

STAFF REPORT

DATE: November 30, 2010

TO: Redevelopment Agency Board

FROM: Elvia Garcia-Ayala, Community Services Director
Danielle Foster, Housing and Human Services Superintendent

SUBJECT: Budget Adjustment for Management of Former Davis Area Cooperative Housing Association (DACHA) Units

Recommendation

Approve the attached Budget Adjustment (Attachment 1) budgeting payments received and those projected through March 2011 from tenants of the former Davis Area Cooperative Housing Association (DACHA) units.

Fiscal Impact

This budget adjustment allocates the \$87,283 both collected and projected in revenue on the former DACHA units through March 2011. This budget adjustment allocates revenue from those units to cover the costs of owning and maintaining the units, including maintenance, property taxes, and utilities payments on vacant units. A budget adjustment is required to add these unanticipated revenue and expenditures line items to the Redevelopment Agency's budget. The Agency previously budgeted in an estimated \$25,000 on the onset of owning and managing these units, but with pending property tax payments comprised of two installments of \$32,589.91 additional budgeting is necessary.

Council Goal(s)

Actions in this staff report support the goal of Community Strength and Effectiveness, specifically working to accomplish the guiding principle of "Establish and maintain an inventory of permanently affordable housing units." Actions that resulted in the Agency's ownership and temporary management of the former DACHA units were necessary to maintain these twenty affordable housing units in the Agency's inventory of affordable housing.

Background and Analysis

During October 2009, DACHA's bank accounts were all levied by Neighborhood Partners, LLC for payment towards their arbitration judgment. Without any funds, DACHA could not make payments on regular expenses, including their mortgage loan from the City's Redevelopment Agency. In November 2009, the Redevelopment Agency initiated foreclosure on the DACHA properties in response to the organization going into default on the Agency's loan. After fulfilling the requirements of the foreclosure process and upon release from an automatic stay on the foreclosure process, the Agency proceeded to foreclosure sale July 1, 2010.

At the point of the foreclosure sale, the Agency calculated approximately \$4,080,000 in credit owed to it by DACHA. At the foreclosure sale, the Agency's credit was repaid with title to all

DACHA Budget Adjustment

twenty of the affordable housing units that DACHA had owned. No other parties bid against the Agency's credit.

The Agency Board will begin discussing options for the best long term use of these twenty properties at a December meeting. Even with the progress that is being made on next steps, staff estimates that it is likely the Agency would hold ownership at least through March based on the time that may be required to carryout the Board's decision. Based on the existing revenue that has been collected but not budgeted, projected revenue through March, and both known and estimated expenses of the units, staff has prepared the enclosed budget adjustment. The budget adjustment relies on revenue from the unit rents to cover the costs of property taxes, city utilities in the vacant units, and ongoing necessary maintenance and repairs. The first \$32,590 installment of property taxes will be paid prior to the December 10 due date and the second installment would be paid prior to the April 10 deadline, if the Agency continues to hold ownership of the properties.

Attachment

1. Budget Adjustment

F-928-20
07/90
TO: City Manager
VIA: Budget Analyst

CITY OF DAVIS
Request for Budget Adjustment

Agenda Item RDA-C2A
City Council Meeting Date 11-30-10

FROM:

Dept Head 
Signature and Date

I request the following budget adjustments:

A. Internal Transfers of Currently Appropriated Funds:

TRANSFERS FROM PROGRAM NAME	FUND NO.	DIV/PROG.	ACTIVITY	ELEMENT/OBJECT	AMOUNT (CR)	HOURS
TOTAL						

B. New Appropriation's Source of funding/Revised Revenue Change:

Unallocated Reserve		Fund Name	Fund No	
Unallocated Reserve		Fund Name	Fund No	\$
New/Revised Revenue (321_30-00)		Redevelopment Agency- Housing	954	\$ 87,283
Circle One	Activity Elem Obj	Fund Name	Fund No	\$ 87,283

C. Allocation of Internal Transfers and/or New Appropriations.

TRANSFERS TO PROGRAM NAME	FUND NO.	DIV/PROG.	ACTIVITY	ELEMENT/OBJECT	AMOUNT (DR)	HOURS
RDA Housing Units- Property Taxes	954	4895	410	5202	\$ 65,180	
RDA Housing Units- Water, Sewer, Garbage	954	4895	410	4807	\$ 6,288	
RDA Housing Units- Professional Services	954	4895	410	4550	\$ 15,815	
TOTAL					\$87,283	

D: Reason For Adjustment (Explain fully. Attach sheet if necessary. If new revenue, record a description on reverse side on Part VI.)
See attached staff report.

FINANCE DIRECTOR

A. Funds have been appropriated & are available.

B. Funds have been appropriated.

Funds must be appropriated.

Comments:


Signature and Date

Date: 11/23/10 BA No. 38

CITY MANAGER

A. Approved
 Disapproved

B. City Council appropriated funds.

City Council informed of revised revenue estimate.

Comments:

Signature and Date

Posted By: _____