SENATE BILL 341 ANNUAL REPORT

City of Coalinga Housing Successor

FY 2017-18

CITY OF COALINGA
The Sunny Side of the Valley

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INTRODUCTION

The City of Coalinga ("City") is the Housing Successor to the former Coalinga Redevelopment Agency ("Agency"), which was dissolved on February 1, 2012. With dissolution, the former Agency's affordable housing rights, powers, assets, liabilities, duties, and obligations, excluding any amounts in the Agency's Low and Moderate Income Housing Fund, were transferred to the Housing Successor. Unlike the former Agency, the Housing Successor could not collect a recurring stream of funds for which to fulfill affordable housing obligations and needs. All former Agency housing assets and liabilities were transferred to the City as Housing Successor through a Housing Asset Transfer Form approved by the Department of Finance ("DOF") on December 15, 2012.

This is the fifth annual report of the Coalinga Housing Successor Agency with respect to the inherited affordable housing obligations from the former Agency. It contains information regarding expenditures and program activity and complies with legal requirements imposed by Senate Bill ("SB") 341 (effective January 1, 2014), Assembly Bill ("AB") 1793 (effective January 1, 2015) and SB 107 (effective September 22, 2015).

DEFINITION OF HOUSING ASSETS

According to Health and Safety Code ("HSC") Section 34176(e), housing assets may include the following.

- Real property
- Restrictions on the use of property
- Personal property in a residence
- Housing-related files
- Office supplies and software programs acquired for low-and moderate-income purposes
- Funds encumbered by an enforceable obligation
- Loan or grant receivable funded from the former LMIHF
- Funds derived from rents or operation of properties acquired for low-and moderate-income housing purposes
- Rents or payments from housing tenants or operators of low-and moderate-income housing
- Repayment of Supplemental Educational Revenue Augmentation Fund loans

The assets transferred from the former Agency to the City as Housing Successor include real properties and loans receivable.

REPORTING REQUIREMENTS OF SENATE BILL 341

On January 1, 2014, Senate Bill 341 ("SB 341") became effective and amended certain sections of the HSC that pertain largely to the entities that accepted the housing assets and liabilities of former redevelopment agencies. Originally put into law by SB 341 and later amended by AB 1793, the law clarified that all former redevelopment agency housing assets, regardless of their originating redevelopment agency, must be maintained in a separate fund called the Low and Moderate Income Housing Asset Fund ("Housing Asset Fund"). In accordance with HSC Section 34176.1(f), the following data must now be reported annually for the Housing Asset Fund. Please note that while annual reporting is required, compliance periods may be longer, as described below. Not all items are applicable to all housing successors.

1. Total amount deposited in the Housing Asset Fund for the Fiscal Year.
2. Statement of balance at the close of the Fiscal Year.
3. Description of expenditures for Fiscal Year broken out as follows:
    a. Rapid rehousing for homelessness prevention (maximum of $250,000 per year)
    b. Administrative expenses (greater of $211,500 or 5 percent of "portfolio")
    c. Monitoring expenses (included as an administrative expense)
    d. All other expenditures must be reported as spent for each income group (extremely low-, very low-, and low income)
4. Sum of other "Portfolio" balances
    a. Statutory value of real property either transferred from the former Agency or purchased by the Housing Asset Fund.
    b. Value of loans and grants receivable.
5. Descriptions of any transfers to another housing successor for a joint project.
6. Description of any project still funded through the Recognized Obligation Payment Schedule ("ROPS").
7. Update on property disposition for any property owned more than 5 years or plans for property owned less than 5 years.
8. Description of any outstanding production obligations of the former redevelopment agency that are inherited by the Housing Successor.
9. Compliance with proportionality requirements (income group targets). Compliance must be upheld on a five-year cycle.
10. Percentage of deed-restricted rental housing restricted to seniors and assisted by the entity assuming housing functions, the former Agency, or the City as Housing Successor within the past 10 years compared to the total number of units assisted by any of those three agencies.
11. Amount of excess surplus, and if any, the plan for eliminating the surplus.
12. An inventory of homeownership units assisted by the former Agency or its housing successor subject to covenants or restrictions.
13. The amount the City receives from the repayment of City loans to the former Agency pursuant to HSC 34191.4(b)(3)(C) (if any).

LOW AND MODERATE INCOME HOUSING ASSET FUND

The Low and Moderate Income Housing Asset Fund succeeded the former Agency's Low and Moderate Income Housing Fund. The Housing Asset Fund includes all the assets that were transferred from the Agency to the Housing Successor via the Housing Asset Transfer form which included:

1. Real properties, and

2. Loans/grants receivable

A copy of the Housing Asset Transfer Form ("HAT") listing all transferred assets is included as Appendix A. The HAT was approved by the Department of Finance on December 15, 2012.

HOUSING ASSET FUND DEPOSITS AND ENDING BALANCE

The Housing Successor deposited $79,104 into the Housing Asset Fund during Fiscal Year 2017-18. The source of the deposits was from CDBG grants, loan payments, and loan payoffs. No deposits were held for items on the ROPS.

Fiscal year 2017-18 Housing Asset Fund expenditures totaled $15,404. Expenses included costs for general administration, property maintenance and operations, and loan servicing fees.

Fiscal Year 2017-18 Housing Asset Fund Activity	**Table 1**
City of Coalinga	
Beginning Balance	$ 188,234
Revenues	79,104
Expenditures	(15,404)
Transfers In	-
Transfers Out	-
Ending Balance	$ 251,934

Source: City of Coalinga, Detailed Trial Balance, Fund 815

At the close of fiscal year 2017-18, the ending balance in the Housing Asset Fund was $251,934 No amounts were held for enforceable obligations on the ROPS.

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 $211,500 or 5% of the statutory value of any land owned by the housing successor and of loans and grants receivable.

2. A housing successor is authorized to spend up to $250,000 per year on rapid rehousing solutions for homelessness prevention if the former Agency did not have any outstanding housing production requirements.

3. Remaining allowable expenditures must be spent to improve housing options affordable to households earning 80% or less of the area median income ("AMI"). This means that no funding may be spent on moderate-income households, as was previously authorized by redevelopment law. Of the money expended, a minimum of 30% must go towards the development of rental housing affordable to

households earning 30% or less of the AMI, and a maximum of 20% may go towards the development of housing affordable to households earning between 60% and 80% of the AMI.

Note that housing successors must report expenditures by category each year, but compliance is measured every five years. For example, a housing successor could spend all its funds in a single year on households earning between 60% and 80% AMI, if it was 20% or less of the total expenditures during the five-year compliance period. The first five-year compliance period begins on January 1, 2014 and ends on June 30, 2019. Compliance will be evaluated in the annual report for Fiscal Year 2018-19.

Table 2 summarizes Housing Asset Fund expenditures on administrative costs and rapid rehousing solutions in Fiscal Year 2017-18, and affordable housing activities by income level from January 1, 2014 through June 30, 2018.

Fiscal Year 2017-18 Housing Asset Fund Expenditures **Table 2**

City of Coalinga

	Annual Limits *2017-18*		**Five-Year Limits** *January 1, 2014 - June 30, 2018*		
	Admin/ Monitoring	Homeless Prevention	< 30% AMI Rental	31-59% AMI	60-80% AMI
FY 2013-14	*$11,596*	*$0*	*$0*	*$0*	*$0*
FY 2014-15	*$8,632*	*$0*	*$0*	*$0*	*$0*
FY 2015-16	*$30,814*	*$0*	*$0*	*$0*	*$0*
FY 2016-17	*$7,064*	*$0*	*$0*	*$0*	*$0*
FY 2017-18	*$15,404*	*$0*	*$0*	*$0*	*$0*
FY 2018-19	*TBD*		*TBD*		
Compliance Period Total Expenditures	**$15,404**	**$0**	***$0***	***$0***	***$0***
SB 341 Limitation	$211,500	$250,000	>30%	N/A	<20%
Compliant (Yes/No)	**Yes**	**Yes**	**Yes**	**N/A**	**Yes**

Source: City of Coalinga, Detailed Trial Balance, Fund 815

STATUTORY VALUE OF REAL PROPERTIES AND LOAN RECEIVABLES

The Housing Successor must report the statutory value of real properties formerly owned by the Agency or purchased by the Housing Successor with Housing Asset Funds, and the value of loans and/or grants receivable transferred on the Housing Asset Transfer Form. The Housing Successor inherited three real properties (Property #2 is comprised of four separate parcels), 50 loan receivables, and seven grants from the former Agency. Table 3 shows the current total value of real properties and loans receivable. The Housing Asset Transfer Form in Appendix A shows more detailed information about each property and loans/grants receivable.

Fiscal Year 2017-18 Real Properties and Receivables **Table 3**

City of Coalinga

Value of Real Properties	$ -
Value of Loans Receivable	$ 1,484,188
Total Value	$ 1,484,188

Source: City of Coalinga, Detailed Trial Balance, Fund 815

Since the Housing Asset Transfer form was adopted, 16 loans have been paid off, including 15 first-time homebuyer loans and one rehabilitation program loan. Total Fiscal Year 2017-18 loans receivable balance was $1,484,188.

MONEY TRANSFERRED BETWEEN HOUSING SUCCESSORS

SB 341 requires that when two or more contiguous housing successors enter into a joint venture to provide (A) a description of any transfers made in the previous fiscal year and in earlier fiscal years and (B) a description of and status update on any project for which transferred funds have been or will be expended.

The Agency has not entered into a joint venture with another housing successor, therefore there is no description or status update to provide.

PROPERTY AND PROJECT DESCRIPTIONS

The Agency transferred three real properties to the Housing Successor on the Housing Asset Transfer Form. Table 4 describes each property and its current status. The Housing Successor is developing a strategy for each property's disposition or development, taking several factors into consideration, including whether it is more beneficial to develop properties to provide housing, or to receive sales proceeds to spend on affordable housing activities within the expenditure limitations set by SB 341.

Properties Transferred from the Former Redevelopment Agency **Table 4**

City of Coalinga

HAT Item	Address/APN	Property Type	Statutory Value	Status / Desired Action
1	180 Pierce Street (APN 071-123-18)	Vacant SFR Lot	$ 17,000	Sell or retain for housing development
2	083-020-56ST, 083-020-58ST, 083-020-60ST, 083-080-63ST	Vacant Land	$ 30,000	Sell or retain for housing development
3	071-162-16S	Vacant Land	$ 133,000	Sell or retain for housing development

Source: City of Coalinga Housing Assets List

PROPERTY DISPOSITION COMPLIANCE

HSC Code 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 pursuant to the requirements detailed in HSC Section 33334.16. Thus, all property that falls within these parameters must be developed for affordable housing purposes within 5 years from the date DOF approved the Housing Asset Transfer Form. Coalinga's Housing Asset Transfer Form was approved by DOF on December 15, 2012, setting a 5-year deadline of December 15, 2017. If the Housing Successor is unable to develop these properties within the 5-year period, the law allows for a 5-year extension via adoption of a resolution. The Housing Successor is developing a strategy that will comply with disposition requirements.

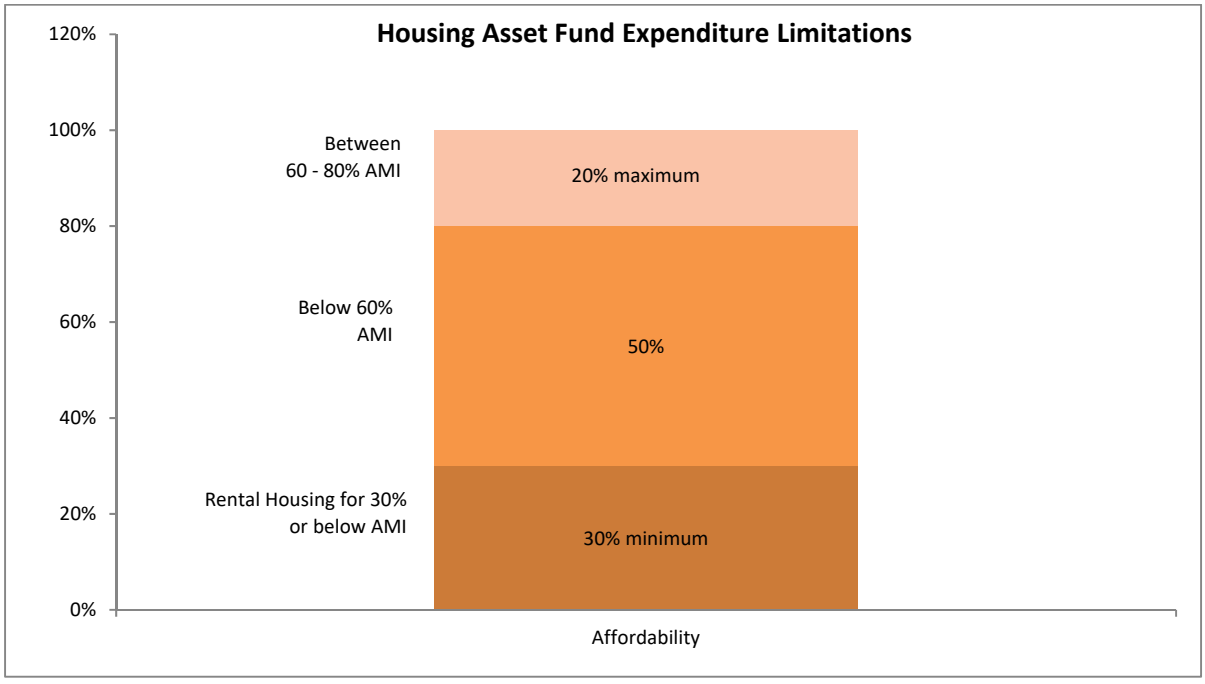
OUTSTANDING INCLUSIONARY AND REPLACEMENT HOUSING OBLIGATIONS

SB 341 requires housing successors to describe (A) any outstanding obligations that were supposed to be transfer to the housing successor at the time of dissolution, (B) the housing successor's progress in meeting those obligations, and (C) the housing successor's plans to meet unmet obligations.

The Agency did not have any outstanding inclusionary or replacement housing obligations at the time of dissolution. There are no outstanding inclusionary or replacement housing obligations to be fulfilled by the Housing Successor.

INCOME EXPENDITURE PROPORTIONALITY

Expenditures from the Housing Asset Fund shall be limited to the development of housing affordable to and occupied by lower income households earning 80% or less of the AMI, with at least (not less than) 30% of expenditures for rental housing for households earning 30% or less of the AMI and not more than 20% of the expenditures for on the development of housing for households earning between 60% and 80% of the AMI.



Failure to comply with the extremely low-income requirement in any 5-year report will result in the Housing Successor having to ensure that 50% of remaining funds be spent on extremely low-income rental units until in compliance. Exceeding the expenditure limit for households earning between 60% and 80% of the AMI in any 5-year reporting period will result in the Housing Successor not being to expend any funds on these income categories until in compliance.

As depicted in Table 2, the Housing Successor has not expended any funds other than for administrative purposes at this time. Should any funds be expended in the future, staff will ensure that the Successor Agency meets expenditure proportionality requirements by the end of the first five-year compliance period in Fiscal Year 2018-19.

SENIOR HOUSING EXPENDITURE PROPORTIONALITY

This report must include an accounting of deed-restricted senior rental units that were produced over the last ten years. The Housing Successor must expend no more than 50% of the aggregate total number of senior housing units produced by either the Housing Successor 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.

Over the last 10 years, no affordable senior rental units were constructed. The percentage of affordable rental units developed for seniors is therefore 0%. By default, the Successor has not exceeded the 50% threshold.

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. Funds should be encumbered within four years of receipt. SB 341 reinstates this calculation for housing successors. 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'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, the Housing Successor will have to perform a true excess surplus calculation, comparing the unencumbered fund balance to the prior four years of deposits. The first five-year compliance period begins on January 1, 2014 and ends on June 30, 2019. Compliance will be evaluated in the annual report for Fiscal Year 2018-19.

INVENTORY OF HOMEOWNERSHIP UNITS

AB 1793 requires this 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 Housing Asset Fund. This inventory is attached as Appendix B.

DEPOSITS FROM CITY TO AGENCY LOAN REPAYMENTS

HSC Section 34191.4(b)(3)(C) requires that twenty percent of any loan repayment made from a successor agency to a City for a loan to the former redevelopment agency be deducted from the loan repayment amount and

transferred to the Housing Asset Fund. There were no loan repayments made to the City in FY 2017-18, so no monies were deposited into the Housing Asset Fund based on this provision of the law.

APPENDIX A –HOUSING ASSET TRANSFER FORM

APPENDIX B – HOMEOWNERSHIP UNIT INVENTORY

Homeownership Unit Inventory

Address	Zip	Date Assisted	Last Name	First Name	Income Level	Units	Assisted by	Senior (Y/N)
120 APPALOOSA COURT	93210	02/29/2008	ESPARZA	FRANK	LI	1	RDA	N
143 PAL0MINO STREET	93210	05/05/2008	URBANO	ANTONIO DIAZ	LI	1	RDA	N
1404 NORTH NEVADA STREET	93210	05/06/2008	CONTRERAS	RUDY & ELIZABETH	LI	1	RDA	N
235 TYLER STREET	93210	06/02/2008	DIAZ	JOSE & IRENE	XLI	1	RDA	N
298 EAST HOUSTON STREET	93210	08/19/2008	BARAJAS	GERARDO GARCIA	LI	1	RDA	N
110 MADISON STREET	93210	10/01/2008	GUTIRREZ	NICHOLAS	LI	1	RDA	N
204 NORTH COALINGA	93210	03/04/2009	ROOT	FLOYD GENE	LI	1	RDA	N
1688 POPPY MEADOW COURT	93210	04/14/2009	PANTOJA	RAUL A & COLLEEN	LI	1	RDA	N
303 LOCUST AVENUE	93210	05/05/2009	MARTINEZ	ALBERTO	LI	1	RDA	N
144 ARABIAN	93210	05/18/2009	NAVARRO	JUAN M	LI	1	RDA	N
209 SOUTH PRINCETON AVENUE	93210	05/18/2009	OSUNA	MARLENE	VLI	1	RDA	N
325 EAST HOUSTON	93210	05/19/2009	WALLACE	DORTHY	XLI	1	RDA	N
290 BUCKEYE SPRINGSOUTHRD	93210	05/21/2009	PHILLIPS	JOSHUA & JENNIFER	LI	1	RDA	N
323 COOLIDGE STREET	93210	07/16/2009	MORENO	MARIA G & IRMA C	VLI	1	RDA	N
149 MONROE STREET	93210	08/03/2009	OSBORNE	DENNIS	LI	1	RDA	N
154 BUCHANAN	93210	08/29/2009	ORTEGA	VALENTINA	VLI	1	RDA	N
255 EL CAMINO LANE	93210	09/18/2009	VANBIBBER	JAMES & ANGELINA	LI	1	RDA	N
744 NORTH MONTEREY AVENUE	93210	09/30/2009	WOODBRIDGE	WILLIAM D	LI	1	RDA	N
140 MONROE STREET	93210	11/24/2009	BRAVO	SALVADOR & MARIA DEL ROSARIO	VLI	1	RDA	N
265 MONROE	93210	11/25/2009	POLANCO	GREGORIA	VLI	1	RDA	N
454 ADAMS	93210	11/25/2009	PORTHOUSE	DAVID & COLEAN	MED	1	RDA	N
196 HARRISON	93210	01/12/2010	HERNANDEZ	ANGELICA	LI	1	RDA	N
236 EAST CHERRY LANE	93210	02/02/2010	JONES	MARIA	LI	1	RDA	N
236 EAST CHERRY LANE	93210	02/02/2010	JONES	MARIA	MED	1	RDA	N
445 WEST PLEASANT	93210	02/12/2010	LUNA	LUCY	LI	1	RDA	N
206 FRESNO STREET	93210	04/01/2010	CLARK	LORI	LI	1	RDA	N
241LINCOLN STREET	93210	04/13/2010	MARTIN	NORMA	LI	1	RDA	N
159 EAST IVY AVENUE EAST	93210	07/12/2010	SERNA	LYDIA	LI	1	RDA	N
217 GRANT STREET	93210	07/15/2010	JOHNSON	DAVID & DIANE	LI	1	RDA	N
325 EAST HOUSTON	93210	07/30/2010	WALLACE	DOROTHY	XLI	1	RDA	N
196 HOOVER STREET	93210	09/23/2010	PONCE	ADULFO JESUS	LI	1	RDA	N
215 WARTHAN STREET	93210	12/14/2010	CRUZ	MARVIN DAVID RAMOS	LI	1	RDA	N
236 COOLIDGE STREET	93210	01/20/2011	TUINSTRA	NORMA (LINDA JOYCE EATON)	XLI	1	RDA	N
501PINE STREET	93210	2/28/2011	ROYCHOUDHURY	PRAKASH	VLI	1	RDA	N
989 NORTH PRINCETON AVENUE	93210	04/28/2011	MORA	SALVADOR AND EVA	VLI	1	RDA	N
835 MUSTANG WAY	93210	06/03/2011	GARCIA	JOSE AND JESSICA	LI	1	RDA	N
252 MONROE STREET	93210	06/06/2011	DELING	DAVID & MARY	VLI	1	RDA	N
210 HARVARD AVENUE	93210	06/06/2011	HOWARD	WENDI	MOD	1	RDA	N
219 JACKSON STREET	93210	07/07/2011	DURAN	LUIS & MARIA	LI	1	RDA	N
231SOUTH THOMPSON STREET	93210	8/16/2017	REBOLLEDO	SOCORRO	VLI	1	Housing Successor	N