

**HOUSING AUTHORITY OF THE CITY OF AVALON  
BOARD OF COMMISSIONERS MEETING  
TUESDAY, DECEMBER 15, 2015 – 6:00 P.M.  
410 AVALON CANYON ROAD, AVALON  
A G E N D A**

In compliance with the Americans with Disability Act, if you need special assistance to participate in this meeting, please contact Denise Radde, City Clerk (310) 510-0220. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35. 102-35.104 ADA Title II). All public records relating to an agenda item on this agenda are available for the public inspection at the time the records are distributed to all, or a majority of all, members of the Board of Commissioners. Such records shall be available at City Hall located at 410 Avalon Canyon Rd. and our website at [www.cityofavalon.com](http://www.cityofavalon.com).

**CALL TO ORDER / ROLL CALL**

**ANNOUNCEMENTS / WRITTEN COMMUNICATIONS**

**ORAL COMMUNICATIONS**

The Board will hear comments from the public at this time. Speakers should limit their comments to three (3) minutes each. No action will be taken at this meeting on non-agenda items.

**CONSENT CALENDAR**

1. Actions

Although the live recording is the official record of public meetings, actions are prepared for the Board of Commissioner's approval.

Recommended Action

Approve actions from the August 18, 2015 Housing Authority of the City of Avalon Board of Commissioners meeting.

**GENERAL BUSINESS**

1. Housing Successor Agency Annual Report for Fiscal Year 2014-15

Health and Safety Code Section 34176.1 (enacted by Senate Bill 341 and Assembly Bill 1793) requires successor housing entities to prepare an annual report documenting compliance with expenditure proportionality and other requirements. The report is due to the California Department of Housing and Community Development by December 31.

Recommended Action

Adopt the resolution authorizing approving a Housing Authority Successor Agency Annual Report for Fiscal Year 2014-15.

**EXECUTIVE DIRECTOR REPORT**

**HOUSING AUTHORITY COUNSEL REPORT**

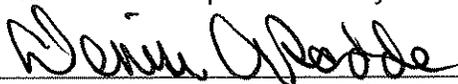
**COMMISSIONER REPORTS**

**ADJOURN**

**HOUSING AUTHORITY AGENDA  
DECEMBER 15, 2015  
PAGE 2**

**NOTICE OF POSTING**

I, Denise Radde, declare that the December 15, 2015 Housing Authority of the City of Avalon Agenda was posted on Friday, December 11, 2015, at City Hall, 410 Avalon Canyon Road, and on the City's website at [www.cityofavalon.com](http://www.cityofavalon.com) . Copies of agendas and staff reports are available to the public at City Hall during regular business hours.



Denise A. Radde, City Clerk / Chief Administrative Officer

**CITY OF AVALON HOUSING AUTHORITY**

**MEETING DATE:** December 15, 2015

**AGENDA ITEM:** 1

**ORIGINATING DEPT:** City Clerk

**CITY MANAGER:** DR

**PREPARED BY:** Denise Radde, City Clerk

**SUBJECT:** Housing Authority Actions

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**RECOMMENDED ACTION(S):** Approve the Housing Authority of the City of Avalon Board of Commissioners Actions from the August 18, 2015 meeting.

**REPORT SUMMARY:** Although the live recording is the official record of public meetings, actions are prepared for the Council's approval.

**FISCAL IMPACTS:** N/A

**GOAL ALIGNMENT:** To be determined.

**CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION:** N/A

**FOLLOW UP ACTION:** File actions in the City Clerk's office.

**ADVERTISING, NOTICE AND PUBLIC CONTACT:** This item was properly listed on the posted agenda pursuant to the Brown Act.

**ATTACHMENTS:** Housing Authority Actions.

**HOUSING AUTHORITY OF THE CITY OF AVALON  
BOARD OF COMMISSIONERS MEETING  
TUESDAY, AUGUST 18, 2015  
ACTIONS**

**CALL TO ORDER** 7:03 p.m.

**ROLL CALL**- Board of Commissioners Cassidy, Hernandez, Sampson, and Chairman Marshall. Also present: City Manager Ben Harvey, Legal Counsel Scott Campbell, and City Clerk Denise Radde. Absent: Commissioner Olsen.

**CONSENT CALENDAR** - none

**GENERAL BUSINESS**

1. Adopted Resolution 15-02 authorizing the Housing Authority to open a new LAIF (Local Agency Investment Fund) account for the purposes of achieving higher interest earnings on idle monies belonging to the Housing Authority. Motion by Cinde Cassidy, seconded by Joe Sampson. (4 Ayes-Marshall, Cassidy, Hernandez and Sampson, 1 Absent- Olsen)

**ADJOURNED:** 7:12 p.m.

I, Denise Radde, City Clerk of the City of Avalon, do hereby certify that the DVD videotape of the City Council/Housing Authority Meeting on August 18, 2015, is the official record of that meeting and is on file and maintained in City Hall.



Denise A. Radde, City Clerk/Chief Administrative Officer



### *Low and Moderate Income Housing Asset Fund*

The Housing Asset Fund includes all of the assets that were transferred from the Avalon Community Improvement Agency ("ACIA") to the Housing Authority upon dissolution of the ACIA. The assets include:

- Real properties,
- Affordable housing covenants,
- Loan receivables,
- Income from ground leases and rental properties, and
- Supplemental Educational Revenue Augmentation Fund Loan.

A total of \$411,050 was deposited into the Housing Asset Fund during the fiscal year. At the close of Fiscal Year 2014-15, the ending asset balance in the Housing Asset Fund was \$5,394,039. Land held for resale and loan receivables constitute the majority of this amount.

The only expenditures from the Housing Asset Fund in Fiscal Year 2014-15 were for administrative activities in the amount of \$11,152, which is below the permissible amount of \$200,000. The statutory value of the properties and loans transferred to the Housing Authority totals \$5,543,426.

### *Property and Project Descriptions*

The ACIA transferred seven real properties to the Housing Authority:

- 309 Beacon Street
- 313 Beacon Street
- 206 Descanso Avenue
- 238 Descanso Avenue
- 311 Descanso Avenue
- 320 Sumner Avenue
- 206 E. Whittley Avenue

All of the properties with the exception of 206 E. Whittley Avenue have been developed for affordable housing purposes and are in compliance with property disposition requirements. The property located at 206 E. Whittley Avenue was purchased by the ACIA in 2008 and was planned for new affordable housing units. However the ACIA was unable to pursue development due to the dissolution of redevelopment. The Authority has been marketing the property for sale and will dispose of this property by December 15, 2019 as required by Senate Bill ("SB") 341.

### *Outstanding Inclusionary and Replacement Housing Obligations*

The former ACIA had a 52-unit surplus of affordable housing units as of February 1, 2012. Therefore, there are no outstanding affordable unit production obligations to fulfill.

### *Expenditure Proportionality*

The Housing Authority only expended funds on administrative costs during the fiscal year. As such, the Housing Authority is in compliance with the extremely low income expenditure requirements set by SB 341. Additionally, there have been no senior deed-restricted units developed in the City in the past 10 years and the Housing Authority has not exceeded SB 341's limitation on senior unit production.

### *Excess Surplus*

This calculation can not be performed until Fiscal Year 2016-17. The purpose of this requirement is to ensure that Housing Asset Fund monies are spent on low income housing. The Housing Authority should plan to encumber or expend any funds during the next three years.

### *Homeownership Unit Inventory*

The Housing Authority oversees five homeownership units with affordability restrictions. All units assisted moderate-income households through the First-Time Homebuyer Program.

### **ENVIRONMENTAL REVIEW**

The action taken by the Housing Authority to approve the Housing Successor Agency Annual Report does not commit the Housing Authority to any actions that may have a significant effect on the environment. As a result, such actions do not constitute projects subject to the requirements of the California Environmental Quality Act.

### **FISCAL IMPACT**

The Housing Successor Agency Annual Report provides information on Fiscal Year 2014-15 activities and does not have any fiscal impact.

### **ATTACHMENTS**

- A. Housing Authority Resolution Approving a Housing Successor Agency Annual Report for Fiscal Year 2014-15.

HOUSING AUTHORITY RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF AVALON  
APPROVING A HOUSING SUCCESSOR AGENCY ANNUAL REPORT FOR  
FISCAL YEAR 2014-15**

**WHEREAS**, City records reveal that the City adopted a resolution on or about February 2, 1983 creating the Housing Authority of the City of Avalon ("Housing Authority"), however it is unclear whether the Housing Authority continued to remain active; and

**WHEREAS**, the City Council adopted Resolution No. 12-02 on January 30, 2012 declaring the need for the Housing Authority and reauthorizing it to transact business and exercise powers; and

**WHEREAS**, pursuant to Health and Safety Code section 34176, the City of Avalon ("City"), as the entity that authorized the creation of the dissolved Avalon Community Improvement Agency ("Agency"), elected not to retain the housing assets and functions previously performed by the Agency, and instead elected to transfer all rights, powers, assets, liabilities, duties and obligations associated with the housing activities of the Agency, excluding any amounts on deposit in the Low and Moderate Income Housing Fund, to the Housing Authority, as provided in Resolution No. 12-01 adopted on January 30, 2012; and

**WHEREAS**, Section 34176.1 of the Health and Safety Code (H&SC) requires housing authorities to prepare an annual report describing its activities in the Low and Moderate Income Housing Asset Fund ("Housing Asset Fund") for the preceding fiscal year and submit it to the California Department of Housing and Community Development ("HCD") by December 31st of each year; and

**WHEREAS**, Housing Authority staff has prepared a Housing Successor Agency Annual Report for Fiscal Year 2014-15 ("Report"), attached hereto as Exhibit "A"; and

**WHEREAS**, the Housing Authority desires to approve the Report and transmit it to HCD and post on its website.

**NOW, THEREFORE, THE HOUSING AUTHORITY OF THE CITY OF AVALON DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1. Recitals.** The Recitals set forth above are true and correct and incorporated herein by reference.

**Section 2. Approval of Housing Successor Agency Annual Report.** The Housing Authority of the City of Avalon hereby approves the Housing Successor Agency Annual Report for Fiscal Year 2014-15, attached hereto as Exhibit "A," as required by the H&SC.

**Section 3. Transmittal to Appropriate Agencies.** The City Manager is hereby authorized and directed to transmit, by mail or electronic means, a copy of the Housing Successor Agency Annual Report to the California Department of Housing and Community Development, file a copy with the City Clerk, and post on the Housing Authority website.

**Section 4. Technical Revisions.** The City Manager is hereby authorized and directed to use his discretion to make any necessary technical revisions to the Housing Successor Agency Annual Report prior to submittal to the appropriate reviewing bodies.

**PASSED, APPROVED, AND ADOPTED** at a regular meeting of the Housing Authority of the City of Avalon, on the \_\_\_\_ day of December, 2015, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Ann Marshall, Chair

ATTEST:

\_\_\_\_\_  
Denise Radde, Secretary

# EXHIBIT A

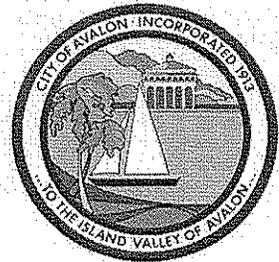
HOUSING AUTHORITY OF THE CITY OF AVALON  
HOUSING SUCCESSOR AGENCY ANNUAL REPORT  
FISCAL YEAR 2014-15

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HOUSING SUCCESSOR AGENCY  
ANNUAL REPORT  
City of Avalon Housing Authority

FY 2014-15

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## **INTRODUCTION**

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### **AVALON HOUSING SUCCESSOR AGENCY**

The City Council of the City of Avalon ("City Council") adopted a resolution establishing the Avalon Housing Authority ("Authority") on or about February 2, 1983. The City Council further affirmed the need for the Authority and reauthorized its powers by adopting Resolution No. 12-02 on January 30, 2012.

The Authority serves as the housing successor entity to the former Avalon Community Improvement Agency ("ACIA"). All California redevelopment agencies were dissolved effective February 1, 2012 by Assembly Bills x1 26 and 1484 (Parts 1.8 and 1.85 of the Health and Safety Code or "HSC"). The City Council elected not to retain the housing assets and functions of the former ACIA, and designated the Authority as the housing successor entity. The Authority thereby inherited all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the former ACIA, excluding any amounts in the Low and Moderate Income Housing Fund ("LMIHF"). All former ACIA housing assets and liabilities were transferred to Authority through the Housing Asset Transfer Form and approved by the Department of Finance ("DOF") in August 2012 and updated in September 2014.

It is important to note that although the Authority inherited the ACIA's assets and functions, it does not have an ongoing financing mechanism to maintain them like the ACIA. The former ACIA primarily funded projects with LMIHF generated by redevelopment tax increment; this tool was abolished with the dissolution of redevelopment.

### **ASSET TRANSFERS TO THE HOUSING SUCCESSOR**

According to HSC Section 34176(e), housing assets may include the following.

- Real property
- Restrictions on the use of property
- Personal property in a residence
- Housing-related files
- Office supplies and software programs acquired for low-and moderate-income purposes
- Funds encumbered by an enforceable obligation

- Loan or grants receivable funded from the former LMIHF
- Funds derived from rents or operation of properties acquired for low-and moderate-income housing purposes
- Rents or payments from housing tenants or operators of low-and moderate-income housing
- Repayment of Supplemental Educational Revenue Augmentation Fund loans

The vast majority of assets transferred to the Authority were real properties and affordable housing covenants.

### **REPORTING REQUIREMENTS OF SENATE BILL 341 AND ASSEMBLY BILL 1793**

Senate Bill 341 (“SB 341”), effective in 2014, and Assembly Bill 1793 (“AB 1793”), effective in 2015, amended certain sections of the HSC that pertain largely to the 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 maintained in a separate fund, known as the Low and Moderate Income Housing Asset Fund (“Housing Asset Fund”).

In accordance with HSC Section 34176.1(f), the following data must now be reported annually for the Housing Asset Fund. Please note, while annual reporting is required, compliance periods may be longer, as described below. Not all items are applicable to all housing successors.

1. Total amount deposited in the Housing Asset Fund for the Fiscal Year.
2. Statement of balance at the close of the Fiscal Year.
3. Description of expenditures for Fiscal Year broken out as follows:
  - a. Rapid rehousing for homelessness prevention (maximum of \$250,000 per year)
  - b. Administrative expenses (greater of \$200,000 or 5 percent of “portfolio”)
  - c. Monitoring expenses (included as an administrative expense)
  - d. All other expenditures must be reported as spent for each income group (extremely low-, very low-, and low income)
4. Other “Portfolio” balances

- a. Statutory value of any real property either transferred from the former ACIA or purchased by the Housing Asset Fund. Note that the Housing Successor may only hold property for five years.
  - b. Value of loans and grants receivable.
5. Descriptions of any transfers to another housing successor for a joint project.
6. Description of any project still funded through the Recognized Obligation Payment Schedule ("ROPS").
7. Update on property disposition for any property owned more than 5 years or plans for property owned less than 5 years.
8. Description of any outstanding production obligations of the former redevelopment agency that are inherited by the Housing Successor.
9. Compliance with proportionality requirements (income group targets). Compliance must be upheld on a five year cycle.
10. Percentage of deed-restricted rental housing restricted to seniors and assisted by the entity assuming housing functions, the former ACIA, or the County within the past 10 years compared to the total number of units assisted by any of those three agencies.
11. Amount of excess surplus, and if any, the plan for eliminating it.
12. An inventory of homeownership units assisted by the former ACIA or its housing successor subject to covenants or restrictions.

## **LOW AND MODERATE INCOME HOUSING ASSET FUND**

The Housing Asset Fund<sup>1</sup> replaced the former ACIA's LMIHF. The Housing Asset Fund includes all of the assets that were transferred from the ACIA to the Authority via the Housing Asset Transfer Form which included:

1. Real properties,
2. Affordable housing covenants,
3. Loan receivables,
4. Income from ground leases and rental properties, and
5. Supplemental Educational Revenue Augmentation Fund Loan.

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<sup>1</sup> City of Avalon Fund 153

**HOUSING ASSET FUND DEPOSITS AND ENDING BALANCE**

SB 341 requires that the Authority annually report the amount of funds that were deposited into the Housing Asset Fund during the fiscal year. The Authority deposited \$411,050 into the Housing Asset Fund during fiscal year 2014-15. The sources of the deposits are detailed below in Table 1. There were no deposits into the Housing Asset Fund related to the Recognized Obligation Payment Schedule.

<b>Fiscal Year 2014-15 Housing Asset Fund Deposits</b>		<b>Table 1</b>
<b>Avalon Housing Authority</b>		
<u>Revenue Source</u>	<u>Amount</u>	
Rental Income - 206 E. Whittley	\$23,336	
Ground Leases - 238 & 311 Descanso	\$300	
Miscellaneous Cash	\$414	
Downpayment Assistance Loans 336 & 338 Triana	\$292,000	
Loan Payoff - 338 Triana	\$95,000	
	<b>\$411,050</b>	

At the close of fiscal year 2014-15, the ending balance in the Housing Asset Fund was \$5,394,039 as shown in Table 2.

<b>Fiscal Year 2014-15 Housing Asset Fund Ending Balance</b>		<b>Table 2</b>
<b>Avalon Housing Authority</b>		
<u>Balance Type</u>	<u>Amount</u>	
Cash	\$	461,982
Due To		(18,869)
Accounts Payable		(500)
Land Held For Resale		3,951,426
SERAF Loan Advance		1,000,000
<b>FUND BALANCE</b>	<b>\$</b>	<b>5,394,039</b>

## EXPENDITURES

SB 341 provides the following guidelines for expenditures from the Housing Asset Fund:

1. Administrative costs, which include housing monitoring, are capped at \$200,000 or 5% of the Housing Asset Fund's "portfolio", whichever is greater. The portfolio includes cash, outstanding loans or other receivables, and the statutory value of any land owned.
2. A housing successor is authorized to spend up to \$250,000 per year on rapid rehousing solutions for homelessness prevention if the former ACIA did not have any outstanding housing production requirements. The former ACIA had a surplus of affordable housing production units, and therefore the Authority as Housing Successor is allowed to make this expenditure if it chooses and funding is available for such expenditures.
3. Remaining allowable expenditures must be spent to improve housing options affordable to households earning 80% or less of the area median income ("AMI"). This means that no funding may be spent on moderate-income households, as was previously authorized by redevelopment law. Of the money expended, a minimum of 30% must go towards households earning 30% or less of the AMI, and a maximum of 20% may go towards households earning between 60% and 80% of the AMI.

Note that housing successors must report expenditures by category each year, but compliance is measured every five years. For example, a housing successor could spend all of its funds in a single year on households earning between 60% and 80% AMI, as long as it was 20% or less of the total expenditures during the five-year compliance period. The first five-year compliance period will be evaluated at the end of Fiscal Year 2018-19.

Table 3 summarizes the Housing Asset Fund expenditures by category. All expenditures in FY 2014-15 were administrative expenses.

## Avalon Housing Authority

Expenditure	Admin/ Monitoring	Rapid Rehousing	Ext. Low Rental Units	Other Units	Ext. Low <30% AMI	Very Low 30-60% AMI	Low 60-80% AMI
Administration	\$11,152	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$11,152	\$0	\$0	\$0	\$0	\$0	\$0

## Compliance Period Expenditures (2013-14 through 2018-19)

Total Expenditures	\$11,152	\$0	\$0	\$0	\$0	\$0	\$0
SB 341 Limitation	\$200,000	\$250,000	>30%	<70%	>30%	N/A	<20%
Compliant (Yes/No)	Yes	Yes	Yes	Yes	Yes	N/A	Yes

## STATUTORY VALUE OF REAL PROPERTIES AND LOAN RECEIVABLES

The Authority must report on the statutory value of real properties formerly owned by the ACIA and loans and/or grant receivables listed on the Housing Asset Transfer Form, shown in Table 4 on the following page.

The Authority issued two new loans in FY 2014-15 totaling \$192,000; however, the loans were funded with housing bond proceeds and are not subject to SB 341's expenditure limitations on Housing Asset Funds.

**Fiscal Year 2014-15 Real Properties and Receivables****Table 4****Avalon Housing Authority**

Asset	Amount
<b><i>Real Properties</i></b>	
309 Beacon Street	\$862,511
313 Beacon Street	\$236,315
238 Descanso Avenue <sup>1</sup>	\$150,000
311 Descanso Avenue <sup>1</sup>	\$150,000
206 East Whittley Avenue	\$2,852,600
<i>Subtotal</i>	<i>\$4,251,426</i>
<b><i>Loan Receivables</i></b>	
Homebuyer Downpayment Assistance Loans	\$292,000
SERAF Loan Advance	\$1,000,000
<i>Subtotal</i>	<i>\$1,292,000</i>
<b>Total</b>	<b>\$5,543,426</b>

<sup>1</sup> The Authority issued first-time homebuyer loans with these property owners and holds interest in the land underneath the homes as security in the event of default. The value of these properties are not included in the Housing Asset Fund balance in Table 2.

## **PROPERTY AND PROJECT DESCRIPTIONS**

The ACIA previously transferred seven real properties to the Authority that were approved by DOF on the Housing Asset Transfer Form in 2012. The Authority sold two of the properties in FY 2013-14. The following is a description of each of the remaining properties:

- **309 & 313 Beacon Street:** This 13-unit senior housing complex is affordable to very low income residents. Income restrictions are held in place by a Ground Lease and related Regulatory Agreement. The project was constructed in 2002 with a combination of USDA Section 515 funds, Low Income Housing Tax Credit ("LIHTC") financing, HOME funds, ACIA funds (for land purchase) and Federal Home Loan Bank funds. The affordability covenant runs for 55 years and expires in 2047. The ACIA transferred ownership of the land under the property to the Authority.

- 206 E. Whittley Avenue: This property contains a five-unit apartment complex, of which two units are currently occupied. It is not income-restricted. The ACIA purchased the property in 2008 and had planned to build new affordable housing units, however was unable to pursue development due to the dissolution of redevelopment. The Authority has been marketing the property for sale and will dispose of this property within five years as required by SB 341.
- 238 & 311 Descanso Avenue: These two single-family homes have 55-year restrictive covenants that expire in 2051. The ACIA owned the land under the homes regulated by Ground Leases, which were transferred to the Authority. They are both affordable to moderate income households that received assistance from ACIA through its First-Time Homebuyer Down Payment Assistance Program.

## **PROPERTY DISPOSITION COMPLIANCE**

HSC Code Section 34176(e) requires that all real properties acquired by the ACIA prior to February 1, 2012 and transferred to the Authority be developed pursuant to the requirements detailed in HSC Section 33334.16. Thus, all property that falls within in these parameters must be developed for affordable housing purposes within 5 years from the date DOF approved the Housing Asset Transfer Form. Avalon's original Housing Asset Transfer Form was approved by DOF on August 30, 2012, however DOF later asked the Successor Agency to revise the form to make a correction. The revised Housing Asset Transfer Form was approved by DOF on December 15, 2014, and therefore the 5 year deadline will end on December 15, 2019. If the Authority is unable to develop these properties within the 5 year period, the law allows for a 5 year extension via adoption of a resolution. The only Authority property subject to this provision is 206 E. Whittley Avenue, which is currently being marketed for sale.

## **OUTSTANDING INCLUSIONARY AND REPLACEMENT HOUSING OBLIGATIONS**

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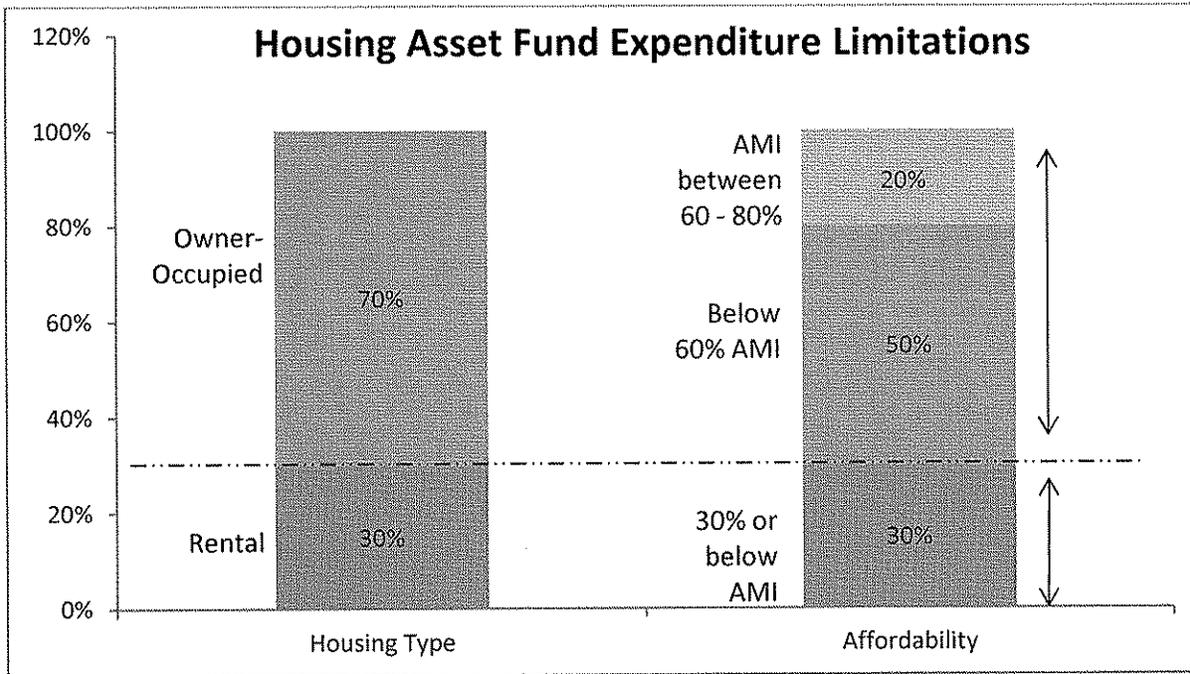
The former ACIA had a surplus of 52 affordable housing units as of February 1, 2012. There are no outstanding inclusionary or replacement housing obligations to be fulfilled by the Authority.

## **EXTREMELY LOW INCOME EXPENDITURE PROPORTIONALITY**

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Expenditures from the Housing Asset Fund shall be limited to lower income households earning 80% or less of the AMI, with at least (not less than) 30% of expenditures for rental

housing for households earning 30% or less of the AMI and not more than 20% of the expenditures for household earning between 60% and 80% of the AMI.



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

As depicted in Table 3, the Authority only had administrative expenditures in FY 2014-15 and is therefore in compliance with extremely low income 30% expenditure requirement. The Authority will ensure that it adheres to extremely low income expenditure limitations by the end of the five-year compliance period.

**SENIOR HOUSING EXPENDITURE PROPORTIONALITY**

This report must include an accounting of deed-restricted senior rental units that were produced over the last ten years. The Authority must expend no more than 50% of the aggregate total number of senior housing units produced by the City, Authority or former ACIA during the past 10 years. Exceeding this limitation will prohibit the use of Housing Asset Funds to subsidize any senior rental units.

There have been no affordable units developed in the past 10-years.

## **EXCESS SURPLUS**

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Excess surplus calculations were once performed by redevelopment agencies on an annual basis, and are intended to ensure that funds are expended to benefit low-income households in an expeditious manner. Generally speaking, funds should be encumbered within four years of receipt. SB 341 reinstates this calculation for housing successors. Excess surplus is defined by HSC Section 34176.1(d) as “an unencumbered amount in the account that exceeds the greater of one million dollars, or the aggregate amount deposited into the account during the housing successor’s preceding four fiscal years, whichever is greater.”

The first meaningful calculation of this total cannot be performed until the close of the fifth fiscal year. Once four years of deposits have been established, at the close of the fifth year, (FY 2016-17) the Authority will have to perform a true excess surplus calculation, comparing the unencumbered fund balance to the prior four years of deposits. As the general purpose of the excess surplus calculation is to ensure that money is expended for low-income purposes, the best action for the Authority is to use the next three years to encumber or expend money currently on deposit.

## **INVENTORY OF HOMEOWNERSHIP UNITS**

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AB 1793 requires this report to include an 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 LMIHF. The inventory is shown in Table 5.

**Homeownership Units with Affordability Restrictions** **Table 5**  
**Avalon Housing Authority**

Address	Income Level	Restriction		Program	Funding Source
		Start Date	End Date		
238 Descanso Ave	Moderate	5/17/1996	5/17/2051	FTHB	LMIHF
311 Descanso Ave	Moderate	5/23/1995	5/23/2951	FTHB	LMIHF
336 Triana Lane	Moderate	9/21/2010	9/21/2055	FTHB	LMIHF
342 Triana Lane	Moderate	12/23/2014	12/23/2059	FTHB	Housing Bonds
338 Triana Lane	Moderate	6/23/2014	6/23/2059	FTHB	Housing Bonds

There are two additional units that were assisted by the former ACIA, located at 206 Descanso Avenue and 320 Sumner Avenue, that were lost to the portfolio due to foreclosure after the ACIA dissolved on February 1, 2012. The Ground Leases restricting the affordability of these properties were terminated and the Authority sold the land underneath the properties in January 2014. The proceeds of the sale amounted to \$374,131 (\$176,000 and \$198,131 per property). The sales proceeds will be spent as required by SB 341.

The Authority has a contract with RSG, Inc. to help manage the homebuyer loans if the properties are sold.