



HOUSING SUCCESSOR ANNUAL REPORT
Murrieta Housing Authority

Fiscal Year 2024-25

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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”) 2024-25 finances and activities as required by Health and Safety Code (“HSC”) Section 34176.1(f). FY 2023-24 marked the end of the second five-year compliance period for income proportionality. This Annual Report details how the Housing Authority met all requirements for expenditures by income level since the beginning of the third five-year compliance period, which runs from July 1, 2024, through June 30, 2029.

The Annual Report is due to the California Department of Housing and Community Development (“HCD”) by December 31 of each year 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, as required by HSC Section 34328, which is submitted to HCD by October 1 of each year.

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 2024-25 limit for the Housing Authority was \$742,376 (5% of the Portfolio value of \$14,847,526).
- **Homeless prevention and rapid rehousing services** up to \$500,000 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 current five-year compliance period runs from July 1, 2024, through June 30, 2029.

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.

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

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

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 2024-25, including five-year compliance period income targeting requirements:³

- Administrative costs of \$32,598 did not exceed the \$742,376 maximum amount for FY 2024-25.
- No homeless prevention or rapid rehousing expenses were made in FY 2024-25.
- The Housing Authority complied with affordable housing development-related expenditure requirements in the previous five-year compliance period, and no affordable housing development related expenditures were made in FY 2024-25. Therefore, five-year compliance period income targets for the current five-year compliance period do not apply.

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 the remaining funds are spent on extremely low income rental units until in compliance. Exceeding the expenditure limit for low income 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

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.

Authority, City, and former Agency assisted a total of 198 deed-restricted rental units in the last ten years, 40% of which are restricted to seniors. Table 1 details units assisted by project.

Table 1 Deed-Restricted Senior Units Assisted Prior Ten Years					
Property ¹	Senior Units	%	Non-Senior Units	%	Total Units
24960 Adams Ave - Oak View Ranch Phase 1	0	0%	118	100%	118
24960 Adams Ave - Oak View Ranch Senior Phase 2	80	100%	0	0%	80
Total	80		118		198
Total Deed-Restricted Senior Units:		40%			

¹ This list only includes units that had a regulatory agreement executed within the last 10 years.

DEPOSITS AND FUND BALANCE

The Housing Authority deposited \$91,981 into the Housing Asset Fund during FY 2024-25. The deposits made in FY 2024-25 include \$19,128 in interest revenue, \$36,223 from repayment on the Monte Vista I residual receipts loan, \$30,005 on the Monte Vista II residual receipts loan, \$125 credit from the Monte Vista developer, and \$6,500 Monte Vista I audit and maintenance fee revenue.

The Housing Asset Fund balance as of June 30, 2025, was \$346,935, as summarized in Table 2.

Housing Asset Fund Ending Balance FY 2024-25	
Balance Type	Amount
Cash	460,620
Accounts Receivable	30,005
Accrued Revenues	42,723
Interest Receivable	937,062
Deferred Loans Receivable	8,911,663
Prepaid Costs	6,280
Land Held for Resale	3,515,665
Accounts Payable	(9,135)
Deferred Revenue	(1,100,207)
Reserved Prepaid Inventory	(169)
Reserved for Deferred Loans Receivable	(8,931,906)
Reserved for Land Held for Resale	(3,515,665)
Ending Balance	346,935

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 2024-25, as shown in Table 3.

Table 3					
Excess Surplus Calculation					
Fiscal Year	2020-21	2021-22	2022-23	2023-24	2024-25
Deposits	\$ 321,341	\$ 829,241	\$ 161,399	\$ 114,847	\$ 91,981
FY 2024-25 Beginning Balance					\$ 307,795
Less: Encumbered Funds					\$ -
Unencumbered Amount					\$ 307,795
Step 1					
\$1 Million, or					\$ 1,000,000
Last 4 Deposits					\$ 1,426,828
Result: Larger Number					\$ 1,426,828
Step 2					
Unencumbered Amount					\$ 307,795
Larger Number From Step 1					\$ 1,426,828
Excess Surplus					\$ -

The Housing Authority will continue monitoring its deposits and fund balance to avoid an excess surplus.

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 two properties and five loans receivable transferred from the former Agency. The Portfolio had a value of \$14,847,526 as of June 30, 2025, as detailed in Table 4.

Table 4
Portfolio Value of Real Properties and Loans Receivable

Asset	Amount
Real Properties	
Monte Vista I Land, 24740 Jefferson Ave (APN 949-600-031) ¹	1,321,594
24960 Adams Ave (APN 906-080-018)	3,515,665
<i>Subtotal</i>	<i>4,837,259</i>
Loans Receivable	
First-Time Homebuyer Loan (1)	31,214
CFD Special Assessment District Payoff Program	14,214
Murrieta Family Housing Partners, LP	512,420
Monte Vista II Family Housing, LLC	2,926,402
National Community Renaissance of California	6,526,017
<i>Subtotal</i>	<i>\$10,010,267</i>
Total Portfolio Value	\$14,847,526

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

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 2018-19 and another in FY 2023-24. The four remaining loans and an additional loan issued in FY 2022-23 are described below, including the outstanding loan balances as of June 30, 2025.

- Three First-Time Homebuyer Down Payment Assistance Loans for \$20,000 each (\$60,000 total) with a 3 percent annual interest rate. Loan repayments are due upon the sale, transfer, or failure to occupy the property. One loan was paid off in FY 2018-19, and a second was paid off in FY 2023-24. There is one remaining loan with an outstanding balance of \$31,214 as of June 30, 2025.
- A Participation Agreement with Murrieta Family Housing Partners, LP was issued in 2003 to construct 64 residential units at Monte Vista I. The principal amount was \$610,046, with an annual interest rate of 3 percent. The outstanding balance as of June 30, 2025, was \$512,420.
- 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 an annual interest rate of 3 percent. The outstanding balance as of June 30, 2025, was \$2,926,402.

- A deferred loan issued in 2009 as part of a CFD Special Assessment Districts Payoff Program. The outstanding amount due is \$14,214 with a zero percent interest rate.
- A Development Loan issued in 2023 to National Community Renaissance of California to construct 118 affordable units and one manager's unit at Oak View Ranch. The principal amount was \$6.1 million, with an interest rate of 3%. The outstanding balance as of June 30, 2025, was \$6,526,017.

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 949-600-031) – *Multi-family Residential*
- Jefferson South (APN 909-030-032 & 909-030-033) – *Vacant Land Sold November 30, 2021*
- 24960 Adams Ave. (APN 906-080-018) – *Multi-family Residential*
- 42310 B Street (APNs listed below) ⁴– *Vacant Land Sold February 18, 2022*
- Vacant Lot (APN 910-140-044) – *Vacant Land Sold September 2015*

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 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 by adopting a resolution.

The Housing Authority adopted a resolution for a five-year extension to September 5, 2022, due to the difficulty of initiating development on the remaining three properties, consisting of vacant land (42310 B St, Jefferson South, and 24960 Adams Ave). In FY 2018-19, the Housing Authority prepared a Property Disposition Strategy to evaluate options that best maximize and leverage the remaining housing assets.

⁴ 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.

As part of the Housing Authority's strategy implementation efforts, the Housing Authority disposed of two properties comprised of eight parcels (42310 B St and Jefferson South) in 2021-22. The Housing Authority has also entered into a Disposition and Development Agreement with a developer to ground lease 24960 Adams Ave and construct an affordable housing rental project on the parcel. Proceeds from the sale of 42310 B St and Jefferson South were contributed towards the 24960 Adams Ave development in accordance with LMIHF requirements in FY 2022-23.

Descriptions of the properties and their disposition statuses 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 to 100% of the Area Median Income ("AMI") (including one manager's unit). The 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. Additional on-site amenities available to tenants include garden plots, a covered tot lot, a computer room, and residential services such as computer skills workshops, after-school programs, and more. The apartment complexes are conveniently located within walking distance to a public park, a school, public transit, and numerous other amenities. The property is subject to a 55-year affordability covenant that expires in 2059. In 2020, the owner of Monte Vista I refinanced the permanent loan used to finance the project.

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

This site includes two contiguous vacant parcels totaling approximately 2 acres. The Authority sold the Jefferson South site on November 30, 2021, for \$1.1 million. Housing will be developed on the subject property.

42310 B STREET (APN 906-193-001)⁵

This site comprises 6 parcels, totaling approximately 21 acres of vacant land. The Authority sold the 42310 B Street site on February 18, 2022, for \$1.7 million. Housing will be developed on the subject property.

24960 ADAMS AVE (APN 906-080-018)

This 6-acre parcel is in the western half of the City in the Historic Murrieta Specific Plan area. The former Agency purchased the site with the intention of developing affordable housing. The Authority issued a Request for Proposals (“RFP”) to develop an affordable housing rental project on 24960 Adams Ave in October 2019. The Authority entered into a DDA with a Developer on June 7, 2022, to construct the affordable housing rental project and issued a \$6,142,807 loan to facilitate the development in accordance with housing successor law in FY 2022-23. Construction of the project’s first phase, consisting of 120 units, was completed in FY 2024-25. Construction of the second phase, comprising 80 senior units, is scheduled to commence in FY 2025-26. Occupancy is anticipated by the end of the 2026 calendar year.

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.

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.

⁵ 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.

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	1/26/51	45
41536 Blue Canyon Ave	5	3	2006	5/31/51	45
25031 Quince Hill St	2	3	2006	3/29/51	45
25039 Quince Hill St	2	3	2006	4/6/51	45
25039 Quince Hill St	5	3	2006	2051	45
Reserves at Madison Park					
41410 Juniper St	624	2	2005	8/15/51	45
41410 Juniper St	1213	2	2005	5/11/51	45
41410 Juniper St	1614	1	2005	7/13/50	45
41410 Juniper St	1623	1	2005	7/22/50	45
41410 Juniper St	1713	2	2005	3/24/51	45
41410 Juniper St	1722	2	2005	3/15/51	45
41410 Juniper St	2313	1	2005	2/6/51	45
41410 Juniper St	2423	2	2005	5/16/51	45
41410 Juniper St	2424	2	2005	6/27/51	45
41410 Juniper St	2514	2	2005	9/1/51	45
41410 Juniper St	2613	1	2005	11/9/50	45
41410 Juniper St	2614	1	2005	10/21/50	45
41410 Juniper St	2623	1	2005	10/28/52	45
41410 Juniper St	3013	2	2005	5/4/51	45
41410 Juniper St	3113	1	2005	8/31/51	45
41410 Juniper St	3114	1	2005	8/31/51	45
41410 Juniper St	3123	1	2005	8/30/51	45
41410 Juniper St	3124	1	2005	8/31/51	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
<p>Total amount deposited in the Housing Asset Fund for the fiscal year</p> <p>Amount of deposits funded by a Recognized Obligation Payment Schedule ("ROPS")</p>	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
<p>Description of Expenditures for the fiscal year, broken out as follows:</p> <ul style="list-style-type: none"> Homeless prevention and rapid rehousing Administrative and monitoring Housing development expenses by income level assisted 	<p>Other "portfolio" balances, including:</p> <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.

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	\$742,376 maximum for FY 2024-25 (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	\$500,000 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 <i>Health and Safety Code Section 34176.1</i>		
Expense Category	Limits	Allowable Uses
	<i>Income Targets</i>	<p>Every five years (currently FY 2024-25 through FY 2028-29), 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>