

**HOUSING SUCCESSOR ANNUAL REPORT
REGARDING THE
LOW AND MODERATE INCOME HOUSING ASSET FUND
FOR FISCAL YEAR 2018/19
PURSUANT TO
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)
FOR THE
CITY OF EL CERRITO HOUSING SUCCESSOR**

This Housing Successor Annual Report (Report) regarding the Low and Moderate Income Housing Asset Fund (LMIHAF) has been prepared pursuant to California Health and Safety Code Section 34176.1(f). This Report sets forth certain details of the City of El Cerrito Housing Successor (Housing Successor) activities during Fiscal Year 2018/19 (Fiscal Year). The purpose of this Report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (Dissolution Law).

The following Report is based upon information prepared by Housing Successor staff and information contained within the independent financial audit of the Low and Moderate Income Housing Asset Fund within the City of El Cerrito's (City) Comprehensive Annual Financial Report for Fiscal Year 2018/19 (Audit) as prepared by Maze & Associates (Auditor). The Audit is separate from this annual summary Report; further, this Report conforms with and is organized into sections I. through XI, inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

- I. Amounts Received and Deposited Pursuant to 34191.4(b)(3)(A):** This section provides the total amount of funds paid to the City and the amount deposited into the LMIHAF allocable to 20% of the repayments on reinstated City/Agency loans per Section 34191.4.

- II. Amount Deposited into LMIHAF:** This section provides the total amount of funds deposited into the LMIHAF during the Fiscal Year. Any amounts deposited for items listed on the Recognized Obligation Payment Schedule (ROPS) must be distinguished from the other amounts deposited.

- III. Ending Balance of LMIHAF:** This section provides a statement of the balance in the LMIHAF as of the close of the Fiscal Year. Any amounts deposited for items listed on the ROPS must be distinguished from the other amounts deposited.

- IV. Description of Expenditures from LMIHAF:** This section provides a description of the expenditures made from the LMIHAF during the Fiscal Year. The expenditures are to be categorized.

- V. **Statutory Value of Assets Owned by Housing Successor:** This section provides the statutory value of real property owned by the Housing Successor, the value of loans and grants receivables, and the sum of these two amounts.
- VI. **Description of Transfers:** This section describes transfers, if any, to another housing successor agency made in previous Fiscal Year(s), including whether the funds are unencumbered and the status of projects, if any, for which the transferred LMIHAF will be used. The sole purpose of the transfers must be for the development of transit priority projects, permanent supportive housing, housing for agricultural employees or special needs housing.
- VII. **Project Descriptions:** This section describes any project for which the Housing Successor receives or holds property tax revenue pursuant to the ROPS and the status of that project.
- VIII. **Status of Compliance with Section 33334.16:** This section provides a status update on compliance with Section 33334.16 for interests in real property acquired by the former redevelopment agency prior to February 1, 2012. For interests in real property acquired on or after February 1, 2012, provide a status update on the project.
- IX. **Description of Outstanding Obligations under Section 33413:** This section describes the outstanding inclusionary and replacement housing obligations, if any, under Section 33413 that remained outstanding prior to dissolution of the former redevelopment agency as of February 1, 2012 along with the Housing Successor's progress in meeting those prior obligations, if any, of the former redevelopment agency and how the Housing Successor's plans to meet unmet obligations, if any.
- X. **Income Test:** This section provides the information required by Section 34176.1(a)(3)(B), or a description of expenditures by income restriction for a five-year period, with the time period beginning January 1, 2014 and whether the statutory thresholds have been met. Information for the first five-year from FY 2013/14 through FY 2018/19 will be reported in FY 2018/19.
- XI. **Senior Housing Test:** This section provides the percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Housing Successor, its former redevelopment Agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Housing Successor, its former Redevelopment Agency and its host jurisdiction within the same time period. For this Report the ten-year period reviewed is July 1, 2009 to June 30, 2019.

- XII. Excess Surplus Test:** This section provides the amount of excess surplus in the LMIHAF, if any, and the length of time that the Housing Successor has had excess surplus, and the Housing Successor’s plan for eliminating the excess surplus.
- XIII. Inventory of Homeownership Units:** This section provides a summary of covenanted homeownership units assisted by the former redevelopment agency or the housing successor that include an equity sharing and repayment provisions, including (a) number of units; (b) number of units lost to the portfolio in the last fiscal year and the reasons for those losses; and (c) any funds returned to the housing successor pursuant to losses or repayments.

This Report is to be provided to the Housing Successor’s governing body by December 31, 2019. In addition, this Report and the former City of El Cerrito Redevelopment Agency’s (Agency) pre-dissolution Implementation Plans are to be made available to the public on the City’s website.

I. AMOUNTS RECEIVED AND DEPOSITED PURSUANT TO 34191.4(B)(3)(A)

The former redevelopment agency and City did not enter into any loans that are to be repaid.

II. AMOUNT DEPOSITED INTO LMIHAF

A total of \$324,867 was deposited into the LMIHAF during the fiscal year, of which \$250,000 was deposited as a result of a SERAF payment listed on the ROPS. The deposits are allocated as follows:

	FY 2018/19 Totals	% of Total
Interest Payment	74,827	23%
Miscellaneous	40	<1%
Loan Payments for item listed on the ROPS	250,000	77%
Total LMIHAF Deposits¹	\$324,867	100%

III. ENDING BALANCE OF LMIHAF

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$6,146,577 of which \$803,094 is available.² The following is a list of items included in the ending balance that are listed on the ROPS:

¹ Expressed as cash and does not include accrued interest income, unrealized gain on investment, and accrued interest on notes receivables.

² Available cash was calculated by deducting land held for resale, notes and loans, items on the ROPs, accounts receivables, and other accrued revenue.

- A \$167,275 balance in SERAF/ERAF loans

IV. DESCRIPTION OF EXPENDITURES FROM LMIHAF

The following is a description of expenditures from the LMIHAF by category:

Fiscal Year 2018/19	
Monitoring & Administration Expenditures	\$10,715
Homeless Prevention and Rapid Rehousing Services Expenditures	0
Housing Development Expenditures	
➤ Expenditures on Low Income Units	\$0
➤ Expenditures on Very-Low Income Units	0
➤ Expenditures on Extremely-Low Income Units	0
➤ Total Housing Development Expenditures	\$0
Total LMIHAF Expenditures in Fiscal Year	\$10,715

The Housing Successor is allowed to spend up to the greater of \$200,000 or 5% of the value of the Housing Assets Portfolio (defined and calculated in Section IV), which totals \$267,174, on Monitoring and Administration Expenditures. Thus, the Housing Successor is using approximately 5% of the maximum allowable \$267,174 in LMIHAF funds on Monitoring and Administration Expenditures.

V. STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR IN LMIHAF

Under the Dissolution Law and for purposes of this Report, the “statutory value of real property” means the value of properties formerly held by the former redevelopment agency as listed on the housing asset transfer schedule approved by the Department of Finance as listed in such schedule under Section 34176(a)(2), the value of the properties transferred to the Housing Successor pursuant to Section 34181(f), and the purchase price of property(ies) purchased by the Housing Successor. Further, the value of loans and grants receivable is included in these reported assets held in the LMIHAF.

The following provides the statutory value of assets owned by the Housing Successor.

As of End of Fiscal Year 2018/19	
Statutory Value of Real Property Owned by Housing Successor	\$1
Value of Loans and Grants Receivable	5,343,482
Total Value of Housing Successor Assets	\$5,343,483

VI. DESCRIPTION OF TRANSFERS

The Housing Successor did not make any LMIHAF transfers to other Housing Successor(s) under Section 34176.1(c)(2) during the Fiscal Year.

VII. PROJECT DESCRIPTIONS

In FY 2014/15 the Housing Successor entered into a DDLA with Eden Housing involving the sale of 10848-10860 San Pablo Avenue, the terms of which state that the land will not be transferred from the City to the developer until certain performance conditions are met and the project is ready to start construction.

VIII. STATUS OF COMPLIANCE WITH SECTION 33334.16

Section 34176.1 provides that Section 33334.16 does not apply to interests in real property acquired by the Housing Successor on or after February 1, 2012; however, this Report presents a status update on the project related to such real property.

With respect to interests in real property acquired by the former redevelopment agency *prior* to February 1, 2012, the time periods described in Section 33334.16 shall be deemed to have commenced on the date that the Department of Finance approved the property as a housing asset in the LMIHAF; thus, as to real property acquired by the former redevelopment agency now held by the Housing Successor in the LMIHAF, the Housing Successor must initiate activities consistent with the development of the real property for the purpose for which it was acquired within five years of the date the DOF approved such property as a housing asset. The following provides a status update on the real property housing asset that was acquired prior to February 1, 2012 and compliance with the five-year period:³

The Housing Successor does not hold real property or housing asset(s) that were acquired prior to February 1, 2012.

The following provides a status update on the real property or properties that have been acquired using affordable housing funds on or after February 1, 2012, and for which the five-year activity deadline does not apply:

Address	Date of Acquisition	Status of Activity
11600 and 11690 San Pablo Ave and 1925 Kearney Street	August 2012	The City entered into a Disposition and Development Loan Agreement (DDLA) in July 2018 with HD Mayfair, LLC and Mayfair Affordable, LLC (Developer) to develop the property into two mixed-

³ Based on the Housing Asset Transfer List approved by the Department of Finance.

use projects that will include 156 market-rate and 67 affordable residential units.

IX. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

The former Agency contained one redevelopment project area, the 368-acre El Cerrito Project Area. As of the date when the Housing Successor assumed the housing assets and functions of the former Agency, the affordable housing production obligation consisted of a surplus of 72 units affordable to very-low income households and a surplus of 52 units affordable to low or moderate income households. The former Agency's Implementation Plans are posted on the City's website at <http://www.el-cerrito.org/715/Redevelopment-Oversight-Board>.

Replacement Housing: According to the Fiscal Year 2011/12 Implementation Plan for the former redevelopment agency, no Section 33413(a) replacement housing obligations were transferred to the Housing Successor.

Inclusionary / Production Housing. According to the Fiscal Year 2011/12 Implementation Plan for the former redevelopment agency, no Section 33413(b) inclusionary/production housing obligations were transferred to the Housing Successor.

X. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(A) states that all funds remaining after the monitoring and administrative and homeless prevention and rapid rehousing services expenditures must be used for the development of housing affordable to and occupied by households earning 80% or less of the area median income (AMI), with at least 30% of these remaining funds expended for the development of rental housing affordable to and occupied by households earning 30% or less of the AMI and no more than 20% of these remaining funds expended for the development of housing affordable to and occupied by households earning between 60% and 80% of the AMI. Every five years, starting January 1, 2014, the Housing Successor must demonstrate in the annual report that expenditures during the previous five-year period complied with these requirements. Information for the current five-year period (FY 2014/15 – 2018/19) is reported in this section.

If the Housing Successor exceeds the expenditure limit for households earning between 60% and 80% of the AMI in any five year report, the Housing Successor shall not expend any of the remaining funds for households earning between 60% and 80% of the AMI until the Housing Successor demonstrates compliance with this limitation in an annual report.

For purposes of this calculation, “development” means new construction, acquisition and rehabilitation, substantial rehabilitation as defined in Section 33413, acquisition of long-term affordability covenants on multifamily units as described in Section 33413, or the preservation of an assisted housing development that is eligible for prepayment or termination or for which within the expiration of rental restrictions is scheduled to occur within five years.

The following provides the Housing Successor’s Extremely-Low Income Housing Test as of Fiscal Year 2018/2019:

	Extremely-Low Income (≤30% AMI) LMIHAF Expenditures	31% - 59% AMI LMIHAF Expenditures	60% - 80% AMI LMIHAF Expenditures	Total LMIHAF Spent
FY 2014/2015	0	0	0	0
FY 2015/2016	36,999	62,999	0	99,998
FY 2016/2017	37,000	63,000	0	100,000
FY 2017/2018	0	0	0	0
FY 2018/2019	0	0	0	0
Total January 1, 2014 – June 30, 2019	\$73,999	\$125,998	\$0	\$199,998

The following table provides the 2019 income targeting test:

For the Period: 1/1/2014 – 6/30/2019	Extremely- Low Income Targeting Test	60% to 80% AMI Income Targeting Test
Expenditures as a % of Total Expenditures	37%	0%
Requirements	At least 30% of Total Expenditures	At most 20% of Total Expenditures

As illustrated above, the Housing Successor is in compliance with the Income Targeting Test for the five-year period starting FY 2014/15 and ending FY 2018/19.

XI. SENIOR HOUSING TEST

The Housing Successor is to calculate the percentage of units of deed-restricted rental housing restricted to seniors and assisted by the Housing Successor, the former redevelopment agency and/or the City within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted by the Housing Successor, the former redevelopment agency and/or City within the same time period. If this percentage exceeds 50%, then the Housing Successor cannot expend future funds in the LMIHAF to assist additional senior

housing units until the Housing Successor or City assists and construction has commenced on a number of restricted rental units that is equal to 50% of the total amount of deed-restricted rental units.

The following summarizes the number of deed-restricted rental housing units produced by the former redevelopment agency and the Housing Successor over the past 10 years (July 1, 2009 to June 30, 2019):

Project Name	Year Built	# of Senior Units	# of Non-Senior Units	Total # of Units
Ohlone Gardens	2015	0	56	56
Metro 510 (Creekside Walk)	2017-18	0	19	126
Hana Gardens	2019	62	0	62
Totals		62	75	244

The following provides the Housing Successor’s Senior Housing Test for the 10 year period of July 1, 2009 to June 30, 2019:

	FY 2018/2019
# of Assisted Senior Rental Units	62
# of Total Assisted Rental Units	75
Senior Housing Percentage	45%

In Fiscal Year 2018/19 a total of 45% of deed-restricted rental housing units are restricted to seniors. Thus, the Housing Successor is compliant with the Senior Housing Test requirement.

XII. EXCESS SURPLUS TEST

Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the Housing Successor’s preceding four Fiscal Years, whichever is greater.

The following provides the Excess Surplus test for the preceding four Fiscal Years:

Available Housing Funds – FY 2018/19	
Available Housing Funds – FY 2018/19	\$803,094

Limitation on Available Housing Funds – FY 2018/19	
Greater of:	
➤ Base Amount	\$1,000,000
➤ Last Four Years of Deposits	
FY 2014/15	\$134,519

FY 2015/16	251,005
FY 2016/17	236,111
FY 2017/18	264,750
Total Deposits	\$1,076,733
Limitation on Available Housing Funds – FY 2018/19	\$1,076,733

The Fiscal Year Available Housing Funds total \$635,818, which is less than the \$1,076,733 limitation on Available Housing Funds for the Fiscal Year. Therefore, the LMIHAF does not have an Excess Surplus.

XIII. HOMEOWNERSHIP

The Housing Successor is to provide an inventory of homeownership units assisted by the former redevelopment agency or the Housing Successor that are subject to covenants or restrictions or to an adopted program that protects the former redevelopment agency's investment of moneys from the LMIHAF pursuant to Section 33334.3(f).

This section is not Applicable for the Housing Successor as neither the former agency or the City have assisted homeownership units.