



## Staff Report

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### PRESENTATION ON ISSUES AND OPTIONS FOR LOW-MODERATE INCOME HOUSING FUND

Honorable Chair and Board Members:

#### **Summary**

At the Redevelopment Agency (RDA) Board's request, staff has invited Mr. Lee Rosenthal, Esq. of the Law Offices of Goldfarb and Lipman to discuss with the Board issues surrounding the RDA's Low and Moderate Income (LMI) Housing Fund. No action is required by this item; however, the Board may wish to give direction regarding the fund.

#### **Background**

Recently the Board has addressed a number of affordable housing issues, including projects that involve expenditures from the RDA's Low and Moderate Income (LMI) Housing Fund. This fund is derived from the mandatory 20% set-aside that is taken from the property tax increment generated by the RDA in its Los Costaños Project Area. During the Board's recent deliberations, several Board members asked about the terms, limitations and requirements of the LMI Housing Fund and requested that a meeting be arranged with Lee Rosenthal, the Agency's legal counsel, to gain a better understanding of their options and obligations regarding the Fund.

#### **Discussion**

A five-year LMI Fund spending plan is reviewed and adopted with the annual RDA budget. However, the Agency has not conducted a review of LMI fund priorities since August 2002 (see attachment A). It may be appropriate to conduct a new examination of the Agency's housing priorities as an alternative to treating projects one-at-a-time or when proposed by others.

Mr. Rosenthal will be present at the meeting to provide an overview of the fund and a summary of the state laws governing its use. We have asked him to give special attention to issues recently discussed by the Board, including:

- Agency ownership and disposition of LMI property
- "Excess surplus" and its implications and
- Qualified LMI fund expenditures

To provide a context for the Board's dialogue with Mr. Rosenthal, the LMI fund budget for FY 2004-05 is summarized as follows:

Opening Balance (July 1, 2004-Audited)	\$ 3,741,330
Tax Increment and Other Revenues	<u>+1,806,116</u>
Funds Available	5,547,446
Expense	
Administrative Expenses (including fees for Belmont Vista and Mental Health Assoc.)	- 1,108,442
Capital Projects	<u>- 1,675,000</u>
Total Expenses	<u>- 2,783,442</u>
Ending Balance (June 30, 2005-Estimated)	<u>\$ 2,764,004</u>

Staff will provide an update of the LMI fund's five-year status at the meeting, (based on the chart on page 4 of the August 13, 2002 memo).

### **Fiscal Impact**

There is no fiscal impact associated with this study session.

### **Public Contact**

Posting of Agency agenda and notice to the neighbors of the Sixth and O'Neill Avenue and Old City Hall sites.

### **Recommendation**

Staff has no recommendation at this time and no action by the Board is required. The Board may wish to request additional information / research or provide direction on the development of a comprehensive program for the LMI Fund.

### **Alternatives**

1. Table the matter
2. Provide other direction to staff.

### **Attachments**

- A. RDA Staff Report, August 13, 2002

Respectfully submitted,

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Craig A. Ewing, AICP  
Planning and Community Development Director

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Daniel Rich  
Executive Director