

REPORT TO REDEVELOPMENT AGENCY

DATE: JUNE 22, 2011

TO: HONORABLE CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY

FROM: GREG RAMIREZ, EXECUTIVE DIRECTOR

BY: CHRISTY PINUELAS, FINANCE DIRECTOR

SUBJECT: ADOPTION OF RESOLUTION DETERMINING THAT THE PLANNING AND ADMINISTRATIVE EXPENSES FUNDED IN FISCAL YEAR 2011-12 BY THE AGENCY'S LOW-AND MODERATE-INCOME HOUSING FUND ARE NECESSARY FOR THE PRODUCTION, IMPROVEMENT, AND/OR PRESERVATION OF AFFORDABLE HOUSING FOR LOW-AND MODERATE-INCOME HOUSEHOLDS

Section 33334.2 of the Community Redevelopment Law (Health and Safety Code Section 33000, *et seq.*) requires every redevelopment agency to allot at least 20% of its annual property tax increment revenues to a separate fund to be used to produce, improve, or preserve housing within the community that is affordable to low- and moderate-income households. This separate fund is referred to as the Redevelopment Agency's "Low-and Moderate-Income Housing Fund."

Section 33334.3(d) of the Redevelopment Law provides that it is the intent of the Legislature that the Housing Fund is to be used to the maximum extent possible to pay the costs of production, improvement, and preservation of affordable housing and that the amount of money spent for planning and general administrative activities not be disproportionate to the amount actually spent for these costs. Section 33334.3(e) provides that planning and general administrative costs, which may be paid with monies from the Housing Fund, are those expenses which are directly related to housing programs and activities authorized by the Redevelopment Law and are limited to: (1) costs incurred for salaries, wages, and related costs of agency staff, or for services provided through interagency agreements, and agreements with contractors, including usual indirect costs related thereto, and (2) costs incurred by a non-profit corporation, which are not directly attributed to a specific project.

Section 33334.3(d) of the Redevelopment Law provides that the Agency must annually determine that the planning and administrative expenses are necessary for the production, improvement, or preservation of affordable housing. The Redevelopment Law does not require the annual determination to be in writing but the State Controller's office and the Department of Housing and Community Development interpret the law as requiring a written determination. Guidelines for compliance audits of California redevelopment agencies are in accord with this interpretation.

The Agoura Hills Redevelopment Agency’s budget allocates 20% of the Agency’s projected annual property tax increment revenues to the Housing Fund. For Fiscal Year 2011-12, Agency planning and administration expenses incurred in connection with the production, improvement and/or preservation of affordable housing are estimated to be \$223,894, while expenses for the production, improvement and/or preservation of affordable housing are estimated to be \$451,377, and debt service expenses payable from monies in the Housing Fund are estimated to be \$616,332.

Planning and administrative expenses payable from monies in the Housing Fund include staff salary and benefit costs and special legal counsel costs related to affordable housing projects and programs, and consultant costs in connection with administering affordable housing rehabilitation loans, and are listed as follows:

Fiscal Year	Staff	Legal	Loan Contract
2011-12	\$193,894	\$8,000	\$22,000

Expenses for the production, improvement, and preservation of affordable housing include staff costs for project management, engineering and plan design, professional services for project design, and option payments on a possible project site.

Housing Fund expenditures for Fiscal Year 2011-12 are projected to be \$1,441,603. The \$223,894 proposed expenditure for planning and administrative expenses for Fiscal Year 2011-12 equals 15.53% of the total projected expenditures from the Housing Fund in 2011-12.

Staff recommends adoption of Resolution No. 1157, making the determination that these amounts for planning and administrative expenses are necessary for the production, improvement, and/or preservation of affordable housing.

RECOMMENDATION

Adopt Resolution No. 11-57, making the written determinations that it is necessary for the Agency to allocate \$223,894 from the Housing Fund for Fiscal Year 2011-12, for planning and administrative expenses associated with the production, improvement and/or preservation of low- and moderate-income housing in the community.

Attachments:

- Resolution No. 11-57

RESOLUTION NO. 11-57

A RESOLUTION OF THE AGOURA HILLS REDEVELOPMENT AGENCY DECLARING THAT PLANNING AND ADMINISTRATIVE EXPENSES BUDGETED FOR FISCAL YEAR 2011-12 TO BE PAID FROM THE AGENCY'S LOW AND MODERATE INCOME HOUSING FUND ARE NECESSARY FOR THE PRODUCTION, IMPROVEMENT OR PRESERVATION OF LOW- AND MODERATE-INCOME HOUSING DURING FISCAL YEAR 2011-2012

RECITALS:

A. Health and Safety Code Section 33334.3(d) provides that "it is the intent of the Legislature that the Low and Moderate Income Housing Fund be used to the maximum extent possible to defray the costs of production, improvement, and preservation of low- and moderate-income housing and that the amount of money spent for planning and general administrative activities associated with the development, improvement, and preservation of that housing not be disproportionate to the amount actually spent for the costs of production, improvement, or preservation of that housing."

B. Health and Safety Code Section 33334.3(e) provides that planning and general administrative costs which may be paid with moneys from the Low-and Moderate-Income Housing Fund are those expenses incurred by an agency which are directly related to the programs and activities authorized under subdivision (e) of Health and Safety Code Section 33334.2 and are limited to the following:

(1) Costs incurred for salaries, wages and related costs of agency staff, or for services provided through interagency agreements, and agreements with contractors, including usual indirect costs related thereto; and

(2) Costs incurred by a non-profit corporation, which are not directly attributed to a specific project.

C. Health and Safety Code Section 33334.3(d) provides that an agency shall determine annually that the planning and administrative expenses are necessary for the production, improvement, or preservation of low- and moderate-income housing.

NOW THEREFORE, THE AGOURA HILLS REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

SECTION 1. Based on reports and other information provided to the Agency by Agency staff, the Agency hereby finds and determines that planning and administrative expenses budgeted for Fiscal Year 2011-12 to be paid from the Agency's Low and Moderate Income Housing Fund are (i) directly related to programs and activities of the Agency authorized under subdivision (e) of Health and Safety Code Section 33334.2; (ii) limited to costs incurred for salaries, wages and related costs of Agency staff, or for services provided through interagency agreements, and agreements with contractors, including usual indirect costs related thereto, and costs incurred by a non-profit corporation, which are not directly attributed to a specific project;

and (iii) necessary for the production, improvement, or preservation of low- and moderate-income housing during Fiscal Year 2011-12.

PASSED, APPROVED and ADOPTED this 22nd day of June, 2011.

Harry Schwarz, Agency Chairperson

ATTEST:

Kimberly M. Rodrigues, Agency Secretary