

**City of Culver City, California
Agenda Item Report**

Meeting Date: 02/13/12		Item Number: <u>JC-1</u>	
JOINT CITY COUNCIL AND CULVER CITY HOUSING AUTHORITY AGENDA ITEM: FOUR-FIFTHS VOTE REQUIREMENT - Adoption of Budget Amendments Related to the Transfer of Assets to the Housing Authority from the Community Improvement Fund.			
Contact Person/Dept.: Jeff Muir, CFO		Phone Number: 310.253.5870	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☐	
Commission Action Required: Yes ☐ No ☒ Date: _____			
Public Notification: Agendas and Meetings – City Council and Culver City Housing Authority (02/09/12)			
Department Approval: Jeff Muir (02/06/12), Finance Sol Blumenfeld, Community Development		City Attorney Approval: Carol Schwab (by H. Baker) (02/09/12)	
Chief Financial Officer Approval: Jeff Muir (02/06/12)		City Manager Approval: John M. Nachbar (02/09/12)	
<u>RECOMMENDATION:</u> Staff recommends the Housing Authority adopt proposed budget amendments for Fiscal Year 2011/2012; and Staff recommends the City Council adopt the proposed budget amendment for the housing related Community Improvement Fund. A City budget amendment requires a 4/5ths vote <u>BACKGROUND/DISCUSSION:</u> On January 9, 2012, the City Council adopted a resolution activating the Culver City Housing Authority and approved a Cooperation Agreement between the City and Housing Authority to provide staff services to the Housing Authority. The City Council also approved a resolution designating the Housing Authority to receive the transfer of all Housing assets, rights, powers, duties, obligations, liabilities and functions previously performed by the Culver City Redevelopment Agency. The Culver City Housing Authority adopted a resolution on January 9, 2012 accepting the transfer of all Housing assets, rights, powers, duties, obligations, liabilities and functions previously performed by the Culver City Redevelopment Agency. On January 23, 2012, the Culver City Housing Authority adopted a budget of \$660,000 to pay for certain administrative costs for the period of February 1, 2012 through June 30, 2012, pursuant to the Cooperation Agreement with the City.			

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On January 30, 2012, the Culver City Redevelopment Agency and the City of Culver City entered into two Cooperation Agreements for payment of costs associated with certain capital improvement and affordable housing projects.

The budget adopted by the Housing Authority on January 23, 2012 only accounted for staff costs through the end of the year. No appropriations were included for the continuation of programs through the end of the fiscal year. The total proposed appropriations for Fiscal Year 2011/2012, including the amount previously adopted on January 23, 2012, equal \$1,219,996. This amount represents the remaining available budget in the former Redevelopment Agency Housing fund as of January 31, 2012. In order to match appropriations to available cash to pay those appropriations, the Homeless Rental Assistance Program was eliminated and the Neighborhood Preservation Program was reduced by \$100,000. As a result of the passing of AB 26, both of these programs were placed on hold and only applications submitted prior to the Governor signing AB 26 were processed. Despite these budget reductions, there are sufficient funds to meet current Housing Authority obligations in those programs.

During the Fiscal Year 2012/2013 budget process, the Housing Authority will have the opportunity to revisit each program's budget based on the estimated funds that are expected to be received by the Housing Authority during the next budget year.

As a matter of process, an additional budget amendment is needed to appropriate the transfer of assets between the City's housing related Community Improvement Fund (Fund 482) and the Housing Authority (Fund 476).

Comments from the City Manager/Executive Director

While the proposed budget appropriates funds for staffing and certain housing related programs for the remainder of Fiscal Year 2011/2012, the dissolution of the Culver City Redevelopment Agency and the resulting loss of significant ongoing tax increment financing for housing programs has necessitated a reassessment of operations in the Housing Division of the City's Community Development Department.

As with other programs and services provided by the City with funding from the (now dissolved) Culver City Redevelopment Agency, I am currently evaluating the housing programs provided by the City and will make a recommendation to the City Council in the near future (and prior to the conclusion of Fiscal Year 2011/2012). I expect such recommendation will include reductions in the programs consistent with the reduction in funding available to pursue such programs.

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FISCAL ANALYSIS:

As of January 31, 2012, the assets of the housing related Community Improvement Funds include approximately \$1.2 million in cash and \$8.5 million in land held for resale and other loans receivable. Per City Council approval, these assets were transferred to the Housing Authority as of February 1, 2012. The proposed budget amendments will give the Housing Authority the budget authority to continue operations through the end of the current fiscal year. The projected Housing Authority revenue for Fiscal Year 2012/2013 is unknown at this time. There are existing obligations from the prior Redevelopment Agency to repay certain amounts to the Housing Authority from future property taxes. Staff expects to have more information on how much revenue might be expected in Fiscal Year 2012/2013 in the coming months.

ATTACHMENTS:

None.

MOTION:

That the Housing Authority:

Approve the following budget amendments appropriating funds for the remainder of Fiscal Year 2011/2012:

Business Unit	Description	Revenues/Assets	Expenses/Liabilities
47697000	Housing Dept Staff	-	548,136
47697100	Admin Supplies & Services	-	197,144
47697200	Rental Assistance Program Payments	-	274,057
47697300	Mortgage Assistance Program	-	1,838
47697600	Neighborhood Preservation	-	56,646
47697800	Fair Housing	-	22,280
47698900	Home Security	-	30,800
47699100	Homeless Program	-	89,095
47699900	Transfer In-Other Financing Sources (482)	9,700,000	-
Total FY 2011-12 Budget		9,700,000	1,219,996

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AND

That the City Council:

Approve a budget amendment appropriating a \$9,700,000 transfer out from the housing related Community Improvement Fund (48299900.953310) to the Culver City Housing Authority.

A City budget amendment requires a 4/5ths vote