



**City of  
Santa Clara**  
The Center of What's Possible

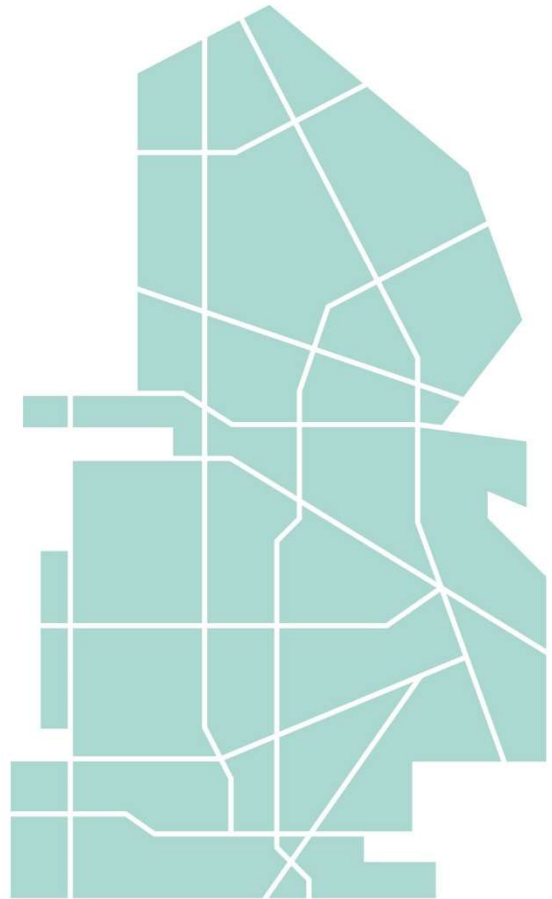
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# **HOUSING SUCCESSOR ANNUAL REPORT**

## **REGARDING**

**THE LOW- AND MODERATE-INCOME HOUSING ASSET FUND  
FOR FISCAL YEAR 2018-19 PURSUANT TO  
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)  
FOR THE CITY OF SANTA CLARA**

**Submission Date: March 31, 2020**





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The Center of What's Possible

## **HOUSING SUCCESSOR ANNUAL REPORT REGARDING THE LOW- AND MODERATE INCOME HOUSING ASSET FUND FOR FISCAL YEAR 2018-19 PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f) FOR THE CITY OF SANTA CLARA**

The 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 describes the current status of the LMIHAF as of June 30, 2019. The Report further provides certain details regarding the City of Santa Clara, as Housing Successor ("Housing Successor" or "City"), and its activities during Fiscal Year 2018-19 (Fiscal Year). The purpose of this Report is to provide the governing body of the Housing Successor, the Santa Clara City Council, 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 staff and information contained within the financial records of the Low- and Moderate-Income Housing Asset Fund 169 for Fiscal Year 2018-19. The Report conforms with and is organized into Sections I through XI, inclusive, pursuant to 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. This section also includes a reporting on the amount the Housing Successor received pursuant to Health and Safety Code Section 34191.4(b)(3)(A) for sponsoring community loan repayments.
- 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.
- 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.
- IV. Statutory Value Of Assets Owned By Housing Successor In LMIHAF:** 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, 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.
- 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.

- 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.
- VII. Status of Compliance with Section 34176.1:** This section provides a status update on compliance with Section 34176.1 (amending the dates to initiate activities consistent with development of affordable housing under Section 33334.16). For interests in real property acquired on or after February 1, 2012, this section provides a status update on the project.
- 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 of the former redevelopment agency and how the Housing Successor plans to meet any unmet obligations.
- 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 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.
- 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 is July 1, 2009- June 30, 2019.
- 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.
- XII. Inventory of Assisted Homeownership Units:** 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 Low and Moderate Income Housing Fund pursuant to subdivision (f) of Section 33334.3.

This Report is to be provided to the California Department of Housing and Community Development by April 1, 2020. 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.santaclaraca.gov](http://www.santaclaraca.gov).

**I. AMOUNT DEPOSITED INTO LMIHAF (INCLUSIVE OF DEPOSITS MADE PURSUANT TO SECTION 34191.4(B)(3)(A))**

Source	Amount
First Time Homebuyer Loan Repayment (Principal & Interest)	\$675,633
Housing Rehab Loans-NCIP (Principal & Interest)	\$30,000
AH Development Loans Repayment (Principal & Interest)	\$1,150,567
Use of Money & Assets (Interest, Rent, Misc. Other Revenue)	\$371,649
20% Set Aside on Sponsoring Community Loan Repayments Pursuant to Safety Code Section 34191.4(b)(3)(A)	-
<b>Total from all sources deposited in Fiscal Year</b>	<b>\$2,227,849</b>

A total of \$2,227,849 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. The City did not receive any loan repayments under Section 34191.4(b)(3)(A) from the Successor Agency for funds borrowed from the City by the former redevelopment agency. Because no payments were made, no deposits were required to be made into the City's LMIHAF that were associated with sponsoring community loan repayments under Health and Safety Code Section 34191.4(b)(3)(A).

**II. ENDING BALANCE OF LMIHAF**

Balance of LMIHAF as of 6/30/19	
Subject	Balance
Previous balance + Current Deposits - Expenditures	\$12,441,012

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$12,441,012 of which \$0 is held for items listed on the ROPS.

**III. DESCRIPTION OF EXPENDITURES FROM LMIHAF**

Subject	Amount
Monitoring & Administration	\$376,137
Homeless Prevention and Rapid Rehousing Services Expenditures	\$268,433
Housing Development Expenditures for pre-development expenses	—
<b>Total Expenditures</b>	<b>\$644,570</b>

The primary expenditures from the LMIHAF were for Homeless Prevention and Rapid Rehousing Services Expenditures and administrative costs associated with monitoring the portfolio's long-term affordability restrictions. The City entered into two separate agreements with program service providers totaling \$250,000 from LMIHAF funds for rapid rehousing services. The first agreement is with Abode Services for its Tenant Based Rental Assistance (TBRA) program, paid for by \$140,000 from LMIHAF funds, \$958,000 from federal Home Investment Partnerships Act (HOME) funds, and \$160,000 from City Affordable Housing funds. The TBRA program provides housing and case management services to individuals and families who are homeless or at risk of homelessness. The second agreement is a two-year agreement with the County of Santa Clara to provide intensive case management and other supportive services for homeless individuals in order to obtain and maintain

permanent housing. The County agreement was executed on July 1, 2017 and extended on July 3, 2019 in an annual amount of \$110,000 from LMIHAF funds. The expenditures listed for Homeless Prevention and Rapid Rehousing Services Expenditures, \$268,433 in total, exceed the total contract amount of \$250,000 because expenditures are reported on a modified accrual basis and some payments associated with the prior Fiscal Year were paid during the current Fiscal Year.

#### IV. STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR IN LMIHAF

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 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.

<b>Asset Category - Loans</b>	<b># of Loans</b>	<b>Statutory Value</b>
First Time Home Buyers	43	\$ 2,492,635
Housing Rehab- NCIP	7	\$ 213,235
Development Loans	28	\$70,953,621
Total Loan Balances		\$ 73,659,491
<b>Asset Category - Land</b>		<b>Statutory Value</b>
<b>Land Held for Development</b>		
2330 Monroe St & San Tomas Expressway		\$ 5,400,270
3575 De La Cruz Boulevard		\$ 1,703,500
90 N. Winchester Boulevard		\$ 11,657,596
<b>Land Developed with Affordable Housing</b>		
Presidio El Camino Affordable Housing		\$ 2,694,997
Charities Housing		\$ 1,479,897
Total Land Balances		\$ 22,936,260
<b>Total Statutory Value of Assets Owned by Housing Successor</b>		<b>\$ 96,595,751</b>

#### V. DESCRIPTION OF TRANSFERS

The Housing Successor did not make any LMIHAF transfers to other Housing Successor(s) under Section 34176.1(c)(2) during the Fiscal Year.

No previous projects required LMIHAF transfers 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 does not receive or hold property tax revenue pursuant to the ROPS.

## VII. STATUS OF COMPLIANCE WITH SECTION 34176.1

Section 34176.1 provides that the deadlines in Section 33334.16 do 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.

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 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.

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

Address	Date of Transfer approval from DOF	Deadline to initiate activity	Current Status
2330 Monroe St & San Tomas Expressway	7/16/2013	7/16/2018	Executed DDA, Approved Entitlements, and Encumbered Funds
3575 De La Cruz Boulevard	7/16/2013	7/16/2018	Awarded and Executed ENA
90 N. Winchester Boulevard	7/16/2013	7/16/2018	Executed DDA, Approved Entitlements, and Encumbered Funds

On February 27, 2015, the Housing Successor issued a Request for Proposals for 90 North Winchester Boulevard (referred to as the "BAREC Site") for the development of affordable senior housing. On January 29, 2019, Santa Clara's City Council approved all land use entitlements for the project and adopted a resolution approving and authorizing the City Manager to negotiate and execute a Disposition and Development Agreement with Core Affordable Housing LLC for the development of the Agrihood Project located at 90 North Winchester Boulevard/ 1834 Worthington Circle and further authorizing the City Manager to execute all other agreements (including a Ground Lease, Loan Agreements, Deeds of Trust, Promissory Notes, and Affordable Housing Agreement).

On December 7, 2017, the Housing and Community Services Division held a Community Engagement Meeting at City Hall to discuss plans for the future development of the City-owned site at 2330 Monroe Street. The RFP was issued on March 2018 and on November 11, 2018, Santa Clara's City Council approved the City Manager to execute an Exclusive Negotiation Agreement (ENA) with Freebird Development Company for the development of 2330 Monroe Street. On January 28, 2020, Santa Clara's City Council approved all land use entitlements for the project and adopted a resolution approving and authorizing the City Manager to negotiate and execute a Disposition and Development Agreement with Freebird Development LLC and further authorizing the City Manager to execute all other agreements (including a Ground Lease, Loan Agreements, Deeds of Trust, Promissory Notes, and Affordable Housing Agreement).



On January 29, 2018, the Housing and Community Services Division held a Community Engagement Meeting at the Northside Library to discuss plans for the future development of the City-owned site at 3575 De La Cruz Boulevard. The RFP was issued in June 2018 and on April 9, 2019, Santa Clara's City Council approved the City Manage an Exclusive Negotiation Agreement (ENA) with Habitat for Humanity Company for the development of 3575 De La Cruz Boulevard.

On February 19, 2019, Santa Clara's City Council approved a loan agreement with Allied 2904 Corvin, LP for a loan of up to \$5,000,000 Housing Successor Funds to support the construction of a 100% affordable residential development at 2904 Corvin Drive. The project, Corvin Apartments, will contain 145 units consisting of 80 units for formerly chronically homeless residents with income levels at or below 30% of Area Median Income (AMI), 64 units for residents with income levels at or below 60% AMI, and 1 unrestricted two-bedroom manager's unit.

## VIII. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

**Replacement Housing:** According to the FY2009/10 - FY2015/16 Implementation Plan for the former redevelopment agency, no Section 33413(a) replacement housing obligations were transferred to the Housing Successor. The former redevelopment agency's Implementation Plans are posted on the City's website at [www.santaclaraca.gov](http://www.santaclaraca.gov)

There are no existing replacement housing obligations.

**Inclusionary/Production Housing:** According to the FY2009/10 - FY2015/16 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 Implementation Plans are posted on the City's website at [www.santaclaraca.gov](http://www.santaclaraca.gov)

There are no existing inclusionary production obligations.

## IX. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF 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 will be reported for 2019 and every five years thereafter.

The Housing Successor has utilized funds only for administration and monitoring of housing units subject to Affordable Housing Agreements of the former Agency and has not funded any new projects that require compliance with the requirements of Section 34176.1(a)(3)(B).

The LMIHAF encumbered funds (meaning, approved by and budgeted by Council, but not expended in the reporting period) for affordable rental housing developments that have been approved will result in 41.4% of funds to be expended for development of housing affordable to households earning 30% or less of AMI and 20.1% of funds to be expended for development of housing affordable to households earning between 60% and 80% AMI.

Income Test		Total Units	ELI-30 %	VLI-50 %	LI-60 %	LI-80 %	Med-100 %	Mod-120 %	Mgr
Allied 2904 Corvin (3311 Kifer Rd)	\$ 5,000,000	144	80	50	14				1
Agrihood (90 North Winchester Blvd)	\$ 15,700,000	165	59	72		32		2	
Freebird (2330 Monroe Street)	\$ 5,000,000	65	16	10	13	16	9		1
Total	\$ 25,700,000	374	155	132	27	48	9	2	2
Total ELI (30%AMI) units to Total Units		41.4%							
Total LI (60%-80%AMI) units to Total Units		20.1%							

## X. SENIOR HOUSING TEST

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 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 7/1/2009-6/30/2019. The aggregate number 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 did not exceed 50 percent of 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. Therefore, the restrictions under Section 34176.1(b) do not apply.

Senior Housing Test	10 Year Test
July 1, 2009 - June 30, 2019	
# of Assisted Senior Rental Units by Former RDA	52
# of Assisted Senior Rental Units by City	0
# of Assisted Senior Rental Units by Housing Successor	0
<b>Total # of Assisted Senior Rental Units</b>	<b>52</b>
# of Assisted Rental Units by Former RDA	119
# of Assisted Rental Units by City	
# of Assisted Rental Units by Housing Successor	
<b>Total # of Assisted Rental Units</b>	<b>119</b>
<b>Assisted Senior Housing Percentage</b>	<b>43.70%</b>

## XI. EXCESS SURPLUS TEST

Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the LMIHAF 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 Housing Successor created the LMIHAF account on February 1, 2012. The current deposit of \$2,224,849 in the LMIHAF does not exceed the sum of the annual deposits made in the preceding four fiscal years of \$9,240,544 and as a result, the LMIHAF does not have an Excess Surplus. The



City has encumbered (meaning, approved by and budgeted by Council, but not expended in the reporting period) \$20.7 million LMIHAF funds for affordable rental housing developments that have been approved by the City Council as noted below.

<b>Annual Deposits</b>	<b>Amount Deposited</b>
FY 2013-14 LMIHAF Deposits	\$1,756,542
FY 2014-15 LMIHAF Deposits	\$2,759,279
FY 2015-16 LMIHAF Deposits	\$3,192,655
FY 2016-17 LMIHAF Deposits	\$1,488,901
FY 2017-18 LMIHAF Deposits	\$1,799,709
<b>Aggregate Deposits for 4 preceding fiscal years</b>	<b>\$9,240,544</b>
<b>Encumbered Funds</b>	<b>\$25,700,000</b>
<b>Unencumbered LMIHAF Balance on Deposit</b>	
<b>Excess Surplus</b>	<b>n/a</b>

<b>Affordable Developments and Encumbered Funds</b>	
Allied 2904 Corvin (3311 Kifer Road)	\$ 5,000,000
Agrihood (90 North Winchester Blvd)	\$ 15,700,000
Freebird (2330 Monroe Street)	\$ 5,000,000
<b>Total</b>	<b>\$ 25,700,000</b>

## **XII. HOMEOWNERSHIP INVENTORY**

This section contains 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 Low and Moderate Income Housing Fund pursuant to subdivision (f) of Section 33334.3.

There are a total 58 of assisted homeownership units being monitored by the housing successor. No units were lost from the portfolio during the fiscal year and no units have been lost from the portfolio since February 1, 2012. A total of 4 units have been removed from the housing successor's portfolio during the fiscal year because the homeowners have satisfied the terms of the recorded affordability covenants.

No funds were returned as part of a program that protects the former agency's investment of funds from the LMIHAF. The Housing Successor did receive \$675,633 of program income associated with the housing successor's homeownership portfolio.

The Housing Successor did not contract with any outside entity for the management of the housing successor's homeownership portfolio.

## **ACTIONS NEEDED**

This report must be submitted to the California Department of Housing and Community Development by April 1<sup>st</sup>. This report and the former redevelopment agency's Implementation Plans are posted on the City's website at [www.santaclaraca.gov](http://www.santaclaraca.gov)