

**HOUSING SUCCESSOR ANNUAL REPORT
REGARDING THE
LOW AND MODERATE INCOME HOUSING ASSET FUND
FOR FISCAL YEAR 2022-2023
PURSUANT TO
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)
FOR THE
HOUSING AUTHORITY OF THE CITY OF SANTA ANA**

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 January 16, 2024. This Report sets forth certain details of the Housing Authority of the City of Santa Ana (Housing Successor) activities during Fiscal Year 2022-2023 (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, as incorporated in the City of Santa Ana's Annual Comprehensive Financial Report (ACFR) for Fiscal Year 2022-2023 (Fiscal Year) as prepared by CliftonLarsonAllen LLP (Audit), which Audit is separate from this annual summary Report; further, this Report conforms with and is organized into sections I. through XII., 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.
- 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:** 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.

- 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 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.
- 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's plans to meet unmet obligations, if any.
- 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. Information is provided covering the period of July 1, 2018 – June 30, 2023.
- 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, 2013 to December 31, 2022.
- XI. 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.
- XII. Inventory of Homeownership Units:** This section provides 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 Section 33334.3(f).

This Report is to be provided to the Housing Successor's governing body by December 31, 2023. However, the final audit opinion was not completed in time to place on the December 19, 2023 City Council meeting which delayed the presentation of this Report to January. 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 (<https://www.santa-ana.org/successor-agency-oversight-board/> .)

I. AMOUNT DEPOSITED INTO LMIHAF

A total of \$483,734 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

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$5,290,759 of which \$0 is held for items listed on the ROPS.

III. DESCRIPTION OF EXPENDITURES FROM LMIHAF

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

	FY 2022/23
Monitoring & Administration Expenditures ¹	\$ 175,268
Homeless Prevention and Rapid Rehousing Services Expenditures	\$0
Housing Development Expenditures	
➤ Expenditures on Moderate Income Units	\$0
➤ 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 in Fiscal Year	\$ 175,268

¹ The independent financial audit of the LMIHAF includes an adjustment of (\$67,041) for bad debt expenses for loans receivable, for a total adjusted expenditure of \$108,227.

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.

	As of End of Fiscal Year
Statutory Value of Real Property Owned by Housing Authority	\$ 75,000
Value of Loans and Grants Receivable	\$ 22,248,810
Total Value of Housing Successor Assets	\$ 22,323,810

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.

VI. PROJECT DESCRIPTIONS

The following is a description of project(s) for which the Housing Successor receives or holds property tax revenue pursuant to the ROPS as well as the status of the project(s):

Project Name	Status of Project
N/A	All former projects on the ROPS have been completed.

VII. 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; 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 real property or properties housing asset(s) that were acquired prior to February 1, 2012 and compliance with five-year period:

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
Remnant parcels at Spurgeon & E. 22nd St.	10/30/2002	2/14/2018	This remnant parcel has been included in Request for Proposals (“RFP”) # 18-056 issued on July 2, 2018; RFP # 19-063 issued on July 3, 2019; RFP # 21-136 issued on December 8, 2021; and RFP # 23-156 issued on October 19, 2023. All of the RFPs have been issued for the development of affordable housing on this parcel. There has been no award from RFP # 23-156 at this time.
801, 809 & 809 ½ E. Santa Ana Blvd.	7/29/2009	2/14/2018	On December 7, 2021, the Housing Authority entered into a 99-year Ground Lease with Shelter Providers of Orange County, Inc. DBA HomeAid Orange County for the development of the FX Residences, a multifamily affordable housing project with 16 units for people experiencing homelessness. In October 2022, the developer closed on their construction loan financing and a groundbreaking ceremony was held in June 2023. Construction officially started in July 2023. The anticipated completion date of the project is March 2024.

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
826 N. Lacy	7/29/2009	2/14/2018	On November 17, 2020, the Housing Authority entered into a 99-year Ground Lease for the development of two (2) affordable homeownership opportunities for moderate income families. In August 2022, Habitat held a groundbreaking ceremony and obtained all building permits to commence construction. The anticipated completion date of the two (2) homes is in November 2023.
1126 & 1146 Washington	9/5/2007	2/14/2018	On July 25, 2022, the Housing Authority entered into a 65-year Ground Lease with Washington Santa Ana Housing Partners, L.P. for the development of the Crossroads at Washington, a multifamily affordable housing project with 86 units for extremely low-income families. Construction is underway and the anticipated completion date of the project is in March 2024.

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 of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
N/A			

VIII. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing: According to the FY 2010 – FY 2015 Implementation Plan for the former redevelopment agency, the following replacement housing obligations were transferred to the Housing Successor:

One (1) very-low income five-bedroom unit was removed in 2005. The replacement housing obligation transferred to the Housing Successor was fulfilled in a previous fiscal year with the WBBB project that accommodated a five-bedroom unit within the site.

At the end of Fiscal Year 2022-2023, the Housing Successor has met all replacement housing obligations transferred from the former redevelopment agency.

Inclusionary/Production Housing. According to the FY 2010 – FY 2015 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 <https://www.santa-ana.org/successor-agency-oversight-board/>

IX. EXTREMELY-LOW INCOME TEST

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 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 below is for the period of July 1, 2018 – June 30, 2023:

AMI	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	Totals
80% - 120%	\$150,827	\$0	\$0	\$0	\$0	\$150,827
50% - 80%	\$2,921,302	\$16,632	\$0	\$0	\$0	\$2,937,934
30% - 50%	\$471,213	\$26,867	\$0	\$0	\$0	\$498,080
0% - 30%	\$1,411,963	\$43,499	\$0	\$0	\$0	\$1,455,462
Totals	\$4,955,305	\$86,998	\$0	\$0	\$0	\$5,042,303
% of Funds Expended on 30% or Less of AMI	28.49%	50.00%	0.00%	0.00%	0.00%	28.87%

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 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 January 1, 2013 to December 31, 2022:

Senior Housing Test		1/1/2013 – 12/31/2022
# of Assisted Senior Rental Units		0
# of Total Assisted Rental Units		541
Senior Housing Percentage		0%

XI. EXCESS SURPLUS TEST

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 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Beginning Balance	\$33,014,290	\$29,197,585	\$26,417,704	\$27,246,424
Add: Deposits	\$1,371,881	\$170,606	\$1,246,112	\$483,734
(Less) Expenditures	\$5,188,586	\$2,950,487	\$417,392	\$108,227
Ending Balance	\$29,197,585	\$26,417,704	\$27,246,424	\$27,621,931

The LMIHAF does not have an Excess Surplus. (Refer to calculation below.)

Fund Balance – June 30, 2023	\$27,621,931
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Less Unavailable Amounts:

Loans and notes	(22,248,810)
Land held for resale	(75,000)
Restricted cash and investments with fiscal agent	(214,337)
Liabilities – Accounts payables & deposits	(2,257)
Deferred inflows of revenues	(6,329)
Project Commitments and Monitoring	(2,227,216)

Available Low Income Housing Funds	2,847,982
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Limitation (Greater of \$1,000,000 or Four Years Deposits):

Aggregate amounts deposited for preceding four fiscal years

2019 – 2020	1,371,881
2020 – 2021	170,606
2021 – 2022	1,246,112
2022 – 2023	483,734

Total deposits for the preceding four fiscal years	3,272,333
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Base limitation	1,000,000
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Greater Amount	3,272,333
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Computed Excess Surplus – June 30, 2023	\$ -
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XII. INVENTORY OF HOMEOWNERSHIP UNITS

- (A) As of June 30, 2023, there was a total of 55 homeownership units and 912 rental units subject to covenants or restrictions. Of this total, all 967 units had affordability restrictions.

- (B) During FY 2022-23, one (1) single family units were lost to the portfolio as the borrowers paid off the loan earlier than the original maturity date. Four rental units were lost during this fiscal year due to the sale of four rental units.
- (C) There were no funds returned to the Housing Successor as part of an adopted program that protects the former redevelopment agency's investment of moneys from the former Low and Moderate Income Housing Fund in FY 2022-23.
- (D) The Housing Authority of the City of Santa Ana has not contracted with any outside entity for the management of the units.