

# **HOUSING SUCCESSOR ANNUAL REPORT**

April 1, 2016

LOW AND MODERATE INCOME HOUSING ASSET FUND  
FOR FISCAL YEAR 2014-15  
PURSUANT TO  
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)  
FOR THE  
MILPITAS HOUSING AUTHORITY

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## INTRODUCTION

This Housing Successor Annual Report (“Report”) addresses the requirements of California Health and Safety Code Section 34176.1(f) regarding the Low and Moderate Income Housing Asset Fund (“LMIHAF”). This Report outlines the financial and housing covenant details of the Milpitas Housing Authority (“Housing Successor”) for 2014-15 (the “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”).

This report includes discussion on the deposits to, ending balance of, and expenditures from the LMIHAF. A description of the Housing Successor’s assets, and any transfers of assets to other housing successor agencies are addressed as well. The report also discusses the Housing Successor’s current projects, acquisitions of any real property since February 1, 2012, or any outstanding obligations. Finally, as required by law, three separate test are discussed – the income test, senior housing test, and excess surplus test.

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, formerly the Milpitas Housing Fund, now the Milpitas Housing Authority Special Revenue Fund included in the Comprehensive Annual Financial Report (CAFR) of the City of Milpitas for Fiscal Year 2014-2015 as independently audited by Maze & Associates, Certified Public Accountants. 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.

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. (<http://www.ci.milpitas.ca.gov>)

### 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.

Revenues (amount deposit to the LMIHAF):	
Loan repayments	\$301,011
Rental/lease income	\$171,997
Interest income	\$790,463
Other	0
Total:	\$1,263,471

A total of \$962,460 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 \$51,439,379 , of which \$0 is 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. There was a total of \$414,997 expended from the LMIHAF, divided into the following categories:

TABLE 1: DESCRIPTION OF LMIHAF EXPENDITURES

Description of Expenditures	Total Expenditures
Maintenance, Monitoring and Administration Expenditures	\$328,575
Homeless Prevention and Rapid Rehousing Services Expenditures	\$35,822
Housing Development Expenditures (Total of Next Three Lines)	\$50,600
<i>Expenditures on Low Income Units</i>	\$0
<i>Expenditures on Very Low Income Units</i>	\$0
<i>Expenditures on Extremely Low Income Units</i>	\$50,600
<b>Total LMIHAF Expenditures in Fiscal Year</b>	<b>\$414,997</b>

## 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.

TABLE 2: STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR

Asset Type	Statutory Value of Assets
Loans Receivable	\$29,980,470
Land held for resale	\$15,282,370
<b>Total Value of Real Property and Loans Receivable</b>	<b>\$45,262,840</b>

## 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 does not receive or hold 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, 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 period 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 (August 31, 2012); 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.

The following provides a status update on the real property or properties housing asset(s) that were acquired prior to February 1, 2012 and compliance with five-year period:

TABLE 3: SECTION 33334.16 COMPLIANCE

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
1504, 1556, 1620 South Main Street Property (APN 086-22-027,028,033,034,041,042)	11/1/2009	8/31/2017	South Main Street Senior Lifestyles Housing Authority approved Assignment and Assumption Agreement and Restated the Disposition and Development Agreement-Nov 2013. Applicant is obtaining financing prior to conveyance of title.
1432-1440 S. Main St. (APN 086-22-031)	2/28/2011	8/31/2017	Site is zoned for future housing in the Midtown Specific Plan Area. Staff has received one housing development proposal
340 Celebration Dr. (APN 086-49-046)	7/10/2009	8/31/2017	This is a rental unit for very low and low-income households with the option to purchase. Staff is working

254 Parc Place Dr. (APN 086-54-052)	1/27/2011	8/31/2017	with occupants to purchase unit. . This is a rental unit for very low and low-income households with the option to purchase. Staff is working with occupants to purchase unit..
1101 S. Main St. #313 (APN 086-67-078)	5/20/2011	8/31/2017	This is a rental unit for very low and low-income households with the option. Staff is working with occupants to purchase unit..
600 S. Abel St. #208 (APN 086-61-177)	5/24/2011	8/31/2017	This is a rental unit for very low and low-income households with the option to purchase. Staff is working with occupants to purchase unit.

Health and Safety Code Section 33334.16 required former redevelopment agencies to initiate activities, such as zone changes or disposition and development agreements within five years of acquiring a property.

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.

The Housing Successor did not acquire property on or after February 1, 2012.

**VIII. DESCRIPTION OF OUTSTANDING OBLIGATIONS UNDER SECTION 33413.**

This section describes the outstanding inclusionary 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.

The housing successor does not have any obligations to fulfill under Section 33413.

**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 on January 1, 2014 and whether the statutory thresholds have been met. 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 the City 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 the City within the same time period. For this Report, the ten-year period reviewed is January 1, 2005 to January 1, 2015.

If the percentage of assisted senior rental housing is more than 50 percent of the total of all assisted rental housing, no additional senior rental housing can be assisted until the percentage falls to 50 percent or less.

TABLE 4: SENIOR HOUSING TEST

<b>Unit Category</b>	<b># of Units</b>
Assisted Senior Rental Units	113
Total Assisted Rental Units	430
<b>Senior Housing Test (%)</b>	<b>26.2%</b>

## XI. EXCESS SURPLUS TEST

This section provides the amount of excess surplus (unencumbered funds) in the LMIHAF, exceeding \$1,000,000 or the aggregate amount deposited in the fund over the preceding four fiscal years 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.

The Housing Successor has not been in existence for that period; at this time the City is unable to make that determination.