



Jay Petrek, AICP  
Director of Community Development  
Housing Division  
201 North Broadway, Escondido, CA 92025  
Phone: 760-839-4671 Fax: 760-839-4313

Housing Policy Department  
Received on:

MAR 28 2016

March 24, 2016

Melinda McCoy  
Department of Housing and Community Development  
Division of Housing Policy Development  
P.O. Box 952053  
Sacramento, CA 94252-2053

RE: Escondido Annual Housing Element Report for Calendar Year 2015

Dear Ms. McCoy:

I have enclosed for your records the City of Escondido's Annual Housing Element Report for Calendar Year 2015 and the March 23, 2016, City Council agenda. As you are aware, 65400 of the Government Code requires that each jurisdiction submit an annual report to the Office of Planning and Research and the Department of Housing and Community Development on the status of implementing its Housing Element and the progress in meeting its share of regional housing needs. On March 23, 2016, the Escondido City Council reviewed the report and authorized its submission.

If you need any further information, please contact me at (760) 839-4519.

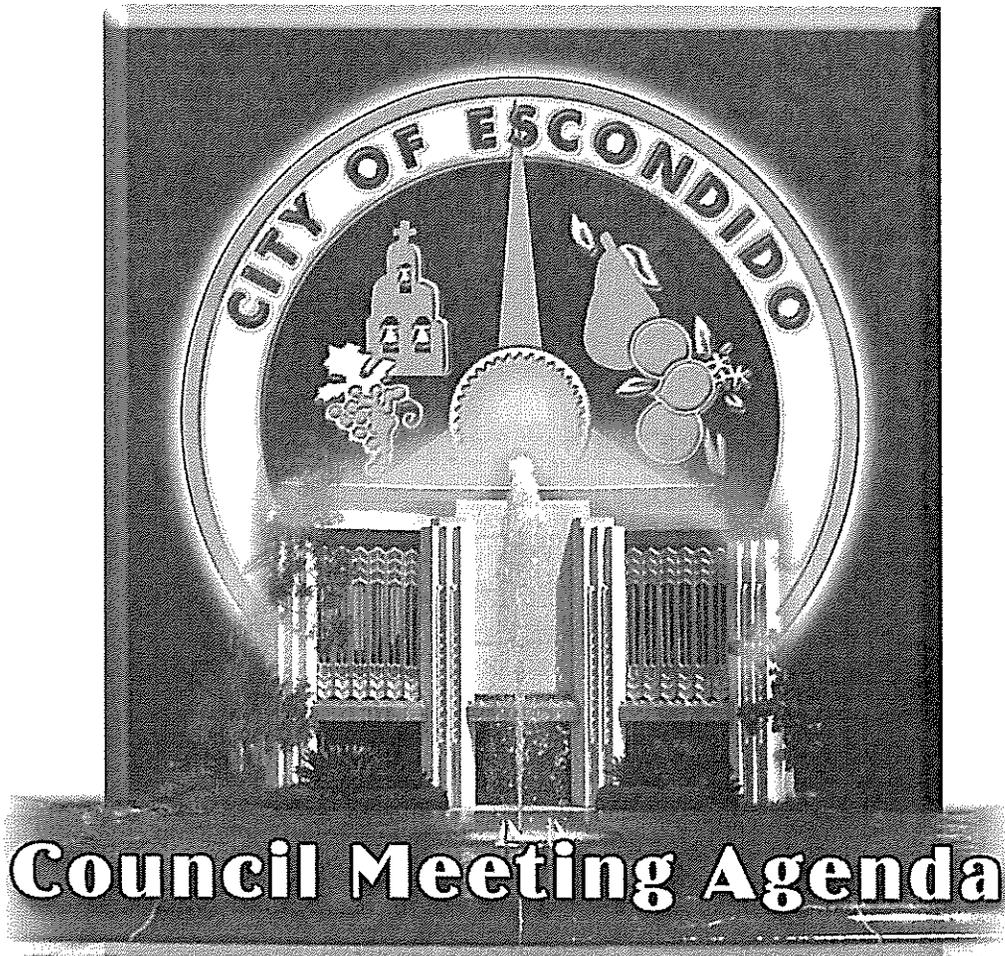
Sincerely,

A handwritten signature in blue ink, appearing to read "Kristina Owens".

Kristina Owens, AICP  
Associate Planner

Enclosure





**MARCH 23, 2016**  
**CITY COUNCIL CHAMBERS**  
**3:30 P.M. Closed Session; 4:30 P.M. Regular Session**  
**201 N. Broadway, Escondido, CA 92025**

MAYOR	<b>Sam Abed</b>
DEPUTY MAYOR	<b>Michael Morasco</b>
COUNCIL MEMBERS	<b>Olga Diaz</b> <b>Ed Gallo</b> <b>John Masson</b>
CITY MANAGER	<b>Graham Mitchell</b>
CITY CLERK	<b>Diane Halverson</b>
CITY ATTORNEY	<b>Jeffrey Epp</b>
DIRECTOR OF COMMUNITY DEVELOPMENT	<b>Jay Petrek</b>
DIRECTOR OF PUBLIC WORKS	<b>Ed Domingue</b>

**ELECTRONIC MEDIA:**

Electronic media which members of the public wish to be used during any public comment period should be submitted to the City Clerk's Office at least 24 hours prior to the Council meeting at which it is to be shown.

The electronic media will be subject to a virus scan and must be compatible with the City's existing system. The media must be labeled with the name of the speaker, the comment period during which the media is to be played and contact information for the person presenting the media.

The time necessary to present any electronic media is considered part of the maximum time limit provided to speakers. City staff will queue the electronic information when the public member is called upon to speak. Materials shown to the Council during the meeting are part of the public record and may be retained by the Clerk.

The City of Escondido is not responsible for the content of any material presented, and the presentation and content of electronic media shall be subject to the same responsibilities regarding decorum and presentation as are applicable to live presentations.

# Council Meeting Agenda

March 23, 2016  
3:30 P.M. Meeting

Escondido City Council

## CALL TO ORDER

**ROLL CALL:** Diaz, Gallo, Masson, Morasco, Abed

## ORAL COMMUNICATIONS

In addition to speaking during particular agenda items, the public may address the Council on any item which is not on the agenda provided the item is within the subject matter jurisdiction of the City Council. State law prohibits the Council from discussing or taking action on such items, but the matter may be referred to the City Manager/staff or scheduled on a subsequent agenda. (Please refer to the back page of the agenda for instructions.) Speakers are limited to only one opportunity to address the Council under Oral Communications.

## CLOSED SESSION: (COUNCIL/SUCCESSOR AGENCY/RRB)

### I. CONFERENCE WITH LABOR NEGOTIATOR (Government Code §54957.6)

- a. **Agency Negotiator:** Sheryl Bennett & Graham Mitchell  
**Employee Organization:** Non-Sworn Police Bargaining Unit
- b. **Agency Negotiator:** Sheryl Bennett & Graham Mitchell  
**Employee Organization:** Escondido City Employee Association: Supervisory (SUP) Bargaining Unit
- c. **Agency Negotiator:** Sheryl Bennett & Graham Mitchell  
**Employee Organization:** Escondido City Employee Association: Administrative/Clerical/Engineering (ACE) Bargaining Unit

### II. CONFERENCE WITH LEGAL COUNSEL-- EXISTING LITIGATION (Government Code 54956.9(d)(1))

**Case Name:** Southwest Key Programs, Inc. v. City of Escondido  
**Case No:** 15-CV-1115-H (BLM)

**III. CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Government Code §54956.8)**

- a. **Property:** 272 East Via Rancho Parkway  
**City Negotiator:** Graham Mitchell, City Manager  
**Negotiating Parties:** Westfield Shopping Town, Inc.  
**Under Negotiation:** Price and Terms of Agreement
  
- b. **Property:** Municipal Parking Lot #1  
**City Negotiator:** Graham Mitchell, City Manager  
**Negotiating Parties:** Touchstone Communities  
**Under Negotiation:** Price and Terms of Agreement
  
- c. **Property:** 1161 North Centre City Parkway  
**City Negotiator:** Debra Lundy, Real Property Manager  
**Negotiating Parties:** Escondido Community Garden  
Escondido Senior Community Garden  
**Under Negotiation:** Price and Terms of Agreement

**IV. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION/SIGNIFICANT EXPOSURE (Government Code 54956.9(d)(2))**

- a. One Case: Claim No. 4746

**ADJOURNMENT**



# Council Meeting Agenda

**March 23, 2016  
4:30 P.M. Meeting**

**Escondido City Council**

## **CALL TO ORDER**

### **MOMENT OF REFLECTION:**

*City Council agendas allow an opportunity for a moment of silence and reflection at the beginning of the evening meeting. The City does not participate in the selection of speakers for this portion of the agenda, and does not endorse or sanction any remarks made by individuals during this time. If you wish to be recognized during this portion of the agenda, please notify the City Clerk in advance.*

### **FLAG SALUTE**

**ROLL CALL:** Diaz, Gallo, Masson, Morasco, Abed

**PROCLAMATIONS:** Posthumous Certificate of Recognition for Vincent Grumel

**PRESENTATIONS:** California Center for the Arts, Escondido – Spring Gala

## **ORAL COMMUNICATIONS**

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## CONSENT CALENDAR

Items on the Consent Calendar are not discussed individually and are approved in a single motion. However, Council members always have the option to have an item considered separately, either on their own request or at the request of staff or a member of the public.

1. **AFFIDAVITS OF PUBLICATION, MAILING AND POSTING (COUNCIL/SUCCESSOR AGENCY/RRB)**
2. **APPROVAL OF WARRANT REGISTER (Council/Successor Agency )**
3. **APPROVAL OF MINUTES: A) Regular Meeting of February 3, 2016 B) Regular Meeting of February 10, 2016 C) Special Meeting of February 24, 2016 D) Special Meeting of March 2, 2016**

4. **TREASURER'S INVESTMENT REPORT FOR THE QUARTER ENDED DECEMBER 31, 2015 -**  
Request City Council receive and file the Quarterly Investment Report.

Staff Recommendation: **Receive and File (City Treasurer's Office: Kenneth C. Hugins)**

5. **FISCAL YEAR 2015 URBAN AREA SECURITY INITIATIVE GRANT - SITE ASSESSMENT AND BUDGET ADJUSTMENT -**  
Request City Council approve accepting FY 2015 Urban Area Security Initiative (UASI) Grant funds in the amount of \$5,000; authorize the Chief of Police or his designee to execute grant documents on behalf of the City; and approve budget adjustments needed to spend grant funds.

Staff Recommendation: **Approval (Police Department: Craig Carter)**

6. **FINAL MAP, ESCONDIDO TRACT SUB 13-0010, LOCATED AT 839 STANLEY AVENUE AND 926 LEHNER AVENUE -**  
Request City Council approve the Final Map for Tract SUB 13-0010, a 16-lot residential subdivision located at 839 Stanley Avenue and 926 Lehner Avenue.

Staff Recommendation: **Approval (Public Works Department/Engineering: Ed Domingue)**

7. **UNCLASSIFIED SERVICE SCHEDULE AND SALARY PLANS -**  
Request City Council approve amending and re-establishing the following salaries and positions: the Salary Bands of the Unclassified Management Group, Salary Plans for positions in the Unclassified Clerical/Technical/Group, the Unclassified Service Schedule list, and the Part-Time Hourly Compensation Plan.

Staff Recommendation: **Approval (Human Resources Department: Sheryl Bennett)**

A) RESOLUTION NO. 2016-15 B) RESOLUTION NO. 2016-16

C) RESOLUTION NO. 2016-17 D) RESOLUTION NO. 2016-24

8. **MEMORANDUM OF UNDERSTANDING FOR THE PROPERTY PROGRAM AND THE EXCESS LIABILITY PROGRAM PROVIDED BY THE CALIFORNIA STATE ASSOCIATION OF COUNTIES EXCESS INSURANCE AUTHORITY -**  
Request City Council approve acknowledging and authorizing the City Manager to execute the Memorandum of Understanding with the CSAC-EIA for the Property Program effective March 31, 2016; and the Memorandum of Understanding for the Excess Liability Program effective July 1, 2016.

Staff Recommendation: **Approval (Human Resources Department: Sheryl Bennett)**

RESOLUTION NO. 2016-35

**9. RENEW AUTHORIZATION TO INVEST MONIES IN THE LOCAL AGENCY INVESTMENT FUND**

Request City Council approve renewal authorization to invest monies not required for immediate cash flow needs in the Local Agency Investment Fund (LAIF) which is administered by the State Treasury in accordance with Section 16429.1 of California Government Code.

Staff Recommendation: **Approval (Finance Department: Sheryl Bennett)**

RESOLUTION NO. 2016-49

**10. LEASE AGREEMENT WITH CARE CENTER CREMATION & BURIAL AT 240 SOUTH BROADWAY -**

Request City Council approve authorizing the Real Property Manager and the City Clerk to execute a Lease Agreement with Care Center Cremations & Burial for property located at 240 South Broadway.

Staff Recommendation: **Approval (City Manager's Office: Joyce Masterson/Debra Lundy)**

RESOLUTION NO. 2016-40

**11. LEASE AGREEMENT WITH MIKE'S BBQ, INC. AT 3333 BEAR VALLEY PARKWAY, ADULT SOFTBALL FIELDS CONCESSION STAND IN KIT CARSON PARK -**

Request City Council approve authorizing the Real Property manager and the City Clerk to execute a Lease Agreement with Mike's BBQ, Inc. for property located at 3333 Bear Valley Parkway, Adult Softball Fields concession stand.

Staff Recommendation: **Approval (City Manager's Office: Joyce Masterson/Debra Lundy)**

RESOLUTION NO. 2016-41

**12. LEASE AGREEMENT WITH NC GARCIA, INC. AT 3315 BEAR VALLEY PARKWAY, SPORTS CENTER CONCESSION STAND IN KIT CARSON PARK -**

Request City Council approve authorizing the Real Property Manager and the City Clerk to execute a Lease Agreement with NC Garcia, Inc. for property located at 3315 Bear Valley Parkway, Sports Center concession stand.

Staff Recommendation: **Approval (City Manager's Office: Joyce Masterson/Debra Lundy)**

RESOLUTION NO. 2016-42

**13. THIRD AMENDMENT TO LEASE AGREEMENT WITH ESCONDIDO BOYS' AND GIRLS' CLUB AT 115 WEST WOODWARD AVENUE -**

Request City Council approve authorizing the Real Property Manager and the City Clerk to execute a Third Amendment to the Lease Agreement with Escondido Boys' and Girls' Club at 115 West Woodward Avenue.

Staff Recommendation: **Approval (City Manager's Office: Joyce Masterson/Debra Lundy)**

RESOLUTION NO. 2016-43

**14. 2015 ANNUAL HOUSING ELEMENT REPORT (PHG 16-0001) -**

Request City Council review the 2015 Annual Housing Report documenting the City's progress and compliance with State housing law on implementing the 2013-2020 Housing Element of the General Plan, and authorize submittal of the report to the State Office of Planning and Research, the State Department of Housing and Community Development, and SANDAG.

Staff Recommendation: **Approval (Community Development Department: Jay Petrek)**

**15. ADOPTION OF A MITIGATED NEGATIVE DECLARATION FOR AMBER LANE SINGLE-FAMILY RESIDENTIAL LOT DEVELOPMENT (ENV 15-0003) -**

Request City Council approve the adoption of a Mitigated Negative Declaration and Mitigation Monitoring Program prepared for the Amber Lane Residential Development.

Staff Recommendation: **Approval (Community Development Department: Jay Petrek)**

RESOLUTION NO. 2016-31

**16. CONSULTING AGREEMENT FOR PREPARATION OF AN ENVIRONMENTAL IMPACT REPORT FOR THE CITYWIDE SPHERE OF INFLUENCE UPDATE AND THE SAFARI HIGHLANDS RANCH PROJECT AND RELATED BUDGET ADJUSTMENT (ENV 15-0009 & SUB 15-0019) -**

Request City Council approve a consulting agreement and scope of services with Michael Baker International to prepare an Environmental Impact Report (EIR) for the proposed Citywide Sphere of Influence Update and the Safari Highlands Ranch project for a not-to-exceed price of \$296,475 and to direct staff to make related budget adjustments.

Staff Recommendation: **Approval (Community Development Department: Jay Petrek)**

RESOLUTION NO. 2016-34

**17. CITY RECORDS RETENTION SCHEDULE -**

Request City Council approve the revised and updated Records Retention Schedule for the City of Escondido.

Staff Recommendation: **Approval (City Clerk's Office: Diane Halverson)**

RESOLUTION NO. 2016-32

**18. FIRST AMENDMENT TO CONSULTING AGREEMENT FOR THE DESIGN OF A MEMBRANE FILTRATION/REVERSE OSMOSIS FACILITY FOR TREATMENT OF RECYCLED WATER FOR AGRICULTURAL IRRIGATION -**

Request City Council approve authorizing the Mayor and City Clerk to execute a First Amendment to the Consulting Agreement with Black & Veatch Corporation in the amount of \$426,645. The Amendment is for additional engineering services to prepare construction drawings and specifications for a membrane filtration and reverse osmosis facility with a capacity of 2 million gallons per day.

Staff Recommendation: **Approval (Utilities Department: Christopher W. McKinney)**

RESOLUTION NO. 2016-47

**19. LEASE AGREEMENT WITH EL CABALLO PARK CONSERVANCY ON LAND ADJACENT TO EAST VALLEY PARKWAY -**

Request City Council approve authorizing the Real Property Manager and the City Clerk to execute a Lease Agreement with El Caballo Park Conservancy for land located adjacent to East Valley Parkway (Portions of APNs: 225-141-27, -34, & -40).

Staff Recommendation: **Approval (City Manager's Office: Joyce Masterson/Debra Lundy)**

RESOLUTION NO. 2016-44

## CONSENT – RESOLUTIONS AND ORDINANCES (COUNCIL/SUCCESSOR AGENCY/RRB)

The following Resolutions and Ordinances were heard and acted upon by the City Council/Successor Agency/RRB at a previous City Council/Successor Agency/Mobilehome Rent Review meeting. (The title of Ordinances listed on the Consent Calendar are deemed to have been read and further reading waived.)

## PUBLIC HEARINGS

20. **CONDUCT A PUBLIC HEARING TO CONSIDER A RESOLUTION OF NECESSITY FOR EMINENT DOMAIN FOR THE CITRACADO PARKWAY EXTENSION PROJECT - ASSESSOR PARCEL NUMBER 235-040-15 (PACIFIC HARMONY GROVE DEVELOPMENT, LLC, ET. AL.) -**  
Request City Council approve authorizing the eminent domain proceeding and directing the City Attorney to commence an action in the Superior Court for the purpose of acquiring said real property.  
*Continued from February 10, 2016*

Staff Recommendation: **Approval (City Manager's Office: Joyce Masterson/Debra Lundy)**

RESOLUTION NO. 2016-25R

## CURRENT BUSINESS

21. **ANNUAL APPOINTMENTS TO BOARDS AND COMMISSIONS -**  
Request City Council ratify the Mayor's appointments to serve on the City's Boards and Commissions; terms to expire March 31, 2020 except as noted.  
  
Staff Recommendation: **Ratify the Mayor's Appointments (City Clerk's Office: Diane Halverson)**
22. **DISABLED VETERAN BUSINESS ENTERPRISE PREFERENCE ORDINANCE -**  
Request City Council approve amending Article 5, Chapter 10 of the Escondido Municipal Code to provide disabled veteran businesses a one percent credit on bids for purchases of supplies and equipment.  
  
Staff Recommendation: **Approval (Finance Department: Sheryl Bennett)**  
ORDINANCE NO. 2016-03 (Introduction and First Reading)
23. **LIBRARY EXPANSION UPDATE: SURVEY RESULTS -**  
Request City Council consider the Library expansion survey results and provide direction whether to place a bond measure on the November 2016 ballot or develop an alternative financing public/private partnership plan.  
  
Staff Recommendation: **Provide Direction (Community Services Department: Loretta McKinney)**

**FUTURE AGENDA**

**24. FUTURE AGENDA -**

The purpose of this item is to identify issues presently known to staff or which members of the City Council wish to place on an upcoming City Council agenda. Council comment on these future agenda items is limited by California Government Code Section 54954.2 to clarifying questions, brief announcements, or requests for factual information in connection with an item when it is discussed.

Staff Recommendation: **None (City Clerk's Office: Diane Halverson)**

**COUNCIL MEMBERS SUBCOMMITTEE REPORTS**

**CITY MANAGER'S UPDATE/BRIEFING**

The most current information from the City Manager regarding Economic Development, Capital Improvement Projects, Public Safety and Community Development.

- **CITY MANAGER'S UPDATE -**

**ORAL COMMUNICATIONS**

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**ADJOURNMENT**

<b>UPCOMING MEETING SCHEDULE</b>				
<b>Date</b>	<b>Day</b>	<b>Time</b>	<b>Meeting Type</b>	<b>Location</b>
March 30	-	-	No Meeting	-
April 6	Wednesday	3:30 & 4:30 p.m.	Regular Meeting	Council Chambers
April 13	Wednesday	3:30 & 4:30 p.m.	Regular Meeting	Council Chambers
April 20	Wednesday	3:30 & 4:30 p.m.	Regular Meeting	Council Chambers

## TO ADDRESS THE COUNCIL

The public may address the City Council on any agenda item. Please complete a Speaker's form and give it to the City Clerk. Submission of Speaker forms prior to the discussion of an item is highly encouraged. Comments are generally limited to 3 minutes.

If you wish to speak concerning an item not on the agenda, you may do so under "Oral Communications." Please complete a Speaker's form as noted above.

Nomination forms for Community Awards are available at the Escondido City Clerk's Office or at <http://www.escondido.org/city-clerks-office.aspx>

Handouts for the City Council should be given to the City Clerk. To address the Council, use the podium in the center of the Chambers, STATE YOUR NAME FOR THE RECORD and speak directly into the microphone.

### AGENDA, STAFF REPORTS AND BACK-UP MATERIALS ARE AVAILABLE:

- Online at <http://www.escondido.org/meeting-agendas.aspx>
- In the City Clerk's Office at City Hall
- In the Library (239 S. Kalmia) during regular business hours and
- Placed in the Council Chambers (See: City Clerk/Minutes Clerk) immediately before and during the Council meeting.

**AVAILABILITY OF SUPPLEMENTAL MATERIALS AFTER AGENDA POSTING:** Any supplemental writings or documents provided to the City Council regarding any item on this agenda will be made available for public inspection in the City Clerk's Office located at 201 N. Broadway during normal business hours, or in the Council Chambers while the meeting is in session.

### LIVE BROADCAST

Council meetings are broadcast live on Cox Cable Channel 19 and U-verse Channel 99 – Escondido Gov TV. They can also be viewed the following Sunday and Monday evenings at 6:00 p.m. on those same channels. The Council meetings are also available live via the Internet by accessing the City's website at [www.escondido.org](http://www.escondido.org), and clicking the "Live Streaming – City Council Meeting now in progress" button on the home page.

**Please turn off all cellular phones and pagers while the meeting is in session.**

**The City Council is scheduled to meet the first four Wednesdays  
of the month at 3:30 in Closed Session and 4:30 in Open Session.  
(Verify schedule with City Clerk's Office)**

**Members of the Council also sit as the Successor Agency to the CDC, Escondido Joint Powers  
Financing Authority and the Mobilehome Rent Review Board.**

**CITY HALL HOURS OF OPERATION  
Monday-Friday 8:00 a.m. to 5:00 p.m.**



*If you need special assistance to participate in this meeting, please contact our ADA Coordinator at 839-4643. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility.*

*Listening devices are available for the hearing impaired – please see the City Clerk.*





# CITY COUNCIL

For City Clerk's Use:

APPROVED  DENIED

Reso No. \_\_\_\_\_ File No. \_\_\_\_\_

Ord No. \_\_\_\_\_

**Agenda Item No.: 14**  
**Date: March 23, 2016**

**TO:** Honorable Mayor and Members of City Council  
**FROM:** Jay Petrek, Director of Community Development  
**SUBJECT:** 2015 Annual Housing Element Report (Case No: PHG 16-0001)

## RECOMMENDATION:

Review the attached 2015 Annual Housing Report documenting the City's progress and compliance with State housing law on implementing the 2013-2020 Housing Element of the General Plan, and authorize submittal of the report to the State Office of Planning and Research, the State Department of Housing and Community Development, and SANDAG.

## FISCAL ANALYSIS:

None. Opportunities for State Housing & Community Development and Smart Growth grants (SANDAG, transit-oriented development, etc.) rely upon the City's demonstration of its compliance with the Housing Element's objectives and deadlines.

## GENERAL PLAN ANALYSIS:

The reporting requirements are consistent with the Housing Element of the General Plan.

## BACKGROUND:

Government Code Section 65400 requires that each city submit an annual report on the status of its General Plan Housing Element and document the progress in its implementation of housing programs, using forms and definitions adopted by the Department of Housing and Community Development (HCD). The City Council adopted a new Housing Element for the 2013-2020 reporting cycle on December 12, 2012. This staff report documents the third annual review of the current Housing Element, analyzing the housing activities of 2015.

In order to demonstrate compliance with the Housing Element, each city must report on the annual building activity of affordable units (Table A), the annual activity for units rehabilitated, preserved or acquired (Table A2), the annual activity of above-moderate income units (Table A3), the city's progress in meeting its Regional Housing Needs Allocation (RHNA) (Table B), and the city's progress in its implementation of the Housing Element programs during calendar year 2015 (Table C).



Senate Bill 341 requires Housing Successor Agencies to prepare an additional report containing information on their housing activities. This information is attached to this staff report (as SB 341 Annual Report) and is required to be submitted to HCD by the City (as the Housing Successor Agency) at the same time as the Housing Element Annual Report.

**ANNUAL REPORT FINDINGS:**

This Annual Report substantiates that the City is in compliance with State Housing Law, as detailed in the attached information. Table A delineates that 11 affordable units were completed in Escondido in 2015, in conjunction with the San Diego Habitat for Humanity 11-unit ownership project on Elm Street. A few affordable projects are currently in the entitlement process or under construction, and it is anticipated that several affordable units will be completed in the upcoming two years. Other Housing Element implementation items documented in Table C include the status of Zoning Code updates, the issuance of first time homebuyer loans, and the continuation of the rental subsidy program for seniors and the disabled.

Respectfully Submitted,



Jay Petrek  
Director of Community Development



Kristina Owens  
Associate Planner







**ANNUAL ELEMENT PROGRESS REPORT**  
**Housing Element Implementation**  
 (CCR Title 25 §6202 )

Jurisdiction City of Escondido  
 Reporting Period 1/1/2015 - 12/31/2015

**Table A2**  
**Annual Building Activity Report Summary - Units Rehabilitated, Preserved and Acquired pursuant to GC Section 65583.1(c)(1)**

Please note: Units may only be credited to the table below when a jurisdiction has included a program in its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its RHNA which meet the specific criteria as outlined in GC Section 65583.1(c)(1)

Activity Type	Affordability by Household Incomes				TOTAL UNITS	(4) The Description should adequately document how each unit complies with subsection (c)(7) of Government Code Section 65583.1
	Extremely Low-Income	Very Low-Income	Low-Income			
(1) Rehabilitation Activity				0		
(2) Preservation of Units At-Risk				0		
(3) Acquisition of Units				0		
(5) Total Units by Income	0	0	0	0		

\* Note: This field is voluntary

**Table A3**  
**Annual building Activity Report Summary for Above Moderate-Income Units (not including those units reported on Table A)**

	1. Single Family	2. 2 - 4 Units	3. 5+ Units	4. Second Unit	5. Mobile Homes	6. Total	7. Number of Infill units*
No. of Units Permitted for Moderate	0	0	0	0	0	0	0
No. of Units Permitted for Above Moderate	7	0	0	0	0	7	7

\* Note: This field is voluntary \*\* Non-deed restricted SDUs are not counted toward RHNA



**ANNUAL ELEMENT PROGRESS REPORT**  
**Housing Element Implementation**  
 (CCR Title 25 §6202 )

Jurisdiction City of Escondido  
 Reporting Period 1/1/2015 - 12/31/2015

**Table B**  
**Regional Housing Needs Allocation Progress**  
 Permitted Units Issued by Affordability

Income Level	RHNA Allocation by income Level	Permitted Units Issued by Affordability											Total Units to Date (all years)	Total Remaining RHNA by Income Level				
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023						
Very Low	Deed	7	0	0													7	1,035
	Restricted Non-deed restricted																	
Low	Deed	28	0	11													39	751
	Restricted Non-deed restricted	1															1	
Moderate	Deed	0	0	0													0	733
	Restricted Non-deed restricted																	
Above Moderate		108	56	7													171	1,438
Total RHNA by COG. Enter allocation number:		144	56	18													218	3,957
Total Units																		
Remaining Need for RHNA Period																		

Note: units serving extremely low-income households are included in the very low-income permitted units totals.



**Jurisdiction** City of Escondido  
**Reporting Period** 1/1/15-12/31/15

**Table C**  
**Program Implementation Status**

Program Description (By Housing Element Program Names)	Objective	Timeframe in HIE	Status of Program Implementation as of 12-31-15
<p>1.1: Project Development            Create increased supply of affordable housing units for lower income households, including those households with extremely low incomes. Every effort will be made to accomplish this through redevelopment and acquisition/rehabilitation.</p>	<p>Anticipated impact:            Increased supply of rental units for extremely low, very low-income and low-income residents            300 units</p>	<p>Ongoing</p>	<p>Eleven new affordable ownership units were completed in 2015 by San Diego Habitat for Humanity. In addition, contracts were previously signed with both Community HousingWorks and Urban Housing Communities to develop affordable rental projects consisting of acquisition/rehabilitation of units. UHC completed rehabilitation of 44 affordable units in September 2015. The CHW units are expected to be completed within the next year (10 HOME affordable units out of 200 total in the project). In addition, the City is working with Solutions for Change on a new, affordable rental project consisting of 33 units, anticipated to be completed within the next two years.</p>
<p>1.2: Lot Consolidation            Encourage consolidation of small lots to utilize land more efficiently and facilitate the development of mixed use and affordable multi-family developments</p>	<p>Anticipated impact:            Facilitate development as envisioned in the General Plan.</p>	<p>Ongoing</p>	<p>A ministerial process is utilized for basic lot consolidation.            The City continues to encourage consolidation of lots to facilitate mixed-use and affordable developments.</p>
<p>1.3 Infill New Construction            Support new construction of homeownership and rental units and redevelopment/revitalization on infill sites. The City also encourages recycling and revitalizing of sites for a variety of housing types and income levels.</p>	<p>Anticipated impact: New housing opportunities for homeownership and rental for low- and moderate-income households.</p>	<p>Ongoing</p>	<p>Eleven new ownership units affordable to low income households were completed in 2015 by San Diego Habitat for Humanity. The project is on an infill site on Elm Street. Another infill project is currently in the works and is expected to be completed within the next two years. Solutions for Change is working on an affordable rental project of 33 units, also on an infill site on Escondido Boulevard.</p>



Name of Program:	Objective	Timeframe in HJE	Status of Program Implementation as of 12-31-15
<p>1.4 City-owned Sites Facilitate the redevelopment/development of affordable housing on City-owned sites</p>	<p><b>Anticipated impact: Sites for affordable housing.</b> Use City-ownership as a potential inducement for rehabilitation of more affordable housing</p>	<p>Ongoing</p>	<p>The Housing Division, the Public Works Department and the City's Real Property Agent continue to review City-owned properties when they become available as potential sites for redevelopment.</p>
<p>1.5 Density Bonus Amend Density Bonus Ordinance to be consistent with State law</p>	<p><b>Anticipated impact:</b> Additional housing opportunities for low- and moderate-income households.</p>	<p>0-3 years from HE adoption</p>	<p>Staff is currently working on an amendment to the Zoning Code to modify the Density Bonus provisions so they are in conformance with State law. It is anticipated that the City Council will review the changes in 2016. In the meantime, the City utilizes the State density bonus requirements when processing a request for a density bonus.</p>
<p>2.1 Housing Rehabilitation: Renter Occupied Continue to explore potential rental rehabilitation programs</p>	<p><b>Anticipated impact:</b> Increase rental rehabilitation for lower income households (25 units).</p>	<p>Ongoing</p>	<p>Staff continues to explore funding opportunities for a new renter-occupied rehabilitation program. Funding from a CalHOME grant allowed the City to re-establish an owner-occupied rehabilitation program for low-income households in single-family residences and mobilehomes in 2015. No loans were completed in 2015.</p>
<p>2.2 Acquisition/Rehabilitation Continue to explore ways to encourage the recycling of deteriorated and older structures for affordable housing opportunities</p>	<p><b>Anticipated impact:</b> Additional affordable housing opportunities for lower income households. (200 Units)</p>	<p>Ongoing</p>	<p>Recycling of existing, dilapidated structures continues to be a priority. An RFP was sent out in August 2014 for affordable housing developers. Contracts were signed with both Community HousingWorks (10 units within a 200 unit development) and Urban Housing Communities (44 units) to develop affordable rental projects consisting of acquisition/rehabilitation of existing units. UHC's 44 units were completed in September 2015. Completion of CHW's units is expected during 2016.</p>



Name of Program:	Objective	Timeframe in H.E.	Status of Program Implementation as of 12/31/16
<p>2.3 Focus on Neighborhoods Collaborate with department to channel resources and efforts into improvement of neighborhood quality of life, including code enforcement, housing rehabilitation and capital improvements.</p>	<p>Anticipated impact: The concentration of City resources to one neighborhood and the opportunity for significant community impact both in physical improvement and improvement in quality of life for neighborhood residents. (Low- and moderate-income categories). Continue collaborative efforts through funding resources, policies and community outreach.</p>	<p>Ongoing</p>	<p>Project NEAT was started in 2010 to assist residents in solving their own neighborhood problems at a neighborhood (rather than Code Enforcement) level, such as maintenance, graffiti, minor repairs and trash. This effort utilizes Community Development Block Grant (CDBG) funding. Currently there are 18 recognized neighborhood groups.</p> <p>The joint efforts to combine resources in targeted neighborhoods, including CDBG funding, grants, and outside financing, will continue, including coordinating the Escondido Creek Master Plan, public improvements with proposed affordable projects, and neighborhood oriented clean-up projects. Neighborhood collaboration also will be coordinated with the Police Department and other City Departments through the Neighborhood Transformation Project (NTP).</p> <p>In 2015 the City Council approved the 2015-2016 City Council Action Plan, which includes a Neighborhood Improvement element. This element includes strategies for improving aging neighborhoods, including increasing code enforcement activity, addressing issues related to homelessness, improving traffic flow, improving park, pool and Escondido library facilities, and developing more recreation opportunities for youth.</p>



Name of Program:	Objective	Timeframe in H/E	Status of Program Implementation as of 12-31-15
<p>2.4 Preservation of at-Risk Housing Continue to explore means to continue housing affordability for lower income households that would be impacted by the conversion of subsidized projects to market-rate housing</p>	<p><b>Anticipated impact:</b> Continued affordability of subsidized housing developments.  If owner wishes to sell, contact potential buyers who would want to extend affordability and, if unsuccessful, follow-up with Section 8 and relocation potential</p>	<p>Ongoing</p>	<p>The City will continue to monitor at-risk units, particularly those identified in the Housing Element. The City began work with the owners of Las Casitas I (6 affordable units) to possibly extend the affordability period. This effort is anticipated to continue in 2016. No at-risk units were lost or preserved in 2015.</p>
<p>3.1: First-Time Homebuyer/Home Entry Loan Program (HELP) Provide low-interest loans to lower income households for closing costs and down payment, of lesser of 5% of purchase price or \$25,000, using federal HOME loans.</p>	<p><b>Anticipated impact:</b> Increased homeownership opportunities for lower income households (150 households).</p>	<p>Ongoing</p>	<p>4 HELP loans funded during 2015 2 HELP loans funded during 2014 3 HELP loans funded during 2013 9 Total</p>
<p>3.2 First-Time Homebuyer/Mortgage Credit Certificates Provide mortgage credit certificates to first-time homebuyers to reduce federal income taxes and more easily qualify for a loan.</p>	<p><b>Anticipated impact:</b> Additional homeownership opportunities for low- and moderate-income households (20 households).</p>	<p>Ongoing</p>	<p>0 MCCs were issued to a lower income household during 2015 Although MCCs will remain available to Escondido residents, the local MCC administrator retired and MCCs will not be reported locally.</p>



Name of Program:	Objective	Timeframe in FYE	Status of Program Implementation as of 12/31/15
<p>3.3 Rental Subsidy Provide households with affordable rents through rent subsidy programs for households with incomes not exceeding 50% of the Area Median Income.</p>	<p>Collaborate with HUD (and the housing authority) toward the provision of Section 8 Rental Subsidy to households earning 50% or less of the median income</p> <p>Provide rental subsidy to low-income seniors and persons with disabilities in mobilehome parks and apartments</p> <p><b>Anticipated impact: Rental Assistance for very low-income households, 1,200 households, with Housing Choice Vouchers.</b></p> <p>110 very low income senior/disabled households for rent subsidies</p>	<p>Ongoing</p>	<p>Ongoing. During 2015, 1,259 households were assisted with a Section 8 Rental Subsidy (Housing Choice Voucher). An additional 12,337 are on the wait list in Escondido.</p> <p>During 2015, 36 senior households (or persons with a disability) in mobilehome parks, and another 25 in apartments, were receiving a monthly rental subsidy while waiting for HUD Section 8 eligibility. Eligibility for the Rental Subsidy program was tightened in 2012 due to the loss of redevelopment funds. Continuation of the program in the future is uncertain.</p>
<p>3.4 Mobilehome Park Conversion Provide technical assistance to mobilehome resident groups in the conversion of existing parks to resident ownership</p>	<p><b>Anticipated impact:</b> Continued mobilehome resident ownership opportunities for lower income residents. Continue to work with City policies and procedures to assist in conversion</p>	<p>Ongoing</p>	<p>The City continues to provide technical assistance to mobilehome parks considering conversions. No recent conversions have been requested. The City continues to manage the remaining city-owned spaces in Escondido Views (5 lots) and Mountain Shadows (25 lots).</p>
<p>3.5 Mobilehome Rent Review Rent review via the Rent Review Board of applications for increases in mobilehome parks</p>	<p><b>Anticipated impact:</b> Stabilized rents for mobilehome residents, many of whom are lower income.</p>	<p>Ongoing</p>	<p>During 2015, six short-form rent review hearings were held. Average monthly increases approved for short form applications ranged from \$2.76 to \$15.29.</p>



Name of Program:	Objective	Timeframe in HE	Status of Program Implementation as of 12/31/15
<p>3.6: Fair Housing Actively engage in furthering fair housing for all residents through specific education outreach and monitoring activities</p>	<p>Anticipated impact: Continued enforcement of the Fair Housing Plan which will prevent discrimination in housing and disputes between landlords and tenants</p>	<p>Ongoing</p>	<p>In 2015 the City continued to contract with North County Lifeline to provide fair housing services to Escondido residents, including counseling, mediation in landlord/tenant disputes, and bilingual assistance. City staff continues to disperse information at public counters, review potential impediments to fair housing, and meet with other jurisdictions to discuss and address potential regional impediments. The City of Escondido participated in the 2015 San Diego County Regional AI, which was completed in 2015.</p>
<p>4.1 Emergency Shelters Amend the Zoning Code to permit emergency shelters by right, consistent with State law.</p>	<p>Anticipated impact: Provision of shelter for families/individuals with special needs. Consistency with state law.</p>	<p>Within one year of Housing Element adoption</p>	<p>The City's Emergency Shelter Overlay, in compliance with State law, was approved by the City Council on October 23, 2013. Although staff was asked to re-evaluate the location and size of the Overlay in 2015, the City Council left the overlay unchanged. A year round shelter was approved in 2015 for Interfaith Community Services outside the Overlay area.</p>
<p>4.2: Transitional/Supportive Housing Amend the Zoning Code to differentiate transitional/supportive housing operated as group quarters versus a regular housing development. Uses will be permitted where housing is otherwise permitted.</p>	<p>Anticipated impact: Increased housing opportunities for special needs persons.</p>	<p>0-3 years from HE adoption</p>	<p>An amendment to the Zoning Code is currently underway to define transitional and supportive units as specified in State law, and to permit them where residential units are otherwise permitted. It is anticipated that the City Council will review the changes in 2016.</p>
<p>4.3: Senior Housing Ordinance Amend the Zoning Code to permit senior housing by right where housing is permitted.</p>	<p>Anticipated impact: Increased housing opportunities for seniors</p>	<p>0-3 years from HE adoption</p>	<p>An amendment to the Zoning Code is currently underway to permit senior housing by right where housing is permitted. It is anticipated that the City Council will review the changes in 2016.</p>
<p>4.4: Monitoring of Growth Management Measure Periodically monitor and evaluate Proposition S for its impacts on the cost, supply and timing of affordable housing. Analyze the ability to accommodate the city's regional housing need, constraints on supply and affordability of housing.</p>	<p>Anticipated impact: Increased public awareness of the City's housing needs and obligations under state law.</p>	<p>Ongoing</p>	<p>The Housing Element shows that City's RHNA can be accommodated. In 2015 it does not appear that existence of Proposition "S" discouraged or prevented construction of market or affordable units. City will continue to monitor RHNA progress annually to determine whether growth management policies impact the city's ability to accommodate the affordable housing need.</p>



Name of Program:	Objective	Timeframe in H.E.	Status of Program Implementation as of 12/31/15
<p>5.1: Affordable Housing Financing Continue to pursue a variety of funding sources to support affordable housing in the community.</p>	<p>Anticipated impact: Acquisition, rehabilitation, preservation or construction of affordable housing for lower and moderate income households.</p>	<p>Ongoing</p>	<p>Staff continues to pursue opportunities to utilize additional funding sources for potential projects and programs, including tax credits and grants.</p>
<p>5.2: Housing Information and Referral Update public information in many formats identifying the City's housing programs and provide opportunities to market those programs.</p>	<p>Anticipated impact: More effective and targeted housing programs (especially for lower income households).</p>	<p>Ongoing</p>	<p>Housing program and project information is updated as needed and is distributed via a variety of avenues such as the web-site, brochures, mailers, referral cards and at City Hall. The city website was updated in late 2010 and updates to the website are ongoing as needed. Staff continues to seek additional ways to distribute information.</p>



**CONSTRAINTS**

The 2013-2020 Housing Element listed the following governmental constraints. The specific issue, page number, action and status are listed below.

Issue	Page #	Action	Status
<p><b>Land Use Controls</b> Residential designations, specific plans, growth management controls, overlay zones/districts, and the density bonus ordinance</p>	<p>IV-67</p>	<p>Evaluate land use issues for direct impact on provision of housing for all economic sectors of the community.</p>	<p>The City's General Plan comprehensive update was completed in 2012, including increasing densities with a new Urban V designation and introducing minimum floor densities. The Downtown Specific Plan was updated in 2013, including increasing residential densities (up to 100 du/ac) in the downtown core, which should lead to an increase in production of multi-family units. The City is currently working with a consultant on updating the South Escondido Boulevard Area Plan, which will incorporate smart growth principles.</p>
<p><b>Residential Development Standards</b></p>	<p>IV-76</p>	<p>Evaluate residential development standards to ensure they are not unreasonably limiting the number of units that may be constructed.</p>	<p>Development standards and parcel requirements offer flexibility to encourage development. With the adoption of the revised density bonus and residential incentive ordinance in 2016-2017 more flexibility will be available to affordable housing developers. Escondido has one of the lowest parking requirements in north county, and some additional flexibility is built into the Zoning Code.</p>
<p><b>Provision for a Variety of Housing Opportunities</b></p>	<p>IV-80</p>	<p>A jurisdiction must encourage the development of a variety of housing types for all economic segments of the population.</p>	<p>The General Plan calls for establishing a minimum density for each district, to promote efficient use of land. The Escondido Zoning Code has provisions for SDUs, mobilehomes, multi-family dwellings, and residential care facilities. Also, SROs and farmworker housing. In 2013, the City approved a zoning overlay where emergency shelters are permitted by right, in accordance with state law. Similar code amendments will be completed in 2016 for transitional/supportive housing, farmworker housing, and some clean-up language for senior housing. There are no other known policies or regulations that constrain development of housing for persons with disabilities.</p>



<p><b>Development Conditions and Fees</b> Fees and exactions to process permits and provide services and facilities can be a constraint to the development of housing due to the additional cost borne by developers.</p>	<p>IV-90</p>	<p>The City periodically reviews fees to ensure they reflect current impacts and necessary impacts.</p>	<p>Escondido's residential development fees have not been found to act as a constraint to the development of housing. They are lower than those of most other north county cities. The development fees are reviewed periodically and modified as needed.</p>
<p><b>On- and Off-Site Improvements</b> Existing infrastructure, development standards for new infrastructure, requirements for on-and off-site improvements.</p>	<p>IV-92</p>	<p>Requirements for on- and off-site improvements vary depending on the presence of existing improvements, as well as the size and nature of the proposed development.</p>	<p>Requirements are reviewed as necessary.</p>
<p><b>Building Codes and Enforcement</b></p>	<p>IV-94</p>	<p>The 2010 California Building Code and 2010 Green Building Standards Code have been adopted</p>	<p>The City has no local ability to waive provisions of State building codes. However, there is an appeal process to challenge interpretations of the building code requirements.</p>
<p><b>Permits and Processing Times</b> Certainty and consistency in permit processing procedures and reasonable processing times to ensure that developers are not discouraged.</p>	<p>IV-95</p>	<p>The existing design review and conditional use permit processes have been recently streamlined, and do not serve to constrain housing development.</p>	<p>The City continues to explore ways to streamline processing of applications and reduce fees for affordable, fair market and mixed use housing. Recently, the Design Review Board was consolidated into the Planning Commission in an effort to streamline processing.</p>



**SB 341 Annual Report**  
**Housing Successor Agency of the Community Development Commission of the City of Escondido**  
**Fiscal Year End June 30, 2015**

The dissolution of the California redevelopment agencies in 2012 resulted in a dramatic change to property tax finance. It eliminated the major source of local publically generated dollars earmarked for affordable housing.

The City of Escondido established a Successor Housing Agency ("SHA") to the City of Escondido Community Development Commission ("CDC") on January 25, 2012 by the adoption of Resolution No 2012-16. The majority of the SHA's assets were transferred from the CDC when it dissolved pursuant to the Dissolution Act (enacted by Assembly Bills x1 26 and 1484). All "rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the agency, excluding any amount in the Low and Moderate Income Housing Fund" were transferred from the CDC to the SHA. The transferred assets consisted of loans made to the CDC and land owned by the CDC. Proceeds from these assets will be deposited into the Low and Moderate Income Housing Asset Fund ("Housing Asset Fund").

On January 1, 2014, Senate Bill 341 ("SB 341") became effective and amended certain section of the Health and Safety Code that pertain largely to entities that accepted the housing assets and liabilities of former redevelopment agencies. SB 341 clarified that all former redevelopment agency housing assets, regardless of their originating redevelopment agency, must be maintain in a separate fund call the Low and Moderate Income Housing Asset Fund. In accordance with HSC Section 34176.1(f), specific data must now be reported annually for the Housing Asset Fund.

1	<b>The amount deposited to the Low and Moderate Income Housing Asset Fund, distinguishing any amounts deposited for items listed on the Recognized Obligation Payment Schedule from other amounts deposited.</b>
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The SHA deposited \$2,263,507 into the Housing Asset Fund during fiscal year 2014-15. This consisted of rents, promissory note and loan repayments, reimbursements and interest income.

Revenue Source	Amount
Escondido Views/Mountain Shadows Rents	\$203,599
Former CDC Promissory Note Repayments	\$1,030,520
SERAF Repayment	\$694,978
Sale of Real Property	\$258,498
Interest Income	\$39,043
Other Revenues	<u>\$36,869</u>
	<b>\$2,263,507</b>



SB 341 Annual Report  
Housing Successor Agency of the Community Development Commission of the City of Escondido  
Fiscal Year End June 30, 2015

2	A statement of the balance in the fund as of the close of the fiscal year, distinguishing any amounts help for items listed on the Recognized Obligation Payment Schedule from other amounts.
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Low and Moderate Housing Funds (as of July 1, 2015)	\$42,590,682
Land Held for Resale	(\$2,167,216)
Loans Receivable	(\$35,405,203)
SERAF Loans	<u>(\$2,704,314)</u>
Available Funds	\$2,313,949

3	<p>A description of expenditures from the fund by category, including, but not limited to, expenditures:</p> <p>(A) for monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the redevelopment agency of the housing successor and administering the activities described in paragraphs (2) and (3) of subdivision (a),</p> <p>(B) for homeless prevention and rapid rehousing services for the development of housing described in paragraph (2) of subdivision (a), and</p> <p>(C) for the development of housing pursuant to paragraph (3) of subdivision (a).</p>
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The SHA spend \$1,394,221 in FY 2015-15.

Administrative Expenses	\$610,058
Homeless Prevention and Rapid Rehousing	\$0
Development of Housing	<u>\$710,000</u>
	\$1,394,221

4	As described in paragraph (1) of subdivision (a), the statutory value of real property owned by the housing successor, the value of loans and grants receivable, and the sum of these two amounts.
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Real Property	
Individual mobile home lots at Mountain Shadows and Escondido Views	
And property located at 542 W 3 <sup>rd</sup> Avenue & 201 N Pine Street	(\$2,167,216)
Loans Receivable	
Developer loans and homeowner loans	(\$35,405,203)



SB 341 Annual Report  
Housing Successor Agency of the Community Development Commission of the City of Escondido  
Fiscal Year End June 30, 2015

5	A description of any transfers made pursuant to paragraph (2) of subdivision (c) in the previous fiscal year and, if still unencumbered, in earlier fiscal years and a description of and status update on any project for which transferred funds have been or will be expended if that project has not yet been placed in service.
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N/A – no transfers made.

6	A description of any project for which the housing successor received or hold property tax revenue pursuant to the Recognized Obligation Payment Schedule and the status of that project
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The Successor Housing Agency does not receive or hold property tax revenue pursuant to the ROPS.

7	For interests in real property acquired by the former redevelopment agency on or after February 1, 2012, a status update on compliance with Section 33334.16. For interests in real property acquired on or after February 1, 2012, a status update on the project.
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All real property was acquired prior to February 1, 2012.

8	A description of any outstanding obligations pursuant to Section 33413 that remained to transfer to the housing successor on February 1, 2012, of the housing successor's progress in meeting those obligations, and of the housing successor's plans to meet unmet obligations. In addition, the housing successor shall include a report posted on its Internet Web Site the implementation plans of the former redevelopment agency.
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The City of Escondido, as the housing successor agency of the Community Development Commission of the City of Escondido, has no unmet obligations pursuant to Section 33413.

9	The information required by subparagraph (B) of paragraph (3) of subdivision (a).
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Not applicable until 2019.



SB 341 Annual Report  
Housing Successor Agency of the Community Development Commission of the City of Escondido  
Fiscal Year End June 30, 2015

10	The percentage of units 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.
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47% of the affordable units developed in the past 10 years have been restricted to seniors.

Project Name	Afford. Housing Agreement Date	Number of SHA Units	Age Restrictions
Juniper Senior Village	06/28/2006	60	62+
Las Ventanas	06/29/2006	78	None
The Crossings	05/01/2010	55	None
Windsor Gardens	11/18/2010	130	62+
Avocado Court	03/07/2012	36	None
Crossings @ Escondido Manor	04/15/2015	44	None

11	The amount of any excess surplus, the amount of time that the successor agency has had excess surplus and the housing successor's plan for eliminating the excess surplus.
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None.

12	<p>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 moneys from the Low and Moderate Income Housing Fund pursuant to subdivision (f) of Section 33334.3. This inventory shall include all of the following:</p> <ul style="list-style-type: none"> <li>(A) The number of those units</li> <li>(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.</li> <li>(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</li> <li>(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.</li> </ul>
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See attached Successor Housing Agency Homeownership Inventory.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE  
REQUIREMENT AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Mayor and Members of the City Council  
City of Escondido, California

**Report on Compliance for the Housing Successor**

We have audited the City of Escondido Housing Successor's (the Housing Successor) compliance with the type of compliance requirements described in the California Health and Safety Code sections applicable to California Housing Successor Agencies for the year ending June 30, 2015.

***Management's Responsibility***

Management is responsible for compliance with the California Health and Safety Code sections applicable to California Housing Successor Agencies.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the Housing Successor's compliance with the California Health and Safety Code sections applicable to California Housing Successor Agencies. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred above that could have a direct and material effect on Housing Successor occurred. An audit includes examining, on a test basis, evidence about the Housing Successor's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Housing Successor. However, our audit does not provide a legal determination of the Housing Successor's compliance with those requirements.

***Opinion***

In our opinion, the Housing Successor complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Housing Successor for the year ending June 30, 2015.

**Report on Internal Control over Compliance**

Management of the Housing Successor is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Successor's internal control over compliance with the types of requirements that could have a direct and material effect on the Housing Successor to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal controls over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.





To the Honorable Mayor and Members of the City Council  
City of Escondido, California

Accordingly, we do not express an opinion on the effectiveness of the Housing Successor's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance of California Health and Safety Code sections applicable to California Housing Successor Agencies on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of California Health and Safety Code sections applicable to California Housing Successor Agencies will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Report on Excess/Surplus Calculation**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Escondido as of and for the year ended June 30, 2015, and have issued our report thereon dated December 28, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying report on excess/surplus calculation is presented for purposes of additional analysis only and is not a required part of the financial statements. Such information is the responsibility of management and was derived from the financial statements. The report on excess/surplus calculation has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of California Health and Safety Code sections applicable to California Housing Successor Agencies. Accordingly, this communication is not suitable for any other purpose.

Brea, California  
December 28, 2015



CITY OF ESCONDIDO SUCCESSOR AGENCY

COMPUTATION OF HOUSING SUCCESSOR  
EXCESS/SURPLUS (HSC 34176.1)

	Low and Moderate Housing Funds All Project Area July 1, 2014	Low and Moderate Housing Funds All Project Area July 1, 2015
Opening Fund Balance	\$ 42,450,763	\$ 42,590,682
Less Unavailable Amounts:		
Land held for resale	\$ (2,287,410)	\$ (2,167,216)
Loans receivable	(35,500,789)	(35,405,203)
SERAF loans	(3,399,292)	(2,704,314)
	<u>(41,187,491)</u>	<u>(40,276,733)</u>
Available Housing Successor Funds	1,263,272	2,313,949
Limitation (greater of \$1,000,000 or four years deposits)		
Aggregate amount deposited for last four years:		
2014 - 2015		\$ 660,836
2013 - 2014	\$ 519,146	519,146
2012 - 2013	1,660,745	1,660,745
2011 - 2012	280,999	280,999
2010 - 2011	- A	- A
Total	<u>\$ 2,460,890</u>	<u>\$ 3,121,726</u>
Base Limitation	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Greater amount	<u>\$ 2,460,890</u>	<u>\$ 3,121,726</u>
Computed Excess/Surplus	<u>None</u>	<u>None</u>

A: There was no amounts deposited for fiscal year 2010-2011 since the Housing Successor was created in fiscal year 2011-2012.



## SUCCESSOR HOUSING AGENCY HOMEOWNERSHIP INVENTORY

### LOANS CLOSED PRIOR TO FEB 2012

### LOANS CLOSED AFTER FEB 2012

### LOANS CLOSED FY 2014/15

Fiscal Year	1121 FTHB LOANS (>80% AMI)					02/2012 through 06/2014										
	Loans Issued	Paid In Full		Voided	Foreclosure	Short-Sale	Paid In Full	Foreclosure	Short-Sale	Paid In Full	Foreclosure	Short-Sale				
1992-93	178,050	10	10	(178,050)												
1996-97																
1999-00	216,000	36	34	(204,000)	1	(6,000)										
2000-01	276,000	46	46	(276,000)												
2001-02	90,000	15	12	(72,000)	2	(12,000)										
2002-03	290,000	29	23	(230,000)	4	(40,000)										
2003-04	150,000	15	10	(100,000)	2	(20,000)	1	(10,000)			1	(10,000)				
2004-05	50,000	2														
2005-06	50,000	2					1	(25,000)								
2006-07	400,000	16			1	(25,000)		(13,000)	7	(175,000)	2	(37,000)				
2007-08	1,350,000	54	1	(25,000)	4	(100,000)		4	(100,000)	2	(60,000)	3	(75,000)			
2008-09	1,592,365	128	9	(104,600)	13	(145,750)		29	(340,385)	3	(41,250)	2	(30,000)	12	(133,500)	
2009-10	840,732	71			6	(71,875)		9	(116,281)				12	(135,474)	1	(7,857)
2010-11	634,605	50			2	(31,740)		10	(125,700)				8	(80,205)		
2011-12	412,753	34			4	(44,750)		3	(38,100)				6	(71,113)		
<b>Totals</b>	<b>6,530,505</b>			<b>(1,189,650)</b>	<b>(497,115)</b>	<b>(10,000)</b>	<b>0</b>	<b>(733,466)</b>	<b>(291,250)</b>	<b>(67,000)</b>	<b>(505,382)</b>	<b>(10,000)</b>	<b>(7,857)</b>			
		508	145		39		1	0	55	13	4	41	1	1		

**208 3,218,785**

Fiscal Year	1106 FTHB LOANS (<80% AMI)					02/2012 through 06/2014									
	Loans Issued	Paid In Full		Voided	Foreclosure	Short-Sale	Paid In Full	Foreclosure	Short-Sale	Paid In Full	Foreclosure	Short-Sale			
1996-97	51,310	20	19	(48,310)											
2008-09	375,000	15			2	(50,000)		3	(75,000)						
<b>Totals</b>	<b>426,310</b>			<b>(48,310)</b>	<b>(50,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(75,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
		35	19		2	0	0	0	3	0	0	0	0	0	0

**11 253,000**

Fiscal Year	1131 ESC VIEWS/MTN SHADOW LOTS					02/2012 through 06/2014									
	Loans Issued	Paid In Full		Voided	Foreclosure	Short-Sale	Paid In Full	Foreclosure	Short-Sale	Paid In Full	Foreclosure	Short-Sale			
2002-03	380,536	8	6	(284,315)											
2003-04	946,833	19	8	(391,039)			2	(97,894)		1	(49,594)				
2004-05	422,024	7	4	(238,003)											
<b>Totals</b>	<b>1,749,393</b>			<b>(913,357)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(97,894)</b>	<b>0</b>	<b>0</b>	<b>(49,594)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
		34	18		0	0	0	2	0	0	1	0	0	0	0

**13 588,548**

Fiscal Year	1102 MTN SHADOWS MPROP LOANS					02/2012 through 06/2014									
	Loans Issued	Paid In Full		Voided	Foreclosure	Short-Sale	Paid In Full	Foreclosure	Short-Sale	Paid In Full	Foreclosure	Short-Sale			
1991-1994	1,164,676	53	38	(856,606)	1	(11,100)	2	(23,137)	3	(83,385)					
<b>Totals</b>	<b>1,164,676</b>			<b>(856,606)</b>	<b>0</b>	<b>(11,100)</b>	<b>(23,137)</b>	<b>(83,385)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
		53	38		0	1	2	3	0	0	0	0	0	0	0

**9 190,448**



LOANS CLOSED PRIOR TO FEB 2012

LOANS CLOSED AFTER FEB 2012

LOANS CLOSED FY 2014/15

1101 ESCONDIDO VIEWS MPROP LOANS										02/2012 through 06/2014									
Loans Issued	Paid in Full		Voided	Foreclosure		Short-Sale		Paid in Full	Foreclosure	Short-Sale	Paid in Full	Foreclosure	Short-Sale						
1991-1994	1,335,678	69	43	(854,671)		5	(67,251)	1	(1,244)	5	(119,386)			1	(22,076)				
	1,335,678			(854,671)		0	(67,251)		(1,244)	(119,386)		0	0		(22,076)		0	0	0
		69	43			0		5		1		5		0		0	1		0

14 271,050

1127 RANCHO ESCONDIDO MPROP LOANS										02/2012 through 06/2014									
Loans Issued	Paid in Full		Voided	Foreclosure		Short-Sale		Paid in Full	Foreclosure	Short-Sale	Paid in Full	Foreclosure	Short-Sale						
1987	355,224	32	25	(276,614)		5	(51,973)	1	(4,302)										
	355,224			(276,614)		0	(51,973)		(4,302)	0	0	0	0	0	0	0	0	0	0
		32	25			0		5		1		0		0		0	0	0	0

1 22,335

1104/1103 REHAB LOANS (SINGLE FAMILY/MOBILEHOME)										02/2012 through 06/2014										
Loans Issued	Paid in Full		Voided	Foreclosure		Short-Sale		Paid in Full	Foreclosure	Short-Sale	Paid in Full	Foreclosure	Short-Sale							
1989-90	404,807	43	29	(311,079)		7	(31,924)	1	(434)	1	(4,500)									
1990-91	418,423	38	27	(320,415)		4	(18,593)	2	(7,437)			1	(19,900)			1	(5,500)			
1991-92	268,849	25	16	(170,831)		3	(16,963)					1	(5,500)							
1992-93	219,191	18	13	(124,808)		2	(11,761)			1	(24,754)			1	(15,247)					
1993-94	181,124	14	9	(109,500)		2	(11,624)							1	(20,000)					
1994-95	105,512	12	8	(81,466)		3	(17,536)													
1995-96	200,315	17	9	(120,489)		4	(25,999)			1	(19,883)									
1996-97	185,254	19	16	(165,044)		2	(12,835)													
1997-98	343,104	27	21	(275,989)		1	(6,500)			3	(47,690)									
1998-99	404,885	28	25	(379,174)						1	(4,500)									
1999-00	651,319	37	32	(584,267)																
2000-01	315,698	24	13	(190,001)		1	(8,000)			1	(23,411)					1	(7,050)			
2001-02	350,881	18	14	(272,881)						1	(25,000)									
2002-03	240,008	15	10	(175,852)						1	(5,495)	2	(32,451)							
2003-04	108,440	6	4	(60,267)										1	(23,314)					
2004-05	76,795	9	2	(10,922)						1	(6,100)			1	(7,470)					
2005-06	710,667	34	6	(148,355)	1	(34,022)	1	(19,971)		2	(46,120)	1	(20,000)	2	(45,519)	1	(17,680)	3	(56,355)	
2006-07	637,495	27	4	(101,365)			1	(20,000)		3	(99,840)									
2007-08	519,613	23	rlds	(6,619)														1	(19,697)	
2008-09	489,723	21	1	(36,118)						2	(36,476)	2	(37,247)			(17,502)	1	(20,000)	1	(498)
2009-10	247,671	13	rlds	(1,831)								1	(20,000)					3	(55,000)	
2010-11	449,191	21	rlds	(12,981)	1	(20,000)					(13,500)	1	(20,000)	1	(6,500)	1	(20,000)			
2011-12	186,000	10	rlds	(9,752)	1	(20,000)				2	(53,863)			1	(3,137)					
Totals	7,714,963			(3,670,004)		(74,022)	(201,706)		(17,866)	(435,588)	(122,647)	(70,403)	(105,966)	(163,602)	(498)					
		499	259		3	31	5	20	7	5	5	10	1							

153 2,852,662

