CITY OF HOLLISTER HOUSING SUCCESSOR ANNUAL REPORT REGARDING THE LOW AND MODERATE INCOME HOUSING ASSET FUND FOR FISCAL YEAR 2013-2014 PURSUANT TO HEALTH AND SAFETY CODE SECTION 34176.1(f)

This City of Hollister Housing Successor Annual Report (Report) has been prepared pursuant to California Health and Safety Code Sections 34176.1(f). This Report summarizes activities during Fiscal Year 2013/14 related to the Low and Moderate Income Housing Asset Fund (LMIHAF). The purpose of this Report is to provide the City Council in its capacity as the Housing Successor to the former City of Hollister Redevelopment Agency 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 3416.1 (Dissolution Law).

The following Report is based upon information prepared by the City of Hollister staff and information contained within the independent financial audit of the Low and Moderate Income Housing Asset Fund for Fiscal year 2013-2014 as prepared by Mann, Urritia, Nelson CPAs which audit is separate from this annual summary Report. This Report conforms with and is organized into Sections 1 through 11 pursuant to Section 34176.1 (f) of the Dissolution Law.

1. **Deposits into the Low Moderate Income Housing Funds in FY 1013/14 (§34176.1 (f)(1):**
    - **a.** Repayment of loans and interest: $371,928
    - **b.** Recognized Obligation Payment Schedule property tax: $50,000

2. **City of Hollister Housing Successor Fund balance at the end of FY 2013/14 (§34176.1 (f)(2):** $2,550,660

3. **Summary of Expenditures from the Low Moderate Income Housing Fund by Category (§34176.1 (f)(3):**

Description of Expenditures		Amount
1. Monitoring and administration		$277,814
2. Homeless Prevention and Rapid Rehousing Services		$ 86,360
3. Housing Development Expenditures		
• Expenditures on Extremely Low Income Rental Units		$0
• Expenditures on Very Low Income Units		$0
• Expenditures on Low Income Units		$0

4. **Value of Housing Successor assets (§34176.1 (f)(4):**
    - **a.** Real property: $110,000
    - **b.** Loans and grants receivable:
        - i. Loans with monthly payments $573,670
        - ii. Estimated value of 131 Forgivable loans where if the owner does not move in a prescribed time the loan is forgiven: $3,850,935

iii. Estimated value of loans with deferred payments: $10,108,984. The majority of the deferred loans will not require payment for twenty or more years.

5. **Description of transfers of Low Moderate Income Housing Funds (LMIHAF) to other Housing Successor's. (§34176.1 (f)(5):** The City of Hollister did not make any LMIHAF transfers to other Housing Successor(s) under §34176.1 (c)(2) during the Fiscal Year.

6. **Description of any project that received property tax on the Recognized Obligation Payment Schedule during FY 2013/14.** The former City of Hollister Redevelopment Agency entered into an agreement with Hollister Investment Group to provide tenant based rental assist to ten very low income senior apartments at the Prospect Villa Senior Apartments until the end of 2019 in the amount of $50,000 per year. Funds were deposited into the Low Moderate Income Housing Successor Funds from ROPS 2013-14 A and 2013-14 B in the amount of $50,000 for rent assistance at the Prospect Villa Senior Apartments. NOTES:
   a. The prior period adjustment sheet on ROPS 2013-14A reported actual expenses of $21,668 for the previous six months.
   b. The prior period adjustment sheet on ROPS 2013-14B reported actual expenses of $23,264 for the previous six months.

7. **Status of real property acquired by the former RDA (§34176.1 (f)(7)):**
   a. Prior to 2/1/2012: The property at 1191 Sunnyslope Road was developed for transitional housing with assistance from the Low Moderate Income Housing Funds of the former Hollister Redevelopment Agency and continues to be leased to Emmaus House with rental restrictions for said use. It has come to staff's attention that the property inadvertently was not transferred from the City of Hollister to the Hollister Redevelopment Agency in 1996. It is possible the property is owned by the City of Hollister and should not be considered a housing asset of the former City of Hollister RDA.
   b. After 2/1/2012: Not applicable – none purchased.

8. **Description of outstanding obligations for replacement housing pursuant to Health and Safety Code §33413**.
   Replacement Housing: According to the draft 2009-2014 Implementation Plan for the former Hollister Redevelopment Agency (RDA), no Section 33413(a) replacement housing obligations were transferred to the Housing Successor. The Hollister RDA was unable to adopt the update to the draft plan in 2011 due to prohibitions in the Dissolution Act and Voluntary Program Act. The draft 2009-2014 and 2005-2009 Implementation Plans are posted on the City's website at http://hollister.ca.gov/government/city-departments/development-services/successor-agency

   Inclusionary/Production Housing: According to the draft 2009-2014 Implementation Plan for the former Hollister Redevelopment Agency (RDA), no

Section 33413(b) inclusionary/production housing obligations were transferred to the Housing Successor. The replacement housing obligations were transferred to the Housing Successor. The Hollister RDA was unable to adopt the update to the draft plan in 2011 due to prohibitions in the Dissolution Act and Voluntary Program Act. The draft 2009-2014 and 2005-2009 Implementation Plans are posted on the City's website at http://hollister.ca.gov/government/city-departments/development-services/successor-agency

9. **Compliance of the Hollister housing successor compliance with the Low Moderate and Income Housing Asset Fund expenditure requirements pursuant to §34176.1 (a)(3)(A) for the period 2014-2019.**

   a. Administrative Cost Cap for monitoring of 2% of the statutory value of housing successor real property, loans and grants or $200,000 in any fiscal year to §34176.1(a)(1): **Comply** - The Housing Successor expended $277,814 for administrative costs in fiscal year 2013/14 which is less than 2% of the statutory value of the housing successor real property, loans and grants.

   b. Homeless Prevention and Rapid Rehousing Services: **Comply** - The Housing Successor may expend up to $250,000 per fiscal year for homeless prevention and rapid rehousing services of individual and families who are homeless or would be homeless pursuant to §34176.1(a)(2). The City of Hollister spent $86,360 on homeless prevention services in Fiscal Year 2013/14.

   c. Extremely Low Income Rental Housing: **Premature** - Section 34176.1(a) (3) (B) states that at least 30% of the LMIHAF not used for monitoring or homeless prevention and rapid rehousing services must be spent on rental housing for Extremely Low Income Households between the period of 2014 and 2019. The information is not required to be reported until 2019. However, the City Council approved Resolution 2014-45 on March 3, 2014 authorizing execution of a $750,000 loan agreement to assist with the construction of six extremely low income rental units at the approved San Juan Gardens workforce housing project. The developer was unable to secure tax credit financing in 2014 and the loan agreement was not executed.

   d. Cap: 20% cap on use of LMIHAF on development of housing affordable to very low income households. **Premature** - Section 34176.1(a) (3) (B) limits the expenditure of the LMIHAF for affordable housing development that is not used for monitoring or homeless prevention and rapid rehousing services to 20% for households earning between 60 to 80% of the area median income between the period of 2014 and 2019. This would apply to Very low income and some Low income households. The information is not required to be reported until 2019.

e. Cap: Senior Housing. **Use of LMIHAF not allowed:** Section 34176.1 (b) prohibits using LMIHAF for a senior housing development if the total number of deed-restricted senior rental units in the City of Hollister established by the City, the former RDA and the housing successor over the past ten years exceeds fifty percent (50%) of the aggregate number of units of deed-restricted rental housing assisted. Over the past ten years, 69% of the deed restricted rental units developed was constructed for seniors. It should be noted that prior to dissolution of redevelopment agencies, a different threshold for spending was applied in the Health and Safety Code and the Hollister RDA complied with the standard as noted in the draft Five Year Implementation Plan for the period 2009-2014.

Deed Restricted Units Constructed in Hollister 2004 - 2014

Project Name	Senior Units	Total Units	Percent of Total
Gateway Palms	0	32	31%
Vista Meadows	72	72	69%
	72	104	

f. Excess Surplus Low Moderate Income Housing Asset Fund (LMIHAF). **Surplus** – The Hollister Housing Successor will have an excess surplus of unencumbered funds as defined in §34176.1 (d) if the amount in the LMIHAF if the unencumbered amount 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. If the Hollister Housing Successor does not encumber the excess surplus within three fiscal years (2015/16), the funds will be transferred to the Community Development Department for expenditure pursuant to the Multi-family Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program.

	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14
Beginning Balance			($113,589)	$2,757,119
Add: Deposits		$ 16,000	$4,755,682	$ 86,534
Expenditures		$ 129,601	$1,884,979	$ 292,993
Ending Balance		($113,589)	$2,757,119	$2,550,660

The City of Hollister Housing Successor had a LMIHAF balance of $2,550,660 at the end of Fiscal Year 2013/14. The City of Hollister City Council approved encumbering $750,000 to assist with construction of extremely low income rental housing (Resolution 2014-192) and rehabilitation of an existing affordable rental housing at the Rustic Gardens for $400,000 (Resolution 2014-192). The two projects have the potential to encumber $1,150,000. An additional $480,000 is expected to be used for monitoring thereby reducing the fund balance to $920,660. It should be noted that neither of the loan agreements authorized by Resolutions 2014-45 and 2014-192 have been executed.

g. Inventory of Homeownership Units Assisted by the former Hollister Redevelopment Agency or Housing Successor that are subject to covenants or restrictions 34176.1 (12)

i. Number of Units: 515

ii. Number of Units lost to the portfolio after 2/1/2012:

Four units were lost to the portfolio between February 1, 2012 and the present because the loans were paid off.

iii. Funds returned to the housing Successor as part of an adopted program that protects the former RDA's LMIHAF. See subsection f.

iv. Management of homeownership units:

The Housing Successor does not contract with any outside entity for the management of the homeownership housing assets.