

Housing Successor Annual Report Regarding  
the Low- and Moderate-Income Housing Asset Fund  
For Fiscal Year (FY) 2018-19

Pursuant to California Health and Safety Code Section 34176.1 (f)

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 December 17, 2019.

This Report sets forth certain details of the activities of the Housing Authority of the City of Vallejo (Authority) acting as Housing Successor during FY 2018-19.

The purpose of this Report is to provide the governing body of the Authority an annual report on the LMIHAF housing assets and activities of the Authority under Part 1.85, Division 24 of the California Health and Safety Code, in particular section 34176 and 34176.1 (Dissolution Law).

The following Report is based upon the information prepared by the City of Vallejo's Finance Department, Housing and Community Development Division, and information contained within the independent audit of the Low- and Moderate-Income Housing Asset Fund included in the City of Vallejo Comprehensive Annual Financial Report for Fiscal Year 2017-18 (Audit). Further, this Report conforms with and is organized into sections I. through XI. 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 the LMIHAF during the Fiscal Year. Any amounts deposited for the items listed on the Recognized Obligation Payment Schedule (ROPS) must be distinguished from the other amounts deposited.

A total of \$405,588 was deposited into LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, \$0 was held for items listed on the ROPS.

**II. Ending Balance of LMIHAF:** This section provides a statement of balance in the LMIHAF as of the close of the Fiscal Year. Any amounts deposited for the items listed on the ROPS must be distinguished from the other amounts deposited.

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$2,441,633, of which \$0 is held for items listed on the ROPS.

**III. Description of Expenditures from LMIHAF:** This section provides a description of the expenditures made from the LMIHAF during the Fiscal Year. There were no expenditures made from the LMIHAF during the Fiscal Year.

Monitoring and Administration Expenditures	\$5,000
Homeless Prevention and Rapid Rehousing Services Expenditures	\$0
Loan Repayment to CalHFA – RDLP Loan (Loan funds received and invested in project prior to 1-10-12)	\$0
Housing Development Expenditures	
- For Low Income Units	\$0
- For Very Low Income Units	\$0
- For Extremely Low Income Units	\$0
<b>Total LMIHAF Expenditures in Fiscal Year</b>	<b>\$5,000</b>

**IV. Statutory Value of LMIHAF Assets Owned by the Authority:** This section provides the statutory value of LMIHAF real property owned by the Authority, the value of loans and grants receivables, and the sum of these two amounts.

Statutory Value of LMIHAF Real Property Owned by Housing Authority	\$0
Value of the LMIHAF Loans and Grants Receivables	\$12,419,578
<b>Total Value of Authority LMIHAF Assets</b>	<b>\$12,419,578</b>

**V. Description of Transfer:** This section describes transfer, if any, to another housing successor agency made in previous Fiscal Year(s), including whether the funds are unencumbered and the status of the 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.

The Authority transferred \$500,000 in LMIHAF excess surplus to non-federal HOME Program match under Section 34176.1 (c) (2) in FY 2015-16. A portion of these funds have been expended on for the rehabilitation of foreclosed properties, and temporary tenant based rental assistance, leaving an encumbered balance as of June 30, 2018 of \$307,322.

- VI. Project Descriptions:** This section describes any project for which the Authority receives or holds property tax revenue pursuant to the ROPS and the status of that project.

The Authority did not receive or hold property tax revenue pursuant to the ROPS during the Fiscal Year.

However, this Report presents an information only status update as of the date of the report on LMIHAF housing projects that were not yet complete on or after February 1, 2012, whose completion activities were facilitated with ROPS funds paid by the Successor Agency of the City of Vallejo.

The Authority did not initiate or conclude any housing projects during the Fiscal Year.

- VII. Status of Compliance with the California Health & Safety Code Section 33334.16:** This section provides a status on compliance with Section 33334.16 for interest in LMIHAF real property acquired by the former redevelopment agency *prior* to February 1, 2012, and for LMIHAF real property acquired 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 shall be deemed to have commenced on the date that the Department of Finance (DOF) approved the property as a housing asset in the LMIHAF; thus, as the real property acquired by the former redevelopment agency now held by the Authority in the LMIHAF, the Authority 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 of the DOF approved such property as a housing asset.

Section 34176.1 provides that Section 33334.16 does not apply to interests in the LMIHAF real property acquired by the Authority on or after February 1, 2012; however, this Report presents an information only status update on the LMIHAF projects related to such real property.

No property or properties have been acquired by the Authority using LMIHAF on or after February 1, 2012. There are currently four properties in the Long-Range Property Management Plan being used for affordable housing.

**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 Authority's progress in meeting those prior obligations of the former redevelopment agency.

**Replacement Housing Obligation:** According to the Five-Year Implementation Plan for Fiscal Year 2009-10 through 2013-14 for the former redevelopment agency, there were no replacement housing obligations that were outstanding that were transferred to the Authority. However, as the result of the Buchongo Settlement Agreement executed in July 1999, the former redevelopment agency agreed to provide 425 affordable housing units to low- and moderate-income residents. The Implementation Plan reflected that although the obligation had been substantially met, the former redevelopment agency was required to produce an additional eight units. The final eight units were completed through the rehabilitation of the Temple Art Lofts prior to the transfer of housing obligations to the Authority. As such, the Authority met the obligations for the production of affordable housing.

As noted in the Plan, these replacement housing obligations were met (in terms of the number of bedrooms and by affordability levels) either through onsite replacement of units or through relaying on the excess affordable residential units constructed within the required time frame.

There were no additional projects that incurred replacement obligations between the date the Plan was written July 27, 2010 - Resolution 10-011 and the dissolution of the Redevelopment Agency of the City of Vallejo (i.e., January 10, 2012 - Resolution 12-001) on February 1, 2012.

**Inclusionary/Production Housing Obligation:** According to the 2010-14 Implementation Plan for the former redevelopment agency, no Section 33413 (b) inclusionary/production housing obligations were transferred to the Authority.

As noted, the Authority met the obligations for the production of affordable housing that had resulted from construction of new residential units listed in the Plan.

Production housing obligations were met (in terms of the number of units and by affordability levels) either through onsite replacement of units or through relying on the excess affordable residential units of appropriate affordability levels that were constructed within the required time frames.

There were no additional projects that incurred housing production obligations between the date that report was written and the dissolution of the former Redevelopment Agency of the City of Vallejo on February 1, 2012

The former redevelopment agency's Implementation Plans are posted on the City's website at [www.cityofvallejo.net](http://www.cityofvallejo.net).

- IX. Extremely Low-Income Test:** This section provides the information required by Section 34176.1 (a) (3) (B) requires that the Authority must require at least 30 percent of the LMIHAF to be expended for development of rental housing affordable to and occupied by households earning 30 percent or less of the area median income (AMI). If the Authority fails to comply with the Extremely-Low Income requirement in any five-year report, then the Authority must ensure that at least 50 percent 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 percent or less of the AMI until the Authority demonstrates compliance with the Extremely-Low Income requirement. This

information is required to be reported in 2019 for the 2014–19 period, or ending June 30, 2019. No LMIHAF funds were expended.

- X. Senior Housing Test:** This section provides the percentage of units of deed restricted rental housing restricted to seniors and assisted individuals or jointly by the Authority, its former redevelopment agency, and its host jurisdiction within the previous ten years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Authority, its former redevelopment agency and its host jurisdiction within the same period.

For this Report the ten-year period is January 1, 2004 to January 1, 2014.

The Authority is to calculate the percentage of units of deed-restricted rental housing restricted to seniors and assisted by the Authority, the former redevelopment agency and/or the City within the previous ten years in relation to the aggregate number of units of deed-restricted rental housing assisted by the Authority, the former redevelopment agency, and/or City within the same time period. If this percentage exceed 50%, then the Authority cannot expend future funds in the LMIHAF to assist additional senior housing units until the Authority or City assists and construction has commenced on a number of restricted rental units that is equal to 50 percent of the total amount of deed-restricted rental units.

<b>Vallejo Senior Housing Test</b>	<b>January 1, 2004 through January 1, 2014</b>
Number of Assisted Senior Rental	443
Number of Total Assisted Rental Units	683
<b>Senior Housing Percentage</b>	<b>64.8</b>

- XI. Surplus Test:** This section provides the amount of excess surplus in the LMIHAF, if any, and the length of time that the Authority has had surplus, and the Authority’s plan for eliminating the 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 in to the account during the Authority’s preceding four Fiscal Years, whichever is greater.

**Surplus Test for FY 2018-19:**

Beginning Fund Balance as of 6-30-18	\$2,041,045
Deposits:	
Principal payments	\$186,858
Interest payments	\$102,206
Investment Income	\$41,683
20% Set-Aside from Annual City/Agency Loan Repayments	\$408,588
Less:	
Expenditures	<u>\$5,000</u>
Ending Fund Balance as of 6-30-18	\$2,441,633
Less: Encumbrance (Sacramento Street Permanent Supportive Housing Project)	<u>\$1,600,000</u>
<b>Unencumbered Fund Balance as of 6-30-2019</b>	<b><u>\$841,633 A</u></b>
Limitation (Greater of \$1,000,000 or four years of deposits)	
FY 2015-16	\$401,430
FY 2016-17	\$667,276
FY 2017-18	\$429,478
FY 2018-19	<u>\$405,588</u>
<b>Total Prior Year Deposits</b>	<b><u>\$1,903,772</u></b>
<b>Base limitation</b>	<b><u>\$1,000,000</u></b>
<b>Greater of \$1,000,000 or total deposits</b>	<b><u>\$1,903,772 B</u></b>
<b>Computed Excess / Surplus (A-B)</b>	<b><u>None</u></b>

The LMIHAF does not have an Excess Surplus. For the past four fiscal years, the unencumbered amount in the LMIHAF has not exceeded the aggregated amount deposited in the fund. The Housing Successor has been in existence for

eight years. Based upon the deposits received during the preceding four years, the LMIHAF has no Surplus.

As shown above, in June 2018, the Housing Authority committed \$1.6 million from the LMIHAF to Eden Housing, Inc. for the development of permanent supportive housing for homeless persons at Sacramento Street, Vallejo. These funds will be expended by or before June 30, 2021.

**XII. Inventory of Homeownership Units:** This section provides an inventory of homeownership units assisted by the former redevelopment agency or the Housing Successor that is subject to covenants or restrictions, or to an adopted program that protects the former redevelopment agency's investment of monies from the LMIHAF pursuant to subdivision (f) of Section 33334.3.

Number of units	3
Number of units lost to the LMIHAF after February 1, 2012	0
Funds returned to LMIHAF	\$0
Contracts with outside entities for management of units	0





**DATE:** December 17, 2019  
**TO:** Chair and Members of the Vallejo Housing Authority Board  
**FROM:** Judy Shepard-Hall, Housing and Community Development Division Manager  
**SUBJECT: HOUSING SUCCESSOR AGENCY ANNUAL REPORT REGARDING THE LOW AND MODERATE INCOME HOUSING ASSET FUND FOR FISCAL YEAR 2018-19**

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**RECOMMENDATION**

Approve the Vallejo Housing Authority (VHA) Housing Successor Agency Annual Report ("Report") Regarding the Low and Moderate Income Asset Fund (LMIHAF) for Fiscal Year (FY) 2018-19 and direct staff to: (1) forward the Report to the California Department of Housing and Community Development by no later than December 31, 2019, and (2) post the Report to the City of Vallejo's website.

**REASONS FOR RECOMMENDATION**

Housing Successor Agencies are required to provide an Annual Report to their governing bodies and to the California Department of Housing and Community Development within six months after the end of the fiscal year. This independent audit of the LMIHAF may be included in the jurisdiction's Comprehensive Annual Financial Report.

**BACKGROUND AND DISCUSSION**

In December, 2019 the Vallejo City Council is scheduled to approve the City of Vallejo's Comprehensive Annual Financial Report (CAFR) for FY 2018-19. The Independent Audit of the LMIHAF will be contained within the CAFR. The City must adhere to expenditure limits and annual reporting related to housing assets of the former Vallejo Redevelopment Agency that are now held by the Housing Successor, the VHA. A copy of the Housing Successor Annual Report for FY 2018-19 (Report) is attached. The Report requires review by the VHA Board, and then submission to the California Department of Housing and Community Development by no later than December 31, 2019.

From January 1, 2004 to January 1, 2014, 64.8 percent of all deed-restricted housing created with assistance from the former Redevelopment Agency were senior residential units. Pursuant to California law, the VHA may not expend any additional funds from the LMIHAF to assist seniors until the total number of all assisted rental housing units reaches 50 percent. The purpose of this State regulation is to ensure equitable housing affordability among all populations.

The Report highlights activities and assets for FY 2018-19, based on the Independent Audit. The Report outlines that the VHA's responsibilities, acting as Successor Agency, are primarily loan administration and repayment. In addition, there are no outstanding replacement or inclusionary housing obligations as defined by the Five-Year Implementation Plan (FY 2009-10 through FY 2013-14) for the Vallejo Redevelopment

**Subject: HOUSING SUCCESSOR AGENCY ANNUAL REPORT REGARDING THE LOW AND MODERATE INCOME HOUSING ASSET FUND FOR FISCAL YEAR 2018-19**

Agency, approved in July 2010 per Resolution No. 10-011.

As part of the annual reporting, the City must complete a surplus test to compute the amount of excess/surplus by deducting encumbrance projects from the ending fund balance and then adding the unencumbered balance from the past fiscal years.

In June, 2018 a total of \$1.6 million in LMIHAF funds were earmarked for the construction of permanent supportive housing units for homeless Vallejo residents, pursuant to a Loan Agreement between the Housing Authority and Eden Housing, Inc. for the development of properties located at 2118 and 2134-36 Sacramento Street. The Sacramento Street site was acquired by the City of Vallejo in December, 2017.

Finally, the Report indicates that the Successor Agency has accumulated a total fund balance from the prior year deposits of \$2.4 million in LMIHAF as of June 30, 2019.

**FISCAL IMPACT**

This action does not require funding, and will therefore have no fiscal impact on the City of Vallejo's General Fund.

**ENVIRONMENTAL REVIEW**

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

**ATTACHMENTS**

1.	Housing Successor Agency Report 2018-19
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**CONTACT**

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