




*NOTICE AND CALL OF SPECIAL MEETING OF THE  
SANGER CITY COUNCIL*

**TO THE MEMBERS OF THE SANGER CITY COUNCIL AND TO THE CITY CLERK:**

NOTICE IS HEREBY GIVEN that a special meeting of the City Council is hereby called for Thursday, February 3, 2011 commencing at 6:30 pm at the Sanger City Hall Council Chambers, 1700 7th Street, Sanger, California.

Said special meeting shall be held for the purpose of the Council to consider approval of the activation of the Sanger Housing Authority.

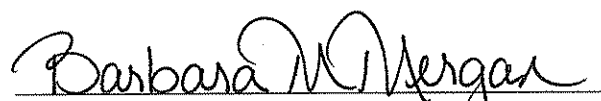
Dated: February 2, 2011

  
\_\_\_\_\_  
Mayor Joshua D. Mitchell

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Dated: February 2, 2011

  
\_\_\_\_\_  
City Clerk Barbara M. Mergan

SANGER CITY COUNCIL AGENDA  
SPECIAL MEETING  
COUNCIL CHAMBERS  
February 3, 2011  
6:30 P.M.

**6:30 P.M.**      SPECIAL MEETING

A.      DEPARTMENT REPORT

Finance Department

1.      SUBJECT:    Activation of Sanger Housing Authority  
         RECOMMENDATION:    That the City Council approve Resolution  
         No. 4246, authorizing the activation of a Sanger Housing Authority.

B.      ADJOURNMENT



# CITY OF SANGER

## REPORT TO THE CITY COUNCIL

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**To:** Mayor and Councilmembers  
**From:** Kathryn Long-Pence, Interim Finance Director  
**Subject:** Activation of Sanger Housing Authority  
**Attachments:** Exhibit A, Resolution # 4246

**CONFLICT OF INTEREST:**

None.

**RECOMMENDATION:**

Staff recommends that the City Council approve Resolution No. 4246, authorizing the activation of a Sanger Housing Authority.

**EXECUTIVE SUMMARY:**

Under the Governor's proposal to end Redevelopment Agencies only non-housing redevelopment funds are affected. The Governor has proposed that Low and Moderate Income (LMI) Housing Fund responsibilities be transferred to a local housing authority. Under California law a housing authority currently exists in every county and city. In order to activate a Sanger Housing Authority the City Council needs to adopt a resolution to do so which contains specific findings. Those findings are included in Exhibit A. This resolution establishes the new Sanger Housing Authority.

**BACKGROUND:**

As part of his January budget proposal for FY 2011-12, Governor Brown has proposed the elimination of redevelopment agencies and the redirection of the property tax increment currently directed to these agencies. The Governor's proposal will not affect any projects that are already under contract with redevelopment agencies; however, there would be no dedicated State-level funding for new redevelopment projects. The budget proposal also calls for the creation of a successor agency that will fulfill the current debt obligations of redevelopment agencies. The budget proposal estimates that the successor agency will operate for approximately 20 years in order to meet all of the current obligations.

Prepared by: K. Long-Pence

Approved by: [Signature]

REVIEW: City Manager: CBT

Finance: [Signature]

City Attorney: \_\_\_\_\_

**TYPE OF ITEM:**

**COUNCIL ACTION:**  APPROVED  DENIED  NO ACTION

- \_\_\_\_\_ Consent
- \_\_\_\_\_ Info Item
- Action Item
- Department Report
- \_\_\_\_\_ Redevelopment Agency

- \_\_\_\_\_ Public Hearing
- \_\_\_\_\_ Matter Initiated by a Council Member
- \_\_\_\_\_ Other
- \_\_\_\_\_ Continued to: \_\_\_\_\_

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Under the Governor's proposal to phase out redevelopment agencies, the state would receive \$1.7 billion in relief for the General Fund FY 2011-12. The remainder of the redevelopment tax increment would be provided to the successor agency to address outstanding bond obligations. Beginning in FY 2012-13 and beyond, the incremental funds would be distributed to local governments according to existing property tax allocations and would be intended to pay for additional services that are realigned to local governments as well as for other functions of local governments such as education, police and fire protection. Additionally, a portion of the tax increment would be provided to the successor agency in order to continue to service the debt contracted by the former redevelopment agencies.

The Governor's proposal to end redevelopment as we know it will have a devastating effect on the City of Sanger in general and the Sanger Redevelopment Agency in particular. Every possible effort needs to be made to avoid that outcome. However, at the same time it is prudent to take any available steps to retain local control over local resources. This report is consistent with that approach.

It should be noted that the Governor's proposal primarily affects non-housing redevelopment funds. With respect to housing funds, the Governor has proposed that Low- and Moderate-Income ("LMI") Housing Fund responsibilities be transferred to a local housing authority. The Governor's budget assumes that the local housing authority will use the LMI Housing Funds for activities that would otherwise have been eligible for funding from redevelopment agencies.

Given the foregoing and in an effort to continue to achieve the goals established the City's redevelopment agency and other housing policies established by the Housing Element of the general plan, it is recommended that the City Council consider the establishment of a housing authority (pursuant to Health and Safety Code § 34240, *et seq.*, the "Housing Authority Law"). Exhibit "A"- describes the purpose and governance, activation procedure, powers and duties of a housing authority. The intent of the recommendation to create a housing authority is to maintain, to the extent feasible, local control over what are now Agency housing responsibilities and the financial resources that are related thereto.

Once established, the Sanger Redevelopment Agency could enter into a contract with the new Sanger Housing Authority wherein all or a portion of the Agency's LMI Housing Funds could be transferred to the Housing Authority to manage the Agency's existing and proposed affordable housing programs. If the Agency decides to transfer all or a portion of its LMI Housing Funds to the Housing Authority, then the transferred money, if any, would no longer be an asset of the Agency and instead would become an asset of the Housing Authority.

As mentioned in Exhibit "A", a housing authority already exists in every county and city in California. In order to activate the City's Housing Authority, the City Council needs to adopt a resolution containing findings required by the Housing Authority Law. The attached resolution contains all of the necessary findings and actions needed to form a housing authority.

**REASON FOR RECOMMENDATION:**

This action is recommended to protect local assets and resources in support of the City of Sanger's effort to maintain programs for the benefit of low and moderate income individuals in need of adequate housing in the City.

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**FISCAL IMPACT:**

The fiscal impact would be to establish a Sanger Housing Authority in preparation for the transfer of the existing Low and Moderate Housing (Fund #281) that have been under the control the Sanger Redevelopment Agency to the new Housing Authority.

**ALTERNATIVES:**

The alternative to not establish a Sanger Housing Authority at this time. This non action may put the assets identified as being for Low and Moderate Income Housing and currently under the control of the Sanger Redevelopment Agency in jeopardy. The State of California is currently attempting to dissolve RDAs and take over the assets of the Sanger Redevelopment Agency as part of the effort to balance the State budget.

**ACTIONS FOLLOWING APPROVAL:**

After approval, the Mayor is authorized to sign the resolution activating the Sanger Housing Authority. A special meeting has been scheduled for \_\_\_\_\_. At that meeting the commissioners and interim Chairperson will be appointed and if approved, the City Attorney is authorized to prepare legal documents to transfer the ownership of properties to the SHA. The Interim Finance Director will then be authorized to complete the accounting for the transfer of assets and the establishment of the books and records of the Sanger Housing Authority.

## **Exhibit "A"**

### **Purpose and Governance; Activation Procedure; Powers and Duties of a Housing Authority.**

#### **I. Purpose and Governance**

The California "Housing Authority Law" (California Health & Safety Code § 34200 *et seq.*) automatically creates a dormant Housing Authority in every city and county. In order for the City Housing Authority to transact business and exercise its powers, a city ("City") must activate its Housing Authority through certain procedures explained herein. A Housing Authority collaborates with public, private and non-profit entities agencies for the purpose of providing sanitary and safe housing for people of very low, low or moderate income within a city or county's territorial jurisdiction. The core activities of many Housing Authorities are primarily to build, acquire, own, manage and maintain residential rental units and to provide financial assistance for rentals or ownership in the private real estate market. A Housing Authority is governed by the state Housing Authority Law, and for purposes of major federal funding, if any is received, regulations of the U.S. Department of Housing and Urban Development ("HUD"). Further, a Housing Authority is not required under the Housing Authority Law to seek HUD or any other type of outside funding.

Once activated, a Housing Authority consists of at least five (5) commissioners and shares functions similar to other governmental entities: it can sue and be sued; make and execute contracts; partner with other Housing Authorities or other governmental agencies; and make, amend, and repeal by-laws and regulations to carry into effect its powers and purposes. A housing commission may also be formed to review and provide recommendations on all matters to come before the Housing Authority.

#### **II. Activation Procedure**

As mentioned above, a Housing Authority already exists in every county and city. In order to activate the City's Housing Authority, the City Council first needs to adopt a resolution containing certain findings. Second, commissioners must be appointed to serve on the Housing Authority.

##### **A. Adoption of Resolution**

In order for the City Housing Authority to beginning conducting transactions and exercising its powers, the City Council must first adopt a resolution declaring a need for the Housing Authority. The resolution must also contain at least one of the following findings:

- (1) that unsanitary or unsafe inhabited dwelling accommodations exist in the City; and/or

- (2) there is a shortage of safe or sanitary dwelling accommodations in the City available to persons of low income at rentals they can afford.

In determining whether dwelling accommodations are “unsafe or unsanitary,” the City Council may consider:

- a. the degree of overcrowding;
- b. the percentage of land coverage;
- c. the light, air, space and access available to the inhabitants of such dwelling accommodations;
- d. the size and arrangement of the rooms;
- e. the sanitary facilities; and
- f. the extent to which conditions exist in such buildings which endanger life or property by fire or other causes.

Adopting the resolution with the finding(s) is a relatively easy process which can be completed in one or two City Council meetings.

#### **B. Appointment of a Board of Commissioners**

Once the City Council adopts the resolution including the finding(s), commissioners must be chosen to serve on the City Housing Authority. Since the City does not have an independently elected Mayor, the City Council may declare itself to be the commissioners of the Housing Authority at the time the above-referenced resolution is adopted or anytime thereafter. Under this approach, all rights, powers, duties, privileges and immunities of the commissioners are vested in the City Council.

### **III. Powers and Duties**

#### **A. Powers**

Housing Authority Law grants a Housing Authority several powers in carrying out its goal. Specifically, a Housing Authority has the power to:

- a. prepare, carry out, acquire, lease and operate low-income housing projects and housing developments;
- b. (provide for the construction, reconstruction, improvement, alteration or repair of any housing project;
- c. provide leased housing to persons of low income;
- d. provide financing for the acquisition, construction, rehabilitation, refinancing or development of dwelling accommodations for persons of low income;
- e. provide counseling, referral, and advisory services to low or moderate income persons and families in connection with the purchase, rental, occupancy, maintenance or repair of housing;
- f. provide security for the protection of a project and its inhabitants;

- g. provide financial assistance for housing projects pursuant to Health and Safety Code Section 34312.3 (which permits a Housing Authority to issue revenue bonds, construction loans, mortgage loans etc. for specific purposes and subject to certain requirements);
- h. acquire, plan, undertake, construct, improve, develop, maintain and operate land with mobile homes, so long as no less than twenty (20) percent of the mobile homes are designated for or are occupied by persons of low income; and
- i. lease, rent, own, improve, sell, exchange, transfer and acquire real or personal property.

The broad definition of “housing project” permits these powers to encompass many types of work in the community. For example, a Housing Authority can participate in projects to demolish, clear, or remove buildings from any slum area, which may embrace the adaptation of the area to public purposes, including parks or other recreational or community purposes. A Housing Authority’s effort to provide decent, safe and sanitary living accommodations may also include work on buildings, land, equipment, facilities, and other real or personal property for necessary, convenient, or desirable appurtenances, streets, sewers, water service, parks, site preparation, gardening, administrative, community, health, recreational, educational, welfare or other purposes. Consequently, a City Housing Authority is empowered to engage in a variety of activities to assist in the development of affordable rental and ownership housing. Depending on the facts, a City Housing Authority may be able to use its powers to assist traditional housing projects, including mixed use projects, and to provide infrastructure improvements necessary to support housing projects.

## **B. Duties**

Although the duties of a Housing Authority are not all necessarily prescribed by statute, ongoing functions of a Housing Authority often include:

- a. assuring compliance with leases
- b. setting charges (e.g., security deposit, excess utility consumption, and damages to unit);
- c. performing periodic reexaminations of the family's income at least once every twelve (12) months;
- d. transferring families from one unit to another, in order to correct over/under crowding, repair or renovate a dwelling, or because of a resident's request to be transferred;
- e. terminating leases when necessary; and
- f. maintaining housing developments in a decent, safe, and sanitary condition.

Additionally, affirmative duties are often triggered by agreements where the Housing Authority receives loans or grants from local, state or federal agencies. However, Housing Authorities are not required to seek such funding.



RESOLUTION NO. 4246

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANGER, CALIFORNIA, DECLARING THAT THERE IS A NEED FOR A HOUSING AUTHORITY TO FUNCTION IN THE CITY, DECLARING THAT THE MEMBERS OF THE CITY COUNCIL SHALL BE THE COMMISSIONERS OF THE HOUSING AUTHORITY AND DESIGNATING THE FIRST INTERIM CHAIRMAN OF THE HOUSING AUTHORITY.**

**WHEREAS**, the Housing Authority Law is codified in Health and Safety Code Sections 34200 *et seq.* (the "Law"); and

**WHEREAS**, Section 34240 of the Law provides that in every City there is a public body corporate and politic known as the Housing Authority of the City; and

**WHEREAS**, Section 34240 of the Law additionally provides that the Housing Authority shall not transact business or exercise its power unless the City Council of the City declares by Resolution that there is a need for a Housing Authority to function in the City; and

**WHEREAS**, Section 34242 of the Law provides for the adoption of a Resolution declaring that there is a need for a Housing Authority to function in the City if the City Council finds either: (i) that unsanitary or unsafe inhabited dwelling accommodations exist in the City; or (ii) that there is a shortage of safe or sanitary dwelling accommodations in the City available to persons of low income at rentals they can afford; and

**WHEREAS**, Section 34290 of the Law provides that the City Council may declare by Resolution that the City Council shall be the Commissioners of the Housing Authority; and

**WHEREAS**, Section 34277 of the Law provides that the Mayor of the City shall designate the interim Chairman of the Housing Authority from among the Housing Authority Commissioners, and thereafter the Housing Authority shall select his/her successor among its commissioners; and

**WHEREAS**, all of the prerequisites with respect to the approval of this Resolution have been met.

**NOW, THEREFORE**, the City Council of the City of Sanger, California does hereby resolve as follows:

**Section 1.** The foregoing recitals are true and correct and are a substantive part of this Resolution.

**Section 2.** Findings: The City Council finds that there exist in the City both unsanitary and unsafe inhabited dwelling accommodations and a shortage of decent, safe, sanitary and affordable dwelling accommodations in the City which are available to persons of low income.

**Section 3.** Need for Housing Authority: There is a need for a Housing Authority to function in the City, and the Housing Authority hereby is permitted to transact any business and exercise any power inferred thereon by the provisions of the Housing Authority Law, commencing with Section 34200 of the Health and Safety Code.

**Section 4.** City Council Members to Serve as Housing Authority Commissioners: Pursuant to Section 34290 of the Health and Safety Code, the City Council of the City of Sanger finds that the appointment of the members of the City Council, as the Commissioners of the Housing Authority will serve the public interest and promote the public safety and welfare in an effective manner and, therefore, the City Council Members of the City of Sanger are hereby declared to be Commissioners of the Housing Authority and all the rights, powers, duties, privileges and immunities which are adjusted by the Housing Authority Law and such a Housing Authority shall be vested in such Commissioners, except as otherwise provided by the Housing Authority Law.

**Section 5.** Designation of Interim Chairman: The Mayor of the City of Sanger shall serve as the interim Chairman of the Housing Authority, until a permanent Chairman is selected.

**Section 6.** The Sanger City Clerk shall certify to the passage and adoption of this Resolution and it shall thereupon take immediate effect and be in force.

**PASSED AND ADOPTED** by the City Council of the City of Sanger at a special meeting thereof held on the 3rd day of February 2011 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

**APPROVED:** \_\_\_\_\_  
Mayor

**ATTEST:**

\_\_\_\_\_  
City Clerk