

1st of the Month

Affordable Housing Technical Review



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Casa Dominguez, 70-unit affordable housing development in Los Angeles County
Completed in 2009 by Abode Communities
Photo courtesy of Benchmark Contractors, Inc.

About Us

LeSar Development Consultants provides a full range of consulting services primarily to local government agencies involved in redevelopment, community development, affordable housing, and homelessness.

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\$263 Million in Affordable Housing Redevelopment Funds Lost to Sacramento

A ruling by Sacramento Superior Court Judge Lloyd Connelly issued on May 4th, 2010, instructed local redevelopment agencies to abide by the provisions of ABX4-26 passed last year as part of the state budget. The bill allows the state to take \$2.05 billion in redevelopment funding to use for state obligations.

By May 10th, 2010 all redevelopment agencies were required to submit their prorata share of a \$1.7 billion payment for the fiscal year 2009-2010. An additional \$350 million is estimated to be due in the fiscal year 2010-2011.

Gus Koehler, Phd., and CEO of Time Structures, Inc., expects the Low and Moderate Income Housing Fund to be severely impacted by the ruling.

"Based on our survey of all agencies earlier this year, we estimate that \$263 million will be borrowed from the Low and Moderate Income Housing Fund to make the \$1.7 billion SERAF payment. About 15% of the total payment will come from this source. We also think about 83 agencies (21% of all agencies) used the LMIHF to make an average of 55% of their total payment. Individual agencies made higher or lower payments."

California Redevelopment Association Executive Director John Shirey vowed to fight the Superior Court ruling.

"Despite this ruling we continue to believe taking local redevelopment funds and using them to fund State obligations is unconstitutional. We have a strong case and feel confident the lower court ruling will be overturned by the Court of Appeal."

Source: California Redevelopment Association (CRA)

Multifamily Housing Program Funding Applications Due July 23rd, 2010

On May 3rd, the California Department of Housing and Community Development (HCD) announced the availability of approximately \$35 million in funding for the Multifamily Housing Program (MHP) and approximately \$23 million for MHP Homeless Youth Housing. Funding for this Notice of Funding Availability (NOFA) is provided under the Housing and Emergency Shelter Trust Fund Act of 2006 (Proposition 1C).

Applications are due no later than July 23rd, 2010.

A loan and grant committee meeting will take place in November 2010.

[Full Article](#)

Source: California Department of Housing and Community Development (HCD)

U.S. House of Representatives Passes Funding for NHTF

Bill Awaits Approval of the Senate

On Friday, May 28, the House passed H.R. 4213, commonly referred to as the "Tax Extenders Bill."

The legislation provides \$1 billion for the National Housing Trust Fund (NHTF), which will enable communities to build, rehabilitate, and preserve housing for extremely low and very low income households. It also includes \$65 million in project-based vouchers and extends the LIHTC 9% tax credit exchange for one year.

If passed, the NHTF is estimated to bring \$193 million to California.

[Full Article](#)

Source: National Alliance to End Homelessness

HUD Releases Income Limits For 2010

Determine Qualification Levels and Set Maximum Rental Rates for Projects Funded with LIHTC

On May 14th, the U.S. Department of Housing and Urban Development (HUD) released income limits for 2010. Click here for links to the [2010 income limits](#) and accompanying information and tables. Under the Housing

and Economic Recovery Act of 2008 (Public Law 110-289), income limits used to determine qualification levels as well as set maximum rental rates for projects funded with low-income housing tax credits (LIHTC) and projects financed with tax-exempt housing bonds - referred to by HUD as Multifamily Tax Subsidy Projects (MTSPs) - are now calculated and presented separately from the Section 8 income limits.

[Full Article](#)

Source: Novogradac Affordable Housing Resource Center

HUD Presses for Third NSP Round

Also Expects to Recapture \$1 Billion in Unobligated NSP1 Funds

HUD Secretary Shaun Donovan announced on May 18 that HUD would work with Congress to secure additional funds for a third round of the Neighborhood Stabilization Program (NSP), to provide more technical assistance funds for enhanced grantee implementation, and to enact technical changes enabling greater program flexibility.

In the May 18 media release, Secretary Donovan also said that HUD would likely recapture and redistribute approximately \$1 billion in unobligated NSP funds, given HUD estimates that only 70% of NSP1's \$3.9 billion would be obligated by the 18-month deadline in September or October of this year (depending on a grantee's grant agreement).

Both the \$1 billion in reallocated funds, and any new funds if NSP3 is approved, would be targeted to cities and counties hardest hit by foreclosures, delinquencies, vacancies, and unemployment. According to HUD, NSP1 was less targeted because each state government received a base allocation of \$19.6 million without regard to varying degrees of need. To ensure the best use of future NSP funds, grantees would, based on NSP1 performance, be required to work with a subgrantee, sign a technical assistance agreement, or work in consortium with a high-capacity lead grantee.

[Full Article](#)

Source: National Low Income Housing Coalition

HUD Publishes Advance Guidance for Pilot Program

Choice Neighborhood Initiative to Revitalize Public and Other HUD-Assisted Housing and Communities

WASHINGTON - The U.S. Department of Housing and Urban Development posted the [Choice Neighborhood FY 2010 Notice of Funding Availability Pre-Notice](#) today (May 21, 2010) to give potential applicants guidance prior to the actual Choice Neighborhoods funding notice, to be published this summer. The guidance offers advance details regarding the application process to compete for funds through this pilot program.

"We want the Choice Neighborhood pilot program to build on the achievements and lessons learned under the HOPE VI program," said HUD Assistant Secretary for the Office of Public and Indian Housing Sandra B. Henriquez. "To do that, we believe it is absolutely necessary to inform our partners as early as possible of the tools they will need in place to be ready when the competition begins."

The Pre-Notice outlines the core goals of the Choice Neighborhoods Initiative that Congress approved with the passage of HUD's FY 2010 budget. The information will help entities interested in applying for funding under Choice Neighborhoods better prepare for the *Notice of Funding Availability*, the official federal government application to obtain funding.

"Posting guidance of this magnitude for upcoming funding availability is an unprecedented step for HUD," said Carol Galante, HUD Deputy Assistant Secretary for Multifamily Housing. "We hope this early guidance is helpful and we stand ready to respond to questions for further clarifications."

[Full Article](#)

Source: Department of Housing and Urban Development (HUD)

Citi Pilots California Bond Program

Innovative Plan to Restart Construction Lending

California officials and representatives of Citi have come up with an innovative plan to restart construction lending for affordable housing projects in the state.

Under a \$350 million program, Citi will be given an option to purchase general obligation bonds directly from the state, which would then provide proceeds to fund Department of Housing and Community Development (HCD) loans.

The move comes after many construction lenders have been unwilling to make loans based on an HCD loan commitment because of fears that the state money may not be a reliable source at the time of takeout.

The Citi deal provides a layer of assurance for construction lenders that funds will be available when projects are ready to receive permanent financing, said Steven Fayne, managing director at Citi Community Capital.

The option plan has never been done before, according to Fayne, who describes it as a creative solution to help affordable housing deals get moving.

The benefit for Citi is the "ability to do lending in the affordable space," he said.

[Full Article](#)

Source: Affordable Housing Finance Magazine

Google Invests in LIHTCs

Web Firm to Finance Several Affordable Housing Projects in California

Google has become the newest low-income housing tax credit (LIHTC) investor.

Union Bank announced an innovative arrangement with the well-known Web firm to finance affordable housing in California.

The bank's Community Development Finance (CDF) division will syndicate and manage about \$25 million in LIHTC investments. Two affordable seniors housing projects, including one that is about eight miles from Google's

Mountain View headquarters, will receive financing.

"Google recognizes the challenges associated with developing affordable housing in California and is proud to help meet this need by providing LIHTC financing for some of the region's developers," said Brent Callinicos, Google vice president and treasurer, in a statement. "Union Bank has a track record of identifying and securing strong affordable housing investments."

A federal program, LIHTCs are the major source of funding for affordable housing in the nation. Developers who receive an allocation of LIHTCs can sell the credits to investors to raise equity for their affordable housing projects. The investors then use the credits to offset their tax liability.

"This announcement is exciting news for the industry, signifying the entrance of a major new investor into the LIHTC market coming from outside the pool of financial institutions that typically purchase these tax credits," said Senior Vice President Annette Billingsley, who heads Union Bank's CDF division.

[Full Article](#)

Source: Affordable Housing Finance Magazine