Sonoma County Community Development Commission
Sonoma County Housing Authority
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Housing Successor Agency Annual Report, FY 2021-22

As of February 1, 2012, the Sonoma County Community Development Commission (the Commission), as parent entity of the Sonoma County Housing Authority, became the Housing Successor Agency for the former redevelopment agencies of the County and the cities of Sebastopol and Sonoma. All encumbered housing assets of the three former redevelopment agencies were transferred to the Commission. These assets, as well as any income earned on the assets, are held in the Low- and Moderate-Income Housing Asset Fund (LMIHAF), and used pursuant to the housing provisions of California Health & Safety Code (HSC) Sections 33330 et seq.

As of FY 13-14, HSC Section 34176.1(f) requires the Housing Successor to conduct, and provide to its governing body, an independent financial audit of the LMIHAF within six months after the end of each fiscal year, which may be included in its agency-wide independent financial audit. The Housing Successor must also provide to its governing body, and post on its Internet website, all of the following information for the previous fiscal year. The Commission's FY 21-22 Financial Audit Report is attached to this Annual Report. All other required information is presented below.

(1) *Reporting Requirement:* The amount the city, county, or city and county received pursuant to the loan repayment formula described in HSC Section 34191.4(b)(3)(A).

None.

(2) Reporting Requirement: The amount deposited to the Low- and Moderate-Income Housing Asset Fund (LMIHAF), distinguishing between amounts deposited pursuant to HSC Section 34191.4(b)(3)(B) & (C), amounts deposited for items other listed on a Recognized Obligation Payment Schedule (ROPS), and other amounts deposited.

Amount deposited to the LMIHAF during FY 21-22	
Amount deposited for SERAF loan repayments (see Note 1)	$182,607
Amount deposited to reflect 20% of all loan repayments after SERAF loans have been paid (see Note 2)	$0
Deposits for ROPS items	$1,759,528.47
Deposits from Village Green II (See Note 3)	$505,440.70
All Other Deposits	$3,470,225.86

NOTE 1: Per HSC Section 34191.4(b)(3)(B), repayments received by the city, county, or city and county that formed the redevelopment agency shall first be used to retire any outstanding

amounts borrowed and owed to the LMIHAF of the former redevelopment agency for purposes of the Supplemental Educational Revenue Augmentation Fund (SERAF) and shall be distributed to the LMIHAF.

NOTE 2: Per HSC Section 34191.4(b)(3)(C), 20 percent of any loan repayment shall be deducted from the loan repayment amount and shall be transferred to the LMIHAF, after all outstanding loans from the LMIHAF for purposes of the SERAF have been paid.

NOTE 3: The LMIHAF includes a sub-fund for the Village Green II apartment complex, which is subsidized through a United States Department of Agriculture (USDA) Rural Rental Housing Program loan and monthly rental assistance payments. Village Green II is therefore governed by USDA regulations, which restrict the use of income from the development for management and maintenance of the property. The LMIHAF's Village Green II sub-fund tracks all receipts and expenditures for this property separately to ensure compliance with the USDA regulations prohibiting use of these funds for any other purpose.

(3) <u>Reporting Requirement</u>: A statement of the balance in the LMIHAF as of the close of the fiscal year, distinguishing any amounts held for items listed on a Recognized Obligation Payment schedule from other amounts.

Balance in LMIHAF as of 6/30/2022	
Balance Held for ROPS Items	$0
Balance Held for Village Green II (See Note 3)	$0
Balance Available for All Other Uses	$4,855,824.02

(4) <u>Reporting Requirement</u>: A description of expenditures from the fund by category, including, but not limited to, expenditures for: (A) Monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the former redevelopment agency or the housing successor and administering the activities described in HSC Sections 34176.1(a)(2) and (3), (B) Homelessness prevention and rapid re-housing services described in HSC Section 34176.1(a)(2), and (C) Development of housing pursuant to HSC Section 34176.1(a)(3).

FY 21-22 Expenditures from the LMIHAF by Category	
Monitoring/Preservation of Affordability Restrictions & Administration of Category B & C activities (See Note 4)	$494,296.59
Homelessness Prevention & Rapid Re-Housing	$250,000
Housing Development	$1,734,723.07
Village Green II Expenses (See Note 2)	$312,106.65

NOTE 4: Per HSC Section 34176.1(a)(1), the Housing Successor may expend up to an amount equal to two percent of the statutory value of real property owned by the Housing Successor and of loans and grants receivable. If this amount is less than $200,000 in any fiscal year, the housing successor may expend up to $200,000 for these purposes. As noted under Reporting Requirement 5 below, the value of Housing Successor real property and loans receivable in FY 2021-22 was $29,888,119. Therefore, the Housing Successor may expend up to $597,762 for Category A costs during FY 21-22.

(5) Reporting Requirement: As described in HSC Section 34176.1(a)(1), the statutory value of real property owned by the Housing Successor, the value of loans and grants receivable, and the sum of these two amounts.

Statutory value of real property (See Note 5)	$3,873,018
Value of loans and grants receivable	$26,015,101
Sum of these two amounts	$29,888,119

NOTE 5: Per HSC Section 34176.1(a)(1), the statutory value of real property is the value listed on the Housing Asset Transfer list approved by Department of Finance at the time of transfer from Successor Agency to Housing Successor OR the purchase price of properties purchased by the Housing Successor.

(6) Reporting Requirement: A description of any transfers made pursuant to HSC Section 34176.1(c)(2) in the previous fiscal year and, if still unencumbered, in earlier fiscal years and a description of and status update on any project for which transferred funds have been or will be expended if that project has not yet been placed in service. (See Note 6)

Transfers made in previous fiscal year	None
Unencumbered funds transferred in earlier fiscal years	None
Description and status of any project with transferred funds	Not Applicable

NOTE 6: This Section refers to transfers of LMIHAF revenues made between two or more housing successor agencies within a county, within a single metropolitan statistical area, within 15 miles of each other, or in contiguous jurisdictions, for the sole purpose of developing transit priority projects, permanent supportive housing, housing for agricultural employees, or special needs housing. There are a number of conditions that must be met for this type of transfer to be permitted.

(7) Reporting Requirement: A description of any project for which the housing successor receives or holds property tax revenue pursuant to a Recognized Obligation Payment Schedule and the status of that project.

As noted in (2) above, during FY 21-22, the Housing Successor Agency received property tax revenue pursuant to the Recognized Obligation Payment Schedules of the Successor Agencies of the cities of Sonoma and Sebastopol for administrative funding.

(8) Reporting Requirement: For interests in real property acquired by the former redevelopment agency prior to February 1, 2012, a status update on compliance with Section 33334.16. For interests in real property acquired on or after February 1, 2012, a status update on the project. (See Note 7)

Real property acquired by former RDA prior to 2/1/2012	
Single-family home, 7991 Covert Lane, Sebastopol	In service as rental for low-income households.
Single-family home, 6855 Walker Avenue, Sebastopol	In service as rental for low-income households.
Village Green II, 650 4th Street, Sonoma City	Village Green II sold. Funds deposited into LMIHAF FY 21-22.
Vacant 2.0 acre lot, 20269 Broadway, Sonoma City	Sold 11/27/2019. Funds deposited into LMIHAF in FY 19-20. Used immediately for the development of Altamira in Sonoma City.
Vacant 0.3 acre lot, 650 West Spain Street, Sonoma City	Sold 5/2013. Funds deposited to LMIHAF in FY 12-13.
Former Sheriff Substation, 16717 Hwy 12, Sonoma Valley	Sold. Funds deposited to LMIHAF in FY 13-14.
Roseland Village, 665 Sebastopol Road, Santa Rosa	Developer applying for additional funds needed.
No real property was acquired by Housing Successor on or after 2/1/2012.	

Note 7: HSC Section 33334.16, as revised by HSC Section 34176.1(e), states that within five years of the date on which the Department of Finance approved the real property as a housing asset, the Housing Successor must initiate activities consistent with the development of the property for that purpose. If not initiated within five years, a single five-year extension can be granted by the legislative body by resolution. If development has not begun by the end of the extended period, the property must be sold and funds deposited into the LMIHAF. The approved Housing Asset Transfer lists were submitted to Finance on August 1, 2012, so acquisition date is considered to be that date.

(9) Reporting Requirement: A description of any outstanding obligations pursuant to Section 33413 that remained to transfer to the housing successor on February 1, 2012, of the housing successor's progress in meeting those obligations, and of the housing successor's plans to meet unmet obligations. In addition, the housing successor shall include in the report posted on its Internet Web site the implementation plans of the former redevelopment agency. (See Note 8)

Outstanding Obligations remaining as of 2/1/2012	None
Progress in meeting above listed obligations	Not Applicable
Plans to meet unmet obligations listed above	Not Applicable

The most current Five-Year Implementation Plans of the former redevelopment agencies are attached.

Note 8: HSC Section 33413 established replacement and affordable housing production requirements for redevelopment agencies. These provisions mandate that low- and moderate-income housing removed by the former redevelopment agency be replaced and require that 15 percent of new housing constructed in the redevelopment project area be affordable to very low-, low-, and moderate-income households.

(10) Reporting Requirement: The information required by HSC Section 34176.1(a)(3)(B). (See Note 9)

Not applicable until FY 24/25

NOTE 9: HSC Section 34176.1(a)(3)(A) requires the Housing Successor to spend at least 30 percent of funds used for housing development for rental housing affordable to and occupied by households earning 30 percent or less of area median income (extremely low-income). The Housing Successor must demonstrate compliance beginning in the annual report for 2019, and every five years thereafter. HSC Section 34176.1(a)(3)(B) specifies actions to be taken by the Housing Successor if it is not in compliance with this requirement.

(11) Reporting Requirement: 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. (See Note 10)

Percentage of assisted rental units restricted to seniors	8%
Percentage of assisted rental units restricted to seniors or other adults who are veterans or disabled.	8%

NOTE 10: HSC Section 34176.1(b) requires that at least 50% of the units of deed restricted rental housing that are assisted individually or jointly by the Housing Successor, the former redevelopment agencies, and their host jurisdictions within the previous 10 years must be available to all persons, regardless of age.

(12) Reporting Requirement: The amount of any excess surplus, the amount of time that the successor agency has had any excess surplus, and the housing successor's plan for eliminating the excess surplus. (See Note 11)

Amount of Excess Surplus	$3,855,824
Time Successor Agency has had excess surplus	>4 year
Plan for eliminating the excess surplus:	Funds to be reinvested into Affordable Homeownership loans and/or new construction/preservation of Affordable Rental Developments.

NOTE 11: HSC Section 34176.1(d) defines "excess surplus" to mean an unencumbered amount in the LMIHAF that exceeds the greater of $1 million or the aggregate amount deposited into the LMIHAF during the Housing Successor's preceding four fiscal years.

(13) Reporting Requirement: An inventory of homeownership units assisted by the former redevelopment agency of 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. This inventory shall include all of the following information:

a. The number of those units
b. In the first report, the number of units lost to the portfolio after February 1, 2012, and the reason or reasons for those losses. For all subsequent reports, the number of units lost to the portfolio in the last fiscal year and the reason for those losses.
c. Any funds returned to the housing successor as part of an adopted program that protects the former redevelopment agency's
d. investment of moneys from the Low-and Moderate-Income Housing Fund.
e. Whether the housing successor has contracted with any outside entity for the management of the units and, if so, the identity of the entity.

Number of homeownership units assisted by the former redevelopment agencies	195
Number of units lost in the last fiscal year	11
Reason for loss	Expiration of 9 agreements, 1 loan paid, 1 unit lost at FMV resale.
Funds returned to Housing Successor	0
Contract with outside entity for management of units and the identity of the entity	None