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# **HOUSING SUCCESSOR ANNUAL REPORT**

## **Avalon Housing Authority**

### **Fiscal Year 2018-19**

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## INTRODUCTION

The Avalon Housing Authority (“Housing Authority”) is the Housing Successor Agency to the former Avalon Community Improvement Agency (“ACIA”). The Housing Authority is responsible for maintaining housing assets transferred from the former ACIA. Its main goal is to provide affordable housing for Avalon residents.

This Housing Successor Agency Annual Report (“Annual Report”) contains information on Fiscal Year (“FY”) 2018-19 finances and activities as required by Health and Safety Code (“HSC”) Section 34176.1(f). FY 2018-19 marks the end of the first five-year compliance period for income proportionality. This Annual Report details how The Housing Authority met all requirements for expenditures by income level from January 1, 2014 through June 30, 2019.

The Annual Report is due to the California Department of Housing and Community Development (“HCD”) by December 31 annually, and must be accompanied by an independent financial audit. The Housing Authority’s audited financial statements will be posted on the City of Avalon’s (“City”) website when available.<sup>1</sup> This report is an addendum to the Housing Authority Annual Report required by HSC Section 34328, which is submitted to HCD by October 1 annually.

## HOUSING SUCCESSOR REQUIREMENTS

Senate Bill (“SB”) 341<sup>2</sup> and subsequent legislation enacted several requirements for housing successor agencies. Housing successors must comply with three major requirements pursuant to HSC Section 34176.1:

1. Expenditures and housing production are subject to income and age targets.

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<sup>1</sup> This report was prepared based on unaudited financial statements that may differ from the final audited financial statements due to year-end accounting.

<sup>2</sup> 2013-14 Legislative Session

2. Housing successors may not accumulate an “excess surplus,” or a high balance based on certain thresholds.
3. Properties must be developed with affordable housing within five to ten years of being approved for transfer from the former redevelopment agency to the housing successor.

The requirements are designed to ensure that housing successors are actively utilizing former ACIA housing assets to produce affordable housing. Appendix 1 provides a detailed summary of the reporting requirements that are addressed in this Annual Report.

## **ASSETS TRANSFERRED TO HOUSING SUCCESSOR**

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Upon the statewide dissolution of redevelopment in 2012, all rights, powers, committed assets, liabilities, duties, and obligations associated with the housing activities of the ACIA were transferred to the Housing Authority. The Housing Authority prepared a Housing Asset Transfer Form (“HAT”) that provided an inventory of all housing assets transferred from the ACIA to the Housing Authority. This 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 (“SERAF”) Loan.

All items on HAT were approved by the California Department of Finance (“DOF”) on August 30, 2012. A copy of the HAT is provided as Appendix 2.

It is important to distinguish that Housing Authority assets that were not transferred from the former ACIA, or generated by or purchased with assets from the former ACIA, are not subject to HSC Section 34176.1.

## HOUSING ASSET FUND ACTIVITY

Former ACIA assets, and the revenues generated by those assets, are maintained in a Low and Moderate Income Housing Asset Fund (“Housing Asset Fund”).<sup>3</sup> Housing Asset Funds may be spent on:

- **Administrative costs** up to \$200,000 per year adjusted for inflation, or 5% of the statutory value of real property owned by the housing successor and the value of loans and grants receivable from the HAT (“Portfolio”), whichever is greater. The FY 2018-19 limit for The Housing Authority was \$219,869 (5% of the Portfolio value of \$4,397,386).
- **Homeless prevention and rapid rehousing services** up to \$250,000 per year if the former ACIA did not have any outstanding housing inclusionary or replacement housing production requirements. The former ACIA had a surplus of affordable housing production units, and therefore the Housing Authority as Housing Successor can make this expenditure if it chooses and funding is available for such expenditures.
- **Affordable housing development** assisting households up to 80 percent of the Area Median Income (“AMI”), subject to specific income and age targets.

**Five-Year Income Proportionality:** If any Housing Asset Funds are spent on affordable housing development, it triggers a requirement to spend at least 30 percent of such expenses assisting extremely low income households (30% AMI) and no more than 20 percent on low income households (between 60-80% AMI) per five-year compliance period. The first five-year compliance period was January 1, 2014 through June 30, 2019.

Note that housing successors must report expenditures by category each year, but compliance with income proportionality limits is measured every five years. For example, a housing successor could spend all its funds in a single year on households earning between

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<sup>3</sup> Fund 153. The Housing Asset Fund replaced the former ACIA’s Low and Moderate Income Housing Fund.

60-80% AMI, as long as it was 20 percent or less of the total expenditures during the five-year compliance period.

**Ten-Year Age Proportionality:** If more than 50% of the total aggregate number of rental units produced by the City, Housing Authority, or former ACIA during the past 10 years are restricted to seniors, the Housing Authority may not spend more Housing Asset Funds on senior rental housing.

Appendix 3 describes Housing Asset Fund expenditure requirements in more detail, including the types of costs eligible in each category.

## **EXPENDITURE LIMIT COMPLIANCE**

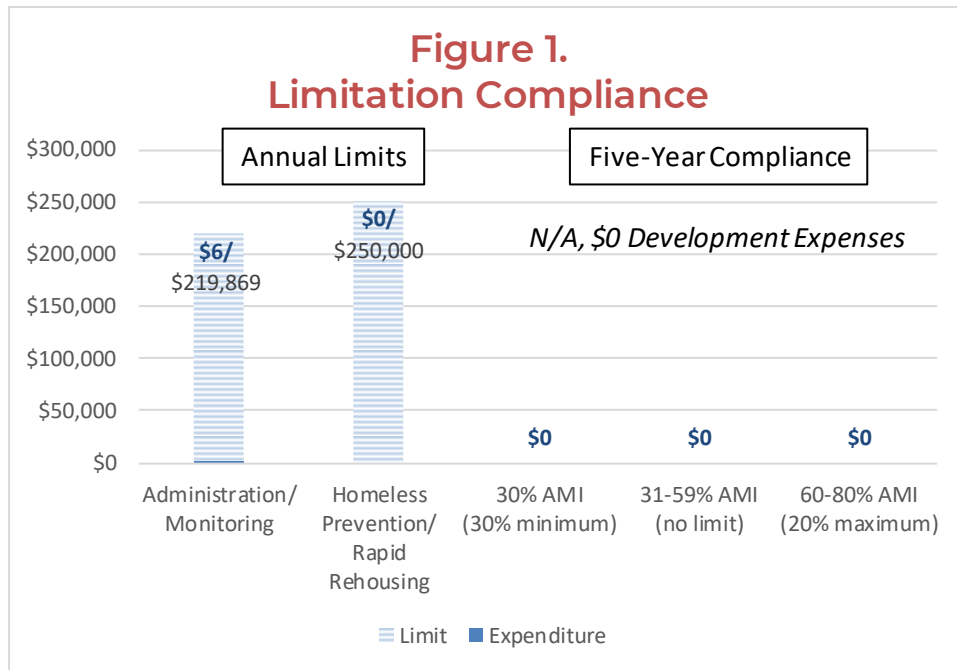
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The Housing Authority complied with all Housing Asset Fund spending restrictions in FY 2018-19, including five-year compliance period income targeting requirements:<sup>4</sup>

- Administrative costs of \$6 did not exceed the \$219,869 maximum amount for FY 2018-19.
- No homeless prevention or rapid rehousing expenses were made in FY 2018-19.
- No affordable housing development-related expenditures were made, so five-year compliance period income targets do not apply.

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<sup>4</sup> The Housing Asset Fund figures in this Annual Report are based on unaudited numbers that were available at the time this report was prepared. They might vary slightly from audited numbers once Avalon's annual audit is complete.



The Housing Authority will ensure it meets all expenditure requirements going forward, including the next five-year compliance period of July 1, 2019 through June 30, 2024.

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

## SENIOR HOUSING LIMIT COMPLIANCE

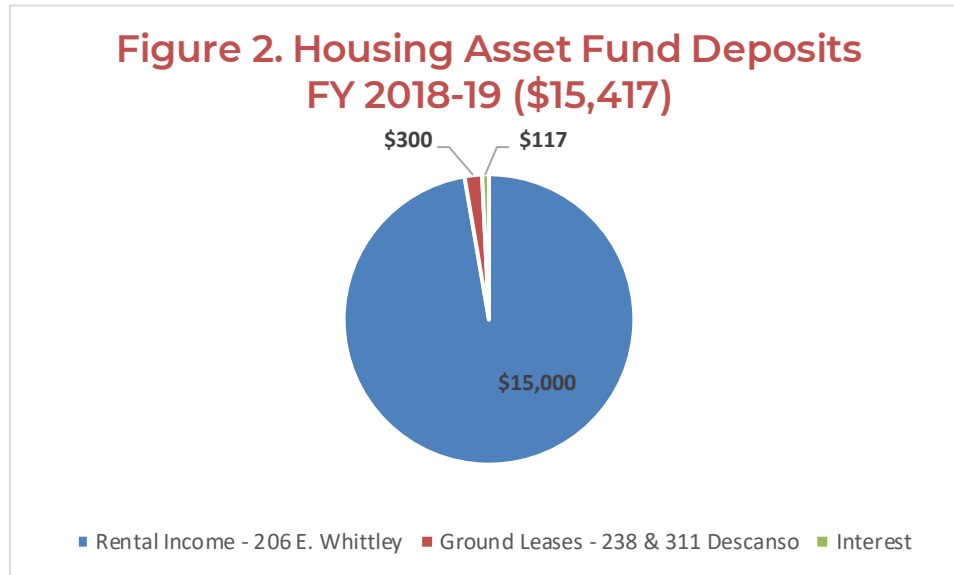
This report must include an accounting of deed-restricted senior rental units that were produced over the last ten years. The Housing Authority must expend no more than 50% of the aggregate total number of senior housing units produced by the City, Housing Authority or former ACIA during the past 10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

There have been no deed-restricted affordable senior rental units assisted by the City, Housing Authority, or former ACIA in the past 10-years.

## DEPOSITS AND FUND BALANCE

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The Housing Authority deposited \$15,417 into the Housing Asset Fund during FY 2018-19.



Revenue sources include:

- Rental income from 206 E. Whittley (\$15,000): The Housing Authority collected rent from 1 unit in a 4-unit building at 206 E. Whittley.
- Ground lease revenue from 238 & 311 Descanso (\$300): The Housing Authority collects rents from ground leases at 238 and 311 Descanso. It receives \$150 for each property annually.
- Interest income (\$117).

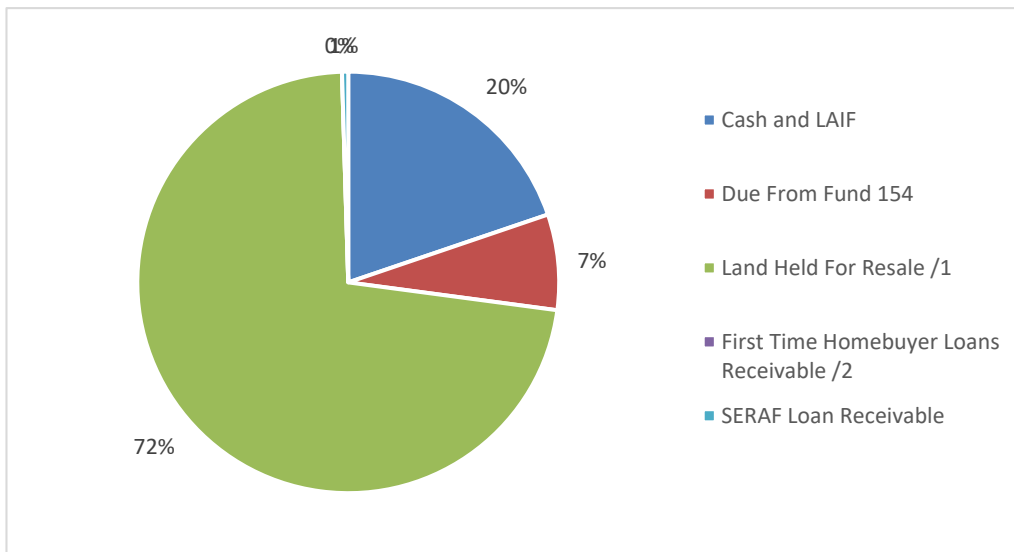
An additional payment of \$611,819 was made by the Avalon Successor Agency for the repayment of a SERAF loan. The Housing Asset Fund accounting records reflect this is an adjustment to the SERAF loan receivable balance rather than a deposit. However, it should be considered a deposit for the purpose of calculating excess surplus in the next section and tracking cash available to fund future projects.

The Housing Asset Fund balance as of June 30, 2019 was \$5,456,749.



**Table 1**  
**Housing Asset Fund Ending Balance FY 2018-19**

<b>Balance Type</b>	<b>Amount</b>
Cash and LAIF	1,079,363
Due From Fund 154	400,000
Land Held For Resale /1	3,951,426
First Time Homebuyer Loans Receivable /2	-
SERAF Loan Receivable	25,960
<b>Ending Balance</b>	<b>\$ 5,456,749</b>



<sup>1</sup> The land value of two properties transferred on the HAT (238 & 311 Descanso) are not recorded in the Housing Asset Fund balance because the land is only held as security in the event of default on first-time homebuyer loans. The value of 309 and 313 Beacon is not reflected in the Trial Balance but has been added here to reflect the former ACIA's ownership of the land underneath the improved property.

<sup>2</sup> Loan receivable for 336 Triana Lane was transferred on the HAT. It is not recorded in the Housing Asset Fund balance in Table 2 because the loan is not repaid unless the property is sold.

## **EXCESS SURPLUS**

The Housing Asset Fund may not accumulate an “excess surplus”, or an unencumbered amount that exceeds the greater of \$1 million, or the sum of deposits in the prior four fiscal years. This requirement ensures that housing successors are actively spending available Housing Asset Funds on affordable housing.

At the end of FY 2018-19 the Housing Authority did not have an excess surplus, as shown in Table 2.

Table 2 Excess Surplus Calculation				
Fiscal Year	2014-15	2015-16	2016-17	2017-18
Deposits	411,050	15,950	18,102	20,129
Plus: SERAF Payments <sup>1</sup>	-	248,607	-	115,825
Total Deposits	\$ 411,050	\$ 264,557	\$ 18,102	\$ 135,954
FY 2018-19 Beginning Cash Balance <sup>2</sup>				\$ 854,365
Less: Encumbered Funds				-
Unencumbered Amount				\$ 854,365
<b>Step 1</b>				
\$1 Million, or				\$ 1,000,000
Last 4 Deposits				\$ 829,663
Result: Larger Number				\$ 1,000,000
<b>Step 2</b>				
Unencumbered Cash Balance				\$ 854,365
Larger Number From Step 1				\$ 1,000,000
<b>Excess Surplus</b>				\$ -

<sup>1</sup> SERAF payments are not reflected as deposits in Housing Asset Fund accounting records because they are recorded as an adjustment to the SERAF loan receivable balance. However, they are considered deposits for the purpose of making the excess surplus calculation.

<sup>2</sup> As of July 1, 2018. Includes cash plus 17-18 SERAF payment due from Fund 200 and \$400,000 due from Fund 154.

The Housing Authority will continue monitoring its deposits and fund balance to avoid an excess surplus. If the Housing Asset Fund has an excess surplus in the future, the excess surplus must be expended or encumbered within three fiscal years. If a housing successor fails to comply, it must transfer any excess surplus to HCD within 90 days of the end of the third fiscal year.

## TRANSFERS TO OTHER HOUSING SUCCESSORS

There were no transfers to another housing successor entity for a joint project pursuant to HSC Section 34176.1(c)(2).

## HOUSING SUCCESSOR PORTFOLIO

The Housing Successor Portfolio includes five properties and two loans receivable transferred from the former ACIA. The Portfolio had a value of \$4,397,386 as of FY 2018-19, as detailed in Table 3.

**Table 3**  
**Portfolio Value of Real Properties and Loans Receivable**

<b>Asset</b>	<b>Amount</b>
<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>	<b>\$4,251,426</b>
<b><i>Loans Receivable</i></b>	
First Time Homebuyer Loans Receivable <sup>2</sup>	120,000
SERAF Loan Advance <sup>3</sup>	25,960
<i>Subtotal</i>	<b>\$145,960</b>
<b>Total Portfolio Value</b>	<b>\$4,397,386</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.

<sup>2</sup> A \$120,000 loan receivable for 336 Triana Lane was transferred on the HAT. It is not recorded in the Housing Asset Fund balance in Table 2 because the loan is not repaid unless the property is sold. An additional \$95,000 loan for 338 Triana Lane was transferred on the HAT that was paid off when the property was sold to a new moderate income buyer. The new loan at 338 Triana Lane is considered a Housing Authority asset but not a housing successor asset.

<sup>3</sup> SERAF Loan Receivable amount includes interest repayment. Interest is subject to DOF approval of ROPS enforceable obligations.

## PROPERTY DESCRIPTIONS AND DISPOSITION STATUS

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

- 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 Housing Authority. They are both affordable to moderate income households through Ground Leases issued by the former ACIA.
- 206 E. Whittley Avenue: This property contains a four-unit apartment complex, of which one unit is occupied. The unit 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 Housing Authority plans to rehabilitate the property and intends to initiate rehabilitation in 2020.

HSC Code Section 34176(e) requires that all real properties acquired by the ACIA prior to February 1, 2012 and transferred to the Housing Authority be developed pursuant to the requirements detailed in HSC Section 33334.16. Thus, all property that falls within these parameters must be developed for affordable housing purposes within 5 years from the date DOF approved the HAT. Avalon’s original HAT was approved by DOF on August 30, 2012. DOF later asked the Successor Agency to revise the form to reflect ownership of 309 Beacon Street. The revised HAT was approved by DOF on December 15, 2014. Therefore, the original 5-year deadline ended on August 30, 2017 for all the properties except 309 Beacon Street, which ends on December 15, 2019, and is already developed as affordable housing.

The only Housing Authority property that still needs to be developed or disposed of pursuant to this provision is 206 E. Whittley Avenue, which plans for renovation are currently being developed with an architect for rental to low and moderate income residents as described above. However, as the Housing Authority was unable to develop or dispose of this property by August 30, 2017, the law allows for a 5-year extension via adoption of a resolution. On August 1, 2017, the Housing Authority adopted Housing Authority Resolution 17-01 extending the period for development or disposition of Housing Authority properties transferred from the former ACIA pursuant to Health and Safety Code Section 34176.1 (e) to August 30, 2022.

## LOANS RECEIVABLE AND DEFERRALS

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Two loans receivable and one deferral were transferred on the HAT. One loan for \$95,000 at 338 Triana Lane was paid off after dissolution.<sup>5</sup> The remaining loan and deferral include:

- First Time Homebuyer Program Loan Receivable (\$120,000): The former ACIA issued a \$120,000 loan to a moderate income homebuyer at 336 Triana Lane. The loan is due upon sale or within 30 years, whichever comes first. The loan does 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 loan will be refinanced at the end of the 30-year term or re-issued to a new borrower upon the sale of the properties.
- SERAF Loan / Deferral (\$25,960): In 2010, the ACIA borrowed \$1 million from the LMIHF to make state-mandated payments into a Supplemental Educational Revenue Augmentation Fund (“SERAF”). State law permits the loan to be repaid to the City as Housing Successor through a Recognized Obligation Payment Schedule. A total of \$974,401 was repaid between FY 2015-16 and 2018-19. The remaining \$25,959 balance is expected to be paid off in FY 2019-20.

## AFFORDABILITY AGREEMENTS

The Housing Authority oversees seven affordability agreements transferred from the former ACIA:

- 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.

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<sup>5</sup> See next sections for more details on the 338 Triana Lane loan payoff.

- 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 very 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 had an agreement between the City and the California Housing Financing Agency (“CalHFA”) that restricted affordability at this property through August 18, 2016. The ACIA affordable housing covenants have since expired on the Tremont Street Apartments. However, the project is also subsidized by CalHFA and Section 8 Project Based Vouchers. The CalHFA promissory note was repaid by Hamilton Cove many years ago, but the Section 8 Project Based Vouchers were renewed in 2013 and will remain in effect until April 30, 2033 for 62 units restricted to low income households.
- 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 Triana Lane: This single-family home has a 45-year restrictive covenant that expires in 2055. A moderate income household received assistance through the First-Time Homebuyer Down Payment Assistance Program.

One additional affordability agreement was transferred on the HAT at 338 Triana Lane for a First-Time Homebuyer Down Payment Assistance Program loan that was paid off after dissolution. The Housing Authority issued a new loan at the property that is maintained by the Housing Authority but is not a housing successor asset, as it was not funded by Housing Asset Funds.

## HOMEOWNERSHIP UNIT INVENTORY

Table 4 presents an inventory of homeownership units assisted by the former ACIA that require restrictions, covenants, or an adopted program that protects former ACIA Low and Moderate Income Housing Fund investments. One of the units, 338 Triana Lane, was assisted by the ACIA prior to dissolution with a \$95,000 loan that was paid off after dissolution. A new \$192,000 loan was issued at this property in December 2014 by the Housing Authority using housing bond proceeds. The loan has been included as part of the homeownership inventory to reflect the protection of the former ACIA's investment, however it is considered a Housing Authority asset and not a housing successor asset because Housing Asset Funds were not used to fund the new loan.

<b>Project Name / Address</b>	<b>Income Level</b>	<b>Covenant Expiration</b>	<b>Program</b>	<b>Funding Source</b>
238 Descanso Ave	Moderate	5/17/2051	FTHB	LMIHF
311 Descanso Ave	Moderate	5/23/2951	FTHB	LMIHF
336 Triana Lane	Moderate	9/21/2055	FTHB	LMIHF
338 Triana Lane	Moderate	6/23/2059	FTHB	Housing Bonds

## APPENDIX 1 - HOUSING SUCCESSOR ANNUAL REPORT REQUIREMENTS

Housing Successor Reporting Requirements <i>Health and Safety Code Section 34176.1(f)</i>		
<b>Housing Asset Fund Revenues &amp; Expenditures</b>	<b>Other Assets and Active Projects</b>	<b>Obligations &amp; Proportionality</b>
Total amount deposited in the Housing Asset Fund for the fiscal year  Amount of deposits funded by a Recognized Obligation Payment Schedule (“ROPS”)	Description of any project(s) funded through the ROPS	Description of any outstanding production obligations of the former ACIA that were inherited by the Housing Authority
Statement of balance at the close of the fiscal year	Update on property disposition efforts (note that housing successors may only hold property for up to five years, unless it is already developed with affordable housing)	Compliance with proportionality requirements (income group targets), which must be upheld on a five year cycle
Description of Expenditures for the fiscal year, broken out as follows: <ul style="list-style-type: none"> <li>• Homeless prevention and rapid rehousing</li> <li>• Administrative and monitoring</li> <li>• Housing development expenses by income level assisted</li> </ul>	Other “portfolio” balances, including: <ul style="list-style-type: none"> <li>• Statutory value of any real property either transferred from the former ACIA or purchased by the Housing Asset Fund</li> <li>• Value of loans and grants receivable</li> </ul>	Percentage of deed-restricted rental housing restricted to seniors and assisted by the former ACIA, the Housing Authority, or the City within the past ten years compared to the total number of units assisted by any of those three agencies
Description of any transfers to another housing successor for a joint project	Inventory of homeownership units assisted by the former ACIA or the housing successor that are subject to covenants or restrictions or to an adopted program that protects the former ACIA’s investment of monies from the Low and Moderate Income Housing Fund	Amount of any excess surplus, and, if any, the plan for eliminating it



## **APPENDIX 2 – HOUSING ASSET TRANSFER FORM**

The Housing Asset Transfer Form is attached as a separate document.

**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](mailto: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](mailto: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
- Exhibit B- Personal Property
- Exhibit C - Low-Mod Encumbrances
- Exhibit D - Loans/Grants Receivables
- Exhibit E - Rents/Operations
- Exhibit F- Rents
- Exhibit G - Deferrals

<b>X</b>
<b>X</b>
<b>X</b>
<b>X</b>
<b>X</b>

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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
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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
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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.

Exhibit G - Deferrals

**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
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## APPENDIX 3 – HOUSING ASSET FUND EXPENDITURE REQUIREMENTS

Housing Asset Fund Expenditure Requirements <i>Health and Safety Code Section 34176.1</i>		
Expense Category	Limits	Allowable Uses
<b>Administration and Compliance Monitoring</b>	<b>\$219,869 maximum</b> for FY 2018-19 in Avalon (limit varies each year)	Administrative activities such as: <ul style="list-style-type: none"> <li>Professional services (consultant fees, auditor fees, etc.)</li> <li>Staff salaries, benefits, and overhead for time spent on Housing Successor administration</li> <li>Compliance monitoring to ensure compliance with affordable housing and loan agreements</li> <li>Property maintenance at Housing Successor-owned properties</li> </ul> <p>Capped at \$200,000 adjusted annually for inflation or 5% of the statutory value of real property owned by the housing successor and the value of loans and grants receivable from the HAT (“Portfolio”), whichever is greater.</p>
<b>Homeless Prevention and Rapid Rehousing Solutions</b>	<b>\$250,000 maximum</b> per fiscal year	Services for individuals and families who are homeless or would be homeless but for this assistance, including: <ul style="list-style-type: none"> <li>Contributions toward the construction of local or regional homeless shelters</li> <li>Housing relocation and stabilization services including housing search, mediation, or outreach to property owners</li> <li>Short-term or medium-term rental assistance</li> <li>Security or utility deposits</li> <li>Utility payments</li> <li>Moving cost assistance</li> <li>Credit repair</li> <li>Case management</li> <li>Other appropriate activities for homelessness prevention and rapid rehousing of persons who have become homeless.</li> </ul>
<b>Affordable Housing Development</b>	No spending limit, but must comply with income and age targets	“Development” includes: <ul style="list-style-type: none"> <li>New construction</li> <li>Acquisition and rehabilitation</li> <li>Substantial rehabilitation</li> <li>Acquisition of long-term affordability covenants on multifamily units</li> <li>Preservation of at-risk units whose affordable rent restrictions would otherwise expire over the next five years</li> </ul>

**Housing Asset Fund Expenditure Requirements**  
*Health and Safety Code Section 34176.1*

Expense Category	Limits	Allowable Uses
	<b><i>Income Targets</i></b>	<p>Every five years (currently FYE 2020-2024), Housing Asset Funds must meet income targets:</p> <ul style="list-style-type: none"> <li>• At least 30% on extremely low income rental households (up to 30% AMI or “Area Median Income”)</li> <li>• No more than 20% on low income households (60-80% AMI)</li> </ul> <p>Moderate and above moderate income households may not be assisted (above 80% AMI).</p> <p>Failure to comply with the extremely low income requirement in any five-year compliance period will result in having to ensure that 50 percent of remaining funds be spent on extremely low income rental units until in compliance.</p> <p>Exceeding the expenditure limit for low households earning between 60-80% AMI in any five-year reporting period will result in not being able to expend any funds on these income categories until in compliance.</p>
	<b><i>Age Targets</i></b>	<p>For the prior ten years (resets every year), a maximum of 50% of deed-restricted rental housing units assisted by the Housing Successor or its host jurisdiction may be restricted to seniors.</p> <p>If a housing successor fails to comply, Housing Asset Funds may not be spent on deed-restricted rental housing restricted to seniors until in compliance.</p>

