
ANNUAL REPORT

City of Avalon Housing Authority

Fiscal Year 2015-16



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INTRODUCTION

This Annual Report details the Avalon Housing Authority's ("Authority") activities for Fiscal Year ("FY") 2015-16. It contains the information required by California Health and Safety Code ("HSC") Section 34328 that must be filed with the City Clerk and with the Department of Housing and Community Development ("HCD") by October 1 annually.

LEGAL AUTHORITY

Housing authorities are distinct, autonomous, legal entities that derive their powers from State statute. It is the intent of the State legislature that housing authorities function as local entities with the primary responsibility of providing housing for very low and low income households.

California Housing Authorities Law (HSC Section 34200, *et. seq.*) provides for and details the requirements for local jurisdictions to create and operate a housing authority. To establish a housing authority, a local jurisdiction must adopt a resolution that includes findings that either of the following is true: (1) unsanitary or unsafe housing exists in the city or (2) there is a shortage of safe or sanitary housing available to persons of low income.

BENEFITS OF HOUSING AUTHORITIES:

- Housing Authorities can own and operate housing developments, alleviating the need to find owners or operators for units created.
- State law provides Housing Authorities the ability to acquire or lease land or improved property.
- A city housing authority's area of operation includes the entire city and the area within 5 miles of its territorial boundaries.
- Local jurisdictions are afforded the opportunity to participate in one or more of the Public Housing Programs offered by HUD.

AVALON HOUSING AUTHORITY

The City Council of the City of Avalon (“City Council”) adopted a resolution establishing the Avalon Housing 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 was largely inactive until 2012 when it inherited the housing assets and functions of the former Avalon Community Improvement Agency (“ACIA”). The Authority’s primary activities are maintaining the former ACIA’s assets, such as properties and affordability agreements, and administering a Low and Moderate Income Down Payment Assistance Program. Appendix 1 contains list of assets transferred from the former ACIA to the Authority through a “Housing Asset Transfer” form (“HAT”).

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. The former ACIA primarily funded projects with Low and Moderate Income Housing Funds generated by redevelopment tax increment; this tool was abolished with the dissolution of redevelopment.

Additionally, the State legislature adopted Senate Bill (“SB”) 341 on October 13, 2013 to clarify the functions of successor housing entities. SB 341 requires successor housing entities to prepare an annual report documenting compliance with certain requirements. Authority staff is in the process of auditing its financials and other information, and will prepare this report under a separate cover by the end of 2016. More information is contained in Appendix 2.

HOUSING AUTHORITY OBJECTIVES

The Authority’s main objective is to increase, improve, and preserve housing stock available to very low and low income residents while advancing the goals of the City’s Housing Element and former ACIA.

ANNUAL REPORT CONTENTS

This Annual Report includes the following information:

- A complete report of activities during FY 2015-16, including any bond issuances, and loans or finance agreements that the Authority has entered into;
- Compliance with requirements of HSC Section 34312.3, such as the minimum amount of housing units affordable to lower income households in projects assisted by the

Authority with bonds and documenting established base rents and/or maximum rental payments for lower income households; and

- Information on any tenancy or Housing Choice Voucher Program (formerly Section 8) terminations of domestic violence victims as required by HSC Section 34328.1.

A report detailing compliance with SB 341 will be prepared under a separate cover by the end of 2016. More information is contained in Appendix 2.

HOUSING AUTHORITY DEBT OBLIGATIONS

HSC Section 34312.3 requires the Authority to provide a complete report of its activities during the prior fiscal year, including bonds, loans, and financing agreements for multi-family rental housing projects. The Authority did not issue bonds or enter into new loans or financing agreements in Fiscal Year 2015-16.

Any future financing for the acquisition, construction, rehabilitation, or development of multi-family housing through the issuance of bonds, construction loans, mortgage loans, and/or financing agreements will be documented in future Annual Reports.

LAND TRANSACTIONS AND DEVELOPMENT

HSC Section 34312.3 requires the Annual Report to include a discussion of all prior year activities of the Authority related to the development or transaction of land for the purposes of increasing the supply of affordable housing for lower income households. The Authority did not purchase or sell any properties in FY 2015-16.

The Authority maintains five properties transferred from the former ACIA in 2012. These are listed in Appendix 1 and described below.

- 238 & 311 Descanso Avenue: These properties contain two single-family residences. The ACIA owned the land under the homes regulated by Ground Leases transferred to the Authority.
- 309 & 313 Beacon Street: These properties contain a 13-unit senior housing complex. 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 one unit currently pays rent. 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 City

recently issued a Notice of Funding Availability to solicit developer proposals for affordable housing projects. The Authority will ensure this site is developed or disposed of as required by law.

The HAT in Appendix 1 lists two additional properties that were transferred from the ACIA to the Authority: 206 Descanso Avenue and 320 Sumner Avenue. The Authority sold these properties in Fiscal Year 2013-14.

OTHER ASSETS AND AGREEMENTS

The Authority also maintains affordability covenants, loan agreements and ground leases transferred from the former ACIA. A brief description of each type of asset is provided below. A detailed list is included in Appendix 1.

AFFORDABILITY AGREEMENTS

The Authority oversees nine affordability agreements:

- 309 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.
- Bird Park: This 24-unit multi-family property is affordable to very low income residents. It was constructed in 2002 with a combination of USDA Section 515 funds, LIHTC financing, HOME funds, and ACIA financing. The ACIA funded roads and infrastructure for the project. Income restrictions are held in place by a Ground Lease and related Regulatory Agreement. The affordability covenant has a 55-year term expiring in 2047.
- Eucalyptus Hill Gardens: This 80-unit complex is subsidized by HUD and has 40 units restricted to very low income households (24 extremely low and 16 low income). The remaining 40 units are market-rate. The project was constructed in 1992 with LIHTC funds, ACIA funds, and Rental Housing Construction Program loans. It has a 55-year affordability covenant that expires in 2047.
- Tremont Street Apartments: This 63-unit property has 50 units affordable to very low and low income households and 13 market rate units. The City had an agreement with the California Housing Financing Agency (“CalHFA”) that restricted affordability at this

property through August 18, 2016. Authority staff is exploring options to preserve affordability at this property.

- 238 & 311 Descanso Avenue: These two single-family homes have 55-year restrictive covenants that expire in 2051. They are both affordable to moderate income households through Ground Leases issued by the former ACIA.
- 336, 338 & 342 Triana Lane: These three single-family homes have 45-year restrictive covenants that expire in 2055, 2059, and 2060, respectively. They are all affordable to moderate income households that received assistance through the First-Time Homebuyer Down Payment Assistance Program. The Authority continues to monitor the affordability of these properties.

LOAN AGREEMENTS

The Authority did not issue any new loans in FY 2015-16. It continues to oversee three loans issued through the First-Time Homebuyer Down Payment Assistance Program:

- 336 Triana Lane: \$120,000 loan issued in September 2010
- 338 Triana Lane: \$192,000 loan issued in June 2014
- 342 Triana Lane: \$100,000 loan issued in December 2014

All loans are due upon sale or within 30 years, whichever comes first. The loans do not accrue interest except in the event of default, in which case the interest rate increases to five percent. There is no monthly payment unless a mutually agreed upon payment schedule is made. It is anticipated that the loans will be refinanced at the end of the 30-year term, or re-issued to new borrowers upon the sale of the properties.

RENTS & OPERATIONS

The Authority collected rents from a one-bedroom unit at 206 E. Whittley for a total of \$15,650 in FY 2015-16. The unit is not income-restricted and therefore does not have maximum rents. This property was transferred to the Authority from the former ACIA, whose plans to develop affordable housing on the property were halted by the dissolution of redevelopment. The Authority is working to develop or dispose of this site as required by law.

The Authority does not receive rents directly from tenants from any other property. However, it does collect rents from ground leases at 238 Descanso and 311 Descanso and received \$150 for each property for FY 2015-16.

All rents received by the Authority will be spent as required by the CRL and HAL.

CONTRACTS & FEES

The Authority has a consultant services contract necessary to administer Homebuyer Down Payment Assistance Program. The Authority contributes to City contracts for legal and financial services to cover portions serving the Authority. It also pays contractors to maintain Authority properties for landscaping, repairs, and any other needs as they arise.

HOUSING UNIT COMPLIANCE

As set forth by HSC Sections 34328 and 34328.1, housing authorities are required to:

- Show compliance with requirements of HSC Section 34312.3, such as the minimum amount of housing units affordable to lower income projects assisted by the Authority, and document established base rents and/or maximum rental payments for lower income households; and
- Document any domestic violence tenancy or Housing Choice Voucher termination as required by HSC Section 34328.1.

The following provides a summary of the Authority's progress toward the requirements listed above.

HOUSING AFFORDABILITY REQUIREMENT

Any housing units or affordability covenants transferred from the ACIA to the HAL are subject to requirements in both the California Community Redevelopment Law ("CRL") codified in HSC Section 33000 *et. seq.* and Housing Authorities Law ("HAL"), codified in HSC Section 34200 *et. seq.* The CRL and HAL have different requirements relating to housing production, expenditure limitations, adjustments for family size, affordability restriction durations, and other regulatory requirements.

Pursuant to the CRL, at least 15% of all units newly constructed or substantially rehabilitated *prior to February 1, 2012* must be affordable to very low to moderate income households (HSC Section 33413). SB 341 amended the CRL so there is no inclusionary or replacement housing obligation for units built or destroyed after February 1, 2012. The CRL was amended by SB 341 to limit expenditures to lower income households earning 80% or less of the Area Median Income ("AMI"). Additionally, at least 30% of expenditures for rental housing must be for households earning 30% or less of the AMI and 20% for households earning between 60%

and 80% of the AMI. The Authority will adhere to the amended requirements for future expenditures.

Pursuant to the HAL, at least 20% of the units in housing projects assisted by the Authority, or 15% in targeted areas¹, must be affordable to persons of low income (HSC Section 34312.3(c)). If housing projects are financed by bonds issued by the Authority, at least 10% of the units must be available to persons of very low income. These requirements may be applied to the aggregate number of units assisted by the Authority. Furthermore, the HAL requires that development projects financed with bonds must also be approved by the local governing body and the local school district prior to construction or ownership. Nevertheless, the power to finance, own, build, and/or operate a housing development allows the Authority to take a more active role in the creation and maintenance of housing for low income families.

Table 1 summarizes each property subject to these requirements and their required affordability levels.

Affordability Levels **Table 1**

Avalon Housing Authority

Property	Units by Income Level									
	Very Low		Low		Moderate		Unrestricted		Total	
	#	%	#	%	#	%	#	%	#	%
Bird Park (234 Bird Park Rd)	24	100%							24	100%
Beacon Hill (309 & 313 Beacon St)	13								13	
Eucalyptus Hill Gardens (1 Banning Dr)	40	50%					40	50%	80	100%
Tremont St Apts (343 Tremont St) ¹			50	79%			13	21%	63	100%
238 Descanso Ave					1	100%			1	100%
311 Descanso Ave					1	100%			1	100%
336 Triana Lane					1	100%			1	100%
338 Triana Lane					1	100%			1	100%
342 Triana Lane					1	100%			1	100%
Total	77	42%	50	27%	5	3%	53	29%	185	100%

Total Low Income or Below 69%
Total Moderate Income or Below 71%

¹ The affordability covenant for the Tremont St Apartments expired after FY 2015-16 on August 18, 2016.

¹ Targeted areas as defined by Section 103(b)(12)(A) of Title 26 of the United States Code

The affordability levels of these properties are in compliance with the CRL. The Authority acquired most properties after affordability covenants were in place pursuant to the CRL. However, they still meet the HAL's requirement that 20% of units assisted by the Authority are affordable to low income persons. Any future development will satisfy both CRL (as amended by SB 341) and HAL requirements as necessary.

None of the units in Table 1 were financed with bond proceeds, therefore the Authority is not subject to the additional requirement for very low income households pursuant to HSC Section 34312.3(c)(2)(A).

BASE & MAXIMUM RENTS

HSC Section 34312 states that a housing authority may "prepare, carry out, acquire, lease, and operate housing projects for persons of low income." As part of this authority, HSC Section 34312.3 establishes a set of guidelines to determine base and maximum rents that a housing authority can charge for units reserved for lower income households. According to HSC Section 34312.3, rental payments for very low and low income households shall not exceed the amounts calculated pursuant to Section 8 of the United States Housing Act of 1937 (42 U.S.C. Sec. 1437f).

The Authority collects rents from one unit at 206 E. Whittley, however this project is not income restricted and therefore not subject to maximum rents set by HSC 34312.3.

DOMESTIC VIOLENCE

The Authority must annually disclose data related to domestic violence incidents in units owned or operated by the Authority. Specifically, the data must include:

- Data on termination of tenancies and/or Housing Choice Voucher Program (formerly Section 8) vouchers of victims of domestic violence in housing authority units.
- Summary of steps taken by the housing authority to address any termination of tenancies and/or Housing Choice Voucher Program vouchers of victims of domestic violence.

During Fiscal Year 2015-16, the Authority or its lessees did not terminate tenancies for victims of domestic violence. In the future, information on any terminations of this kind will be presented under separate cover to protect the privacy of the parties involved.

FINANCIALS

The Authority's expenditures in FY 2015-16 consist mainly of administrative costs to process loans and maintain properties owned by the Authority (landscaping, repairs, etc.), as shown on the following page.

The Authority has funded activities primarily through the Low and Moderate Income Housing Asset Fund created after the ACIA's dissolution, and housing bonds issued by the former ACIA that were refunded in 2015. The Authority is in the process of auditing its financials and will include more detailed information on Fiscal year 2015-16 revenues and expenditures in a separate report by the end of 2016. This report will include all of the information required by Senate Bill ("SB") 341 and Assembly Bill 1793. Appendix 2 details what the report will include.

Fiscal Year 2015-16 Budget¹

Table 2

Avalon Housing Authority

Category	2015-16		2016-17
	Budgeted	Actual	Budgeted
Revenues			
Housing Successor Administrative Cost Allowance ²	150,000	-	-
Interest (on bond proceeds)	2,000	13,475	24,000
Rents	23,000	15,950	15,000
Loan Repayments			
<i>Subtotal Revenues</i>	<i>\$ 175,000</i>	<i>\$ 29,425</i>	<i>\$ 39,000</i>
Expenditures			
Low-Mod Down Payment Assistance Loans ³	-	-	-
Personnel	82,000	-	30,000
Supplies & Travel	5,000	-	5,000
Noticing	1,000	-	1,000
Professional Services	40,000	13,708	87,500
Legal Services	25,000	19,170	50,000
Financial Services	7,000	-	7,000
Overhead	15,000	4,190	4,000
<i>Subtotal Expenditures</i>	<i>\$ 175,000</i>	<i>\$ 37,068</i>	<i>\$ 184,500</i>

¹ This is an informal budget that was not formally adopted.

² DOF continues to deny this item requested on the Recognized Obligation Payment Schedule pursuant to Health and Safety Code 34171(p).

³ Down payment assistance loans are typically funded by housing bond proceeds.

APPENDIX 1- HOUSING ASSET TRANSFER LIST

The Housing Asset List, attached as a separate document, shows assets transferred from the former ACIA to the Authority in 2012. The transfers were approved by the California Department of Finance pursuant to HSC Section 34176.

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

Former Redevelopment Agency: Avalon Community Improvement Agency

Successor Agency to the Former Redevelopment Agency: City of Avalon

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

Entity Assuming the Housing Functions Contact Name: Amanda Cook Title Planning Director Phone 310-510-0220 E-Mail Address planning@cityofavalon.com

Entity Assuming the Housing Functions Contact Name: Ben Harvey Title City Manager Phone 310-510-0220 E-Mail Address bharvey@cityofavalon.com

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

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

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Date Prepared: 9/17/2014

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

Item #	Type of Asset a/	Legal Title and Description	Carrying Value of Asset	Total square footage	Square footage reserved for low-mod housing	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant b/	Date of transfer to Housing Successor Agency c/	Construction or acquisition cost funded with Low-Mod Housing Fund monies	Construction or acquisition costs funded with other RDA funds	Construction or acquisition costs funded with non-RDA funds	Date of construction or acquisition by the former RDA	Interest in real property (option to purchase, easement, etc.)
1	Low-Mod Housing	313 Beacon Street (7480-031-902)	Unknown	576	576	Yes	Ground Lease	2/1/2012	Unknown	n/a	n/a	12/30/1994	Ownership
2	Low-Mod Housing	206 Descanso Avenue (7480-013-901)	Unknown	841	841	No***	n/a	2/1/2012	Unknown	n/a	n/a	1/31/1996	Ownership
3	Low-Mod Housing	238 Descanso Avenue (7480-013-900)	Unknown	823	823	Yes	Ground Lease	2/1/2012	Unknown	n/a	n/a	5/17/1996	Ownership
4	Low-Mod Housing	311 Descanso Avenue (7480-035-900)	Unknown	769	769	Yes	Ground Lease	2/1/2012	Unknown	n/a	n/a	5/23/1996	Ownership
5	Low-Mod Housing	320 Sumner Avenue (7480-033-900)	Unknown	1,000	1,000	No***	n/a	2/1/2012	Unknown	n/a	n/a	8/21/1995	Ownership
6	Low-Mod Housing	206 East Whittley Avenue (7480-018-909)	Unknown	3,582	3,582	No	n/a	2/1/2012	\$2,852,600	n/a	n/a	7/29/2008	Ownership/ Land Held for Development of Low-Mod Housing
7	Restrictive Covenant on Low-Mod Multi-Family Housing	234 Bird Park Road (7480-052-0001)	Unknown	n/a	n/a	Yes	Regulatory Agreement, Ground Lease	2/1/2012	Unknown	n/a	n/a	n/a	Affordability Covenant
8	Low-Mod Housing	309 Beacon Street (7480-031-900 & 7480-031-901)	Unknown	12,167	12,167	Yes	Regulatory Agreement, Ground Lease	2/1/2012	Unknown	n/a	n/a	5/29/1996	Ownership, Affordability Covenant
9	Restrictive Covenant on Low-Mod Multi-Family Housing	Eucalyptus Hill Gardens, 1 Banning Drive (7480-002-076)	Unknown	n/a	n/a	Yes	Ground Lease, Estoppel Certificate and Agreement Re-Sublease	2/1/2012	Unknown	n/a	n/a	n/a	Affordability Covenant

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

Item #	Type of Asset a/	Legal Title and Description	Carrying Value of Asset	Total square footage	Square footage reserved for low-mod housing	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant b/	Date of transfer to Housing Successor Agency c/	Construction or acquisition cost funded with Low-Mod Housing Fund monies	Construction or acquisition costs funded with other RDA funds	Construction or acquisition costs funded with non-RDA funds	Date of construction or acquisition by the former RDA	Interest in real property (option to purchase, easement, etc.)
10	Restrictive Covenant on Low-Mod Multi-Family Housing	Tremont Street Apartments, 343 Tremont Street (7480-002-071)	Unknown	n/a	n/a	Yes	California Housing Finance Agency Section 8, Low/Moderate Income Housing Rental Program Agreement (Tarnutzer-Hamilton Development Company, Inc.)	2/1/2012	Unknown	n/a	n/a	n/a	Affordability Covenant
11	Restrictive Covenant on Low-Mod Single-Family Housing (338 Triana Lane)	Loan Agreement with Affordability Covenants and Restrictions (Ref # 20100930834)	Unknown	n/a	n/a	Yes	CRL, Loan Agreement	2/1/2012	\$95,000	n/a	n/a	n/a	Affordability Covenant
12	Restrictive Covenant on Low-Mod Single-Family Housing (336 Triana Lane)	Loan Agreement with Affordability Covenants and Restrictions (Ref # 20101409456)	Unknown	n/a	n/a	Yes	CRL, Loan Agreement	2/1/2012	\$120,000	n/a	n/a	n/a	Affordability Covenant

*** Affordability covenant expired due to foreclosure and related termination of ground lease.

a/ Asset types may include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

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

c/ Transfer date is determined to be 2/1/2012 "by operation of law" under ABX1 26 (Chapter 5, Statutes of 2011).

Exhibit B - Personal Property

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

Item #	Type of Asset a/	Description	Carrying Value of Asset	Date of transfer to Housing Successor Agency	Acquisition cost funded with Low-Mod Housing Fund monies	Acquisition costs funded with other RDA funds	Acquisition costs funded with non-RDA funds	Date of acquisition by the former RDA
1								
2								
3								
4								
5								
6								
7								
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9								
10								
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13								
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16								
17								
18								
19								
20								

a/ Asset types any personal property provided in residences, including furniture and appliances, all housing-related files and loan documents, office supplies, software licenses, and mapping programs, that were acquired for low and moderate income housing purposes, either by purchase or through a loan, in whole or in part, with any source of funds.

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

Item #	Type of housing built or acquired with enforceably obligated funds a/	Date contract for Enforceable Obligation was executed	Contractual counterparty	Total amount currently owed for the Enforceable Obligation	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant b/	Current owner of the property	Construction or acquisition cost funded with Low-Mod Housing Fund monies	Construction or acquisition costs funded with other RDA funds	Construction or acquisition costs funded with non-RDA funds	Date of construction or acquisition of the property
1											
2											
3											
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6											
7											
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9											
10											
11											
12											
13											
14											
15											
16											
17											
18											
19											
20											

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

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

Exhibit E - Rents/Operations

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

Item #	Type of payment a/	Type of property with which they payments are associated b/	Property owner	Entity that collects the payments	Entity to which the collected payments are ultimately remitted	Purpose for which the payments are used	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant c/	Item # from Exhibit A the rent/operation is associated with (if applicable)
1	Ground Lease Payment	Low-Mod Housing	Successor Housing Entity	Successor Housing Entity	Successor Housing Entity	Maintain/ Operate Low-Mod Housing	No***	n/a	2
2	Ground Lease Payment	Low-Mod Housing	Successor Housing Entity	Successor Housing Entity	Successor Housing Entity	Maintain/ Operate Low-Mod Housing	Yes	Ground Lease	3
3	Ground Lease Payment	Low-Mod Housing	Successor Housing Entity	Successor Housing Entity	Successor Housing Entity	Maintain/ Operate Low-Mod Housing	Yes	Ground Lease	4
4	Ground Lease Payment	Low-Mod Housing	Successor Housing Entity	Successor Housing Entity	Successor Housing Entity	Maintain/ Operate Low-Mod Housing	No***	n/a	5
5	Rent	Low-Mod Housing	Successor Housing Entity	Successor Housing Entity	Successor Housing Entity	Maintain/ Operate Low-Mod Housing	No	n/a	6
6	Ground Lease Payment (\$1/yr)	Low-Mod Housing	Housing Successor Entity	Housing Successor Entity	Housing Successor Entity	Administer affordability covenants	Yes	CRL	8

*** Affordability covenant expired due to foreclosure and related termination of ground lease.

a/ May include revenues from rents, operation of properties, residual receipt payments from developers, conditional grant repayments, costs savings and proceeds from refinancing, and principal and interest payments from homebuyers subject to enforceable income limits.

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

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

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

Item #	Type of payment a/	Type of property with which the payments are associated b/	Property owner	Entity that collects the payments	Entity to which the collected payments are ultimately remitted	Purpose for which the payments are used	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant c/	Item # from Exhibit A the rent is associated with (if applicable)
1	Ground Lease Payment	Low-Mod Housing	Successor Housing Entity	Successor Housing Entity	Successor Housing Entity	Maintain/ Operate Low-Mod Housing	No***	n/a	2
2	Ground Lease Payment	Low-Mod Housing	Successor Housing Entity	Successor Housing Entity	Successor Housing Entity	Maintain/ Operate Low-Mod Housing	Yes	Ground Lease	3
3	Ground Lease Payment	Low-Mod Housing	Successor Housing Entity	Successor Housing Entity	Successor Housing Entity	Maintain/ Operate Low-Mod Housing	Yes	Ground Lease	4
4	Ground Lease Payment	Low-Mod Housing	Successor Housing Entity	Successor Housing Entity	Successor Housing Entity	Maintain/ Operate Low-Mod Housing	No***	n/a	5
5	Rent	Low-Mod Housing	Successor Housing Entity	Successor Housing Entity	Successor Housing Entity	Maintain/ Operate Low-Mod Housing	No	n/a	6
6	Ground Lease Payment (\$1/yr)	Low-Mod Housing	Housing Successor Entity	Housing Successor Entity	Housing Successor Entity	Administer affordability covenants	Yes	CRL	8

*** Affordability covenant expired due to foreclosure and related termination of ground lease.

a/ May include rents or home loan payments.

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

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

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

Item #	Purpose for which funds were deferred	Fiscal year in which funds were deferred	Amount deferred	Interest rate at which funds were to be repaid	Current amount owed	Date upon which funds were to be repaid
1	SERAF payment pursuant to HSC 33334.2(k)(1)	2009-10	\$1,000,000	0%	\$1,000,000	6/30/2015
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
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APPENDIX 2 - HOUSING SUCCESSOR ANNUAL REPORT

Senate Bill 341 and Assembly Bill 1793 require successor housing entities to prepare an annual report detailing compliance with new expenditure limitations and other information, including:

- Amounts deposited into the Low and Moderate Income Housing Asset Fund (“LMIHAF”);
- Statement of the balance of the LMIHAF;
- Description of expenditures by category;
- Statutory Value of real property;
- Description of transfers;
- Description of projects that receive funding through the Successor Agency’s Recognized Obligation Payment Schedule;
- Status of properties pursuant to a 5-year disposition period;
- Update on inclusionary and replacement housing obligations;
- Compliance with 5-year expenditure obligations;
- Percentage of senior deed-restricted units;
- Amount of excess surplus; and
- And inventory of homeownership units restricted by affordability covenants and assisted by the former Agency or Authority

Authority staff is in the process of auditing its financials and other information. The Housing Successor Entity Annual Report for FY 2015-16 will be prepared by the end of 2016.