



# staff report

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TO: Honorable Mayor and Members of the City Council

ATTENTION: Jeffrey L. Stewart, City Manager

FROM: Jim DellaLonga, Director of Economic Development

SUBJECT: Consideration and possible action to adopt Resolution No. 16-XX – A Resolution amending the operating budget for fiscal year 2016-17 to provide Successor Housing Agency funding for low-, very low-, and extremely low-income programs and projects; and authorize the City Manager to execute an amendment to AFN No. 464, as directed by City Council, in a form approved by the City Attorney, with Our Place Housing Solutions to increase the grant amount by not more than \$11,000.

DATE: October 10, 2016

## **EXECUTIVE SUMMARY**

Due to property tax exemption filing and contact address issues with the County Assessor's Office (the "County"), Our Place Housing Solutions (OPHS) has requested additional grant funding to resolve a potential property tax delinquency with the County. If not resolved by October 14, 2016, the property at 8822 Oak Street (the "Property") will be put up for auction by the County. The increase in grant funding to OPHS with Successor Housing Agency funds will prevent the property from being auctioned and protect the City's HOME fund investment in the property.

## **RECOMMENDATION TO CITY COUNCIL**

- 1) Adopt Resolution No. 16-XX;
- 2) Authorize the City Manager to execute an amendment to AFN No. 464, as directed by City Council, in a form approved by the City Attorney; or
- 3) Alternatively, discuss and take other action related to this item.

## **FISCAL IMPACT**

Proposed funding of \$11,000 will be covered through Successor Housing Agency Account No. 974-44120-7322.

## **DISCUSSION**

In 2008, the City entered into a Community Housing Development Organization ("CHDO") Agreement with OPHS to acquire properties in Bellflower for affordable housing purposes.

OPHS purchased the Property in 2009 and planned to rehabilitate the existing home, build a second unit in the rear of the lot, and then rent the units to income qualified families. OPHS was able to rehab the existing home, however, due to low water pressure for the fire hydrants, the fire department did not allow the construction of the second unit. Upon the completion of the rehab, an income qualified family began renting the unit.

Due to property tax exemption filing and contact address issues with the County Assessor's Office (the "County"), Our Place Housing Solutions (OPHS) has accumulated a balance of back property tax and penalties amounting to \$21,073. Approximately \$10,000 of the delinquency has been resolved. Staff has been working with OPHS staff as well as the County Tax Assessor's and Tax Collector's offices in an attempt to resolve the remaining delinquent amount. Additional documentation has been provided to these offices to show that the Property was purchased with restricted funds (Federal HOME Funds), specifically for affordable housing purposes. If this issue is not resolved, either by the County granting exemptions, or by OPHS paying of the back taxes and penalties by Friday, October 14, 2016, the Property will be auctioned. The sale of the Property would put OPHS and the City in default with HUD regarding the expenditure of HOME funds to acquire the Property.

OPHS has requested an increase in the grant funding of \$11,000 to resolve this potential tax delinquency. However, if OPHS is able to clarify with the County their tax exempt status regarding the Property eliminating the delinquency amount, there would be no need for the amendment and the City would not provide additional grant funds.

To effectuate this grant, staff is also recommending the City Council adopt a resolution amending the 2016-2017 Fiscal Year Operating Budget, allocating \$50,000 in Housing Successor Agency funds for this and other potential qualifying income restricted programs or projects. This funding source is specific to low-, very low-, and extremely low-income housing.

**ATTACHMENTS**

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**CITY OF BELLFLOWER**

**RESOLUTION NO. 16-XX**

**A RESOLUTION AMENDING THE OPERATING BUDGET FOR FISCAL YEAR 2016-17 TO PROVIDE SUCCESSOR HOUSING AGENCY FUNDING FOR LOW-, VERY LOW-, AND EXTREMELY LOW-INCOME PROGRAMS AND PROJECTS**

**THE CITY COUNCIL DOES RESOLVE AS FOLLOWS:**

**SECTION 1.** The City Council finds and declares as follows:

- A. On or about February 1, 2012, the City of Bellflower elected to retain the housing assets and functions previously performed by the redevelopment agency.
- B. Funds in the Low and Moderate Income Housing Asset Fund are subject to the provisions of the Community Redevelopment Law relating to the Low and Moderate Income Housing Fund as described in Health and Safety Code §34176.1.
- C. In order to implement various housing programs and projects for low-, very low-, and extremely low-income households, the City must budget unallocated funds available in the Low and Moderate Income Housing Asset Fund.

**SECTION 2.** The City Council hereby amends the fiscal year 2016-17 Operating Budget as follows:

		Adopted Budget	Amendment	Amended Budget
974-44120-7322	Low-Income Housing Assistance	\$0	\$50,000	\$50,000

**SECTION 3.** This Resolution does not affect any penalty, forfeiture, or liability incurred before, or preclude prosecution and imposition of penalties for any violation occurring before, this Resolution's effective date. Any such amended part will remain in full force and effect for sustaining action or prosecuting violations occurring before the effective date of this resolution.

**SECTION 4.** If any part of this Resolution or its application is deemed invalid by a court of competent jurisdiction, the City Council intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end, the provisions of this Resolution are severable.

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**SECTION 5.** The Mayor, or presiding officer, is hereby authorized to execute this Resolution signifying its adoption by the City Council of the City of Bellflower, and the City Clerk, or her duly appointed deputy, may attest thereto.

**SECTION 6.** This Resolution will become effective immediately upon adoption.

**PASSED, APPROVED, AND ADOPTED BY THE CITY COUNCIL OF THE  
CITY OF BELLFLOWER THIS \_\_\_\_ DAY OF \_\_\_\_\_ 2016.**

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**Dan Koops, Mayor**

**Attest:**

\_\_\_\_\_  
**Mayra Ochiqui, City Clerk**

**APPROVED AS TO FORM:**

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**Karl H. Berger, City Attorney**