

HOUSING SUCCESSOR TO THE REDEVELOPMENT AGENCY ANNUAL REPORT
REGARDING THE
LOW AND MODERATE INCOME HOUSING ASSET FUND
FOR FISCAL YEAR [22-23]
PURSUANT TO
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)
FOR THE
CITY OF FRESNO

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) and reflects data through June 30, 2023. This Report sets forth certain details of the housing activities of the City of Fresno, successor to the former Redevelopment Agency of the City of Fresno during Fiscal Year 2022-2023. 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 SPECIAL REVENUE FUND OF THE CITY OF FRESNO, CALIFORNIA for Fiscal Year 2022-2023 as prepared by MACIAS GINI & O'CONNELL LLP, which Audit is separate from this annual summary Report; further, this Report conforms with and is organized into sections I. through XIII., inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

I. Loan Repayments: The amount the city, county or city and county received pursuant to subparagraph (A) of paragraph (3) of subdivision (b) of 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 every year for five year periods, with the first time-period covering 2014-2019 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, including the current year, 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, 2013 – June 30, 2023.

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. Homeownership Units: 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 Low and Moderate Income Housing Fund pursuant to subdivision (f) of Section 33334.3. This inventory shall include all of the following information:

- (A) The number of those units.
- (B) In the first report pursuant to this subdivision, the number of units lost to the portfolio after February 1, 2012, and the reason or reasons for those losses. For all subsequent reports, the number of units lost to the portfolio in the last fiscal year and the reason for those losses.
- (C) Any funds returned to the housing successor as part of an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund.
- (D) Whether the housing successor has contracted with any outside entity for the management of the units and, if so, the identity of the entity.

This Report is to be provided to the Housing Successor's governing body. In addition, this Report and the former redevelopment agency's pre-dissolution Implementation Plans are to be made available to the public on the former redevelopment agency's website at <http://www.fresnorda.com/>.

I. LOAN REPAYMENT

A total of \$467,034.00 was deposited into the LMIHAF during the Fiscal Year for loan repayments pursuant to subparagraph (A) of paragraph (3) of subdivision (b) of Section 34191.4.

II. AMOUNT DEPOSITED INTO LMIHAF

A total of \$766,491.27 of program income from loan repayments, rent, property sales and the city/agency loan repayment described above was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, zero dollars were deposited for items listed on the ROPS.

III. ENDING BALANCE OF LMIHAF

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$7,239,488, of which \$1,399,104 was held for expenditures from funds encumbered by enforceable obligations that transferred to the Housing Successor on February 1, 2012 in accordance with Health & Safety Code Section 34176(e)(2) (the transfer of which was affirmed by the Superior Court, County of Sacramento, pursuant to a Ruling on a Petition for Writ of Mandate and Complaint for Declaratory and Injunctive Relief filed/endorsed on February 11, 2014), and zero dollars were held for items listed on the ROPS.

IV. DESCRIPTION OF EXPENDITURES FROM LMIHAF

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

LMIHAF EXPENDITURES FOR THE FISCAL YEAR 2022-2023	
Monitoring and Administration Expenditures	\$239,242.53
Homeless Prevention and Rapid Rehousing Services Expenditures	-
Housing Development Expenditures:	
- For Low Income Units	\$752,627.88
- For Very Low Income Units	\$176,618.04
- For Extremely Low Income Units	\$2,359,797.27
Total LMIHAF Expenditures in Fiscal Year 2022-23*	\$3,528,285.72

* Includes \$656,009.86 of expenditures From Funds Encumbered by Enforceable Obligations which Transferred to the Housing Successor on February 1, 2012 in accordance with Health & Safety Code Section 34176(e)(2) and Affirmed by the Superior Court, County of Sacramento, Pursuant to Ruling on Petition for Writ of Mandate and Complaint for Declaratory and Injunctive Relief Filed/Endorsed on February 11, 2014.

California Health and Safety Code Section 34176.1 allows for 5% of the total \$29,130,492 value of Housing Successor assets, or \$1,456,524, to be used on monitoring and administrative expenditures. The Housing Successor continues to monitor and manage \$29,130,492 in LMIHAF assets.

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 (i.e.) 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.

STATUTORY VALUE OF HOUSING SUCCESSOR ASSETS AT END OF FISCAL YEAR 2023	
Statutory Value of Real Property Owned by Housing Successor	\$3,599,615
Value of Loans and Notes Receivable	\$25,530,877
Total Value of Housing Successor Assets	\$29,130,492

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.

VIII. STATUS OF COMPLIANCE WITH SECTION 33334.16

Pursuant to Section 33334.16 this report presents a status update on the projects related to such real property acquired prior to February 1, 2012.

California Department of Housing and Community Development (HCD) and the Surplus Land Act (SLA).

As of January 1, 2021, HCD was required to begin implementing updates to the Surplus Land Act (Gov. Code, §§ 54220-54234), including adoption of specific SLA Guidelines. These guidelines summarize the purpose and scope of the Surplus Land Act; describe the requirements for disposing of surplus lands and promote affordable housing development on unused or underutilized public land throughout the state.

Under the new SLA, to sell or lease property public agencies follow a structured sale disposition process that requires a notice of availability be sent to a list of affordable housing developers and other interested parties published by the state. The Surplus Land Act requirements are followed by the Successor Agency in the disposition of real property.

ADDRESS OF PROPERTY	DATE OF ACQUISITION	STATUS OF HOUSING SUCCESSOR ACTIVITY
84 E. Geary	10/30/07	DDA
86 E. Geary	11/18/75	DDA
66 E. Geary	10/23/75	DDA
23 E Florence	2/11/08	DDA
29 E Florence	2/11/08	DDA
74 E Geary	9/2/77	DDA
E Florence – APN 477-144-30T	10/21/03	DDA
887 Fulton Street	2/28/07	SL
835 Fulton Street	9/26/08	SL
829 Fulton Street	5/26/10	SL
146 E Florence	9/15/06	SL
3702 E Ventura	9/29/07	SL; RFP issued

1107 “B” Street	3/17/03	SL in progress
1511 “B” Street	10//7/05	SL in progress
1515 “B” Street	10/7/15	SL in progress
California/Plumas – APN 477-121-05/06	5/16/07	SL in progress
130 W. Lemon	10//9/07	SL in progress
33 E Atchison	4/14/09	SL in progress
Mono/G/F Street APN 467-073-05; 06; 07; 16; 467-081-16	2/24/09-7/13/10	SL in progress
NPAHD - Non Profit Affordable Housing Developer; CAP - Consolidated Action Plan; PSA - Purchase/Sale Agreement in progress; AHES - Affordable Housing Element Site; SL - Surplus Land		

IX. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing: According to the former redevelopment agency’s 2010-15 REDEVELOPMENT AGENCY OF THE CITY OF FRESNO FIVE YEAR IMPLEMENTATION PLANS for the Merger No. 1; Merger No. 2; Central City Commercial; Freeway 99-Golden State Boulevard; Fresno Air Terminal; South Fresno Industrial; Airport Area; and the Southeast Fresno Redevelopment Project Areas and the 2007-2012 REDEVELOPMENT AGENCY OF THE CITY OF FRESNO FIVE YEAR IMPLEMENTATION PLAN for the Roeding Business Park Redevelopment Project Area , no Section 33413(a) replacement housing obligations were transferred to the Housing Successor. The former redevelopment agency’s Implementation Plans are posted on the former redevelopment agency’s website at <http://www.fresnorda.com/>.

Inclusionary/Production Housing. According to the former redevelopment agency's 2010-15 REDEVELOPMENT AGENCY OF THE CITY OF FRESNO FIVE YEAR IMPLEMENTATION PLANS for the Merger No. 1; Merger No. 2; Central City Commercial; Freeway 99-Golden State Boulevard; Fresno Air Terminal; South Fresno Industrial; Airport Area; and the Southeast Fresno Redevelopment Project Areas and the 2007-2012 REDEVELOPMENT AGENCY OF THE CITY OF FRESNO FIVE YEAR IMPLEMENTATION PLAN for the Roeding Business Park Redevelopment Project Area , 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 former redevelopment agency's website at <http://www.fresnorda.com/>.

X. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF to be expended for development of rental housing affordable to and occupied by households earning 30% or less of the AMI. If the Housing Successor fails to comply with the Extremely-Low Income requirement in any five-year report, then the Housing Successor must ensure that at least 50% of the funds remaining in the LMIHAF be expended in each fiscal year following the latest fiscal year following the report on households earning 30% or less of the AMI until the Housing Successor demonstrates compliance with the Extremely-Low Income requirement.

For the current five-year reporting period, a total of 50.0% of LMIHAF Housing Development expenditures were expended for development of rental housing affordable to and occupied by extremely low-income households. The next five-year reporting period will be fiscal years 2020 through 2024.

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, including the current year, 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.

<u>Senior Housing Test</u>	<u>July 1, 2013 – June 30, 2023</u>
# of Assisted Senior Rental Units	39
# of Total Assisted Rental Units	245
Senior Housing Percentage in Past 10 Years	15.9%
Maximum Allowable	50%

As the percentage of assisted affordable rental units for seniors constituted only 15.9% of all assisted affordable rental units in the past 10 years, this is far under the 50% threshold test, so the test is met.

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:

	<u>Preceding Four Fiscal Years</u>				
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Beginning Balance	\$8,169,836.56	\$9,667,242.02	\$7,021,569.38	\$9,251,124.76	\$10,003,934.43
Add: Program Income Deposits (Loan Repayment, Rent and Property Sales)	1,132,492.80	144,281.86	1,648,643.87	603,174.30	299,457.27
Add: Program Income - 20% City/Agency Loan Payment Deposit	1,043,839.00	851,597.00	829,801.00	433,123.00	467,034.00
Add: Encumbered Funds Deposits	-	-	-	-	-
Less: Program Income Expenditures	(314,552.45)	(422,621.10)	(234,909.56)	(256,497.39)	(2,872,275.86)
Less: Encumbered Enforceable Obligation Fund Expenditures*	(364,373.89)	(18,930.40)	(11,259.54)	(29,710.63)	(660,662.16)
Less: Encumbrances	(8,355,416.56)	(5,136,486.16)	(6,267,078.10)	(6,917,367.47)	(4,200,473.98)
Unencumbered Balance	\$1,311,825.46	\$1,885,402.32	\$2,986,767.05	\$3,083,846.57	\$3,037,013.70

*Expenditures From Funds Encumbered by Enforceable Obligations which Transferred to the Housing Successor on February 1, 2012 in accordance with Health & Safety Code Section 34176(e)(2) and Affirmed by the Superior Court, County of Sacramento, Pursuant to Ruling on Petition for Writ of Mandate and Complaint for Declaratory and Injunctive Relief Filed/Endorsed on February 11, 2014.

The LMIHAF does not have an Excess Surplus. The aggregate program income deposited into the account during the preceding four Fiscal Years is \$6,686,952.83. The unencumbered amount of \$3,037,013.70 does not exceed the aggregate amount deposited.

XIII. HOMEOWNERSHIP UNITS

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 Low and Moderate Income Housing Fund pursuant to subdivision (f) of Section 33334.3.

A. Number of Homeownership Units as of 6/30/23

Number of Homeownership Units	56
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B. Homeownership Units lost after February 1, 2012

<u>Units Lost</u>	<u>Reason for Loss</u>
57	Loans paid off
356	Forgiven Loans
24	Loans written off due to foreclosure or short sale

C. \$146,288.64 of funds were returned to the housing successor during the Fiscal Year as part of an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund.

D. The housing successor has not contracted with an outside entity for the management of the single family homeownership loans.