

**HOUSING SUCCESSOR ANNUAL  
REPORT REGARDING THE  
LOW AND MODERATE INCOME HOUSING ASSET  
FUND FOR FISCAL YEAR 2013-2014  
PURSUANT TO  
CALIFORNIA HEALTH AND SAFETY CODE SECTION  
34176.1(f) FOR THE  
COSTA MESA HOUSING AUTHORITY**

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 December 11, 2014; the report has been provided to, and will be presented for action by, the Housing Authority Board on January 20, 2015. This Report sets forth certain details of Costa Mesa Housing Authority (Housing Successor) activities during Fiscal Year 2013-2014. The purpose of this Report is to provide the governing body of the Housing Successor an annual report on 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 Financial Report for Fiscal Year 2013-2014 (CAFR) as prepared by White Nelson Diehl Evans LLP, which audit is separate from this Report; further, this 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 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 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 grant 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 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 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 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 reviewed is January 1, 2004 to January 1, 2014.

- 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.

This Report is to be provided to the Housing Successor's governing body in accordance with the Dissolution Law. In addition, this Report and the former Costa Mesa Redevelopment Agency's (former Agency) pre-dissolution Implementation Plan are available to the public on the City's website ([www.costamesaca.gov](http://www.costamesaca.gov)).

**I. AMOUNT DEPOSITED INTO LMIHAF**

A total of \$423,361 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 \$400,829, of which \$0 is held for items listed on the ROPS.

[Report continues on next page]

**III. DESCRIPTION OF EXPENDITURES FROM LMIHAF**

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

<b>Fiscal Year Monitoring &amp; Administration Expenditures</b>	<b>\$60,716</b>
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FOR MONITORING AND PRESERVING THE LONG-TERM AFFORDABILITY RESTRICTIONS ENTERED INTO BY THE RDA OR HS AND COSTS TO ADMINISTER HOMELESS PREVENTION / RAPID REHOUSING SERVICES AND DEVELOPING AFFORDABLE HOUSING

**Homeless Prevention and Rapid Rehousing Services Expenditures**

**\$0 FOR HOMELESS PROGRAMS**

- |   |
|---|
| <b>Housing Development Expenditures</b>             |
| ➤ <b>Expenditures on Low Income Units</b>           |
| ➤ <b>Expenditures on Very-Low Income Units</b>      |
| ➤ <b>Expenditures on Extremely-Low Income Units</b> |
| ➤ <b>Total Housing Development Expenditures</b>     |

**\$0 TOTAL EXPENDITURES FOR HOUSING DEVELOPMENT, IF ANY, BROKEN DOWN BY INCOME CATEGORY**

**\$60,716**  
**TOTAL EXPENDITURES**

**Total LMIHAF Expenditures in 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.

	As End of FY 13-14
<b>Statutory Value of Real Property Owned by Housing Authority</b>	<b>\$0</b>
<b>Value of Loans and Grants Receivable</b>	<b>\$4,783,565</b>
<b>Total Value of Housing Successor Assets</b>	<b>\$4,783,565</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.

#### VI. PROJECT DESCRIPTIONS

The Housing Successor does not receive or hold property tax revenue pursuant to the ROPS.

#### 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 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 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.

In furtherance thereof, the Housing Successor does not own any real property.

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

**Replacement Housing:** According to the March 2010 Implementation Plan for the former redevelopment agency, in Section 33413(a) replacement housing obligations were transferred to the Housing Successor; however, the former Agency had no outstanding replacement housing obligations as of dissolution.

**Inclusionary/Production Housing.** According to the March 2010 Implementation Plan for the former redevelopment agency, in Section 33413(b) inclusionary/production housing obligations were transferred to the Housing Successor; however, the former Agency had no outstanding inclusionary/production housing obligations as of dissolution. The former redevelopment agency's Implementation Plan for the former Downtown Project Area is posted on the City's website at ([www.costamesaca.gov](http://www.costamesaca.gov)).

Therefore, the Housing Successor has no outstanding replacement or inclusionary/production housing obligations.

The former Agency's Implementation Plan is posted on the City's website at ([www.costamesaca.gov](http://www.costamesaca.gov)).

## 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 is not required to be reported until 2019 for the 2014 – 2019 period.

## 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 Housing Successor’s Senior Housing Test for the 10 year period of January 1, 2004 to January 1, 2014 evidences that 9.8% of the funds were expended on assistance to provide senior affordable housing units and 90.2% of the funds were expended on assistance to provide non-senior/family affordable housing units. In particular, 36 senior units with long-term 55-year affordability covenants were established during the subject 10-year period (specifically, the St. John’s Manor Project).

**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:

	<b>FY 2010/11</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>FY 2013/14</b>
<b>Beginning Balance</b>	N/A	(\$156,283)	(\$160,874)	\$ 42,706
<b>Add: Deposits</b>	N/A	120,437	264,588	423,361
<b>(Less) Expenditures</b>	N/A	(125,028)	(61,008)	( 65,238)
<b>Ending Balance</b>	N/A	(160,874)	42,706	<b><u>\$400,829</u></b>

The LMIHAF does not have an Excess Surplus.