



# CITY OF CARSON

## Legislation Text

File #: 2020-129, Version: 1

## Report to Housing Authority

Tuesday, June 16, 2020

Consent

### SUBJECT:

**CONSIDER THE CARSON HOUSING AUTHORITY'S ANNUAL REPORT AS REQUIRED BY STATE SENATE BILL 341 (HOUSING AUTHORITY)**

### I. SUMMARY

The Carson Housing Authority (Authority) Annual Report (Report) provides information regarding the Authority's activities with respect to its Low and Moderate Income Housing Assets Funds for Fiscal Year 2018-2019. The Report includes information on housing fund expenditures, real property held by the Authority and expenditure targeting by income level. The Report has been prepared pursuant to California Health and Safety Code Section 34176.1(f), also referred to as Senate Bill 341 (SB 341).

### II. RECOMMENDATION

TAKE the following actions:

1. RECEIVE and FILE.

### III. ALTERNATIVES

TAKE another action the Authority Board deems appropriate.

### IV. BACKGROUND

The City of Carson formed the Carson Housing Authority as a separate and legal entity by adoption of Resolution No. 11-035 on March 8, 2011 in order to provide safe, sanitary and affordable housing opportunities for its residents. To finance the operations of the Authority, the Carson Redevelopment Agency adopted Resolution No. 11-017 to transfer all of its housing set-aside funds to the Authority. Since then, the Authority has been the responsible entity for housing monitoring, administration, and certain housing production requirements.

Upon the dissolution of redevelopment agencies throughout California on February 1, 2012, the Authority became the entity to oversee City's housing programs that were part of

the former RDA. Unlike successor agencies that are charged with winding down the affairs of the former redevelopment agencies, the Authority is charged with monitoring and maintaining existing low- and moderate-income housing assets and meeting outstanding requirements for former redevelopment agencies. The dissolution ceased the set-aside of 20 percent of tax increment revenues to fund housing projects. As such, the primary sources of funding for the Authority are income received from assets held: principal and interest payments on any funds the Agency/Authority has loaned, land sale proceeds, and interest income. These funds are also collectively referred to as the Low and Moderate Income Housing Asset Funds (LMIHAF).

Since January 1, 2014, SB 341 imposes new housing expenditure and reporting requirements on the Authority. Subsequently SB 107, enacted in September 2015, provided additional changes to the reporting requirements of SB 341. The Authority is responsible for providing the SB 341 (and SB 107) Annual Report to the Authority Board for subsequent posting on the City's website and submittal to the State of California Department of Housing and Community Development (HCD).

#### *FY 18-19 Annual Report Overview*

The Authority's Report provides information regarding the Authority's activities in Fiscal Year 18-19 and includes both the requirements of SB 341 and SB 107. A summary of key sections in the Authority's Report ("Exhibit No. 1") is provided below. Additionally, Table 1 of the Report provides the overview of the 13 separate items the Authority must report.

- **Housing Fund Deposits:** Amounts deposited by the Authority into the housing asset fund for the entire Fiscal Year 18-19 was \$1,261,708.
- **Housing Fund Balance:** The Fund Balance in the housing asset fund as of June 30, 2019 is \$5,037,972.
- **Land Held for Resale:** The statutory value of land held for resale by the Authority in Fiscal Year 18-19 was \$571,938 for the contiguous properties at 626 W. Carson Street and 21704 S. Figueroa Street, across from the Veteran's Village Project. The Authority purchased the properties from the Successor Agency on June 26, 2018 for future housing development.
- **Homeownership Unit Inventory:** As of June 30, 2019, there were 87 restricted for-sale units in the City of Carson that contain deed restrictions and had received assistance from the Authority or Former Agency: 12 units at Magnolia Walk; 23 units within the VEO Project and 52 First Time Homebuyer Program units.

As required by SB 341, the numbers included in this Report were taken from the Authority's latest audited financial statements, which are included in the City's Consolidated Financial Report (CAFR) for FY 18-19.

#### *Notable SB 341 Expenditure Requirements*

*Expenditure Requirements Required by 34176.1(a):*

The Authority's expenditure of its LMIHAF must be in accordance with the requirements of SB 341 and SB 107, which establishes a priority order of how funds must be spent by categories summarized below:

1. **Recognized Obligation Payment Schedule (ROPS).** Funds received from the successor agency for items listed on the ROPS (Item 72 & 73) are expended to meet those obligations. The remaining Housing Authority obligation funded through the ROPS process is the annual rental subsidy tied to the Avalon Courtyard and the Carson Terraces affordable housing projects, completed in 1995 and 2000, respectively. In FY 18-19 the Authority spent \$222,838 on these projects. Ongoing annual expenditures for this item are consistent from year to year.
2. **Administration and Monitoring.** LMIHAF can be used for purposes of monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the former redevelopment agency or the Authority. The Authority spent \$253,501 in FY 18-19 in this category. The maximum allowable administrative expenditure is \$3,136,870 for FY 18-19, which is capped at 5.0% of statutory value of real property based \$62,737,404 valuation.
3. **Homeless Prevention and Rapid Rehousing Services.** After administration and monitoring, LMIHAF can be used for homeless prevention and rapid rehousing services for individuals and families who are homeless or at risk for becoming homeless. The Authority did not have any expenditure in this category for FY 18-19. The maximum allowable expenditure amount is \$250,000 per fiscal year.
4. **Affordable Housing Development.** All remaining funds must be used towards the development of affordable housing. Specifically, this means deed restricted multifamily housing projects as defined in Government Code Section 33413. Key requirements include:
  - a. No funds can be spent on *moderate income households*, defined as incomes between 81% and 120% of area median income, adjusted for family size.
  - b. No more than 20% of funds in this category can be spent on housing for low income households with income between 60% and 80% of area median income, adjusted for family size.
  - c. A minimum of 30% of funds in this category must be spent on rental housing for *extremely low income households* defined as incomes at or below 30% of area median income, adjusted for family size.
  - d. In addition to the minimum 30% described above, the remaining 50% of funds must be spent on certain low income, *very low income*, and *extremely low income households* with incomes below 60% of area median income, adjusted for family size.

The Authority is required to demonstrate compliance of this section 34176.1(a) every five

years. If the Authority fails to comply with the extremely low income requirement (previously described under 4c.) in any five-year report, then the Authority must spend at least 50 percent of these remaining funds each fiscal year towards the development of rental housing affordable to households earning 30 percent or less of the area median income until the Authority demonstrates compliance with the extremely low income requirement in an annual report. This year's FY 18-19 Annual Report includes a section on compliance with the income targeting requirements for the Authority's five year period from January 1, 2014 to December 31, 2018 under Table 5. During this period, the Authority spent the following amounts in each income category:

<b>Income Level</b>	<b>Actual Expenses</b>	<b>Compliance Based on Total Expenses</b>	<b>Shortfall</b>
Low Income (61 to 80% of AMI)	\$1,759,628	No more than 20%: \$5,067,989.40.	None.
Low & Very Income (30 to 60% of AMI)	\$14,352,808	All remainder expenses.	None.
Extremely Low Income (up to 30% AMI)	\$7,956,795	At least 30%: \$7,601,984.10	None.
Other Expenditures	\$1,270,715	TBD	N/A
<b>TOTAL</b>	<b>\$25,339,947</b>		

Based on the table above, the Authority is currently in compliance of section 34176.1(a), including the 30% minimum expenditure requirement for the extremely low income household category. In order to remain compliant, future affordable housing development projects should continue to serve extremely low income households.

*10-Year Period for Test Required by 34176.1(b):*

There is also a requirement for complying with age restrictions. If the number of assisted units that are restricted to seniors exceeds 50 percent of the units assisted within a 10-year rolling period, the Authority cannot assist any additional senior housing projects until the number of family (non-senior) units is at least 50 percent of the total units assisted. For the 10-year rolling period ending in 2019, 51 percent of the units assisted by the Authority were senior units. While the Authority is currently above the allowable percentage amount, the two Authority funded projects of Veteran's Village and Carson Art's Colony (both non-age restricted multifamily rental affordable housing) will help the Authority meet the 10-Year Period test requirement for next year's Annual Report. Table 6 of the Report provides the detailed view of the 10-Year Period Test.

## **V. FISCAL IMPACT**

None.

## **VI. EXHIBITS**

1. FY 18-19 Annual Report, prepared by DHA Consulting (pgs. 6 - 26)

Prepared by: James Nguyen, Project Manager