

**HOUSING SUCCESSOR ANNUAL REPORT
REGARDING THE LOW AND MODERATE INCOME HOUSING ASSET FUND
FOR THE PERIOD OF JANUARY 1, 2018, TO DECEMBER 31, 2018,
PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)
FOR THE CITY OF SANTA CLARITA HOUSING SUCCESSOR**

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 is for the 12-month period of January 1, 2018, through December 31, 2018.

This Report sets forth certain details of the Housing Successor's activities during the time period noted above. 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).

This Report is based upon information prepared by Housing Successor staff and information regarding the LMIHAF contained within the City of Santa Clarita's independent annual financial audit (Audit) for Fiscal Year 2017-2018. The Audit for Fiscal Year 2017-2018 was prepared by Vavrinek, Trine, Day & Co., LLP, 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 into 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 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.
- 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 transfers 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 provides the status of that project.
- VII. Status of Compliance with Section 33334.16:** This section provides a status update, in 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, 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 the Housing Successor's plan to meet unmet obligations, if any.
- IX. Income Test:** This section provides 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 January 1, 2014, and whether the statutory thresholds have been met. However, reporting of 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 10-year period reviewed is July 1, 2007, to June 30, 2017.
- 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 will be provided to the Housing Successor's governing body. In addition, this Report will be available on the City of Santa Clarita's (City) website at <http://www.santa-clarita.com/city-hall/departments/community-development/redevelopment/housing-successor>.

I. AMOUNT DEPOSITED INTO LMIHAF

During the reporting period, deposits into the LMIHAF included:

- \$84,946 in proceeds from the sale of property;
- \$17,084 in transfers from the Successor Agency per Health and Safety Code 34191.4(b)(3)(C); and
- \$6,616 in interest earned for the 12-month reporting period.

These three deposits total \$108,646. The ending balance of the previous report for was \$602,907. Together these amounts total \$711,553, which is \$5 more than the actual fund balance in the LMIHF. This discrepancy represents minor accounting errors in prior reports. The deposit amount in Section XI of this report has been reduced by \$5 to \$108,641 as a one-time adjustment to true-up the LMIHAF.

II. ENDING BALANCE OF LMIHAF

A total of \$602,907 in housing bond proceeds and cash was in the LMIHAF as of the end of the previous reporting period (July 1, 2016, to December 31, 2017).

III. DESCRIPTION OF EXPENDITURES FROM LMIHAF

There were no expenditures made during the reporting period, as shown below.

	Calendar Year 2018
Monitoring & Administration Expenditures	\$0
Homeless Prevention and Rapid Rehousing Services Expenditures	\$0
Housing Development Expenditures	
➤ Expenditures on Low Income Units	
➤ Expenditures on Very-Low Income Units	\$0
➤ Expenditures on Extremely-Low Income Units	
➤ Total Housing Development Expenditures	
Total LMIHAF Expenditures in Fiscal Year	\$0

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 (DOF) 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 or properties 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. The Value of Loans and Grants Receivables was previously reported as \$0. That was in error. The Housing Successor currently has loan receivables of \$3,221,328

	As of End of Calendar Year 2018
Statutory Value of Real Property Owned by Housing Successor	\$731,372
Value of Loans and Grants Receivable	3,221,328
Total Value of Housing Successor Assets	\$3,952,700

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.

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 require the Housing Successor to initiate activities consistent with the development of the real property for the purpose for which it was acquired, within five years of the date it was approved as a housing asset by the Department of Finance. The properties below were determined to be a housing asset on August 31, 2012; therefore, the initial deadline for initiation of development was August 31, 2017.

Section 33334.16 also provides a process by which the Housing Successor may extend those deadlines by five years. On August 22, 2017, the Housing Successor approved a five-year extension of the deadline to initiate activities consistent with the development of the real property listed in this section for PROPERTY #1, as shown below. An extension for PROPERTY #2 was not requested since activities consistent with the development of the real property for the purpose for which it was acquired were initiated prior to the deadline of August 31, 2017.

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
<u>PROPERTY #1</u> 23652 Newhall Avenue Santa Clarita, CA 91321 (Jang Parcel) APN 2833-016-901	8/31/2012	8/31/2022	As of 6/30/2014, the Housing Successor is investigating options for development of this parcel for a use allowed in H&S Code 34176.1.
<u>PROPERTY #2</u> Block of vacant land bounded by Main Street and Railroad Avenue, and by 9 th Street and Lyons Avenue (Redevelopment Block) Current APNs are 2831-007-033, -916, -917 (Former APNs were 2831-007-900, -901, -902, -903, -904, -905, -906, -907, and -908)	8/31/2012	8/31/2017	Property was disposed of and payments were received by the Housing Successor for its portion of the sale.

Property #2 was disposed of through a development agreement. The Housing Successor received payment for a portion of the property in 2017, which was reflected in a previous report.

In 2018, the Successor Agency received final payment for the portion of the property as reported in Section I of this report.

The Housing Successor currently has no ownership interest in properties brought on or after February 1, 2012.

VIII. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing: According to the 2007 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 at: <http://www.santa-clarita.com/home/showdocument?id=3062>

Inclusionary/Production Housing: According to the 2007 Implementation Plan for the former Redevelopment Agency, no Section 33413(b) inclusionary/production housing obligations were transferred to the Housing Successor.

IX. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(B) requires that the Housing Successor expend a minimum of 30% of the LMIHAF for development of rental housing affordable to, and occupied by, households earning 30% or less of the Area Median Income (AMI). If the Housing Successor fails to comply with the Extremely-Low Income requirement in any five-year report, the Housing Successor must ensure 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 demonstrates compliance with the Extremely-Low Income requirement. This information is not required to be reported until 2019 for the 2014–2019 period; however, the information below demonstrates that at least 30% of the LMIHAF expended to-date was expended for development of rental housing affordable to and occupied by households earning 30% or less of the AMI.

The information below represents expenditures in 2016 for 13 units of affordable housing in the Three Oaks Apartments project.

AMI	# of Units	Expenditure of LMIHAF in 2016	% of Total Expenditure
30%	4	\$1,169,231	30.78%
40%	6	\$1,753,846	46.15%
50%	3	\$876,923	23.07%
TOTALS	13	\$3,800,000	100%

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 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, 2009 to December 31, 2018:

Senior Housing Test	
# of Assisted Senior Rental Units	0
# of Total Assisted Rental Units	13
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 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:

	FY 2014/15	FY 2015-16	2016-2017	2018
Beginning Balance	\$4,006,386	\$4,082,177	\$406,615	\$602,907
Add: Deposits	\$241,710	\$24,438	\$196,292	\$108,641
(Less) Expenditures	\$166,000	\$3,800,000	\$0	\$0
Ending Balance	\$4,082,177	\$406,615	\$602,907	\$711,548

The LMIHAF has no excess surplus at this time.