

**HOUSING SUCCESSOR ANNUAL REPORT  
REGARDING THE LOW AND MODERATE INCOME HOUSING ASSET FUND  
FOR FISCAL YEAR 2017-18 PURSUANT TO  
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f) FOR THE  
CITY OF SOLANA BEACH, HOUSING SUCCESSOR TO THE FORMER SOLANA BEACH  
REDEVELOPMENT AGENCY**

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). This Report sets forth certain details of the activities of the City of Solana Beach, acting in its capacity as housing successor to the former Solana Beach Redevelopment Agency (Housing Successor), during Fiscal Year 2017-18 (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 for Fiscal Year 2017-18 (Fiscal Year). The LMIHAF has maintained a zero balance for the entirety of the Fiscal Year. As a result, no audit report was prepared for the Fiscal Year. 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 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 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 Solana Beach Redevelopment Agency (Former Agency) as of February 1, 2012 along with the Housing Successor's progress in meeting those prior obligations, if any, of the Former Agency and how the Housing Successor 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. 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, the Former Agency, and the City of Solana Beach 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, the Former Agency, and the City of Solana Beach within the same time period. For this Report the ten-year period reviewed is January 1, 2006 to January 1, 2016.

**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.

## **REPORT**

This Report and the former Solana Beach Redevelopment Agency's pre-dissolution Implementation Plan are to be made available to the public on the City's website [http://www.ci.solana-beach.ca.us/index.asp?SEC=4459C1D7-9FF7-4988-92FF-D6EC8A2F593E&Type=B\\_BASIC](http://www.ci.solana-beach.ca.us/index.asp?SEC=4459C1D7-9FF7-4988-92FF-D6EC8A2F593E&Type=B_BASIC).

**I. AMOUNT DEPOSITED INTO LMIHAF.** A total of \$0 was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, no funds were held for items listed on the ROPS. All funds were designated to meet an enforceable obligation to the Hitzke Development Corporation to be used for ten units of very low income multifamily housing (Hitzke Obligation).

**II. ENDING BALANCE OF LMIHAF.** At the close of the Fiscal Year, the ending balance in the LMIHAF was \$0, of which no funds are held for items listed on the ROPS. All funds are designated to meet the Hitzke Obligation.

**III. DESCRIPTION OF EXPENDITURES FROM LMIHAF.** The following is a description of expenditures from the LMIHAF by category

Fiscal Year	
<b>Monitoring &amp; Administration Expenditures</b>	None
<b>Homeless Prevention and Rapid Rehousing Services Expenditures</b>	None
<b>Housing Development Expenditures</b>	None
➤ Expenditures on Low Income Units	
➤ Expenditures on Very-Low Income Units	
➤ Expenditures on Extremely-Low Income Units	
➤ Total Housing Development Expenditures	
<b>Total LMIHAF Expenditures in Fiscal Year</b>	<b>None</b>

**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 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	0
Value of Loans and Grants Receivable	\$601,310
<b>Total Value of Housing Successor Assets</b>	<b>\$601,310</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.** The Housing Successor has no interests in real property.

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

**Replacement Housing:** According to the 2009-2014 Implementation Plan for the Former Agency, no Section 33413(a) replacement housing obligations were transferred to the Housing Successor. The Former Agency’s Implementation Plan is posted on the City’s website at [http://www.ci.solana-beach.ca.us/index.asp?SEC=4459C1D7-9FF7-4988-92FF-D6EC8A2F593E&Type=B\\_BASIC](http://www.ci.solana-beach.ca.us/index.asp?SEC=4459C1D7-9FF7-4988-92FF-D6EC8A2F593E&Type=B_BASIC)

**Inclusionary/Production Housing.** According to the 2009-2014 Implementation Plan for the Former Agency, the Former Agency was required to construct 2.1 units of very low income housing to meet its inclusionary requirement. The project proposed by the Hitzke Development Corporation and funded in part by the Housing Successor will provide 10 very low income housing units.

**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.

All of the funds in the LMIHAF are committed under an enforceable obligation to the Hitzke Obligation, which will provide ten units of very low income housing. Because the Housing Successor receives minimal interest income, the extremely low-income test does not apply.

**X. SENIOR HOUSING TEST.** Neither the Housing Successor, the Former Agency nor the City provided funding to deed-restricted rental housing limited to seniors within the past 10 years.

**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.

In the previous five fiscal years, a total of \$ 4,506 was deposited into the LMIHAF, in the form of interest payments. Therefore, the LMIHAF does not have an Excess Surplus.