



staff report

TO: Honorable Mayor and Members of the City Council

ATTENTION: Jeffrey L. Stewart, City Manager

FROM: Jim DellaLonga, Director of Economic Development

SUBJECT: Consideration and possible action to receive and file the City of Bellflower Successor Housing Agency Annual Report regarding Low and Moderate Income Housing Asset Fund for Fiscal Year 2015-2016.

DATE: November 28, 2016

EXECUTIVE SUMMARY

This Successor Housing Agency Annual Report regarding Low and Moderate Income Housing Asset Fund (LMIHAF) for Fiscal Year 2015-2016 (Report) has been prepared pursuant to California Health and Safety Code Section 34176.1(f). This Report details the activities of the City of Bellflower acting as the Successor Housing Agency (SHA) during fiscal year 2015-2016. As required by state law, the Report provides an annual, independent financial audit on the housing assets and activities of the SHA.

RECOMMENDATION TO CITY COUNCIL

- 1) Receive and file Successor Housing Agency Annual Report regarding Low and Moderate Income Housing Asset Fund for Fiscal Year 2015-2016; or
- 2) Alternatively, discuss and take other action related to this item.

FISCAL IMPACT

None.

DISCUSSION

Upon the dissolution of redevelopment and pursuant to Resolution No. 12-09, which was adopted on March 26, 2012, the SHA assumed the housing assets and functions of the dissolved Redevelopment Agency of the City of Bellflower (Former Agency). As a result, the SHA is responsible for housing monitoring, administration, and certain housing production requirements.

Staff Report – Successor Housing Agency Annual Report Fiscal Year 2015-2016

November 28, 2016

Page 2 of 2

State law requires Successor Housing Agencies to conduct an independent financial audit of their housing activities associated with the assumed assets and functions of the Former Agency. State law also requires that Successor Housing Agencies prepare an Annual Report for each fiscal year and that such reports be presented to the governing body within six months after the end of each fiscal year. The required Report is attached and includes all of the sections required by state law. Additionally, as required, if this Report is approved by the City Council, it will be posted on the City’s website no later than December 31, 2016.

ATTACHMENT

Successor Housing Agency Annual Report..... 3

**SUCCESSOR HOUSING AGENCY
ANNUAL REPORT REGARDING THE
LOW AND MODERATE INCOME HOUSING
ASSET FUND FOR FISCAL YEAR 2015-2016
PURSUANT TO
CALIFORNIA HEALTH AND SAFETY CODE SECTION
34176.1(f) FOR THE CITY OF BELLFLOWER
SUCCESSOR HOUSING AGENCY**

This Successor Housing Agency 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 November 28, 2016. This Report sets forth certain details of the City of Bellflower Successor Housing Agency (Housing Successor) activities during Fiscal Year 2015-2016 (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).

The following Report is based upon information prepared by Bellflower's Finance and Economic Development Department staff and information contained within the independent financial audit of the Low and Moderate Income Housing Asset Fund included in the City of Bellflower's Comprehensive Annual Financial Report for Fiscal Year 2015-16 (Audit). Further, this Report conforms with and is organized into sections I through XIII pursuant to Section 34176.1(f) of the Dissolution Law:

I. AMOUNT DEPOSITED INTO LMIHAF FROM REINSTATED CITY/AGENCY LOANS

This section provides the amount the city received from the Successor Agency pursuant to Health and Safety Code¹ § 34191.4(b)(3)(A).

The total amount of loan repayments from the Successor Agency to the City was \$712,967, of which \$570,374 (80%) was deposited to General Fund and \$142,593 (20%) was deposited to the LMIHAF.

II. AMOUNT DEPOSITED INTO LMIHAF:

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

A total of \$460,133 was deposited into the LMIHAF during the Fiscal Year, of which \$298,274 was from the ground lease on senior housing rental property located at 9920 Flora Vista Street, \$16,622 was from bond issuer's administrative fees, \$2,644 was from investment earnings, and \$142,593 was from 20% of City loan repayment from the Successor Agency pursuant to Section 34191.4(b)(3)(C), which is an item listed on the Recognized Obligation Payment Schedule.

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 \$662,760 of which \$0 is 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 is a description of expenditures from the LMIHAF by category:

LMIHAF Expenditures FY 2015-2016	Total Expenditures
Monitoring and Administration Expenditures	\$23,025
Homeless Prevention and Rapid Rehousing Services Expenditures	\$89,573
Housing Development Expenditures (Total of Next Three Lines)	\$276,544
<i>Expenditures on Low Income Units</i>	\$0
<i>Expenditures on Very Low Income Units</i>	\$0
<i>Expenditures on Extremely Low Rental Income Units</i>	\$276,544
Accrued Interest Expense on HOME Note Payable	\$14,120
Total LMIHAF Expenditures in Fiscal Year	\$403,262

The administrative expenditures total less than five percent of the statutory value of real property owned by the Housing Successor and of loans and grants receivable held by the Successor Housing Agency.

¹ Further code citations refer to the Health and Safety Code.

V. STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR IN LMIHAF

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 (HAT) schedule approved by the Department of Finance (DOF) 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(ies) purchased by the Housing Successor. Further, the value of loans and grants receivable is included in these reported assets held in the LMIHAF.

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

Asset Type	Statutory Value of Assets
Statutory Value of Real Property Owned by Housing Successor	\$1,051,300
Value of Loans/Notes Receivable, Net of Forgivable Loans/Notes	\$3,717,938
Loan Receivable from Successor Agency	\$2,825,454
Total Assets	\$ 7,594,692

VI. 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 (2015-2016 CAFR).

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 nor hold property tax revenue pursuant to the ROPS.

VIII. STATUS OF COMPLIANCE WITH SECTION 33334.16

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; nevertheless, this Report presents a status update on the project related to such real property.

With respect to interests in real property acquired by the former redevelopment agency *before* February 1, 2012, the time periods described in Section 33334.16 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 on the HAT.

The following table provides a status update on the real property or properties housing asset(s) that were acquired before February 1, 2012 and compliance with five-year period that commenced on August 29, 2012, the date of the letter issued by DOF approving these properties as housing assets on the HAT:

Address of Property	Date of Acquisition	Deadline to Initiate Development	Status of Housing Successor Activity
9920 Flora Vista St Bellflower, CA	04/11/2001	n/a	Developed in 2003 and currently operated by the developer as an affordable senior housing development.

IX. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

This section describes the outstanding inclusionary and replacement housing obligations, if any, under Section 33413 that remained outstanding before 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's plans to meet unmet obligations, if any.

Replacement Housing: According to the 2010-2014 Redevelopment Agency Five Year Implementation Plan for the former Redevelopment Agency, no replacement housing obligations were transferred to the Housing Successor. The former Redevelopment Agency's 2010-2014 Implementation Plan is posted on the City's website at www.bellflower.org.

X. EXTREMELY-LOW INCOME TEST

Extremely Low 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.

Section 34176.1(a)(3)(B) requires that the Housing Successor 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 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, which is the first of the five-year periods added by Section 34176.1.

Extremely-Low Income Test	FY 2015-2016
LMIHAF Spent on Extremely-Low Income Households	\$ 276,544 (a)
Total LMIHAF (Five Year Total)	N/A (b)
Extreme-Low Income Test <i>(Reporting of the Income Test is not required until 2019. As a result, it is not provided at this time.)</i>	N/A (a)/(b)

XI. 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 July 1, 2006 to June30, 2016.

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 2006-2016:

Senior Housing Test	FY 2006 – 2016
# of Assisted Senior Rental Units	0
# of Total Assisted Rental Units	0
Senior Housing Percentage	0

XII. EXCESS SURPLUS TEST

This section provides the amount of excess surplus in the LMIHAF, if any, and 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.

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

	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
Cash Beginning Balance	\$ 5,123	\$ -	\$ 234,329	\$ 340,718
Add: Deposits	\$ 25,411	\$ 529,391	\$ 386,094	\$ 460,133
Less: Disbursements	\$ 30,534	\$ 295,062	\$ 279,705	\$ 138,091
Cash Ending Balance	\$ -	\$ 234,329	\$ 340,718	\$ 662,760

The LMIHAF does not have an Excess Surplus.

XIII. INVENTORY OF HOMEOWNERSHIP UNITS

This section provides an inventory of homeownership units assisted by the former Bellflower Redevelopment Agency or the Successor Housing Agency that are subject to covenants or restrictions or to an adopted program that protects the former Agency's investment of moneys from the Low and Moderate Income Housing Fund pursuant to Section 33334.3(f), including information regarding any inventory loss since February 1, 2012, and information about outside entities with which the Housing Successor contracts for monitoring and administrative

services relating to its inventory of assisted homeownership units.

Since the formation of the former Agency in 1991, there were a total of 17 First Time Homebuyer loans assisted by the former Agency and subject to recorded covenants/restrictions (please see table below), and zero (0) Single Family Rehabilitation loans assisted by the former Agency that were subject to recorded covenants/restrictions. There were no ownership unit losses to the portfolio after February 1, 2012. In addition, there were no homeownership unit losses to the portfolio for FY 15-16. The Finance Department maintains a list of ownership losses due to repayment and or foreclosure.

There were no funds returned to the Housing Successor as part of an adopted program that protects the former Agency’s investment of moneys from the Low and Moderate Income Housing Fund. This includes repayments of all Single Family Rehab and First Time Homebuyer loans including principal, interest, and equity sharing payments during FY 15-16.

The Successor Housing Agency has an existing agreement with Amerinational Community Services relating to certain, but not all, aspects of administration of the former Agency’s Single Family Rehabilitation Program and First Time Homebuyer program that provided second lien mortgages for homeownership units. These consulting services include assistance with oversight and administration of amortized loan payments, if any, due; with tracking and calculation of loan balances in the event of payoff; and, other administrative activities for these outstanding Single Family Rehab and First Time Homebuyer loans.

City Assigned Homebuyer’s Assistance Program # (HAP#)	Address	Status Update
91	16680 Bellflower Blvd (Belmont Court)	ACTIVE
92	16650 Bellflower Blvd unit 15 (Belmont Court)	ACTIVE
93	16630 Bellflower (Belmont Court)	ACTIVE
94	16680 Bellflower Blvd (Belmont Court)	ACTIVE
95	16644 Bellflower Blvd #12 (Belmont Court)	ACTIVE
96	16600 Bellflower Blvd #20 (Belmont Court)	ACTIVE
97	16650 Bellflower Blvd (Belmont Court)	ACTIVE
98	16632 Bellflower Blvd (Belmont Court)	ACTIVE
99	16678 Bellflower Blvd (Belmont Court)	ACTIVE
100	16642 Bellflower Blvd (Belmont Court)	ACTIVE
101	16634 Bellflower Blvd (Belmont Court)	ACTIVE
102	9815 Walnut unit 201	ACTIVE
103	9815 Walnut unit 202	ACTIVE
104	9815 Walnut unit 203	ACTIVE
105	9815 Walnut unit 204	ACTIVE
106	9815 Walnut unit 205	ACTIVE
107	9815 Walnut unit 206	ACTIVE

This Report is to be provided to the Housing Successor’s governing body by December 31, 2016. 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: www.bellflower.org