



CITY OF CYPRESS

HOUSING SUCCESSOR ANNUAL REPORT FOR FISCAL YEAR 2022/2023 REGARDING THE LOW AND MODERATE INCOME HOUSING ASSET FUND PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)

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 14, 2023. This Report sets forth certain details of the City of Cypress (Housing Successor) activities during Fiscal Year 2022/2023 (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 (Comprehensive Annual Financial Report, or 'CAFR') for Fiscal Year 2022/2023 (Fiscal Year) as audited by LSL CPAs LLP (Auditor), which Audit is separate from this annual summary Report. Further, this Report conforms with and is organized into sections I through XII inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

- I. **Amount Received from Loan Agreement Repayments:** This section provides the total amount of funds received by a city during the fiscal year from the repayment of loans between the city and the former redevelopment agency that have been deemed to be enforceable obligations.
- II. **Amount Deposited into LMIHAF:** This section provides the total amount of funds deposited into the LMIHAF during the Fiscal Year. Any amounts deposited for items listed on the 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.
- 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. It also describes the Housing Successor's progress in meeting those prior obligations, if any, of the former redevelopment agency and how the Housing Successor 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 periods, with this Report five-year period beginning January 1, 2018, and whether the statutory thresholds have been met. The reporting of the Income Test is not required until 2023.
- 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 July 1, 2013 to June 30, 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 to the Housing Successor's governing body. In addition, this Report, CAFR and the former redevelopment agency's pre-dissolution Implementation Plan are to be made available to the public on the City's website.

I. AMOUNT RECEIVED FROM LOAN AGREEMENT REPAYMENTS

The Housing Successor did not receive any loan agreement payments under Section 34191.4(b)(3)(A) during the Fiscal Year.

II. AMOUNT DEPOSITED INTO LMIHAF

A total of \$11,153 was deposited into the LMIHAF during the Fiscal Year, of which none of the funds deposited into the LMIHAF were held for items listed on the ROPS. The deposits are allocated as follows:

	FY 2022/2023 Totals	% of Total
Loan Repayments	\$3,828	34%
Rent	\$6,000	54%
Interest	\$1,019	9%
Miscellaneous Revenue	\$306	3%
Total LMIHAF Deposits	\$11,153	100%

III. ENDING BALANCE OF LMIHAF

At the close of the Fiscal Year, the ending available balance in the LMIHAF was \$18,792. None of the funds were held for items listed on the ROPS.

IV. DESCRIPTION OF EXPENDITURES FROM LMIHAF

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

	FY 2022/23
Monitoring & Administration Expenditures	\$38,215
Homeless Prevention & Rapid Rehousing Services Expenditures	\$0
Housing Development Expenditures	
➤ Expenditures on Low Income Units	\$3,003
➤ Expenditures on Very-Low Income Units	\$3,003
➤ Expenditures on Extremely-Low Income Units	\$0
Total Housing Development Expenditures	\$6,006
Total LMIHAF Expenditures	\$44,221

The Housing Successor is allowed to spend up to the greater of \$254,500 or 2% of the value of the Housing Assets Portfolio (defined and calculated in Section V), which totals \$1,490,708, on Monitoring and Administration Expenditures. Therefore, the Housing Successor is only using approximately 17% of the maximum allowable \$254,500 for Monitoring and Administration Expenditures.

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

	As of End of FY 2022/2023
Statutory Value of Real Property Owned by Housing Successor	\$1,421,708
Value of Loans and Grants Receivable	\$10,756,256
Less Value of Forgivable Loans	(\$10,687,256)
Total Value of Housing Assets	\$1,490,708

VI. 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.

VII. PROJECT DESCRIPTIONS

The Housing Successor does not receive or hold property tax revenue pursuant to the ROPS.

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, 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, unless extended by the Agency.

The following provides a status update on the real property or properties housing asset(s) that were acquired prior to February 1, 2012 and compliance with five-year period:

Address	Date Approved by DOF as Housing Asset	Deadline to Initiate Development Activity	Status of Activity
5732 Lincoln Avenue	2/15/13	1/28/24*	The property is currently being held for resale for affordable housing purposes. Pursuant to a License Agreement with the City, a vendor uses the property on a temporary and interim basis to grow crops.

*In early 2019, the City extended the deadline to initiate development activity until January 28, 2024

The Housing Successor has not acquired any properties using LMIHAF on or after February 1, 2012.

IX. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing: The former Cypress Redevelopment Agency did not have any outstanding replacement housing obligations, pursuant to Section 33413(a), and therefore no obligations were transferred to the Housing Successor. This section is not applicable to the Housing Successor.

Inclusionary / Production Housing: The former Cypress Redevelopment Agency did not have any outstanding inclusionary or production obligations, pursuant to Section 33413(b), and therefore no obligations were transferred to the Housing Successor. This section is not applicable to the Housing Successor.

X. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF to be expended for development of rental 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 period, then the Housing Successor must ensure that at least 50% of the funds remaining in the LMIHAF be expended in each fiscal year following the latest fiscal year following the report on households earning 30% or less of the AMI until the Housing Successor demonstrates compliance with the Extremely-Low Income requirement. This information is not required to be reported until 2023 for the five-year period through the end of the fiscal year.

For informational purposes, the following provides the Housing Successor’s Extremely-Low Income Housing Test as of Fiscal Year 2021/2022 and the five-year total:

Extremely-Low Income Test	2018-2023
LMIHAF Spent on Extremely-Low Income Households	\$0
Total LMIHAF (Five Year Total)	\$0
Extremely-Low Income Test	\$0

SENIOR HOUSING TEST

The Housing Successor is 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 summarizes the number of deed-restricted rental housing units produced by the former redevelopment agency and the Housing Successor over the past 10 years (January 1, 2013 – December 31, 2023):

Project Name	Covenant Year	Senior Units	Non- Senior Units	Total # of Units
N/A				
Total Units		0	0	0

The following provides the Housing Successor’s Senior Housing Test for the 10-year period of July 1, 2012 to June 30, 2022:

	FY 2013-2023
# of Assisted Senior Rental Units	0
# of Total Assisted Rental Units	0
Senior Housing Percentage	0%

It should be noted that the Housing Successor does not have plans to assist additional senior housing projects in the near-term.

XI. EXCESS SURPLUS TEST

Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the 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 provides the Excess Surplus test for the preceding four Fiscal Years:

Limitation on Available Housing Funds FY 2022/2023		
Greater of:		
➤ Base Amount		\$1,000,000
➤ Four Years of Deposits		
	FY 2019/20	\$16,856
	FY 2020/21	\$36,465
	FY 2021/22	\$57,562
	FY 2022/23	\$11,153
	Total Deposits	\$122,036
Limitation on Available Housing Funds		\$1,000,000

A total of \$122,036 has been deposited into the account during the previous four fiscal years while the ending available balance in the account is \$11,153. Therefore, the LMIHAF does not have an Excess Surplus.