

**HOUSING SUCCESSOR 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
MONROVIA HOUSING AUTHORITY**

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 as of December 6, 2019. This Report sets forth certain details of the Monrovia Housing Authority's (the 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 (the Dissolution Law).

The following Report is based upon information prepared by Housing Successor staff and information contained within the independent financial audit of the Low and Moderate Income Housing Asset Fund for Fiscal Year 2018-2019 as prepared by Lance, Soll, and Lunghard, Certified Public Accountants, LLP. The financial audit is separate from this annual summary report. Further, this Report conforms with Sections I. through XI. of 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.

Source of Deposit	Amount
Interest Earnings/Use of Money and Property	\$ 54,229
Contributions From the City of Monrovia for the MAP Program	\$ 146,630
Donations Received for the MAP Program	\$ 4,800
Proceeds From Sale of Capital Asset	\$ 0
Deposits Received for the Payment of ROPS Enforceable Obligations	\$ 0
Total Deposits Into LMIHAF	<u>\$ 205,659</u>

A total of **\$205,659** 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.

- 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.

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$4,209,209, of which **\$0** was being 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. The expenditures are to be categorized.

The following is a description of expenditures from the LMIHAF by category:

Type of Expenditure	Amount
Expenditures for Monitoring/Preserving/Administration	\$215,532
Homeless Prevention and Rapid Rehousing Expenditures	\$253,631
Housing Development Expenditures	\$ 0
MAP Community Outreach Activities	\$151,430
Total Expenditures From LMIHAF	<u>\$620,593</u>

- IV. 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 pursuant to Section 34176(a)(2), the value of the properties transferred to the Housing Successor pursuant to Section 34181(f), and the purchase price of properties purchased by the Housing Successor. Further, the value of loans and grants receivable should also be included in these reported assets held in the LMIHAF.

Asset Description	Amount
Notes and Loans Receivable	\$1,284,282
Deferred Rehabilitation and Second Trust Deed Loans Receivable	\$1,663,518
Advances to Monrovia Successor Agency (SERAF Loan)	\$2,551,385
Land Held for Resale (Statutory Value)	\$ 0
Total Value of Real Property and Loans/Grants Receivable	<u>\$5,499,185</u>

- 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.

The Housing Successor did not make any LMIHAF transfers to other housing successor(s) under Section 34176.1(c)(2) 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 did not receive or hold any property tax revenue pursuant to the ROPS during the Fiscal Year.

- VII. 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. For interests in real property acquired on or after February 1, 2012, this section provides a status update on the project.

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. For real property acquired by the former redevelopment agency that is now being 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 real property housing asset(s) that were acquired prior to February 1, 2012 and compliance with the five-year period:

Address of Property	Date Property Acquired	DOF Transfer Approval	Deadline To Initiate Activity	Status of Activity
N/A	N/A	N/A	N/A	No properties held at 6/30/19.

Section 34176.1 provides that Section 33334.16 does 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.

The following provides a status update on the project(s) for properties that have been acquired by the Housing Successor using LMIHAF on or after February 1, 2012:

No properties have been acquired by the Housing Successor after February 1, 2012.

- 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, if any, of the former redevelopment agency and how the Housing Successor plans to meet unmet obligations, if any.

Replacement Housing: According to the 2009-2010 through 2013-2014 Implementation Plan for the former redevelopment agency, there are no Section 33413(a) replacement housing obligations that have been transferred to the Housing Successor. The former redevelopment agency’s Implementation Plans are posted on the City’s website at www.cityofmonrovia.org.

Inclusionary/Production Housing: According to the 2009-2010 through 2013-2014 Implementation Plan for the former redevelopment agency, there are no Section 33413(b) inclusionary/production housing obligations that were transferred to the Housing Successor. The former redevelopment agency’s Implementation Plans are posted on the City’s website at www.cityofmonrovia.org.

- 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 a 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.

Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF to be expended for development of rental housing affordable to and occupied by households earning 30% or less of the area median income (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 for the 2014 – 2019 period.

For the five-year period, there were no funds expended for the development of housing; therefore, no funds were expended for rental housing affordable to and occupied by households earning 30% or less of the area median income (AMI).

- 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 reviewed is January 1, 2009 to January 1, 2018.

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 2009-2010 through 2018-2019:

Description	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18
# of Assisted Senior Rental Units	101	101	101	101	101	101	101	101	101	101
# of Total Assisted Rental Units	101	101	101	101	101	101	101	101	101	101
Senior Housing Percentage	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

- 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.

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 into the account during the Housing Successor’s preceding four fiscal years, whichever is greater.

Year	Amount
Fiscal Year 2014-2015	\$ 79,166
Fiscal Year 2015-2016	\$ 255,272
Fiscal Year 2016-2017	\$ 160,493
Fiscal Year 2017-2018	\$ 219,576
Total	\$ 714,507
Greater of \$1,000,000 or Previous Four Fiscal Years' Deposits	\$1,000,000
Available Unencumbered Amount in LMIHAF @ 7/1/18	\$1,303,629
Computed Excess Surplus	\$ 303,629

Based on the calculation above, the LMIHAF has an excess surplus of \$303,629 at 6/30/19, which is the second year that the LMIHAF had an excess surplus. The Housing Successor expects to encumber the excess surplus for the purposes described in Health and Safety Code Section 34176.1 (a)(3) within the prescribed timeline (three fiscal years).

Other:

This Report is to be provided to the Housing Successor's governing body by December 31, 2019. 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 at www.cityofmonrovia.org. Both requirements have been satisfied.