



CITY COUNCIL/HOUSING AUTHORITY AGENDA REPORT

MEETING DATE: JUNE 2, 2015

ITEM NUMBER: CC-8

SUBJECT: HOUSING AUTHORITY BUDGET FOR FY15-16

DATE: MAY 26, 2015

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

**PRESENTATION BY: WILLA BOUWENS-KILLEEN, AICP -- PRINCIPAL PLANNER
COLLEEN O'DONOGHUE, CPA – ASSISTANT FINANCE DIRECTOR**

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RECOMMENDED ACTIONS

CITY COUNCIL:

Approve the Housing Authority Budget for Housing and Community Development (HCD) expenses for FY15-16. (**Exhibit "A"**)

HOUSING AUTHORITY:

Approve the Housing Authority Budget for Housing and Community Development (HCD) expenses for FY15-16. (**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. All housing assets are now held and administered by the

Housing Authority in the Low to Moderate Income Housing Asset Fund (LMIHAF) pursuant to the Dissolution Law, in particular, Section 34176 and 34176.1, as amended most recently by Senate Bill 341, effective on January 2014.

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 and utilize funding from the 20% set aside of the DOF-authorized payment on the City/Agency loan.

ANALYSIS

Costa Mesa is legally responsible for its housing assets and functions. In FY15-16, the Housing Authority, as housing successor, will receive approximately \$166,658 of which \$95,500 will come from 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) and \$71,158 from the second annual payment on the reinstated City/Agency loan under Section 34191.4. The Dissolution Law mandates that 20% of the DOF-authorized payment on the City/Agency loan be deposited into the Housing Authority's LMIHAF.

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 FY15-16 is as follows:

Programs	Legal	Consulting	Staff Time	Total
First Time Homebuyer	\$5,000	\$0	\$0	\$5,000
Civic Center Barrio	\$15,000	\$0	\$0	\$15,000
Habitat for Humanity	\$5,000	\$0	\$0	\$5,000
St. John's Manor	\$0	\$250	\$0	\$250
Costa Mesa Family Village	\$15,000	\$0	\$0	\$15,000
Costa Mesa Village/SRO	\$0	\$750	\$0	\$750
Loan Impairment Analysis	\$0	\$10,000	\$0	\$10,000
Housing Authority – Management Analyst	\$0	\$0	\$25,000	\$25,000
Housing Authority – General Administration	\$12,000	\$0	\$0	\$12,000
Housing Audit	\$0	\$7,500	\$0	\$7,500
Sub Total				\$95,500
Homeless Prevention/Rapid Rehousing Administration – Community Outreach Workers			\$71,158	\$71,158
GRAND TOTAL:				<u>\$166,658</u>

Staff time

Under Section 34176.1(a)(1), as amended by SB 341, the Housing Authority as housing successor, may spend up to \$200,000 for the purpose of monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the former redevelopment agency or the housing successor and for the purpose of administering the housing successor's activities, including single family rehabilitation administration. Housing and Community Development (HCD) grant funds currently cover most of the salary for the Management Analyst that works compliance/monitoring and enforcement and on other housing programs and projects. The appropriation of \$25,000 from the Housing Authority program income would allow a portion of the Management Analyst salary to be allocated to the Housing Authority for monitoring, compliance, and enforcement functions.

As the housing successor and pursuant to Section 34176.1(a)(2) the Housing Authority may expend up to \$250,000 per fiscal year "for homeless prevention and rapid rehousing services for individual and families who are homeless or would be homeless but for this assistance, including the provision of short-term or medium-term rental assistance, housing relocation, and stabilization services including housing search, mediation, or outreach to property owners, credit repair, security or utility deposits, utility payments, rental assistance for a final month at a location, moving cost assistance, and case management of other appropriate activities for homelessness prevention and rapid rehousing of person who have become homeless. In this regard, the Housing Authority will assist in paying for the City's Community Outreach Workers who assertively work toward placing homeless individuals and families into temporary or permanent housing as it becomes available. These part-time staff are addressing the various needs presented by our homeless population on a daily basis. Their case management efforts are augmented by a part-time Management Analyst who provides budget support and maintains the database that City Community Outreach Workers and volunteers from varied community groups utilize to streamline their reporting and recordkeeping processes relative to placement of homeless individuals and families into housing. Staff recommends appropriation of \$71,158 from the second annual payment on the reinstated City/Agency loan under Section 34191.4 for ROPS 15-16A. This will further limit the impact to the General Fund-

FISCAL IMPACT

There will be no fiscal impact to the City because the funds are anticipated to be received exclusively from both housing assets program income and City/Agency loan repayment. For FY15-16, staff has estimated that the Housing Authority will receive \$95,500 from program income from housing assets. In addition, the Housing Authority will receive \$71,158 from the second annual payment on the reinstated City/Agency loan under Section 31191.4 for ROPS 15-16A which was approved by the DOF in a letter dated March 27, 2015. The Dissolution Law mandates that 20% of the DOF-authorized payment on the City/Agency loan will be deposited into the Housing Authority's LMIHAF.

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 of \$166,658 for the Housing Authority for FY15-16 for use by HCD for administration, monitoring, compliance, and enforcement (by staff, consultants, and counsel) and for homeless prevention and rapid rehousing efforts.

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

[Exhibit "B" Purchase Requisition – KMA](#)

[Exhibit "C" Purchase Requisition – Stradling Yocca Carlson & Rauth](#)

Cc: Chief Executive Officer
Assistant Chief Executive Officer
Director of Economic & Development / Deputy CEO
City Attorney
Public Services Director
City Clerk (9)
Staff (7)
File (2)

EXHIBIT "A"

JOINT CITY COUNCIL/CMHA RESOLUTION

EXHIBIT "B"

PURCHASE REQUISITION -- KMA

EXHIBIT "C"

PURCHASE REQUISITION
STRADLING YOCCA CARLSON & RAUTH