

HOUSING SUCCESSOR ANNUAL REPORT

April 1, 2024

LOW AND MODERATE INCOME HOUSING ASSET FUND
FOR FISCAL YEAR 2022-23
PURSUANT TO
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)
FOR THE
MILPITAS HOUSING AUTHORITY

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INTRODUCTION

This Housing Successor Annual Report (“Report”) addresses the requirements of California Health and Safety Code Section 34176.1(f) regarding the Low and Moderate Income Housing Asset Fund (“LMIHAF”). This Report outlines the financial and housing covenant details of the Milpitas Housing Authority (“Housing Successor”) for 2022-23 (the “Fiscal Year”). The purpose of this Report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (“Dissolution Law”).

This report includes discussion on the deposits to, ending balance of, and expenditures from the LMIHAF. A description of the Housing Successor’s assets, and any transfers of assets to other housing successor agencies are addressed as well. The report also discusses the Housing Successor’s current projects, acquisitions of any real property since February 1, 2012, or any outstanding obligations. Finally, as required by law, three separate tests are discussed – the income test, senior housing test, and excess surplus test.

The following Report is based upon information prepared by Housing Successor staff and conforms with Sections 1 through 13, of Section 34176.1(f) of the Dissolution Law.

In addition this Report and the former redevelopment agency’s pre-dissolution Implementation Plans are to be made available to the public on the City’s website. (<http://www.ci.milpitas.ca.gov>)

I. AMOUNT DEPOSITED INTO LMIHAF

This section provides the total amount of funds deposited into the LMIHAF during the Fiscal Year. Any amounts deposited for items listed on the Recognized Obligation Payment Schedule (“ROPS”) must be distinguished from the other amounts deposited.

Revenues (amount deposit to the LMIHAF):	
Loan repayments	\$75,139
Rental/lease income	\$81,496
Equity share of sales of homes	\$87,064
Interest income	\$755,924
Total:	\$999,623

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Total:	\$999,623

A total of \$999,623 was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, a total of \$0 was held for items listed on the ROPS.

II. ENDING BALANCE OF LMIHAF

This section provides a statement of the balance in the LMIHAF as of the close of the Fiscal Year. Any amounts deposited for items listed on the ROPS must be distinguished from the other amounts deposited.

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$40,076,469, of which \$0 is held for items listed on the ROPS.

III. DESCRIPTION OF EXPENDITURES FROM LMIHAF

This section provides a description of the expenditures made from the LMIHAF during the Fiscal Year. The expenditures are to be categorized. There was a total of \$549,926 expended from the LMIHAF, divided into the following categories:

TABLE 1: DESCRIPTION OF LMIHAF EXPENDITURES

Description of Expenditures	Total Expenditures
Maintenance, Monitoring and Administration Expenditures	\$455,406
Homeless Prevention and Rapid Rehousing Services Expenditures	\$84,520
Housing Development Expenditures (Total of Next Three Lines)	\$10,000
<i>Expenditures on Low Income Units</i>	\$10,000
<i>Expenditures on Very Low Income Units</i>	\$0
<i>Expenditures on Extremely Low Income Units</i>	\$0
Total LMIHAF Expenditures in Fiscal Year	\$549,926

IV. STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR

This section provides the statutory value of real property owned by the Housing Successor, the value of loans and grants receivables, and the sum of these two amounts.

TABLE 2: STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR

Asset Type	Statutory Value of Assets
Loans Receivable	\$35,523,352
Land held for resale	\$1,800,000
Total Value of Real Property and Loans Receivable	\$37,323,352

V. DESCRIPTION OF TRANSFERS

This section describes transfers, if any, to another housing successor agency made in previous fiscal year(s), including whether the funds are unencumbered and the status of projects, if any, for which the transferred LMIHAF will be used. The sole purpose of the transfers must be for the development of transit priority projects, permanent supportive housing, housing for agricultural employees or special needs housing.

The Housing Successor did not make any LMIHAF transfers to other housing successor(s) under Section 34176.1(c)(2) during the Fiscal Year.

VI. PROJECT DESCRIPTIONS

This section describes any project for which the Housing Successor receives or holds property tax revenue pursuant to the ROPS and the status of that project.

The Housing Successor does not receive or hold property tax revenue pursuant to the ROPS during the Fiscal Year.

VII. STATUS OF COMPLIANCE WITH SECTION 33334.16

This section provides a status update on compliance with Section 33334.16 for interests in real property acquired by the former redevelopment agency prior to February 1, 2012. For interests in real property acquired on or after February 1, 2012, provide a status update on the project.

With respect to interests in real property acquired by the former redevelopment agency prior to February 1, 2012, the time period described in Section 33334.16 shall be deemed to have commenced on the date that the Department of Finance approved the property as a housing asset in the LMIHAF (August 31, 2012); thus, as to real property acquired by the former redevelopment agency now held by the Housing Successor in the LMIHAF, the Housing Successor must initiate activities consistent with the development of the real property for the purpose for which it was acquired within five years of the date of the DOF approved such property as a housing asset.

The following provides a status update on the real property or properties housing asset(s) that were acquired prior to February 1, 2012 and compliance with five-year period:

TABLE 3: SECTION 33334.16 COMPLIANCE

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
1504, 1556, 1620 S. Main St. (APN 086-22-027,028,033,034,041,042)	11/1/2009	8/31/2022	APN 086-22-033,034,041,042 sold to Milpitas Phase I, LP on April 11, 2018 for the Senior Lifestyles Development with 48 extremely-low income units in phase I and 2 combined.
1432-1446 S. Main St. (APN 083-41-001)	2/28/2011	8/31/2022	The Housing Authority has determined that it will be unable to initiate development of the site for affordable housing prior to the deadline to initiate development activity. The Housing Authority is preparing to market the property for sale pursuant to Section 33334.16, with the proceeds of sale to be deposited in the LMIHAF to be used for the development of affordable housing elsewhere in the City.
254 Parc Place Dr. (APN 086-54-052)	1/27/2011	8/31/2022	Sold to a low-income homebuyer in January 2023.

600 S. Abel St. #208 (APN 086-61-177)	5/24/2011	8/31/2022	Sold to a moderate-income homebuyer in December 2022.
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Health and Safety Code Section 33334.16 required former redevelopment agencies to initiate activities, such as zone changes or disposition and development agreements within five years of acquiring a property.

The following provides a status update on the project(s) for property or properties that have been acquired by the Housing Successor using LMIHAF on or after February 1, 2012.

The Housing Successor did not acquire property on or after February 1, 2012.

VIII. DESCRIPTION OF OUTSTANDING OBLIGATIONS UNDER SECTION 33413.

This section describes the outstanding inclusionary housing obligations, if any, under Section 33413 that remained outstanding prior to dissolution of the former redevelopment agency as of February 1, 2012 along with the Housing Successor's progress in meeting those prior obligations, if any, of the former redevelopment agency and how the Housing Successor plans to meet unmet obligations, if any.

The housing successor does not have any obligations to fulfill under Section 33413.

IX. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(A) requires that the Housing Successor must require at least 30% of the LMIHAF (excluding funds used for maintenance, monitoring and administrative expenses, and homeless prevention/rapid rehousing services) to be expended for development of rental housing affordable to and occupied by households earning 30% or less of the AMI. If the Housing Successor fails to comply with the Extremely-Low Income (ELI) requirement in any five-year report, then the Housing Successor must ensure that at least 50% of the funds expended from the LMIHAF in each subsequent fiscal year be expended for development of rental housing affordable to and occupied by households earning 30% or less of the AMI until the Housing Successor demonstrates compliance with the Extremely-Low Income requirement.

In fiscal year 2019/2020 the City satisfied the Extremely-Low Income test by expending 86.14% of the LMIHAF over the previous five fiscal years. The City is not required to perform this test in fiscal year 2022/2023. The next five-year Extremely Low-Income test will be required in the Annual Report for fiscal year 2024/2025.

X. SENIOR HOUSING TEST

This section provides the percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Housing Successor, its former Redevelopment Agency, and the City within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Housing Successor, its former Redevelopment Agency and the City within the same time period. For this Report the ten-year period reviewed is January 1, 2014 to January 1, 2024.

If the percentage of assisted senior rental housing is more than 50 percent of the total of all assisted rental housing, no additional senior rental housing can be assisted until the percentage falls to 50 percent or less.

TABLE 4: SENIOR HOUSING TEST

Unit Category	# of Units
Assisted Senior Rental Units	48
Total Assisted Rental Units	216
Senior Housing Test (%)	22.2%

XI. EXCESS SURPLUS TEST

Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the Housing Successor's preceding four Fiscal Years, whichever is greater. The housing successor is required to encumber the excess surplus amount or transfer that amount to another jurisdiction as provided in Health and Safety Code Section 34176.1(c)(2) within three fiscal years. If not, the excess surplus amount must be transferred to HCD to use pursuant to the Multifamily Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program.

The following provides the Excess Surplus test for the 2022/2023 fiscal year:

Test for fiscal year ending June 30, 2023	
Opening fund balance of prior year	\$39,701,911
Less: Unavailable Funds:	
Loans Receivable	(\$35,523,352)
Land Held for Resale	(\$1,800,000)
Unencumbered Fund Balance	\$2,378,559
Limitation (greater of \$1,000,000 or four years deposits).	
Aggregate amount deposited for the last four years:	
2021-2022	\$508,420
2020-2021	\$712,551
2019-2020	\$857,421
2018-2019	\$1,019,065
Total Amount Deposited	\$3,097,457
Excess Surplus	None

This analysis indicates there is no excess surplus as of 6/30/2023.

XII. DESCRIPTION OF OUTSTANDING OBLIGATIONS UNDER SECTION 34176.1(D)(13).

This section provides an inventory of homeownership units assisted by the former Redevelopment agency or the Housing Successor that are subject to covenants or restrictions of to an adopted program that protects the former Redevelopment Agency's investment of moneys from the Low- and Moderate-Income Housing Fund pursuant to subdivision (f) of Section 33334.3.

This inventory shall include all the following information:

(A) Number of those units:

The number of homeownership units assisted by the former Redevelopment agency is 189.

(B) In the first report pursuant to this subdivision, the number of units lost to the portfolio after February 1, 2012, and the reason or reasons for those losses. For subsequent reports, the number of the units lost to the portfolio in the last fiscal year and the reason for those losses:

There are no losses of inventory to report from February 1, 2012 to FY 2022/2023.

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(C) Any funds returned to the Housing Successor as part of an adopted program that protects the former Redevelopment agency's investment of moneys from the Low- and Moderate-Income Housing Fund:

No funds were returned to the Housing Successor.

(D) Whether the Housing Successor has contracted with any outside entity for the management of the units and, if so, the identity of the entity:

The Housing Successor does not contract with any outside entity.