

# 1st of the Month

## Affordable Housing Technical Review



Issue: # 18

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Members of Congress in action debating the merits and outcomes of current legislation.

To Our LDC Clients and Colleagues:

This week, a third potential government shutdown was narrowly averted when the Senate passed a bipartisan agreement on disaster relief. Unfortunately, our collective sigh of relief must still wait to exhale because the federal budget for FY2012 remains in limbo. There are a staggering twelve remaining appropriation bills to be ironed out by Congress for 2012 federal government operations -and the new fiscal year begins tomorrow!

The path to an enacted FY2012 federal budget will be rocky and will likely have many implications for the affordable housing industry. By way of example, in September a House Appropriations subcommittee [moved](#) to slash \$3 billion from the HUD budget and eliminate funding for the [Sustainable Communities Initiative](#), which provides grants for green/sustainable community development programs such as affordable housing development projects. Fortunately, [legislation](#) has recently been introduced to fund the [HUD Office of Sustainable Housing and Communities](#), which is a core partner of the Sustainable Communities initiative, but the bill is only at the beginning stages of the legislative process.

The political grandstanding that was exhibited this month around the disaster relief budget breakdown is a likely taste of what is to come during the remaining budget negotiations. There will be continued calls for cuts to government spending. There will be opposing requests for additional fiscal investments in the flagging economy. We must hope that our elected representatives will be able to cut through the exacerbated tension and dysfunction of recent months and seek collaborative accord to strengthen our economy and our communities.

### 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.

### Website

[lesardevelopment.com](http://lesardevelopment.com)

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Please see the articles below for recent pertinent news. We will continue to keep you apprised of budgetary and policy developments as they relate to affordable housing.

Best wishes,



President, LeSar Development Consultants

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## FHFA Receives Thousands of Responses to RFI for REO Asset Disposition

On August 10, 2011, the Federal Housing Finance Agency (FHFA) announced a Request for Information (RFI) seeking input on new options for selling single-family real estate owned (REO) properties held by Fannie Mae and Freddie Mac and the Federal Housing Administration (FHA). In reply, the FHFA has received over 4,000 responses from a range of individuals, groups, agencies, and government entities from across the United States. The FHFA is currently reviewing the numerous submissions that it received. However, because of the large volume of responses, the FHFA has not yet determined a timeline for reaching a decision on the approaches and strategies to be implemented.

For more information about the FHFA's RFI for REO Asset Disposition, please see the FHFA website:

<http://www.fhfa.gov/Default.aspx?Page=360>

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## HUD Awards Nearly \$15 Million to 5 Public Housing Authorities to Create Education Centers for Children, Adults

On September 16, 2011, the U.S. Department of Housing and Urban Development (HUD) awarded nearly \$15 million in grants to five public housing authorities in order to create early education and adult training facilities for public housing residents. The goal of the investment is to connect affordable housing with quality education and employment resources.

The awarded grants will be provided through HUD's Capital Fund Education and Training Communities Facilities (CFCF) Program, for the construction, rehabilitation, or purchase of facilities that will offer early childhood education, adult education and/or job training programs.

To read the full press release, please see:

[http://portal.hud.gov/hudportal/HUD?src=/press/press\\_releases\\_media\\_advisories/2011/HUDNo.11-218](http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2011/HUDNo.11-218)

For more information on HUD's Capital Fund Education and Training Communities Facilities (CFCF) Program, please see:

[Senate Committee Approves Funding for Homeless in HUD and HSS](#)

[Bills](#)



[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/public\\_indian\\_housing/programs/ph/capfund/cfcf](http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/capfund/cfcf)

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## Redevelopment: CA Supreme Court Denies Request for Modification of Stay

On September 14, 2011, the California Supreme Court issued an order denying the request of the California Redevelopment Agency (CRA) and the League of California Cities (League) to modify the stay of action previously issued by the Court. In order to provide redevelopment agencies with greater ability to continue to implement their plans and commitments, the CRA and the League had requested 1) that the stay not undo the effect of continuation ordinances enacted prior to issues of the stay and 2) that communities that did not enact a continuation ordinance prior to the stay should be permitted to do so while the case is still pending. As a result of the denial, the activities of redevelopment agencies will continue to be considerably limited until the Court rules on the merits of the case.

For more information about status of the redevelopment case, please see the CRA website:

<http://www.calredevelop.org/external/wcpages/wcwebcontent/webcontentpage.aspx?contentid=438>

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## Deadline Approaches for State Legislation

Last month, Governor Jerry Brown was presented with approximately 600 separate items of legislation by the California legislature for his approval or veto. He has until October 9th to decide the outcome of numerous remaining bills, some of which tie directly to affordable housing development. Significant legislation still awaiting the Governor's final decision includes:

- [AB 1220](#) - legislation that allows residents to challenge a housing plan within three years of adoption if the plan does not meet the state standards for affordable housing development;
- [SB 450](#) - legislation that passed the Legislature unanimously and reforms how redevelopment agencies spend their Low and Moderate Income Housing Funds; and
- [SB8x](#) - a bill that makes various amendments to the implementation of the recent redevelopment legislation (AB 26X and AB 27X), such as granting additional flexibility to redevelopment agencies and cities and counties to make annual payments.

The fate of the remaining bills is uncertain as Governor Brown forewarned legislators that they will likely be "[singing the veto blues](#)" and he has already vetoed many measures. Of note, Governor Brown frustrated affordable housing advocates when he vetoed [AB 1216](#) which involved the preservation of affordability for assisted housing developments. His final round of decisions is around the corner, and we'll be sure to track the outcomes of the above items of legislation as well as new items of importance to the affordable housing community during the next legislative session.

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## TCAC Announces 2011 Second Round Final Approved Projects

On September 28, 2011, TCAC announced its final approved recommendations for 9% set-aside projects, 9% projects by geographic region, and 4% deals using tax-exempt bonds. Altogether, 36 projects out of the 72 submitted applications were approved for funding through the 9% tax credit program (18 set-aside projects and 18 projects by geographic region). Additionally, 7 projects were funded through the 4% tax credit program.

The majority of the projects approved for funding achieved a perfect score of 148 points. However, two projects (large-family projects in Los Angeles County and in the Capital and Northern Region) were approved funding with scores of only 143 points. It is also interesting to note that the tie-breaker scores in several regions have decreased significantly. For example, in Los Angeles County, the lowest tie-breaker score for an approved project was 10.915%.

The approved project recommendations will conclude TCAC's 9% tax credit funding for fiscal year 2011. It is expected that the applications for the first round of TCAC 9% tax credit funding in fiscal year 2012 will be due in late March.

For more information on 2011 TCAC Second Round Final Approved Projects, please see:

<http://www.treasurer.ca.gov/ctcac/2011/secondround/recommendations/index.asp>

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## Senate Committee Approves Funding for Homeless in HUD and HSS Bills

On September 21, 2011, the Senate Appropriations Committee approved its fiscal year 2012 funding bill for the Department of Urban Development (HUD). Some of the funded programs that specifically target homelessness include:

- HUD's McKinney-Vento Homeless Assistance Grants (\$1.901 billion - flat funded)
- Additional HUD-VA Supportive Housing Vouchers (\$75 million)
- Homeless demonstration program (\$5 million - for public housing authorities that partner with a variety of federally-funded programs to address homelessness)

The same Senate Appropriations Committee also approved the Health and Human Services (HHS) funding bill. Some of the highlights include:

- SAMHSA Homeless Services (\$89 million - includes \$14.6 million for new initiative that targets mental health and substance abuse services to homeless and at-risk people)
- Runaway and Homeless Youth Act (\$116 million)

For more information about the HUD and HSS Bills, please see the U.S. Senate Committee on Appropriations website:

<http://appropriations.senate.gov/news.cfm?method=news.view&id=123084b5-0aed-4a6c-a5cf-4231f34dd12e>