

**HOUSING SUCCESSOR ANNUAL REPORT
REGARDING THE
LOW AND MODERATE INCOME HOUSING ASSET FUND
PURSUANT TO
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(F)
FOR THE
CITY OF ALHAMBRA 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) and is dated as of December 31, 2022. This Report sets forth certain details of the City of Alhambra Housing Successor (Housing Successor) activities during Fiscal Year 2021-2022 (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 Housing Successor staff and information contained within the independent financial audit of the Low and Moderate Income Housing Asset Fund (Annual Comprehensive Financial Report, or 'ACFR') for the twelve month period ending June 30, 2022 (Fiscal Year) as prepared by Moss, Levy & Hartzheim, LLP.¹ The ACFR is separate from this annual summary Report; further this Report conforms with and is organized into sections I through XIII, inclusive, pursuant to Section 34176.1(f) of the Dissolution Law.

This Report is to be provided to the Housing Successor's governing body by December 31, 2022. In addition, this Report, ACFR and the former redevelopment agency's pre-dissolution Implementation Plans are available to the public on the City's website.

I. Amounts Received and Deposited Pursuant to 34191.4(B)(3)(A)

This section provides the total amount of funds paid to the Housing Successor and the amount deposited into the LMIHAF allocable to 20% of the repayments on reinstated City/Agency loans per Section 34191.4.

The SERAF loan to the Successor Agency has been paid in full.

II. 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.

A total of \$54,782 was deposited into the LMIHAF during the Fiscal Year, of which none of the funds deposited into the LMIHAF were held for items listed on the ROPS.

¹ The Report is based on the final draft of the ACFR; the final ACFR will be released in January 2023.

The deposits are allocated as follows:

	FY 2021/22 Totals	% of Total
Interest Income	54,782	100%
Other Income	0	0%
Total LMIHAF Deposits	\$54,782	100%

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 \$11,330,445, of which \$6,932,444 is available. The following summarizes the adjustments made to the cash balance to calculate the available cash balance:

Available Cash Calculation	As of End of FY 2021/22
Cash Balance	\$11,330,445
(Less) Accounts Payable	(100,396)
(Less) Deposit held	(15,000)
(Less) Fair Market Value Adjustment	(282,605)
(Less) AFH Loan Commitment ²	(4,000,000)
(Less) Chapel Housing Partners Commitment ³	(4,500,000)
Available Cash	\$2,432,444

None of the funds were held for items listed on the ROPS.

IV. Description of Expenditure 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:

	FY 2021/22
Monitoring & Administration Expenditures	\$81,018
Homeless Prevention & Rapid Rehousing Services Expenditures ⁴	\$250,000
Housing Development Expenditures	
➤ Expenditures on Low Income Units	\$0
➤ Expenditures on Very-Low Income Units	0
➤ Expenditures on Extremely-Low Income Units	0
Total Housing Development Expenditures	\$0
Total LMIHAF Expenditures	\$331,018

² In November 2021, the Housing Successor entered into a DDA with American Family Housing (AFH) and committed to loan the project \$4,000,000 from the LMIHAF in exchange for restricting 24 of the 50 units to Extremely-Low Income households. These funds are expected to be disbursed by March 2023.

³ In January 2022, the Housing Successor entered into a DDA with Chapel Housing Partners, L.P. to construct a rental housing project and the Successor has committed to loan the project \$4,500,000 from the LMIHAF for the construction of 21 Extremely-Low Income units. These funds are expected to be disbursed in March 2023.

⁴ The Housing Successor is allowed to spend up to \$250,000 per year on Homeless Prevention & Rapid Rehousing Services expenditures.

The Housing Successor is allowed to spend up to the greater of \$200,000 or 5% of the value of the Housing Assets Portfolio (defined and calculated in Section V), which totals \$129,950, on Monitoring and Administration Expenditures. Therefore, the Housing Successor is using 32% of the maximum allowable \$200,000 for Monitoring and Administration Expenditures.

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 these 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 State 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:

	As of End of FY 2021/22
Statutory Value of Real Property Owned by Housing Successor	\$0
Value of Loans and Grants Receivables	2,598,991
Total Value of Housing Assets	\$2,598,991

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 agriculture 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. For interests in real property acquired on or after February 1, 2012, provide 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 DOF 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 of the DOF approved such property as a housing asset.

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. The Housing Successor does not currently own any real property.

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 remain 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 2009-2014 Implementation Plan for the former redevelopment agency, no Section 33413(a) replacement housing obligations were transferred to the Housing Successor.

Inclusionary / Production Housing: According to the 2009-2014 Implementation Plan for the former redevelopment agency, no Section 33413(b) inclusionary/production housing obligations were transferred to the Housing Successor.

The former redevelopment agency's 2010-2014 Implementation Plan is posted on the City's website.

X. Income Targeting 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. This information is not required to be reported until 2024 for the FY 2019/20 – FY 2023/24 reporting period.

Section 34176.1(a)(3)(A) states that all funds remaining after the monitoring and administration and homeless prevention and rapid rehousing services expenditures are deducted must be used for the development of housing affordable to and occupied by households earning 80% or less of the area median income (AMI), with at least 30% of these remaining funds expended for the development of rental housing affordable to and occupied by households earning 30% or less of the AMI and no more than 20% of these remaining funds expended for the development of housing affordable to and occupied by households earning between 60% and 80% of the AMI. The Housing Successor must demonstrate in the 2019 annual report, and every five years thereafter, that the Housing Successor's expenditures from January 1, 2014 through the end of the latest fiscal year covered in the report comply with these requirements.

If the Housing Successor fails to comply with the Extremely-Low Income requirement in any five-year period, 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.

If the Housing Successor exceeds the expenditure limit for households earning between 60% and 80% of the AMI in any five year report, the Housing Successor shall not expend any of the remaining funds for households earning between 60% and 80% of the AMI until the Housing Successor demonstrates compliance with this limitation in an annual report.

For purposes of this calculation, "development" means new construction, acquisition and rehabilitation, substantial rehabilitation as defined in Section 33413, acquisition of long-term affordability covenants on multifamily units as described in Section 33413, or the preservation of an assisted housing development

that is eligible for prepayment or termination or for which within the expiration of rental restrictions is scheduled to occur within five years.

The FY 2018/19 Summary Report found the Housing Successor to be out of compliance with the Income Targeting Test for the period of January 1, 2014 through FY 2018/19 (First Reporting Period). Therefore, this information is required to be reported until the Housing Successor has met all the appropriate spending thresholds.

The following table provides the Housing Successor’s progress towards meeting the income targeting tests:

LMIHAF Expenditures	Extremely-Low Income Expenditures	31% - 59% AMI Expenditures	60% - 80% AMI Expenditures	Total Expenditures
Initial Reporting Period Expenditures ⁵	\$0	\$0	\$1,134,388	\$1,134,388
Committed Expenditures				
FY 2020/21	\$4,000,000	\$0	\$0	\$4,000,000
FY 2021/22	\$4,500,000	\$0	\$0	\$4,500,000
Total LMIHAF Expended & Committed	\$8,500,000	\$0	\$1,134,388	\$9,634,388
<i>As % of Total Expenditures</i>	<i>88%</i>	<i>0%</i>	<i>12%</i>	<i>100%</i>
Minimum Requirements	At Least 30%	N/A	At Most 20%	

As illustrated above, the Housing Successor has expended and committed sufficient LMIHAF as of FY 2021/22 to meet all expenditure requirements of the Income Targeting Test once all funds are expended. A description and status update for the LMIHAF commitments follows:

- In November 2021, the Housing Successor committed to provide the AFH project with a \$4,000,000 loan in exchange for restricting 24 of the 50 units to Extremely-Low Income households. These funds are expected to be disbursed by March 2023. The AFH project should have the following schedule: the various funding commitments should be secured by September 2022, building permit approvals obtained by February 2023, close construction financing and commence construction by March 2023 and complete construction by June 2024.
- The Housing Successor entered into a DDA in January 2022, with Chapel Housing Partners, L.P. to construct a rental housing project and the Housing Successor has committed to loan the project \$4,500,000 from the LMIHAF for the construction of 21 Extremely-Low Income units. The project has received commitment for all funding sources. The Housing Successor will disburse the \$4,500,000 upon construction finance closing, which is anticipated to be in March 2023. Construction commencement will also be in March 2023.

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, 2012 through June 30, 2022.

⁵ The initial reporting period includes Fiscal Year 2014/15 through Fiscal Year 2018/19.

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 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 unit.

The following summarizes the number of deed-restricted rental housing units produced by the former-redevelopment agency and Housing Successor over the past 10 years (July 1, 2012 – June 30, 2022):

Project Name	Fiscal Year Built	# of Senior Units	# of Non-Senior Units	Total # of Units
-	-	0	0	0
Total Units		0	0	0

The following provides the Housing Successor’s Senior Housing Test for the 10-year period of July 1, 2012 to June 30, 2022:

FY 2021/22	
# of Assisted Senior Rental Units	0
# of Total Assisted Rental Units	0
Senior Housing Percentage	0%

As illustrated above, the Housing Successor is in compliance with the FY 2021/22 Senior Housing Test.

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 1) the greater of one million dollars (\$1,000,000) or 2) 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:

Available Housing Funds – FY 2021/22	
LMIHAF Balance FY 2021/22	\$11,330,445
(Less) Accounts Payable	(100,396)
(Less) Deposit Held	(15,000)
(Less) Fair Market Value Adjustment	(282,605)
(Less) Committed AFH Loan ⁶	(4,000,000)
(Less) Committed Chapel Housing Partners, L.P.	(4,500,000)
Available Housing Funds – FY 2020/21	\$2,432,444

Limitation on Available Housing Funds – FY 2020/21	
Greater of:	
➤ Base Amount	\$1,000,000
➤ Four Years of Deposits	

⁶ See Section X for details.

FY 2016/17	\$4,567,726
FY 2017/18	2,678,394
FY 2018/19	2,163,404
FY 2019/20	2,401,517
Total Deposits	\$11,811,041
Limitation on Available Housing Funds	\$11,811,041

A total \$11,811,041 has been deposited into the account during the previous four fiscal years while the ending available cash balance in the account is \$2,432,444. Therefore, the LMIHAF does not have Excess Surplus.

XIII. Homeownership

This section provides a summary of covenanted homeownership units assisted by the former redevelopment agency or the housing successor that include an equity sharing and repayment provisions, including (a) number of units; (b) number of units lost to the portfolio in the last fiscal year and the reason for those losses, and (c) any funds returned to the housing successor pursuant to losses or repayments.

The Housing Successor is to provide an inventory of homeownership units assisted by the former redevelopment agency or the Housing Successor that are subject to covenants or restrictions or to an adopted program that protects the former redevelopment agency's investment of moneys from the LMIHAF pursuant to Section 33334.3(f).

The inventory for the Housing Successor is as follows:

- The following summarizes the current inventory of the Housing Successor's homeownership portfolio:

	# of Units
Restricted homeownership units as of June 30, 2021	9
Add: Restricted homeownership units added by Housing Successor (July 1, 2021 – June 30, 2022)	0
(Less) Restricted homeownership units lost to portfolio (July 1, 2021 – June 30, 2022)	0
Housing Successor Homeownership Portfolio as of June 30, 2022	9

- There were no homeownership unit lost during the Fiscal Year
- The Housing Successor has not contracted with an outside entity for the management of the ownership portfolio.