

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE AVALON
COMMUNITY IMPROVEMENT AGENCY

MEETING DATE: November 15, 2012

AGENDA ITEM: _____

ORIGINATING DEPARTMENT: Successor Agency

CITY MANAGER: _____

PREPARED BY: Denise Radde

SUBJECT: Public Comment Session on Due Diligence Review #1 – Low and Moderate Income Housing Fund

RECOMMENDED ACTION

That the Oversight Board, pursuant to Health and Safety Code (“HSC”) Section 34179.6(b), convene a public comment session on the Due Diligence Review of the Low and Moderate Income Housing Fund (“DDR #1”) prepared and transmitted to the Oversight Board, Los Angeles County Auditor-Controller (“County Auditor-Controller”), California Department of Finance (“DOF”), and State Controller’s Office (“SCO”) in accordance with Health and Safety Code Section 34179.6(a).

BACKGROUND

DUE DILIGENCE REVIEW #1 – LOW AND MODERATE INCOME HOUSING FUND

HSC Section 34179.5 requires the Successor Agency of the Avalon Community Improvement Agency (“Successor Agency”) to prepare a Due Diligence Review of the Low and Moderate Income Housing Fund (“DDR #1”). The requirement for DDR #1 is new to the ABX1 26 (Chapter 5, Statutes of 2011) wind-down process as a result of AB 1484 (Chapter 26, Statutes of 2012), which took effect on June 27, 2012. The purpose of the DDR is “to determine the unobligated balances available for transfer to taxing entities” from the Low and Moderate Income Housing Fund and all other funds (e.g., Capital Projects Fund, Debt Service Fund).

The results of DDR #1 were required to be provided to the Oversight Board, County Auditor-Controller, DOF, and SCO by October 1, 2012, and reviewed, approved, and transmitted by the Oversight Board to the County Auditor-Controller and DOF by October 15, 2012. Like a number of other successor agencies in the state, the Avalon Successor Agency, due to staffing and time constraints, was unable to meet those deadlines. The statute does not carry any penalties for late submittal.

DDR #1 was prepared by Certified Public Accountants at White Nelson Diehl Evans, LLP, who has historically assisted the former Avalon Community Improvement Agency (“ACIA”) in preparing its annual audit. As required by AB 1484, the County Auditor-

Controller approved preparation of the DDR by White Nelson Diehl Evans prior to work commencing.

Upon receipt of DDR #1 by the Oversight Board, the Board is required to “convene a public comment session to take place at least five business days before the oversight board holds the approval vote. The oversight board also shall consider any opinions offered by the county auditor-controller on the review results submitted by the successor agencies” (HSC Section 34179.6(b)). Successor Agency staff is recommending that the Oversight Board convene the required public comment session on November 15, 2012 and hold a subsequent approval vote on DDR #1 on November 29, 2012.

No specific Oversight Board action is required at this time, other than convening the public comment session.

DUE DILIGENCE REVIEW #2 AND FINDING OF COMPLETION

White Nelson Diehl Evans and Successor Agency staff are currently working to prepare a subsequent Due Diligence Review for all other funds of the former ICRA (“DDR #2”). Pursuant to HSC Section 34179.6(a), DDR #2 must be completed and transmitted to the Oversight Board, County Auditor-Controller, DOF, and SCO by December 15, 2012, and approved by the Oversight Board on January 15, 2013. DOF must complete its review of DDR #2 by April 1, 2013. Once DDR #1 and DDR #2 are completed and cash balances are distributed, the Successor Agency will be eligible to receive a “Finding of Completion,” which has specified benefits.

ENVIRONMENTAL REVIEW

The action taken by the Oversight Board to hold a public comment session on DDR #1 does not commit the Oversight Board to any actions that may have a significant effect on the environment. As a result, such actions do not constitute projects subject to the requirements of the California Environmental Quality Act.

FISCAL IMPACT

There are no anticipated fiscal impacts from convening the required public comment session. The future transfer of unobligated funds from the Low and Moderate Income Housing Fund to taxing entities reduces future funding available for affordable housing projects and programs.

Attachment:

- A. DDR #1 Agreed Upon Procedures Report Prepared by White Nelson Diehl Evans for the Low and Moderate Income Housing Fund