

**HOUSING SUCCESSOR ANNUAL REPORT  
REGARDING THE  
LOW AND MODERATE INCOME HOUSING ASSET FUND  
FOR FISCAL YEAR 2015-2016 PURSUANT TO  
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)  
FOR THE CITY OF STOCKTON HOUSING SUCCESSOR AGENCY**

This Housing Successor Annual Report (Report) regarding the Low and Moderate Income Housing Asset Fund (LMIHAF) has been prepared pursuant to California Health and Safety Code Section 34176.1(f). This Report sets forth certain details of the City of Stockton Housing Successor Agency (Housing Successor) activities during Fiscal Year 2015-2016. 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 (Dissolution Law), Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1.

This Report conforms with and is organized into sections 1 through 13, inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

**1. Amount Received by City:** This section provides the total amount received by the City, during the fiscal year, for repayment of loans provided from the City to the former Redevelopment Agency, and approved pursuant to Section 34191.4 (b)(3)(A).

*The Successor Agency to the former Redevelopment Agency (Successor Agency) requested that the Oversight Board approve loans owed to the City from the former Redevelopment Agency (City loans) to be placed on the Recognized Obligation Payment Schedule (ROPS). As required by Section 34191.4 (b)(3), outstanding accrued interest on the City loans was recalculated at three percent (3%) simple interest. The Oversight Board approved loans totaling \$37.5 million by Resolution No. OB 2015-11-04-0601-02.*

*The State Department of Finance (DOF) reviewed the loans, signed agreements, and supporting documentation, and approved \$23.8 million of the City loans. Dissolution Law limits the annual payment amounts and requires that any outstanding loans owed to the LMIHAF for purposes of the Supplemental Educational Revenue Augmentation Fund (SERAF loans) be repaid before the City loans.*

*The Successor Agency was unable to make payments on the SERAF and City loans in FY 2015-16 based on the annual payment calculations. However, SERAF loan payments will begin in FY 2016-17, and City loan payments will begin in FY 2017-18. Payment amounts will be reported in future reports.*

**2. 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 ROPS, payment on SERAF loans, or 20% of City loan payments must be distinguished from the other amounts deposited.

*As a result of redevelopment dissolution, the Successor Agency is no longer required to*

*deposit 20% of gross tax increment into the LMIHAF for affordable housing activities (20% set-aside). However, the former Redevelopment Agency pledged the 20% set-aside as a repayment source for the 2006 Strong Neighborhoods Initiative Revenue Bonds, Series C and the 2003 Housing Certificates of Participation (together the Housing Bonds). Because of this pledge, the Successor Agency continues to transfer 20% set-aside to the LMIHAF for the Housing Bonds payments. Any remaining 20% set-aside funds must be used for items on the ROPS.*

*A total of \$4,106,658 was deposited into the LMIHAF during Fiscal Year 2015-16. Of the total funds deposited into the LMIHAF, \$3,998,578 was deposited for items listed on the ROPS, which includes the Housing Bond debt payments.*

*Dissolution Law requires that 20% of any City loan payment be deducted and transferred to the LMIHAF (20% transfer). In FY 2015-16, there were no deposits to the LMIHAF for SERAF loan payments or 20% transfers. SERAF loan payments will begin in Fiscal Year 2016-17, and City loan payments will begin in Fiscal Year 2017-18.*

**3. 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 Fiscal Year 2015-16, the ending balance in the LMIHAF was \$6,213,899. The fund balance includes cash and loans receivable. The total cash and investments amount was \$3,190,895 of which \$1,064,408 was held for items listed on the ROPS. The remaining cash has been committed to housing projects.*

**4. 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.

*During Fiscal Year 2015-16, a total of \$2,934,169 was transferred to the debt service funds for payments on the Housing Bonds.*

*Excess 20% set-aside from the June 1 disbursement of RPTTF, in the amount of \$1,064,408, will be applied as a partial payment of two SERAF Loans in Fiscal Year 2016-17.*

*Expenditures for two housing projects (Grand View Village and Hotel Stockton) totaled \$1,047,926 in Fiscal Year 2015-16.*

**5. 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.

Under the Dissolution Law and for purposes of this Report, the “statutory value of real property” means the value of properties formerly held by the former redevelopment agency as listed on the housing asset transfer schedule approved by the Department of Finance as listed in such schedule under Section 34176(a)(2), the value of the

properties transferred to the Housing Successor pursuant to Section 34181(f), and the purchase price of property purchased by the Housing Successor. Further, the value of loans and grants receivable is included in the reported assets held in the LMIHAF.

*The following provides the statutory value of assets owned by the Housing Successor.*

	<i>Fiscal Year 2015-16</i>
<i>Statutory Value of Real Property</i>	\$ 295,000
<i>Value of Loans and Grants Receivable, (P&amp;I)</i>	
<i>Loans to property owners</i>	\$57,750,103
<i>SERAF loans</i>	\$1,888,752
<i>Total Value of Housing Successor Assets</i>	\$ 59,933,855

**6. 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 Fiscal Year 2015-16.*

**7. 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 for any housing projects.*

**8. 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.

With respect to interests in real property acquired by the former redevelopment agency prior to February 1, 2012, the time periods described in Section 33334.16 shall be deemed to have commenced on the date that the Department of Finance approved the property as a housing asset in the LMIHAF; 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 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 for*

initiating development activities:

Address of Property	Date of Acquisition*	Deadline	Status of Housing Successor Activity
530 East Lafayette Street	9/5/2012	9/5/2017	We are accepting proposals from developers, and plan to sell or develop the properties prior to the deadline.
534 East Lafayette Street	9/5/2012	9/5/2017	
311 South American Street	9/5/2012	9/5/2017	
411 South Stanislaus Street	9/5/2012	9/5/2017	
548 East Lafayette Street	9/5/2012	9/5/2017	

\*The State Department of Finance (DOF) approved the Housing Assets Transfer Form on September 5, 2012.

**9. Description of Outstanding Obligations under Section 33413:** This section describes the outstanding inclusionary and replacement housing obligations, if any, under Section 33413 that remained outstanding prior to dissolution of the former 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's plans to meet unmet obligations, if any.

Replacement Housing: According to the 2010-2014 Redevelopment Agency Five Year Implementation Plan for the former redevelopment agency, no replacement housing obligations were transferred to the Housing Successor. The former redevelopment agency's 2010-2014 Implementation Plan is posted on the City's website at <http://www.stocktongov.com/government/departments/econDev/redev.html>.

There were no additional projects that incurred replacement obligations between the date the plan was written (December 2009) and the dissolution of the former redevelopment agency on February 1, 2012.

Inclusionary/Production Housing: According to the Implementation Plan for the former redevelopment agency, no inclusionary/production housing obligations were transferred to the Housing Successor. The former redevelopment agency's 2010-2014 Implementation Plan is posted on the City's website at <http://www.stocktongov.com/government/departments/econDev/redev.html>.

The former Redevelopment Agency incurred an obligation of 50 production units between the date the plan was written (December 2009) and Dissolution (February 2012). During this same period, the former Redevelopment Agency and the City financially assisted housing developers to produce 333 affordable units. Since dissolution, through Fiscal Year 2015-16, 211 affordable units have been produced within the City. Of that, 36 units were completed within Fiscal Year 2015-16.

**10. Income Test:** This section provides the information required by Section 34176.1(a)(3)(B), or a description of expenditures by income restriction for a five-year period, with the period beginning January 1, 2014 and whether the statutory thresholds

have been met. However, reporting of the Income Test is not required until 2019.

*There is nothing to report at this time.*

**11. Senior Housing Test:** This section provides the percentage units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Housing Successor, its former Redevelopment Agency, and its host jurisdiction within the previous ten 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 its host jurisdiction within the same time period. For this Report the ten-year period reviewed is July 1, 2006 through July 1, 2016.

*The following provides the Housing Successor's Senior Housing Test- Reporting requirements for Implementation Plans pursuant to CRL Section 33490 (a)(2)(C)(iv):*

	<i>Fiscal Years 2006-07 – 2015-16</i>	<i>Fiscal Year 2015-16</i>
<i>Total Assisted Rental Units</i>	839	36
<i>Assisted Senior Rental Units</i>	0	0
<i>Senior Housing Percentage</i>	0%	0%

**12. Excess Surplus Test:** This section provides the amount of excess surplus (unencumbered funds) in the LMIHAF, exceeding one million or the aggregate amount deposited in the fund over the preceding four fiscal years if any, and the length of time that the Housing Successor has had excess surplus, and the Housing Successor's plan for eliminating the excess surplus.

*The LMIHAF does not have an excess surplus.*

**13. Inventory of Homeownership Units:** 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 or to an adopted program that protects the former redevelopment agency's investment of moneys from the LMIHAF pursuant to subdivision (f) of Section 33334.3.

*The former redevelopment agency does not have any inventory of homeownership units assisted by the former redevelopment agency or the Housing Successor from the LMIHAF.*