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# **HOUSING SUCCESSOR ANNUAL REPORT**

## **Avalon Housing Authority**

### **Fiscal Year 2020-21**

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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”) 2020-21 finances and activities as required by Health and Safety Code (“HSC”) Section 34176.1(f). This Annual Report details how the Housing Authority met all requirements for expenditures by income level since the beginning of the second five-year compliance period, which runs from July 1, 2019 through June 30, 2024.

The Annual Report is due to the California Department of Housing and Community Development (“HCD”) by December 31<sup>st</sup> 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<sup>st</sup> annually.

## HOUSING SUCCESSOR REQUIREMENTS

In the 2013-14 Legislative Session, Senate Bill (“SB”) 341 and subsequent legislation enacted several requirements for housing successor agencies. Housing successors must comply with three major requirements pursuant to HSC Section 34176.1:

1. Expenditures and housing production are subject to income and age targets.
2. Housing successors may not accumulate an “excess surplus,” or a high balance based on certain thresholds discussed later in this report.

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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.

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, nor generated by, nor 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>2</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 2020-21 limit for The Housing Authority was \$218,571 (5% of the Portfolio value of \$4,371,426).
- **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 current five-year compliance period runs from July 1, 2019 through June 30, 2024.

It is important to 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

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<sup>2</sup> Fund 153. The Housing Asset Fund replaced the former ACIA’s Low and Moderate Income Housing Fund.

between 60-80% AMI, as long as it spends 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**

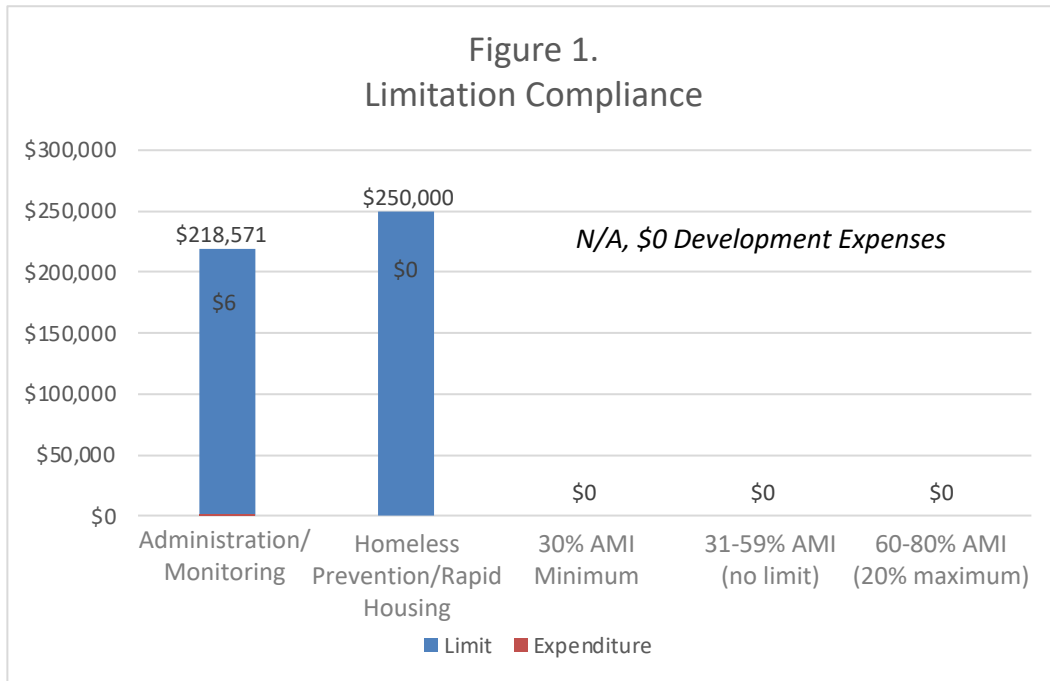
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The Housing Authority complied with all Housing Asset Fund spending restrictions in FY 2020-21, including five-year compliance period income targeting requirements:<sup>3</sup>

- Administrative costs of \$6 did not exceed the \$218,571 maximum amount for FY 2020-21.
- No homeless prevention or rapid rehousing expenses were made in FY 2020-21.
- No affordable housing development-related expenditures were made, so five-year compliance period income targets do not apply.

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<sup>3</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

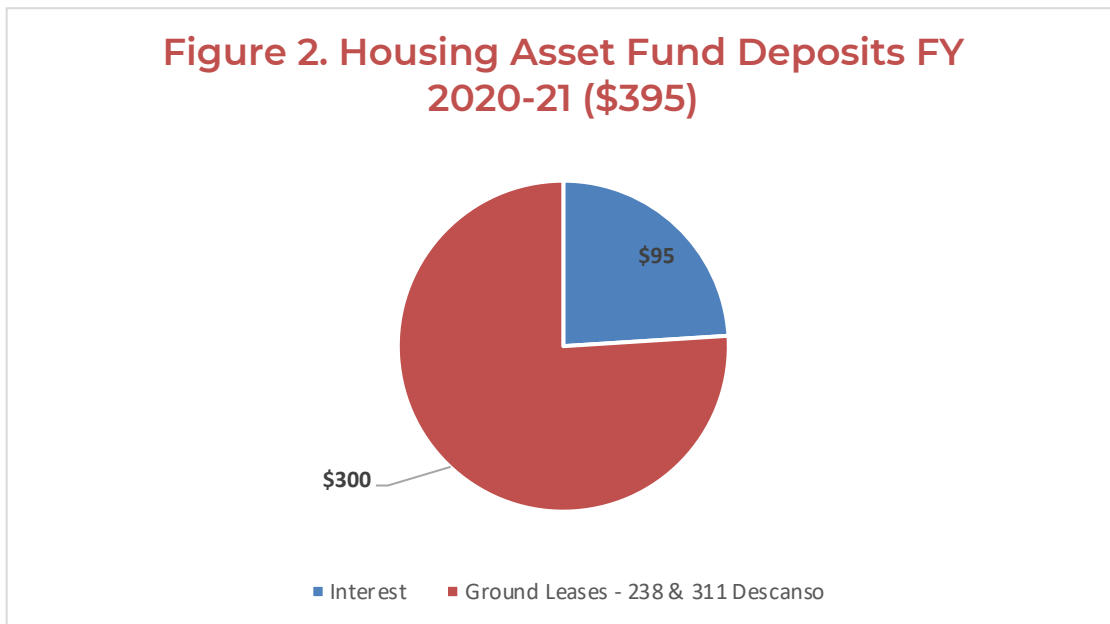
This report must include an accounting of deed-restricted senior rental units that were produced over the last ten years. The Housing Authority must expend no more than 50% of the aggregate total number of senior housing units produced by the City, Housing Authority or former ACIA during the past 10 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 \$395 into the Housing Asset Fund during FY 2020-21.



Revenue sources include:

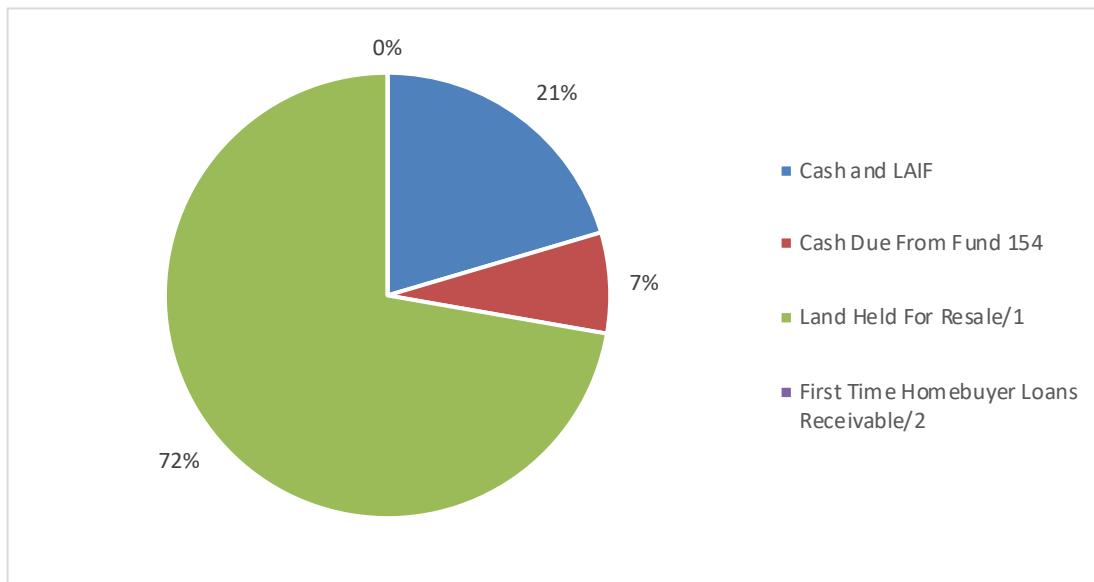
- Interest income (\$95).
- Ground lease revenue from 238 & 311 Descanso: The Housing Authority collects rents from ground leases at 238 and 311 Descanso. The Housing Authority received \$150 for each property in FY 20-21.

The Housing Asset Fund balance as of June 30, 2021 was \$5,734,417.



**Table 1**  
**Housing Asset Fund Ending Balance FY 2019-20**

<b>Balance Type</b>	<b>Amount</b>
Cash and LAIF	1,117,338
Cash Due From Fund 154	400,000
Land Held For Resale/1	3,951,426
First Time Homebuyer Loans Receivable/2	-
<b>Ending Balance</b>	<b>\$ 5,734,417</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. An excess surplus has been identified for fiscal years FY 2019-20 and FY 2020-21. 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.

The Housing Authority previously accrued an excess surplus in the Housing Asset Fund in FY 2019-20. The amount reported in the 2019-20 report was \$336,351. It should be noted that each excess surplus

must be accounted for separately, as such, the reduction for the previous excess surplus is reduced from the available funds as to not double count the excess surplus or available fund balance.

Table 2 illustrates the FY 2019-20 excess surplus amount that will be eliminated with the FY 2020-21 administrative expenses. The Housing Authority will work to expend the rest these funds by June 30, 2023, so they will not have to transfer the remaining funds over to HCD.

<b>Table 2</b>	
<b>FY 2019-20 Excess Surplus Elimination</b>	
<b>Fiscal Year</b>	<b>2019-20</b>
Excess Surplus (Beginning of Year)	\$ 336,351
<b>Elimination of FY 2019-20 Excess Surplus</b>	
FY 2020-21 Administrative Costs	6
Encumbrances	-
Remaining FY 2019-20 Excess Surplus	\$ 336,345

Table 3 shows the excess surplus calculation for FY 2020-21. The Housing Authority accumulated an excess surplus of \$154,646 in FY 2020-21. The calculation below accounts for the remaining FY 2019-20 excess surplus and the FY 2020-21 administrative expenses as illustrated in Table 2 above. HSC allows for encumbered funds to be subtracted from the fund balance as part of this calculation.

**Table 3**  
**Excess Surplus Calculation**

<b>Fiscal Year</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Deposits	24,360	20,129	15,416	11,628
Plus: SERAF Payments <sup>1</sup>	-	115,825	609,609	25,960
Total Deposits	\$ 24,360	\$ 135,954	\$ 625,025	\$ 37,588
FY 2020-21 Beginning Cash Balance <sup>2</sup>				\$ 1,490,991
Less: Encumbered Funds				-
Less: FY 2019-20 Remaining Excess Surplus				336,345
Unencumbered Amount				\$ 1,154,646
<hr/>				
<b>Step 1</b>				
\$1 Million, or				\$ 1,000,000
Last 4 Deposits				\$ 822,926
Result: Larger Number				\$ 1,000,000
<hr/>				
<b>Step 2</b>				
Unencumbered Cash Balance				\$ 1,154,646
Larger Number From Step 1				\$ 1,000,000
<hr/>				
<b>Excess Surplus</b>				<b>\$ 154,646</b>

<sup>1</sup> In FY 17-18, 18-19, and 19-20 SERAF payments were not reflected as deposits in Housing Asset Fund accounting records because they were 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, 2020. Includes cash, SERAF payments, and \$400,000 due from Fund 154.

The Housing Authority is committed to the production of affordable housing in the City and is considering options to spend the excess surplus moving forward. Options possibly include the rehabilitation of 206 E. Whittley and homelessness prevention and rapid rehousing efforts. Progress will be made towards eliminating excess surplus monies within the required timeframe.

## **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 \$4,371,426 as of FY 2020-21, as detailed in Table 3.

Table 4 Portfolio Value of Real Properties and Loans Receivable	
Asset	Amount
<b>Real Properties</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>Loans Receivable</b>	
First Time Homebuyer Loans Receivable <sup>2</sup>	120,000
<i>Subtotal</i>	<i>\$120,000</i>
<b>Total Portfolio Value</b>	<b>\$4,371,426</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.

<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.

## 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 14-unit senior housing complex is affordable to very low-income residents. 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 Developer resyndicated the project in August

2021. As part of the resyndication process, the Ground Lease was amended and extended from 2074 to 2077. In addition, the affordability covenant was extended through 2077.

- 238 & 311 Descanso Avenue: These two single-family homes have 55-year affordable housing 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. The ACIA purchased the property in 2008 and had planned to build new affordable housing units. However, the ACIA was unable to pursue development due to the dissolution of redevelopment. The Authority now intends to rehabilitate the property and rent units out to low and moderate income households. Pursuant to the Uniform Relocation and Real property Acquisition Policies Act of 1970, the Authority began providing relocation services to the one tenant occupying the property in November 2019 and successfully relocated the tenant in May 2020 in preparation for the rehabilitation. Construction was planned to commence in Fall 2020 but was delayed due to the COVID-19 pandemic. Construction is now anticipated to commence in Fall 2021.

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 five 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 five-year deadline ended on August 30, 2017 for all the properties except 309 Beacon Street, which ended 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. Plans for renovation are currently being developed 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 five-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>4</sup> The final payment towards the \$1 million deferral was paid in FY 2019-20 in the amount of \$25,959. The remaining loan is described below:

- 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.

## **AFFORDABILITY AGREEMENTS**

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

- 309 Beacon Street: This 14-unit senior housing complex is affordable to very low-income residents. 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 Developer resyndicated the project in August 2021. As part of the resyndication process between 309 Beacon St. and the non-contiguous Bird Park, the Ground Lease was amended and extended from 2074 to 2077 and the affordability covenant was extended 28 years and will expire in 2077. In addition, the affordability mix restricted 18 units (of the 36 between Beacon St. and Bird Park) to households with incomes less than 50%, and 18 units to households with incomes less than 60% AMI based, on TCAC

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<sup>4</sup> See next sections for more details on the 338 Triana Lane loan payoff.

limits. The City of Avalon adopted Resolution No. HA 20-01 in March 2020 that, at a minimum, requires the units to be restricted to rental households earning no more than 80% of AMI based on limits established by the State Department of Housing and Community Development.

- 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. As part of the resyndication process between Bird Park and the non-contiguous 309 Beacon St., the affordability covenant will be extended 28 years and will expire in 2077. In addition, the affordability mix restricted 18 units (of the 36 between Beacon St. and Bird Park) to households with incomes less than 50% and 18 units to households with incomes less than 60% AMI based on TCAC limits.
- 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.

**Table 5**  
**Homeownership Unit Inventory**

<b>Project Name / Address</b>	<b>Income Level</b>	<b>Covenant Expiration</b>	<b>Program</b>	<b>Funding Source</b>
238 Descanso Ave	Moderate	5/17/51	FTHB	LMIHF
311 Descanso Ave	Moderate	5/23/51	FTHB	LMIHF
336 Triana Lane	Moderate	9/21/55	FTHB	LMIHF
338 Triana Lane	Moderate	6/23/59	FTHB	Housing Bonds

## APPENDIX 1 - HOUSING SUCCESSOR ANNUAL REPORT REQUIREMENTS

<b>Housing Successor Reporting Requirements</b> <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>
<p>Total amount deposited in the Housing Asset Fund for the fiscal year</p> <p>Amount of deposits funded by a Recognized Obligation Payment Schedule (“ROPS”)</p>	<p>Description of any project(s) funded through the ROPS</p>	<p>Description of any outstanding production obligations of the former ACIA that were inherited by the Housing Authority</p>
<p>Statement of balance at the close of the fiscal year</p>	<p>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)</p>	<p>Compliance with proportionality requirements (income group targets), which must be upheld on a five year cycle</p>
<p>Description of Expenditures for the fiscal year, broken out as follows:</p> <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>	<p>Other “portfolio” balances, including:</p> <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>	<p>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</p>
<p>Description of any transfers to another housing successor for a joint project</p>	<p>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</p>	<p>Amount of any excess surplus, and, if any, the plan for eliminating it</p>

## **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

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

Prepared By: Tara Mathews & Suzy Kim, RSG Inc. Phone 714-541-4585 E-Mail Address [tmathews@webdrrsg.com](mailto:tmathews@webdrrsg.com) [skim@webdrrsg.com](mailto:skim@webdrrsg.com)

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 Summer 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 Barming 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 34.176 (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 (Triana Lane)	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 (Tanzler-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 <i>a/</i>	Description	Carrying Value of Asset	Date of transfer to Housing Successor Agency	Acquisition cost funded with Low-Mid Income 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 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/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.

Exhibit F - Rents

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	Successor Housing Entity	Successor Housing Entity	Successor Housing 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>\$218,571 maximum</b> for FY 2020-21 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>

