

Attachment A
ANNUAL REPORT
REGARDING THE LOW AND MODERATE INCOME HOUSING ASSET FUND
FOR FISCAL YEAR 2018-2019
PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)
FOR THE SANTA MONICA 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 sets forth certain details of the Santa Monica Housing Successor (Housing Successor) activities during fiscal year 2018-2019 (Fiscal Year). 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 conforms with and is organized into sections I. through XI. inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

I. Amount the City received from City-Agency loans

This section provides the total amount of funds received from repayment of City-Agency loans during the Fiscal Year pursuant to Section 34191.4(b)(3)(A).

The City received \$15,668,648 pursuant to 34191.4(b)(3)(A) from the repayment of City-Agency loans during the Fiscal Year.

II. Amounts Deposited into LMIHAF

This section provides the total amount of funds deposited into the LMIHAF during the Fiscal Year, distinguishing between amounts deposited pursuant to 34191.4(b)(3)(B) and 34191.4(b)(3)(C), amounts deposited for other items listed on the Recognized Obligation Payment Schedule (ROPS), and other amounts deposited.

A total of \$3,133,730 was deposited into the LMIHAF pursuant to 34191.4(b)(3)(B) and 34191.4(b)(3)(C) during the Fiscal Year. Of the total funds deposited into the LMIHAF, \$0 was deposited for held for items listed on the ROPS. Other amounts deposited into the LMIHAF during Fiscal Year were \$469,349 from residual receipts and interest income.

III. 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.

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$7,233,722 of which \$0 was held for items listed on the ROPS.

IV. 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.

The following table provides the description of expenditures from the LMIHAF by category.

Expenditure Description	Amount
Monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the redevelopment agency or housing successor. Includes expenditures for administration of affordable housing activities.	\$ 10
Homeless Prevention and rapid rehousing services	\$ 0
Development of affordable housing pursuant to 34176.1(a)(3)(A)	\$ 5,542,175
Total LMIHAF Expenditures	\$ 5,542,185

V. 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.

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 purchased by the Housing Successor. Further, the value of loans and grants receivable is included in the reported assets held in the LMIHAF.

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

Description	Amount
Statutory Value of Real Property	\$ 11,635,000
Value of Loans and Grants Receivable	\$ 152,632,983
Total Value of Housing Successor Assets	\$ 164,267,983

VI. Description of Transfers

This section describes transfers, if any, to another housing successor agency made in previous fiscal years, 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.

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

VII. 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.

VIII. Status of Compliance with Section 33334.16

This section provides a status update on compliance with Section 33334.16 for interests in real property acquired by the former redevelopment agency prior to 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 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 table provides a status update on the real property acquired by the former redevelopment agency prior to February 1, 2012 and transferred to the Housing Successor.

Property Address	Date Acquired	DOF Approved Transfer Date	Status as of June 30, 2019
1725 Ocean Avenue	4/11/2000	10/2/2013	The property was developed with 160 affordable apartments.
1751 Cloverfield Bld.	10/3/2003	10/2/2013	The property was developed as congregate housing and emergency shelter providing 55 affordable beds.
2018 19th Street	6/26/2009	10/2/2014	Sale of the property is underway. All sales proceeds will be deposited in the LMIHAF.

IX. 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 how the Housing Successor plans to meet unmet obligations, if any.

There are no outstanding inclusionary or replacement housing obligations pursuant to Section 33413. The former Redevelopment Agency’s Implementation Plan is posted on the City’s website at:

http://www.smgov.net/uploadedFiles/Departments/HED/Housing_and_Redevelopment/RDA/Attach%20A%202009%205%20Yr%20Implementation%20Plan%20-%20FINAL.pdf

X. Income Test

This section provides the information required by Section 34176.1(a)(3)(B), or a description of expenditures by income restriction for a five-year period, with the period beginning January 1, 2014 and whether the statutory thresholds have been met. However, reporting of the Income Test is not required until 2019.

All funds expended during the five-year period beginning January 1, 2014 and ending June 30, 2019 were for the development of housing affordable to and occupied by households earning 80 percent of less of the area median income. The following table provides the expenditures by income restriction pursuant to Section 34176.1(a)(3)(B).

Income Restriction	Statutory Threshold	Expenditures	Percent of Total
30% of AMI or less	At least 30%	\$ 2,799,099	46%
50% of AMI or less	None	\$ 3,032,667	49%
80% of AMI or less	No more than 20%	\$ 314,368	5%
Total		\$ 6,146,133	100%

XI. Senior Housing Test

This section provides the percentage 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 ten 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 following table provides the Housing Successor’s Senior Housing Test for the ten-year period from July 1, 2009 through June 30, 2019.

Description	Amount
Number of Assisted Senior Rental Units	94
Number of Total Assisted Rental Units	291
Senior Housing Percentage	32%

XII. Excess Surplus Test

This section provides the amount of Excess Surplus in the LMIHAF (defined as unencumbered funds exceeding one million or the aggregate amount deposited in the fund over the preceding three fiscal years, whichever is greater), 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 calculates the excess surplus per the Health and Safety Code definition, which states that “the ‘excess surplus’ shall mean 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 table provides the calculation of the Excess Surplus test.

Description	Amount
LMIHAF Balance	\$ 7,233,722
Less Encumbrances	\$ (6,785,187)
Unencumbered balance	\$ 488,534
Less the greater of \$1,000,000 or the aggregate amount deposited into the account during the housing successor’s preceding four fiscal years, whichever is greater	\$ (8,322,901)
Excess Surplus	\$ 0

XIII. Inventory of homeownership units

This section provides an inventory of homeownership units that were assisted by the former Redevelopment Agency or Housing Successor that are subject to covenants or restrictions or to an adopted program that protects the investment of moneys from the LMIHF pursuant to Section 33334.3(f) and includes any losses of units to the portfolio, funds returned to the Housing Successor, and whether an outside entity has been contracted to manage these units.

The Housing Successor does not have any homeownership units that were assisted by the former Redevelopment Agency or the Housing Successor.