

**Housing Successor Annual Report  
Low and Moderate Income Housing Asset Fund  
For Fiscal Year 2016-2017 Pursuant To  
California Health and Safety Code Section 34176  
For the City of Petaluma**

Senate Bill 341 (SB 341) became effective on January 1, 2014, requiring each housing successor agency that assumed the housing functions of a former redevelopment agency to post a report on its website containing information regarding the low and moderate income housing asset funds of the former redevelopment agency for the previous fiscal year. In this case, the City of Petaluma, as the housing successor, is required to prepare and post the report.

In addition, the Housing Successor Agency is required to conduct and provide an independent financial audit of the Fund within six months of the end of the fiscal year. The Audit may be included as part of the City's independent financial audit.

The City of Petaluma assumed the housing functions of the former Petaluma Community Development Commission on January 23, 2012. The transfer of the functions included transfer of formerly designated RDA low- and moderate-income housing funds as were any funds generated by the former RDA housing assets.

To ensure that the monies in the Fund are expended in accordance with the law, Section 34176.1(f) required an independent financial audit of the fund within six months of the end of the fiscal year. The independent audit of the City's Fund is included as part of the Comprehensive Audited Financial Report (CAFR) prepared by Maze and Associates, and is on the City's website at [www.cityofpetaluma.net/finance/finstatement.html](http://www.cityofpetaluma.net/finance/finstatement.html).

The following report is based upon information prepared by Housing Successor staff and information within the independent financial audit of the Low and Moderate Income Housing Asset Fund. This report conforms with Sections I through XI, of Section 34176.1(f) of the Dissolution Law.

- 1. Amount Deposited into LMIHAF:** A total of **\$293,869** was deposited into the LMIHAF during the Fiscal Year. Of that total, \$117,781 were funds transferred from other City Housing funds to support the administrative costs of the Housing Division. Of the total funds deposited into the LMIHAF, a total of **\$0** was held for items listed on the ROPS.
- 2. Ending Balance of LMIHAF:** At the close of the Fiscal Year, the ending balance in the LMIHAF was **\$28,866,035**, of which **\$0** was being held for items listed on the ROPS.
- 3. Description of Expenditures from LMIHAF:** The following is a description of expenditures from the LMIHAF by category:

|   | <b>Fiscal Year 2016-2017</b> |
|---|------------------------------|
| Monitoring & Administrative Expenditures        | \$181,500                    |
| Homeless Prevention & Rapid Re-Housing Services | \$181,180                    |
| Housing Development Expenditures                | \$0.00                       |
| <b>Total LMIHAF Expenditures</b>                | <b>\$362,680</b>             |

The Housing Successor is allowed to spend up to the greater of \$200,000 or 2% of the value of the Housing Assets Portfolio (defined and calculated in Section 4), which totals \$506,479 on Monitoring and Administration Expenditures.

**4. Statutory Value of Assets Owned by Housing Successor:** 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, 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 receivable is included in these reported assets held in the LMIAF. The following is the statutory value of assets owned by the Housing Successor.

|   | <b>Fiscal Year 2016-2017</b> |
|---|------------------------------|
| Statutory Value of Real Property Owned by Housing Successor | \$ 3,210,058                 |
| Value of Notes Receivable                                   | 22,113,884                   |
| <b>Total Value of Housing Assets</b>                        | <b>\$25,323,942</b>          |

**5. 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.

**6. 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 did not receive or hold any property tax revenue pursuant to the ROPS during the Fiscal Year.

**7. 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, this section provides 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 periods described in Section 33334.16 shall be deemed to have commenced on the date that the Department of Finance (DOF) approved the property as a housing asset in the LMIHAF. For real property acquired by the former redevelopment agency that is not being 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 housing asset(s) that were acquired prior to February 1, 2012 and compliance with the five-year period:

| Address of Property   | Date Property Acquired | DOF Transfer Approval | Deadline to Initiate Activity | Status of Activity  |
|-----------------------|------------------------|-----------------------|-------------------------------|---|
| 951 Petaluma Blvd. So | 2/2011                 | 8/29/2012             | 8/29/2017                     | <p><b>April 6, 2017</b> - The City sent out a Request for Proposal for an affordable housing development on the property.</p> <p><b>June 1, 2017</b> the City Council directed staff to work with PEP Housing on their proposed senior/veteran affordable project. Project development is ongoing. Estimated project completion date is summer 2021</p> |

The following provides a status update on real property housing asset(s) that were acquired by the Housing Successor using LMIHAF on or after February 1, 2012:

No properties have been acquired by the Housing Successor after February 1, 2012

**8. Description of Outstanding Obligations Pursuant to Section 33413:** This section requires compliance with Section 33413 if there were any outstanding inclusionary and replacement housing obligations prior to dissolution of the former redevelopment agency and how the Housing Successor plans to meet unmet obligations, if any. According to the 2007-2012 Implementation Plan for the former redevelopment agency, no Section 33413(a) replacement housing or inclusionary/production housing obligations were transferred to the Housing Successor. The former redevelopment agency’s 2007-2012 Implementation Plan is posted on the City’s website.

**9. 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 household earning 30% of less of the AMI. If the Housing Successor fails to comply with the Extremely-Low Income requirement in any five-year period, 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 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 five year period.**

**10. 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 the 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 summarizes the number of deed-restricted rental housing units produced by the former redevelopment agency and the Housing Successor over the past 10 years:

| Project Name                  | Year Built | # of Senior Units | # of Non-Senior Units | Total # of Units |
|-------------------------------|------------|-------------------|-----------------------|------------------|
| Casa Grande Senior Apartments | 2008       | 58                |                       | 58               |
| Vintage Chateau II            | 2012       | 68                |                       | 68               |

|                            |      |            |           |            |
|----------------------------|------|------------|-----------|------------|
| Logan Place Apartments     | 2013 |            | 66        | 66         |
| Kellgren Senior Apartments | 2014 | 50         |           | 50         |
| <b>Total Units</b>         |      | <b>176</b> | <b>66</b> | <b>242</b> |

The following provides the Housing Successor's Senior Housing Test for the 10 year period from July 1, 2007 to June 30, 2017:

|                                   |            |
|-----------------------------------|------------|
| # of Assisted Senior Rental Units | 176        |
| # of Total Assisted Rental Units  | 242        |
| <b>Senior Housing Percentage</b>  | <b>73%</b> |

**11. Excess Surplus Test:** This section provides the amount of excess surplus in the LMIHAF, if any, the length of time that the Housing successor has had excess surplus, and the Housing successor's plan for eliminating the excess surplus. 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.

| <b>Year</b>  | <b>Amount</b>      |
|--|--------------------|
| Fiscal Year 2012-2013  | \$296,727          |
| Fiscal Year 2013-2014  | \$392,666          |
| Fiscal Year 2014-2015  | \$234,191          |
| Fiscal Year 2015-2016  | \$88,552           |
| <b>Total Deposits</b>  | <b>\$1,011,686</b> |
| Greater of \$1,000,000 or Previous Four Fiscal Year's Deposits | \$1,011,686        |
| Available Unencumbered Amount in LMIHAF @ 7/1/17               | \$0                |
| <b>Computed Excess Surplus</b>                                 | <b>NONE</b>        |

*Since the Housing Successor was created on 2/1/12, there were no deposits made prior to this date.*

**Based on the calculation above, the LMIHAF does not have an excess surplus at 6/30/17**