

SUBJECT: Supplement to the Annual Report on the Low and Moderate Income Housing Fund for Fiscal Year 2023/24.

DEPARTMENT: Finance & Information Systems

STAFF: Kerry Breen, Director of Finance & Information Systems
Sonia Agostini, Accounting Manager

TITLE/RECOMMENDATION

The Supplement to the Annual Report on the Low and Moderate Income Housing Fund ensures compliance with Senate Bill 341 (SB 341) requirements for Housing Successors and will be submitted to the Department of Housing and Community Development (HCD) as an addendum to the Annual Progress Report that will be prepared in Spring 2025. Staff recommends that the City Council receive and file the Supplement to the Annual Report on the Low and Moderate Income Housing Fund for Fiscal Year 2023/24.

FISCAL IMPACT

There is no fiscal impact associated with the City Council receiving this report. The information in the Supplement to the Annual Report on the Low and Moderate Income Housing Fund is required by law to be posted on the City's website and be submitted to HCD.

BACKGROUND

The state of California passed the Community Redevelopment Law, which set up a framework to allow cities and counties to form redevelopment agencies (RDA's). These agencies, set up as separate entities from the city focused on addressing blight in communities by redeveloping commercial, industrial, and residential areas into new projects. One of the primary accomplishments of RDA's was the development of affordable housing in communities. This was primarily done through a special financing method that RDA's used: tax increment financing, which allowed RDA's to capture the increased property taxes in blighted areas and reinvest that money into the area for improvements.



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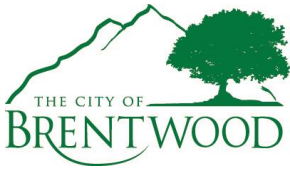
In 2011, the state passed new legislation dissolving all California RDA's. In order to wind down the affairs and enforce outstanding obligations of the defunct RDA's, successor agencies were identified. In most instances, the successor agencies were simply the governmental bodies that had established each RDA in the first case. Housing successor agencies were also set up to take over the housing functions and assets of the former RDA. They are not separate legal entities – cities generally rolled housing obligations and assets of former RDAs into existing city housing and community development departments.

In Brentwood, in addition to serving as the Successor Agency to the former Brentwood Redevelopment Agency (RDA), the City is also serving as Housing Successor. On January 10, 2012, in its capacity as Housing Successor, the City assumed the housing functions of the former RDA. These housing functions included the transfer of formerly designated RDA Low and Moderate Income Housing funds and property. These assets are required to be kept by the City in a separate fund and spent in accordance with Health and Safety Code Section 34176.1. The state Department of Finance (DOF) has reviewed and approved all Housing Successor related asset transfers from the Successor Agency.

State reporting requirements established the Low and Moderate Income Housing Fund ("Fund") of the former redevelopment agency, now owned, operated and administered by the City as Housing Successor. To ensure that the money in the Fund is spent as required by , Health and Safety Code Section 34176.1(f) requires an independent financial audit of the Fund within six months of the end of the fiscal year, which ended June 30, 2024. The independent audit of the City's Fund was included as part of the City's Annual Comprehensive Financial Report (ACFR) prepared by City staff and audited by Maze and Associates, the City's independent auditor. The ACFR, along with the Independent Auditor's Report, is scheduled to be presented to the City Council on tonight's agenda, via a separate agenda item. Staff will post the ACFR to the City's website following presentation to the City Council.

SB 341 also requires annual reporting of 13 specific items. Staff has prepared a supplemental report, attached as Exhibit "A", in compliance with this requirement. The report must be posted on the City's website, which will occur following the review and receipt of this item by the City Council. The report will also be submitted to HCD as an addendum to the Annual Progress Report provided to HCD concerning the progress of the implementation of the City's Housing Element.

The report includes the following information:



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- There was a \$16,306 cash balance in the Fund for the fiscal year ending June 30, 2024, with \$0 expenditures during the period.
- The Fund holds two parcels (1907 and 1909 Jane Way) with a combined statutory value of \$420,000. During FY 2023/24, the City reduced the carrying value of these parcels based on values included in the January 4, 2024 appraisal reports prepared by certified general real estate appraisers at the City's request. The City had until September 18, 2017, to either initiate activities consistent with the development of the property for low and moderate housing purposes, or otherwise dispose of the property.
- The Fund holds loans/grants receivable related to affordable housing totaling \$5,190,818, although the entirety of this amount is expected to be forgiven.
- 47% (160 out of 338) of the affordable housing units assisted by the Housing Successor are restricted for seniors.
- There is no "excess surplus" (or unencumbered funds of more than one million dollars, as defined by SB 341) in the Fund.

CITY COUNCIL STRATEGIC INITIATIVE

Not Applicable.

PREVIOUS ACTION

Previous Action by the City Council is included on Attachment 1.

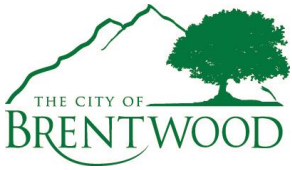
DATE OF NOTICE

Not Applicable.

ENVIRONMENTAL DETERMINATION

Not Applicable.

ALTERNATIVE OPTION(S)



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1. Council may choose to not receive and file the supplement report, however, compliance with Senate Bill 341 (SB 341) requirements would not be met.

ATTACHMENT(S)

1. Attachment 1 - Previous Action
2. Exhibit "A"- Supplement to the Annual Report on the Low and Moderate Income Housing Fund for the Fiscal Year Ended June 30, 2024