



## STAFF REPORT TO THE CITY COUNCIL

**DATE:** Regular Meeting of July 23, 2024

**TO:** Mayor and Members of the City Council

**VIA:** Dante Hall, City Manager

**SUBMITTED BY:** Edwin Gato, Director of Finance

**SUBJECT:** Proposal to Administer the Housing Successor Agency Housing Loan Program and Business Development Loan Program

### RECOMMENDED ACTION:

Adopt a resolution authorizing the City Manager to execute a \$113,000 professional service agreement with RSG to develop and implement a plan to restructure the non-performing loans, including borrower negotiations and amending loan agreements.

### BACKGROUND:

In 2012, State law dissolved California redevelopment agencies and at the time, the City did not elect to become Housing Successor to retain housing assets and functions of the Former Agency. By default, the Contra Costa County Housing Authority ("Authority") became a Housing Successor by operation of law. However, the Authority refused the transfer of any assets. Former Agency loans were not administered for several years as a result. With the Authority declining to exercise Housing Successor functions, the City elected to become Housing Successor on February 27, 2024. As Housing Successor, the City gained access to over \$4.9 million in affordable housing funds collected from housing loan repayments since its dissolution. The City may also resume the administration of outstanding housing loans issued by the Former Agency.

### ANALYSIS:

As Housing Successor, the City is now responsible for administering 77 loans issued by the Former Agency. RSG was hired in September 2023 to review loan documents to confirm the status of outstanding loans and determine how to proceed with performing

and non-performing loans. RSG's review found that 47 loans are collectible and 30 are uncollectible. The City intends to write-off the uncollectible loans, leaving a loan portfolio of 47 active loans (42 Housing Successor Loans and 5 Business Development loans). Of the 47 active loans, 21 are performing (no overdue balance) and 26 are non-performing (carry an overdue balance). City Council has directed staff to write-off the uncollectible loans, continue administering performing loans, and restructure non-performing loans.

RSG's prior contract included reviewing loan files, setting up the initial loan administration process, and providing monthly invoicing templates. This proposal provides a scope of services to develop and implement a plan to restructure the non-performing loans, including borrower negotiations and amending loan agreements.

**FISCAL IMPACT:**

There is sufficient available cash balance for this Agreement in the Housing Successor (Fund No. 640), funded from the repayment of the Housing Loans and restricted for Housing Successor-related activities. The scope of work is within the purview of the Housing administration, which is an eligible expense for this funding source. Staff is requesting that the City Council approve the appropriation for the professional services agreement as follows:

<u>Funding Sources</u>	<u>Account Number</u>	<u>Amount</u>
Housing Successor Fund	640-6000-611.40-00	\$113,000

**ATTACHMENTS:**

- Attach 1- Resolution
- Attach 2- RSG Proposal