

**HOUSING SUCCESSOR ANNUAL REPORT
REGARDING THE
LOW AND MODERATE INCOME HOUSING ASSET FUND
FOR FISCAL YEAR 2020/2021
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) activities during Fiscal Year 2020/2021 (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 (Annual Comprehensive Financial Report, or 'ACFR) for Fiscal Year 2020/2021 (Fiscal Year) as prepared by Badawi & Associates (Auditor), which 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 five year period, with the time period beginning January 1, 2019 and whether the statutory thresholds have been met.
- 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, 2011 to June 30, 2021.
- 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 reason 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. In addition, this Report, ACFR and the former redevelopment agency's 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 \$47,351 was deposited into the LMIHAF during the Fiscal Year. The deposits are allocated as follows:

	FY 2020/21 Totals	% of Total
Loan Payments	\$0	0%
Interest Payments ¹	47,132	99%
Misc. Revenue	219	1%
Loan Payments for item listed on the ROPS ²	0	0%
Total LMIHAF Deposits³	\$47,351	100%

III. ENDING BALANCE OF LMIHAF

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$6,372,313, of which \$998,188 is available.⁴ There are no ROPS items included in the ending balance.

IV. DESCRIPTION OF EXPENDITURES FROM LMIHAF

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

	FY 2020/21
Monitoring & Administration Expenditures	\$15,353
Homeless Prevention & Rapid Rehousing Services Expenditures	\$0
Housing Development Expenditures	
➤ Expenditures on Moderate Income Units	\$0
➤ Expenditures on Low Income Units ⁵	100,000

¹ Interest payment for Ohlone Gardens

² The final SERAF payment of \$167,275 was deposited in FY 2019/20.

³ Expressed as cash and does not include accrued interest income, unrealized gain on investment, and accrued interest on notes receivables.

⁴ Refers only to cash available and excludes nonspendable portion of fund balance such as deposits payable, land and improvements held for resale. Includes \$150,000 in funds committed to the Mayfair Affordable, LLC housing project, which will not be considered as available housing funds for purposes of the excess surplus calculation in Section XII of this report.

⁵ In FY 2020/21, \$100,000 was disbursed for pre-development activities to Mayfair Affordable, LLC for the affordable housing component of the 11600 and 11690 San Pablo Ave and 1925 Kearney Street project. While the DDA states that income limits for all units cannot exceed 60% AMI, the final affordability levels

➤ Expenditures on Very-Low Income Units	0
➤ Expenditures on Extremely-Low Income Units	0
Total Housing Development Expenditures	\$0
Total LMIHAF Expenditures	\$115,353

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 V), which totals \$273,706, on Monitoring and Administration Expenditures. The Housing Successor is using less than 6% of the maximum allowable \$273,706 for Monitoring and Administration Expenditures, therefore the Housing Successor is in compliance.

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 FY 2020/21
Statutory Value of Real Property Owned by Housing Successor	\$0
Value of Loans and Grants Receivables	5,474,124
Total Value of Housing Assets	\$5,474,124

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

The Housing Successor does not receive or hold property tax revenue pursuant to the ROPS for projects.

for the project are still being determined. Note that this amount is displayed as a reduction of cash and an increase in loans receivable rather than an expenditure from the LMIHAF in the FY 2020/21 ACFR, in accordance with GAAP standards.

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 Housing Successor no longer holds real property or housing asset(s) that were acquired prior to February 1, 2012.

IX. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing: According to the 2010 – 2014 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 2010 – 2014 Implementation Plan for the former redevelopment agency, no Section 33413(b) inclusionary/production housing obligations were transferred to the Housing Successor.

The former redevelopment agency's Implementation Plans are posted on the City's website.

X. INCOME TARGETING 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 2019/20 – 2023/24) is not required to be reported until FY 2023/24.

If the Housing Successor fails to comply with the Extremely-Low Income requirement in any five-year period, then the Housing Successor must ensure that at least 50% of the funds remaining in the LMIHAF be expended on households earning 30% or less of the AMI until the Housing Successor demonstrates compliance with the Extremely-Low Income requirement.

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 the expiration of rental restrictions is scheduled to occur within five years.

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, 2011 to June 30, 2021):

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	19 ⁶
Hana Gardens	2019	62	0	62
Totals		62	75	137

⁶ Metro 510 (Creekside Walk) is an inclusionary housing project totaling 126 units; however, this table includes only the 19 units that were assisted by the Housing Successor with LMIHAF for the purposes of correctly calculating the Senior Housing Test.

The following provides the Housing Successor's Senior Housing Test for the 10 year period of July 1, 2011 to June 30, 2021:

FY 2020/2021	
# of Assisted Senior Rental Units	62
# of Total Assisted Rental Units	137
Senior Housing Percentage	45%

In Fiscal Year 2020/21 a total of 45% of deed-restricted rental housing units are restricted to seniors. Thus, the Housing Successor is in compliance 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 2020/21	
FY 20/21 Housing Funds	\$998,188
(Less) Funding Commitments ⁷	(150,000)
Available Housing Funds – FY 2020/21	\$848,188

Limitation on Available Housing Funds FY 2020/21	
Greater of:	
➤ Base Amount	\$1,000,000
➤ Four Years of Deposits	
FY 2016/17	\$236,111
FY 2017/18	264,750
FY 2018/19	324,867
FY 2019/20	280,696
Total Deposits	\$1,106,424
Limitation on Available Housing Funds	\$1,106,424

The available cash balance of \$848,188 is less than the \$1,106,424 limitation on available housing funds. Therefore, the LMIHAF does not have an Excess Surplus.

⁷ A total of \$350,000 in LMIHAF was committed to Mayfair Affordable, LLC for the affordable housing component of the 11600 and 11690 San Pablo Ave and 1925 Kearney Street project. Of this, \$100,000 was disbursed in FY 19/20 and \$100,000 was disbursed in FY 20/21, leaving \$150,000 in LMIHAF still committed to the project as of FY 20/21.

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). The inventory for the Housing Successor is as follows:

- The following summarizes the current inventory of the Housing Successor's homeownership portfolio:

	# of Units
Restricted homeownership units as of June 30, 2021	0

- There was no loss of homeownership inventory during FY 2020/21.
- The Housing Successor has not contracted with an outside entity for the management of the ownership portfolio.