

# 1st of the Month

## Affordable Housing Technical Review



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*Season's Greetings  
and  
Happy Holidays*

from  
**LeSar Development  
Consultants**

To Our LDC Clients and Colleagues:

The holidays and the New Year are right around the corner, presenting a great time both to celebrate accomplishments from 2011 and to chart new goals for 2012. We look forward to opportunities to work with many of you in pursuit of those goals in the year ahead!

As we've thought back over the past year, we've been struck by many signs of progress, but also by how many of the biggest challenges and uncertainties from 2011 - including the fate of redevelopment in California and decisions regarding federal budget cuts - won't find resolution until 2012 ... or beyond. Please see articles below regarding the status of those issues, as well as information regarding a variety of state and federal programs, funding alerts, recent reports about housing affordability and poverty, news of progress from San Diego, and other relevant stories.

As you contemplate your own resolutions for the New Year, please know that LeSar Development Consultants remains resolved to keeping you updated and informed, beginning again in January with our first newsletter of 2012. In the meantime, we hope that you continue to enjoy the spirit of the season with your family, friends, and colleagues.

### 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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Happy Holidays!



President, LeSar Development Consultants

## **FY2012 Federal Budget Update and Super-Committee Consensus Failure**



[FY2012 budget appropriations](#) for the Departments of Housing and Urban Development, Transportation, Agriculture, Commerce, and Justice have been finalized and signed into law. Budget decisions that directly impact affordable housing, community development and programs addressing homelessness include:

- A cut of \$830 million (or 11%) to HUD's Community Planning and Development programs (which includes Community Development Block Grants)
- Flat funding for McKinney-Vento Homeless Assistance Grants at \$1.9 billion
- An 8% or \$165 million reduction to the Public Housing Capital Fund
- A cut of over \$600 million (or 38%) to the HOME Investment Partnership Program
- Termination of new funding for the [Sustainable Communities Initiative](#) and its competitive grants programs (Coincidentally, HUD recently [announced the recipients](#) of its 2011 Sustainable Communities grants.)

See this [comparative budget chart for HUD](#) created by the National Low Income Housing Coalition.

In other news, the [Joint Select Committee on Deficit Reduction](#) - AKA the "Super Committee"- has announced its failure to craft a bipartisan plan to close the federal budget deficit, thereby triggering \$1.2 trillion in cuts over 10 years. The automatic cuts to domestic programs will result in reductions of approximately 8% to education, agriculture and environmental programs. While the law exempts many veterans' benefits and programs for low-income households, it does not exempt affordable housing or homelessness programs. These triggered federal deficit reductions will not go into effect until January 2013, which creates the possibility for lawmakers to try to amend or rework the cuts after next year's congressional and presidential elections.

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## New Regulations and Oversight Proposed for HUD's HOME Program



In the wake of [press reports alleging scandalous mismanagement](#) of the HOME Investment Partnerships Program (HOME), HUD Secretary Shaun Donovan has [proposed new rules](#) to improve and "strengthen oversight of the 20-year-old affordable housing block grant program." The proposal includes the requirement of state and local governments to assess the capabilities of developers and the viability of proposals and to adopt policies and procedures to improve HUD's oversight of projects.

Additionally, the legislation that approved HUD's FY2012 budget (see above) has also created additional regulatory provisions for the program, including the requirement to repay funds for developments that are not completed within four years of their commitment dates (HUD can extend the deadline for one year), and the obligation that any homeownership unit funded with HOME money that is not sold within six months of completion, be converted to a rental unit.

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## California Budget Outlook: Annual LAO Analysis



The California Legislative Analyst's Office (LAO) has released its annual [Fiscal Outlook](#) for 2012-2013. What comes as no surprise is their assessment that California's economic recovery will continue to be slower than anticipated or desired.

The LAO notes, "while the economy has some bright spots, including export growth and strength in technology-related service sectors...we project continuation of this slow, arduous recovery, with California's unemployment rate remaining above 10 percent through mid-2014 and above 8 percent through the end of 2017." They also forecast a \$3.7 billion dip in revenues below the presumed levels of 2011-2012, which will cause \$2 billion in "trigger cuts" to address this shortfall, affecting a huge swath of programs such as higher education and developmental services.

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## Redevelopment: Litigation Arguments Heard, Awaiting a Decision



On November 10th, the California Supreme Court heard oral arguments in the case of *The California Redevelopment Association v. Matosantos*, which will settle the status of redevelopment agencies in connection to recent legislation that either dissolves the agencies or requires them to pay the state \$1.7 billion collectively for FY 2011-2012.

If you missed the broadcast, you can view it online at [California Channel](#). A ruling is expected before January 15, 2012, as this is the date redevelopment agencies are supposed to submit payments to the state if they opt into an alternative form of existence.

We will be releasing a special issue of the newsletter upon the court's ruling.

## Funding and Financing Availability Alerts: HCD and EPA



The California Department of Housing and Community Development (HCD) will be releasing a Super-NOFA on January 9th, wherein all HCD Community Development Block Grant (CDBG) allocations will be announced in a single notification. Accordingly, the "application and funding cycle will

take place once per year for all CDBG allocations and programs, with the exception of the Economic Development (ED) Over-the-Counter (OTC) Allocation...and awards and contracts will be issued once per year for the Community Development Allocation (formerly known as the General Allocation), the ED Enterprise Fund (EF) Program, the Native American Allocation, Colonia Allocation, and the Planning and Technical Assistance (PTA) Grant Allocation." HCD will host a series of workshops on the Super-NOFA this month and next. For more information, see their [announcement of changes for CDBG allocations](#).



The U.S. Environmental Protection Agency (EPA) has announced the availability of between [\\$1.8 to \\$3.8 million for Urban Waters Small Grants](#) which will be awarded to projects that improve urban water quality and encourage community revitalization. Examples of eligible projects include: "training for water quality improvement or green infrastructure jobs; local water quality monitoring programs; and engaging diverse

stakeholders to develop local watershed plans." Proposals are due on January 23, 2011.

## 2012 Proposed CTCAC Regulation Changes and Public Hearing Schedule

On November 21, 2011, the California Tax Credit Allocation Committee (CTCAC) issued a [notice announcing forums for public comment on proposed 2012 TCAC regulatory changes](#). Included in the notice was a breakdown of the proposed regulation revisions by substantive changes and clarifying and/or conforming changes. The public hearings will take place as follows:

- [Monday, December 5, 2011](#) - Los Angeles - Ronald Reagan State Building, 300 South Spring Street Auditorium - 1:00pm
- [Tuesday, December 6, 2011](#) - San Diego - San Diego Housing Commission, 1122 Broadway, Suite 300 - 10:00am
- [Wednesday, December 7, 2011](#) - Oakland - Elihu Harris Building, 1515 Clay Street Auditorium - 1:00pm
- [Thursday, December 8, 2011](#) - Sacramento - CalPERS, 400 P Street Auditorium - 1:00pm

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## Studies of Interest: Renters' Growing Pains and Poverty Indicators



The [National Low Income Housing Coalition](#) (NLIHC) recently released "[Renters' Growing Pain](#)," which thoroughly illustrates the plight of renters encountering increases in housing costs while their incomes are stagnant or in decline. This

brief also details the gap between a growing demand for rental units and the shortage of affordable housing units.



[Half in Ten](#), a campaign that seeks to cut poverty in half within ten years, has recently issued [Restoring Shared Prosperity: Strategies to Cut Poverty and Expand Economic Growth](#). This report establishes

a set of indicators to measure national progress towards combating poverty and economic inequality. Notably, the report highlights the availability of affordable housing as a key indicator of national economic security.

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## San Diego's Homelessness Efforts in the News



Last week, San Diego's efforts to address - and end - homelessness were the focus of San Diego CityBeat's cover story, [The Evolution of San Diego's Approach to Homelessness](#).

The article profiles efforts in the last year that have resulted in nearly 150 people being helped off the streets and into housing, including the

United Way of San Diego's Project 25 initiative and the Ending Homelessness in Downtown San Diego Campaign, which has been managed by LeSar Development Consultants (LDC) on behalf of the Centre City Development Corporation (CCDC) and other partners. The story also highlights new strategies being implemented by the Downtown San Diego Partnership as well as the [Five-](#)

[Year Work Plan](#)

[Toward Goal of](#)

[Ending](#)

[Homelessness in](#)

[Downtown San Diego](#),

prepared by LDC for CCDC and adopted by the San Diego City Council in September.

## Turning To CEQA to Combat Business Rivals



The *Los Angeles Times* recently ran an [article](#) that documented instances of businesses using California's landmark environmental mitigation law, the California Environmental Quality Act (CEQA), to squash rivals

by slowing their development projects and issuing CEQA related lawsuits that hamper progress and yield hefty costs. One such case involved a housing developer using CEQA to file a lawsuit against a pending rival development project which resulted in the defending party filing a federal racketeering lawsuit. "Less than 1% of all projects in the state face CEQA lawsuits, according to the Public Policy Institute of California, but developers say they spend millions "bulletproofing" their environmental documents to fend off a challenge." Business groups are currently lobbying for regulatory reform to CEQA.