Sonoma County Community Development Commission
Sonoma County Housing Authority
1440 Guerneville Road, Santa Rosa, CA 95403-4107

FY 2013-14 Housing Successor Agency Annual Report

As of February 1, 2012, the Sonoma County Community Development Commission (CDC), as parent entity of the Sonoma County Housing Authority, became the Housing Successor for the former redevelopment agencies of the County and the cities of Sebastopol and Sonoma. All encumbered housing assets of the three former redevelopment agencies were transferred to the CDC. 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 California Health & Safety Code (HSC) Sections 33330 et seq.

As of FY 2013-14, HSC Section 34176.1(f) requires that the Housing Successor to conduct, and provide to its governing body, an independent financial audit of the LMIHAF within six months after 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 CDC's FY 2013-14 Financial Audit Report is attached to this Annual Report. All other required information is presented below.

(1) Reporting Requirement: The amount deposited to the Low- and Moderate-Income Housing Asset Fund (LMIHAF), distinguishing any amounts deposited for items listed on a Recognized Obligation Payment Schedule (ROPS) from other amounts deposited.

Amount deposited to the LMIHAF during FY 2013-14	
Deposits for ROPS items	$ 0
Deposits from Village Green II (See Note 1)	$595,445
All Other Deposits	$933,858

NOTE 1: The LMIHAF includes a sub-fund for the Village Green II apartment complex, which is subsidized through a United States Department of Agriculture (USDA) Rural Rental Housing Program loan and monthly rental assistance payments. Village Green II is therefore governed by USDA regulations, which restrict the use of income from the development for management and maintenance of the property. The LMIHAF's Village Green II sub-fund tracks all receipts and expenditures for this property separately to ensure compliance with the USDA regulations prohibiting use of these funds for any other purpose.

(2) *<u>Reporting Requirement</u>: 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 from other amounts.*

Balance in LMIHAF as of 6/30/2014	
Balance Held for ROPS Items	$ 0
Balance Held for Village Green II (See Note 1)	$1,045,711
Balance Available for All Other Uses	$1,226,392

(3) *<u>Reporting Requirement</u>: 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 34176.1(a)(2) and (3), (B) Homelessness prevention and rapid re-housing services described in HSC Section 34176.1(a)(2), and (C) Development of housing pursuant to HSC Section 34176.1(a)(3).*

FY 2013-14 Expenditures from the LMIHAF by Category	
A. Monitoring/Preservation of Affordability Restrictions & Administration of Category B & C activities (See Note 2)	$143,941
B. Homelessness Prevention & Rapid Re-Housing	$0
C. Housing Development	$124,444
D. Village Green II Expenses (See Note 1)	$233,613

NOTE 2: Per HSC Section 34176.1(a)(1), the Housing Successor may expend up to an amount equal to 2 percent of the statutory value of real property owned by the Housing Successor and of loans and grants receivable. If this amount is less than $200,000 in any fiscal year, the housing successor may expend up to $200,000 for these purposes. As noted under Reporting Requirement 4, below, the value of Housing Successor real property and loans receivable in FY 2013-14 was $29,979,199. Therefore, the Housing Successor may expend up to $599,584 for Category A costs during FY 2013-14.

(4) *<u>Reporting Requirement</u>: 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 (See Note 3)	$10,827,286
Value of loans and grants receivable	<u>$19,151,913</u>
Sum of these two amounts	<u>$29,979,199</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.

(5) *Reporting Requirement: 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.* (See Note 4)

Transfers made in previous fiscal year	None
Unencumbered funds transferred in earlier fiscal years	None
Description and status of any project with transferred funds	Not Applicable

NOTE 4: This Section refers to transfers of LMIHAF revenues made between two or more housing successor agencies within a county, within a single metropolitan statistical area, within 15 miles of each other, or in contiguous jurisdictions, for the sole purpose of developing transit priority projects, permanent supportive housing, housing for agricultural employees, or special needs housing. There are a number of conditions that must be met for this type of transfer to be permitted.

(6) *Reporting Requirement: 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 has not received, nor holds any previously received, property tax revenue pursuant to any Recognized Obligation Payment Schedule during FY 2013-14.

(7) *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.* (See Note 5)

Real property acquired by former RDA prior to 2/1/2012	
Single-family home, 7991 Covert Lane, Sebastopol	In service as rental for low-income households.
Single-family home, 6855 Walker Ave, Sebastopol	In service as rental for low-income households.
Village Green II, 650 4th Street, Sonoma City	In service as rental for low-income households.
Vacant 2.0 acre lot, 20269 Broadway, Sonoma City	No activity to date.
Vacant 0.3 acre lot, 650 W. Spain Street, Sonoma City	Sold 5/2013. Funds deposited to LMIHAF in FY 2012-13.
Former Sheriff Substation, 16717 Hwy 12, Sonoma Valley	Sold. Funds deposited to LMIHAF.
Roseland Village, 665 Sebastopol Road, Roseland	Environmental remediation work in progress.
No real property was acquired by Housing Successor on or after 2/1/2012.	

Note 5: HSC Section 33334.16, as revised by HSC Section 34176.1(e), states that within 5 years of the date on which the Dept of Finance approved the real property as a housing asset, the Housing Successor must initiate activities consistent with the development of the property for that purpose. If not initiated within 5 years, a single 5-year extension can be granted by the legislative body by resolution. If development has not begun by the end of the extended period, the property must be sold and funds deposited into the LMIHAF. The approved Housing Asset Transfer lists were submitted to Finance on August 1, 2012, so acquisition date is considered to be that date.

(8) <u>Reporting Requirement</u>*: 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.* (See Note 6)

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

The most current Five-Year Implementation Plans of the former redevelopment agencies are attached.

Note 6: HSC Section 33413 established replacement and affordable housing production requirements for redevelopment agencies. These provisions mandate that low- and moderate-income housing removed by the former redevelopment agency be replaced, and require that 15% of new housing constructed in the redevelopment project area be affordable to very low-, low-, and moderate-income households.

(9) <u>Reporting Requirement</u>*: The information required by HSC Section 34176.1(a)(3)(B).* (See Note 7)

Per HSC Section 34176.1(a)(3)(A) this reporting requirement begins in 2019.

NOTE 7: HSC Section 34176.1(a)(3)(A) requires the Housing Successor to spend at least 30% of funds used for housing development for rental housing affordable to and occupied by households earning 30% 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. HSC Section 34176.1(a)(3)(B) specifies actions to be taken by the Housing Successor if it is not in compliance with this requirement.

(10) <u>Reporting Requirement</u>*: 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.* (See Note 8)

Percentage of assisted rental units restricted to seniors	19.8%
Percentage of assisted rental units restricted to seniors or other adults who are veterans or disabled.	23.1%

NOTE 8: HSC Section 34176.1(b) requires that at least 50% of the units of deed restricted rental housing that are assisted individually or jointly by the Housing Successor, the former redevelopment agencies, and their host jurisdictions within the previous 10 years must be available to all persons, regardless of age.

(11) *Reporting Requirement: The amount of any excess surplus, the amount of time that the successor agency has had any excess surplus, and the housing successor's plan for eliminating the excess surplus.* (See Note 9)

Amount of Excess Surplus	$0.00
Time Successor Agency has had excess surplus	Not Applicable
Plan for eliminating the excess surplus:	Not Applicable

NOTE 9: HSC Section 34176.1(d) defines "excess surplus" to mean an unencumbered amount in the LMIHAF that excedes the greater of $1 million or the aggregate amount deposited into the LMIHAF during the Housing Successor's preceding four fiscal years.