to the inaugural Youth Fishing Derby.

Council members also voted to amend a land purchase agreement between the city and redevelopment agency to include language on the responsibility for extraordinary improvements, which had been inadvertently left out of a previous agreement version.

They also ordered abatement of a property at 3806 Pearl Ave., extended a contract for liability claims administration, and presented proclamations for United States Army Week, Homeless Youth Awareness Month and to Mary Sherman for Konocti Kids Day.

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