



AGENDA ITEM NO. 15

CITY OF HAWTHORNE City Council AGENDA BILL

For the meeting of October 10, 2023

Originating Department: Housing

City Manager:


Vontray Norris

Dir. of Housing:


Kimberly Mack

SUBJECT:

Housing Successor Agency Reports for Fiscal Year Ending 2021-22.

RECOMMENDED MOTION:

Staff recommends that the City Council receive and file the City of Hawthorne Housing Successor Agency Annual Report for Fiscal Year 2021-22

DISCUSSION:

Background:

The City of Hawthorne ("City") serves as the Housing Successor Agency to the former Hawthorne Redevelopment Agency ("Agency"), which was dissolved on February 1, 2012. Each Housing Successor Agency is required to prepare an annual report documenting its assets, revenues, expenditures, and how it is meeting requirements imposed by Health and Safety Code Section 34176.1.

The annual report is required to contain the following:

- 1) A summary of housing successor agency duties;
- 2) The balance of the Low- and Moderate-Income Housing Asset Fund ("Housing Asset Fund");
- 3) An inventory of properties held in the Housing Asset Fund; and
- 4) Reports on the City's performance thus far in meeting the income and age proportionality requirements of Health and Safety Code ("HSC") Section 34176.1.

The report is due to the California Department of Housing and Community Development by April 1 each year and must be posted on the City's website. The report for Fiscal Year 2021-22 is being presented to the City Council for receive and file.

Analysis:

The City's progress on major requirements in the Fiscal Year 2021-22 is summarized below.

Housing Asset Fund Activity

The City deposited \$162,048 into the Housing Asset Fund during Fiscal Year 2021-22. Revenues were from investment earnings and rental property income (security deposits, rents, and machine income).

Real Property Assets and Loans Receivables

As the Housing Successor Agency, the City inherited 6 real properties, 1 loan, and 2 deferrals from the former Agency when it dissolved on February 1, 2012. The value of real properties and loans receivable was \$5 million as of June 30, 2020. Of the 6 properties, 5 are already developed and operating as affordable housing, and 1 is in the process of being sold/developed.

Expenditure Proportionality Requirements

Expenditures from the Housing Asset Fund must meet specific proportionality requirements by income level and age:

- Administrative and monitoring expenses are capped at \$200,000 annually, adjusted for inflation, or 5 percent of the value of real properties and loans receivable, whichever is higher.
- Up to \$250,000 may be spent annually on rapid re-housing solutions for homelessness.
- If Housing Asset Funds are spent on housing projects and programs, within each five-year compliance period:
 - At least 30% must be spent on extremely low-income households (earning up to 30% of the Area Median Income);
 - No more than 20% may be spent on low-income households (earning 60-80% of the Area Median Income); and
 - No monies may be spent on moderate or above moderate-income households (earning more than 80% of the Area Median Income).
- No more than 50% of rental housing units assisted by the City or the former Redevelopment Agency in the prior 10 years may be restricted to seniors.

The City only incurred administrative expenses during Fiscal Year 2021-22 and is meeting all requirements for rapid rehousing, projects and programs, and senior expenditures. However, the \$245,541 limit for administrative expenditures was exceeded with a total of \$237,137 spent. Staff is working to reduce annual administrative expenditures to ensure requirements are met in the future.

Steps Following Approval:

City Staff will post the FY 2021-22 Housing Successor Annual Report on the City's website.

ECONOMIC DEVELOPMENT STRATEGIC PLAN:

None

FISCAL IMPACT:

None

NOTICING PROCEDURES:

72 hours posted notice pursuant to the Ralph M. Brown Act

ATTACHMENT(S):

1. Hawthorne Housing Successor Agency Annual Report for Fiscal Year 2021-22