

CITY OF YUBA CITY
STAFF REPORT

Date: July 17, 2007
To: Honorable Chairman & Members of the Board
From: Redevelopment Agency
Presentation By: Steve Kroeger, Assistant City Manager

Summary

Subject: Confirmation of payment of Low and Moderate Income Housing Fund "Excess Surplus" to the Consolidated Area Housing Authority of Sutter County

Recommendation: Approve disbursement of \$100,943 in "Excess Surplus" from the Redevelopment Agency's Low and Moderate Income Housing Fund to the Consolidated Area Housing Authority in accordance with Section 33334.12 of the California Health and Safety Code

Fiscal Impact: \$100,943 - Low and Moderate Income Housing Fund (acct# 6021-65305). Funds and continue to maintain the requirement that they be used for activities that benefit low and moderate income people.

Background:

The Yuba City Redevelopment Agency's ("Agency") Low and Moderate Income Housing Fund ("Housing Fund") has experienced significant growth in tax increment revenues in recent years. As a result, the Agency has accumulated funds that exceed the level that is allowed by law. This amount is commonly referred to as "excess surplus."

For the fiscal year ending June 30, 2005, the Agency reported excess surplus of \$100,943 to the State Department of Housing and Community Development. In accordance with Section 33334.12 of the California Health and Safety Code concerning Community Redevelopment Law, the Agency is required to transfer these funds "to the county housing authority or to another public agency exercising housing development powers within the territorial jurisdiction of the agency." Notably, the funds must be used for housing activities that benefit low and moderate income persons.

In the past, the City has worked closely with the Consolidated Area Housing Authority of Sutter County ("Housing Authority") to fund projects with both Housing Funds and Community Development Block Grant ("CDBG") Funds. Most recently, the City Council approved \$400,000 in CDBG funds for improvements to the Kingwood Commons project. The Housing Authority has several eligible projects that can be funded with the excess surplus (including continued improvements at Kingwood Commons).

Analysis:

Community Redevelopment Law defines excess surplus as an unexpended or unencumbered amount in the Housing Fund that exceeds the greater of \$1 million or the total amount deposited in the Housing Fund for the preceding four years. In Yuba City's case, the Housing Fund currently has a balance of \$5.3 million. Of that amount, \$2.7 million is related to the 2004 Bond issue. The remainder, \$2.6 million represents funds that are subject to the "excess surplus" calculation.

Considering the \$100,943 that was disbursed to the Housing Authority on June 29, 2007, the current estimate of additional excess surplus that would need to be expended by June 30, 2008 is \$280,000 (i.e., the unencumbered amount that will exceed "the total amount deposited in the housing fund for the preceding four years"). It is staff's goal to expend Housing Funds in excess of \$280,000 prior to June 30, 2008 so that no excess surplus remains. Accordingly, the following efforts to expend Agency Housing Funds are currently underway:

- 1) Agency support for the State of California Tax Credit Allocation Committee ("TCAC") application of Plumas Family Apartments for an affordable multi-family housing complex and related financial contribution of \$600,000 in Housing Funds. This matter was approved by the Agency Board on July 2, 2007. The TCAC application is due July 12, 2007 and notification of awards will occur in September.
- 2) Agency efforts to acquire infill property (i.e., adjacent to existing infrastructure for affordable housing activities).
- 3) Agency participation with the Housing Authority's effort to develop a master plan for its properties including the acquisition of additional land for affordable housing.

Successful completion of the first item will enable the Agency to fully expend existing excess surplus. Items 2 and 3 will enable the agency to carry-out its responsibilities and avoid future excess surplus.

Fiscal Impact:

The disbursement of \$100,943 to the Housing Authority will reduce the fund balance of the Housing Fund to \$5.2 million. Of these remaining funds, \$600,000 has been allocated by the Agency Board for the Plumas Family Apartments project.

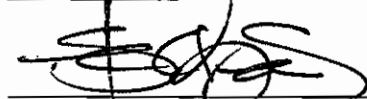
Alternatives:

Failure to disburse the Housing Funds to the Housing Authority by June 30, 2007 would have resulted in the Agency being required to expend all excess surplus in addition to an additional amount equal to 50 percent of the amount of excess surplus that remains. The additional expenditure must come from a source other than the Housing Fund.

Recommendation:


Approve disbursement of \$100,943 in "Excess Surplus" from the Redevelopment Agency's Low and Moderate Income Housing Fund to the Consolidated Area Housing Authority in accordance with Section 33334.12 of the California Health and Safety Code.

Prepared By:



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Submitted By:



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Reviewed By:

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