

Housing Successor Annual Report Regarding the
Low and Moderate Income Housing Asset Fund
For Fiscal Year (FY) 2017-18

Pursuant to California Health and Safety Code Section 34176.1 (f)

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 is dated December 19, 2018.

This Report sets forth certain details of the activities of the Housing Authority of the City of Vallejo (Authority) acting as Housing Successor during FY 2017-18.

The purpose of this Report is to provide the governing body of the Authority an annual report on the LMIHAF housing assets and activities of the Authority under Part 1.85, Division 24 of the California Health and Safety Code, in particular section 34176 and 34176.1 (Dissolution Law).

The following Report is based upon the information prepared by the City of Vallejo's Finance Department, Housing and Community Development Division, and information contained within the independent audit of the Low and Moderate Income Housing Asset Fund included in the City of Vallejo Comprehensive Annual Financial Report for Fiscal Year 2017-18 (Audit). Further, this Report conforms with and is organized into sections I. through XI. Pursuant to Section 34176.1 (f) of the Dissolution Law:

- I. **Amount Deposited into LMIHAF:** This section provides the total amount of funds deposited in the LMIHAF during the Fiscal Year. Any amounts deposited for the items listed on the Recognized Obligation Payment Schedule (ROPS) must be distinguished from the other amounts deposited.

A total of \$429,478 was deposited into LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, \$0 was held for items listed on the ROPS.

Approved as to form:
By: *Shamail Edmeyer for*
Claudia Quintana
City Attorney

II. Ending Balance of LMIHAF: This section provides a statement of balance in the LMIHAF as of the close of the Fiscal Year. Any amounts deposited for the items listed on the ROPS must be distinguished from the other amounts deposited.

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$2,041,045, of which \$0 is held for items listed on the ROPS.

III. Description of Expenditures from LMIHAF: This section provides a description of the expenditures made from the LMIHAF during the Fiscal Year. There were no expenditures made from the LMIHAF during the Fiscal Year.

Monitoring and Administration Expenditures	\$0
Homeless Prevention and Rapid Rehousing Services Expenditures	\$0
Loan Repayment to CalHFA – RDLP Loan (Loan funds received and invested in project prior to 1-10-12)	\$0
Housing Development Expenditures	
- For Low Income Units	\$0
- For Very Low Income Units	\$0
- For Extremely Low Income Units	\$0
Total LMIHAF Expenditures in Fiscal Year	\$0

IV. Statutory Value of LMIHAF Assets Owned by the Authority: This section provides the statutory value of LMIHAF real property owned by the Authority, the value of loans and grants receivables, and the sum of these two amounts.

Statutory Value of LMIHAF Real Property Owned by Housing Authority	\$0
Value of the LMIHAF Loans and Grants Receivables	\$12,379,234
Total Value of Authority LMIHAF Assets	\$12,379,234

V. Description of Transfer: This section describes transfer, if any, to another housing successor agency made in previous Fiscal Year(s), including whether the funds are unencumbered and the status of the projects, if any for which the transferred LMIHAF will be used. The sole purpose of the transfer must be for

the development of transit priority projects, permanent supportive housing, housing for agricultural employees, or special needs housing.

The Authority transferred \$500,000 in LMIHAF excess surplus to non-federal HOME Program match under Section 34176.1 (c) (2) in FY 2015-16.

VI. Project Descriptions: This section describes any project for which the Authority receives or holds property tax revenue pursuant to the ROPS and the status of that project.

The Authority did not receive or hold property tax revenue pursuant to the ROPS during the Fiscal Year.

However this Report presents an information only status update as of the date of the report on LMIHAF housing projects that were not yet complete on or after February 1, 2012, whose completion activities were facilitated with ROPS funds paid by the Successor Agency of the City of Vallejo.

The Authority did not initiate or conclude any housing projects during the Fiscal Year.

VII. Status of Compliance with the California Health & Safety Code Section 33334.16: This section provides a status on compliance with Section 33334.16 for interest in LMIHAF real property acquired by the former redevelopment agency *prior* to February 1, 2012, and for LMIHAF real property acquired on or *after* February 1, 2012.

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 (DOF) approved the property as a housing asset in the LMIHAF; thus, as the real property acquired by the former redevelopment agency now held by the Authority in the LMIHAF, the Authority 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 of the DOF approved such property as a housing asset.

Section 34176.1 provides that Section 33334.16 does not apply to interests in the LMIHAF real property acquired by the Authority on or after February 1, 2012; however, this Report presents an information only status update on the LMIHAF projects related to such real property.

No property or properties have been acquired by the Authority using LMIHAF on or after February 1, 2012.

VIII. 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 Authority's progress in meeting those prior obligations of the former redevelopment agency.

Replacement Housing Obligation: According to the Five-Year Implementation Plan for Fiscal Year 2009-10 through 2013-14 for the former redevelopment agency, there were no replacement housing obligations that were outstanding that were transferred to the Authority. However, as the result of the Buchongo Settlement Agreement executed in July 1999, the former redevelopment agency agreed to provide 425 affordable housing units to low and moderate income residents. The Implementation Plan reflected that although the obligation had been substantially met, the former redevelopment agency was required to produce an additional eight units. The final eight units were completed through the rehabilitation of the Temple Art Lofts prior to the transfer of housing obligations to the Authority. As such, the Authority met the obligations for the production of affordable housing.

As noted in the Plan, these replacement housing obligations were met (in terms of the number of bedrooms and by affordability levels) either through onsite replacement of units or through relaying on the excess affordable residential units constructed within the required time frame.

There were no additional projects that incurred replacement obligations between the date the Plan was written July 27, 2010 - Resolution 10-011 and the dissolution of the Redevelopment Agency of the City of Vallejo (i.e., January 10, 2012 - Resolution 12-001) on February 1, 2012.

Inclusionary/Production Housing Obligation: According to the 2010-14 Implementation Plan for the former redevelopment agency, no Section 33413 (b) inclusionary/production housing obligations were transferred to the Authority.

As noted, the Authority met the obligations for the production of affordable housing that had resulted from construction of new residential units listed in the Plan.

Production housing obligations were met (in terms of the number of units and by affordability levels) either through onsite replacement of units or through relying on the excess affordable residential units of appropriate affordability levels that were constructed within the required time frames.

There were no additional projects that incurred housing production obligations between the date that report was written and the dissolution of the former Redevelopment Agency of the City of Vallejo on February 1, 2012

The former redevelopment agency's Implementation Plans are posted on the City's website at www.cityofvallejo.net.

- IX. Extremely Low Income Test:** This section provides the information required by Section 34176.1 (a) (3) (B) requires that the Authority must require at least 30 percent of the LMIHAF to be expended for development of rental housing affordable to and occupied by households earning 30 percent or less of the area median income (AMI). If the Authority fails to comply with the Extremely-Low Income requirement in any five-year report, then the Authority must ensure that at least 50 percent 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 percent or less of the AMI until the Authority demonstrates compliance with the Extremely-Low Income requirement. This information is not required to be reported until 2019 for the 2014–19 period.
- X. Senior Housing Test:** This section provides the percentage of units of deed restricted rental housing restricted to seniors and assisted individuals or jointly by the Authority, its former redevelopment agency, and its host jurisdiction

within the previous ten years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Authority, its former redevelopment agency and its host jurisdiction within the same period.

For this Report the ten year period is January 1, 2004 to January 1, 2014.

The Authority is to calculate the percentage of units of deed-restricted rental housing restricted to seniors and assisted by the Authority, the former redevelopment agency and/or the City within the previous ten years in relation to the aggregate number of units of deed-restricted rental housing assisted by the Authority, the former redevelopment agency, and/or City within the same time period. If this percentage exceed 50%, then the Authority cannot expend future funds in the LMIHAF to assist additional senior housing units until the Authority or City assists and construction has commenced on a number of restricted rental units that is equal to 50 percent of the total amount of deed-restricted rental units.

Vallejo Senior Housing Test	January 1, 2004 through January 1, 2014
Number of Assisted Senior Rental	443
Number of Total Assisted Rental Units	683
Senior Housing Percentage	64.8

- XI. Surplus Test:** This section provides the amount of excess surplus in the LMIHAF, if any, and the length of time that the Authority has had surplus, and the Authority’s plan for eliminating the surplus.

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 in to the account during the Authority’s preceding four Fiscal Years, whichever is greater.

Surplus Test for FY 2017-18:

Beginning Fund Balance as of 6-30-17 \$1,611,567

Deposits:

Principal payments \$229,428

Interest payments	\$133,132	
Transfer In	\$66,918	
		\$429,478
Less:		
Expenditures		____ \$(0)
Ending Fund Balance as of 6-30-18		\$2,041,045
Less: Encumbrance (Sacramento Street Permanent Supportive Housing Project)		<u>\$1,600,000</u>
Unencumbered Fund Balance as of 6-30-2018		<u>\$441,045 A</u>
Limitation (Greater of \$1,000,000 or four years deposits)		
FY 2014-15		\$357,645
FY 2015-16		\$401,430
FY 2016-17		\$667,276
FY 2017-18		<u>\$429,478</u>
Total Prior year deposits		<u>\$1,855,829</u>
Base limitation		<u>\$1,000,000</u>
Greater of \$1,000,000 or total deposits		<u>\$1,855,829 B</u>
Computed Excess / Surplus (A-B)		<u>None</u>

The LMIHAF does not have an Excess Surplus. For the past four fiscal years, the unencumbered amount in the LMIHAF has not exceeded the aggregated amount deposited in the fund. The Housing Successor has been in existence for seven years. Based upon the deposits received during the preceding four years, the LMIHAF has no Surplus.

XII. Inventory of Homeownership Units: This section provides an inventory of homeownership units assisted by the former redevelopment agency or the Housing Successor that is subject to covenants or restrictions, or to an adopted program that protects the former redevelopment agency's investment of monies from the LMIHAF pursuant to subdivision (f) of Section 33334.3.

Number of units	3
Number of units lost to the LMIHAF after February 1, 2012	0
Funds returned to LMIHAF	\$0
Contracts with outside entities for management of units	0