REPORT

DATE: November 16, 2006

TO: Administration Committee
Regional Council
Wayne Moore, CFO

FROM: Wayne Moore, Chief Financial Officer, (213) 236-1804, moore@scag.ca.gov

SUBJECT: RHNA Budget Report

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:

Approve the use of an additional $200,000 in General Funds to continue funding the Regional Housing Needs Allocation project.

BACKGROUND:

At the September Regional Council meeting, $100,000 in General Funds from the current fiscal year budget was reallocated to fund the RHNA project through December 2006. As of the payroll period ending November 11, 2006, $146,000 in General funds had been expended on the RHNA project.

This current budget request includes estimated project costs for work related to finalizing the RHNA methodology and preparing the Draft Allocation Plan. This process includes the distribution of the housing allocation numbers to subregions who take delegation and to the cities in the subregions that do not take delegation. The process also includes work related to addressing inquiries by cities regarding housing allocations in an effort to mitigate potential appeals. Our budget projections beyond this process are predicated upon the number and nature of appeals that result thereafter. The current project plan has this process being completed in March 2007.

From a budgetary viewpoint, this is a critical period because appeal hearings are projected to occur in mid-April 2007. Staff costs relating to appeals, including in-house and outside counsel costs to provide advice regarding appeals, will drive the magnitude of the required General Fund budget for RHNA. The extent that staff can mitigate potential appeals will be critical in meeting the target budget of $500,000 for fiscal year 2006. If there are no appeals, the $500,000 budget target can be met. If, for example, 20% of cities pursue appeals, the additional costs could be between $150,000 and $200,000 in fiscal year 2006, and $50,000 to $100,000 in fiscal year 2007.

FISCAL IMPACT:

All the Funds are included in the current year's appropriated budget.

Reviewed by:

Chief Financial Officer