



## REPORT TO CITY COUNCIL

**DATE:** MARCH 28, 2018

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** GREG RAMIREZ, CITY MANAGER 

**BY:** NATHAN HAMBURGER, ASSISTANT CITY MANAGER 

**SUBJECT:** REQUEST FOR APPROVAL OF FISCAL YEAR 2016-17 AGOURA HILLS HOUSING SUCCESSOR ANNUAL REPORT IN COMPLIANCE WITH SENATE BILL 341

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The purpose of this report is to provide the City Council, serving as the Housing Successor Board to the former Redevelopment Agency, with the completed Fiscal Year 2016-17 annual report and seek authorization to submit the report to the California Housing and Community Development Department (HCD), in compliance with Senate Bill 341 (SB 341). This annual report identifies the accumulation of Successor Housing funds over the past year and identifies the number of units that are maintained by each agency. Other sections of the legislation distinctively apply to funds encumbered by the Housing Successor and specifies the timelines under which funds must be utilized for their stated purpose. This legislation also requires certain auditing and reporting responsibilities, with which the Housing Successor must comply.

The requirements set forth under SB 341, specifically, were established to ensure the production and preservation of housing for those persons meeting the existing criteria to be defined as low or very-low households (defined as a percentage of the area median income) and mandate that the Housing Successor Agency follow certain provisions in the existing Community Redevelopment Law in their use of the funds. The provisions clearly specify the amount of Housing Funds that can be used towards various categories, such as senior citizen housing. In addition, provisions of Senate Bill 107 changed some of the requirements set forth for Housing Successor Agencies in regards to loan repayments that were under previously approved agreements between the former Redevelopment Agency and the City. Twenty percent of the loan amounts repaid to the City are required to be deposited into a Fund that can only be used to increase, improve, and preserve the community's supply of low and moderate housing available at an affordable housing cost.

Additionally, SB 341 has now established time periods in which the Housing Funds can be accumulated up to 4 years of an unused surplus, or up to \$1 million, which must be spent and allows the Housing Successors Agency to adopt an expenditure plan as necessary, which was previously not allowed as Successor Agencies worked towards dissolution of the former Redevelopment Agencies. Should a Successor Housing Agency not properly expend the funds and complete the required five-year report, the funds will

**Table 1**  
**Agoura Hills Successor Housing Agency**  
**Annual Report Required by SB 341 (1)**  
**Fiscal Year 2016-17**

Description	H & S Code	Timeframe	Detail	Total
<b>Successor Agency/City General Fund</b>				
1 Total City Loan Repayment Amount	34176.1 (f) (1)	2016-17		<u>396,656</u>
<b>Low and Moderate Income Asset Fund (2)</b>				
2. Housing Funds Deposited During:	34176.1 (f) (2)	2016-17		<u>81,098</u>
City Loan Repayment			<u>79,332</u>	
ROPS Related			<u>-</u>	
Other			<u>1,766</u>	
3. Cash Balance in the Fund as of Fiscal Year End	34176.1 (f) (3)	6/30/2017		<u>393,388 (3)</u>
ROPS Related			<u>-</u>	
Other			<u>393,388</u>	
4. Expenditures by Category	34176.1 (f) (4)	2016-17		
Administration			<u>20,575</u>	<u>20,575</u>
Housing Preservation/Monitoring			<u>-</u>	<u>-</u>
Homeless/Rapid Rehousing			<u>-</u>	<u>-</u>
Program #1			<u>-</u>	<u>-</u>
Program #2			<u>-</u>	<u>-</u>
<b>Total Expenditures</b>				<u><b>20,575</b></u>
Allowable Administrative Costs (4)	34176.1 (a) (1)	2016-17		<u>200,000</u>
<b>Other Reporting Requirements</b>				
5. Real Property Owned - Total	34176.1 (f) (5)	6/30/2017		<u>92,431</u>
Statutory Value of Real Property (Land)			<u>-</u>	
Loans and Grants Receivable			<u>92,431</u>	
6. Transferred Funds to Develop Transit Housing	34176.1 (f) (6)	6/30/2017		<u>None</u>
7. Projects with Funding Included on the ROPS	34176.1 (f) (7)	2016-17		<u>None</u>
8. Duration of Property Held	34176.1 (f) (8)	6/30/2017		<u>Not Applicable</u>
9. Obligations Outstanding per 33413	34176.1 (f) (9)	6/30/2017		<u>None</u>
10. Expenditure Targeting Requirements (5)	34176.1 (f) (10)	from 1/1/2014		<u>Not Applicable (6)</u>
11. Rental Housing Units Restricted for Seniors	34176.1 (f) (11)	6/30/2017		<u>Not Applicable</u>
12. Excess Surplus Calculation/Reporting	34176.1 (f) (12)	6/30/2017		<u>None</u>
13 Homeownership Unit Inventory	34176.1 (f) (13)	6/30/2017		<u>None</u>

(1) See Attachment A for a more complete description of each entry included on this table.

(2) Referred to as the Special Revenue Fund in the Comprehensive Annual Financial Report (CAFR).

(3) Excluded from the fund balance shown above are loans receivable, the total of which is shown under item 5.

(4) SB 107 allows administrative costs to equal the greater of \$200,000 or 5% of the value of assets owned by the Housing Successor.

(5) Pertains to requirements to targeting expenditures towards households earning 80% or less of the median income, as outlined in Health and Safety Code 34176.1(a)(3).

(6) As the Agency has spent no money on programs since the effective date of SB 341, the requirements to target expenditures towards certain households or types of expenditures, as outlined in Health and Safety Code 34176.1(1)(3) are not currently applicable.

Date Prepared: March 14, 2018

Prepared by: DHA Consulting, LLC

# Attachment A

## Housing Successor

### SB 341 Reporting Requirements

#### Reporting for SB 341 / SB 107

SB 341 was enacted in 2013 and imposed new housing requirements on entities acting as housing successors to former redevelopment agencies beginning January 1, 2014. Specifically, SB 341 amended Section 34176 and added Section 34176.1 to the Health and Safety Code. It applies to unencumbered funds held by housing successors and provides that these funds must be used as was previously required for monies in former redevelopment agencies' low and moderate income housing funds, modifies certain of those requirements, and adds new requirements. Key changes enacted by SB 341 include modifying the restrictions on expenditures from housing funds. Expenditures to assist moderate income households are no longer allowed and new targets on which income levels housing successors must spend their funds to assist were added. The statutes were further amended in 2015 by SB 107, which provided for some additional changes to the law, including allowing more money for administrative costs (5 percent of assets), and adding more reporting requirements.

The current Section 34176.1 reporting requirements include 13 separate items on which the Successor must report. Many of the requirements involve simply reporting a number or numbers included in the Successor's latest audited financial statements, which are included in the City's Consolidated Annual Financial Report (CAFR). This report is based on the CAFR for the 2016-17 fiscal year and includes specific reporting for the Housing Successor. For the convenience of the reader, responses to all 13 items are included in Table 1. A brief description of each of the 13 reporting requirements as they apply in Agoura Hills is also included below.

#### *City Loan Repayments: 34176.1 (f) (1)*

The annual report is to include any housing revenue housing successors received each year from successor agencies. Specifically, an amount equal to 20 percent of certain loan repayments between cities and successor agencies that are subject to Health and Safety Code Section 34191.4 is to be reported. The Successor Agency did make a payment on the Agency/City loan subject to these provisions, 20 percent of which was transferred to the Housing Successor. These amounts are shown in Table 1.

#### *Housing Fund Deposits: 34176.1 (f) (2)*

The annual report is to include reporting on the amount deposited in the Housing Fund each year. The amount of the 2016-17 deposit is shown in Table 1.

#### *Housing Fund Balance: 34176.1 (f) (3)*

SB 341 requires that the annual report include the fund balance in the Housing Fund as of the end of the year. The balance in the fund as of June 30, 2017 is shown in Table 1. The value associated with the Successor's outstanding housing loans is not included in this balance as they do not represent cash available to the Successor. The Successor does not own any land.

#### *Annual Expenditures: 34176.1 (f) (4)*

The annual report is to include a description of expenditures from the Housing Fund by category. For the current fiscal year, and since January 1, 2014, the Housing Successor has incurred only minor administrative costs. Revenues of the Housing Successor are currently insufficient to affect the development of affordable housing, although the Housing Successor is exploring potential options for the effective utilization of the resources it does have.

#### *Real Property: 34176.1 (f) (5)*

SB 341 requires that the Housing Successor report on the statutory value of any real property that it received from the Former Agency which would include assets such as outstanding loans or land. The total amount of

## SB 341 Reporting Requirements (continued)

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the various housing loans that are outstanding is included in Table 1. The Agoura Hills Housing Successor does not own any land.

### *Transit Housing: 34176.1 (f) (6)*

Housing Successors that are in compliance with housing regulations are permitted under SB 341 to develop transit housing and are to separately report such expenditures in the annual report. The Housing Successor has not developed or assisted in the development of any transit housing to date and thus has no expenditures to report.

### *ROPS Funding for Housing: 34176.1 (f) (7)*

The annual report is to include a description of any project for which the housing successor receives revenue through the ROPS process and the status of that project. The Housing Successor has not received any funding through the ROPS process and such has nothing to report.

### *Duration of Land Held: 34176.1 (f) (8)*

SB 341 requires that the Agency report on its compliance with new requirements on the amount of time the Housing Successor can hold property acquired for future development from monies in the Housing Fund per 33334.16, as modified by SB 341. As stated above, the Housing Successor does not and has not owned any land since January 1, 2014 and, as such, has nothing to report.

### *Housing Production and Housing Replacement: 34176.1 (f) (9)*

SB 341 requires the annual reporting by the housing successor to contain a description of any progress that has been made on meeting any of the outstanding replacement housing obligations and/or housing production requirements (pursuant to Health and Safety Code Section 33413) that were outstanding at the time of the transfer to the Housing Successor on February 1, 2012. The Authority does not accept as its responsibility any outstanding housing production requirements of the Former Agency. Currently, sufficient funds are not available to the Housing Successor or the City to affect the development of low and moderate income housing.

### *Expenditure Targeting by Income Level: 34176.1 (f) (10)*

Unencumbered funds in the Housing Fund that are not spent on allowable administrative costs must be spent primarily on extremely low and very low income households.<sup>1</sup> In fact, 80 percent of unencumbered funds must be geared for those households earning 60 percent or less of the median income. This differs from previous requirements when expenditures for moderate income households were permitted. As the Housing Successor has not spent any funds on housing programs/projects, there is currently nothing to report on this provision.

### *Expenditure Targeting by Age: 34176.1 (f) (11)*

Section 34176.1 (b) provides that previous age targeting requirements no longer apply but rather requires adherence to new restrictions. If the number of assisted units that are restricted for seniors and assisted individually or jointly by the housing successor, its former redevelopment agency and/or the city within the previous 10 years exceeds 50 percent of all units assisted, then the housing successor cannot assist any more senior housing until the number of units assisted for families equals at least 50 percent of total units. This section is not applicable as assistance in the development of new affordable housing units over the last 10 years has not been provided by the City, the Former Agency, or the Housing Successor.

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<sup>1</sup> As of September 2015, the statutes allow the expenditure of the greater of \$200,000 or 5 percent of the value of the Successor's assets to administer the housing successor affairs and monitor existing housing projects.

## **SB 341 Reporting Requirements (continued)**

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### *Excess Surplus: 34176.1 (f) (12)*

SB 341 changes the definition of excess surplus and the penalties for noncompliance. The term "excess surplus" applies to any monies in the Housing Fund that are greater than \$1 million or the total of the deposits into the Housing Fund in the previous 4 years. If a housing successor does not spend excess surplus funds within 3 years after they become excess surplus, the housing successor will have to transfer the funds to the state Department of Housing and Community Development for use in specified statewide housing programs. SB 341 requires that the Housing Successor report on the amount of any excess surplus and its plans for expenditure of those surplus funds, if applicable. Because the cash balance in the Housing Fund is less than the \$1 million threshold, the Housing Successor cannot have an excess surplus.

### *Homeownership Unit Inventory: 34176.1 (f) (13)*

SB 341 requires that the Housing Successor report on the number of for-sale housing units the Former Agency or the housing successor has assisted that are subject to covenants and restrictions. The annual reporting is to include the number, reason and dollars received by the Successor as a result of the loss of any units that has occurred over the year. There are no low or moderate income homeowners in the City of Agoura Hills that were assisted in buying their homes by the Former Agency or the Housing Successor.