

**POWAY HOUSING SUCCESSOR ANNUAL REPORT
REGARDING THE LOW- AND MODERATE-INCOME HOUSING ASSET FUND
FOR FISCAL YEAR 2023-2024
PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)
FOR THE POWAY HOUSING AUTHORITY**

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) and is dated as of December 31, 2024. This Report sets forth certain details of the Poway Housing Authority, in its capacity as Housing Successor to the dissolved Poway Redevelopment Agency, activities during Fiscal Year 2023-24 (Fiscal Year). The purpose of this Report is to provide the governing body of the Housing Successor with an annual report on 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 Poway Housing Authority Basic Financial Statements and Independent Auditor's Report for Fiscal Year 2023-24 as prepared by Davis Farr, LLP, which the Audit is separate from this annual summary report; further, this report conforms with and is organized into sections I. through XII., inclusive, pursuant to the Dissolution Law:

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

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 amount deposited for items listed on the ROPS must be distinguished from the other amounts deposited.

III. Description of Expenditures from LMIHAF: This section provides a categorized description of the expenditures made from the LMIHAF during the Fiscal Year.

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.

V. Description of Transfers: This section describes transfers pursuant to Health and Safety Code Section 34176.1(c)(2), 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.

- 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.
- 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, the Housing Successor must provide a status update on the project. The Poway Housing Successor has acquired two properties since February 1, 2012.
- VIII. 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.
- IX. 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, 2014, and whether the statutory thresholds have been met.
- 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 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, 2014 to December 31, 2024.
- XI. 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.
- XII. Inventory of Homeownership Units:** This section provides a summary of covenanted 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 monies from the Low- and Moderate-Income Housing Fund pursuant to subdivision (f) of Section 33334.3. Inventory shall include the following: a) the number of those units; 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 all subsequent reports, the number of the units lost to the portfolio in the last fiscal year and the reason for those losses; 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; and 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.

I. AMOUNT DEPOSITED INTO LMIHAF

A total of \$284,877 was deposited into the LMIHAF during the Fiscal Year.

II. ENDING BALANCE OF LMIHAF

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$5,120,157 none of which is being held for items listed on the ROPS. This includes \$5,205,932 in cash and investments, and \$362,965 in housing loans receivable, less \$37,485 in liabilities. The \$296,242 is due from the Successor Agency and represents the Housing Authority's 20% of the former Redevelopment Agency's loan balance, and repayment is subject to approval by the California Department of Finance.

III. DESCRIPTION OF EXPENDITURES FROM LMIHAF

The following is a description of expenditures from the LMIHAF by category:

Fiscal Year 2023-24	
Monitoring & Administration Expenditures	\$9,712
Homeless Prevention & Rapid Rehousing Expenditures	\$0
Housing Development Expenditures	\$172,191
Total LMIHAF Expenditures in Fiscal Year	\$181,903

IV. STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR

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 properties purchased by the Housing Successor. Further, the value of loans and grants receivable are included in these reported assets held in the LMIHAF. The following provides the statutory value of assets owned by the Housing Successor:

Fiscal Year 2023-24	
Cash and Cash Equivalents	\$5,205,932
Accounts Receivable	\$13,084
Statutory Value of Real Property Owned by Housing Authority	\$13,917,824
Value of Loans and Grants Receivable	\$296,242
Total Value of Housing Successor Assets	\$5,515,258

V. DESCRIPTION OF TRANSFERS

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

The Housing Successor did not receive and did not hold property tax revenue pursuant to the ROPS.

VII. 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.

With respect to interests in real property acquired by the former redevelopment agency *prior* to February 1, 2012, and transferred to the Successor Agency pursuant to Health and Safety Code Section 34176, the time periods described in Section 33334.16 shall be deemed to have commenced on the date that the Department of Finance (DOF) approved the property as a housing asset on the Housing Asset Transfer Form; thus, as to real property acquired by the former redevelopment agency now held by the Housing Successor, 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. Poway's Housing Assets Transfer Form was approved by the DOF on August 31, 2012.

The following provides a status update on the real property housing assets that were acquired by the former redevelopment agency prior to February 1, 2012, and transferred to the Housing Successor on February 1, 2012, and compliance with the five-year period to commence development activities.

APN	Street Address	Date of Purchase	Size	Status
27546061	12674 Monte Vista Rd	02/22/2000	2.06 Acres	An Affordable Housing Agreement and Ground Lease executed 11/19/2024. Construction completion no later than 12/31/27. The Developer is actively securing financing and tax credits.
32119028	0 Twin Peaks Rd	11/03/2004	2.15 Acres	Vacant land.
31423026	13424 Scots Way	08/27/2002	0.70 Acres	Vacant land. Due to access issues, development options are still actively being evaluated.
31421418	14048 Sycamore Ave	06/30/2005	0.32 Acres	Vacant land. Creek runs through property. Development options continue to be evaluated.
31710151 & 52	Floodway adjacent to the Solara Affordable Housing Development	08/27/2004	2.15 Acres	Vacant land. Property located in floodway, cannot be developed.

The following provides a status update on real property housing assets that were acquired by the Housing Successor after February 1, 2012.

APN	Street Address	Date of Purchase	Size	Status
31723222 & 36	12207 & 12237 Old Pomerado Road	01/09/2018	1.07 Acres	Future affordable housing site. Funds for demolition of the site are budgeted, awaiting City Council/Housing Authority Board approval.

VIII. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing: According to the 2010-2014 Implementation Plan for the former redevelopment agency, no Section 33413(a) replacement housing obligations were transferred to the Housing Successor. Furthermore, the Housing Successor has not caused the demolition of any units and no new replacement housing obligations have been created.

Inclusionary/Production Housing. According to the 2010-2014 Implementation Plan for the former redevelopment agency, no Section 33413(b) inclusionary/production housing obligations were transferred to the Housing Successor.

The former redevelopment agency’s Implementation Plans are posted on the City’s website at <http://poway.org/207/Affordable-Housing>.

IX. EXTREMELY LOW-INCOME TEST

Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF, after expenditures allowed pursuant to Code section 34176.1(a)(1) and (2,) to be expended for development of 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 requirement in any five year report beginning with the five year report to be issued in 2019, then the Housing Successor shall ensure that at least 50% of these remaining LMIHAF funds expended in each fiscal year following the latest fiscal year following the five year report are expended for the development of rental housing affordable to, and occupied by, households earning 30% or less of the area AMI until the housing successor demonstrates compliance with the extremely low-income requirement in an annual report. This information was required to be reported beginning in 2019 for the first 5-year period (FY 2018/2019 through FY 2023/2024).

Extremely Low-Income Expenditures Test July 1, 2018 through June 30, 2024	
LMIHAF Spent on Extremely Low-Income Housing Amount Spent on ELI Units = A	\$72,594.51
Total LMIHAF Spent in 5-Year Period Total LMIHAF Spent = B	\$279,209.62
Extremely Low-Income Test A / B = Percent of LMIHAF Spent on ELI Units in 5-year period	26%*

*Expenditures over the total 5-year period were 26% due to funding commitments established prior to testing requirement. However, over the last 3-year period (2021-2024) expenditures were 30%.

X. SENIOR HOUSING TEST

The Housing Successor is required to calculate the percentage of units of deed-restricted rental housing restricted to seniors and assisted by the Housing Successor, the former redevelopment agency and/or the City within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted by the Housing Successor, the former redevelopment agency, and/or City within the same time period. If this percentage exceeds 50%, then the Housing Successor cannot expend future funds in the LMIHAF to assist additional senior housing units until the Housing Successor or City assists and construction has commenced on a number of restricted rental units that is equal to 50% of the total amount of deed-restricted rental units. The following provides the Housing Successor’s Senior Housing Test for the 10-year period of January 1, 2013 through December 31, 2024:

Housing Test		2014-2024
# of Assisted Senior Rental Units		43
# of Total Assisted Rental Units		246
Senior Housing Percentage		17%

XI. EXCESS SURPLUS TEST

Excess Surplus is defined in 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 LMIHAF account during the Housing Successor’s preceding four Fiscal Years, whichever is greater.

The LMIHAF was created on February 1, 2012. The current uncommitted balance of \$5,120,157 in the LMIHAF exceeds the sum of the annual deposits made in the preceding four fiscal years of \$2,964,254. As a result, the LMIHAF has an Excess Surplus of \$2,155,903, as shown below.

The following provides the Excess Surplus test for the preceding four Fiscal Years:

	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	Total FY20-24
Beginning Balance	\$4,438,922	\$3,434,907	\$5,192,658	\$5,078,830	
Add: Deposits	\$368,684	\$1,841,651	\$469,042	\$284,877	\$2,964,254
(Less) Expenditures	\$ (1,372,699)	\$ (83,900)	\$ (582,870)	\$ (182,177)	
Ending Balance	\$3,434,907	\$5,192,659	\$5,078,830	\$5,181,530	
(Less) Commitments	\$ (20,928)	\$ (39,850)	\$ (51,488)	\$ (61,373)	
Closing Balance	\$3,413,979	\$5,152,808	\$5,027,342	\$5,120,157	

With entitlement complete on the Monte Vista site in FY24/25, funds for an evaluation and identification of affordable housing sites survey are included in the FY25/26 budget. This survey will evaluate options and priorities for support of affordable housing.

XII. HOMEOWNERSHIP UNITS

The Housing Successor is to provide 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 monies

from the LMIHAF pursuant to Section 33334.3(f). Inventory is as follows:

Current Inventory	Number of Units
Restricted Homeownership Units as of 12/31/2024	40
Add: Restricted Homeowner Units Added by Housing Successor (January 1, 2024 through December 31, 2024)	0
(Less): Restricted Homeowner Units Lost to Portfolio (January 1, 2024 through December 31, 2024)	0

No inventory was lost in 2024. A total of \$0 was returned to the Housing Successor as a result of the restrictions adopted to protect the former redevelopment agency's investment in LMIHAF monies and the Housing Successor did not contract with an outside entity for the management of the ownership portfolio.