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

Carlos Jackson
Executive Director

June 13, 2006

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 FISCAL YEAR 2006-2007 BUDGETS OF THE COMMUNITY DEVELOPMENT COMMISSION AND HOUSING AUTHORITY (ALL DISTRICTS) (3 Vote)

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

1. Adopt and instruct the Mayor to sign the attached Resolution (Attachment A) approving the Community Development Commission's $136,443,000 Fiscal Year 2006-2007 Budget.

2. Determine that the use of $202,604 for planning and administrative expenses charged to the Low- and Moderate-Income Housing Fund is necessary for the 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 2006-2007 Budget, which includes revenues and expenditures of $277,021,400.

2. Instruct the Mayor to sign the Resolution approving the Housing Authority's Fiscal Year 2006-2007 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.

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.

FISCAL IMPACT/FINANCING:

The Commission and Housing Authority's combined Fiscal Year 2006-2007 Budgets total $413,464,400, an increase of approximately 9 percent, or $34,066,500 over Fiscal Year 2005-2006. The change reflects increased Section 8 landlord payments, additional funding for the Residential (Lennox) Sound Insulation Program and new Homeless Support Program funds to expand services for homeless individuals in the County.

The Fiscal Year 2006-2007 consolidated budget includes approximately $19.6 million in County funds, which the Chief Administrative Officer is recommending to support the University of California Cooperative Extension Program, the Homeless Support Program, various First District projects and the South Whittier Community Resource Center. This funding provides for homeless services, educational programs and capital projects for Countywide residents.

On September 9, 2005, HUD issued new regulations requiring all Public Housing Authorities (PHAs) to convert to site-based budgeting on or before July 1, 2007. The purpose of the regulations is to foster accountability at the individual site level, consistent with the private sector. This was a major change for the Housing Authority's Housing Management Division, since it administered its sites under centralized management. In Fiscal Year 2006-2007, the Housing Management Division will begin implementation of site-based budgeting to be in compliance with HUD rules.

The proposed Federal Fiscal Year 2007 budget includes a 25 percent cut to the Community Development Block Grant (CDBG) Program, now in its 32nd year. In the past five years, the Commission's CDBG allocation has sustained a combined total of 21 percent in funding reductions, which would mean the Program would be facing an overall cut of 41 percent if the proposed Federal budget is approved. Over the past five years, CDBG funds in the Los Angeles Urban County have been used to rehabilitate over 8,500 housing units, create and preserve over 2,060 jobs, remove over 41 million square feet of graffiti and help provide loans and technical assistance to over 7,000 small businesses among other programs. The proposed reduction of the CDBG Program would have a devastating impact on the low- and moderate-income residents of the County.

The Commission and Housing Authority will continue to monitor 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.

The Fiscal Year 2006-2007 Budgets total $413,464,400, which includes $136,443,000 for the Commission and $277,021,400 for the Housing Authority. 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

In Fiscal Year 2006-2007, Housing Authority programs will be supported by four major funding sources. Public Housing Program funding is comprised primarily of $7.2 million in operating subsidies, $10.7 million in rent revenues, and $8.4 million in Public Housing modernization funds. Section 8 Housing Choice Voucher revenue is budgeted at $225.9 million.

A total of $7.4 million in Commission and Housing Authority general funds and reserves are budgeted for Fiscal Year 2006-2007. These funds will be used for priority initiatives that require additional funding, such as technology enhancement projects to increase productivity and quality of services and support services promoting self-sufficiency for families participating in Housing Authority programs.

The Commission's four major funding sources for Fiscal Year 2006-2007 consist of CDBG, City of Industry Redevelopment Housing Set-Aside funds (Tax Increment Funds), Home Investment Partnership Program (HOME) and State and County revenue. The 2006-2007 Federal Entitlement for the CDBG Program is budgeted at $63.4 million and will be used by the Commission, the Housing Authority, 47 participating cities, eight County departments, 52 community-based organizations and other public agencies. Tax Increment Funds are budgeted at $17.3 million, of which $12.9 million is budgeted for the City of Industry Program.

To date, a total of $139 million has been awarded in City of Industry funds, leveraging approximately $743 million to develop 4,300 units of affordable rental, homeownership and special needs housing units. The HOME Program is budgeted at $11.5 million to provide loans to developers, single and multi-family rehabilitation and the first time homebuyers program. State and County revenue is budgeted at $21.7 million, which primarily includes $10 million in new Homeless Support Program funds for the expansion and rehabilitation of Emergency Shelters, $2.3 million for the Independent Living Program, and $8.7 million for design and/or construction of various First District capital projects.

STAFFING

In Fiscal Year 2006-2007, the number of regular positions remained relatively stable.

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 2006-2007 marks the sixth year the Commission and Housing Authority will each be submitting a capital budget that details ongoing and future projects. The Fiscal Year 2006-2007 operating budgets include $1.7 million in Housing Authority capital projects.

On May 23, 2006, your Board approved the 2006-2007 One Year (Action Plan) for the allocation of federal funds, 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 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 2006-2007 Budgets.

Adoption of the attached Resolutions approving the Fiscal Year 2006-2007 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 $202,604 may be used for this purpose during Fiscal Year 2006-2007.

County Counsel has approved the attached Resolutions as to form. On April 26, 2006, the Housing Commission recommended approval of the Housing Authority Fiscal Year 2006-2007 Budget, and related actions.

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, 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.

City of Industry Tax Increment Funds are also allocated to developers through an annual competitive proposal 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 CDBG funds are allocated to non-profit agencies by each of the five Supervisorial Districts to conduct projects that address housing and community development needs within the County.

ENVIRONMENTAL DOCUMENTATION:

Approval of the Commission and Housing Authority's Fiscal Year 2006-2007 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 the 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 2006-2007 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.

Respectfully submitted,

Carlos Jackson

CARLOS JACKSON
Executive Director

Attachments: 3

RESOLUTION APPROVING 2006-2007 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 of the County of Los Angeles for the 2006-2007 Fiscal Year, as set forth in the Annual Budget.

Estimated Funding:	$136,443,000
Expenditure and Reserve Appropriations:	$136,443,000

APPROVED AND ADOPTED by the Board of Commissioners of the Community Development Commission of the County of Los Angeles on this ____ day of _____, 2006.

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk of
the Board of Commissioners

By:_____
Deputy

By:_____
Mayor, Los Angeles County

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

By:_____
Deputy

RESOLUTION APPROVING THE FISCAL YEAR 2006-2007
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 2006-2007 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 budget 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.

5. That 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.

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 2006-2007, as set forth in the Annual Budget for the Housing Authority of the County of Los Angeles:

Estimated Funding	$277,021,400
Expenditure and Reserve Appropriations:	$277,021,400

3. 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 _____, 2006.

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk of
the Board of Commissioners

By:_____
Deputy

By:_____
Mayor, Los Angeles County

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

By:_____
Deputy

Approving Operating Budget or Calculation of Performance Funding System Operating Subsidy

and Urban Development
Office of Public and Indian Housing

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 collection 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 Chairman, 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)
[XX]	Operating Budget Submitted on:	June 13, 2006
[ ]	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(c) 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 Chairman's Name (type)	Signature	Date

Previous edition is obsolete

form HUD-52574 (10/95)
ref. Handbook 7575.1

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By Eric R. Young
ERIC R. YOUNG
Principal Deputy County Counsel