



Meeting Date: 05/06/08

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input checked="" type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Melissa L. Hettner Agenda Item No. 0-3

Reviewed By: City Manager [Signature] City Attorney [Signature] Finance [Signature] Other (Specify) \_\_\_\_\_

**DATE:** April 29, 2008

**TO:** City Council  
Housing Authority Commission

**FROM:** S.D. Gonzalez, Housing Director [Signature]  
Housing Department

**SUBJECT: Housing Legislative Program for FY 2008-2009**

**RECOMMENDATION**

That City Council and the Housing Authority Board of Commissioners:

1. Support Proposition 99, the Homeowners Protection Act, and oppose Proposition 98, the California Property Owner & Farmland Protection Act.
2. Support State bill AB 1111 which would authorize cities and counties to adopt ordinances prohibiting mobile home park owners from changing 55 years of age and over parks to all age parks.
3. Support federal appropriations of at least \$5.3 billion for the Public Housing Operating Fund.
4. Support State bill SB 900 which would eliminate a loophole in State law that allows mobile home park owners to convert one or more of park spaces to condominium ownership and avoid the application of local rent control on the remaining rental spaces.
5. Support federal appropriations of \$3.5 billion for the Public Housing Capital Fund, with at least \$55 million for the Resident Opportunity and Self-Sufficiency Program.
6. Support federal appropriations of at least \$15.4 billion for the Tenant- Based Rental Assistance Program Housing Payments, \$1.54 billion for Administrative Fees, \$72 million for Family Self Sufficiency Coordinators, and full funding for the Tenant Protection Vouchers and Project Based Section 8 Program.
7. Support legislative and regulatory reform to the Section 8 Voucher Program that would allow the program to be administered more effectively.
8. Support federal appropriations of at least \$4.5 billion in funding for the Community Development Block Grant (CDBG) Program Formula Grants.
9. Support federal appropriations of at least \$2.0 billion for the HOME Program Formula Grants.
10. Support the National Housing Trust Fund Act and legislation providing funding for the Act.
11. Support federal appropriations of at least \$1.636 billion for the Homeless Assistance Grants, and legislation that allows for greater local flexibility in the administration of the grants.

12. Support federal legislation that addresses the mortgage foreclosure crisis by reforming the mortgage process, curbing predatory lending, and providing foreclosure mitigation assistance.

## **SUMMARY**

The U.S. Congress and the California Legislature will be considering budget and housing related legislation that will impact the City and its residents. In addition, two state initiatives on the June 3 primary election ballot will give voters the option to limit the government's power of eminent domain, Proposition 98 and Proposition 99.

Each year the City and Oxnard Housing Authority (OHA) receive funds from HUD that support many housing programs and related services. While some programs for which the City and OHA receive funds for have been adequately funded, many important programs to the City, such as the CDBG program and the Public Housing program have been continually targeted for reductions in the past several years. This report contains an assessment of those proposed actions and a recommended response by the legislative bodies of the City. The staff recommendations on federal budget and policy proposals are consistent with the positions of national advocacy groups such as the National League of Cities and the National Association of Housing and Redevelopment Officials (NAHRO).

## **DISCUSSION**

### **State Policies**

#### Proposition 98 and Proposition 99

On the June 3, 2008 ballot, California voters will have their choice between Propositions 98 and 99. Both ballot propositions are about eminent domain reform, however, each measure approaches the issue quite differently.

Proposition 99 would prohibit the use of eminent domain to acquire a single family owner-occupied home and transfer the property to a private party. It would allow the government to acquire property for traditional public works such as schools or roads.

Proposition 98 amends the State Constitution to 1) constrain state and local government's authority to take private property and 2) phase out rent control and adversely impact the renter protection laws. In addition, the measure might constrain the government's authority to implement certain other programs and laws, such as mandatory exclusionary housing programs and tenant relocation benefits.

The passage of Proposition 98 would have an adverse effect on many City policies and programs. Proposition 98 would prohibit laws and regulations that would transfer an economic benefit from one private party to another. The courts have ruled that virtually all land-use decisions potentially transfer an economic benefit from one person to another, so this provision would limit the City's ability to make land use decisions, whether it be for housing, businesses, the environment.

Proposition 98 would also likely prohibit all mandatory inclusionary housing ordinances including the City's ordinance.

Proposition 98 includes language that limits the government's authority to impose restrictions on the price a private owner may charge another person to purchase, occupy, or use his or her real property. This would prohibit the enactment of new rent control ordinances and any ordinances passed prior to January 1, 2007, would be phased out a unit-by-unit basis after an apartment or mobile home park space is vacated. The language would prohibit the use of eminent domain for the consumption of natural resources. This could impact public works projects planned in the City such as the development of new water storage facilities.

The passage of Proposition 99 would not change the City's policy on eminent domain because the City has elected not to exercise the power of eminent domain on residential property. However, because Proposition 98 would have an adverse effect on many City policies and programs, staff recommends support for Proposition 99 as the way to oppose Proposition 98. Proposition 99 includes a provision that if both propositions pass and Proposition 99 passes with more votes than Proposition 98, then Proposition 98 would be null and void. This position is consistent with the League of California Cities and the California Redevelopment Association's position.

#### Mobile Homeowner's Bills

Two mobile homeowner's bills are being considered by the State legislature. Staff recommends support for AB 1111 which would give cities and counties authorization to adopt ordinances prohibiting park owners from changing age 55 and over parks to all age parks. This bill would give the City greater control over the governance of mobile home parks in the City and allow the City to better respond to locally-determined needs.

SB 900 eliminates a loophole in State law that allows mobile home park owners to convert one or more of their spaces to condominium ownership and avoid the application of local rent control on the remaining rental spaces, effectively skirting local rental control ordinances. SB 900 closes the loophole by keeping local rent control in place upon conversion. The bill provides that if a park is subdivided and converted to resident ownership, the current residents who do not or cannot buy their space are protected by local rent control until the time that they move out. Also, the bill allows a local legislative body to approve, conditionally approve, or disapprove the conversion, and to require the subdivider to take steps to mitigate any adverse impact of the conversion on the ability of displaced mobile home park residents to find adequate space in a mobilehome park. Staff recommends support for SB 900 and AB 1111. These positions are consistent with the California League of Cities' positions.

### **Federal Budget and Policy Proposals**

#### Public Housing

The OHA owns and operates 760 units of federally subsidized public housing. This housing program serves families, elderly and disabled persons who are among the poorest in the City. HUD provides public housing operating subsidies, which are supposed to bridge the gap between public housing rents (which are limited by law) and operating expenses. In addition, HUD supplies funding for the capital needs of public housing projects under the Public Housing Capital Fund. For several years, HUD's request and the amounts actually appropriated for public housing have been alarmingly insufficient. For FY 2009, HUD has requested \$4.3 billion in operating subsidy, notwithstanding that its own

formula for determining need indicates that more than \$5.3 billion is needed, a shortfall of more than \$1 billion. The Capital Fund requests have similarly lagged, failing to keep up even with annually accruing need, let alone providing resources for addressing a backlog of projects that has been estimated at \$18 billion or more. This year's request for the Capital Fund, if enacted, would result in a 17% reduction from last year. In order to continue to operate and provide a high-quality level of service to the OHA's residents, staff recommends supporting funding the Public Housing Operating Fund at \$5.3 billion and the Capital Fund at \$3.5 billion.

The Resident Opportunity Self Sufficiency (ROSS) program provides for needed service coordinators for families, seniors, people with disabilities, and the Family Self-Sufficiency programs in public housing. Since 2005, funding for the program has declined precipitously, from \$55 million to \$38 million, with FY 2008 moderately reversing the trend, with \$40 million enacted for the program. The proposed budget again recommends reductions for the program, this year by \$2 million, to \$38 million. Staff recommends that funding be restored to \$55 million annually.

#### Housing Choice Voucher Program (Section 8 Program)

The Housing Choice Voucher Program (HCV) provides rental assistance to approximately 2 million low-income families nationwide. In Oxnard, about 1600 households are assisted under this program. The program helps families, seniors and persons with disabilities live stable and independent lives, helps the working poor to become self-sufficient, and enables families to live in neighborhoods where poverty is not concentrated.

The HCV program has a demonstrated track record of success. Nonetheless, the HCV can be further improved to provide housing authorities with additional tools to help maximize the number of families served in their communities. Legislation has passed in the U.S. House of Representatives and introduced in the U.S. Senate that aims to reform the HCV program and to help the voucher program perform even more effectively in carrying out its mission of providing access to affordable housing. Staff recommends support for legislation that reforms the HCV program in this manner.

Currently Section 8 rental subsidies are funded at \$14 billion. Under the proposed budget Administrative Fees would receive a marginal increase from \$1.35 billion to \$1.4 billion and Family Self Sufficiency (FSS) Coordinators would receive a \$1 million reduction from 2008 levels. Tenant protection vouchers would receive \$150 million, a 25% cut from the FY 08 appropriation. In order to maintain quality operation of the program, staff supports funding at \$15.4 billion for Housing Assistance payments, \$1.54 billion for Administrative Fees, and \$1.54 billion for FSS Coordinators. In addition, staff recommends full funding for Tenant Protection Vouchers and Administration, and the Project-Based Section 8 program. The OHA will need tenant protection vouchers to assist families that will be affected by the demolition and disposition of 260 public housing units.

#### Community and Economic Development

For more than 30 years the Community Development Block Grant (CDBG) Program has successfully mobilized community resources to expand economic opportunity, strengthen local infrastructure, and improve the quality of life for low- and moderate-income families and individuals. Despite this flexible program's proven track record, CDBG formula funding has declined by 17% since FY 2004. Consistent with the recommendations of the National Association of Housing and Redevelopment

Officials and the National League of Cities, staff recommends support for CDBG formula grants at \$4.5 billion.

Restoring HOME program funding –which has declined by 12% since FY 2004 – is critically important to continue to develop and provide new affordable housing. Since 1990, the program has made possible the construction, acquisition, or rehabilitation of 160,000 homeowner units, 347,000 homebuyer units and 311,000 rental units nationwide. Under the program the City has on average received \$1.065 million per year in HOME funds, which have been used for homebuyer downpayment assistance, housing rehabilitation, and the administration of the City’s affordable housing program. The program has helped 175 families to purchase homes over the last five years. Thus, staff recommends support of \$2 billion for HOME formula grants for FY 2009.

Legislation for a new affordable production program has been introduced in Congress that could provide for the preservation, development, and rehabilitation of 1.5 million affordable housing units. The vehicles for funding the National Housing Trust Fund Act have been included in a myriad of legislation being considered by Congress and at this point, the sources of funds have not been definitively determined. Staff recommends continued monitoring of legislation relating to the National Housing Trust Fund and support for funding of the program.

As Congress considers McKinley-Vento reauthorization legislation, staff recommends support for legislation that allows greater local flexibility, including an expanded definition of homelessness that would allow the City to better respond to locally-determined needs. Staff also recommends support for at least \$1.636 billion for the Homelessness Assistance Grant Program.

#### Mortgage Foreclosures and Homeowner Relief

Homeowners and cities across the country have had to grapple with the sharp increase in mortgage foreclosures this year. In the City, foreclosures have increased monthly, with approximately one hundred bank owned properties coming onto the market per month this year. Legislation is currently being considered by Congress to address this problem. In response to the mortgage foreclosure crisis, staff recommends supporting legislation that would strengthen and stabilize America’s housing finance system by reforming the mortgage process, curbing predatory lending, and providing foreclosure mitigation assistance.

### **FINANCIAL IMPACT**

The adoption of the recommended legislative program will not have a financial impact upon the City or the Housing Authority.