



HOUSING SUCCESSOR ANNUAL REPORT FY 2019

PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)

As of February 1, 2012 the City of Santa Cruz became the Housing Successor Agency for the former Redevelopment Agency of the City of Santa Cruz. All encumbered housing assets were transferred to the City. These assets as well as income earned on the assets are held in the Low and Moderate Income Housing Asset Fund (LMIHAF) and used pursuant to the housing provisions of the California Health & Safety Code (HSC) Sections 33330 et seq.

HSC Section 34176.1(f) requires the Housing Successor to conduct, and provide to its governing body, an independent financial audit of the LMIHAF within six months of the end of each fiscal year, which may be included in its agency-wide independent financial audit. The Housing Successor must also provide to its governing body, and post on its Internet website, all of the following information for the previous fiscal year. The City's Fiscal Year 2019 Financial Audit Report will be submitted separately. All other required information is presented below.

(1) Reporting Requirement: The amount the City received pursuant to the loan repayment formula described in HSC Section 34191.4 (b)(3)(A).

None

Note 1: This refers to loans from a City to the RDA. Santa Cruz has no RDA loans.

(2) Reporting Requirement: Amount Deposited into LMIHAF

The amount deposited to the Low and Moderate Income Housing Asset Fund (LMIHAF), distinguishing between amounts deposited pursuant to HSC Section 34191.4(b)(3)(B) & (C), amounts deposited for other items listed on a Recognized Obligation Payment Schedule (ROPS) and other amounts deposited.

A total of \$600,663 was deposited into the LMIHAF in the 2018-19 Fiscal Year. Of the total funds deposited into the LMIHAF, \$0 was held for items listed on the ROPS.

NOTE 2: The Tannery Arts Center (TAC) property consists of 100 units of affordable live/work lofts, 28 artist studios, office space for the Arts Council of Santa Cruz County, and the Colligan Theater. It is an asset of the LMIHAF. Resources generated from that campus are restricted to pay the operating, maintenance, and capital costs of the

property. In FY19 \$158,687 of income was restricted for Tannery maintenance, operations, and capital expenses.

(3) Reporting Requirement: Ending Balance of LMIHAF

A statement of the balance in the LMIHAF as of the close of the fiscal year, distinguishing any amounts held for items listed on a Recognized Obligation Payment Schedule (ROPS) from other amounts.

	FY2018	FY2019
Balance held for ROPS items	0	0
Balance held for Tannery Arts Center	185,705	303,669
Balance available for other uses	626,772	1,062,898

(4) Reporting Requirement: Description of Expenditures from LMIHAF

A description of expenditures from the fund by category, including, but not limited to, expenditures for: (A) Monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the former redevelopment agency or the housing successor and administering the activities described in HSC Sections 3176.1(a)(2) and (3)., (B) Homelessness preventions and rapid rehousing services described in HSC Section 34176.1(a)(2), and (c) Development of housing pursuant to HSC Section 34176.1(a)(3).

CATEGORY	2019 AMOUNT
Administration	\$ 9,404
Tannery Operations (<i>See Note 2</i>)	40,724
Homeless Prev. & Rapid Rehousing	-0-
Housing Development	<u>-0-</u>
Total	<u>\$50,128</u>

(5) Reporting Requirement: Statutory Value of Assets Owned by Housing Successor

As described in HSC Section 34176.1(a)(1), 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.

Statutory value of real property	\$15,805,164
Value of loans and grants receivable	<u>11,297,699</u>
Sum of these two amounts	<u>\$27,102,863</u>

Note 3: Per HSC Section 34176.1(a)(1), the statutory value of real property is the value listed on the Housing Asset Transfer list approved by Department of Finance at the time of transfer from Successor Agency to Housing Successor or the purchase price of properties purchased by the Housing Successor.

(6) Reporting Requirement: Description of Transfers

A description of any transfers made pursuant to HSC Section 34176.1(c)(2) 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.

There have been no LMIHAF transfers to other Housing Successors.

(7) Reporting Requirement: Project Descriptions

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

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

(8) Reporting Requirement: 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.

Real property acquired by former RDA prior to 2/1/2012	
Gault Street Senior Housing 211 Gault	Leased for affordable housing purposes
Nueva Vista Family Housing 124 Leibrandt St.	Leased for affordable housing purposes
Tannery 1040 and 1050 River Street	Leased for affordable housing purposes
Real property acquired by Successor Agency post 2/1/2012	
333 Front Street	Additional land is being acquired for the affordable housing project.

(9) Reporting Requirement: 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 plan of the former redevelopment agency.

Outstanding Obligations remaining as of 2/1/2012	None
Progress in meeting above listed obligations	Not Applicable
Plans to meet unmet obligations listed above	Not Applicable

Note 3: This provision mandates that low and moderate income housing removed by the former redevelopment agency be replaced and require that 15 percent of new housing constructed in the redevelopment project area be replaced.

(10) Reporting Requirement: Income Test (Required starting in 2019)

The information required by HSC Section 34176.1(a)(3)(B) or a description of expenditures by income restriction for a five year period and whether the statutory income thresholds have been met. HSC Section 34176.1(a)(3)(A) requires the Housing Successor to spend at least 30 percent of funds used for housing development for rental housing affordable to and occupied by households earning 30 percent or less of area median income (extremely low-income). The Housing Successor must demonstrate compliance beginning in the annual report for 2019, and every five years thereafter. 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 report until the Housing Successor demonstrates compliance with the Extremely Low Income requirement latest fiscal year

Expenditures on Low Income Units	610,812
Expenditures on very Low Income Units	610,812
Expenditures on Extremely Low Income Units	0
Total LMIHAF (Five Year Total)	1,221,624

Note 5: This reporting reflects the completion of one affordable housing project. Land is currently being assembled for an additional project which will include extremely low income units bringing expenditures into compliance.

(11) Reporting Requirement: Senior Housing Test

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.

Senior Housing Test: 2010-2019

Units of assisted rental housing restricted to seniors: None

Total units of assisted rental housing: 60

(12) Reporting Requirement: Excess Surplus Test

The amount of any excess surplus, the amount of time that the agency has had any excess surplus, and the housing successor’s plan for eliminating the excess surplus. HSC Section 34176.1(d) defines “excess surplus” to mean an unencumbered amount in the

LMIHAF that exceeds the greater of \$1 million or the aggregate amount deposited into the LMIHAF during the Housing Successor's preceding four fiscal years.

	FY2018	FY2019
LMIHAF Balance	812,477	1,366,567
Unencumbered Fund Balance	626,772	1,062,898
Aggregate Deposits 4 Years Prior		6,126,571

There is no excess surplus.

(13) Reporting Requirement: Inventory of Homeownership Units Assisted:

An inventory of homeownership units assisted by the former redevelopment agency of the housing successor that are subject to covenants or restrictions to an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund. This inventory shall include all of the following information:

- A. Number of assisted units. None
- B. Number of units lost to the portfolio after February 1, 2012 and the reason for those losses. N/A
- 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. N/A
- 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. N/A