



City of Port Hueneme

Agency Agenda Staff Report

To: City Council / Housing Successor Agency Board

From: Tony Stewart, AICP, Director of Community Development and
Hitta Mosesman, RSG (Successor Agency Consultant)

Subject: **Housing Successor Agency Annual Reports for Fiscal Years 2013-14 through 2016-17**

Date: March 14, 2019

Recommendation:

Receive and file.

Background/Analysis:

Housing Successor Agency Annual Report

California Health and Safety Code ("HSC") Section 34176.1 (enacted by Senate Bill 341 and Assembly Bill 1793) requires successor housing entities to prepare an annual report documenting compliance with expenditure proportionality and other requirements pertaining to the housing asset fund. The report is due to the California Department of Housing and Community Development ("HCD") by April 1st.

The attached reports were prepared to cover previous years and to bring the Port Hueneme Housing Successor Agency ("Housing Successor") current with this reporting requirement. The Fiscal Year 2017-18 report was also prepared and is included with the 2018 General Plan Annual Progress Report, presented separately.

The Annual Reports include the following information required by law:

- Amounts deposited into the Housing Asset Fund;
- Statement of the balance of the Housing Asset Fund;
- Description of expenditures by category;
- Statutory value of real property;
- Description of asset transfers from the former Port Hueneme Redevelopment Agency;
- Description of projects that receive funding through the Successor Agency's Recognized Obligation Payment Schedule;
- Status of property disposition efforts;
- Update on inclusionary and replacement housing obligations;
- Compliance with five-year expenditure obligations;
- Percentage of senior deed-restricted units;

- Amount of excess surplus; and
- An inventory of homeownership units with affordability restrictions.

Low- and Moderate-Income Housing Asset Fund

The Housing Asset Fund includes all the assets that were transferred from the Port Hueneme Redevelopment Agency (“Former Agency”) to the City of Port Hueneme (“City” or “Housing Successor”) upon dissolution of the former Agency. The assets include:

- Real properties,
- Loan/grants receivable, and
- Rents/operations

Revenues / deposits into the Housing Asset Fund from Fiscal Year 2013-14 to Fiscal Year 2017-18 were as follows:

Year	Revenues
2013-14	\$367,223
2014-15	\$263,877
2015-16	\$392,030
2016-17	\$254,221
2017-18	\$461,879

Ending asset balances in the Housing Asset Fund were as follows:

Year	Ending Asset Balance
2013-14	\$1,867,564
2014-15	\$1,557,542
2015-16	\$1,511,295
2016-17	\$1,491,143
2017-18	\$1,518,394

Expenditures from the Housing Asset Fund were as follows:

Year	Expenditures
2013-14	\$336,247
2014-15	\$309,689
2015-16	\$171,030
2016-17	\$155,082
2017-18	\$212,058

The statutory value of the properties and loans held by the Housing Successor totaled the following:

Year	Statutory Value of Properties and Loans
2013-14	\$6,202,065
2014-15	\$5,983,671
2015-16	\$5,710,161
2016-17	\$5,570,165
2017-18	\$5,436,368

Property and Project Descriptions

At the time of dissolution, the Former Agency transferred thirteen real estate parcels and the rental income associated with them to the Housing Successor. These parcels are listed in Table A. Of those thirteen properties, eight were already developed with 24 housing units, though three are currently vacant. The vacant property, a triplex located at 245 E. Port Hueneme Road, needs major repair before it can be occupied again. It was assessed as a potential historic resource in 2010 and was found to be eligible for listing on the National Register of Historic Places or the California Register of Historical Resources and potentially eligible for designation as a City of Port Hueneme landmark.

Port Huneme Housing Successor Properties

Table A

Address	Asset Type
771-775 Jane Drive	Duplex
780-786 Jane Drive	Duplex
800-806 Jane Drive	Duplex
841 Jane Drive	5 Apartments
249 E. A Street	8 Apartments
309 E. C Street	Single Family Home
323 E. C Street	Single Family Home
155 W. C Street	Vacant Land
116 W. Pleasant Valley Road	Vacant Land
124 W. Pleasant Valley Road	Vacant Land
148 W. Pleasant Valley Road	Vacant Land
241 E. Port Hueneme Road	Vacant Land
245 E. Port Hueneme Road	Vacant Triplex

The five vacant land properties have been included in the City's efforts to sell and develop properties throughout the City over the last several years. The Housing Successor is coordinating with Habitat for Humanity for the disposition and development of the property located at 155 West C Street with four to six homes. No buyer or developer has yet been identified for disposition or development of the other properties.

Outstanding Inclusionary and Replacement Housing Obligations

At the time of its dissolution, the Former Agency met its inclusionary housing requirements. Therefore, there are no outstanding inclusionary or replacement housing obligations of the Former Agency to be fulfilled by the Housing Successor.

Income & Age Proportionality

If housing successors expend money on projects, SB 341 requires at least 30 percent to be spent on extremely low-income rental housing, among other restrictions. The Housing Successor did not have expenditures to report in Fiscal Years 2013-14 through 2017-18. With no expenditures to report, the Housing Successor is by default compliant with the proportionality requirements for both fiscal years.

SB 341 also sets a limit on the portion of publicly assisted deed-restricted rental housing that may be restricted to seniors. Over the last decade, no new affordable units were constructed. The

most recent affordable units constructed or assisted are a duplex at 800-806 Jane Drive. Neither of those units is restricted to seniors. The Housing Successor may spend more money subsidizing senior rental units; however, it must ensure that no more than 50% of the total aggregate number of rental units at all affordability levels produced within the preceding 10 years are restricted to seniors.

Excess Surplus

SB 341 reinstated a requirement to prevent housing successors from accumulating an excess surplus, which is generally defined as unencumbered cash that exceeds the greater of \$1 million or the aggregate amount deposited into the Housing Asset Fund in the preceding four years. Since the housing successor did not exist until 2012, the first year this calculation can be performed is Fiscal Year 2016-17.

No excess surplus was calculated for any Fiscal Year. As the general purpose of the excess surplus calculation is to ensure that money is expended for affordable housing purposes, the best course of action for the Housing Successor to avoid an excess surplus is to continue encumbering or expending money currently on deposit to ensure it does not accumulate over \$1 million of unencumbered funds.

Fiscal Impact

The Housing Successor Agency Annual Reports provide information on Fiscal Years 2013-14, 2014-15, 2015-16, and 2016-17 activities and do not have any fiscal impact.

Conclusion

This item is submitted for the Housing Successor to receive and file the Housing Successor Agency Annual Reports for Fiscal Years 2013-14, 2014-15, 2015-16, and 2016-17.

Exhibits

- A. City of Port Hueneme Housing Successor Agency Annual Report for Fiscal Year 2013-14
- B. City of Port Hueneme Housing Successor Agency Annual Report for Fiscal Year 2014-15
- C. City of Port Hueneme Housing Successor Agency Annual Report for Fiscal Year 2015-16
- D. City of Port Hueneme Housing Successor Agency Annual Report for Fiscal Year 2016-17

Housing Successor Agency Annual Report



City of Port Hueneme

(Housing Successor Agency to the Former Port Hueneme
Redevelopment Agency)

250 North Ventura Road
Port Hueneme, CA 93041

Fiscal Year 2013-14

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INTRODUCTION

The City of Port Hueneme (“City”) is the Housing Successor Agency (“Housing Successor”) to the former Port Hueneme Redevelopment Agency (“Former Agency”). The majority of the Former Agency’s cash assets were transferred to the County of Ventura (“County”) when the Former Agency dissolved in 2012 pursuant to the Redevelopment Dissolution Act (enacted by Assembly Bill (“AB”) x1 26 and amended by AB 1484 and Senate Bill (“SB”) 107). However, all rights, powers, committed assets, liabilities, duties, and obligations associated with the housing activities of the Former Agency were transferred to the City as Housing Successor.

Housing successor agencies are required to submit annual reports on their activities to the State. This Housing Successor Agency Annual Report contains information on Fiscal Year 2013-14 finances and activities as required by Health and Safety Code (“HSC”) Section 34176.1(f).

REPORTING REQUIREMENTS FOR HOUSING SUCCESSOR AGENCIES

SB 341 (2013-14), AB 1793 (2013-14), SB 107 (2015-16), and AB 346 (2017-18) amended sections of the HSC pertaining to redevelopment housing successor agencies. SB 341 clarified that all former redevelopment agency housing assets must be maintained in a separate fund called the Low- and Moderate-Income Housing Asset Fund (“Housing Asset Fund”). HSC Section 34176.1(f) contains a series of annual reporting requirements for housing successor agencies regarding Housing Asset Funds. An annual report is due to the California Department of Housing and Community Development (“HCD”) by April 1st each year.

SB 341 also mandates that housing successor agencies conduct an independent financial audit of the Housing Asset Fund within six months after the end of each fiscal year, which may be included in the independent financial audit of the host jurisdiction. The City’s Comprehensive Annual Financial Report (“CAFR”) for Fiscal Year 2013-14 was completed in February 2015 and is available on the City’s website. It includes an audit of the Housing Asset Fund¹.

¹ The Housing Asset Fund is included under Nonmajor Funds in the CAFR.



In accordance with HSC Section 34176.1(f), certain data must be reported annually for the Housing Asset Fund. These requirements are presented in the following table.

Revenues & Expenditures	Other Assets and Active Projects	Obligations & Proportionality
Total amount deposited in the Housing Asset Fund for the fiscal year	Description of any housing project(s) still funded through the Recognized Obligation Payment Schedule (“ROPS”)	Description of any outstanding production obligations of the former Agency that are inherited by the City
Statement of balance at the close of the fiscal year	Update on property disposition for any property owned by the housing successor agency more than five years or plans for property owned less than five years	Compliance with proportionality requirements (income group targets), which must be upheld on a five-year cycle
Description of Expenditures for the fiscal year, broken out as follows: <ul style="list-style-type: none"> • Rapid rehousing for homelessness prevention (up to \$250,000 per year, if qualified); • Administrative expenses (greater of \$200,000 adjusted annually for CPI or 5% of “portfolio” per year); • Monitoring expenses (included as an administrative expense); • All other expenditures must be reported as spent for each income group as defined in SB 341 	Other “portfolio” balances, including: <ul style="list-style-type: none"> • Statutory value of any real property either transferred from the former Agency or purchased by the Housing Asset Fund (note that the City may only hold property for five years); • Value of loans and grants receivable 	Percentage of deed-restricted rental housing restricted to seniors and assisted by the entity assuming housing functions, the former Agency, or the County within the past ten years compared to the total number of units assisted by any of those three agencies
Description of any transfers to another housing successor agency for a joint project	Inventory of homeownership units assisted by the former Agency or the City that are subject to covenants or restrictions or to an adopted program that protects the former Agency’s investment of monies	Amount of any excess surplus, and, if any, the plan for eliminating it



	from the Low- and Moderate-Income Housing Fund	
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ASSETS TRANSFERRED TO THE HOUSING SUCCESSOR AGENCY

The City prepared a Housing Asset Transfer Form in 2012 that provided an inventory of all housing-related assets transferred from the Former Agency to the City following the dissolution of redevelopment. This included:

1. Real Property;
2. Personal Property;
3. Loans/Grants Receivables;
4. Rents; and
5. Deferrals.

All items on the Housing Asset Transfer Form (attached as Appendix A) were approved by the California Department of Finance (“DOF”) on August 23, 2012.

LOW- AND MODERATE-INCOME HOUSING ASSET FUND

The Housing Asset Fund replaced the Former Agency’s Low- and Moderate-Income Housing Fund. It includes all assets transferred from the Former Agency to the City via the Housing Asset Transfer Form.

HOUSING ASSET FUND DEPOSITS AND ENDING BALANCE

Table 1 shows the City deposited \$367,233 into the Housing Asset Fund during Fiscal Year 2013-14. Revenues came from rents, loan payments, interest, and miscellaneous revenues. No deposits were repayments from the Port Hueneme Redevelopment Successor Agency’s payment on an Educational Revenue Augmentation Fund Loan, through the Recognized Obligation Payment Schedule (“ROPS”).



Fiscal Year 2013-14 Housing Asset Fund Deposits **Table 1**
City of Port Hueneme

Revenue Source	Amount
ERAF Reimbursement	\$ -
Late Rent Fees	25
Rents	225,117
309 & 323 E. C St (\$24,360)	
771-775 Jane Dr (\$24,360)	
800-806 Jane Dr (\$23,965)	
780-786 Jane Dr (\$24,360)	
249 E. A St (\$71,177)	
841 Jane Dr (\$56,895)	
Loan Payoff Interest	-
Interest	(83)
Gain on Sale of Asset	135,754
Miscellaneous Revenues	974
Loan Payoff Revenue	5,446
TOTAL	\$ 367,233

Source: City of Port Hueneme, Fund 714 Income Statement

For a comparison to revenues, Fiscal Year 2013-14 Housing Asset Fund expenditures totaled \$336,247 for administrative costs (see Table 3).

As shown in Table 2, the Housing Asset Fund had \$1.9 million in assets at the close of Fiscal Year 2013-14. None of this amount is held to pay for projects that are enforceable obligations on the ROPS.

Fiscal Year 2013-14 Housing Asset Fund Ending Balance **Table 2**
Port Hueneme Housing Successor Agency

Balance Type*	Amount
Current Assets / Equity in Pooled Cash	\$ -
Accounts Receivable / Misc	130
Accounts Receivable / Tenants	3,040
Due From / Other Governments	348,333
Loans Receivable / HOME Program	1,337,067
Loans Receivable / Rehab Loans	187,993
TOTAL	\$ 1,876,564

Source: City of Port Hueneme, Fund 714 Trial Balance



EXPENDITURE LIMITATIONS

SB 341 provides the following guidelines for expenditures from the Housing Asset Fund:

1. Administrative costs, which include housing monitoring, are capped at the greater of \$200,000 adjusted annually for inflation or 2% of the statutory value of any real property owned by the housing successor and of loans and grants receivable (in Port Hueneme's case, \$200,000).
2. If the former Agency did not have any outstanding inclusionary or replacement housing production requirements, the housing successor agency is authorized to spend up to \$250,000 per year on homeless prevention and rapid rehousing services to individuals and families who are homeless or would be homeless but for this assistance. In the case of Port Hueneme, the former Agency had produced sufficient affordable housing units, and therefore the City as Housing Successor is allowed to make this expenditure if it chooses and funding is available for such expenditures.
3. Remaining allowable expenditures must be spent to improve housing options affordable to households in the following income groups:
 - a. Extremely low-income (households earning 30% or less of the Area Median Income ("AMI"));
 - b. Very low-income (households earning 30% to 60% of the AMI); and
 - c. Low-income (households earning 60% to 80% of the AMI).

This means that no funding may be spent on moderate-income households (earning 80% to 120% of the AMI), as was previously authorized by redevelopment law. In addition, of the money expended, a minimum of 30% must go towards rental housing affordable to extremely low-income households. A maximum of 20% may go towards the development of housing affordable to low-income households.

Failure to comply with the extremely low-income requirement in any five-year compliance period will result in the Housing Successor having to ensure that 50% of remaining funds be spent on extremely low-income rental units until the Housing Successor achieves compliance. Exceeding the expenditure limit for low-income households in any five-year reporting period will result in the Housing Successor not being able to expend any funds on that income category until in compliance.



The City, as Housing Successor, has only incurred administrative expenses since the beginning of the first five-year compliance period on January 1, 2014. The City will ensure that the Housing Successor adheres to all expenditure limitations by the end of the five-year compliance period.

Note that housing successor agencies must report expenditures by category each year, but compliance with expenditure limitations is measured only every five years. For example, a housing successor agency could spend all of its funds in a single year on low-income households, as long as it was 20% or less of the total expenditures during the five-year compliance period. The first five-year compliance period began on January 1, 2014 (when SB 341 became effective) and ends on June 30, 2019. Compliance will be evaluated in the annual report for Fiscal Year 2018-19.

Table 3 summarizes Housing Asset Fund expenditures on administrative costs in Fiscal Year 2013-14 and affordable housing activities by income level from January 1, 2014 through June 30, 2014.



Fiscal Year 2013-14 Housing Asset Fund Expenditures

Table 3

City of Port Hueneme

	Admin/ Monitoring	Ext. Low Rental Units	Other Units	Ext. Low <30% AMI	Very Low 30-60% AMI	Low 60-80% AMI
FY 2013-14 Expenditures						
Administration	\$ 336,247					
Project Related		\$ -	\$ -	\$ -	\$ -	\$ -
Annual Total	\$ 336,247	\$ -	\$ -	\$ -	\$ -	\$ -

Compliance Period Expenditures

	Actual Expenditures					
FY 2013-14	\$ 336,247	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2014-15	TBD	TBD			TBD	
FY 2015-16	TBD	TBD			TBD	
FY 2016-17	TBD	TBD			TBD	
FY 2017-18	TBD	TBD			TBD	
FY 2018-19	TBD	TBD			TBD	
Compliance Period Total Expenditures	N/A	\$ -	\$ -	\$ -	\$ -	\$ -
	Five-Year Limit (1/1/14 through 2018-19)					
SB 341 Limitation	\$ 200,000	>30%	<70%	>30%	N/A	<20%
Compliant (Yes/No)	No	Yes	Yes	Yes	Yes	Yes

* The City exceeded the administrative expenditure limit based on the 2% cap per SB 341. However, this cap was increased to 5% by SB 107 starting in Fiscal Year 2015-16.

Source: City of Port Hueneme, Fund 714 Trial Balance

All Housing Asset Fund expenditures have been administrative since the beginning of the first five-year compliance period on January 1, 2014. Staff will ensure that future expenditures meet proportionality requirements.

STATUTORY VALUE OF REAL PROPERTIES AND LOAN RECEIVABLES

The Housing Successor must report the statutory value of real properties formerly owned by the Former Agency or purchased by the Housing Successor with Housing Asset Funds, and the value of loans and grants receivable transferred on the Housing Asset Transfer Form. The Housing Successor inherited 13 real properties and 51 loans from the Former Agency when it dissolved on February 1, 2012. Table 4 shows the value of real properties and loans receivable as of June 30, 2014. The loans are grouped into down payment assistance (“HOME Program”) loans and home rehabilitation loans. The Housing Asset Transfer Form in Appendix A shows more detailed information about each property and loan receivable at the time they were transferred in 2012.



Fiscal Year 2013-14 Real Properties and Receivables **Table 4**
City of Port Hueneme

Asset	Asset Type	Amount
Real Properties¹		
771-775 Jane Drive	Duplex	\$ 293,049
780-786 Jane Drive	Duplex	498,847
800-806 Jane Drive	Duplex	507,388
841 Jane Drive	5 Apartments	950,003
246 E. A Street	8 Apartments	800,019
309 E. A Street	Single Family Home	143,700
323 E. A Street	Single Family Home	105,514
155 W. C Street	Vacant Land	30,000
116 W. Pleasant Valley Road	Vacant Land	105,000
124 W. Pleasant Valley Road	Vacant Land	299,414
148 W. Pleasant Valley Road	Vacant Land	43,233
241 E. Port Hueneme Road	Vacant Land	521,454
245 E. Port Hueneme Road	Vacant Triplex	379,383
Subtotal		\$ 4,677,005
Loans and Notes Receivable		
HOME Program Loans (42)		\$ 1,337,067
Rehabilitation Loans (5)		187,993
Subtotal		\$ 1,525,060
Total		\$ 6,202,065

¹ Represents current carrying value for real properties and outstanding balances for loans and notes receivable.

Source: City of Port Hueneme, Fund 714 Trial Balance

The total statutory value of real properties is \$4,677,005, while outstanding loan receivables total \$1,525,060, for a combined value of \$6,202,065.

DEPOSITS FROM REDEVELOPMENT SUCCESSOR AGENCY LOAN REPAYMENTS

Prior to its dissolution, the Former Agency borrowed funds from its Low- and Moderate-Income Housing Fund in two ways. One loan was made to help the Former Agency remit funds to the Educational Revenue Augmentation Fund (“ERAF”), pursuant to AB 1768 and SB 1045 for Fiscal Years 2002-03 and 2003-04. The other loan consisted of deferred housing set-aside deposits, as allowed by HSC prior to redevelopment dissolution.



Both loans are payable to the Housing Successor's Housing Asset Fund. Interest accrues on the loans at three percent annually. There was no payment on either loan in Fiscal Year 2013-14.

PROPERTY DEVELOPMENT & DISPOSITION

HSC Section 34176(e) requires that all real properties acquired by the Agency prior to February 1, 2012 and transferred to the Housing Successor be developed for affordable housing purposes or disposed of within five years from the date DOF approved the Housing Asset Transfer Form, or August 23, 2017. The law allows for a five-year extension via adoption of a resolution.

The Former Agency transferred thirteen real properties to the Housing Successor, listed in Table 4. Of those thirteen properties, eight were already developed with 24 housing units, though three are currently vacant. The vacant property, a triplex located at 245 E. Port Hueneme Road, needs major repair before it can be occupied again. It was assessed as a potential historic resource in 2010 and was found to be eligible for listing on the National Register of Historic Places or the California Register of Historical Resources and potentially eligible for designation as a City of Port Hueneme landmark.

No buyer or developer has yet been identified for disposition or development of any of these properties.

TRANSFERS BETWEEN HOUSING SUCCESSORS

SB 341 allows two or more contiguous or nearby housing successors to enter into a joint venture to develop certain types of affordable housing. Housing successors using this opportunity are required to provide a description of any transfers made in the previous fiscal year and in earlier fiscal years, as well as a description of and status update on any project for which transferred funds have been or will be expended. The Housing Successor has not entered into a joint venture with another housing successor.

PROJECTS FUNDED BY PROPERTY TAXES

SB 341 requires housing successors to provide a description and the status of any project for which the agency receives or holds property tax revenues pursuant to a ROPS. There are no provisions in the ROPS permitting the Housing Successor to receive or hold property tax revenues for specific projects. The ROPS allows the Housing Successor to



receive repayment of certain loans. However, those loan repayments are not committed to any specific projects, and the Housing Successor did not receive such a loan payment in Fiscal Year 2013-14.

OUTSTANDING INCLUSIONARY AND REPLACEMENT HOUSING OBLIGATIONS

The Former Agency had produced sufficient affordable housing units when it dissolved in February 2012. There are no outstanding inclusionary or replacement housing obligations of the Former Agency to be fulfilled by the Housing Successor.

SENIOR HOUSING EXPENDITURE PROPORTIONALITY

This report must include an accounting of deed-restricted senior rental units that were produced over the last 10 years. The Housing Successor may use Housing Asset Funds to assist no more than 50% of the aggregate total number of senior housing units produced by either the City or Former Agency during the past 10 years. Exceeding this limitation will prohibit the use of Housing Asset Funds to subsidize any senior rental units until the Housing Successor no longer exceeds the limitation.

As shown in Table 5, the City and Former Agency assisted one duplex property in the last 10 years, of which no units are restricted to seniors. The Housing Successor may spend more money subsidizing senior rental units in the future; however, it must ensure that no more than 50% of the total aggregate number of rental units at all affordability levels produced within the preceding 10 years are restricted to seniors.

Deed-Restricted Rental Units Assisted since FY 2004-05 **Table 5**

City of Port Hueneme

Property Name or Address	# Restricted Units	# Senior Restricted Units	Acquired/ Assisted	Restriction Start	Restriction End
800-806 Jane Drive	2	0	7/25/2006	7/25/2006	7/26/2021
Total	2	0			

% Senior Units **0%**

Source: City of Port Hueneme



EXCESS SURPLUS

Excess surplus calculations were once performed by redevelopment agencies on an annual basis and are intended to ensure that funds are expended to benefit low-income households in an expeditious manner. Generally speaking, funds should be encumbered within four years of receipt. SB 341 reinstates this calculation for housing successor agencies. Excess surplus is defined by HSC Section 34176.1(d) as “an unencumbered amount in the account that exceeds the greater of one million dollars, or the aggregate amount deposited into the account during the housing successor agency’s preceding four fiscal years, whichever is greater.”

The first meaningful calculation of this total cannot be performed until the close of the fifth fiscal year. Once four years of deposits have been established, at the close of the fifth year, (FY 2016-17) the Housing Successor will have to perform a true excess surplus calculation, comparing the unencumbered fund balance to the prior four years of deposits. As the general purpose of the excess surplus calculation is to ensure that money is expended for low-income purposes, the best action for the Housing Authority is to use the upcoming year to encumber or expend money currently on deposit.

As of FY 2013-14, the Housing Successor is not projected to have an excess surplus. The FY 2013-14 ending cash balance is \$0, and the Housing Successor spends approximately all of its revenues to operate and maintain its affordable housing units. The Housing Successor should continue to spend or encumber funds, so the Housing Asset Fund does not accumulate an excess surplus.

INVENTORY OF HOMEOWNERSHIP UNITS

AB 1793 requires the Housing Successor’s annual report to include an inventory of homeownership units assisted by the former Agency or the Housing Successor that are subject to covenants or restrictions or to an adopted program that protects the former Agency’s investment of moneys from the Low- and Moderate-Income Housing Fund.

The Former Agency issued 42 down payment assistance (HOME Program) loans and five rehabilitation loans outstanding as of June 30, 2014. However, there are no covenants or restrictions on these loans. Buyers and owners undertaking property rehabilitation were required to be of low- or moderate-income at the time the loans were issued.



Housing Successor Agency to the former Port Hueneme Redevelopment Agency

Housing Successor Agency Annual Report, Fiscal Year 2013-14

APPENDIX A – HOUSING ASSET TRANSFER FORM

DEPARTMENT OF FINANCE
HOUSING ASSETS LIST
ASSEMBLY BILL X1 26 AND ASSEMBLY BILL 1484
(Health and Safety Code Section 34176)

Former Redevelopment Agency: City of Port Hueneme Redevelopment Agency

Successor Agency to the Former Redevelopment Agency: City of Port Hueneme Successor Agency

Entity Assuming the Housing Functions of the former Redevelopment Agency: City of Port Hueneme Housing Successor

Entity Assuming the Housing Functions Contact Name: Port Hueneme Housing Successor
Greg C. Brown Title Community Development Director Phone 805-986-6553 E-Mail Address gbrown@cityofporthueneme.org

Entity Assuming the Housing Functions Contact Name: Port Hueneme Housing Successor
Pam Strautman Title CD Programs Manager Phone 805-986-6519 E-Mail Address pstrauman@cityofporthueneme.org

All assets transferred to the entity assuming the housing functions between February 1, 2012 and the date the exhibits were created are included in this housing assets list. The following Exhibits noted with an X in the box are included as part of this inventory of housing assets:

Exhibit A - Real Property	<input checked="" type="checkbox"/>
Exhibit B- Personal Property	<input checked="" type="checkbox"/>
Exhibit C - Low-Mod Encumbrances	<input type="checkbox"/>
Exhibit D - Loans/Grants Receivables	<input checked="" type="checkbox"/>
Exhibit E - Rents/Operations	<input type="checkbox"/>
Exhibit F- Rents	<input checked="" type="checkbox"/>
Exhibit G - Deferrals	<input checked="" type="checkbox"/>

Prepared By: Greg C. Brown

Date Prepared: July 23-27, 2012



Housing Successor Agency Annual Report



City of Port Hueneme

(Housing Successor Agency to the Former Port Hueneme
Redevelopment Agency)

250 North Ventura Road
Port Hueneme, CA 93041

Fiscal Year 2014-15

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Housing successor agencies are required to submit annual reports on their activities to the State. This Housing Successor Agency Annual Report contains information on Fiscal Year 2014-15 finances and activities as required by Health and Safety Code (“HSC”) Section 34176.1(f).

REPORTING REQUIREMENTS FOR HOUSING SUCCESSOR AGENCIES

SB 341 (2013-14), AB 1793 (2013-14), SB 107 (2015-16), and AB 346 (2017-18) amended sections of the HSC pertaining to redevelopment housing successor agencies. SB 341 clarified that all former redevelopment agency housing assets must be maintained in a separate fund called the Low- and Moderate-Income Housing Asset Fund (“Housing Asset Fund”). HSC Section 34176.1(f) contains a series of annual reporting requirements for housing successor agencies regarding Housing Asset Funds. An annual report is due to the California Department of Housing and Community Development (“HCD”) by April 1st each year.

SB 341 also mandates that housing successor agencies conduct an independent financial audit of the Housing Asset Fund within six months after the end of each fiscal year, which may be included in the independent financial audit of the host jurisdiction. The City’s Comprehensive Annual Financial Report (“CAFR”) for Fiscal Year 2014-15 was completed in December 2015 and is available on the City’s website. It includes an audit of the Housing Asset Fund¹.

¹ The Housing Asset Fund is included under Nonmajor Funds in the CAFR.



In accordance with HSC Section 34176.1(f), certain data must be reported annually for the Housing Asset Fund. These requirements are presented in the following table.

Revenues & Expenditures	Other Assets and Active Projects	Obligations & Proportionality
Total amount deposited in the Housing Asset Fund for the fiscal year	Description of any housing project(s) still funded through the Recognized Obligation Payment Schedule (“ROPS”)	Description of any outstanding production obligations of the former Agency that are inherited by the City
Statement of balance at the close of the fiscal year	Update on property disposition for any property owned by the housing successor agency more than five years or plans for property owned less than five years	Compliance with proportionality requirements (income group targets), which must be upheld on a five-year cycle
Description of Expenditures for the fiscal year, broken out as follows: <ul style="list-style-type: none"> • Rapid rehousing for homelessness prevention (up to \$250,000 per year, if qualified); • Administrative expenses (greater of \$200,000 adjusted annually for CPI or 5% of “portfolio” per year); • Monitoring expenses (included as an administrative expense); • All other expenditures must be reported as spent for each income group as defined in SB 341 	Other “portfolio” balances, including: <ul style="list-style-type: none"> • Statutory value of any real property either transferred from the former Agency or purchased by the Housing Asset Fund (note that the City may only hold property for five years); • Value of loans and grants receivable 	Percentage of deed-restricted rental housing restricted to seniors and assisted by the entity assuming housing functions, the former Agency, or the County within the past ten years compared to the total number of units assisted by any of those three agencies
Description of any transfers to another housing successor agency for a joint project	Inventory of homeownership units assisted by the former Agency or the City that are subject to covenants or restrictions or to an adopted program that protects the former Agency’s investment of monies	Amount of any excess surplus, and, if any, the plan for eliminating it



	from the Low- and Moderate-Income Housing Fund	
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ASSETS TRANSFERRED TO THE HOUSING SUCCESSOR AGENCY

The City prepared a Housing Asset Transfer Form in 2012 that provided an inventory of all housing-related assets transferred from the Former Agency to the City following the dissolution of redevelopment. This included:

1. Real Property;
2. Personal Property;
3. Loans/Grants Receivables;
4. Rents; and
5. Deferrals.

All items on the Housing Asset Transfer Form (attached as Appendix A) were approved by the California Department of Finance (“DOF”) on August 23, 2012.

LOW- AND MODERATE-INCOME HOUSING ASSET FUND

The Housing Asset Fund replaced the Former Agency’s Low- and Moderate-Income Housing Fund. It includes all assets transferred from the Former Agency to the City via the Housing Asset Transfer Form.

HOUSING ASSET FUND DEPOSITS AND ENDING BALANCE

Table 1 shows the City deposited \$263,877 into the Housing Asset Fund during Fiscal Year 2014-15. Revenues came from rents, loan payments, interest, and miscellaneous revenues. \$33,114 of the revenues were received as part of the Port Hueneme Redevelopment Successor Agency’s payment on an Educational Revenue Augmentation Fund Loan, through the Recognized Obligation Payment Schedule (“ROPS”).



Fiscal Year 2014-15 Housing Asset Fund Deposits **Table 1**
City of Port Hueneme

Revenue Source	Amount
ERAF Reimbursement	\$ 33,114
Late Rent Fees	300
Rents	229,983
309 & 323 E. C St (\$24,360)	
771-775 Jane Dr (\$24,360)	
800-806 Jane Dr (\$24,123)	
780-786 Jane Dr (\$24,360)	
249 E. A St (\$71,880)	
841 Jane Dr (\$60,900)	
Loan Payoff Interest	-
Interest	(351)
Miscellaneous Revenues	831
Loan Payoff Revenue	-
TOTAL	\$ 263,877

Source: City of Port Hueneme, Fund 714 Income Statement

For a comparison to revenues, Fiscal Year 2014-15 Housing Asset Fund expenditures totaled \$309,689 for administrative costs (see Table 3).

As shown in Table 2, the Housing Asset Fund had \$1.6 million in assets at the close of Fiscal Year 2014-15. None of this amount is held to pay for projects that are enforceable obligations on the ROPS.

Fiscal Year 2014-15 Housing Asset Fund Ending Balance **Table 2**
Port Hueneme Housing Successor Agency

Balance Type*	Amount
Current Assets / Equity in Pooled Cash	\$ 83,152
Accounts Receivable / Misc	88
Accounts Receivable / Tenants	667
Due From / Other Governments	33,171
Loans Receivable / HOME Program	1,252,470
Loans Receivable / Rehab Loans	187,993
TOTAL	\$ 1,557,542

Source: City of Port Hueneme, Fund 714 Trial Balance



EXPENDITURE LIMITATIONS

SB 341 provides the following guidelines for expenditures from the Housing Asset Fund:

1. Administrative costs, which include housing monitoring, are capped at the greater of \$200,000 adjusted annually for inflation or 2% of the statutory value of any real property owned by the housing successor and of loans and grants receivable (in Port Hueneme's case, \$200,000 inflated over one year, or \$201,600).
2. If the former Agency did not have any outstanding inclusionary or replacement housing production requirements, the housing successor agency is authorized to spend up to \$250,000 per year on homeless prevention and rapid rehousing services to individuals and families who are homeless or would be homeless but for this assistance. In the case of Port Hueneme, the former Agency had produced sufficient affordable housing units, and therefore the City as Housing Successor is allowed to make this expenditure if it chooses and funding is available for such expenditures.
3. Remaining allowable expenditures must be spent to improve housing options affordable to households in the following income groups:
 - a. Extremely low-income (households earning 30% or less of the Area Median Income ("AMI"));
 - b. Very low-income (households earning 30% to 60% of the AMI); and
 - c. Low-income (households earning 60% to 80% of the AMI).

This means that no funding may be spent on moderate-income households (earning 80% to 120% of the AMI), as was previously authorized by redevelopment law. In addition, of the money expended, a minimum of 30% must go towards rental housing affordable to extremely low-income households. A maximum of 20% may go towards the development of housing affordable to low-income households.

Failure to comply with the extremely low-income requirement in any five-year compliance period will result in the Housing Successor having to ensure that 50% of remaining funds be spent on extremely low-income rental units until the Housing Successor achieves compliance. Exceeding the expenditure limit for low-income households in any five-year reporting period will result in the Housing Successor not being able to expend any funds on that income category until in compliance.



The City, as Housing Successor, has only incurred administrative expenses since the beginning of the first five-year compliance period on January 1, 2014. The City will ensure that the Housing Successor adheres to all expenditure limitations by the end of the five-year compliance period.

Note that housing successor agencies must report expenditures by category each year, but compliance with expenditure limitations is measured only every five years. For example, a housing successor agency could spend all of its funds in a single year on low-income households, as long as it was 20% or less of the total expenditures during the five-year compliance period. The first five-year compliance period began on January 1, 2014 (when SB 341 became effective) and ends on June 30, 2019. Compliance will be evaluated in the annual report for Fiscal Year 2018-19.

Table 3 summarizes Housing Asset Fund expenditures on administrative costs in Fiscal Year 2014-15 and affordable housing activities by income level from January 1, 2014 through June 30, 2015.



Fiscal Year 2014-15 Housing Asset Fund Expenditures

Table 3

City of Port Hueneme

	Admin/ Monitoring	Ext. Low Rental Units	Other Units	Ext. Low <30% AMI	Very Low 30-60% AMI	Low 60-80% AMI
FY 2014-15 Expenditures						
Administration	\$ 309,689					
Project Related		\$ -	\$ -	\$ -	\$ -	\$ -
Annual Total	\$ 309,689	\$ -	\$ -	\$ -	\$ -	\$ -

Compliance Period Expenditures

	Actual Expenditures					
FY 2013-14	\$ 336,247	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2014-15	309,689	-	-	-	-	-
FY 2015-16	TBD	TBD			TBD	
FY 2016-17	TBD	TBD			TBD	
FY 2017-18	TBD	TBD			TBD	
FY 2018-19	TBD	TBD			TBD	
Compliance Period Total Expenditures	N/A	\$ -	\$ -	\$ -	\$ -	\$ -
	Five-Year Limit (1/1/14 through 2018-19)					
SB 341 Limitation	\$ 201,600	>30%	<70%	>30%	N/A	<20%
Compliant (Yes/No)	No	Yes	Yes	Yes	Yes	Yes

* The City exceeded the administrative expenditure limit based on the 2% cap per SB 341. However, this cap was increased to 5% by SB 107 starting in Fiscal Year 2015-16.

Source: City of Port Hueneme, Fund 714 Trial Balance

All Housing Asset Fund expenditures have been administrative since the beginning of the first five-year compliance period on January 1, 2014. Staff will ensure that future expenditures meet proportionality requirements.

STATUTORY VALUE OF REAL PROPERTIES AND LOAN RECEIVABLES

The Housing Successor must report the statutory value of real properties formerly owned by the Former Agency or purchased by the Housing Successor with Housing Asset Funds, and the value of loans and grants receivable transferred on the Housing Asset Transfer Form. The Housing Successor inherited 13 real properties and 51 loans from the Former Agency when it dissolved on February 1, 2012. Table 4 shows the value of real properties and loans receivable as of June 30, 2015. The loans are grouped into down payment assistance (“HOME Program”) loans and home rehabilitation loans. The Housing Asset Transfer Form in Appendix A shows more detailed information about each property and loan receivable at the time they were transferred in 2012.



Fiscal Year 2014-15 Real Properties and Receivables **Table 4**
City of Port Hueneme

Asset	Asset Type	Amount
Real Properties¹		
771-775 Jane Drive	Duplex	\$ 280,935
780-786 Jane Drive	Duplex	479,581
800-806 Jane Drive	Duplex	487,068
841 Jane Drive	5 Apartments	933,821
246 E. A Street	8 Apartments	762,170
309 E. A Street	Single Family Home	143,700
323 E. A Street	Single Family Home	105,514
155 W. C Street	Vacant Land	30,000
116 W. Pleasant Valley Road	Vacant Land	105,000
124 W. Pleasant Valley Road	Vacant Land	289,036
148 W. Pleasant Valley Road	Vacant Land	43,233
241 E. Port Hueneme Road	Vacant Land	503,767
245 E. Port Hueneme Road	Vacant Triplex	379,383
Subtotal		\$ 4,543,208
Loans and Notes Receivable		
HOME Program Loans (39)		\$ 1,252,470
Rehabilitation Loans (5)		187,993
Subtotal		\$ 1,440,463
Total		\$ 5,983,671

¹ Represents current carrying value for real properties and outstanding balances for loans and notes receivable.

Source: City of Port Hueneme, Fund 714 Trial Balance

The total statutory value of real properties is \$4,543,208, while outstanding loan receivables total \$1,440,463, for a combined value of \$5,983,671.

DEPOSITS FROM REDEVELOPMENT SUCCESSOR AGENCY LOAN REPAYMENTS

Prior to its dissolution, the Former Agency borrowed funds from its Low- and Moderate-Income Housing Fund in two ways. One loan was made to help the Former Agency remit funds to the Educational Revenue Augmentation Fund (“ERAF”), pursuant to AB 1768 and SB 1045 for Fiscal Years 2002-03 and 2003-04. The other loan consisted of deferred housing set-aside deposits, as allowed by HSC prior to redevelopment dissolution.



Both loans are payable to the Housing Successor's Housing Asset Fund. Interest accrues on the loans at three percent annually. The Housing Successor received \$33,114 in payment on the ERAF loan in Fiscal Year 2014-15.

PROPERTY DEVELOPMENT & DISPOSITION

HSC Section 34176(e) requires that all real properties acquired by the Agency prior to February 1, 2012 and transferred to the Housing Successor be developed for affordable housing purposes or disposed of within five years from the date DOF approved the Housing Asset Transfer Form, or August 23, 2017. The law allows for a five-year extension via adoption of a resolution.

The Former Agency transferred thirteen real properties to the Housing Successor, listed in Table 4. Of those thirteen properties, eight were already developed with 24 housing units, though three are currently vacant. The vacant property, a triplex located at 245 E. Port Hueneme Road, needs major repair before it can be occupied again. It was assessed as a potential historic resource in 2010 and was found to be eligible for listing on the National Register of Historic Places or the California Register of Historical Resources and potentially eligible for designation as a City of Port Hueneme landmark.

No buyer or developer has yet been identified for disposition or development of any of these properties.

TRANSFERS BETWEEN HOUSING SUCCESSORS

SB 341 allows two or more contiguous or nearby housing successors to enter into a joint venture to develop certain types of affordable housing. Housing successors using this opportunity are required to provide a description of any transfers made in the previous fiscal year and in earlier fiscal years, as well as a description of and status update on any project for which transferred funds have been or will be expended. The Housing Successor has not entered into a joint venture with another housing successor.

PROJECTS FUNDED BY PROPERTY TAXES

SB 341 requires housing successors to provide a description and the status of any project for which the agency receives or holds property tax revenues pursuant to a ROPS. There are no provisions in the ROPS permitting the Housing Successor to receive or hold property tax revenues for specific projects. The ROPS allows the Housing Successor to



receive repayment of certain loans. However, those loan repayments are not committed to any specific projects.

OUTSTANDING INCLUSIONARY AND REPLACEMENT HOUSING OBLIGATIONS

The Former Agency had produced sufficient affordable housing units when it dissolved in February 2012. There are no outstanding inclusionary or replacement housing obligations of the Former Agency to be fulfilled by the Housing Successor.

SENIOR HOUSING EXPENDITURE PROPORTIONALITY

This report must include an accounting of deed-restricted senior rental units that were produced over the last 10 years. The Housing Successor may use Housing Asset Funds to assist no more than 50% of the aggregate total number of senior housing units produced by either the City or Former Agency during the past 10 years. Exceeding this limitation will prohibit the use of Housing Asset Funds to subsidize any senior rental units until the Housing Successor no longer exceeds the limitation.

As shown in Table 5, the City and Former Agency assisted one duplex property in the last 10 years, of which no units are restricted to seniors. The Housing Successor may spend more money subsidizing senior rental units in the future; however, it must ensure that no more than 50% of the total aggregate number of rental units at all affordability levels produced within the preceding 10 years are restricted to seniors.

Deed-Restricted Rental Units Assisted since FY 2005-06 **Table 5**
City of Port Hueneme

Property Name or Address	# Restricted Units	# Senior Restricted Units	Acquired/ Assisted	Restriction Start	Restriction End
800-806 Jane Drive	2	0	7/25/2006	7/25/2006	7/26/2021
Total	2	0			

% Senior Units **0%**

Source: City of Port Hueneme



EXCESS SURPLUS

Excess surplus calculations were once performed by redevelopment agencies on an annual basis and are intended to ensure that funds are expended to benefit low-income households in an expeditious manner. Generally speaking, funds should be encumbered within four years of receipt. SB 341 reinstates this calculation for housing successor agencies. Excess surplus is defined by HSC Section 34176.1(d) as “an unencumbered amount in the account that exceeds the greater of one million dollars, or the aggregate amount deposited into the account during the housing successor agency’s preceding four fiscal years, whichever is greater.”

The first meaningful calculation of this total cannot be performed until the close of the fifth fiscal year. Once four years of deposits have been established, at the close of the fifth year, (FY 2016-17) the Housing Successor will have to perform a true excess surplus calculation, comparing the unencumbered fund balance to the prior four years of deposits. As the general purpose of the excess surplus calculation is to ensure that money is expended for low-income purposes, the best action for the Housing Authority is to use the upcoming year to encumber or expend money currently on deposit.

As of FY 2014-15, the Housing Successor is not projected to have an excess surplus. The FY 2014-15 ending cash balance of \$83,152 is less than the total deposited since July 2012 of approximately \$857,145. July 2012 is significant as the beginning of the first fiscal year following the Redevelopment Dissolution Act’s taking effect. Nonetheless, the Housing Successor should continue to spend or encumber funds, so the Housing Asset Fund does not accumulate an excess surplus.

INVENTORY OF HOMEOWNERSHIP UNITS

AB 1793 requires the Housing Successor’s annual report to include an inventory of homeownership units assisted by the former Agency or the Housing Successor that are subject to covenants or restrictions or to an adopted program that protects the former Agency’s investment of moneys from the Low- and Moderate-Income Housing Fund.

The Former Agency issued 39 down payment assistance (HOME Program) loans and five rehabilitation loans outstanding as of June 30, 2015. However, there are no covenants or restrictions on these loans. Buyers and owners undertaking property rehabilitation were required to be of low- or moderate-income at the time the loans were issued.



Housing Successor Agency to the former Port Hueneme Redevelopment Agency

Housing Successor Agency Annual Report, Fiscal Year 2014-15

APPENDIX A – HOUSING ASSET TRANSFER FORM

DEPARTMENT OF FINANCE
HOUSING ASSETS LIST
ASSEMBLY BILL X1 26 AND ASSEMBLY BILL 1484
(Health and Safety Code Section 34176)

Former Redevelopment Agency: City of Port Hueneme Redevelopment Agency

Successor Agency to the Former Redevelopment Agency: City of Port Hueneme Successor Agency

Entity Assuming the Housing Functions of the former Redevelopment Agency: City of Port Hueneme Housing Successor

Entity Assuming the Housing Functions Contact Name: Port Hueneme Housing Successor
Greg C. Brown Title Community Development Director Phone 805-986-6553 E-Mail Address gbrown@cityofporthueneme.org

Entity Assuming the Housing Functions Contact Name: Port Hueneme Housing Successor
Pam Strautman Title CD Programs Manager Phone 805-986-6519 E-Mail Address pstrautman@cityofporthueneme.org

All assets transferred to the entity assuming the housing functions between February 1, 2012 and the date the exhibits were created are included in this housing assets list. The following Exhibits noted with an X in the box are included as part of this inventory of housing assets:

Exhibit A - Real Property	<input checked="" type="checkbox"/>
Exhibit B- Personal Property	<input checked="" type="checkbox"/>
Exhibit C - Low-Mod Encumbrances	<input type="checkbox"/>
Exhibit D - Loans/Grants Receivables	<input checked="" type="checkbox"/>
Exhibit E - Rents/Operations	<input type="checkbox"/>
Exhibit F- Rents	<input checked="" type="checkbox"/>
Exhibit G - Deferrals	<input checked="" type="checkbox"/>

Prepared By: **Greg C. Brown**

Date Prepared: **July 23-27, 2012**



Housing Successor Agency Annual Report



City of Port Hueneme

(Housing Successor Agency to the Former Port Hueneme
Redevelopment Agency)

250 North Ventura Road
Port Hueneme, CA 93041

Fiscal Year 2015-16

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INTRODUCTION

The City of Port Hueneme (“City”) is the Housing Successor Agency (“Housing Successor”) to the former Port Hueneme Redevelopment Agency (“Former Agency”). The majority of the Former Agency’s cash assets were transferred to the County of Ventura (“County”) when the Former Agency dissolved in 2012 pursuant to the Redevelopment Dissolution Act (enacted by Assembly Bill (“AB”) x1 26 and amended by AB 1484 and Senate Bill (“SB”) 107). However, all rights, powers, committed assets, liabilities, duties, and obligations associated with the housing activities of the Former Agency were transferred to the City as Housing Successor.

Housing successor agencies are required to submit annual reports on their activities to the State. This Housing Successor Agency Annual Report contains information on Fiscal Year 2015-16 finances and activities as required by Health and Safety Code (“HSC”) Section 34176.1(f).

REPORTING REQUIREMENTS FOR HOUSING SUCCESSOR AGENCIES

SB 341 (2013-14), AB 1793 (2013-14), SB 107 (2015-16), and AB 346 (2017-18) amended sections of the HSC pertaining to redevelopment housing successor agencies. SB 341 clarified that all former redevelopment agency housing assets must be maintained in a separate fund called the Low- and Moderate-Income Housing Asset Fund (“Housing Asset Fund”). HSC Section 34176.1(f) contains a series of annual reporting requirements for housing successor agencies regarding Housing Asset Funds. An annual report is due to the California Department of Housing and Community Development (“HCD”) by April 1st each year.

SB 341 also mandates that housing successor agencies conduct an independent financial audit of the Housing Asset Fund within six months after the end of each fiscal year, which may be included in the independent financial audit of the host jurisdiction. The City’s Comprehensive Annual Financial Report (“CAFR”) for Fiscal Year 2015-16 was completed in April 2017 and is available on the City’s website. It includes an audit of the Housing Asset Fund¹.

¹ The Housing Asset Fund is included under Nonmajor Funds in the CAFR.



In accordance with HSC Section 34176.1(f), certain data must be reported annually for the Housing Asset Fund. These requirements are presented in the following table.

Revenues & Expenditures	Other Assets and Active Projects	Obligations & Proportionality
Total amount deposited in the Housing Asset Fund for the fiscal year	Description of any housing project(s) still funded through the Recognized Obligation Payment Schedule (“ROPS”)	Description of any outstanding production obligations of the former Agency that are inherited by the City
Statement of balance at the close of the fiscal year	Update on property disposition for any property owned by the housing successor agency more than five years or plans for property owned less than five years	Compliance with proportionality requirements (income group targets), which must be upheld on a five-year cycle
Description of Expenditures for the fiscal year, broken out as follows: <ul style="list-style-type: none"> • Rapid rehousing for homelessness prevention (up to \$250,000 per year, if qualified); • Administrative expenses (greater of \$200,000 adjusted annually for CPI or 5% of “portfolio” per year); • Monitoring expenses (included as an administrative expense); • All other expenditures must be reported as spent for each income group as defined in SB 341 	Other “portfolio” balances, including: <ul style="list-style-type: none"> • Statutory value of any real property either transferred from the former Agency or purchased by the Housing Asset Fund (note that the City may only hold property for five years); • Value of loans and grants receivable 	Percentage of deed-restricted rental housing restricted to seniors and assisted by the entity assuming housing functions, the former Agency, or the County within the past ten years compared to the total number of units assisted by any of those three agencies
Description of any transfers to another housing successor agency for a joint project	Inventory of homeownership units assisted by the former Agency or the City that are subject to covenants or restrictions or to an adopted program that protects the former Agency’s investment of monies	Amount of any excess surplus, and, if any, the plan for eliminating it



	from the Low- and Moderate-Income Housing Fund	
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ASSETS TRANSFERRED TO THE HOUSING SUCCESSOR AGENCY

The City prepared a Housing Asset Transfer Form in 2012 that provided an inventory of all housing-related assets transferred from the Former Agency to the City following the dissolution of redevelopment. This included:

1. Real Property;
2. Personal Property;
3. Loans/Grants Receivables;
4. Rents; and
5. Deferrals.

All items on the Housing Asset Transfer Form (attached as Appendix A) were approved by the California Department of Finance (“DOF”) on August 23, 2012.

LOW- AND MODERATE-INCOME HOUSING ASSET FUND

The Housing Asset Fund replaced the Former Agency’s Low- and Moderate-Income Housing Fund. It includes all assets transferred from the Former Agency to the City via the Housing Asset Transfer Form.

HOUSING ASSET FUND DEPOSITS AND ENDING BALANCE

Table 1 shows the City deposited \$392,030 into the Housing Asset Fund during Fiscal Year 2015-16. Revenues came from rents, loan payments, interest, and miscellaneous revenues. \$16,557 of the revenues were received as part of the Port Hueneme Redevelopment Successor Agency’s payment on an Educational Revenue Augmentation Fund Loan, through the Recognized Obligation Payment Schedule (“ROPS”).



Fiscal Year 2015-16 Housing Asset Fund Deposits **Table 1**
City of Port Hueneme

Revenue Source	Amount
ERAF Reimbursement	\$ 16,557
Late Rent Fees	225
Rents	226,530
309 & 323 E. C St (\$24,360)	
771-775 Jane Dr (\$24,360)	
800-806 Jane Dr (\$24,360)	
780-786 Jane Dr (\$24,310)	
249 E. A St (\$71,120)	
841 Jane Dr (\$58,020)	
Loan Payoff Interest	5,621
Interest	1,180
Miscellaneous Revenues	2,204
Loan Payoff Revenue	139,714
TOTAL	\$ 392,030

Source: City of Port Hueneme, Fund 714 Income Statement

For a comparison to revenues, Fiscal Year 2015-16 Housing Asset Fund expenditures totaled \$171,030 for administrative costs (see Table 3).

As shown in Table 2, the Housing Asset Fund had \$1.5 million in assets at the close of Fiscal Year 2015-16. None of this amount is held to pay for projects that are enforceable obligations on the ROPS.

Fiscal Year 2015-16 Housing Asset Fund Ending Balance **Table 2**
Port Hueneme Housing Successor Agency

Balance Type	Amount
Current Assets / Equity in Pooled Cash	\$ 208,279
Accounts Receivable / Misc	84
Accounts Receivable / Tenants	2,182
Loans Receivable / HOME Program	1,133,370
Loans Receivable / Rehab Loans	167,380
TOTAL	\$ 1,511,295

Source: City of Port Hueneme, Fund 714 Trial Balance

EXPENDITURE LIMITATIONS

SB 341 provides the following guidelines for expenditures from the Housing Asset Fund:



1. Administrative costs, which include housing monitoring, are capped at the greater of \$200,000 adjusted annually for inflation or 5% of the statutory value of any real property owned by the housing successor and of loans and grants receivable (in Port Hueneme's case, 5% of \$5,710,161 or \$285,508).
2. If the former Agency did not have any outstanding inclusionary or replacement housing production requirements, the housing successor agency is authorized to spend up to \$250,000 per year on homeless prevention and rapid rehousing services to individuals and families who are homeless or would be homeless but for this assistance. In the case of Port Hueneme, the former Agency had produced sufficient affordable housing units, and therefore the City as Housing Successor is allowed to make this expenditure if it chooses and funding is available for such expenditures.
3. Remaining allowable expenditures must be spent to improve housing options affordable to households in the following income groups:
 - a. Extremely low-income (households earning 30% or less of the Area Median Income ("AMI"));
 - b. Very low-income (households earning 30% to 60% of the AMI); and
 - c. Low-income (households earning 60% to 80% of the AMI).

This means that no funding may be spent on moderate-income households (earning 80% to 120% of the AMI), as was previously authorized by redevelopment law. In addition, of the money expended, a minimum of 30% must go towards rental housing affordable to extremely low-income households. A maximum of 20% may go towards the development of housing affordable to low-income households.

Failure to comply with the extremely low-income requirement in any five-year compliance period will result in the Housing Successor having to ensure that 50% of remaining funds be spent on extremely low-income rental units until the Housing Successor achieves compliance. Exceeding the expenditure limit for low-income households in any five-year reporting period will result in the Housing Successor not being able to expend any funds on that income category until in compliance.

The City, as Housing Successor, has only incurred administrative expenses since the beginning of the first five-year compliance period on January 1, 2014. The City will ensure that the Housing Successor adheres to all expenditure limitations by the end of the five-year compliance period.



Note that housing successor agencies must report expenditures by category each year, but compliance with expenditure limitations is measured only every five years. For example, a housing successor agency could spend all of its funds in a single year on low-income households, as long as it was 20% or less of the total expenditures during the five-year compliance period. The first five-year compliance period began on January 1, 2014 (when SB 341 became effective) and ends on June 30, 2019. Compliance will be evaluated in the annual report for Fiscal Year 2018-19.

Table 3 summarizes Housing Asset Fund expenditures on administrative costs in Fiscal Year 2015-16 and affordable housing activities by income level from January 1, 2014 through June 30, 2016.

Fiscal Year 2015-16 Housing Asset Fund Expenditures **Table 3**
City of Port Hueneme

	Admin/ Monitoring	Ext. Low Rental Units	Other Units	Ext. Low <30% AMI	Very Low 30-60% AMI	Low 60-80% AMI
FY 2015-16 Expenditures						
Administration	\$ 171,030					
Project Related	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Total	\$ 171,030	\$ -	\$ -	\$ -	\$ -	\$ -

Compliance Period Expenditures

	Actual Expenditures					
FY 2013-14	\$ 336,247	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2014-15	309,689	-	-	-	-	-
FY 2015-16	171,030	-	-	-	-	-
FY 2016-17	TBD	TBD			TBD	
FY 2017-18	TBD	TBD			TBD	
FY 2018-19	TBD	TBD			TBD	
Compliance Period Total Expenditures	N/A	\$ -	\$ -	\$ -	\$ -	\$ -
	<i>Five-Year Limit (1/1/14 through 2018-19)</i>					
SB 341 Limitation	\$ 285,508	>30%	<70%	>30%	N/A	<20%
Compliant (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes

Source: City of Port Hueneme, Fund 714 Trial Balance

All Housing Asset Fund expenditures have been administrative since the beginning of the first five-year compliance period on January 1, 2014. Staff will ensure that future expenditures meet proportionality requirements.



STATUTORY VALUE OF REAL PROPERTIES AND LOAN RECEIVABLES

The Housing Successor must report the statutory value of real properties formerly owned by the Former Agency or purchased by the Housing Successor with Housing Asset Funds, and the value of loans and grants receivable transferred on the Housing Asset Transfer Form. The Housing Successor inherited 13 real properties and 51 loans from the Former Agency when it dissolved on February 1, 2012. Table 4 shows the value of real properties and loans receivable as of June 30, 2016. The loans are grouped into down payment assistance (“HOME Program”) loans and home rehabilitation loans. The Housing Asset Transfer Form in Appendix A shows more detailed information about each property and loan receivable at the time they were transferred in 2012.

Fiscal Year 2015-16 Real Properties and Receivables **Table 4**
City of Port Hueneme

Asset	Asset Type	Amount
Real Properties¹		
771-775 Jane Drive	Duplex	\$ 268,820
780-786 Jane Drive	Duplex	460,314
800-806 Jane Drive	Duplex	466,748
841 Jane Drive	5 Apartments	917,640
246 E. A Street	8 Apartments	724,320
309 E. A Street	Single Family Home	143,700
323 E. A Street	Single Family Home	105,514
155 W. C Street	Vacant Land	30,000
116 W. Pleasant Valley Road	Vacant Land	105,000
124 W. Pleasant Valley Road	Vacant Land	278,657
148 W. Pleasant Valley Road	Vacant Land	43,233
241 E. Port Hueneme Road	Vacant Land	486,081
245 E. Port Hueneme Road	Vacant Triplex	379,383
Subtotal		\$ 4,409,412
Loans and Notes Receivable		
HOME Program Loans (36)		\$ 1,133,370
Rehabilitation Loans (4)		167,380
Subtotal		\$ 1,300,750
Total		\$ 5,710,161

¹ Represents current carrying value for real properties and outstanding balances for loans and notes receivable.

Source: City of Port Hueneme, Fund 714 Trial Balance



The total statutory value of real properties is \$4,409,412, while outstanding loan receivables total \$1,300,750, for a combined value of \$5,710,161.

DEPOSITS FROM REDEVELOPMENT SUCCESSOR AGENCY LOAN REPAYMENTS

Prior to its dissolution, the Former Agency borrowed funds from its Low- and Moderate-Income Housing Fund in two ways. One loan was made to help the Former Agency remit funds to the Educational Revenue Augmentation Fund (“ERAF”), pursuant to AB 1768 and SB 1045 for Fiscal Years 2002-03 and 2003-04. The other loan consisted of deferred housing set-aside deposits, as allowed by HSC prior to redevelopment dissolution.

Both loans are payable to the Housing Successor’s Housing Asset Fund. Interest accrues on the loans at three percent annually. The Housing Successor received \$16,557 in payment on the ERAF loan in Fiscal Year 2015-16.

PROPERTY DEVELOPMENT & DISPOSITION

HSC Section 34176(e) requires that all real properties acquired by the Agency prior to February 1, 2012 and transferred to the Housing Successor be developed for affordable housing purposes or disposed of within five years from the date DOF approved the Housing Asset Transfer Form, or August 23, 2017. The law allows for a five-year extension via adoption of a resolution.

The Former Agency transferred thirteen real properties to the Housing Successor, listed in Table 4. Of those thirteen properties, eight were already developed with 24 housing units, though three are currently vacant. The vacant property, a triplex located at 245 E. Port Hueneme Road, needs major repair before it can be occupied again. It was assessed as a potential historic resource in 2010 and was found to be eligible for listing on the National Register of Historic Places or the California Register of Historical Resources and potentially eligible for designation as a City of Port Hueneme landmark.

The five vacant land properties have been included in the City’s efforts to sell and develop properties throughout the City over the last year. No buyer or developer has yet been identified for disposition or development of any of these properties.



TRANSFERS BETWEEN HOUSING SUCCESSORS

SB 341 allows two or more contiguous or nearby housing successors to enter into a joint venture to develop certain types of affordable housing. Housing successors using this opportunity are required to provide a description of any transfers made in the previous fiscal year and in earlier fiscal years, as well as a description of and status update on any project for which transferred funds have been or will be expended. The Housing Successor has not entered into a joint venture with another housing successor.

PROJECTS FUNDED BY PROPERTY TAXES

SB 341 requires housing successors to provide a description and the status of any project for which the agency receives or holds property tax revenues pursuant to a ROPS. There are no provisions in the ROPS permitting the Housing Successor to receive or hold property tax revenues for specific projects. The ROPS allows the Housing Successor to receive repayment of certain loans. However, those loan repayments are not committed to any specific projects.

OUTSTANDING INCLUSIONARY AND REPLACEMENT HOUSING OBLIGATIONS

The Former Agency had produced sufficient affordable housing units when it dissolved in February 2012. There are no outstanding inclusionary or replacement housing obligations of the Former Agency to be fulfilled by the Housing Successor.

SENIOR HOUSING EXPENDITURE PROPORTIONALITY

This report must include an accounting of deed-restricted senior rental units that were produced over the last 10 years. The Housing Successor may use Housing Asset Funds to assist no more than 50% of the aggregate total number of senior housing units produced by either the City or Former Agency during the past 10 years. Exceeding this limitation will prohibit the use of Housing Asset Funds to subsidize any senior rental units until the Housing Successor no longer exceeds the limitation.

As shown in Table 5, the City and Former Agency assisted one duplex property in the last 10 years, of which no units are restricted to seniors. The Housing Successor may spend more money subsidizing senior rental units in the future; however, it must ensure that no



more than 50% of the total aggregate number of rental units at all affordability levels produced within the preceding 10 years are restricted to seniors.

Deed-Restricted Rental Units Assisted since FY 2006-07 **Table 5**
City of Port Hueneme

Property Name or Address	# Restricted Units	# Senior Restricted Units	Acquired/ Assisted	Restriction Start	Restriction End
800-806 Jane Drive	2	0	7/25/2006	7/25/2006	7/26/2021
Total	2	0			
% Senior Units		0%			

Source: City of Port Hueneme

EXCESS SURPLUS

Excess surplus calculations were once performed by redevelopment agencies on an annual basis and are intended to ensure that funds are expended to benefit low-income households in an expeditious manner. Generally speaking, funds should be encumbered within four years of receipt. SB 341 reinstates this calculation for housing successor agencies. Excess surplus is defined by HSC Section 34176.1(d) as “an unencumbered amount in the account that exceeds the greater of one million dollars, or the aggregate amount deposited into the account during the housing successor agency’s preceding four fiscal years, whichever is greater.”

The first meaningful calculation of this total cannot be performed until the close of the fifth fiscal year. Once four years of deposits have been established, at the close of the fifth year, (FY 2016-17) the Housing Successor will have to perform a true excess surplus calculation, comparing the unencumbered fund balance to the prior four years of deposits. As the general purpose of the excess surplus calculation is to ensure that money is expended for low-income purposes, the best action for the Housing Authority is to use the upcoming year to encumber or expend money currently on deposit.

As of FY 2015-16, the Housing Successor is not projected to have an excess surplus. The FY 2015-16 ending cash balance of \$208,279 is less than the total deposited since July 2012 of approximately \$1.2 million. July 2012 is significant as the beginning of the first fiscal year following the Redevelopment Dissolution Act’s taking effect. Nonetheless,



the Housing Successor should continue to spend or encumber funds in the near future, so the Housing Asset Fund does not accumulate an excess surplus.

INVENTORY OF HOMEOWNERSHIP UNITS

AB 1793 requires the Housing Successor's annual report to include an inventory of homeownership units assisted by the former Agency or the Housing Successor that are subject to covenants or restrictions or to an adopted program that protects the former Agency's investment of moneys from the Low- and Moderate-Income Housing Fund.

The Former Agency issued 36 down payment assistance (HOME Program) loans and four rehabilitation loans outstanding as of June 30, 2016. However, there are no covenants or restrictions on these loans. Buyers and owners undertaking property rehabilitation were required to be of low- or moderate-income at the time the loans were issued.



Housing Successor Agency to the former Port Hueneme Redevelopment Agency

Housing Successor Agency Annual Report, Fiscal Year 2015-16

APPENDIX A – HOUSING ASSET TRANSFER FORM

DEPARTMENT OF FINANCE
HOUSING ASSETS LIST
ASSEMBLY BILL X1 26 AND ASSEMBLY BILL 1484
(Health and Safety Code Section 34176)

Former Redevelopment Agency: City of Port Hueneme Redevelopment Agency

Successor Agency to the Former Redevelopment Agency: City of Port Hueneme Successor Agency

Entity Assuming the Housing Functions of the former Redevelopment Agency: City of Port Hueneme Housing Successor

Entity Assuming the Housing Functions Contact Name: Port Hueneme Housing Successor
Greg C. Brown Title Community Development Director Phone 805-986-6553 E-Mail Address gbrown@cityofporthueneme.org

Entity Assuming the Housing Functions Contact Name: Port Hueneme Housing Successor
Pam Strautman Title CD Programs Manager Phone 805-986-6519 E-Mail Address pstrauman@cityofporthueneme.org

All assets transferred to the entity assuming the housing functions between February 1, 2012 and the date the exhibits were created are included in this housing assets list. The following Exhibits noted with an X in the box are included as part of this inventory of housing assets:

Exhibit A - Real Property	<input checked="" type="checkbox"/>
Exhibit B- Personal Property	<input checked="" type="checkbox"/>
Exhibit C - Low-Mod Encumbrances	<input type="checkbox"/>
Exhibit D - Loans/Grants Receivables	<input checked="" type="checkbox"/>
Exhibit E - Rents/Operations	<input type="checkbox"/>
Exhibit F- Rents	<input checked="" type="checkbox"/>
Exhibit G - Deferrals	<input checked="" type="checkbox"/>

Prepared By: Greg C. Brown

Date Prepared: July 23-27, 2012



Housing Successor Agency Annual Report



City of Port Hueneme

(Housing Successor Agency to the Former Port Hueneme
Redevelopment Agency)

250 North Ventura Road
Port Hueneme, CA 93041

Fiscal Year 2016-17

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INTRODUCTION

The City of Port Hueneme (“City”) is the Housing Successor Agency (“Housing Successor”) to the former Port Hueneme Redevelopment Agency (“Former Agency”). The majority of the Former Agency’s cash assets were transferred to the County of Ventura (“County”) when the Former Agency dissolved in 2012 pursuant to the Redevelopment Dissolution Act (enacted by Assembly Bill (“AB”) x1 26 and amended by AB 1484 and Senate Bill (“SB”) 107). However, all rights, powers, committed assets, liabilities, duties, and obligations associated with the housing activities of the Former Agency were transferred to the City as Housing Successor.

Housing successor agencies are required to submit annual reports on their activities to the State. This Housing Successor Agency Annual Report contains information on Fiscal Year 2016-17 finances and activities as required by Health and Safety Code (“HSC”) Section 34176.1(f).

REPORTING REQUIREMENTS FOR HOUSING SUCCESSOR AGENCIES

SB 341 (2013-14), AB 1793 (2013-14), SB 107 (2015-16), and AB 346 (2017-18) amended sections of the HSC pertaining to redevelopment housing successor agencies. SB 341 clarified that all former redevelopment agency housing assets must be maintained in a separate fund called the Low- and Moderate-Income Housing Asset Fund (“Housing Asset Fund”). HSC Section 34176.1(f) contains a series of annual reporting requirements for housing successor agencies regarding Housing Asset Funds. An annual report is due to the California Department of Housing and Community Development (“HCD”) by April 1st each year.

SB 341 also mandates that housing successor agencies conduct an independent financial audit of the Housing Asset Fund within six months after the end of each fiscal year, which may be included in the independent financial audit of the host jurisdiction. The City’s Comprehensive Annual Financial Report (“CAFR”) for Fiscal Year 2016-17 was completed in April 2018 and is available on the City’s website. It includes an audit of the Housing Asset Fund¹.

¹ The Housing Asset Fund is included under Nonmajor Funds in the CAFR.



In accordance with HSC Section 34176.1(f), certain data must be reported annually for the Housing Asset Fund. These requirements are presented in the following table.

Revenues & Expenditures	Other Assets and Active Projects	Obligations & Proportionality
Total amount deposited in the Housing Asset Fund for the fiscal year	Description of any housing project(s) still funded through the Recognized Obligation Payment Schedule (“ROPS”)	Description of any outstanding production obligations of the former Agency that are inherited by the City
Statement of balance at the close of the fiscal year	Update on property disposition for any property owned by the housing successor agency more than five years or plans for property owned less than five years	Compliance with proportionality requirements (income group targets), which must be upheld on a five-year cycle
<p>Description of Expenditures for the fiscal year, broken out as follows:</p> <ul style="list-style-type: none"> • Rapid rehousing for homelessness prevention (up to \$250,000 per year, if qualified); • Administrative expenses (greater of \$200,000 adjusted annually for CPI or 5% of “portfolio” per year); • Monitoring expenses (included as an administrative expense); • All other expenditures must be reported as spent for each income group as defined in SB 341 	<p>Other “portfolio” balances, including:</p> <ul style="list-style-type: none"> • Statutory value of any real property either transferred from the former Agency or purchased by the Housing Asset Fund (note that the City may only hold property for five years); • Value of loans and grants receivable 	Percentage of deed-restricted rental housing restricted to seniors and assisted by the entity assuming housing functions, the former Agency, or the County within the past ten years compared to the total number of units assisted by any of those three agencies
Description of any transfers to another housing successor agency for a joint project	Inventory of homeownership units assisted by the former Agency or the City that are subject to covenants or restrictions or to an adopted program that protects the former Agency’s investment of monies	Amount of any excess surplus, and, if any, the plan for eliminating it



	from the Low- and Moderate-Income Housing Fund	
--	--	--

ASSETS TRANSFERRED TO THE HOUSING SUCCESSOR AGENCY

The City prepared a Housing Asset Transfer Form in 2012 that provided an inventory of all housing-related assets transferred from the Former Agency to the City following the dissolution of redevelopment. This included:

1. Real Property;
2. Personal Property;
3. Loans/Grants Receivables;
4. Rents; and
5. Deferrals.

All items on the Housing Asset Transfer Form (attached as Appendix A) were approved by the California Department of Finance (“DOF”) on August 23, 2012.

LOW- AND MODERATE-INCOME HOUSING ASSET FUND

The Housing Asset Fund replaced the Former Agency’s Low- and Moderate-Income Housing Fund. It includes all assets transferred from the Former Agency to the City via the Housing Asset Transfer Form.

HOUSING ASSET FUND DEPOSITS AND ENDING BALANCE

Table 1 shows the City deposited \$254,221 into the Housing Asset Fund during Fiscal Year 2016-17. Revenues came from rents, loan payments, interest, and miscellaneous revenues. No deposits were repayments from the Port Hueneme Redevelopment Successor Agency’s Recognized Obligation Payment Schedule (“ROPS”).



Fiscal Year 2016-17 Housing Asset Fund Deposits **Table 1**
Port Hueneme Housing Successor Agency

Revenue Source	Amount
ERAF Reimbursement	\$ -
Late Rent Fees	-
Rents	230,341
309 & 323 E. C St (\$25,976)	
771-775 Jane Dr (\$23,215)	
800-806 Jane Dr (\$22,628)	
780-786 Jane Dr (\$36,158)	
249 E. A St (\$73,284)	
841 Jane Dr (\$49,081)	
Loan Payoff Interest	7,516
Interest	1,295
Miscellaneous Revenues	442
Loan Payoff Revenue	14,627
TOTAL	\$ 254,221

Source: City of Port Hueneme, Fund 714 Income Statement

For a comparison to revenues, Fiscal Year 2016-17 Housing Asset Fund expenditures totaled \$155,082 for administrative costs (see Table 3).

As shown in Table 2, the Housing Asset Fund had \$1.5 million in assets at the close of Fiscal Year 2016-17. None of this amount is held to pay for projects that are enforceable obligations on the ROPS.

Fiscal Year 2016-17 Housing Asset Fund Ending Balance **Table 2**
Port Hueneme Housing Successor Agency

Balance Type	Amount
Current Assets / Equity in Pooled Cash	\$ 195,335
Accounts Receivable / Tenants	1,258
Loans Receivable / HOME Program	1,127,170
Loans Receivable / Rehab Loans	167,380
TOTAL	\$ 1,491,143

Source: City of Port Hueneme, Fund 714 Balance Sheet and Record of Outstanding Loans

Note: Loan Receivable balances are based on the record of outstanding loans, which is not fully reflected in the Balance Sheet.



EXPENDITURE LIMITATIONS

SB 341 provides the following guidelines for expenditures from the Housing Asset Fund:

1. Administrative costs, which include housing monitoring, are capped at the greater of \$200,000 adjusted annually for inflation or 5% of the statutory value of any real property owned by the housing successor and of loans and grants receivable (in Port Hueneme's case, 5% of \$5,570,165 or \$278,508).
2. If the former Agency did not have any outstanding inclusionary or replacement housing production requirements, the housing successor agency is authorized to spend up to \$250,000 per year on homeless prevention and rapid rehousing services to individuals and families who are homeless or would be homeless but for this assistance. In the case of Port Hueneme, the former Agency had produced sufficient affordable housing units, and therefore the City as Housing Successor is allowed to make this expenditure if it chooses and funding is available for such expenditures.
3. Remaining allowable expenditures must be spent to improve housing options affordable to households in the following income groups:
 - a. Extremely low-income (households earning 30% or less of the Area Median Income ("AMI"));
 - b. Very low-income (households earning 30% to 60% of the AMI); and
 - c. Low-income (households earning 60% to 80% of the AMI).

This means that no funding may be spent on moderate-income households (earning 80% to 120% of the AMI), as was previously authorized by redevelopment law. In addition, of the money expended, a minimum of 30% must go towards rental housing affordable to extremely low-income households. A maximum of 20% may go towards the development of housing affordable to low-income households.

Failure to comply with the extremely low-income requirement in any five-year compliance period will result in the Housing Successor having to ensure that 50% of remaining funds be spent on extremely low-income rental units until the Housing Successor achieves compliance. Exceeding the expenditure limit for low-income households in any five-year reporting period will result in the Housing Successor not being able to expend any funds on that income category until in compliance.

The City, as Housing Successor, has only incurred administrative expenses since the beginning of the first five-year compliance period on January 1, 2014. The City



will ensure that the Housing Successor adheres to all expenditure limitations by the end of the five-year compliance period.

Note that housing successor agencies must report expenditures by category each year, but compliance with expenditure limitations is measured only every five years. For example, a housing successor agency could spend all of its funds in a single year on low-income households, as long as it was 20% or less of the total expenditures during the five-year compliance period. The first five-year compliance period began on January 1, 2014 (when SB 341 became effective) and ends on June 30, 2019. Compliance will be evaluated in the annual report for Fiscal Year 2018-19.

Table 3 summarizes Housing Asset Fund expenditures on administrative costs in Fiscal Year 2016-17 and affordable housing activities by income level from January 1, 2014 through June 30, 2017.

Fiscal Year 2016-17 Housing Asset Fund Expenditures **Table 3**
City of Port Hueneme

	Admin/ Monitoring	Ext. Low Rental Units	Other Units	Ext. Low <30% AMI	Very Low 30-60% AMI	Low 60-80% AMI
FY 2016-17 Expenditures						
Administration	\$ 155,082					
Project Related	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Total	\$ 155,082	\$ -	\$ -	\$ -	\$ -	\$ -
Compliance Period Expenditures						
	<i>Actual Expenditures</i>					
FY 2013-14	\$ 336,247	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2014-15	309,689	-	-	-	-	-
FY 2015-16	171,030	-	-	-	-	-
FY 2016-17	155,082	-	-	-	-	-
FY 2017-18	TBD	TBD		TBD		
FY 2018-19	TBD	TBD		TBD		
Compliance Period Total Expenditures	N/A	\$ -	\$ -	\$ -	\$ -	\$ -
	<i>Five-Year Limit (1/1/14 through 2018-19)</i>					
SB 341 Limitation	\$ 278,508	>30%	<70%	>30%	N/A	<20%
Compliant (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes

Source: City of Port Hueneme, Fund 714 Trial Balance



All Housing Asset Fund expenditures have been administrative since the beginning of the first five-year compliance period on January 1, 2014. Staff will ensure that future expenditures meet proportionality requirements.

STATUTORY VALUE OF REAL PROPERTIES AND LOAN RECEIVABLES

The Housing Successor must report the statutory value of real properties formerly owned by the Former Agency or purchased by the Housing Successor with Housing Asset Funds, and the value of loans and grants receivable transferred on the Housing Asset Transfer Form. The Housing Successor inherited 13 real properties and 51 loans from the Former Agency when it dissolved on February 1, 2012. Table 4 shows the value of real properties and loans receivable as of June 30, 2017. The loans are grouped into down payment assistance (“HOME Program”) loans and home rehabilitation loans. The Housing Asset Transfer Form in Appendix A shows more detailed information about each property and loan receivable at the time they were transferred in 2012.



Fiscal Year 2016-17 Real Properties and Receivables **Table 4**
City of Port Hueneme

Asset	Asset Type	Amount ¹
Real Properties		
771-775 Jane Drive	Duplex	\$ 256,706
780-786 Jane Drive	Duplex	441,048
800-806 Jane Drive	Duplex	446,428
841 Jane Drive	5 Apartments	901,459
249 E. A Street	8 Apartments	686,471
309 E. C Street	Single Family Home	143,700
323 E. C Street	Single Family Home	105,514
155 W. C Street	Vacant Land	30,000
116 W. Pleasant Valley Road	Vacant Land	105,000
124 W. Pleasant Valley Road	Vacant Land	268,279
148 W. Pleasant Valley Road	Vacant Land	43,233
241 E. Port Hueneme Road	Vacant Land	468,395
245 E. Port Hueneme Road	Vacant Triplex	379,383
<i>Subtotal</i>		\$ 4,275,616
Loans and Notes Receivable		
HOME Program Loans (35)		\$ 1,127,170
Rehabilitation Loans (4)		167,380
<i>Subtotal</i>		\$ 1,294,550
Total		\$ 5,570,165

¹ Represents current carrying value for real properties and outstanding balances for loans and notes receivable.

Source: City of Port Hueneme, Fund 714 Balance Sheet and Record of Outstanding Loans

Note: Loan Receivable balances are based on the record of outstanding loans, which is not fully reflected in the Balance Sheet.

The total statutory value of real properties is \$4,275,616, while outstanding loan receivables total \$1,294,550, for a combined value of \$5,570,165.

DEPOSITS FROM REDEVELOPMENT SUCCESSOR AGENCY LOAN REPAYMENTS

Prior to its dissolution, the Former Agency borrowed funds from its Low- and Moderate-Income Housing Fund in two ways. One loan was made to help the Former Agency remit funds to the Educational Revenue Augmentation Fund (“ERAF”), pursuant to AB 1768



and SB 1045 for Fiscal Years 2002-03 and 2003-04. The other loan consisted of deferred housing set-aside deposits, as allowed by HSC prior to redevelopment dissolution.

Both loans are payable to the Housing Successor's Housing Asset Fund. Interest accrues on the loans at three percent annually. There was no payment on either loan in Fiscal Year 2016-17. Significant amounts are expected to be paid on both loans in Fiscal Year 2019-20.

PROPERTY DEVELOPMENT & DISPOSITION

HSC Section 34176(e) requires that all real properties acquired by the Agency prior to February 1, 2012 and transferred to the Housing Successor be developed for affordable housing purposes or disposed of within five years from the date DOF approved the Housing Asset Transfer Form, or August 23, 2017. The law allows for a five-year extension via adoption of a resolution.

The Former Agency transferred thirteen real properties to the Housing Successor, listed in Table 4. Of those thirteen properties, eight were already developed with 24 housing units, though three are currently vacant. The vacant property, a triplex located at 245 E. Port Hueneme Road, needs major repair before it can be occupied again. It was assessed as a potential historic resource in 2010 and was found to be eligible for listing on the National Register of Historic Places or the California Register of Historical Resources and potentially eligible for designation as a City of Port Hueneme landmark.

The five vacant land properties have been included in the City's efforts to sell and develop properties throughout the City over the last several years. No buyer or developer has yet been identified for disposition or development of any of these properties.

TRANSFERS BETWEEN HOUSING SUCCESSORS

SB 341 allows two or more contiguous or nearby housing successors to enter into a joint venture to develop certain types of affordable housing. Housing successors using this opportunity are required to provide a description of any transfers made in the previous fiscal year and in earlier fiscal years, as well as a description of and status update on any project for which transferred funds have been or will be expended. The Housing Successor has not entered into a joint venture with another housing successor.



PROJECTS FUNDED BY PROPERTY TAXES

SB 341 requires housing successors to provide a description and the status of any project for which the agency receives or holds property tax revenues pursuant to a ROPS. There are no provisions in the ROPS permitting the Housing Successor to receive or hold property tax revenues for specific projects. The ROPS allows the Housing Successor to receive repayment of certain loans. However, those loan repayments are not committed to any specific projects, and the Housing Successor did not receive such a loan payment in Fiscal Year 2016-17.

OUTSTANDING INCLUSIONARY AND REPLACEMENT HOUSING OBLIGATIONS

The Former Agency had produced sufficient affordable housing units when it dissolved in February 2012. There are no outstanding inclusionary or replacement housing obligations of the Former Agency to be fulfilled by the Housing Successor.

SENIOR HOUSING EXPENDITURE PROPORTIONALITY

This report must include an accounting of deed-restricted senior rental units that were produced over the last 10 years. The Housing Successor may use Housing Asset Funds to assist no more than 50% of the aggregate total number of senior housing units produced by either the City or Former Agency during the past 10 years. Exceeding this limitation will prohibit the use of Housing Asset Funds to subsidize any senior rental units until the Housing Successor no longer exceeds the limitation.

As shown in Table 5, the City and Former Agency have not assisted any deed-restricted rental units in the last 10 years. The Housing Successor may spend more money subsidizing senior rental units in the future; however, it must ensure that no more than 50% of the total aggregate number of rental units at all affordability levels produced within the preceding 10 years are restricted to seniors.



Deed-Restricted Rental Units Assisted since FY 2007-08

Table 5

City of Port Hueneme

Property Name or Address	# Restricted Units	# Senior Restricted Units	Acquired/ Assisted	Restriction Start	Restriction End
None	-	0			
Total	-	0			

% Senior Units **0%**

Source: City of Port Hueneme

EXCESS SURPLUS

Excess surplus calculations were once performed by redevelopment agencies on an annual basis and are intended to ensure that funds are expended to benefit low-income households in an expeditious manner. Generally speaking, funds should be encumbered within four years of receipt. SB 341 reinstates this calculation for housing successor agencies. Excess surplus is defined by HSC Section 34176.1(d) as “an unencumbered amount in the account that exceeds the greater of one million dollars, or the aggregate amount deposited into the account during the housing successor agency’s preceding four fiscal years, whichever is greater.”

Fiscal Year 2016-17, the fifth full year since redevelopment agencies were dissolved, is the first year the excess surplus can be calculated. The Housing Asset Fund does not have an excess surplus, as shown in Table 6.

If the Housing Successor incurs an excess surplus in the future, it must expend or encumber excess surplus within three fiscal years or transmit funds to HCD.



Excess Surplus Calculation **Table 6**
City of Port Hueneme

Fiscal Year	Aggregate Deposits	Ending Cash Balance	Estimated Excess Surplus
2012-13	\$ 226,035		n/a
2013-14	367,233		n/a
2014-15	263,877		n/a
2015-16	392,030		n/a
2016-17	\$ 254,221	\$ 195,335	\$ -

Deposits FYE 2013-2016	\$	1,249,174
Cash Balance as of 6/30/17	\$	195,335
Excess Surplus as of 6/30/17	\$	-

Source: City of Port Hueneme

INVENTORY OF HOMEOWNERSHIP UNITS

AB 1793 requires the Housing Successor’s annual report to include an inventory of homeownership units assisted by the former Agency or the Housing Successor that are subject to covenants or restrictions or to an adopted program that protects the former Agency’s investment of moneys from the Low- and Moderate-Income Housing Fund.

The Former Agency issued 35 down payment assistance (HOME Program) loans and four rehabilitation loans outstanding as of June 30, 2017. However, there are no covenants or restrictions on these loans. Buyers and owners undertaking property rehabilitation were required to be of low- or moderate-income at the time the loans were issued.



Housing Successor Agency to the former Port Hueneme Redevelopment Agency

Housing Successor Agency Annual Report, Fiscal Year 2016-17

APPENDIX A – HOUSING ASSET TRANSFER FORM

DEPARTMENT OF FINANCE
HOUSING ASSETS LIST
ASSEMBLY BILL X1 26 AND ASSEMBLY BILL 1484
(Health and Safety Code Section 34176)

Former Redevelopment Agency: City of Port Hueneme Redevelopment Agency

Successor Agency to the Former Redevelopment Agency: City of Port Hueneme Successor Agency

Entity Assuming the Housing Functions of the former Redevelopment Agency: City of Port Hueneme Housing Successor

Entity Assuming the Housing Functions Contact Name: Port Hueneme Housing Successor
Greg C. Brown Title Community Development Director Phone 805-986-6553 E-Mail Address gbrown@cityofporthueneme.org

Entity Assuming the Housing Functions Contact Name: Port Hueneme Housing Successor
Pam Strautman Title CD Programs Manager Phone 805-986-6519 E-Mail Address pstrauman@cityofporthueneme.org

All assets transferred to the entity assuming the housing functions between February 1, 2012 and the date the exhibits were created are included in this housing assets list. The following Exhibits noted with an X in the box are included as part of this inventory of housing assets:

Exhibit A - Real Property	<input checked="" type="checkbox"/>
Exhibit B - Personal Property	<input checked="" type="checkbox"/>
Exhibit C - Low-Mod Encumbrances	<input type="checkbox"/>
Exhibit D - Loans/Grants Receivables	<input checked="" type="checkbox"/>
Exhibit E - Rents/Operations	<input type="checkbox"/>
Exhibit F - Rents	<input checked="" type="checkbox"/>
Exhibit G - Deferrals	<input checked="" type="checkbox"/>

Prepared By: **Greg C. Brown**

Date Prepared: **July 23-27, 2012**

