

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

FROM: David C. Moe II, Redevelopment Manager *D. Moe*

DATE: November 23, 2011 (CC Meeting of 12/7/11)

SUBJECT: Consider Revising Financial Contribution to the Ventura County Housing Trust Fund

BACKGROUND

On July 6, 2011, the City Council considered a request from the Ventura County Housing Trust Fund ("VCHTF") to provide a \$150,000.00 funding commitment over the next five years (\$30,000.00 per year for five years) to be used as match to secure funds from the Housing and Emergency Shelter Trust Fund Act of 2006 ("HESTF") dedicated to the creation or preservation of affordable housing. Given the limited sources of funding that can be utilized as matching funds and the current economy, the City Council committed to a \$50,000.00 funding contribution over the next five years (\$10,000.00 per year) funded from the City's Affordable Housing Fund.

DISCUSSION

The VCHTF met with the State of California Housing and Community Development Department ("HCD") for a page by page review of its HESTF application. HCD has raised a few issues that conflict with the planned operation of the VCHTF and the City Council's direction on July 6, 2011.

The first issue is the timing of the disbursement of the \$50,000.00 matching funds to the VCHTF. HCD clarified that it is not necessary to have the matching funds be spread over five years. In fact, HCD has further stipulated that the VCHTF must disburse all of the matching funds within 36 months from signing the HCD agreements. The VCHTF would like to have Moorpark disburse the \$50,000.00 in one lump sum, or front loaded to the extent possible, with the remaining spread over a couple of years. Staff is recommending disbursing \$25,000.00 during the first year of their HCD agreement and another \$25,000.00 during the second year.

The second issue is related to program implementation. HCD has clarified that funding coming from HCD cannot be used for program implementation. However, up to 15% of the matching funds raised from other sources can be used for implementation. Staff recognizes there is a cost associated with delivering services, but is reluctant to have 15% of Moorpark's contribution be used for administrative costs. Staff is recommending no more than 10% (\$5,000.00) of Moorpark's contribution be used solely for direct staff time to implement VCHTF activities.

The third issue is the proposed housing production sharing model. The VCHTF has been working to develop a housing production sharing model to be used as an incentive for jurisdictions to participate financially with the VCHTF. Although the VCHTF received preliminary support from HCD staff and the former HCD Director, current HCD leadership has recently informed VCHTF that the regulations will not allow housing production sharing. The VCHTF did not discuss their plan to develop a housing production sharing model with City staff. Therefore, this issue does not affect Moorpark's contribution to the VCHTF.

FISCAL IMPACT

If the VCHTF's application for funding is approved, staff will return to the City Council for an allocation at that time or include an appropriation in FY 2012/13 proposed budget. Staff is recommending utilizing City Affordable Housing Funds to fund this \$50,000.00 commitment payable in two annual payments.

STAFF RECOMMENDATION

Approve disbursement of the City's \$50,000.00 contribution to the VCHTF in two annual payments and allow up to 10% of the contribution to be utilized solely for direct staff time to implement VCHTF activities.