

**Housing Successor Annual Report Regarding the
Low and Moderate Income Housing Asset Fund
For Fiscal Year 2017-18
Pursuant to California Health and Safety Code Section 34176.1(f)
For the Housing Authority of the City of Glendale**

This Housing Successor Annual Report (Report) regarding the Low and Moderate Income Housing Asset Fund (LMIHAF) has been prepared pursuant to California Health and Safety Code Section 34176.1(f) and is dated December 11, 2018.

This Report sets forth certain details of the activities of the Housing Authority of the City of Glendale (Authority) acting as Housing Successor during Fiscal Year 2017-18 (Fiscal Year).

The purpose of this Report is to provide the governing body of the Authority an annual report on the LMIHAF housing assets and activities of the Authority under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (Dissolution Law).

The following Report is based upon information prepared by Glendale's Housing Successor staff (City Finance Department and Community Development Department staff) and information contained within the independent financial audit of the Low and Moderate Income Housing Asset Fund in the City of Glendale Comprehensive Annual Financial Report for Fiscal Year 2017-18 (Fiscal Year) as prepared by Vavrinek, Trine, Day & Company, LLP (Audit), which Audit is separate from this annual summary Report. Further, this Report conforms with and is organized into Sections I. through XIII, inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

I. **The amount the city, county, or city and county received pursuant to subparagraph (A) of paragraph (3) of subdivision (b) of Section 34191.4:**

A total of \$2,208,810 was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, \$977,053 was the 20% of the City Agency debt repayment listed on the ROPS. The City did not receive any other City Agency loan repayment amounts in FY 2017-18 pursuant to this section.

II. **Amount Deposited into LMIHAF:** This section provides the total amount of funds deposited into the LMIHAF during the Fiscal Year. Any amounts deposited for items listed on the Recognized Obligation Payment Schedule (ROPS) must be distinguished from the other amounts deposited.

A total of \$2,208,810 was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, \$977,053 was the 20% of the City Agency debt repayment listed on the ROPS.

III. **Ending Balance of LMIHAF:** This section provides a statement of the balance in the LMIHAF as of the close of the Fiscal Year. Any amounts deposited for items listed on the ROPS must be distinguished from the other amounts deposited.

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$10,031,174, of which \$977,053 is the 20% of the City Agency debt repayment listed on the ROPS.

- IV. **Description of Expenditures from LMIHAF:** This section provides a description of the expenditures made from the LMIHAF during the Fiscal Year. The expenditures are to be categorized. Note: These expenses are not itemized in the annual Audit.

LMIHAF Expenditures 2017-18	
Monitoring and Administration Expenditures	\$ 535,744
Homeless Prevention and Rapid Rehousing Services Expenditures	\$0
Housing Development Expenditures	
- For Low Income Units	\$443,989
- For Very Low Income Units	\$177,597
- For Extremely Low Income Units	\$0
TOTAL LMIHAF Expenditures in Fiscal Year	\$1,157,330

- V. **Statutory Value of LMIHAF Assets Owned by Authority:** This section provides the statutory value of LMIHAF real property owned by the Authority, the value of loans and grants receivables, and the sum of these two amounts.

Statutory Value of LMIHAF Real Property Owned by Authority	\$22,740,215
Value of LMIHAF Loans and Grants Receivable	\$62,239,195
Total Value of Authority LMIHAF Assets	\$84,979,410

- VI. **Description of Transfer:** This section describes transfers, if any, to another housing successor agency made in previous Fiscal Year(s), including whether the funds are unencumbered and the status of projects, if any, for which the transferred LMIHAF will be used. The sole purpose of the transfers must be for the development of transit priority projects, permanent supportive housing, housing for agricultural employees or special needs housing.

The Authority did not make any LMIHAF transfers to other Housing Successor(s) under Section 34176.1(c) (2) during the Fiscal Year.

- VII. **Project Descriptions:** This section describes any project for which the Authority receives or holds property tax revenue pursuant to the ROPS and the status of that project.

The Authority did not receive or hold property tax revenue pursuant to the ROPS during the Fiscal Year.

- VIII. **Status of Compliance with California Health & Safety Code Section 33334.16:**

This section provides a status update on compliance with Section 33334.16 for interest in LMIHAF real property acquired by the former redevelopment agency prior to February 1, 2012.

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With respect to interests in real property acquired by the former redevelopment agency *prior to* February 1, 2012, the time periods described in Section 33334.16 shall be deemed to have commenced on the date that the Department of Finance approved the property as a housing asset in the LMIHAF; thus, as to real property acquired by the former redevelopment agency now held by the Authority in the LMIHAF, the Authority must initiate activities consistent with the development of the real property for the purpose for which it was acquired within five years of the date the DOF approved such property as a housing asset.

Following is a status update on the LMIHAF real property or properties housing asset(s) that were acquired *prior to February 1, 2012 and compliance with five-year period*:

Address of LMIHAF Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Authority Activity
1416 5 th Street (5 th & Sonora)	October 2008	February 5, 2018 (5 Years from DOF approval of Housing Assets Transfer)	Letter of Loan Commitment to LINC/Core for project February 2017. CTCAC approved tax credits July 2017. Building permits were issued 3/5/2018 and construction began on 65 affordable units.
1814 Vassar Ave	May 2009	n/a	Multifamily rental apartments in operation
3673 San Fernando	February 2008	n/a	Multifamily rental apartments in operation
328 Mira Loma	February 2007	n/a	Multifamily rental apartments in operation
630 Geneva	May 2006	n/a	Open space, undevelopable, accessory to Habitat Geneva Homes
1855 Brand/1760 Gardena	March 2005	n/a	Multifamily rental apartments in operation
555 E Palmer	FY 1993	n/a	Multifamily rental apartments in operation

Section 34176.1 provides that Section 33334.16 does not apply to interests in LMIHAF real property acquired by the Authority on or *after* February 1, 2012; however, this Report presents an information only status update on LMIHAF projects related to such real property.

The following table shows LMIHAF properties that were acquired after February 1, 2012 and their status:

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Authority Activity
327-331 Salem Street - Parking Lot 12	November 2013	n/a	Veterans Village Project – Multi-Family rental apartments in operation 11/15/2015.

IX. **Description of Outstanding Obligations under Section 33413:** This section describes the outstanding inclusionary and replacement housing obligations, if any, under Section 33413 that remained outstanding prior to dissolution of the former redevelopment agency as of February 1, 2012 along with the Authority’s progress in meeting those prior obligations, if any, of the former redevelopment agency.

Replacement Housing Obligation:

According to the 2010-2014 Implementation Plan (Plan) for the former redevelopment agency:

*There were no replacement housing **obligations** that were outstanding that were transferred to the Authority.*

As noted in the Plan, the Authority met the obligations for replacement of the units that were listed. These replacement housing obligations were met (in terms of number of bedrooms and by affordability levels) either through onsite replacement of the units or through relying on the excess affordable residential units constructed within the required time frame as noted in the Glendale Housing Inclusionary and Replacement Bank spreadsheet maintained by the Community Development Department Housing Division.

There were no additional projects that incurred replacement obligations between the date the Plan was written (July 2009) and the dissolution of the Glendale Redevelopment Agency on February 1, 2012.

Inclusionary/Production Housing Obligation:

According to the Plan for the former redevelopment agency:

No Section 33413(b) inclusionary/production housing obligations were transferred to the Authority.

As noted in the Plan, the Authority met the obligations for production of affordable housing that had resulted from construction of new residential units listed in the Plan. (Note: Some development projects listed in the Plan did not go forward.)

Production housing obligations were met (in terms of number of units and by affordability levels) either through onsite replacement of the units or through relying on the excess affordable residential units of appropriate affordability levels that were constructed within

the required time frame as noted in the Glendale Housing Inclusionary and Replacement Bank spreadsheet.

There were no additional projects that incurred housing production obligations between the date the Plan was written (July 2009) and the dissolution of the Glendale Redevelopment Agency on February 1, 2012.

The former redevelopment agency's Implementation Plans are posted on the City's website at <http://www.glendaleca.gov/government/departments/glendale-economic-development-corporation-/glendale-successor-agency/implementation-plan> .

- X. **Extremely Low Income Test:** This section provides the information required by Section 34176.1(a)(3)(B), or a description of expenditures by income restriction for a five year period, with the time period beginning January 1, 2014 and whether the statutory thresholds have been met.

Section 34176.1(a)(3)(B) requires that the Authority must require at least 30% of the LMIHAF to be expended for development of rental housing affordable to and occupied by households earning 30% or less of the AMI. If the Authority fails to comply with the Extremely-Low Income requirement in any five-year report, then the Authority must ensure that at least 50% of the funds remaining in the LMIHAF be expended in each fiscal year following the latest fiscal year following the report until the Authority demonstrates compliance with the Extremely-Low Income requirement.

Reporting the Income Test is not required until 2019 for the 2014-2019 period and so is not provided at this time.

- XI. **Senior Housing Test:** Glendale passes this test and so use of LMIHAF is not restricted in the next year due to this requirement.

This section provides the percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Authority, its former Redevelopment Agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Authority, its former Redevelopment Agency and its host jurisdiction within the same period.

The Authority is to calculate the percentage of units of deed-restricted rental housing restricted to seniors and assisted by the Authority, the former redevelopment agency and/or the City within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted by the Authority, the former redevelopment agency and/or City within the same time period.

If this percentage exceeds 50%, then the Authority cannot expend future funds in the LMIHAF to assist additional senior housing units until the Authority or City assists and construction has commenced on a number of restricted rental units that is equal to 50% of the total amount of deed-restricted rental units.

For this Report the ten year period reviewed is January 1, 2008 to January 1, 2018.

Glendale Senior Housing Test	January 1, 2008 to January 1, 2018
Number of Assisted Senior Rental Units	17
Number of Total Assisted Rental Units	410
Senior Housing Percentage	4.1%

- XII. **Excess Surplus Test:** This section provides the amount of excess surplus in the LMIHAF, if any, and the length of time that the Authority has had excess surplus, and the Authority’s plan for eliminating the excess surplus.

Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the Authority’s preceding four Fiscal Years, whichever is greater.

Excess Surplus test for FY 2017-18:

Fund Balance - as of 6-30-2018	10,031,174
Less unavailable funds - as of 6-30-2018	
Land held for resale	0
Total unavailable funds	<u>0</u>
Unencumbered fund balance - as of 6-30-2018	10,031,174
Deposits for the preceding four fiscal years:	
Fiscal year 2013-14	924,636
Fiscal year 2014-15	3,896,431
Fiscal year 2015-16	1,873,676
Fiscal year 2016-17	<u>6,266,098</u>
	12,960,841

Test Result: *The LMIHAF does not have an Excess Surplus.*

- XIII. **Homeownership Units:** This section provides an inventory of homeownership units assisted by the former redevelopment agency or the housing successor that are subject to covenants or restrictions or to an adopted program that protects the former redevelopment agency’s investment of moneys from the LMIHAF pursuant to subdivision 34176.1 (f) (13) and Section 33334.3 (f) of the California Health and Safety Code for 2015-16:

- a. Number of First Time Home Buyer Units with LMIHAF Loans originated **before** 2/1/2012 that were active in 2017-18: *115 Loans*

- b. Number of these loans “lost” between 7/1/2017 through 6/30/2018 and reasons for loss:

No LMIHAF loans (0) were “lost” or paid off by borrowers with proceeds to the Housing Authority deposited in the LMIHAF.

- c. Funds returned to the Authority as part of the asset management program protecting the investment of moneys from the LMIHAF for the First Time Home Buyer Program:

\$0

- d. Contracted entity for management of the units:

Limited loan servicing provided for portion of portfolio (loans with monthly payments) through Community Reinvestment Fund.

Submittal and Publication of Report:

This Report will be provided to the Housing Successor’s (Authority) governing body by December 31, 2018. In addition, this Report and the former redevelopment agency’s pre-dissolution Implementation Plans will both be made available to the public on the City’s website.