



**HOUSING SUCCESSOR ANNUAL REPORT
REGARDING THE
LOW AND MODERATE INCOME HOUSING ASSET FUND
FOR FISCAL YEAR 2015-16 PURSUANT TO
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(F)
FOR THE
SANTA CLARA HOUSING SUCCESSOR AGENCY**

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 describes the current status of the Fund as of March 31, 2017. This Report further provides certain details regarding the Santa Clara Housing Successor Agency (Housing Successor) activities during Fiscal Year 2015-2016 (Fiscal Year). The purpose of this Report is to provide the governing body of the Housing Successor, the City Council, 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 financial records of the Low and Moderate Income Housing Asset Fund 169 for Fiscal Year 2015-16. 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. This section also includes a reporting on the amount the City of Santa Clara's Successor Agency received pursuant to Health and Safety Code Section 34191.4(b)(3)(A) for sponsoring community loan repayments.
- 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 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.

- 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 the status of that project.
- VII. **Status of Compliance with Section 34176.1:** This section provides a status update on compliance with Section 34176.1 (amending the dates to initiate activities consistent with development of affordable housing under Section 33334.16). For interests in real property acquired on or after February 1, 2012, this section provides 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 of the former redevelopment agency and how the Housing Successor's plans to meet any unmet obligations.
- 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 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 ten-year period is July 1, 2006- June 30, 2016.
- XI. **Excess Surplus Test:** This section provides the amount of excess surplus in the LMIHAF, if any, the length of time that the Housing Successor has had excess surplus, and the Housing Successor's plan for eliminating the excess surplus.
- XII. **Inventory of Assisted Homeownership Units:** 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 Report is to be provided to the California Department of Housing and Community Development by April 1, 2017. In addition, this Report and the former redevelopment agency's pre-dissolution Implementation Plans are to be made available to the public on the City's website, www.santaclaraca.gov.

I. AMOUNT DEPOSITED INTO LMIHAF (INCLUSIVE OF DEPOSITS MADE PURSUANT TO SECTION 34191.4(b)(3)(A))

Source	Amount
First Time Homebuyer Loan Repayment (Principal & Interest)	\$1,155,999
Housing Rehab Loans-NCIP (Principal & Interest)	\$44,089
AH Development Loans Repayment (Principal & Interest)	\$1,910,209
Use of Money & Assets (Interest, Rent, Misc. Other Revenue)	\$82,357
20% Set Aside on Sponsoring Community Loan Repayments Pursuant to Safety Code Section 34191.4(b)(3)(A)	-
Total from all sources deposited in Fiscal Year	\$3,192,654

A total of \$3,192,654 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. The City did not receive any loan repayments under Section 34191.4(b)(3)(A) from the Successor Agency for funds borrowed from the City by the Former Agency. Because no payments were made, no deposits were required to be made into the Housing Authority's LMIHAF that were associated with sponsoring community loan repayments under Health and Safety Code Section 34191.4(b)(3)(A).

II. ENDING BALANCE OF LMIHAF

Balance of LMIHAF as of 6/30/16	
Subject	Balance
Previous balance + Current Deposits - Expenditures	\$8,146,780

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$8,146,780 of which \$0 is held for items listed on the ROPS.

III. DESCRIPTION OF EXPENDITURES FROM LMIHAF

Subject	Amount
Monitoring & Administration	\$173,221
Housing Development Expenditures for pre-development expenses	-
Total Expenditures	\$173,221

The primary expenditure from the LMIHAF was for monitoring and preserving the long-term affordability of units subject to affordability restrictions and on administrative costs. The Housing Authority entered into two separate agreements with program service providers totaling \$250,000 from LMIHAF funds for rapid rehousing services. The first agreement is a three year agreement with Abode Services for its Tenant Based Rental Assistance (TBRA) program where \$140,000 from LMIHAF funds, \$425,000 from federal Home Investment Partnerships Act (HOME) funds and \$48,220 from local funds will be used annually to provide housing and services to individuals and families who are homeless. The second is a two year agreement with the County of Santa Clara on August 1, 2015 in an annual amount of \$110,000 to provide intensive case management and other supportive services for homeless

individuals in order to obtain and maintain permanent housing.

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.

Asset Category - Loans	# of Loans	Statutory Value
First Time Home Buyers	77	\$ 5,284,947
Housing Rehab- NCIP	6	232,497
Development Loans	28	69,189,128
Total Loan Balances		\$ 74,706,572
Asset Category - Land		Statutory Value
Land Held for Development		
2330 Monroe St & San Tomas Expressway		\$ 5,400,270
3575 De La Cruz Boulevard		1,703,500
90 N. Winchester Boulevard		11,657,596
Land Developed with Affordable Housing		
Presidio El Camino Affordable Housing		2,694,997
Charities Housing		1,479,897
Total Land Balances		\$ 22,936,260
Total Statutory Value of Assets Owned by Housing Successor		\$ 97,642,832

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.

No previous projects required LMIHAF transfers during the fiscal year.

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.

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

VII. STATUS OF COMPLIANCE WITH SECTION 34176.1

Section 34176.1 provides that the deadlines in Section 33334.16 do 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 project(s) for property or properties that have been acquired by the Housing Successor using LMIHAF on or after February 1, 2012:

Address	Date of Transfer approval from DOF	Deadline to initiate activity	Current Status
2330 Monroe St & San Tomas Expressway	7/16/2013	7/16/2018	No action taken
3575 De La Cruz Boulevard	7/16/2013	7/16/2018	No action taken
90 N. Winchester Boulevard	7/16/2013	7/16/2018	Entered into ENA

On February 27, 2015, the Housing Authority issued a Request for Proposals for 90 North Winchester Boulevard (referred to as the "BAREC Site") for the development of affordable senior housing. In April 2016, the Housing Authority entered into an Exclusive Negotiating Rights Agreement (ENA) with Core Affordable Housing, LLC under terms that are conditional.

The Housing Authority intends to initiate further activities consistent with the development of properties for the purpose of the development of housing affordable to persons and families of low and moderate income.

VIII. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing: According to the FY2009/10 -FY2015/16 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 www.santaclaraca.gov

There are no existing replacement housing obligations.

Inclusionary/Production Housing: According to the FY2009/10 –FY2015/16 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 City's website at www.santaclaraca.gov

There are no existing inclusionary production obligations.

IX. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF 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. This information is not required to be reported until 2019; and every five years thereafter, from January 1, 2014, through the end of the latest fiscal year.

The Housing Successor has utilized funds only for administration and monitoring of housing units subject to Affordable Housing Agreements of the former Agency and has not funded any new projects that require compliance with the requirements of Section 34176.1(a)(3)(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 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 7/1/2006-6/30/2016. The aggregate number 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 did not exceed 50 percent of 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. Therefore, the restrictions under Section 34176.1(b) do not apply.

Senior Housing Test July 1, 2006 - June 30, 2016	10 Year Test
# of Assisted Senior Rental Units by Former RDA	79
# of Assisted Senior Rental Units by City	0
# of Assisted Senior Rental Units by Housing Successor	0
Total # of Assisted Senior Rental Units	79
# of Assisted Rental Units by Former RDA	220
# of Assisted Rental Units by City	
# of Assisted Rental Units by Housing Successor	
Total # of Assisted Rental Units	220
Assisted Senior Housing Percentage	35.91%

XI. EXCESS SURPLUS TEST

Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the LMIHAF 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 Housing Authority created the LMIHAF account on February 1, 2012. The current balance on deposit in the LMIHAF is \$ 3,192,655 and does not exceed the sum of the annual deposits made in the preceding three fiscal years which amount to \$ 7,708,476. Since the Excess Surplus calculation relates to the last four years of annual deposits and the LMIHAF account has not been in existence for that period, the determination is that during this reporting period there is no Excess Surplus.

Annual Deposits	Amount Deposited
FY 2013-14 LMIHAF Deposits	\$1,756,542
FY 2014-15 LMIHAF Deposits	\$2,759,279
FY 2015-16 LMIHAF Deposits	\$3,192,655
FY 2016-17 LMIHAF Deposits	TBD
Aggregate Deposits for 4 preceding fiscal years	
Unencumbered LMIHAF Balance on Deposit	
Excess Surplus	n/a

XII. HOMEOWNERSHIP INVENTORY

This section contains 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.

There are no inclusionary production obligations. There are a total 88 of assisted homeownership units being monitored by the housing successor. No units were lost from the portfolio during the fiscal year and no units have been lost from the portfolio since February 1, 2012. A total of 10 units have been removed from the housing successor's portfolio because the homeowners have satisfied the terms of the recorded affordability covenants.

No funds were returned as part of a program that protects the former agency's investment of funds from the LMIHAF. The housing successor did receive \$1,200,088 of program income associated with the housing successor's homeownership portfolio.

The housing successor did not contract with any outside entity for the management of the housing successor's homeownership portfolio.

Actions Needed

This report must be submitted to the California Department of Housing and Community Development by April 1st if each year. This report and the former redevelopment agency's Implementation Plans are posted on the City's website at www.santaclaraca.gov