

1st of the Month

Affordable Housing Technical Review



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Governor Jerry Brown shown here signing the California State Budget yesterday. See our letter below that explains the budget's impact to redevelopment.

To Our LDC Clients and Colleagues:

The ink from Governor Brown's pen has barely dried, yet the implications of the newly enacted California Budget have already set off a flurry of activity from redevelopment stakeholders across the state. Sorting through the maze of facts and opinions, payments and provisions, legislation and litigation, can be a daunting task for anyone. Let's breakdown the events of the last few days and then take a look at what lies ahead for redevelopment in the near term.

What happened to redevelopment?

Among several budget trailer bills signed into law by Governor Brown, two bills specifically address redevelopment and significantly modify California Community Redevelopment Law.

- a) The first bill (ABx1 26 aka the "Dissolution Act"), immediately suspends all new redevelopment activities and incurrence of indebtedness, and dissolves redevelopment agencies effective October 1, 2011.
- b) The second bill (ABx1 27 aka the "Voluntary Program Act"), allows RDAs to avoid dissolution by opting into an "alternative voluntary redevelopment program" which requires specified substantial annual contributions to local school and special districts. The formula for FY 2011-2012 remittances can be found on pg. 19 of the document [here](#).

Essentially, each individual RDA has two options. The RDA can either elect to opt-in to the Voluntary Program and make annual contributions to the state (approximately \$1.7 billion for FY 2011-2012 and \$400 million in subsequent years) or the RDA will be dissolved by fall of this year. Expectedly, this "pay to play" arrangement has been met with criticism from numerous civic leaders and advocacy groups across the state.

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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What lies ahead?

Although the endorsement of these two bills does provide some clarity to the future of redevelopment, a number of questions have emerged from the fallout.

- a) What is the full impact to redevelopment agencies for FY 2011 - 2012? Will they have sufficient funds to operate this year if they opt-in to the Voluntary Program?
- b) Which "clean up" provisions will be pursued in the 2011 legislative session? Will RDAs be required to repay any Low and Moderate Income Housing Funds used to make payments under the Voluntary Program? Will mechanisms be put into place which would allow RDAs that would otherwise not be able to opt-in to the Voluntary Program to avoid dissolution by spreading their FY 2011-2012 payments over multiple years?
- c) Will the threat of lawsuits materialize? And, if so, will the courts authorize a "stay" or injunction to prevent the Redevelopment Restructuring Act from being operative until a final legal decision is reached by the courts?

The answers to these questions will need to be left for another day. In the meantime, we promise to keep you, our clients and colleagues, apprised of any new developments as they emerge.

Best wishes,



President, LeSar Development Consultants

HUD Announcements: CHOICE Neighborhoods Initiative Planning Grant and Sustainable Communities Regional Planning Grant

On June 6, 2011, HUD announced funding available for the CHOICE Neighborhood Initiative Planning Grant. The CHOICE grant aims to support the development of comprehensive neighborhood revitalization plans which will transform these communities into viable, mixed-income neighborhoods by linking housing improvements with appropriate services, schools, public assets, transportation, and access to jobs. The total funding for the program is listed at \$3.6 million with an award ceiling of \$300 thousand per applicant. The closing date for applications is August 8, 2011.

HUD has also issued an advance funding notice regarding the Sustainable Communities Regional Planning Grant. The Sustainable Communities grant seeks to support metropolitan and multijurisdictional planning efforts that integrate housing, land use, economic and workforce development, transportation, and infrastructure investment. The estimated total funding is \$67 million with an award ceiling of \$5 million and an award floor of \$400 thousand. Although applications are not currently being accepted, the expected closing date for applications is July 21, 2011.

For more information on the CHOICE Neighborhoods Initiative Planning Grant, please see:

[CHOICE Neighborhood Initiative Planning Grant NOFA](#)

For more information on the Sustainable Communities Regional Planning Grant, please see:

[Sustainable Communities Regional Planning Grant Advance Notice](#)

HCD Updates: HOME NOFA & MHP NOFA

On June 1, 2011, HCD announced a NOFA for the HOME Investment Partnership Program (HOME). This NOFA is for rental projects, first-time homebuyers (FTHB) projects, and program activities. A minimum of \$52 million is available for this NOFA. Applications are due no later than 5:00pm on August, 16, 2011.

HCD has also announced the release of four MHP NOFAs for the following programs:

- General Component - \$80 million
- Supportive Housing - \$65 million
- Homeless Youth - \$12 million
- Governor's Homeless Initiative - \$3 million

Workshops for the MHP NOFAs will be held from 10am - 2pm on June 20, 2011 (Sacramento), June 22, 2011 (Oakland), and June 23, 2011 (Los Angeles).

For access to all of the HOME NOFA materials, please see:

[2011 HOME NOFA](#)

For further information on the MHP NOFAs, please see:

[MHP NOFA](#)

Results of 9% Tax Credit Round Announced

On June 22nd, California's Tax Credit Allocation Committee (TCAC) met to determine the winners of the first round competition for 9% Low Income Housing Tax Credits. Competition was a little less fierce in the first round of 2011 than in prior years: TCAC received 102 applications requesting just over \$88 million in federal tax credits; TCAC allocated just over \$44 million federal credits to 53 projects. As such, one out of every two projects that applied in the first round actually received an allocation.

TCAC had changed the "tie-breaker" calculation for 2011. The new calculation de-emphasizes tax credit efficiency in favor of projects that receive the greatest amounts of local public subsidy. In addition, projects receiving operating subsidies have a significant advantage in obtaining higher tie-breaker scores. In the geographic allocations, the lowest successful tie-breakers in representative regions were as follows:

- Los Angeles County: 65.738%
- San Diego County: 45.344%
- Inland Empire: 60.544%
- North & East Bay: 77.665%

Projects had to have significantly higher tie-breaker scores to be able to compete for set-aside allocations: for example, the lowest winning tie-breaker score in the nonprofit set-aside was 89.578%; the lowest winning tie-breaker score in the special needs set-aside was 85.889%.

Presuming that resources from redevelopment sources may be shrinking in the near term, it is unclear whether tie-breaker scores will continue to rise in 2012.

A list of 9% final approved recommendations can be viewed [here](#).

Los Angeles County Announces NOFA for City of Industry Funds

On June 9, 2011, The Community Development Commission of the County of Los Angeles announced that \$16 million in City of Industry Funds would be made available in the Round 17 NOFA. 50% of the funds would be reserved for non-special needs projects while the other 50% would be allocated to special needs projects (including the Sustainable Rehabilitation program for existing special needs projects).

For more information on the City of Industry Funds, please see:

[NOFA Bulletin 2011-3](#)

State Assembly Select Committee on Homelessness Begins Series of Homelessness Hearings

On April 28th, 2011, the Assembly Select Committee on Homelessness held the first of four hearings that will be held throughout the state. The statewide effort to end homelessness has been dubbed, "The Road Home". Chaired by Assemblymember Toni Atkins, the nine-member bipartisan committee is tapping into resources established by President Obama's Federal Plan to End Homelessness and engaging local programs. The principal goals of the Select Committee are to connect California to the federal resources available as well as to identify gaps that can be filled at the state level.

The series of hearings held by the Select Committee will continue in San Diego on July 20th, Los Angeles on July 27th, and finally, in Sacramento in the Fall of 2011. Respectively, the topics that will be explored at these hearings include, "The Road Home for Veterans and Chronic Homeless Subpopulations", "The Road Home for Youth", "Women and Family Homeless Subpopulations, and The Road Home Through the California Interagency Council on Homelessness and the Select Committee on Homelessness".

For more information, please see Assemblymember Toni Atkins' website:

[The Road Home](#)

HUD Issues 2010 Annual Homeless Assessment Report

On June 14, 2011, the U.S. Department of Housing and Urban Development (HUD) issued its 2010 Annual Homeless Assessment Report (AHAR) to Congress, which reports on the number of homeless persons in the U.S. based on data collected from thousands of local communities. According to the report, although the number of homeless persons remained unchanged between 2009 and 2010, there was a decrease by 1% in the number of persons experiencing chronic homelessness. The report looks at the impact of the Homelessness Prevention and Rapid Re-Housing Program (HPRP) in helping to house hundreds of thousands of homeless persons during the first year of the program.

To learn more about the report, please see HUD's press release:

[HUD's 2010 Annual Homeless Assessment Report](#)

Progress Report on *Opening Doors: Federal*

Strategic Plan to End Homelessness

Presented to the Office of the President and Congress on June 22, 2010, *Opening Doors* was the nation's first comprehensive strategy to prevent and end homelessness. The plan set the goals of ending chronic and veteran homelessness in five years and homelessness among families and youth in ten years. It also proposed to set the nation on a path to ending all homelessness.

On June 22, 2011, exactly one year from the start of *Opening Doors*, the National Alliance to End Homelessness along with the Homelessness Research Institute released a progress report on the federal plan. The first section of the progress report, "Summary of Program Assessments", looks at the progress the federal agencies have made in the implementation of the plan's 52 strategies. The second section of the progress report, "Available Data on Changes in Homelessness", looks at the limited information available to assess the changes in the incidence of homelessness since the introduction of the plan.

The one year anniversary of *Opening Doors* was also marked by a stakeholder conference call on June 22, 2011. Led by Labor Secretary Hilda Solis, key leaders shared their thoughts on the impact of plan implementation to date and what will be needed moving forward. The webinar can be viewed [here](#).

To read the *Opening Doors* progress report, please see: [Opening Doors Progress Report Press Release](#)

Harvard's Joint Center for Housing Studies Releases "State of the Nation's Housing 2011"

On June 8, 2011, the Joint Center for Housing Studies of Harvard University announced the publication of its signature annual report, *The State of the Nation's Housing 2011*. The report concludes that after three consecutive years of record-low construction levels, the strength of the recovery in housing largely hinges on a return of demand. Furthermore, the lingering consequences of the recession and financial crisis have thwarted a broader recovery. Despite the significant challenges, one bright spot in the housing industry appears to be the tightening of the rental market. This improvement in the rental market could result in a modest recovery for housing construction.

For more information on the Harvard Report, please see: [The State of the Nation's Housing 2011](#)
