



REPORT to the MAYOR and MEMBERS of the CITY COUNCIL
From the CITY MANAGER

DATE: May 23, 2023

SUBJECT: DRAFT RESOLUTION TO INCREASE THE BUDGET
OF THE SUCCESSOR AGENCY AFFORDABLE
HOUSING LAWSUIT BY \$30,000

ISSUING DEPARTMENT: Community Development

SUMMARY:

Issues:

Should the City Council increase the budget for the La Mesa Successor Agency Affordable Housing Lawsuit by \$30,000, for a total of \$70,000 for Fiscal Year 2022-2023?

Recommendation:

Adopt a resolution to increase the budget for the Successor Agency Affordable Housing Lawsuit by \$30,000, for a total of \$70,000 for Fiscal Year 2022-2023.

Fiscal Impact:

The request would reduce General Fund Reserves by \$30,000. A request will be filed with the California Department of Finance (DOF) to adjust the Recognized Obligation Payment Schedule (ROPS) to reimburse the General Fund with Redevelopment Property Tax Trust Fund (RPTTF) monies.

BACKGROUND:

The Affordable Housing Coalition of San Diego County filed a lawsuit in 2013 against the City, as the Successor Agency to the La Mesa Community Redevelopment Agency, and other parties related to affordable housing obligations of redevelopment agencies. The Successor Agency entered into an agreement with Kane, Ballmer and Berkman (KBB) in 2013 for legal services in connection with its fiduciary responsibilities in compliance with redevelopment law and the dissolution thereof, including defense of the

lawsuit. The defense is typically funded through the Recognized Obligation Payment Schedule (ROPS) from Redevelopment Property Tax Trust Fund (RPTTF) monies in the amount of \$40,000 as approved the California Department of Finance. However, as the lawsuit nears completion, annual expenses have exceeded the approved funds identified in the ROPS. Any additional annual funding to cover these expenses must come from the City's General Fund.

DISCUSSION:

KBB continues to respond to requests and pleadings filed by the Affordable Housing Coalition. Currently pending is an appeal of the trial court's denial of a motion for attorney fees and KBB is in the process of drafting the appellate brief for La Mesa in that matter. The Coalition has also indicated to various parties in this action that it plans on filing a challenge to recent filings by the Successor Agency. The annual allotment of \$40,000 to defend this lawsuit is nearly completely expended, but it is anticipated that an additional \$30,000 in expenses may be incurred prior to the end of Fiscal Year 2022-2023. Staff requests that the City Council appropriate \$30,000 of General Fund Reserves to increase the budget for the La Mesa Successor Agency Affordable Lawsuit

CONCLUSION:

Adopt a resolution appropriating \$30,000 of General Fund Reserves to increase the Fiscal Year 2022-2023 budget for the La Mesa Successor Agency Affordable Lawsuit.

Reviewed by:



Greg Humora
City Manager

Respectfully submitted by:



Kerry Kusiak
Director of Community Development

Attachments: Draft Resolution to increase the La Mesa Successor Agency Affordable Housing Lawsuit budget