COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles
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Gloria Molina
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Zev Yaroslavsky
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Commissioners

Carlos Jackson
Executive Director

June 7, 2005

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

APPROVE THE COMMUNITY DEVELOPMENT COMMISSION AND HOUSING AUTHORITY FISCAL YEAR 2005-2006 BUDGETS AND THE INCORPORATION OF ADDITIONAL FUNDS INTO THE HOUSING AUTHORITY'S FISCAL YEAR 2004-2005 BUDGET (ALL DISTRICTS)
(3 Vote)

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE COMMUNITY DEVELOPMENT COMMISSION:

1. Adopt and instruct the Chair to sign the attached Resolution (Attachment A) approving the Community Development Commission's $103,520,300 Fiscal Year 2005-2006 Budget, which is part of $379,397,900 in Fiscal Year 2005-2006 funding for the Commission and Housing Authority.

2. Determine that the use of $215,361 for planning and administrative expenses charged to the Low- and Moderate-Income Housing Fund is necessary for production, improvement, or preservation of

low- and moderate-income housing for the designated redevelopment project areas of the County of Los Angeles.

3. Instruct the Executive Director to implement the Budget, and to take all related actions, including the execution of all required documents, for the purposes described herein.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY:

1. Adopt the attached Resolution (Attachment B) approving the Housing Authority's Fiscal Year 2005-2006 Budget, which includes revenues and expenditures of $275,877,600.

2. Instruct the Chair to sign the Resolution approving the Housing Authority's Fiscal Year 2005-2006 Budget, and the related Transmittal Resolution (Attachment C) certifying submission of the budget by your Board to the U.S. Department of Housing and Urban Development (HUD).

3. Instruct the Executive Director to implement the Budget and take all related actions, including execution of all required documents, for the purposes described herein.

4. Instruct the Executive Director to submit the Resolutions and related documents to HUD.

5. Authorize the Executive Director to incorporate into the Housing Authority's Fiscal Year 2004-2005 Budget additional Section 8 Housing Choice Voucher Program funds, currently estimated at $10,000,000, which will be received from HUD to fund rental subsidy payments; and authorize the Executive Director to take any and all actions required to receive the above mentioned funds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

The purpose of the recommended actions is to establish new fiscal year appropriation authorities for the Commission and the Housing Authority for ongoing and anticipated activities and to approve related actions.

FISCAL IMPACT/FINANCING:

The Commission and Housing Authority's combined Fiscal Year 2005-2006 Budgets are $379,397,900. This funding level reflects an increase of 4.4 percent, or $16,144,900, over the previous Fiscal Year budget primarily due to an increase in Section 8 landlord payments and to new funding in the First District for the La Alameda Shopping Center Project using Section 108 and Economic Development Initiative funds.

The Fiscal Year 2005-2006 consolidated budget includes $360,000 in County general funds, which the Chief Administrative Officer is recommending to support the University of California Cooperative Extension Program. This Program provides educational programs for County-wide residents.

In Fiscal Year 2005-2006, funding for core programs, such as the Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Conventional Public Housing, and Section 8 Program, will remain relatively stable, despite recent federal regulatory and legislative changes, which may impact these programs in the future. On April 14, 2005, HUD published an interim rule that would shift public housing to a site-based program. Site-based budgeting requires public housing sites to operate in the same manner as private sector housing units and become self-sustaining. Currently, the Housing Authority's public housing sites are budgeted and operated under centralized management. Site-based budgeting will be a major change.

In addition, the proposed Federal Fiscal Year 2006 budget may eliminate the CDBG Program, which is in its 31st year. The Board has strongly opposed the elimination of the Program and has made it a priority on the legislative agenda to support the retention of the Program. The elimination of the Program would have a devastating impact on the low- and moderate-income residents of the County.

The Commission and Housing Authority will continue to stay abreast of federal regulatory and legislative developments and review cost-reduction measures to respond to the changing needs in the County and to mitigate any future reductions in federal funding.

For Fiscal Year 2005-2006, the Commission budget will be $103,520,300 and the Housing Authority budget will be $275,877,600. The budgets consist primarily of federal funding provided by HUD for housing and community development programs. Local revenue sources consist of public housing dwelling rental income and redevelopment tax increment funds, including those administered on behalf of the City of Industry.

Major Funding Sources

Four major funding sources will support Housing Authority programs during Fiscal Year 2005-2006. Section 8 Housing Choice Voucher revenue is budgeted at $216.4 million. Public Housing Program funding is comprised primarily of $7.1 million in operating

subsidies, $10.5 million in rent revenues, and $8.7 million in Public Housing modernization funds.

A total of $5.2 million in general funds and reserves are budgeted for Fiscal Year 2005-2006. These funds will be used for high priority County initiatives that require additional funding, such as support services promoting self-sufficiency for families participating in Housing Authority programs.

The Commission's major funding sources for Fiscal Year 2005-2006 consist of the CDBG, City of Industry Redevelopment Housing Set-Aside funds, HOME, Section 108 loans, and Economic Development Initiative funding. The 2005-2006 federal entitlement for the CDBG Program is budgeted at $60.4 million and will be used by the Commission, the Housing Authority, 49 participating cities, eight County departments, 49 community-based organizations and other public agencies.

Tax Increment funds are budgeted at $19.2 million, of which $14 million is budgeted for the City of Industry Program. To date, a total of $113.5 million has been awarded in City of Industry funds leveraging approximately $691 million to develop 4,300 units of affordable rental, homeownership and special needs housing units.

HOME is budgeted at $14.3 million to provide loans to developers, single and multi-family rehabilitation, and the first time homebuyers program.

The Budget also reflects $14 million in Federal assistance, comprised of approximately $8.3 million in Section 108 loan funds and approximately $5.7 million in Economic Development Initiative grant funds for the development of the La Alameda Shopping Center Project.

Staffing

Due to a decrease in administrative funds available and in anticipation of legislative changes in the future, the Commission and Housing Authority have consolidated administrative offices and reviewed staffing levels in the various business functions with the result of the elimination of several positions.

The Housing Authority is also requesting authority to receive and incorporate into its Fiscal Year 2004-2005 budget an estimated $10,000,000 in additional funding from HUD to fund Section 8 rental subsidy payments. There is no impact on the County general fund relating to this action.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

In January 2001, the Commission and Housing Authority, with the concurrence of the County Auditor-Controller, developed an administrative policy for establishing a capital

budget. Fiscal Year 2005-2006 marks the fifth year the Commission and Housing Authority will each be submitting a capital budget that details ongoing and future projects. The Fiscal Year 2005-2006 operating budgets include $5.7 million in Housing Authority capital projects.

On May 24, 2005, your Board approved the 2005-2006 One Year Action Plan, which includes the planned use of CDBG, HOME and Emergency Shelter Grant (ESG) funding by the Commission, the Housing Authority, County departments, participating cities, and community-based organizations. The 2005-2006 One-Year Action Plan was created with citizen input, as required by federal regulations. The recommendations approved by your Board are reflected in the proposed Fiscal Year 2005-2006 Budgets.

Adoption of the attached Resolutions approving the Fiscal Year 2005-2006 Budgets is necessary to establish new fiscal year appropriation authorities for the Commission and the Housing Authority, to receive funding and to comply with Federal Notice 94-66 (Public Housing Authority) from HUD's Office of Public and Indian Housing issued September 21, 1994. HUD Form 52574 must also be approved by your Board to certify approval of the Housing Authority's operating budget. In addition, per the California Health and Safety Code, Section 33334.3, the Board must determine that a portion of tax increment funds set aside for the production, improvement or preservation of low- and moderate-income housing can be used for planning and administrative expenses, and that a total of $215,361 may be used for this purpose during Fiscal Year 2005-2006.

County Counsel has approved the attached Resolutions as to form. On April 27, 2005, the Housing Commission recommended approval of the Housing Authority Fiscal Year 2005-2006 Budget, and related actions.

In Fiscal Year 2004-2005, the Housing Authority is expending a higher amount of funds than anticipated to support rental subsidy payments due to increasing rental costs in Los Angeles County. Rental subsidy, under the Section 8 Housing Choice Voucher Program, has increased approximately 6.25 percent or $10,000,000 over the original budgeted amount.

CONTRACTING PROCESS:

HOME funds are available on a first-come, first-served basis to qualified for-profit and non-profit developers and Community Housing Development Organizations through an ongoing, open Request for Proposals (RFP) process that provides funding for housing development.

Projects are selected to maximize the impact of HOME funds based on viability, financial feasibility, and appropriateness to geographic location and community need. Funds are also available on a first-come, first-served basis to qualifying homebuyers and owners of single-and multi-family housing in need of rehabilitation.

Industry Tax Increment Funds are also allocated to developers through a competitive ongoing RFP process. These funds are used to develop multi-family rental, senior rental, affordable for-sale and special needs housing within a 15 mile radius of the City of Industry.

The award of CDBG funds to nonprofit agencies are allocated by each of the five Supervisorial Districts to conduct projects that address housing and community development needs of the County.

ENVIRONMENTAL DOCUMENTATION:

Approval of the Community Development Commission and Housing Authority's Fiscal Year 2005-2006 Budgets is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because they involve administrative activities that will not have a physical impact or result in any physical changes to the environment. The activities are not subject to the provisions of California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines 15060(c)(3) and 15378(b) because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES AND PROJECTS:

Approval of the Fiscal Year 2005-2006 Budgets will enable the Commission and the Housing Authority to conduct program activities to benefit low- and moderate-income residents of the County and participating cities. Approval of the increased budget authority for Fiscal Year 2004-2005 will enable the Housing Authority to continue to conduct programs to benefit low- and moderate-income participants of the Section 8 Housing Choice Voucher Program.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachments: 3

ATTACHMENT A

RESOLUTION APPROVING 2005-2006 FISCAL YEAR
BUDGET OF THE COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

WHEREAS, it is necessary for the Board of Commissioners of the Community Development Commission of the County of Los Angeles to adopt an annual budget;

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Community Development Commission of the County of Los Angeles, hereby adopts the following budgeted revenues and appropriations for the Community Development Commission and the Housing Authority of the County of Los Angeles for the 2005-2006 Fiscal Year, as set forth in the Annual Budget for the 2005-2006 Fiscal Year, which includes $103,520,300 in funding for the Community Development Commission and $275,877,600 in funding for the Housing Authority of the County of Los Angeles.

Estimated Funding:	$379,397,900
Expenditure and Reserve Appropriations:	$379,397,900

APPROVED AND ADOPTED by the Board of Commissioners of the Community Development Commission the County of Los Angeles on this _____ day of _____, 2005.

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk of
the Board of Commissioners

By:_____
Deputy

By:_____
Chair of the Board of
Commissioners

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By:_____
Deputy

ATTACHMENT B

RESOLUTION APPROVING THE FISCAL YEAR 2005-2006
BUDGET OF THE HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

WHEREAS, the Board of Commissioners of the Housing Authority of the County of Los Angeles has received the Budget for Fiscal Year 2005-2006 and has found:

1. That the proposed expenditures are necessary for the efficient and economical operation of housing programs for the purpose of serving low-income families.

2. That the financial plan is reasonable in that:

   (a) It indicates a source of funding adequate to cover all proposed expenditures.

   (b) It does not provide for use of federal funding in excess of that payable under the provisions of 24 Code of Federal Regulations Section 990.

3. That all proposed rental charges and expenditures will be consistent with provisions of law and the Annual Contributions Contracts with the U.S. Department of Housing and Urban Development.

4. That no employee serving in a variety of positions is reflected in the operating budget as serving an aggregate amount of time exceeding 100 percent.

WHEREAS, it is necessary for the Board of Commissioners of the Housing Authority of the County of Los Angeles to adopt an annual budget.

NOW, THEREFORE, the Board of Commissioners of the Housing Authority of the County of Los Angeles, hereby resolves as follows:

1. The above recitals are true and correct.

2. The Housing Authority of the County of Los Angeles adopts the following budgeted revenues and appropriations for Fiscal Year 2005-2006, as set forth in the Annual Budget for the Housing Authority of the County of Los Angeles:

Estimated Funding	$275,877,600
Expenditure and Reserve Appropriations:	$275,877,600

3. The U.S. Department of Housing and Urban Development requires that the use of Section 8 Operating Reserve funds for other housing purposes, in the amount of $50,000 or greater, must be approved by the Board of Commissioners.

4. This Resolution shall take effect immediately.

APPROVED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles on this ____ day of _____, 2005.

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk of
the Board of Commissioners

By:_____
Deputy

By:_____
Chair of the Board of
Commissioners

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By:_____
Deputy

ATTACHMENT C

PHA/IHA Board Resolution

Approving Operating Budget or Calculation of Performance Funding System Operating Subsidy

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0026 (Exp. 9/30/2006)

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collecton displays a valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income housing program and provides a summary of proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the PHA and the amounts are reasonable and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

Acting on behalf of the Board of Commissioners of the below-named Public Housing Agency (PHA)/Indian Housing Authority (IHA), as its Chair, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

		(date)
[X]	Operating Budget Submitted on:	June 7, 2005
[ ]	Operating Budget Revision Submitted on:	
[ ]	Calculation of Performance Funding System Submitted on:	
[ ]	Revised Calculation of Performance Funding System Submitted on:	

I certify on behalf of the: (PHA/IHA Name) Housing Authority of the County of Los Angeles (HACOLA) that:

1. All regulatory and statutory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditures are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The calculation of eligibility for Federal funding is in accordance with the provisions of the regulations;
6. All proposed rental charges and expenditures will be consistent with provisions of law;
7. The PHA/IHA will comply with the wage rate requirements under 24 CFR 968.110(e) and (f) or 24 CFR 905.120(c) and (d);
8. The PHA/IHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i) or 24 CFR 905.120(g); and
9. The PHA/IHA will comply with the requirements for the reexamination of family income and composition under 24 CFR 960.209, 990.115 and 905.315.

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, is true and accurate.
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Board Chair's Name (type)	Signature	Date