



HOUSING SUCCESSOR ANNUAL REPORT
Murrieta Housing Authority

Fiscal Year 2018-19

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INTRODUCTION

The Murrieta Housing Authority (“Housing Authority”) is the Housing Successor Agency to the former Murrieta Redevelopment Agency (“Agency”). The Housing Authority is responsible for maintaining housing assets transferred from the former Agency. Its main goal is to provide affordable housing for City of Murrieta (“City”) residents.

This Housing Successor Agency Annual Report (“Annual Report”) contains information on Fiscal Year (“FY”) 2018-19 finances and activities as required by Health and Safety Code (“HSC”) Section 34176.1(f). FY 2018-19 marks the end of the first five-year compliance period for income proportionality. This Annual Report details how the Housing Authority met all requirements for expenditures by income level from January 1, 2014 through June 30, 2019.

The Annual Report is due to the California Department of Housing and Community Development (“HCD”) by December 31 annually, and must be accompanied by an independent financial audit. The City’s audited financial statements will be posted on the City’s website when available. This report is an addendum to the Housing Authority Annual Report required by HSC Section 34328, which is submitted to HCD by October 1 annually.

HOUSING SUCCESSOR REQUIREMENTS

Senate Bill (“SB”) 341¹ and subsequent legislation enacted several requirements for housing successor agencies. Housing successors must comply with three major requirements pursuant to HSC Section 34176.1:

1. Expenditures and housing production are subject to income and age targets.
2. Housing successors may not accumulate an “excess surplus,” or a high balance based on certain thresholds.

¹ 2013-14 legislative session

3. Properties must be developed with affordable housing within five to ten years of the California Department of Finance approving the Housing Asset Transfer Form.

The requirements are designed to ensure that housing successors are actively utilizing former Agency housing assets to produce affordable housing. Appendix 1 provides a detailed summary of the reporting requirements that are addressed in this Annual Report.

ASSETS TRANSFERRED TO HOUSING SUCCESSOR

Upon the statewide dissolution of redevelopment in 2012, all rights, powers, committed assets, liabilities, duties, and obligations associated with the housing activities of the Agency were transferred to the Housing Authority. The Housing Authority prepared a Housing Asset Transfer Form (“HAT”) that provided an inventory of all housing assets transferred from the Agency to the Housing Authority. This included:

1. Real properties;
2. Low and Moderate Income Housing Fund (“LMIHF”) encumbrances; and
3. Loan receivables.

All items on HAT were approved by the California Department of Finance (“DOF”) on September 5, 2012.

It is important to distinguish that Housing Authority assets that were not transferred from the former Agency, or generated by or purchased with assets from the former Agency, are not subject to HSC Section 34176.1. A copy of the HAT is provided as Appendix 2.

HOUSING ASSET FUND ACTIVITY

Former Agency assets, and the revenues generated by those assets, are maintained in a Low and Moderate Income Housing Asset Fund (“Housing Asset Fund”).² Housing Asset Funds may be spent on:

- **Administrative costs** up to \$200,000 per year adjusted for inflation, or 5% of the statutory value of real property owned by the housing successor and the value of loans and grants receivable from the HAT (“Portfolio”), whichever is greater. The FY 2018-19 limit for the Housing Authority was \$549,377 (5% of the Portfolio value of \$10,987,542).
- **Homeless prevention and rapid rehousing services** up to \$250,000 per year if the former Agency did not have any outstanding housing inclusionary or replacement housing production requirements. The Housing Authority qualifies because the former Agency had a surplus of affordable housing production units upon dissolution.
- **Affordable housing development** assisting households up to 80 percent of the Area Median Income (“AMI”), subject to specific income and age targets.

Five-Year Income Proportionality: If any Housing Asset Funds are spent on affordable housing development, it triggers a requirement to spend at least 30 percent of such expenses assisting extremely low income households (30% AMI) and no more than 20 percent on low income households (between 60-80% AMI) per five-year compliance period. The first five-year compliance period was January 1, 2014 through June 30, 2019.

Note that housing successors must report expenditures by category each year, but compliance with income proportionality limits is measured every five years. For example, a housing successor could spend all its funds in a single year on households earning between 60-80% AMI, as long as it was 20 percent or less of the total expenditures during the five-year compliance period.

² The Housing Asset Fund replaced the former Agency’s Low and Moderate Income Housing Fund.

Ten-Year Age Proportionality: If more than 50% of the total aggregate number of rental units produced by the City, Housing Authority, or former Agency during the past 10 years are restricted to seniors, the Housing Authority may not spend more Housing Asset Funds on senior rental housing.

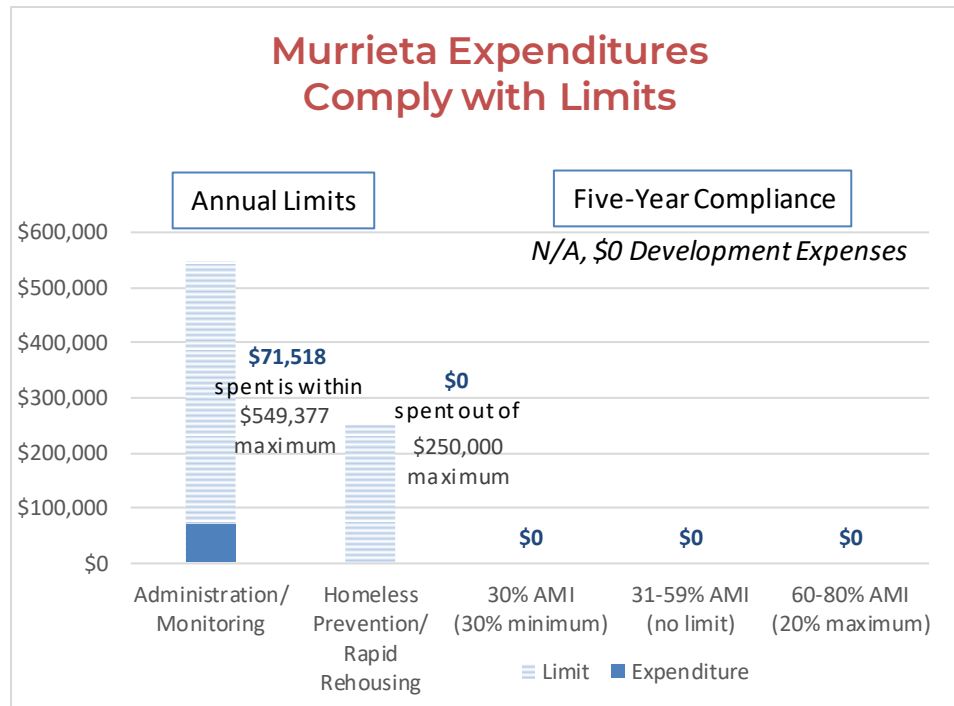
Appendix 3 describes Housing Asset Fund expenditure requirements in more detail, including the types of costs eligible in each category.

EXPENDITURE LIMIT COMPLIANCE

The Housing Authority complied with all Housing Asset Fund spending restrictions in FY 2018-19, including five-year compliance period income targeting requirements:³

- Administrative costs of \$71,518 did not exceed the \$549,377 maximum amount for FY 2018-19.
- No homeless prevention or rapid rehousing expenses were made in FY 2018-19.

³ The Housing Asset Fund figures in this Annual Report are based on unaudited numbers that were available at the time this report was prepared. They might vary slightly from audited numbers once the Housing Authority's annual audit is complete.



No affordable housing development-related expenditures were made. Therefore, the five-year compliance period income targets were met.

The Housing Authority will ensure it continues to meet all expenditure requirements going forward, including the next five-year compliance period of July 1, 2019 through June 30, 2024.

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

SENIOR HOUSING LIMIT COMPLIANCE

The Housing Authority complies with the limit allowing no more than 50 percent of the total aggregate number of rental units produced within the preceding ten years to be restricted to seniors. The Housing

Authority, City, and former Agency assisted 39 deed-restricted rental units in the last ten years, none of which are restricted to seniors. Table 1 details units assisted by project.

Table 1
Deed-Restricted Senior Units Assisted Prior Ten Years

| Property¹ | Senior Units | % | Non-Senior Units | % | Total Units |
|-----------------------------|---------------------|----------|-------------------------|----------|--------------------|
| Monte Vista Apartments II | 0 | 0% | 39 | 100% | 39 |
| Total | 0 | | 39 | | 39 |

Total Deed-Restricted Senior Units: 0%

¹ This list only includes units that had a ground lease executed within the last 10 years.
Source: *Property Rent Rolls (June 2019)*

DEPOSITS AND FUND BALANCE

The Housing Authority deposited \$21,544 into the Housing Asset Fund during FY 2018-19. The only deposit made in FY 18-19 is from the repayment of a First-Time Homebuyer Down Payment Assistance Loan. The deposit is classified as Interest Revenue in the Housing Authority’s trial balance. The Housing Authority expected to receive deposits in the amount of \$313 from Murrieta Family Housing Partners, LP and \$12,131 from Monte Vista II Family Housing LLC as loan repayment for the construction of Monte Vista I and Monte Vista II, but these payments were not received until FY 19-20.

The Housing Asset Fund balance as of June 30, 2019 was \$2,903,016 as summarized in Table 2⁴.

⁴ Housing Authority Fund contains non-housing successor assets. As a result, the Housing Asset Fund balance differs from the Housing Authority Fund balance.

Table 2
Housing Asset Fund Ending Balance FY 2018-19

| Balance Type | Amount |
|--|---------------------|
| Cash | 2,346,909 |
| Accounts Receivable | - |
| Accrued Revenues | - |
| Interest Receivable | 607,971 |
| Accounts Payable | (18,129) |
| Deferred Revenue | (590,686) |
| Deferred Loans Receivable | 2,906,482 |
| Advance to Redevelopment Agency | 576,171 |
| Land Held for Resale | 6,109,003 |
| Reserved for Deferred Loans Receivable | (2,906,482) |
| Reserved for Encumbrances | (19,220) |
| Reserved for Land Held for Resale | (6,109,003) |
| Ending Balance | \$ 2,903,016 |

EXCESS SURPLUS

The Housing Asset Fund may not accumulate an “excess surplus”, or an unencumbered amount that exceeds the greater of \$1 million, or the sum of deposits in the prior four fiscal years. This requirement ensures that housing successors are actively spending available Housing Asset Funds on affordable housing.

The Housing Authority did not have an excess surplus as of FY 2018-19, as shown in Table 3.

| Table 3 Excess Surplus Calculation | | | | | |
|---------------------------------------|----------|--------------|------------|------------|------------------------------|
| Fiscal Year | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Deposits | \$ 7,524 | \$ 2,239,128 | \$ 100,531 | \$ 252,420 | \$ 21,544 |
| Less: Encumbered Funds | | | | | \$ - |
| Unencumbered Amount ¹ | | | | | \$ 2,375,009 |
| Step 1 | | | | | |
| \$1 Million, or Last 4 Deposits | | | | | \$ 1,000,000 \$ 2,599,603 |
| Result: Larger Number | | | | | \$ 2,599,603 |
| Step 2 | | | | | |
| Unencumbered Amount | | | | | \$ 2,375,009 |
| Larger Number From Step 1 | | | | | \$ 2,599,603 |
| Excess Surplus | | | | | \$ - |

¹ As of July 1, 2018.

The Housing Authority will continue monitoring its deposits and fund balance to avoid an excess surplus. If the Housing Asset Fund has an excess surplus in the future, the excess surplus must be expended or encumbered within three fiscal years. If a housing successor fails to comply, it must transfer any excess surplus to HCD within 90 days of the end of the third fiscal year.

TRANSFERS TO OTHER HOUSING SUCCESSORS

There were no transfers to another housing successor entity for a joint project pursuant to HSC Section 34176.1.

HOUSING SUCCESSOR PORTFOLIO

The Housing Successor Portfolio includes five properties and six loans receivable transferred from the former Agency. The Portfolio had a value of \$10,987,542 as of FY 2018-19, as detailed in Table 4.

Table 4
Portfolio Value of Real Properties and Loans Receivable

| Asset | Amount |
|--|---------------------|
| <i>Real Properties</i> | |
| Monte Vista I Land, 24740 Jefferson Ave (APN 949-600-041) ¹ | 1,321,594 |
| Vacant Land (APN 909-030-032) | 820,680 |
| Vacant Land (APN 909-030-033) | 820,679 |
| 24960 Adams Ave (APN 906-080-018) | 3,515,665 |
| 42310 B St (APN 906-193-001) ² | 951,979 |
| <i>Subtotal</i> | <i>7,430,597</i> |
| <i>Loans Receivable</i> | |
| First-Time Homebuyer Loans (2) | 55,229 |
| CFD Special Assessment District Payoff Program | 14,214 |
| Murrieta Family Housing Partners, LP | 840,659 |
| Monte Vista II Family Housing, LLC | 2,646,843 |
| <i>Subtotal</i> | <i>\$3,556,945</i> |
| Total Portfolio Value | \$10,987,542 |

¹ This property was transferred on the Housing Asset Form but its value is not in the General Ledger

² There are 5 additional APNs associated with 42310 B Street: 906-200-001, 906-200-002, 906-212-001, 906-221-001, and 906-221-002.

LOANS RECEIVABLE

Six loan agreements were transferred from the former Agency to the Housing Authority as part of the Housing Asset List approved by DOF on September 5, 2012, one of which was paid off in FY 18-19. The five remaining loans are described below, including the outstanding loan balances as of June 30, 2019.

- Three First-Time Homebuyer Down Payment Assistance Loans issued in 2006 for \$20,000 each (\$60,000 total) with a 3 percent interest rate. Loan repayments are due upon the sale of, transfer of, or failure to occupy the property. One of the loans was paid off in FY 18-19. The outstanding amount due is \$55,229.
- A deferred loan issued in 2009 as part of a Community Facilities District (“CFD”) Special Assessment Districts Payoff Program. The outstanding amount due is \$14,214 with a zero percent interest rate.

- A Participation Agreement with Murrieta Family Housing Partners, LP issued in 2003 to construct 64 residential units at Monte Vista I. The principal amount was \$610,046 with a 3 percent annual interest rate. The Agreement stipulates that annual loan repayments be made from the projects' operating residual receipts. The Monte Vista I loan provides for the Housing Authority to receive 25% of the annual residual receipts as payment on the loan. The outstanding balance as of June 30, 2019 was \$840,659.
- A Development Cost Gap Assistance Loan issued in 2010 to Monte Vista II Family Housing LLC to construct 40 units at Monte Vista II. The principal amount was \$2.2 million with a 3 percent annual interest rate. The Agreement stipulates that annual loan repayments be made from the projects' operating residual receipts and provides for the Housing Authority to split a portion of the residual receipts with Riverside County ("County") until the County's loan is paid off. During years 1-30, the County's and Housing Authority's portion is 50% of residual receipts. During years 31-55, that portion is 80% of residual receipts. The Housing Authority's initial share of the County- Housing Authority portion is 69.66%; after the County's loan is paid off, the Housing Authority's share of the County- Housing Authority portion is 100%. The Housing Authority loan is due and payable in full after 55 years. The outstanding balance as of June 30, 2019 was \$2,646,843.

PROPERTY DESCRIPTIONS AND DISPOSITION STATUS

The Agency transferred five properties to the Housing Authority, consisting of one multi-family affordable housing property and four lots of vacant land:

- Monte Vista I, 24740 Jefferson Avenue (APN 949-600-041) – *Multi-family Residential*
- Jefferson South (APN 909-030-032 & 909-030-033) – *Vacant Land*
- 24960 Adams Ave. (APN 906-080-018) – *Vacant Land*
- 42310 B Street (APNs listed below) ⁵– *Vacant Land*
- Vacant Lot (APN 910-140-044) – *Vacant Land Sold September 2015*

⁵ APNs associated with 42310 B Street: 906-193-001, 906-200-001, 906-200-002, 906-212-001, 906-221-001, and 906-221-002.

HSC Section 34176.1(e) requires all real properties acquired by the Agency prior to February 1, 2012 and transferred to the Housing Authority to be developed pursuant to the requirements detailed in HSC Section 33334.16. All property that falls within in these parameters must be developed for affordable housing purposes or sold within five years from the date DOF approved the Housing Asset Transfer Form, or September 5, 2017. If the Authority is unable to develop or dispose of these properties within the five-year period, the law allows for a five-year extension via adoption of a resolution. All Authority properties transferred on the Housing Asset Transfer Form except for Monte Vista I and the sold vacant lot are subject to this provision.

The Housing Authority adopted a resolution for a five-year extension, September 5, 2022, due to the difficulty of initiating development on three properties consisting of vacant land (42310 B St, Jefferson South, and 24960 Adams Ave). In FY 18-19, the Housing Authority prepared a Property Disposition Strategy to evaluate options that best maximize and leverage the remaining housing assets. As part of the Housing Authority's strategy implementation efforts, the Housing Authority is accepting offers on two properties comprised of eight parcels (42310 B St and Jefferson South) and issued a Request for Proposals ("RFP") to develop an affordable housing rental project on the remaining parcel (24960 Adams Ave) in October 2019. Proceeds from the sale of 42310 B St and Jefferson South will be used in accordance with LMIHF requirements.

Descriptions of the properties and their disposition status are below.

MONTE VISTA I, 24740 JEFFERSON AVENUE (APN 949-600-041)

The Housing Authority owns the land under Monte Vista I, a 64-unit apartment building restricted to families earning 30-100% AMI (including one manager's unit). The Housing Authority leases the land to the owner of the apartment complex. Monte Vista I is adjacent to the affordable community known as Monte Vista II. Built to seamlessly blend, the communities share a swimming pool, on site management, free Wi-Fi, on site laundry facilities, and covered parking. Conveniently located within walking distance to a public park, a school, public transit and numerous amenities, residents also enjoy on site garden plots, a covered tot lot, computer room and residential services including computer skills, after school programs and more. The property has a 55-year affordability covenant that expires in 2059.

JEFFERSON SOUTH (APN 909-030-032 & 909-030-033)

This property consists of two parcels totaling approximately 2.09 acres. The property is zoned MF-3, allowing a minimum of 30 dwelling units per acre (62 units) of multi-family residential development. Smaller and about one block farther from Town Square Park than the Adams Avenue property, this property represents a good, though not ideal, opportunity for affordable housing development. The property is located just outside of the Transit Oriented Development Overlay zone and is designated in the City's Housing Element to help the City meet its Regional Housing Needs Assessment ("RHNA") obligation for lower income households. The Housing Authority is accepting offers on the Jefferson South site and funds will be used to develop affordable housing at 24960 Adams Avenue.

24960 ADAMS AVE (APN 906-080-018)

Covering 6.22 acres and zoned RMF Residential Multi-Family for high-density residential development (a minimum of 30 dwelling units per acre), the Adams Avenue property can accommodate at least 186 apartment units. The property is located within the Historic Murrieta Specific Plan area, adjacent to the existing Amberwalk apartment community and within a block of Town Square Park (which includes City Hall and the City Library), the Murrieta Elementary School, and other amenities and attractions. The property is designated in the City's Housing Element to help the City meet its RHNA obligation for lower income households. With its size, zoning, and location, the Adams Avenue property represents the Housing Authority's best opportunity site for new affordable housing development. The Housing Authority issued an RFP to develop an affordable housing rental project on 24960 Adams Ave in October 2019.

42310 B STREET (APN 906-193-001)⁶

This property is composed of six parcels totaling 21.49 acres. The property could accommodate up to 84 units on the entire site. However, the property is located in the Murrieta Creek's base flood elevation area, meaning it is within the area expected to flood in a 100-year flood. The Downtown Murrieta Specific Plan ("Specific Plan") emphasizes the development limitations imposed by the creek's flood zone. The Specific Plan recommends limiting development in the floodplain to avoid impacts to

⁶ There are 5 additional APNs associated with 42310 B Street: 906-200-001, 906-200-002, 906-212-001, 906-221-001, and 906-221-002.

sensitive habitats that surround Murrieta Creek and utilizing the area for open and recreational space instead. Keeping development set back from the creek area, as the Specific Plan recommends, reduces the portion of this property that could be developed. Furthermore, the Specific Plan indicates that federal funding to complete the Murrieta Creek Flood Control, Environmental Restoration, and Recreation Project is lacking, meaning the City would have to find alternative funding sources to develop safely in the floodplain. The Authority is accepting offers on the 42310 B Street site and funds will be used to develop affordable housing at 24960 Adams Avenue.

VACANT LOT (APN 910-140-044)

This 10-acre lot of vacant land was sold in September 2015 for \$2.1 million to be developed for non-housing purposes. The sales proceeds were deposited into the Housing Assets Fund and will be used for affordable housing purposes as required by law.

HOMEOWNERSHIP UNIT INVENTORY

Table 5 presents an inventory of homeownership units assisted by the Housing Authority that require restrictions, covenants, or an adopted program that protects Housing Asset Fund monies.

| Table 5 Homeownership Unit Inventory | | | | | |
|---|----------|--------------|----------------------|---------------------|----------------------------|
| Project Name / Address | Unit No. | Bedroom Size | Year Built/ Rehab | Covenant Expiration | Affordability Period (Yrs) |
| Amberwalk | | | | | |
| 41543 King Palm Ave | 2 | 3 | 2006 | 1/26/2051 | 45 |
| 41536 Blue Canyon Ave | 5 | 3 | 2006 | 5/31/2051 | 45 |
| 25031 Quince Hill St | 2 | 3 | 2006 | 3/29/2051 | 45 |
| 25039 Quince Hill St | 2 | 3 | 2006 | 4/6/2051 | 45 |
| 25039 Quince Hill St | 5 | 3 | 2006 | 2051 | 45 |
| Reserves at Madison Park | | | | | |
| 41410 Juniper St | 624 | 2 | 2005 | 8/15/2051 | 45 |
| 41410 Juniper St | 1213 | 2 | 2005 | 5/11/2051 | 45 |
| 41410 Juniper St | 1614 | 1 | 2005 | 7/13/2050 | 45 |
| 41410 Juniper St | 1623 | 1 | 2005 | 7/22/2050 | 45 |
| 41410 Juniper St | 1713 | 2 | 2005 | 3/24/2051 | 45 |
| 41410 Juniper St | 1722 | 2 | 2005 | 3/15/2051 | 45 |
| 41410 Juniper St | 2313 | 1 | 2005 | 2/6/2051 | 45 |
| 41410 Juniper St | 2423 | 2 | 2005 | 5/16/2051 | 45 |
| 41410 Juniper St | 2424 | 2 | 2005 | 6/27/2051 | 45 |
| 41410 Juniper St | 2514 | 2 | 2005 | 9/1/2051 | 45 |
| 41410 Juniper St | 2613 | 1 | 2005 | 11/9/2050 | 45 |
| 41410 Juniper St | 2614 | 1 | 2005 | 10/21/2050 | 45 |
| 41410 Juniper St | 2623 | 1 | 2005 | 10/28/2052 | 45 |
| 41410 Juniper St | 3013 | 2 | 2005 | 5/4/2051 | 45 |
| 41410 Juniper St | 3113 | 1 | 2005 | 8/31/2051 | 45 |
| 41410 Juniper St | 3114 | 1 | 2005 | 8/31/2051 | 45 |
| 41410 Juniper St | 3123 | 1 | 2005 | 8/30/2051 | 45 |
| 41410 Juniper St | 3124 | 1 | 2005 | 8/31/2051 | 45 |

Source: AB 987 database dated 11-12-13

APPENDIX 1 - HOUSING SUCCESSOR ANNUAL REPORT REQUIREMENTS

| Housing Successor Reporting Requirements <i>Health and Safety Code Section 34176.1(f)</i> | | |
|---|---|--|
| Housing Asset Fund Revenues & Expenditures | Other Assets and Active Projects | Obligations & Proportionality |
| Total amount deposited in the Housing Asset Fund for the fiscal year Amount of deposits funded by a Recognized Obligation Payment Schedule (“ROPS”) | Description of any project(s) funded through the ROPS | Description of any outstanding production obligations of the former Agency that were inherited by the Housing Authority |
| Statement of balance at the close of the fiscal year | Update on property disposition efforts (note that housing successors may only hold property for up to five years, unless it is already developed with affordable housing) | Compliance with proportionality requirements (income group targets), which must be upheld on a five year cycle |
| Description of Expenditures for the fiscal year, broken out as follows: <ul style="list-style-type: none"> • Homeless prevention and rapid rehousing • Administrative and monitoring • Housing development expenses by income level assisted | Other “portfolio” balances, including: <ul style="list-style-type: none"> • Statutory value of any real property either transferred from the former Agency or purchased by the Housing Asset Fund • Value of loans and grants receivable | Percentage of deed-restricted rental housing restricted to seniors and assisted by the former Agency, the Housing Authority, or the City within the past ten years compared to the total number of units assisted by any of those three agencies |
| Description of any transfers to another housing successor for a joint project | 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 monies from the Low and Moderate Income Housing Fund | Amount of any excess surplus, and, if any, the plan for eliminating it |

APPENDIX 2 – HOUSING ASSET TRANSFER FORM

The Housing Asset Transfer Form is attached as a separate document.

**DEPARTMENT OF FINANCE
HOUSING ASSETS LIST
ASSEMBLY BILL X1 26 AND ASSEMBLY BILL 1484
(Health and Safety Code Section 34176)**

Former Redevelopment Agency: City of Murrieta Redevelopment Agency

Successor Agency to the Former Redevelopment Agency: City of Murrieta

Entity Assuming the Housing Functions of the former Redevelopment Agency: Murrieta Housing Authority

Entity Assuming the Housing Functions Contact Name: Joy Canfield Title Finance Director Phone (951)461-6437 E-Mail Address _____

Entity Assuming the Housing Functions Contact Name: Londa Bock-Helms Title Accounting Manager Phone (951)461-6439 E-Mail Address _____

All assets transferred to the entity assuming the housing functions between February 1, 2012 and the date the exhibits were created are included in this housing assets list. The following Exhibits noted with an X in the box are included as part of this inventory of housing assets:

| | |
|--------------------------------------|----------|
| Exhibit A - Real Property | X |
| Exhibit B- Personal Property | |
| Exhibit C - Low-Mod Encumbrances | X |
| Exhibit D - Loans/Grants Receivables | X |
| Exhibit E - Rents/Operations | |
| Exhibit F- Rents | |
| Exhibit G - Deferrals | |

Prepared By: **Londa Bock-Helms**

Date Prepared: **7/31/2012**

**City of Murrieta Housing Authority
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)**

| Item # | Type of Asset a/ | Legal Title and Description | Carrying Value of Asset | Total square footage | Square footage reserved for low-mod housing | Is the property encumbered by a low-mod housing covenant? | Source of low-mod housing covenant b/ | Date of transfer to Housing Successor Agency | Construction or acquisition cost funded with Low-Mod Housing Fund monies | Construction or acquisition costs funded with other RDA funds | Construction or acquisition costs funded with non-RDA funds | Date of construction or acquisition by the former RDA | Interest in real property (option to purchase, easement, etc.) |
|--------|------------------------|------------------------------------|-------------------------|----------------------|---|---|---------------------------------------|--|--|---|---|---|--|
| 1 | Low/Mod Income Housing | APN 949-600-031 | \$1,321,594 | 132,224 | 132,224 | yes | DDA | 31-Jan-12 | \$1,321,594 | \$0 | \$0 | 3/24/2003 | Fee title |
| 2 | Vacant Land | APN 910-140-044 | \$3,849,803 | 444,785 | 0 | No | n/a | 31-Jan-12 | \$3,849,803 | \$0 | \$0 | 10/11/2004 | Fee title |
| 3 | Vacant Land | APN 909-030-032 | \$820,680 | 45,738 | 0 | No | n/a | 31-Jan-12 | \$820,680 | \$0 | \$0 | 1/11/2007 | Fee title |
| 4 | Vacant Land | APN 909-030-033 | \$820,679 | 45,738 | 0 | No | n/a | 31-Jan-12 | \$820,679 | \$0 | \$0 | 1/11/2007 | Fee title |
| 5 | Land for Low/Mod | APN 906-080-018 24960 Adams Ave. | \$3,515,665 | 270,943 | 270,943 | No | n/a | 31-Jan-12 | \$3,515,665 | \$0 | \$0 | 6/30/2009 | Fee title |
| 6 | Land for Low/Mod | APN 906-212-001 42310 B Street, +5 | \$951,979 | 936,104 | 936,104 | No | n/a | 31-Jan-12 | \$951,979 | \$0 | \$0 | 10/13/2010 | Fee title |
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a/ Asset types may include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

**City of Murrieta Housing Authority
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)**

| Item # | Type of Asset a/ | Description | Carrying Value of Asset | Date of transfer to Housing Successor Agency | Acquisition cost funded with Low-Mod Housing Fund monies | Acquisition costs funded with other RDA funds | Acquisition costs funded with non-RDA funds | Date of acquisition by the former RDA |
|--------|------------------|-------------|-------------------------|--|--|---|---|---------------------------------------|
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a/ Asset types any personal property provided in residences, including furniture and appliances, all housing-related files and loan documents, office supplies, software licenses, and mapping programs, that were acquired for low and moderate income housing purposes, either by purchase or through a loan, in whole or in part, with any source of funds.

City of Murrieta Housing Authority
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

| Item # | Type of housing built or acquired with enforceably obligated funds a/ | Date contract for Enforceable Obligation was executed | Contractual counterparty | Total amount currently owed for the Enforceable Obligation | Is the property encumbered by a low-mod housing covenant? | Source of low-mod housing covenant b/ | Current owner of the property | Construction or acquisition cost funded with Low-Mod Housing Fund monies | Construction or acquisition costs funded with other RDA funds | Construction or acquisition costs funded with non-RDA funds | Date of construction or acquisition of the property |
|--------|---|---|-------------------------------|--|---|---------------------------------------|-------------------------------|--|---|---|---|
| 1 | 40 Low/Mod Residential rental units (under | Deferred Loan 4/6/2010 | Monte Vista II Family Housing | \$ 1,212,387 | yes | CRA Law, Tax Credits, DDA | Monte Vista II Family Housing | Acquisition \$1,331,353 | \$0 | \$0 | Acquisition 12/26/2008 |
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a/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

**City of Murrieta Housing Authority
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)**

| Item # | Was the Low-Mod Housing Fund amount issued for a loan or a grant? | Amount of the loan or grant | Date the loan or grant was issued | Person or entity to whom the loan or grant was issued | Purpose for which the funds were loaned or granted | Are there contractual requirements specifying the purposes for which the funds may be used? | Repayment date, if the funds are for a loan | Interest rate of loan | Current outstanding loan balance |
|--------|---|-----------------------------|-----------------------------------|---|--|---|---|--------------------------|----------------------------------|
| 1 | Deferred Loan | \$ 610,046 | 2/4/2003 | Murrieta Family Housing Partners, LP | Participation agreement-construction of 64 residential units | Yes | 55 years | 3% | \$ 610,046 |
| 3 | Deferred Loan | \$ 20,000 | 10/18/2006 | Property Owner*- 25056 Drift oak St. #2 | First Time Homebuyers Down Payment Assistance | Yes | Upon sale, transfer or failure to occupy | 3% | \$ 20,000 |
| 4 | Deferred Loan | \$ 20,000 | 10/18/2006 | Property Owner*- 41524 Blue Canyon | First Time Homebuyers Down Payment Assistance | Yes | Upon sale, transfer or failure to occupy | 3% | \$ 20,000 |
| 5 | Deferred Loan | \$ 20,000 | 9/21/2006 | Property Owner*- 25031 Quince Hill St. | First Time Homebuyers Down Payment Assistance | Yes | Upon sale, transfer or failure to occupy | 3% | \$ 20,000 |
| 6 | Deferred Loan | \$ 14,214 | 10/10/2009 | Property Owner*- 41536 Blue Canyon #5 | CFD Speical Assessments Payoff Program | Yes | 42.5 years or upon Event of Acceleration | 0%, highest rate allowed | \$ 14,214 |
| 7 | Deferred Loan | \$ 2,222,222 | 4/6/2010 | Monte Vista II Family Housing LLC | Development cost Gap Assistance Loan | Yes | 55 years | 3% | \$ 1,009,835 |
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*names are available for DOF review

**City of Murrieta Housing Authority
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)**

| Item # | Type of payment a/ | Type of property with which the payments are associated b/ | Property owner | Entity that collects the payments | Entity to which the collected payments are ultimately remitted | Purpose for which the payments are used | Is the property encumbered by a low-mod housing covenant? | Source of low-mod housing covenant c/ | Item # from Exhibit A the rent/operation is associated with (if applicable) |
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a/ May include revenues from rents, operation of properties, residual receipt payments from developers, conditional grant repayments, costs savings and proceeds from refinancing, and principal and interest payments from homebuyers subject to enforceable income limits.

b/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

c/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

**City of Murrieta Housing Authority
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)**

| Item # | Type of payment a/ | Type of property with which the payments are associated b/ | Property owner | Entity that collects the payments | Entity to which the collected payments are ultimately remitted | Purpose for which the payments are used | Is the property encumbered by a low-mod housing covenant? | Source of low-mod housing covenant c/ | Item # from Exhibit A the rent is associated with (if applicable) |
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a/ May include rents or home loan payments.

b/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

c/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

Exhibit G - Deferrals

City of Murrieta Housing Authority
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

| Item # | Purpose for which funds were deferred | Fiscal year in which funds were deferred | Amount deferred | Interest rate at which funds were to be repaid | Current amount owed | Date upon which funds were to be repaid |
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APPENDIX 3 – HOUSING ASSET FUND EXPENDITURE REQUIREMENTS

| Housing Asset Fund Expenditure Requirements <i>Health and Safety Code Section 34176.1</i> | | |
|--|--|---|
| Expense Category | Limits | Allowable Uses |
| Administration and Compliance Monitoring | \$549,377 maximum for FY 2018-19 (limit varies each year) | Administrative activities such as: <ul style="list-style-type: none"> • Professional services (consultant fees, auditor fees, etc.) • Staff salaries, benefits, and overhead for time spent on Housing Successor administration • Compliance monitoring to ensure compliance with affordable housing and loan agreements • Property maintenance at Housing Successor-owned properties <p>Capped at \$200,000 adjusted annually for inflation or 5% of the statutory value of real property owned by the housing successor and the value of loans and grants receivable from the HAT (“Portfolio”), whichever is greater.</p> |
| Homeless Prevention and Rapid Rehousing Solutions | \$250,000 maximum per fiscal year | Services for individuals and families who are homeless or would be homeless but for this assistance, including: <ul style="list-style-type: none"> • Contributions toward the construction of local or regional homeless shelters • Housing relocation and stabilization services including housing search, mediation, or outreach to property owners • Short-term or medium-term rental assistance • Security or utility deposits • Utility payments • Moving cost assistance • Credit repair • Case management • Other appropriate activities for homelessness prevention and rapid rehousing of persons who have become homeless. |
| Affordable Housing Development | No spending limit, but must comply with income and age targets | “Development” includes: <ul style="list-style-type: none"> • New construction • Acquisition and rehabilitation • Substantial rehabilitation • Acquisition of long-term affordability covenants on multifamily units • Preservation of at-risk units whose affordable rent restrictions would otherwise expire over the next five years |

Housing Asset Fund Expenditure Requirements
Health and Safety Code Section 34176.1

| Expense Category | Limits | Allowable Uses |
|------------------|------------------------------|--|
| | <i>Income Targets</i> | <p>Every five years (currently FYE 2020-2024), Housing Asset Funds must meet income targets:</p> <ul style="list-style-type: none"> • At least 30% on extremely low income rental households (up to 30% AMI or “Area Median Income”) • No more than 20% on low income households (60-80% AMI) <p>Moderate and above moderate income households may not be assisted (above 80% AMI).</p> <p>Failure to comply with the extremely low income requirement in any five-year compliance period will result in having to ensure that 50 percent of remaining funds be spent on extremely low income rental units until in compliance.</p> <p>Exceeding the expenditure limit for low households earning between 60-80% AMI in any five-year reporting period will result in not being able to expend any funds on these income categories until in compliance.</p> |
| | <i>Age Targets</i> | <p>For the prior ten years (resets every year), a maximum of 50% of deed-restricted rental housing units assisted by the Housing Successor or its host jurisdiction may be restricted to seniors.</p> <p>If a housing successor fails to comply, Housing Asset Funds may not be spent on deed-restricted rental housing restricted to seniors until in compliance.</p> |