

**HOUSING SUCCESSOR ANNUAL REPORT
REGARDING THE
LOW AND MODERATE INCOME HOUSING ASSET FUND
FOR FISCAL YEAR 2019
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)
FOR
THE CITY OF SANTA BARBARA, Housing Successor Entity**

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 November 27, 2019. This Report sets forth certain details of the City of Santa Barbara (Housing Successor Entity) activities during Fiscal Year 2019. 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: City Affordable Housing Fund for Fiscal Year 2019 as prepared by White Nelson Diehl Evans LLP, which is included in the City of Santa Barbara's Fiscal Year 2019 Comprehensive Annual Financial Report; further, this Report conforms with and is organized into sections 1 through 13, inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

1. The amount the city, county, or city and county received pursuant to subparagraph (A) of paragraph (3) of subdivision (b) of Section 34191.4.

This section is not applicable. There are no agreements and no loan agreement schedules between the former Redevelopment Agency and the City of Santa Barbara.

2. The amount deposited to the Low and Moderate Income Housing Asset Fund, distinguishing between amounts deposited pursuant to subparagraphs (B) and (C) of paragraph (3) of subdivision (b) of Section 34191.4, amounts deposited for other items listed on the Recognized Obligation Payment Schedule, and other amounts deposited.

A total of \$1,747,794 was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, a total of \$0 was held for amounts 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.

3. **A statement of the balance in the fund as of the close of the fiscal year, distinguishing any amounts held for items listed on the Recognized Obligation Payment Schedule from other amounts.**

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$62,243,598, of which \$0 is held for items listed on the ROPS.

4. **A description of expenditures from the fund by category, including, but not limited to, expenditures (A) for monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the redevelopment agency or the housing successor and administering the activities described in paragraphs (2) and (3) of subdivision (a), (B) for homeless prevention and rapid rehousing services for the development of housing described in paragraph (2) of subdivision (a), and (C) for the development of housing pursuant to paragraph (3) of subdivision (a).**

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

	Fiscal Year 2019
Monitoring & Administration Expenditures	\$606,971
Homeless Prevention & Rapid Rehousing Services Expenditures	\$0
Housing Development Expenditures	
➤ Expenditures on Low Income Units (80% AMI)	\$0
➤ Expenditures on Very-Low Income Units (60% AMI)	\$2,082,500*
➤ Expenditures on Extremely-Low Income Units (30% AMI)	\$2,667,500*
➤ Total Housing Development Expenditures	\$4,750,000
Total LMIHAF Expenditures in Fiscal Year	\$5,356,971

- * \$2,000,000 for Johnson Court 16 very-low income units (100%)
 \$2,750,000 for Grace Village loan forgiveness 97 total units:
 (3 very-low income=3% or \$82,500)
 (94 extremely-low income=97% or \$2,667,500)

5. **As described in paragraph (1) of subdivision (a), the statutory value of real property owned by the housing successor, the value of loans and grants receivable, and the sum of these two amounts.**

The following provides the statutory value of assets owned by the Housing Successor:

	As of End of Fiscal Year 2019
Statutory Value of Real Property Owned by Housing Successor	\$0
Value of Loans and Grants Receivable	\$60,215,773
Total Value of Housing Successor Assets	\$60,215,773

- 6. A description of any transfers made pursuant to paragraph (2) of subdivision (c) in the previous fiscal year and, if still unencumbered, in earlier fiscal years and a description of and status update on any project for which transferred funds have been or will be expended if that project has not yet been placed in service.**

The Housing Successor did not make any LMIHAF transfers to other Housing Successor(s) under Section 34176.1(c)(2) during the Fiscal Year.

- 7. A description of any project for which the housing successor receives or holds property tax revenue pursuant to the Recognized Obligation Payment Schedule and the status of that project.**

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

- 8. For interests in real property acquired by the former redevelopment agency prior to February 1, 2012, a status update on compliance with Section 33334.16. For interests in real property acquired on or after February 1, 2012, a status update on the project.**

This section is not applicable. The Housing Successor does not have any real property.

- 9. A description of any outstanding obligations pursuant to Section 33413 that remained to transfer to the housing successor on February 1, 2012, of the housing successor's progress in meeting those obligations, and of the housing successor's plans to meet unmet obligations. In addition, the housing successor shall include in the report posted on its Internet Web site the implementation plans of the former redevelopment agency.**

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 at <http://www.santabarbaraca.gov/services/home/rda/default.asp>.

- 10. The information required by subparagraph (B) of paragraph (3) of subdivision (a). *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 demonstrates compliance with the Extremely-Low Income requirement.

A total of 52.6% of LMIHAF Housing Development expenditures were expended for development of rental housing affordable to and occupied by extremely low-income households.

Year	Low	Very Low	Extremely Low	Total
2014-2015	\$0	\$0	\$0	\$0
2015-2016	\$0	\$0	\$0	\$0
2016-2017	\$236,016	\$228,032	\$157,869	\$621,917
2017-2018	\$0	\$0	\$0	\$0
2018-2019	\$0	\$2,082,500	\$2,667,500	\$4,750,000
Total	\$236,016	\$2,310,532	\$2,825,369	\$5,371,917
Percentage	4.39%	43.01%	52.60%	100.00%

11. 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.

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 Fiscal Year’s 2010 through 2019.

Senior Housing Test	2010-2019
Fiscal Year	2019
Range	>2009

# of Assisted Senior Rental Units	332
# of Total Assisted Rental Units	972
Senior Housing Percentage	34.16%

12. The amount of any excess surplus, the amount of time that the successor agency has had excess surplus, and the housing successor's plan for eliminating the excess 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 into the account during the Housing Successor's preceding four Fiscal Years, whichever is greater.

The following provides the Excess Surplus test:

	Low and Moderate Housing Funds All Project Area June 30, 2018	Low and Moderate Housing Funds All Project Area July 1, 2019
Opening Fund Balance	\$ 64,270,668	\$ 62,243,598
Less Unavailable Amounts:		
Loans receivable	<u>\$(61,383,468)</u>	<u>\$(60,215,773)</u>
	(61,383,468)	(60,215,773)
Available Housing Successor Funds	2,887,200	2,027,825
Limitation (greater of \$1,000,000 or four years deposits)		
Aggregate amount deposited for last four years:		
2018 - 2019	-	\$ 1,747,794
2017 - 2018	\$ 1,505,154	1,505,154
2016 - 2017	1,089,409	1,089,409
2015 - 2016	958,870	958,870
2014 - 2015	<u>892,336</u>	N/A
Total	<u>\$ 4,445,769</u>	<u>\$ 5,301,227</u>
Base Limitation	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Greater amount	<u>\$ 4,445,769</u>	<u>\$ 5,301,227</u>
Computed Excess/Surplus	<u>None</u>	<u>None</u>

The LMIHAF does not have an Excess Surplus.

13. An 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 moneys from the Low and Moderate Income Housing Fund pursuant to subdivision (f) of Section 33334.3. This inventory shall include all of the following information:

a. **The number of those units = 131**

b. **In the first report pursuant to this subdivision, the number of units lost to the portfolio after February 1, 2012, and the reason or reasons for those losses. For all subsequent reports, the number of the units lost to the portfolio in the last fiscal year and the reason for those losses.**

10 homeownership unit was lost due to expiration of covenants in FY2019.

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 Low and Moderate Income Housing Fund.**

There were \$70,736.15 in loan repayments in FY2019.

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.**

The housing successor has not contracted with any outside entity for the management of the units.

This Report is to be provided to the Housing Successor's governing body by December 31, 2019. In addition, this Report and the former redevelopment agency's pre-dissolution Implementation Plans can be found on the City's website at:

<http://santabarbaraca.gov/services/hhs/housing/reports.asp> and
<http://www.santabarbaraca.gov/services/home/rda/default.asp>, respectively.