

**HOUSING SUCCESSOR ANNUAL REPORT  
REGARDING THE  
LOW AND MODERATE INCOME HOUSING ASSET FUND  
FOR FISCAL YEAR 2024-25  
PURSUANT TO  
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)  
FOR THE  
CITY OF BREA**

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 BREA (Housing Successor) activities during Fiscal Year 2024-25. 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 on information prepared by Housing Successor staff and information contained within the independent financial audit of the Low and Moderate Income Housing Asset Fund of the City of Brea for Fiscal Year 2024-25, conducted by LSL, LLP. This audit is separate from this annual summary report; additionally, this report conforms to and is organized into sections I through XI, inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

- I. **Amount received by the City pursuant to subparagraph (A) of paragraph (3) of subdivision (b) of Section 34191.4:** This section provides the amount of funds received from the repayment of Loan Agreements between the City and the former redevelopment agency.
  
- 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 deposited pursuant to subparagraphs (B) and (C) of paragraph (3) of subdivision (b) of Section 34191.4 or amounts deposited for other 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, a status update is provided.
- 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 July 1, 2025, 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 January 1, 2015 to December 31, 2024.

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.

This Report is available on the City’s website at (<http://www.ci.brea.ca.us/index.aspx?nid=984>).

**I. AMOUNT RECEIVED BY THE CITY PURSUANT TO SECTION 34191.4(b)(3)(A)**

No amounts have been received by the City during FY 2024-25 pursuant to Section 34191.4(b)(3)(A)

**II. AMOUNT DEPOSITED INTO LMIHAF**

A total of \$415,838 was deposited into the LMIHAF during the fiscal year. Of the total funds deposited into the LMIHAF, no funds were held 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 \$19,362,675 as follows, with no funds held for items listed on the ROPS:

Non-spendable:

Land Held for Resale	\$ 800,000
Loans Receivable	14,562,142
Spendable	<u>4,000,533</u>
Total	<u>\$19,362,675</u>

**IV. DESCRIPTION OF EXPENDITURES FROM LMIHAF**

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

	<b>Fiscal Year</b>
<b>Monitoring &amp; Administration Expenditures</b>	<b>\$272,768</b>
<b>Homeless Prevention and Rapid Rehousing Services Expenditures</b>	<b>\$370,295</b>
<b>Housing Development Expenditures*</b>	
➤ Expenditures on Low Income Units	N/A
➤ Expenditures on Very-Low Income Units	N/A
➤ Expenditures on Extremely-Low Income Units	N/A
➤ Total Housing Development Expenditures	N/A
<b>Other***</b>	
<b>Total LMIHAF Expenditures in Fiscal Year</b>	
<b>\$643,063</b>	

**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 pursuant to 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.

	<b>As of End of Fiscal Year</b>
<b>Statutory Value of Real Property Owned by Housing Successor</b>	<b>\$800,000</b>
<b>Value of Loans and Grants Receivable*</b>	<b>14,562,142</b>
<b>Total Value of Housing Successor Assets</b>	<b>\$15,362,142</b>

\*Amount reported is net of deferred revenue.

**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

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 projects related to such real property.

In FY 2017-18, the Housing Successor acquired the property located at 323 North Brea Boulevard for a future affordable housing project. In FY 2023-24, the City of Brea as Housing Successor, entered into a Disposition, Development and Loan Agreement with Jamboree Housing Corporation to develop a 39-unit multi-family affordable housing project. This project is expected to serve 38 Extremely Low-Income households, with one additional unit designated for an on-site manager. Construction is anticipated to begin in Spring of 2026.

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 that DOF approved such property as a housing asset.

The Housing Successor is not holding any real property acquired by the former redevelopment agency 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. The former redevelopment agency's Implementation Plans are posted on the City's website (<http://www.ci.brea.ca.us/documentcenter/view/2045>).

**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 agency's Implementation Plans are posted on the City's website (<http://www.ci.brea.ca.us/documentcenter/view/2045>).

## X. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(A) – (C) requires that the Housing Successor use all moneys remaining in its LMIHAF, after paying for administrative expenses; homeless prevention and rapid re-

housing services (Remaining Funds) for the development of affordable housing. The Housing Successor is required to target the Remaining Funds as follows: (i) at least 30% of the funds must be spent for the development of rental housing affordable to and occupied by extremely low income households earning 30% or less of AMI; (ii) no more than 20% of the funds may be spent for the development of housing affordable to and occupied by households earning between 60% and 80% of the AMI, and (iii) the balance of the funds may be spent for the development of housing affordable to and occupied by households earning 60% 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 Remaining Funds in the LMIHAF be expended in each fiscal year following the latest fiscal year following the report for the development of rental housing for households earning 30% or less of AMI until the Housing Successor demonstrates compliance with this requirement. If the Housing Successor fails to comply with the requirement for households earning between 60% and 80% of the AMI in any five-year report, then the Housing Successor may not expend any Remaining Funds for such households until the Housing Successor demonstrates compliance with this requirement.

The following provides the Housing Successor’s Extremely-Low Income Test for the five (5) year period of July 1, 2020, through June 30, 2025:

<b>Housing Development Expenditures from the LMIHAF by Income Level Last Five Years</b>				
	<b>Low Income Units (80% or less of AMI)</b>	<b>Very Low Income Units (60% or less of AMI)</b>	<b>Extremely Low Income Units (30% or less of AMI)</b>	<b>Total</b>
FY 2020-21	0	0	0	0
FY 2021-22	0	0	0	0
FY 2022-23	0	0	0	0
FY 2023-24	0	0	0	0
FY 2024-25	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
% Spent by income level	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
Compliance Met?	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	

\*-Real property acquired in FY 2017-18 was inadvertently not included on the FY 2017-18 annual report. The details of the project have yet to be determined; however, the project will comply with the requirements of Health and Safety Code Section 34176.1(a)(3)(A)

## **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 provides the Housing Successor’s Senior Housing Test for the 10 year period of January 1, 2015, to December 31, 2024.

<b>Senior Housing Test</b>	<b>1/1/2015 – 12/31/2025</b>
<b># of Assisted Senior Rental Units</b>	1,580
<b># of Total Assisted Rental Units</b>	6,799
<b>Senior Housing Percentage</b>	23%

## **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 LMIHAF does not have an Excess Surplus (see attached calculation).

CITY OF BREa HOUSING SUCCESSOR

COMPUTATION OF HOUSING SUCCESSOR  
 EXCESS/SURPLUS (HSC 34176.1)

	Low and Moderate Housing Funds All Project Areas July 1, 2024	Low and Moderate Housing Funds All Project Areas July 1, 2025
<b>Opening Fund Balance</b>	<b>\$ 19,581,074</b>	<b>\$ 19,362,675</b>
<u>Less Unavailable Amounts:</u>		
Land held for resale	(800,000)	(800,000)
Loans receivable	(14,692,388)	(14,562,142)
Housing bonds	(1,894,082)	(1,945,383)
Total - Unavailable Amounts	<u>(17,386,470)</u>	<u>(17,307,525)</u>
<b>Available Housing Successor Funds</b>	<b>\$ 2,194,604</b>	<b>\$ 2,055,150</b>
<b>Limitation on Available Funds (greater of \$1,000,000 or four years' deposits)</b>		
<u>Aggregate amount deposited for last four years:</u>		
FY 2024-2025		\$ 415,838
FY 2023-2024	\$ 253,946	253,946
FY 2022-2023	233,149	233,149
FY 2021-2022	356,501	356,501
FY 2020-2021	<u>364,769</u>	
<b>Total</b>	<b><u>\$ 1,208,365</u></b>	<b><u>\$ 1,259,434</u></b>
<b>Base Limitation</b>	<b><u>\$ 1,000,000</u></b>	<b><u>\$ 1,000,000</u></b>
<b>Limitation on Available Funds</b>	<b><u>\$ 1,208,365</u></b>	<b><u>\$ 1,259,434</u></b>
<b>Computed Excess/Surplus</b>	<b><u>\$ 986,239</u></b>	<b><u>\$ 795,716</u></b>