

CITY OF SAN BUENAVENTURA

SENATE BILL 341 ANNUAL REPORT

Low-Moderate Housing Fund

For the fiscal year ending June 30, 2018

**REPORT ON THE LOW AND MODERATE INCOME HOUSING ASSET FUND
FOR FISCAL YEAR ENDING JUNE 30, 2018
PURSUANT TO
SECTION 34176.1(F)
OF THE
CALIFORNIA HEALTH AND SAFETY CODE
FOR THE
CITY OF SAN BUENAVENTURA’S LOW-MODERATE INCOME HOUSING FUND**

Introduction

The dissolution of California redevelopment agencies in 2012 resulted in a dramatic change to property tax finance. It eliminated the major source of local publicly generated dollars earmarked for affordable housing. Successor housing entities have been left in a challenging position – the need for affordable housing is greater than ever, yet a key funding source no longer exists.

On January 31, 2012, the City of San Buenaventura (City) elected to become the Successor Housing Agency (Successor Housing Agency) to the former Redevelopment Agency of the City of San Buenaventura and assumed its housing functions. Most of the Successor Housing Agency’s assets were transferred from the former Redevelopment Agency of the City of San Buenaventura (Redevelopment Agency) when it dissolved pursuant to the Dissolution Act (enacted by Assembly Bills x1 26 and 1484). All “rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the agency, including any amounts in the Low- and Moderate-Income Housing Fund” were transferred from the former Redevelopment Agency to the Successor Housing Agency. Although the Successor Housing Agency inherited the Redevelopment Agency’s housing assets and functions, it does not have an ongoing financing mechanism to maintain them. The former Redevelopment Agency primarily funded projects with redevelopment tax increment, which was abolished with the dissolution of redevelopment.

The Redevelopment Agency prepared a Housing Asset Transfer Form, which provided an inventory of all assets received in the mandatory transfer of assets following the dissolution of redevelopment. All items on the Housing Asset Transfer Form were approved by the California Department of Finance (DOF) on September 7, 2012.

Reporting Requirements of Senate Bill 341

The following Report on the Low-and Moderate-Income Housing Asset Fund (LMIHAF) (Report) has been prepared pursuant to Section 34176.1 (f) of the California Health and Safety Code (Code) and is dated December 28, 2017. This Report sets forth certain details of LMIHAF activities performed by the City as Successor Housing Agency during Fiscal Year ending June 30, 2018 (Fiscal Year). The purpose of this Report is to provide the required annual report on the housing assets and activities of the Successor Housing Agency under Part 1.85, division 24 of the Code, in particular Code section 34176 and 34176.1 (Dissolution Law).

The following Report is based upon information contained within the City of San Buenaventura's 2017-2018 Comprehensive Annual Financial Report (Audit) for Fiscal Year ended June 30, 2018 as prepared by White Nelson Diehl Evans, LLP (www.cityofventura.ca.gov) and conforms with and is organized into the following 12 sections pursuant to Code 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.
- 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 held for items listed on the ROPS must be distinguished from the other amounts held in the LMIHAF.
- III. Description of Expenditures from LMIHAF: This section provides the description of the expenditures made from the LMIHAF during the Fiscal Year by category. While not specifically required by Code section 34176.1(f), beginning in 2019, and every five years thereafter, this section will also provide the status of the Successor Housing Agency's compliance with the expenditure limits set forth in Code section 34176.1(a)(3)(A). In addition, the Successor Housing Agency may provide a status update in each annual report regarding its compliance with Code section 34176.1(a)(3)(A) in this Report for informational purposes.
- IV. Value of Real Property and Loans and Grants Receivable Held by Successor Housing Agency: This section provides the statutory value of real property owned by the Successor Housing Agency, the value of loans and grants receivable, and the sum of these two amounts.
- V. Description of Transfer to Other Successor Housing Agencies: This section describes any transfers from the LMIHAF to another housing successor made in previous Fiscal Years pursuant to Code section 34176.1(c)(2), including whether the funds are unencumbered and the status of any projects for which the transferred funds 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 Successor Housing Agency receives or holds property tax revenue pursuant to the ROPS and the status of that project.
- VII. Status of Compliance with Code section 33334.16: For interests in real property acquired by the former redevelopment agency prior to February 1, 2012, this section provides a status update on compliance with Code section 33334.16. For interests in real property acquired on or after February 1, 2012, this section provides a status update the project.

- VIII. Description of Outstanding Obligations Pursuant to Code section 33413: This section describes any outstanding inclusionary and replacement housing obligations pursuant to Code section 33413 that remained to transfer to the Successor Housing Agency on February 1, 2012, the Successor Housing Agency’s progress in meeting those obligations, and the Successor Housing Agency’s plans to meet unmet obligations.
- IX. Status of Compliance with Code section 34176(a)(3)(B) and (C): This section provides the information required by Code section 34176(a)(3)(B) and (C), which only applies in 2019 and every five years thereafter, and only if it is determined that the expenditure restrictions of Code section 34176.1(a)(3)(A) have not been met during the preceding five fiscal years.
- 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 Successor Housing Agency, 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 Successor Housing Agency, its former redevelopment agency and its host jurisdiction within the same time period.
- XI. Excess Surplus Test: This section provides the amount any excess surplus as defined in Code section 34176.1(d), the amount of time that the Successor Housing Agency has such excess surplus, and the Successor Housing Agency’s plan for eliminating the excess surplus.
- XII. Inventory of Homeownership Units: This section provides an inventory of homeownership units assisted by the former redevelopment agency of the Successor Housing Agency that are subject to covenants and restrictions or to an adopted program that protects the former redevelopment agency’s investment of affordable housing funds pursuant to subdivision (f) of section 33334.3.

This Report shall be provided to the Successor Housing Agency’s governing body and included in the report required under California Government Code section 65400. This Report is available to the public on the City’s website under at www.cityofventura.ca.gov/156/Finance-Technology under Financial Transparency. In addition, the former redevelopment agency’s pre-dissolution implementation plans are available to the public on the City’s website at: <https://www.cityofventura.ca.gov/554/Redevelopment-Agency>.

I. AMOUNT DEPOSITED INTO LMIHAF

According to the Audit, a total of \$129,029¹ was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, a total of \$47,032² was deposited for items on the ROPS.

¹ Deposits are comprised of interest payments received on affordable housing loans receivable & SERAF repayment.

² Deposit from repayment of Supplemental Educational Revenue Augmentation Fund (SERAF) loan

| | FY 2017/18 Totals | % of Total |
|---|------------------------------|-----------------------|
| Loan Payments | \$ 80,055 | 36% |
| SERAF Loan Repayment (from ROPS) | 47,032 | 62% |
| Interest Income | 1,942 | 2% |
| Miscellaneous Income | | |
| Total LMIHAF Deposits | \$ 129,029 | 100% |

II. ENDING BALANCE OF LMIHAF

Pursuant to the Audit, at the close of the Fiscal Year, the ending fund balance in the LMIHAF was \$5,095,444 of which \$ -0- is held for items on the ROPS. However, only \$209,125 is available as Current Assets, the remaining amount is comprised of Long-Term Loans Receivable (Other Assets) of \$6,732,220 less Liabilities of \$1,845,901.

III. DESCRIPTION OF EXPENDITURES FROM LMIHAF

The following is a description of expenditures from the LMIHAF and Successor Agency's low-moderate bond proceeds used for 34176.1(a)(3)(A) projects by category:

| Description | LMIHAF | Total |
|--|-----------------|-----------------|
| Monitoring & Administration Expenditures* | \$47,650 | \$47,650 |
| <i>*May not exceed 5% of loans/grants receivable – or \$200,000 minimum</i> | | |
| Homeless Prevention and Rapid Rehousing Services Expenditures** | \$ -0- | \$ -0- |
| <i>** May not exceed \$250,000 /yr once obligations pursuant to Section 33413 and 33418 are fulfilled.</i> | | |
| Housing Development Expenditures | \$ -0- | \$ -0- |
| Low Income Units (80% to 60% of AMI) | | |
| Very-Low Income Units (31% to 59% of AMI) | | |
| Extremely-Low Income Units (30% or Less AMI) | | |
| Total LMIHAF Expenditures in Fiscal Year | \$47,650 | \$47,650 |

For housing development expenditures pursuant to 34176.1(a)(3)(A), the statute narrows the permissible expenditures on low income units to households earning 80% area median income (AMI) or lower.

IV. VALUE OF REAL PROPERTY AND LOANS AND GRANTS RECEIVABLE HELD BY THE HOUSING SUCCESSOR

This section includes the statutory value of real property owned by the Successor Housing Agency, the value of the Successor Housing Agency’s loans and grants receivable, and the sum of these two amounts.

Under the Dissolution Law and for purposes of this Report, “statutory value of real property” means the value of properties formerly held by the former redevelopment agency as listed on the housing asset transfer form approved by the Department of Finance pursuant to Code section 34176(a)(2), the value of the properties transferred to the Successor Housing Agency pursuant to Code section 34181(f), and the purchase price of properties purchased by the Successor Housing Agency.

| Statutory Value of Real Property Owned by Successor housing agency | Book Value As of End of Fiscal Year |
|---|--|
| Capital Assets | \$ -0- |
| Land Held for Resale | \$ -0- |
| Total Real Property Owned by Successor Housing Agency | \$ -0- |
| Value of Loans and Grants Receivable | \$ 6,732,220 |
| Total Value of Real Property and Loans and Grants Receivable | \$ 6,732,220 |

V. DESCRIPTION OF TRANSFERS

The Successor Housing Agency did not make any LMIHAF transfers to other housing successors pursuant to Code section 34176.1(c)(2) during the Fiscal Year.

VI. PROJECT DESCRIPTIONS

There are no project descriptions available since the Successor Housing Agency does not receive nor hold property tax revenue pursuant to the ROPS.

VII. STATUS OF COMPLIANCE WITH CODE SECTION 33334.16

Code section 33334.16 requires that real property acquired using affordable housing funds must initiate activities consistent with the development of the property for the purpose for which it was acquired within five years from the date it first acquired the property, which five year period may be extended for an additional five years by a resolution adopted by the local agency’s legislative body. Pursuant to Code section 34176.1(e), these time periods are now deemed to have commenced as of

the date the Department of Finance approved the property as a housing asset, which occurred on November 14, 2012. These time periods apply only to interest in real property acquired by the former redevelopment agency before February 1, 2012.

The Successor Housing Agency did not acquire any real property prior to February 1, 2012 nor since February 1, 2012. However, to comply with this section for future reporting, the following table will be updated annually.

| Acquisition Date | Compliance Date | Initiated Activity | Property | Purpose |
|------------------|-----------------|--------------------|-----------------|---------|
| 02/01/2014 | 02/01/2019 | | No Acquisitions | |
| 02/01/2015 | 02/01/2020 | | No Acquisitions | |
| 02/01/2016 | 02/01/2021 | | No Acquisitions | |
| 02/01/2017 | 02/01/2022 | | No Acquisitions | |
| 02/01/2018 | 02/01/2023 | | No Acquisitions | |

VIII. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing: According to the former redevelopment agency’s various Implementation Plans, ranging from 2005-2010 to 2010-2015, no replacement housing obligations were transferred to the Successor Housing Agency. In an effort to eliminate blighting conditions, the former redevelopment agency activities up to 2010 resulted in the demolition of 29 low- and moderate-income units.² These units included 22 demolished for Mission Plaza shopping center and Garden Estates, another 6 for the State Court of Appeals project and 1 for the WĀV project³. The former redevelopment agency was compliant in replacing the 29 removed units through funding for 98 affordable units. Replacement units included 26 in the Garden Estates project, and additional 3 units at Rose Garden and 69 affordable units at the WĀV Project.

Inclusionary / Production Housing: Under the current dissolution laws, it is unclear if the inclusionary / production housing obligation should be reported by individual project areas or to aggregate the LMIHAF without regard to project area. The provisions of AB 26 no longer segregate the LMIHAF by project boundaries. The concept of tax increment has been abolished as of February 1, 2012 and is now simply regarded as property tax revenue.

Per the 2010-2015 Implementation Plan, the former redevelopment agency’s Board adopted an inclusionary housing resolution (Resolution) for the Merged Project Area in April 2004. The Resolution required new residential developments of seven or more units to allocate 15 percent of the units for affordable to low- and moderate-income households, of which at least six percent of the total units must be available to very low-income households.

² The 29 units contained 54 bedrooms.

³ Project construction dates: Mission Plaza shopping center (1984); Garden Estates (1987); State Court of Appeals (1993); WĀV Project (2009).

This requirement ensured that future developments in the downtown met the former redevelopment agency’s mandate for affordable housing production. Translated, this meant of the Merged Project Area’s 612 future development housing units, a total of 55 units were to be made available and affordable to very low-, low- and moderate-income households.⁴

| Affordable Unit Requirement | # of Units |
|--|----------------------------------|
| Total Proposed Units per 2010-2015 Implementation Plan | 612 |
| Less units assumed to be completed AFTER 2015 | (245) |
| Net Units | 367 |
| 15% Affordability Component Requirement | 55 (affordable units) |
| Affordable Units: Very Low Income | 22 (15% of affordable units) |
| Affordable Units: Low- to Moderate-Income | 33 (balance of affordable units) |

The former redevelopment agency’s Implementation Plans are posted on the City of Ventura’s website at <https://www.cityofventura.ca.gov/554/Redevelopment-Agency>.

The Successor Housing Agency is committed to supporting the goals, policies, and programs presented in the City’s adopted 2014-2021 Housing Element. However, these goals do not constitute Successor Housing Agency requirements and are presented here as context and background information only. The City has five main goals with respect to housing:

- Goal 1: Maintain and improve the quality of existing housing and residential neighborhoods in Ventura.
- Goal 2: Facilitate the provision of a range of housing types to meet the diverse needs of the community.
- Goal 3: Provide adequate housing sites through appropriate land use and zoning designations to accommodate the City’s share of the regional housing needs.
- Goal 4: Mitigate or remove any potential government constraints to housing production and affordability.
- Goal 5: Promote equal opportunity for all residents.

Per the City of San Buenaventura’s (City) General Plan and Housing Element, the City will continue to encourage infill development, adaptive re-use, and private redevelopment consistent with plans, goals and objectives of the City through its Housing Element. However, the former redevelopment housing set aside funds, an important source of affordable housing funds, is not available on an annual basis to assist in the development of affordable housing. These funds were used to support affordable housing development in one or more of the following income categories; extremely low-, very low-, low- and moderate-income housing. The City’s set aside funds prior to redevelopment’s dissolution totaled approximately \$600,000 annually.

Although no new funding source has been identified to permanently replace these redevelopment set-aside funds, under the Dissolution Law, a contribution to the City’s LMIHAF will be made through the repayment of the Supplemental Education Revenue Augmentation Fund (SERAF) loan and the

⁴ Redevelopment Agency of the City of San Buenaventura 2010-0215 Implementation Plan Table 9: Future Developments (p 20).

repayment of the Line of Credit loan between the City and the former Redevelopment Agency (if approved by the County of Ventura Consolidated Oversight Board and California Department of Finance). The SERAF repayment is \$1.3 million and the total amount is to be repaid to the Successor Housing Agency's LMIHAF while 20% of the Line of Credit loan repayment is to be paid to the Successor Housing Agency's LMIHAF. The calculation and repayment timing of both loan amounts is complex and it is unknown at this point in time exactly how long it may take to realize the full contribution. Also, some of the Successor Housing Agency's Loans Receivables have terms of residual receipts repayment which may realize revenue to the Successor Housing Agency over time.

There are several housing programs to address the City's unmet housing needs and could be tools for the Successor Housing Agency to meet the above mentioned 55 unit obligation. These programs consist of the following and are detailed in the City's 2014-2021 Housing Element⁵:

- **Conservation of the Existing Supply of Housing**
 - Housing Preservation Loan Program
 - Housing Code Enforcement Program
 - Condominium Conversion Ordinance
 - Section 8 Rental Assistance
 - Preservation of Assisted Housing
 - Mobile Home Park Rent Stabilization Ordinance
 - Mobile Home Park Preservation
 - Mobile Home Park Resident Ownership Program
 - Mobile Home Rehabilitation Grant Program
 - Rental Acquisition & Rehabilitation Program

- **Production of Housing**
 - Workforce Housing
 - Homebuyer Assistance
 - Inclusionary Housing Ordinance
 - Second Units
 - Non-Traditional Housing
 - Other Housing Funding Options

- **Provision of Adequate Housing Sites**
 - 10-Year Strategy to End Homelessness
 - Infill First Strategy
 - Transitional/Supportive Housing & Emergency Shelters
 - Farm Worker Housing
 - Adaptive Reuse Ordinance
 - Use of City-Owned/Publicly-Owned Land for Affordable Housing

- **Removal of Governmental Constraints**
 - Affordable Housing Program
 - Streamlined Processing Procedures

⁵ Access to the City's Housing Element can be located at <http://www.cityofventura.net/cd/planning>

- Streamlining 100% Affordable Projects tied to Finance Funding Cycles
- **Equal Housing Opportunity**
 - Fair Housing Program

Once consistent funding to the LMIHAF is achieved, the proposed programs will be identified based on which program(s) will achieve the best results with the funding available.

IX. EXTREMELY LOW INCOME TEST

Code section 34176.1(a)(3)(A) requires that at least 30% of the funds remaining in the LMIHAF after the expenditures allowed pursuant to Code section 34176.1(a)(1) and (2) be expended for development of housing affordable to and occupied by households earning 30% or less of the area median income (AMI) (Extremely-Low Income Requirement). Under Code section 34176.1(a)(3)(B), if the Successor Housing Agency fails to comply with this Extremely-Low Income Requirements in any five year report beginning with the five year report to be in 2019, then the Successor Housing Agency must ensure that at least 50% of the remaining LMIHAF be expended in each fiscal year following the latest fiscal year following that five year report on households earning 30% or less of the AMI until the Successor Housing Agency demonstrates compliance with the Extremely-Low Income Requirement.

For informational purposes, the following provides the status of the Successor Housing Agency’s compliance with the Extremely-Low Income Housing Requirement as of the first year ending June 30, 2018:

| Extremely-Low Income Test | | |
|--|---------------|--------------|
| | LMIHAF | Total |
| Year 4 of 5 Year Test | | |
| LMIHAF Spent on Extremely-Low Income Units | \$ 0 | \$ 0 |
| Total LMIHAF Expenditures for Low Mod Units | \$ 0 | \$ 0 |
| Extremely-Low Income Text | 0% | 0% |

X. SENIOR HOUSING TEST

The Successor Housing Agency is to calculate the percentage of units of deed-restricted rental housing restricted to seniors and assisted by the Successor Housing Agency, 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 Successor Housing Agency, the former redevelopment agency and/or City within the same time period. Under Code section 34176.1(b), if this percentage exceeds 50%, then the Successor Housing Agency cannot expend future funds to assist additional senior housing units until the City, in its capacity as the Successor

Housing Agency or as host jurisdiction 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 assisted by the Successor Housing Agency, the former redevelopment agency and/or City within the time period described above.

The following provides the Successor Housing Agency’s Senior Housing Test for 10-year period of July 1, 2008 to June 30, 2018:

| Senior Housing Test | From July 1, 2008 to June 30, 2018 |
|--|---|
| # of Assisted Senior Rental Units | 0 |
| # of Total Assisted Rental Units | 115 |
| Senior Housing Percentage | 0% |

XI. EXCESS SURPLUS TEST

Excess Surplus is defined in Code 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 into the account during the Successor Housing Agency’s preceding four Fiscal Years, whichever is greater.

The following provides the Excess Surplus Test for the preceding four Fiscal Years:

| Available Housing Funds – FY 2017/18 | |
|---|------------|
| Available Housing Funds – FY 2017/18 | \$ 209,125 |

| Limitation on Available Housing Funds FY 2017/18 | |
|---|--------------------|
| Greater of: | |
| ➤ Base Amount | \$1,000,000 |
| ➤ Four Years of Deposits | |
| FY 2014/15 | 2,887 |
| FY 2015/16 | 17,941 |
| FY 2016/17 | 200,450 |
| FY 2017/18 | 129,029 |
| Total Deposits | \$ 350,307 |
| Limitation on Available Housing Funds | \$1,000,000 |

A total of \$350,307 has been deposited into the account during the previous four fiscal years so the greater amount of \$1,000,000 is to be used as the limitation figure. The ending cash balance in the account is \$209,125 (Current Assets). Therefore, the LMIHAF does not have an Excess Surplus.

XII. INVENTORY OF HOMEOWNERSHIP UNITS

This section provides an inventory of homeownership units assisted by the former redevelopment agency of the Successor Housing Agency that are subject to covenants and restrictions or to an adopted program that protects the former redevelopment agency's investment of affordable housing funds pursuant to subdivision (f) of section 33334.3.

No homeownership units were assisted by the former redevelopment agency of the Successor Housing Agency other than through the Homebuyer's Assistance Program where Low- and Moderate-Income Funds were used as 25% matching funds for HUD HOME funded down payment assistance loans. The matching funds are considered HOME funds until the City of Ventura is no longer a participating HOME jurisdiction. The total transferred to the Successor Housing Agency for the homeownership loan match is \$22,600 as of June 30, 2018.