



CITY COUNCIL/HOUSING AUTHORITY AGENDA REPORT

MEETING DATE: MAY 20, 2014

ITEM NUMBER: _____

SUBJECT: HOUSING AUTHORITY BUDGET FOR FY14-15

DATE: APRIL 23, 2014

**FROM: DEVELOPMENT SERVICES DEPARTMENT/HOUSING AND COMMUNITY
DEVELOPMENT**

**PRESENTATION BY: WILLA BOUWENS-KILLEEN, PRINCIPAL PLANNER
SILVIA KENNERSON, MANAGEMENT ANALYST**

**FOR FURTHER INFORMATION
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RECOMMENDED ACTIONS

CITY COUNCIL:

Approve the Housing Authority Budget for Housing and Community Development (HCD) expenses for FY14-15. (***Exhibit A***)

HOUSING AUTHORITY:

Approve the Housing Authority Budget for Housing and Community Development (HCD) expenses for FY14-15. (***Exhibit A***)

BACKGROUND

On January 17, 2012, pursuant to the California Housing Authorities Law, Health and Safety Code Section 34200, *et seq.*, the City Council established the Costa Mesa Housing Authority (Housing Authority). Also on that date, the City Council selected the Housing Authority to be the housing successor and, as of February 1, 2012, to assume the housing assets, duties, functions and obligations of the former Costa Mesa Redevelopment Agency. These actions occurred due to the dissolution of the former Redevelopment Agency pursuant to Assembly Bill x1 26, the California Supreme Court's decision in *California Redevelopment Association, et al. v. Matosantos*, and Assembly Bill 1484 (together, "Dissolution Laws") that caused the dissolution of all California redevelopment agencies.

Pursuant to Section 34176, added by AB x1 26 and amended by AB 1484, the State Department of Finance (DOF) issued a decision letter in January 2013 that confirms the Housing Authority holds all affordable housing assets of the former Redevelopment Agency as listed in a housing asset schedule prepared by Costa Mesa and submitted to the DOF on August 1, 2012.

The DOF prohibits the use of Redevelopment Property Tax Trust Fund (RPTTF) monies to be used on Housing related expenditures.

Due to the DOF's refusal to allow housing costs to be billed to the Successor Agency, staff recommends the continued funding of housing activities through program income.

ANALYSIS

Costa Mesa is legally responsible for its housing assets and functions. In FY14-15, the Housing Authority, as housing successor, will receive approximately \$90,000 in program income from the ground lease rent from Costa Mesa Family Village as well as other programs (i.e. residual receipts payments on certain affordable housing project loans and repayments on loans made under the Rental Rehabilitation and First Time Homebuyer Programs). These monies are used for the City's monitoring, compliance, enforcement, and annual audit of affordable housing assets, but first need to be appropriated to the Housing Authority.

The proposed Housing Authority budget for FY 14-15 is as follows:

Existing Programs	Legal Costs	Consulting Costs	Total
First Time Homebuyer	\$10,000	\$ 5,000	\$15,000
Civic Center Barrio	\$10,000	\$ 5,000	\$15,000
Habitat for Humanity	\$10,000	\$ 5,000	\$15,000
St. John's Manor	\$0	\$ 5,000	\$ 5,000
Costa Mesa Family Village	\$10,000	\$0	\$10,000
Costa Mesa Village/SRO	\$ 5,000	\$ 5,000	\$10,000
Housing Audit	\$0	\$10,000	\$10,000
Loan Impairment Analysis	\$0	\$10,000	\$10,000
Grand Total			\$90,000

As a note, the amount of revenues can vary from year to year.

FISCAL IMPACT

No fiscal impact is anticipated because the funds are anticipated to be received from the housing assets. At this time, the City has an estimated \$90,000 of program income for FY14-15. However, because Costa Mesa is legally obligated to continue to maintain its housing assets and perform housing functions, the General Fund may be impacted if the financial statements result in a lower ground lease rent; if residual receipts loans result in low loan payments; and/or few to no rehabilitation loans or First Time Homebuyer loans are repaid. Due to reduced staffing, consulting and legal costs will continue to be incurred to monitor and enforce the housing assets and obligations pursuant to the Dissolution Laws, as well as federal program requirements and regulations.

LEGAL IMPACT

There is no adverse legal impact anticipated by the Council and Housing Authority.

CONCLUSION

Staff recommends the Council and Housing Authority approve a budget for the Housing Authority for FY14-15 and if/when monies in excess of the estimated \$90,000 are received that such monies are accounted for in the new Housing Authority Budget for

use by HCD for administering monitoring, compliance and enforcement (by staff, consultants, and counsel).

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Exhibit A: [Joint City Council/CMHA Resolution](#)