

City of Sunnyvale Housing Successor Agency
**Annual Report on the
Low-Moderate Income Housing Asset Fund (LMIHAF)
FY 2023/24**

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), covering the fiscal year that ended on June 30, 2024. This Report sets forth certain details of the City of Sunnyvale Housing Successor Agency's activities during Fiscal Year 2023-24 (Fiscal Year).

The purpose of this Report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (Dissolution Law).

The following Report is based upon information prepared by Housing Successor staff and information contained within the independent financial audit of the Low and Moderate Income Housing Asset Fund, which is a part of the City of Sunnyvale Annual Comprehensive Financial Report (ACFR) for Fiscal Year 2023-24, prepared by Tim Kirby, (former) Finance Director, which includes the Independent Auditor's Report (Audit) prepared by MGO Certified Public Accountants, which Audit is separate from this annual summary Report. This Report conforms with and is organized into sections I through XI, inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

- I. The amount the city, county, or city and county received pursuant to subparagraph (A) of paragraph (3) of subdivision (b) of Section 34191.4.
- II. **Amount Deposited into LMIHAF:** This section provides the 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.
- III. **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.
- IV. **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.
- V. **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.
- VI. **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.

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- VII. **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.
- VIII. **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.
- IX. **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.
- X. **Income Test:** This section provides the information required by Section 34176.1 (a)(3)(B), or a description of expenditures by income restriction for five-year period, with the time period beginning January 1, 2019 and whether the statutory thresholds have been met.
- XI. **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 its host jurisdiction 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 its host jurisdiction within the same time period. For this Report, the ten-year period reviewed is January 1, 2013 through December 31, 2023.
- XII. **Excess Surplus Test:** This section provides the amount of excess surplus in the LMIHAF, if any, and the length of time that the Housing Successor has had excess surplus, and the Housing Successor's plan for eliminating the excess surplus.

This Report is to be provided annually to the Housing Successor's governing body within six months of the end of each fiscal year, and to the State Department of Housing and Community Development no later than April 1 of the year following the close of the fiscal year. In addition, this Report and the former redevelopment agency's pre-dissolution Implementation Plans are made available to the public on the City's website: Sunnyvale.ca.gov.

I. AMOUNT RECEIVED PURSUANT TO SECTION 34191.4(3)(A)

In FY 23/24, a total of **\$0** was deposited pursuant to the ROPS.

II. AMOUNT DEPOSITED INTO LMIHAF

In FY 23/24, a total of **\$78,813** was deposited into the LMIHAF during the Fiscal Year, consisting of interest income on funds deposited previously.

III. ENDING BALANCE OF LMIHAF

At the end of FY 23/24, on June 30, 2024, the balance in the LMIHAF was **\$2,560,773**. Some of this amount is encumbered but not yet expended.

IV. DESCRIPTION OF EXPENDITURES FROM LMIHAF

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In FY 23/24 the Housing Successor Agency spent a total of \$60,300 on Housing Successor Agency administrative expenses.

V. STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR IN LMIHAF

Under the Dissolution Law and for purposes of this Report, the “statutory value of real property” means the value of properties formerly held by the former 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(ies) purchased by the Housing Successor. Further, the value of loans and grants receivable is included in these reported assets held in the LMIHAF.

The Housing Successor Agency has no assets according to the above definition. For details, please see the Low and Moderate Income Housing Fund Due Diligence [Review](#) available on the Successor Agency website.

VI. DESCRIPTION OF TRANSFERS

The Housing Successor Agency did not make any LMIHAF transfers to other Housing Successor(s) under Section 34176.1(c)(2) during the Fiscal Year. The Housing Successor Agency has no assets according to the above definition. For details, please see the Low and Moderate Income Housing Fund Due Diligence [Review](#) available on the Successor Agency website.

VII. PROJECT DESCRIPTIONS

Recently, \$4M in LMIHAF was funded to Housing Project 833600: Block 15 Affordable Housing Site (now known as Meridian), those funds were transferred out of LMIHAF in FY2018/19 and funded in October 2021. In 2022, \$3.5M in LMIHAF was allocated to Sonora Court Family Housing Project (Project 836500, now known as Ira D. Hall Square) in FY2022/23. Those funds were transferred in 22/23 and were issued to the project in December 2023 upon construction commencement. An additional \$3M in LMIHAF was allocated to the Orchard Gardens (Project 832030) and while funds have been transferred, they have not been awarded as the project is awaiting TCAC financing.

VIII. STATUS OF COMPLIANCE WITH SECTION 33334.16

Section 34176.1 provides that Section 33334.16 does not apply to interests in real property acquired by the Housing Successor on or after February 1, 2012; however, this Report presents a status update on the project related to such real property.

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, if any 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 Housing Successor does not own any real property.

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IX. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing: The former RDA did not incur any Section 33413(a) replacement housing obligations nor transfer any such obligations to the Housing Successor. Various plans and reports of the former Redevelopment Agency are posted on the Redevelopment Successor Agency website at Sunnyvale.ca.gov.

Inclusionary/Production Housing. The former RDA did not incur any Section 33413(a) inclusionary/production housing obligations nor transfer any such obligations to the Housing Successor. Various plans and reports of the former Redevelopment Agency are posted on the Redevelopment Successor Agency website at Sunnyvale.ca.gov.

The Housing Successor has no outstanding or unmet obligations pursuant to Section 33413.

X. EXTREMELY LOW INCOME TEST

Section 34176.1(a)(3)(B) requires that the Housing Successor spend at least 30% of the LMIHAF to assist in development of rental housing affordable to and occupied by extremely low income (ELI) households, which are households with incomes that do not exceed 30% of the AMI. If the Housing Successor fails to comply with this ELI requirement in any five-year reporting period, then it must annually spend at least 50% of the funds remaining in the LMIHAF following that reporting period on rental housing affordable to ELI households, until it demonstrates compliance with the ELI requirement.

The Housing Successor assisted in the development of Ira D. Hall Square (1178 Sonora Court), a 176-unit affordable housing project in FY 2023/24 with a \$3.5 million award of LMIHAF. These funds were issued to the project in December 2023. Housing Successor funds were also allocated to the Orchard Gardens (245 W. Weddell Dr) project in the amount of \$3 million. Those funds are expected to be issued to the project in FY 2026/27 once the project is fully financed. In addition to these projects, the City awarded \$4 million in LMIHAF for Meridian (397 S. Mathilda Ave), a 90-unit affordable housing development in Downtown Sunnyvale, formerly known as Block 15. These funds were issued to the project in October 2021 and the project completed construction in 2024. Therefore, between 2018 and 2023, \$10.5 million has been allocated, and \$7.5 million has been funded in LMIHAF towards new affordable housing development. See the calculation below which demonstrates how the Housing Successor will utilize at least 30% of the LMIHAF to assist in development of rental housing affordable to and occupied by extremely low income (ELI) households:

Meridian (Project 833600, formerly Block 15):

- \$4M of the \$12.5M is former RDA tax increment
- 89 units of 90 units are affordable
- 30% of the \$4M (\$1.2 M) must be dedicated to ELI units (30% AMI)
- Total project cost is approximately \$90M
- \$1.2M of \$12.5M = 9.6%
- 9.6% of the 89 units = 9 units
- 22 extremely low income units are proposed in this development.
- Meets and exceeds the ELI test.
- Awarded 2018, Funded 2021.

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Ira D Hall Square (Project 836500, formerly 1178 Sonora Court)

- \$3.5M of the \$12.5M is former RDA tax increment
- 174 units of 176 units are affordable
- 30% of the \$3.5M (\$1,050,000) must be dedicated to ELI units (30% AMI)
- Total project cost is approximately \$144M
- \$1,050,000 of \$12.5M = 8.4%
- 8.4% of the 174 units = 15 units
- 55 extremely low income units are proposed within this development.
- Meets and exceeds ELI Test
- Awarded 2022, funded December 2023.

Orchard Gardens (Project 832030)

- \$3M of the \$10M is former RDA tax increment
- 121 units of 123 units are affordable
- 30% of the \$3M (\$900K) must be dedicated to ELI units (30% AMI)
- Total project cost is \$107M
- \$900K of \$10M= 9%
- 9% of the 121 units = 11 units
- 63 extremely low income units are proposed within this development.
- Meets and exceeds ELI Test
- Awarded 2020 and 2022, expected to fund in 2025/26.

XI. SENIOR HOUSING TEST

The senior housing test is based on the percentage of deed-restricted affordable rental units assisted by the Housing Successor, the former redevelopment agency and/or the City within the previous 10 years that are restricted to seniors. If the senior units' percentage exceeds 50% of the total number of deed-restricted affordable units assisted during this time period, the Housing Successor cannot spend LMIHAF funds on assisting additional senior rental units until the Housing Successor or City assists, and construction has commenced, on enough all-age deed-restricted rental units to bring the all-age units share up to at least 50% of the total deed-restricted rental units assisted by the Housing Successor during that ten-year period.

The table below provides the results of the Housing Successor's Senior Housing Test for the 10-year period of 2013-2023:

City-Assisted Rental Units, 2013-2023 (Calendar Years)

Total Assisted Senior Units	0
Total Assisted Units	331
Senior Housing Percentage	0.0%

Note: "Total assisted units" counts deed-restricted, standard rental dwelling units only; does not count single-family homes assisted with rehabilitation loans or grants, inclusionary housing units that did not receive City subsidies, or City-assisted homeless shelters or transitional housing units, pursuant to guidance of Successor Agency legal counsel.

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XII. EXCESS SURPLUS TEST

Excess Surplus is defined in Health and Safety Code Section 34176.1(d) as an unencumbered amount in the LMIHAF 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 following table displays the Excess Surplus test:

	Preceding Four Fiscal Years				Reporting Year
	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Beginning Balance	\$ 722,147	\$ 2,072,905	\$ 4,060,872	\$ 6,440,042	\$ 3,760,398
Add: Deposits	\$ 2,632,323	\$ 3,017,006	\$ 3,693,320	\$ 77,103	\$ 78,813
(Less) Expenditures	\$ (1,281,565)	\$ (1,029,038)	\$ (1,304,306)	\$ (2,756,747)	\$ (1,278,439)
(Less) Net Encumbrances	\$ -				
Unencumbered Balance, Year End	\$ 2,072,905	\$ 4,060,872	\$ 6,440,042	\$ 3,760,398	\$ 2,560,772

Excess Surplus equals greater of \$1 million or sum of preceding four fiscal years of deposits to the fund:

Deposits to LMIHAF, FYs 2020/21-FY 2023/24:

FY 2020/21	\$ 3,017,006
FY 2021/22	\$ 3,693,320
FY 2022/23	\$ 77,103
FY 2023/24	\$ 78,813
Total Deposits	\$ 6,866,242

As shown above, the sum of the past four years' deposits is over one million dollars, so the sum of deposits from the past four preceding years is the operable amount for measuring excess surplus for FY 2023/24. As shown in the first table above, at the end of FY 2023/24 the LMIHAF had an unencumbered total balance of approximately of \$6,866,242. All funds currently held in reserve as well as the majority of 2021/22 and 2022/23 projected revenue are encumbered, with most of funds earmarked for the upcoming Orchard Gardens and Sonora Court project, with an annual smaller appropriation for the City's Homeless Prevention and Rapid Rehousing Program (HPRR). As revenue into this fund has stopped effective the 22/23 Fiscal Year, no further loans are anticipated with this funding source.

Project Information Sheets:

- <https://www.sunnyvale.ca.gov/home/showpublisheddocument/918/637819888269900000>
 - Meridian (Project 833600, formerly Block 15), page 179
- <https://www.sunnyvale.ca.gov/home/showpublisheddocument/4477/638240008166330000>
 - HPRR (Project: 831761), page 222
 - Orchard Gardens (Project 832030), page 223
 - Ira D Hall Square (Project 836500, formerly 1178 Sonora Court), page 234