

# 1st of the Month

## Affordable Housing Technical Review



Issue: # 23

February 2012 (issued February 1, 2011)



On January 26th, construction for **Connections Housing** broke ground in San Diego. This integrated service and residential community seeks to shelter homeless persons in permanent housing while providing virtually every resource a person could need to break the cycle of homelessness, and it will serve as a demonstration project that can be replicated anywhere. Connections Housing is slated to open in November 2012. Jennifer LeSar led the CCDC board in devising and approving this project.

Special Guests (featured in the top left photo, right to left) included Richard C. Gentry, President and CEO of the San Diego Housing Commission; The Honorable Kevin Faulconer, Council President Pro Tem; Jim Silverwood, President and CEO of Affirmed Housing Group; The Honorable Todd Gloria, Councilmember District 3; and Joel John Roberts, CEO of PATH.

### 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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To Our LDC Clients and Colleagues:

As mandated by AB1x26 and the California Supreme Court, all redevelopment agencies will dissolve **today**, resulting in a loss of approximately \$1 billion in annual redevelopment funding designated for affordable housing.

Much of 2012 will be spent sifting through the upheaval caused by the dissolution of redevelopment agencies, such as focusing on the formation and constitution of RDA Oversight Committees, ensuring smooth flow of funds for bond payments, and the finalization of Recognized Obligation Payment Schedules. But throughout this year, we must also concentrate on creating new platforms for funding community economic development and affordable housing. Our team is closely watching legislation involving Infrastructure Financing Districts (IFDs), budgetary language involving Cap and Trade funds for strategic housing developments that curb green house gas emissions, a permanent source of funding derived from new state-wide fees, and weighing in on vehicles, such as the Strategic Growth Council, where we might embed the economic development program of the future.

We have officially entered into a new era of funding and finance for affordable housing development - one where the future is not yet determined, and where our clients will need to be strategic, agile, and innovative to acquire new funds from a variety of public and private sources. As always, we will continue to provide our clients with a diverse suite of financial planning and asset management services, while keeping you up to date on the latest news and policy developments in our industry.

Best Wishes,

Sincerely,



Jennifer LeSar  
President, LeSar Development Consultants

## Post Redevelopment Update

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## Upcoming Events

### **Kennedy Commission Special Forum on Post Redevelopment Strategies**

February 2, 2012  
St. Joseph Justice Center  
480 South Batavia, Orange,  
CA 92868

Jennifer LeSar will be a featured speaker and will discuss the affordable housing climate post-February 1st and implementation of the new affordable housing paradigm.

### **11th Annual New Partners for Smart Growth Conference**

February 2-4, 2012  
Sheraton Hotel  
San Diego, CA

### **2012 National Conference on Ending Family and Youth Homelessness**

February 9-10, 2012  
Millennium Biltmore Hotel  
Los Angeles, CA

### **California's Urbanscape: Redevelopment for the 21st Century**

February 21, 2012  
De Veve Plaza | UCLA Los



Tomorrow, the dust will begin to settle from today's dissolution of all redevelopment agencies. Today, we bring you up to speed with the latest post-redevelopment updates.

Tasked with carrying out the orderly wind-down of a redevelopment agency, Successor Agencies have been created for nearly all redevelopment agencies - the

most significant exception being the City of Los Angeles wherein the City **opted** not to take on the obligations and assets of their Community Redevelopment Agency, therefore requiring the Governor to appoint three county residents to a "designated local authority" to serve as a successor agency.

Yesterday, Senator Steinberg's legislation (**Senate Bill 654**) - seeking to transfer and preserve Low and Moderate Income Housing Fund (L&M) balances with successor agencies - passed the Senate and will now be taken up by the Assembly. This legislation is intended to preserve roughly \$2 billion in outstanding balances in the L&M funds maintained by redevelopment agencies throughout the state.

In other news, **Senate Bill 659**, carried by Senator Alex Padilla, would have extended the February 1st deadline for the dissolution of redevelopment agencies to April 15th, but it failed to move through the legislature. Without the extension, the League of California Cities has **forewarned** of possible "bond defaults; loss of taxpayer funds; possible violations of federal law; stranded public infrastructure projects; and loss of critical staff to implement the law." This perspective is counter-balanced by yesterday's article in the *Wall Street Journal*, "**Agencies Fading, but Bonds Live On**", wherein the article documents how the municipal bond market is showing strength and garnering investor interest.

The California Planning and Development Report **recounted** last Friday that a California Superior Court Judge refused to "grant a stay against the dissolution of redevelopment, rejecting arguments advanced in two separate suits, led by the cities of Cerritos and Carlsbad," and therefore the dissolution of redevelopment will proceed today as mandated by AB1x26 and the Supreme Court of California.

Finally, the California Department of Finance has recently unveiled a **website** to provide current information on the process of redevelopment agency dissolutions as well as the Department's answers to frequently asked questions, including queries pertaining to redevelopment bond issues.

Angeles, CA

**League of California  
Cities Annual Planners  
Institute and Expo**

March 20-22, 2012  
Fairmont Hotel  
San Jose, CA

**National Low Income  
Housing Coalition  
2012 Housing Policy  
Conference**

March 25-28, 2012  
Omni Shoreham Hotel  
Washington, D.C.

## Funding and Financing Availability Alerts: HCD Super NOFA, Workforce Innovation, and Sustainable Communities



As we previously alerted you, the Department of Housing and Community Development (HCD) has released a Super-NOFA wherein all HCD Community Development Block Grant (CDBG) allocations have been announced in a single notification.

Accordingly, approximately \$34.5 million is available in CDBG funds for Program Year 2011-2012 and HCD "will make available 50% of the allocation for Program Year 2012-2013, which is estimated to add another \$14,000,000 million." Applications are due to HCD by April 6, 2012. HCD has also announced the next round of Housing-Related Parks Program grants. "Grant funds will be awarded for the issuance of housing starts for units affordable to lower-income households from January 1, 2010 - December 31, 2011." Applications are due on March 30, 2012 and a total of \$25 million is available.



The U.S. Department of Labor has announced the availability of \$98.5 million in grants from the Workforce Innovation Fund to support innovative employment and training service approaches. "The fund invests in programs that support, evaluate and enhance workforce investment strategies, particularly for vulnerable populations" and seeks to "remove administrative, statutory, and regulatory barriers to support greater coordination in the delivery of services. The deadline for this opportunity is March 22, 2012.



HUD recently announced the winners of their Choice Neighborhood Planning Grants, wherein a total of \$3.6 million was awarded to public housing communities. Akin to last year's Choice Neighborhood Implementation Grants, only one of these awards was given to a Californian entity. Hopefully California, a leader in sustainable communities and smart growth planning, will regain its prominence in this field and receive funding for multiple projects through future grant cycles. As such, \$110 million is available for the next round of Choice Neighborhood Implementation Grants - the application deadline is April 10, 2012 and the award ceiling is \$30 million.

## Homelessness Counts - and Real Progress in San Diego



Last week, communities across California and the United States coordinated Point-in-Time Counts of homeless persons and families, as part of a national effort to accurately determine the

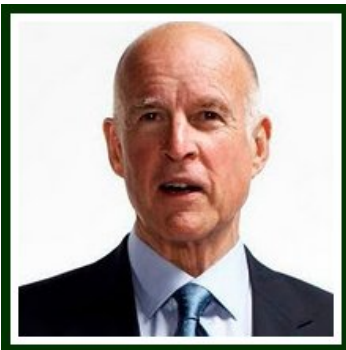
number of people experiencing homelessness - the data gathered is used to allocate funding to HUD programs and grantees, and to measure progress in ending homelessness. In San Diego County, more than 750 people volunteered for this effort and LeSar Development Consultants was honored to host members of national leadership for this event, including Dr. Susan Angell, the Executive Director for Veterans Homeless Initiatives at the U.S. Department of Veterans Affairs.

**100%!**

The hard work of many communities to create solutions is having an impact. In San Diego, the Ending Homelessness in Downtown San Diego Campaign (staffed

by LeSar Development Consultants) reached a truly significant milestone: *125 people off the streets, receiving services, and on paths to permanently end their homelessness, representing 100% of the Campaign's initial goal!* This 125 people includes 85 people in permanent housing and still receiving services and 40 people currently in "interim" housing, moving toward permanent solutions. Campaign leadership reaffirmed their dedication to build upon this progress: "We're truly proud of the 125 people who are transforming their lives - and we remain committed to helping to create such opportunities for many more people."

## **New FHFA Director Demanded by Governor Jerry Brown**



Along with numerous members of California's Democratic congressional delegation, Governor Jerry Brown has called upon President Obama to appoint a new director of the Federal Housing Finance Authority (FHFA), which regulates the mortgage behemoths Fannie Mae and Freddie Mac.

According to the Los Angeles Times, the Governor's letter declares the acting director, Edward Demarco, is "hindering California's economic recovery and harming state efforts to promote clean energy," and he has "ignored" California's underwater mortgage and foreclosure crisis by "failing to exercise [FHFA's] full authority over

residential mortgages underwritten by Fannie Mae and Freddie Mac."

Mr. DeMarco was never selected as the FHFA'S permanent director, and has been resistant to helping homeowners refinance underwater mortgages or write-down principal amounts on mortgages owned by Freddie Mac and Fannie Mae - he appears to be in opposition of the President's announced priorities of helping homeowners and curtailing the mortgage meltdown. President Obama had previously nominated Joseph Smith, Jr., a North Carolina banking commissioner, to be the new FHFA director, but this appointment was met with opposition by Republican congressional leadership and he rescinded the nomination.

In other news, Governor Brown used the following adjectives to describe the upcoming political season and path toward an approved budget: "Exciting, challenging, turbulent, and unpredictable." We'll be sure to keep you posted on the latest budget developments as it relates to affordable housing and economic development.

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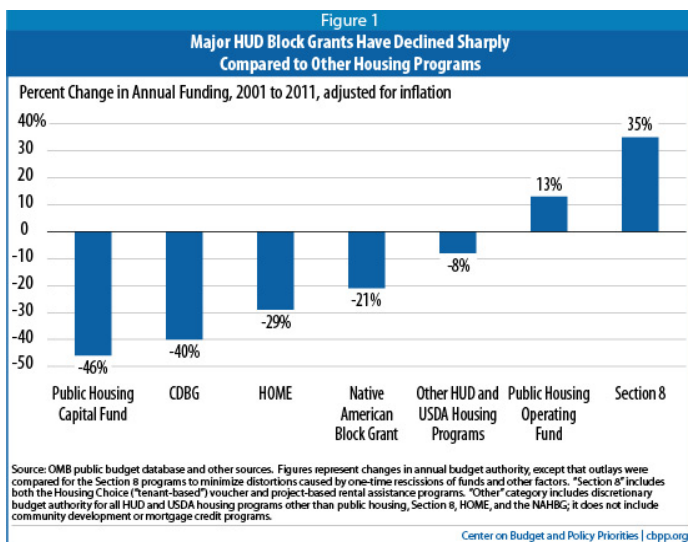
## **Last Call for Comments on New Regulations for HUD's HOME Program**



In December, the U.S. Department of Housing and Urban Development (HUD) proposed enhancements to program regulations for the HOME Investment Partnerships Program. Among the proposed regulations are caveats that "repayment of HOME funds would be required for any unit that is not rented to eligible tenants within 18 months of project completion," and that "projects not completed within four years from the date of project commitment would be considered terminated and the jurisdiction must repay HOME funds invested in the project." HUD is seeking public feedback on the proposed regulations and the deadline to submit your comments is February 14th.

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## **Expanding "Moving to Work" Proposal Bears Deep Cuts to Housing Assistance**



## Moving to Work

(MTW) provides public housing authorities "the opportunity to design and test innovative, locally-designed strategies that use Federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families."

## According to the Center on Budget and Policy Priorities,

Congressman Gary Miller has

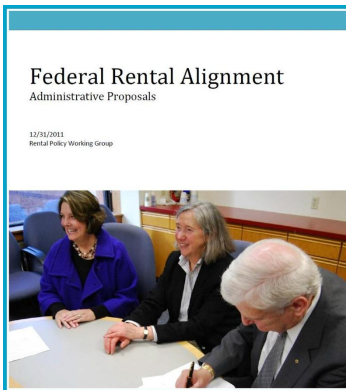
recently proposed an unlimited expansion of the MTW program, "which now exempts 35 housing agencies from nearly all federal housing laws and regulations so they can experiment with alternative ways of administering low-income housing aid, [and] risks deep cuts to housing assistance over time."

Accordingly, "the proposal could lead a very large share of the nation's 3,900 state and local housing agencies to convert their Housing Choice Voucher and public housing funding streams to MTW block grants. These large-scale conversions would "likely lead over time to even deeper cuts in program funding than would otherwise occur" because funding for the four major housing block grant programs "has declined sharply in relation to other low-income housing programs over the past decade."

## **CTCAC Releases 2012 Schedule**

The California Tax Credit Allocation Committee (TCAC) has released their proposed **2012 Program Schedule and Deadlines**. If you are contemplating submitting an application for a 4% tax exempt bond, and have not already done so, you will need to submit your application by March 16th in preparation for the TCAC Committee meeting on May 16th.

## **Studies of Interest: Improving Federal Affordable Housing Delivery & The State of Homelessness**



Recently, the U.S. Department of Housing and Urban Development (HUD) and the **Rental Policy Working Group (RPWG)** released a report titled "**Federal Rental Alignment Administrative Proposals**" which seeks to

improve the delivery and operation of affordable housing across all federal agencies. Among the recommendations within the report are standardizing market studies, improving data sharing, creating uniform reporting standards for physical inspections, and pursuing stronger energy efficiency requirements. These proposals strive to incur cost reductions in the delivery of affordable housing programs.



The National Alliance to End Homelessness recently issued its report, **The State of**

**Homelessness in America in 2012**, which

examines data regarding homelessness between 2009 and 2011 (including data from last year's Point-in-Time Counts) and found that "despite the bad economy, homelessness decreased by 1 percent during this period." NAEH attributes much of this decline to the successful implementation of the Homelessness Prevention and Rapid Re-Housing Program (HPRP), which was funded by the Federal Government through the American Recovery and Reinvestment Act of 2009 - but HPRP funds have now run out in many communities, and the program ends completely in the Fall of 2012, with no replacement funding identified. Decreases in the estimated number of chronically homeless persons (down 3% between 2009 and 2011) are attributed to an increasing supply of permanent supportive housing opportunities across the country.