

1st of the Month

Affordable Housing Technical Review



Issue: # 14

June 2011 (issued June 1, 2011)



The Glassell Park project now under construction is a partnership between Abode Communities and the Los Angeles Unified School District (LAUSD). This joint use development is the first development of its kind to co-locate housing and an LAUSD school on the same site. On behalf of Abode Communities, in 2005, LDC managed the proposal development and submission process resulting in Abode being awarded the development rights by LAUSD.

To Our LDC Clients and Colleagues:

As we head into June, here are some of the key happenings at the state and federal levels. With the issuance of the Governor's May revise budget, we are encouraged that it lifts the impacts of the "bond pause" at HCD, and that the agency will soon issue the release schedule for NOFAs that had been anticipated this year. Despite the Governor's continued pursuit of the elimination of redevelopment, we are encouraged by the reform bills moving forward in both the Assembly (AB1250) and Senate (SB286) but disappointed with the continued plan to take \$1 billion of the affordable housing set-aside funds in this upcoming fiscal year. Look for a resolution on the future of redevelopment by the June 15th deadline for the legislature to approve the budget.

At the federal level, we anticipate being able to announce in the next month or so the release dates for the second round of the HUD Sustainable Communities Regional Planning grant program. California did poorly in the first round with only two successful applications from the state, and no successes from regions with our large cities of San Diego, Los Angeles, Oakland or San Francisco. We are hoping to show more success in the second round based on HUD feedback to unsuccessful applicants.

I am pleased this month to introduce our new affiliate, Estolano LeSar Perez Advisors LLC, whose focus is on providing integrated solutions for

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

In This Issue

[Introducing Our New Affiliate: Estolano LeSar Perez Advisors LLC](#)

[HUD Releases Final Block Grant Allocation for FY 2011](#)

[HUD Provides Details on Homelessness Assistance Funds for FY 2011](#)

[NLIHC Releases "Out of Reach" Report](#)

[Redevelopment Still on the Chopping Block](#)

[Bond Pause Lifted at HCD](#)

[San Diego Housing Federation Hosts Annual Awards Event](#)



clients seeking to create economically, physically and environmentally sustainable communities. Our two firms are co-located in staffed offices in downtown Los Angeles and San Diego, and we maintain a working office adjacent to the Capitol in Sacramento.

Best wishes for a productive summer,



President, LeSar Development Consultants

Introducing Our New Affiliate: Estolano LeSar Perez Advisors LLC

Our new affiliate, Estolano LeSar Perez Advisors LLC ("ELP") was incorporated in March 2011 and provides clients with integrated solutions to create thriving, healthy, vibrant communities. ELP's principals - Cecilia V. Estolano, Jennifer LeSar and Katherine Aguilar Perez - bring combined expertise in sustainability, transportation, planning, economic development, housing and community engagement to public sector, foundation and business clients seeking an innovative approach to complex urban issues.



ELP Advisors has staffed offices in downtown Los Angeles and San Diego and a working office adjacent to the Capitol in Sacramento. Check out the website at elpadvisors.com and look for the first issue of the ELP Advisors sustainability newsletter to be released later this month.

ELP and LDC are affiliated companies. Jennifer LeSar, President of LeSar Development Consultants ("LDC"), formed ELP Advisors with Cecilia V. Estolano and Katherine Aguilar Perez to expand on the affordable housing and homeless policy and technical services provided by LDC to its client base. LDC is the Managing Member of ELP and both companies jointly bid on projects as co-leads, primes or subcontractors to each other. Together, LDC and ELP can provide a full range of policy, strategic planning and technical services in the issue areas that are the most critical to building better communities.

HUD Releases Final Block Grant Allocation for FY 2011

On May 27, 2011, HUD announced the final Fiscal Year 2011 block grant allocations to approximately 1,200 state and local governments under the Community Development Block Grants (CDBG), HOME Investment Partnerships (HOME), Housing Opportunities for Persons with AIDS (HOPWA), and the Emergency Shelter Grant Program (ESG). Although HUD will distribute approximately \$5.4 billion across the country to support community development and affordable housing, that figure has declined significantly compared to last year. In particular, the CDBG program funding was reduced by more than \$600 million or approximately 16.5 percent while the HOME program funding was reduced by more than \$200 million or approximately 11.7 percent.

HUD intends to fund the programs as follows:

- \$ 3.3 billion in Community Development Block Grant funds;
- \$ 1.6 billion in HOME Investment Partnerships funding;
- \$ 160 million in Emergency Shelter Grant; and
- \$ 298 million for Housing Opportunities for Persons with AIDS
- \$5.4 billion Total

To read the HUD press release, please see:

[HUD Releases Final Block Grant Allocation for FY 2011](#)

To view a breakdown of California funding awards by county, please see:

[California Funding Awards by County](#)

HUD Provides Details on Homelessness Assistance Funds for FY 2011

On May 16, 2011, Congress passed the Continuing Resolution for FY 2011 which details the remainder of funds for its homeless assistance programs. The plan includes the following highlights:

- \$65 million in additional funding for Emergency Solutions Grant (ESG) Implementation
- \$50 million for 7,000 new HUD-Veterans Affairs Supportive Housing (VASH) vouchers.
- Continuum of Care (CoC) competition and Rural Housing Stability programs described in the HEARTH Act will not be implemented in FY 2011 due to a lack of appropriated funds. The CoC competition for FY 2011 will therefore proceed under the rules and regulations that are currently in place. HUD cautions that there will likely be less funding available for new projects this year. However, HUD encourages communities to continue with planning efforts related to preparing for HEARTH implementation.
- Current regulations for all programs are in effect until new regulations are released. The current definition of homelessness also stands until further notice. HUD will offer technical assistance and training materials to grantees to help them gain a comprehensive understanding of all new regulations.

For more information on the Homelessness Assistance Funds, please see:

[USICH May Newsletter](#)

National Low Income Housing Coalition (NLIHC) Releases "Out of Reach" Report

On May 2, 2011, the National Low Income Housing Coalition (NLIHC) released this year's "Out of Reach", a report that compares rental housing costs to wages in every county, state, and metropolitan area. The principal conclusion of the report is that there is a severe shortage of housing that is decent and affordable to low income renters and that it is nearly impossible for a person earning the prevailing minimum wage or even the average renter wage to obtain decent housing. Some of the key findings from the report include:

- There was a shortage of 3.4 million affordable units
- Only 32 adequate units were affordable and available for every 100 households
- The number of households with worst case needs in 2009 (7.1 million) rose 42% since 2001
- Among units affordable to extremely low renters, the vacancy rate is only 4.3%

Housing California conducted a review of the data and found that California renters face even steeper rental prices than before. Some of

the more telling statistics include:

- The average monthly market-rate rent for a two-bedroom apartment in California is \$1,361
- The hourly wage needed to afford an average two-bedroom apartment in California is \$26.17
- The number of hours per week that a minimum-wage earner must work to afford the average two-bedroom apartment in California is 131 hours.

To read the entire "Out of Reach" report, please see:

[NLIHC's "Out of Reach" Report](#)

To read Housing California's article on the report, please see:

[California Renters](#)

Redevelopment Still on the Chopping Block

On May 16, 2011, Governor Jerry Brown released the May budget revision ("May Revise") which updates his proposed 2011-2012 state budget to reflect April's tax revenue. Despite a \$6.6 billion increase in projected revenues for the current and next fiscal year, the Governor is still expected to make a push for the elimination of redevelopment agencies. This measure would be taken in large part to help fill the state's budget gap which would remain at approximately \$10.8 billion.

The proposal to eliminate the redevelopment agencies continues to be a contentious issue. In a recent memo, the Legislature's lawyers stated that Governor Brown's plan to eliminate redevelopment agencies is unconstitutional because the state cannot reimburse itself with local property taxes. However, the opinion does not deem the elimination of redevelopment agencies unconstitutional, but rather the method in which the state intends to take the money in the first year.

Additionally, two bills were reviewed in state Senate committees aimed at reforming the redevelopment agencies as opposed to eliminating them. The first bill, SB 286, introduced by Sen. Roderick Wright, would focus on making changes that would increase accountability, limit the size and scope of redevelopment in the state, and allow for a greater share of property taxes to pass through to local school districts. The second bill, SB 450, introduced by Sen. Alan Lowenthal, would seek to reform the way agencies spend the 20 percent of property taxes they collect to pay for affordable housing. Both bills have stalled in committee but are expected to be addressed again soon as budget negotiations continue.

To read Governor Brown's May budget revision, please see:

[Governor Brown's May Budget Revision](#)

Bond Pause Lifted at HCD

One of the positive pieces of news from the Governor's May budget revision is the reinstatement of the state Department of Housing and Community Development's (HCD) ability to issue Notices of Funding Availability (NOFAs). Within the next week, HCD Acting Director, Cathy Creswell, expects HCD to release a schedule for the NOFAs and their due dates on the HCD webpage and through their list serve.

For more information at HCD's webpage, please see:

[HCD Webpage](#)

San Diego Housing Federation Hosts Annual Awards Event

On June 9, 2011, the San Diego Housing Federation will host the 16th Annual Awards Event at the McMillin Events Center in San Diego. Awards will be given in a variety of categories including housing projects, advocacy, government agency, energy efficiency and sustainability and more. The event ceremony will also bestow the honor of the Lifetime Achievement Award to Jay Powell who will retire this year as Executive Director of City Heights CDC. The details of the event are as follows:

- Where: McMillin Events Center, NTC Promenade, 2875 Dewey Road, San Diego, CA 92106
- When: Thursday, June 9, 2011
- Time: 5:00-7:30pm
- Dress: Business Attire

For more information and to register for the event, please see: [SDHF Awards Event Registration](#)