

CRA/LA, A DESIGNATED LOCAL AUTHORITY  
(Successor Agency to the Community Redevelopment Agency of the City of Los Angeles, CA)

MEMORANDUM



**DATE:** AUGUST 2, 2012 CW Housing

**TO:** GOVERNING BOARD

**FROM:** CHRISTINE ESSEL, CHIEF EXECUTIVE OFFICER

**STAFF:** DAVID M. RICCITIELLO, CHIEF OPERATING OFFICER  
MARGARITA H. DE ESCONTRIAS, SENIOR OPERATIONS OFFICER  
DORA HUERTA, ACTING SPECIAL ASSISTANT TO COO

**SUBJECT:** **TRANSFER OF AFFORDABLE HOUSING ASSETS AND FUNCTIONS TO THE LOS ANGELES HOUSING DEPARTMENT (LAHD)**

**RECOMMENDATION**

That the Governing Board, subject to approval of the Oversight Board, authorize the Chief Executive Officer or designee to implement and effectuate the transfer of the affordable housing assets and functions to the Los Angeles Housing Department (LAHD), including, without limitation, authority to execute the Agreement Regarding CRA/LA Affordable Housing Assets any and all other required documents, agreements, or amendments to related documents.

**SUMMARY**

Staff is seeking approval from the Governing Board, subject to the approval of the Oversight Board, to authorize the Chief Executive Officer (CEO) or designee to implement and effectuate the transfer of all affordable housing assets and functions to the Los Angeles Housing Department (LAHD), and execute all related documents, to accomplish the transfer of all affordable housing assets and functions.

**BACKGROUND**

Existing law authorizes the city, county, or city and county that authorized the creation of a redevelopment agency to retain the affordable housing assets, functions, and powers previously performed by the redevelopment agency, excluding amounts on deposit in the Low and Moderate Income Housing Fund.

On January 25, 2012, the City of Los Angeles (City), pursuant to Section 34176(a) of the California Health & Safety Code, elected to retain the affordable housing assets and functions of the Community Redevelopment Agency of the City of Los Angeles (Prior Agency). (C.F. 12-0049). Further, the City designated the Los Angeles Housing Department (LAHD) as the recipient of all transferred assets and assigned to it responsibility for performing all affordable housing functions, duties and obligation previously performed by the Prior Agency. LAHD was instructed to "report to the Mayor and Council with a transition plan that details the necessary resources for short and long-term management of the former redevelopment agency's housing assets, functions and responsibilities." (Report to Council

dated January 24, 2012). Accordingly, the CRA/LA is working closely with LAHD to accomplish this task.

Under AB1x-26, as amended by AB1484, the CRA/LA is given the responsibility to "effectuate the transfer of the housing functions and assets." (Health and Safety Code Sec. 34177(g)). The Oversight Board is given the authority to direct the Successor Agency to do so (Health and Safety Code Sec. 34181(c)).

Pursuant to Health and Safety Code Section 34176, the LAHD submitted to the Department of Finance a list of all housing assets that contains an explanation of how the assets meet the criteria as specified in AB 1484. The CRA/LA, in cooperation with the LAHD created the list.

The Los Angeles Housing Department (LAHD) shall assume the affordable housing functions formerly performed by the Prior Agency and shall receive the transferred assets; it may enforce affordability covenants and perform related activities pursuant to applicable provisions of the Community Redevelopment Law.

As defined in AB 1484, "**housing asset**" includes all of the following:

(1) Any real property, interest in, or restriction on the use of real property, whether improved or not, and any personal property provided in residences, including furniture and appliances, all housing-related files and loan documents, office supplies, software licenses, and mapping programs, that were acquired for low- and moderate-income housing purposes, either by purchase or through a loan, in whole or in part, with any source of funds.

(2) Any funds that are encumbered by an enforceable obligation to build or acquire low- and moderate-income housing, as defined by the Community Redevelopment Law (Part 1 (commencing with Section 33000)) unless required in the bond covenants to be used for repayment purposes of the bond.

(3) Any loan or grant receivable, funded from the Low and Moderate Income Housing Fund, from homebuyers, homeowners, nonprofit or for-profit developers, and other parties that require occupancy by persons of low or moderate income as defined by the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(4) Any funds derived from rents or operation of properties acquired for low- and moderate-income housing purposes by other parties that were financed with any source of funds, including residual receipt payments from developers, conditional grant repayments, cost savings and proceeds from refinancing, and principal and interest payments from homebuyers subject to enforceable income limits.

(5) A stream of rents or other payments from housing tenants or operators of low- and moderate-income housing financed with any source of funds that are used to maintain, operate, and enforce the affordability of housing or for enforceable obligations associated with low- and moderate-income housing.

(6) (A) Repayments of loans or deferrals owed to the Low and Moderate Income Housing Fund pursuant to subparagraph (G) of paragraph (1) of subdivision (d) of Section 34171, which shall be used consistent with the affordable housing requirements in the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(B) Loan or deferral repayments shall not be made prior to the 2013–14 fiscal year. Beginning in the 2013–14 fiscal year, the maximum repayment amount authorized each fiscal year for repayments made pursuant to this paragraph and subdivision (b) of Section 34191.4 combined shall be equal to one-half of the increase between the amount distributed to taxing entities pursuant to paragraph (4) of subdivision (a) of Section 34183 in that fiscal year and the amount distributed to taxing entities pursuant to that paragraph in the 2012–13 base year. Loan or deferral repayments made pursuant to this paragraph shall take priority over amounts to be repaid pursuant to subdivision (b) of Section 34191.4.

The affordable housing assets are incorporated in the Affordable Housing Asset Transfer Agreement by and between the CRA/LA and the Los Angeles Housing Department (Attachment A).

The LAHD, as the entity assuming the affordable housing functions may designate the use of and commit indebtedness obligation proceeds that remain after the satisfaction of enforceable obligations that have been approved in a Recognized Obligation Payment Schedule and that are consistent with the indebtedness obligation covenants. The proceeds shall be derived from indebtedness obligations that were issued for the purposes of affordable housing prior to January 1, 2011, and were backed by the Low and Moderate Income Housing Fund.

Moving forward, the LAHD, as the entity assuming the affordable housing functions is responsible for providing notice to the CRA/LA of any designations of use or commitments of funds specified that it wishes to make at least 20 days before the deadline for submission of the Recognized Obligation Payment Schedule to the Oversight Board. Commitments and designations shall not be valid and binding on any party until they are included in an approved and valid Recognized Obligation Payment Schedule. The review of these designations and commitments by the CRA/LA, Oversight Board, and Department of Finance shall be limited to a determination that the designations and commitments are consistent with bond covenants and that there are sufficient funds available.

The following are the milestones set forth in Health and Safety Code Section 34176:

- August 1, 2012 - LAHD required to submit to the Department of Finance (DOF) a list of all affordable housing assets by in a format prescribed by DOF; must include an explanation of how the assets meet the specified criteria for housing assets; if a housing asset has been previously pledged to pay for bonded indebtedness, CRA/LA shall maintain control of the asset in order to pay for the bond debt.
- DOF has up to 60 days to object to any assets on the list. If DOF does not object to the transfer and no action challenging title or the transfer is brought within 60 days, the oversight board's action is considered final and can be relieved upon as conclusive.
- If DOF objects, LAHD has 5 business days to request a meet and confer with DOF
- If "deemed not to be a housing asset," it must be returned to the CRA/LA and retained by CRA/LA.

Here is the "tentative timeline" moving forward:

August 2, 2012	Governing Board Action on Transfer
August 4, 2012	Per Section 34181(f) 10-day public notice date of Transfer of Housing Assets from the Successor Agency
August 16, 2012	Oversight Board Action on Transfer
September 2012	City Council Action on Transfer
On or about October 2, 2012	Maximum review period by DOF; Oversight Board action is deemed final

Due to the fact that the affordable housing assets have not yet been transferred from the CRA/LA, Section 34181(f) now requires that the transfer be approved by a resolution of the Oversight Board. The resolution must be approved at a public meeting after at least ten (10) days public notice. The aforementioned table has listed the publication date for the 10 day public notice and will be published on August 4, 2012.

Lastly, the LAHD shall be responsible for the implementation of the "Wiggins Settlement Agreement" that was executed by the former Community Redevelopment Agency of the City of Los Angeles, the Prior Agency and the City of Los Angeles on August 10, 2006. This Settlement Agreement was entered into to resolve without further litigation a lawsuit filed to invalidate the Redevelopment Plan for the City Center Redevelopment Project in the City of Los Angeles, and the amendment of the Central Business District Redevelopment Plan.

**SOURCE OF FUNDS**

No CRA/LA funds are required for this action at this time.

**ROPS AND ADMINISTRATIVE BUDGET IMPACT**

The recommended action is consistent with AB1x-26 as modified by AB 1484; specifically to transfer housing assets and functions to the housing successor.

Christine Essel  
Chief Executive Officer

By:



David M. Riccitiello  
Chief Operating Officer

There is no conflict of interest known to me which exists with regard to any CRA/LA officer or employee concerning this action.

**ATTACHMENT:**

Attachment A: Agreement Regarding CRA/LA Affordable Housing Assets

**ATTACHMENT A:**

**AGREEMENT REGARDING CRA/LA  
AFFORDABLE HOUSING ASSETS**

**(TO FOLLOW)**