

**HOUSING SUCCESSOR ANNUAL REPORT**  
**REGARDING THE**  
**LOW AND MODERATE INCOME HOUSING ASSET FUND**  
**FOR FISCAL YEAR 2014-2015**  
**PURSUANT TO**  
**CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1( f)**  
**FOR THE**  
**COUNTY OF SANTA CRUZ**

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 as of March 30, 2016]. This Report sets forth certain details of the COUNTY OF SANTA CRUZ HOUSING SUCCESSOR AGENCY (Housing Successor) activities during Fiscal Year 2014-2015 (Fiscal Year). 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 upon information prepared by Housing Successor staff and information contained within the independent financial audit of the Low and Moderate Income Housing Asset Fund COUNTY OF SANTA CRUZ for Fiscal Year 2014-2015 ( Fiscal Year) as prepared by BROWN ARMSTRONG (Audit) , which Audit is separate from this annual summary Report; further, this Report conforms with and is organized into sections I through XI., inclusive , 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 to the LMIHAF during the Fiscal Year. Any amounts deposited for items listed on the Recognized obligation Payment Schedule (ROPS) must be distinguished from the other amounts deposited.
- II. **Ending Balance of LMIHAF:** This section provides a statement of the balance in the LMI HAF as of the close of the Fiscal Year. Any amounts deposited for item listed on the ROPS must be distinguished from the other amounts deposited.
- III. **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.
- IV. **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.

- V. **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 transfer must be for the development of transit priority projects, permanent supportive housing, housing for agricultural employees or special needs housing.
- VI. **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.
- VII. **Status of Compliance with Section 33334.16:** This section provides a status update on compliance with Section 33334.16 or 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, provide a status update on the project.
- 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 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.
- IX. **Income Test:** This section provides the information required by Section 34176.1(a)(3)(B), or a description of expenditures by income restriction for five year period, with the time period beginning January 1, 2014 and whether the statutory thresholds have been met. However, reporting on the Income Test is not required until 2019.
- X. **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, 2004 to January 1, 2014.
- XI. **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 to be provided to the Housing Successor's governing body by January 1. In addition, this Report and the former SANTA CRUZ COUNTY redevelopment agency's pre-dissolution Implementation Plans are to be made available to the public on the County's website

<http://www.sccoplanning.com/PlanningHome/Housing/OtherResources/HousingSuccessorAgencyReports.aspx>

#### **I. AMOUNT DEPOSITED INTO LMIHAF**

A total of \$3,109,438 was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, a total of \$0 was held for items listed on the ROPS.

#### **II. ENDING BALANCE OF LMIHAF**

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$3,944,198, of which \$0 is held for items listed on the ROPS.

#### **III. DESCRIPTION OF EXPENDITURES FROM LMIHAF**

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

	<b>Fiscal Year 2014-2015</b>
<b>Monitoring &amp; Administration Expenditures</b>	\$473,462
<b>Homeless Prevention and Rapid Rehousing Services Expenditures</b>	\$148,676
<b>Housing Development Expenditures</b>	
➤ Expenditures on Low Income Units	
➤ Expenditures on Very-Low Income Units	
➤ Expenditures on Extremely-Low Income Units	
➤ Total Housing Development Expenditures in Fiscal year	
<b>Total LMIHAF Expenditures in Fiscal Year</b>	<b>\$622,139</b>

#### **IV. 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 as listed in such schedule under 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>	\$2,543,420
<b>Value of Loans and Grants Receivable</b>	\$52,369,395
<b>Total Value of Housing Successor Assets</b>	<b>\$54,912,815</b>

## **V. 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.

## **VI. PROJECT DESCRIPTIONS**

The Housing Successor does not receive or hold property tax revenue pursuant to the ROPS.

## **VII. 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 project related to such real property.

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 the DOF approved such property as a housing asset.

The following provides a status update on the real property or properties housing asset(s) that were acquired prior to February 1, 2012 and compliance with five-year period:

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
522 Capitola Rd. Ext.	10/18/2006	7/3/2017	Leased for affordable housing purpose
5313 Soquel Dr.	04/23/2010	7/3/2017	Leased for affordable housing purpose
111 Atherton Loop	04/14/2009	7/3/2017	Leased for affordable housing purpose
119 Atherton Loop	04/14/2009	7/3/2017	Leased for affordable housing purpose
755 14 <sup>th</sup> Ave #108	01/20/2011	7/3/2017	Rented to qualified household for affordable rent
1715 Westhaven CT	05/06/2011	8/31/17	Rented to qualified household for affordable rent
2340 Harper St.	1/17/97	1/8/2019	Proposed project moved to alternate site due to neighborhood opposition. Currently reviewing whether to utilize site for affordable housing project or sell with proceeds to LMIHAF

### VIII. 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 County's website at: <http://sccounty01.co.santa-cruz.ca.us/red/2010-2014%20IP%20FINAL2.pdf>.

**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 redevelopment agency's Implementation Plans are posted on the County's website at: <http://sccounty01.co.santa-cruz.ca.us/red/reportsandstudies.html>.

### IX. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF to be expended for development of rental housing affordable to and occupied by households earning 30% 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 funds remaining in the LMIHAF be expended in each fiscal year following the latest fiscal year following the report on households earning 30% or less of the AMI until the Housing Successor demonstrate compliance with the Extremely-Low Income requirement. This information is not required to be reported until 2019 for the 2014 – 2019 period.

<b>Extremely-Low Income Test</b>	
<b>LMIHAF Spent on Extremely-Low Income Households</b>	\$ 0 Spent on ELI (A)
<b>Total LMIHAF (Five Year Total)</b>	Total LMIHAF (B)
<b>Extremely-Low Income Test</b>	(A) / (B) %

**X. 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 County 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 the County 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 County 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 2003-2013:

<b>Senior Housing Test</b>	<b>Fiscal Year 2003-2014</b>
# of Assisted Senior Rental Units	0 (40 units in development)
# of Total Assisted Rental Units	504
Senior Housing Percentage	0%

**XI. 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 following provides the Excess Surplus test for the preceding four Fiscal Years:

	<b>FY 2010/11</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>FY 2013/14</b>	<b>FY 2014/15</b>

Beginning Balance	N/A	0	\$204,129	\$1,073,676	3,944,198
Add: Deposits	N/A	\$204,129	\$917,805	3,109,437	2,411,391
(Less) Expenditures	N/A	0	(\$48,258)	(238,915)	(473,462)
Ending Balance	N/A	\$204,129	\$1,073,676	\$3,944,198	\$5,733,450

The LMIHAF does not have an Excess Surplus

*Additional Questions pursuant to AB 1793 amended H&S § 34176.1(f)*

## **XII. INVENTORY OF HOMEOWNERSHIP UNITS ASSISTED**

Inventory of homeownership units assisted by the former redevelopment agency or the housing successor that are subject to covenants or restrictions or to an adopted program that protects the former redevelopment agency's investment of money's from the Low and Moderate Income Housing Asset fund pursuant to subdivision (f) of Section 33334.3. This inventory shall include all of the following information:

- A. Number of Loans
- B. Number of units lost to the portfolio after February 1, 2012
- C. Any funds returned to the housing successor as part of an adopted program that protects the former redevelopment agency's investment of moneys from the LMIHF
- D. Whether the housing successor has contracted with any outside entity for the management of the units and, if so, the identity of the entity.

<b>INVENTORY OF HOMEOWNERSHIP UNITS ASSISTED</b>	
A. Number of Single Family LMIHF Loans	251
B. Number of units lost to the portfolio after February 1, 2012*	13
C. Any funds returned to the housing successor as part of an adopted program that protects the former redevelopment agency's investment of moneys from the LMIHF	0
D. The County manages the loan portfolio in-house.	