

REPORT TO CITY COUNCIL

DATE: APRIL 26, 2023

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: NATHAN HAMBURGER, CITY MANAGER

BY: DENICE THOMAS, COMMUNITY DEVELOPMENT DIRECTOR
JESSICA CLEAVENGER, PRINCIPAL PLANNER

SUBJECT: REQUEST FOR APPROVAL OF FISCAL YEARS 2020-2021 AND 2021-2022 AGOURA HILLS HOUSING SUCCESSOR ANNUAL HOUSING REPORT IN COMPLIANCE WITH SENATE BILL 341

The purpose of this report is to provide the City Council with the completed Annual Housing Report for Fiscal Years 2020-2021 and 2021-2022, 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 report identifies the accumulation of Housing Successor Funds over the past two fiscal years 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, 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 established time periods in which the Housing Funds can be accumulated up to four (4) years of an unused surplus or up to \$1 million. Should a Housing Successor Agency not properly expend the funds, the funds will be required to be transferred to the California Department of Housing and Community Development. As

outlined in the attached report, the Housing Successor will have a balance of approximately \$797,420, with no expenditures as of the close of Fiscal Year 2021-222.

The final requirements of SB 341 (Health and Safety Code, Section 34176.1(f)), require a separate audit of the Housing Successor Fund, which was completed as a component of the City's Comprehensive Annual Financial Report (Annual Financial Report), conducted at the close out of Fiscal Years 2020-2021 and 2021-2022, and separate from this report. A copy of the City's Annual Financial Report and this report will be posted on the City's website as required by statute. This report will be submitted to HCD following City Council review and approval.

RECOMMENDATION

It is recommended the City Council review and approve the Annual Housing Report for Fiscal Years 2020-2021 and 2021-2022 and direct staff to submit the report to the California Housing and Community Development Department.

Attachment: Annual Housing Report Fiscal Years 2020-2021 and 2021-2022

City of Agoura
Hills as Housing Successor
to the
Agoura Hills Redevelopment Agency

Annual Housing Report
Fiscal
Years 2020-21 and
2021-22

March 22, 2023

Prepared for the City of
Agoura Hills Housing
Successor by:

Jessica Cleavenger,
Principal Planner
City of Agoura Hills

Annual Report City of Agoura Hills Housing Successor

Introduction

This document represents the annual report of the Housing Successor of the City of Agoura Hills ("Housing Successor"), acting as housing successor to the former Agoura Hills Redevelopment Agency, which entity was dissolved in 2012 ("Former Agency"). An annual report is required to be prepared pursuant to Section 34176.1 of the Health and Safety Code which was effective January 1, 2014 and replaces other types of annual reporting required of former redevelopment agencies. The report summarizes revenues, expenditures and fund balances included in the City's Comprehensive Annual Financial Report ("Financial Report") and also includes a review of Housing Successor's status on meeting certain housing related requirements. The items to be included in this annual report are specific and are enumerated in Section 34176.1(f) of the Health and Safety Code. Changes to the reporting requirements in Section 34176.1(f) were included in SB 107, which was enacted in September 2015 and became effective immediately. This annual report includes the reporting requirements added by SB 107 and covers the 2020-21 and 2021-22 fiscal years: Table 1 shows information for 2020-21 and Table 2 shows information for the 2021-22 fiscal year.

For 2020-21 and 2021-2022, the Housing Successor's activities were constrained by the onset of COVID-19 in the United States and the need for staff to concentrate on more urgent matters requiring immediate attention. The World Health Organization declared the COVID-19 outbreak to be a pandemic, and states of emergency were declared by the City of Agoura Hills, the State of California and the United States. In response to health concerns, many states and counties, including City of Agoura Hills, imposed widespread temporary closures of businesses, parks and schools, and issued temporary stay-at-home orders, which actions have caused widespread unemployment and other financial impacts to those in impacted industries. This had the effect of delaying progress on the Housing Successor's search for appropriate housing projects in which to invest.

Redevelopment Dissolution Act

In December 2011, the California Supreme Court issued its opinion in the case of *California Redevelopment Association, et al., v. Matosantos, et al.* The Court upheld the right of the state to dissolve redevelopment agencies pursuant to Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, enacted by AB x1 26, and as amended on June 27, 2012 by AB 1484 (the "Dissolution Act"). Based on modified time lines approved by the Court, all redevelopment agencies, including the Former Agency, were dissolved effective February 1, 2012. The City of Agoura Hills elected to serve as the governing body for the Former Agency's low and moderate income

housing assets ("Housing Successor"). Under the Dissolution Act, successor agencies are charged with winding down the affairs of the former redevelopment agencies and paying their obligations. Housing successors are different legal entities and have different duties under the Dissolution Act. Housing successors received the non-cash housing assets¹ of former redevelopment agencies and are charged with monitoring and maintaining existing low-and moderate income housing assets and meeting outstanding requirements for former redevelopment agencies.

Under the Dissolution Act, housing successors have no ongoing revenue source except for program income (revenue generated by non-cash housing assets) and 20 percent of loan repayments, if any, made by successor agencies to cities or counties as repayment of loans the cities made to the former redevelopment agencies under the special repayment provisions of the Health and Safety Code (Section 34191.4).

Reporting for Section 34176.1

The current Section 34176.1 reporting requirements include 13 separate items on which the Housing Successor must report. Many of the requirements involve simply reporting a number or numbers included in the Housing Successor's latest audited financial statements, which are included in the City's Comprehensive Annual Financial Report (Financial Report). This report is based on the Financial Report for the 2020-21 and 2021-22 fiscal years and includes specific reporting for the Housing Successor. For the convenience of the reader, responses to all 13 items are included in Tables 1 and 2. A brief description of each of the reporting requirements as they apply in City of 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 does make annual payments on the Agency/City loan subject to these provisions, 20 percent of which were transferred to the Housing Successor. These amounts are shown in Tables 1 and 2.

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 amounts of the deposits are shown in Tables 1 and 2.

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 fiscal year. The balances in the fund as of June 30th of each year are shown in Tables 1 and 2. The value associated with the Housing Successor's outstanding housing loans is not included in these balances as they do not represent cash available

¹ In addition to non-cash housing assets, the Housing Successor/City was able to retain any cash that was encumbered for specific housing obligations.

Annual Report - City of Agoura Hills Housing Successor

to the Housing Successor. The Housing 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 Housing Successor staff are 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 the various housing loans that are outstanding are included in Tables 1 and 2. The 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. Other than receiving 20 percent of the City/Agency loan repayment, reported above, the Housing Successor has not received any funding through the ROPS process and, as 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 Housing Successor 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 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. In fact, at least 30 percent of unencumbered funds are to be for extremely low income households, and 80 percent of must be geared for those households earning 60 percent or less of the median income². This differs from previous requirements when expenditures for Moderate Income households were permitted. Demonstration of compliance with these requirements is required to be reported every five years, starting in 2019. 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.

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 Housing 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.

² Allowable administrative costs can equal the greater of \$200,000, or 5 percent of the value of the Housing Successor's real property assets.

Table 1
 Agoura Hills Successor Housing Agency
 Annual Report Required by SB 341 ⁽¹⁾
 Fiscal Year 2020-2021

Description	H & S Code	Timeframe	Detail	Total
Successor Agency/City General Fund				
1 Total City Loan Repayment Amount ⁽²⁾	34176.1 (f) (1)	2020-2021		634,449
Low and Moderate Income Asset Fund ⁽³⁾				
2. Housing Funds Deposited During:	34176.1 (f) (2)	2020-2021		130,736
City Loan Repayment (20% of #1 above)			126,890	
ROPS Related			-	
Other			3,846	
3. Cash Balance in the Fund as of Fiscal Year End	34176.1 (f) (3)	6/30/2021		702,080 ⁽⁴⁾
ROPS Related			-	
Other			702,080	
4. Expenditures by Category	34176.1 (f) (4)	2020-2021		
Administration			68,539	68,539
Housing Preservation/Monitoring				-
Homeless/Rapid Rehousing				-
Program #1				-
Program #2				-
Total Expenditures				68,539
Allowable Administrative Costs ⁽⁵⁾	34176.1 (a) (1)	2020-2021		200,000
Other Reporting Requirements				
5. Real Property Owned - Total	34176.1 (f) (5)	6/30/2021		72,431
Statutory Value of Real Property (Land)			-	
Loans and Grants Receivable			72,431	
6. Transferred Funds to Develop Transit Housing	34176.1 (f) (6)	6/30/2021		None
7. Projects with Funding Included on the ROPS	34176.1 (f) (7)	2020-2021		None
8. Duration of Property Held	34176.1 (f) (8)	6/30/2021		Not Applicable
9. Obligations Outstanding per 33413	34176.1 (f) (9)	6/30/2021		None
10. Expenditure Targeting Requirements ⁽⁶⁾	34176.1 (f) (10)	from 1/1/2014		Not Applicable ⁽⁷⁾
11. Rental Housing Units Restricted for Seniors	34176.1 (f) (11)	6/30/2021		Not Applicable ⁽⁷⁾
12. Excess Surplus Calculation/Reporting	34176.1 (f) (12)	6/30/2021		None
13. Homeownership Unit Inventory	34176.1 (f) (13)	6/30/2021		None

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

(2) Amounts paid by the Successor Agency to the City; the Housing Successor only receives 20% of the loan repayment amount, which amount is included in item 2.

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

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

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

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

(7) As the Agency has spent no money on programs since the effective date of SB 341, these requirements are not currently applicable.

Table 2
 Agoura Hills Successor Housing Agency
 Annual Report Required by SB 341 ⁽¹⁾
 Fiscal Year 2021-2022

Description	H & S Code	Timeframe	Detail	Total
Successor Agency/City General Fund				
1 Total City Loan Repayment Amount ⁽²⁾	34176.1 (f) (1)	2021-2022		739,892
Low and Moderate Income Asset Fund ⁽³⁾				
2. Housing Funds Deposited During:	34176.1 (f) (2)	2021-2022		151,173
City Loan Repayment (20% of #1 above)			147,978	
ROPS Related			-	
Other			3,195	
3. Cash Balance in the Fund as of Fiscal Year End	34176.1 (f) (3)	6/30/2022		797,420 ⁽⁴⁾
ROPS Related			-	-
Other			797,420	
4. Expenditures by Category	34176.1 (f) (4)	2021-2022		
Administration			55,835	55,835
Housing Preservation/Monitoring				-
Homeless/Rapid Rehousing				-
Program #1				-
Program #2				-
Total Expenditures				55,835
Allowable Administrative Costs ⁽⁵⁾	34176.1 (a) (1)	2021-2022		200,000
Other Reporting Requirements				
5. Real Property Owned - Total	34176.1 (f) (5)	6/30/2022		72,431
Statutory Value of Real Property (Land)			-	
Loans and Grants Receivable			72,431	
6. Transferred Funds to Develop Transit Housing	34176.1 (f) (6)	6/30/2022		None
7. Projects with Funding Included on the ROPS	34176.1 (f) (7)	2021-2022		None
8. Duration of Property Held	34176.1 (f) (8)	6/30/2022		Not Applicable
9. Obligations Outstanding per 33413	34176.1 (f) (9)	6/30/2022		None
10. Expenditure Targeting Requirements ⁽⁶⁾	34176.1 (f) (10)	from 1/1/2014		Not Applicable ⁽⁷⁾
11. Rental Housing Units Restricted for Seniors	34176.1 (f) (11)	6/30/2022		Not Applicable ⁽⁷⁾
12. Excess Surplus Calculation/Reporting	34176.1 (f) (12)	6/30/2022		None
13. Homeownership Unit Inventory	34176.1 (f) (13)	6/30/2022		None

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

(2) Amounts paid by the Successor Agency to the City; the Housing Successor only receives 20% of the loan repayment amount, which amount is included in item 2.

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

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

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

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

(7) As the Agency has spent no money on programs since the effective date of SB 341, these requirements are not currently applicable.