



Glendora Housing Authority as
Housing Successor to the Glendora
Community Redevelopment Agency

Annual Report
Fiscal Year
2020-21

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Prepared for:
Glendora Housing Authority

Prepared by:
Keyser Marston Associates, Inc.

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Glendora Housing Authority

Introduction

This document represents the annual report of the Glendora Housing Authority (“Authority”), acting as housing successor to the former Glendora Redevelopment Agency (“Former Agency”), as required pursuant to Section 34328 of the Health and Safety Code. Additional reporting requirements for housing successors were added by SB 341, which amended Section 34176 and added Section 34176.1 to the Health and Safety Code. Changes to the reporting requirements in Section 34176.1 were included in SB 107, which was enacted in September 2015 and became effective immediately. This annual report includes the reporting requirements of both Sections of the Health and Safety Code (34328 and 34176.1).

Section 34328 requires housing authorities to generally report on their activities for the preceding year. Section 34176.1 requires housing successors to cause the preparation of annual audited financial statements and report on specific additional activities of the housing successor.

Redevelopment Dissolution Act

In December 2011, the California Supreme Court issued its opinion in the case of California Redevelopment Association, et al., v. Matosantos, et al. The Court upheld the right of the state to dissolve redevelopment agencies pursuant to Part 1.85 (commencing with Section 34170) of Division 234 of the California Health and Safety Code, enacted by AB x1 26, and as amended on June 27, 2012 by AB 1484 (the “Dissolution Act”). Based on modified timelines approved by the Court, all redevelopment agencies, including the Former Agency, were dissolved effective February 1, 2012. The City of Glendora elected to function as the successor to the Former Agency (“Successor Agency”) and to form a Housing Authority to serve as the governing body for the Former Agency’s low and moderate income housing assets. Under the Dissolution Act, successor agencies are charged with winding down the affairs of former redevelopment agencies and paying their obligations. Housing successor entities are different legal entities and have different duties under the Dissolution Act. Housing successors received the non-cash housing assets¹ of former redevelopment agencies and are charged with monitoring and maintaining existing low- and moderate income housing assets and meeting outstanding requirements for former redevelopment agencies.

Under the Dissolution Act, housing successors have no ongoing revenue source except for program income (revenue generated by non-cash housing assets) and 20% of loan repayments, if any, made by successor agencies to cities as repayment of loans the cities made to the former redevelopment agencies under the special repayment provisions of the Health and Safety Code (Section 34191.4). In the City of Glendora, loan repayments from the Successor Agency to the City pursuant to a loan authorized for repayment under Section 34191.4 are currently being made.

¹ In addition to non-cash housing assets, the Authority/City was able to retain any cash that was encumbered for specific housing obligations.

Section 34328

Section 34328 requires that housing authorities prepare annual reports that contain information adequate for the City and the Department of Housing and Community Development (“HCD”) to determine that its activities meet the requirements of the laws governing housing authorities’ powers, specifically Section 34312.

Section 34312.3 allows housing authorities to:

1. Issue bonds,
2. Make or undertake construction or mortgage loans,
3. Purchase construction or mortgage loans,
4. Develop, rehabilitate, or finance housing projects,
5. Purchase, sell, lease, own, operate or manage housing projects, and
6. Convey surplus land it acquires from another public agency to a private entity for the development of single-family homes.

Section 34328 does not contain specifics as to what is to be included in the annual report nor are there other statutes that provide additional guidance or requirements. When contacted in connection with preparing another annual report, HCD provided little additional guidance except to suggest that housing authorities should report on their activities. They further noted that annual reports from housing authorities that have been submitted to HCD are not being analyzed or summarized because of a lack of resources at HCD. In accordance with this guidance and the requirements of Section 34328, the activities of the Authority are summarized below and quantified in the attached tables.

Housing Authority Activities

The Authority’s only ongoing source of revenues are monies received from loans and other assistance provided in previous years by either the Former Agency or the Authority, most of which do not have regularized payments. The Authority’s program revenues seem to be averaging about \$150,000 per year if certain one-time revenues are excluded.² Without consistent reliable funding, the Authority’s current and future efforts will be mostly focused on preserving and monitoring previously assisted low and moderate income housing units.

The Authority administers, monitors and maintains the following affordable housing projects:

- **Heritage Oaks:** A senior citizen complex at Glendora Avenue and the I-210 Freeway (Project Area 1). Heritage Oaks consists of 157 senior rental units, a portion of which are rent restricted to very-low and low income seniors. The Authority leases the Heritage Oaks site to the owner of the complex. The Authority recently entered into a Settlement Agreement and the Third Amendment to the Disposition and Development Agreement with the owners of Heritage Oaks. As the result of that process, the

² The Authority received one-time revenue of \$575,739 as a result of selling its only land holding in 2014-15 and \$1,015,230 was received in 2016-17 as additional rent because the Heritage Oaks property was refinanced. Per the terms of the Leasehold Agreement with the owner of Heritage Oaks, the Authority is due 20% of any proceeds realized from a refinance.

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number of affordable units has increased from 47 to 52. The affordability requirements will be in effect until at least 2065.

- **Elwood Apartments:** An 87 unit family apartment complex at Elwood Avenue and Route 66. All 87 units are rent restricted to low income households. The affordability requirements will be in effect until at least 2065.
- **Habitat for Humanity:** In 2008, the Former Agency acquired a vacant single family lot at 252 S. San Jose Avenue. The Former Agency subsequently entered into an affordable housing agreement with Habitat for Humanity for the construction of a new single family home. Pursuant to this agreement, the Former Agency contributed the land in exchange for a 45 year affordability covenant. During the 45 year period, the house may only be sold and occupied by a low income household. The house was completed and occupied in 2011.
- **Affordable Housing Loans:** The Authority administers home improvement and other affordable housing loans that were made by the Former Agency. These are loans that were made to assist eligible households' purchase affordable housing and/or improve their existing homes.

Reporting Requirements from SB 341 / SB 107

SB 341 was enacted in 2013 and imposed different housing requirements on entities acting as housing successors to former redevelopment agencies, which requirements became effective starting January 1, 2014. Specifically, SB 341 amended Section 34176 and added Section 34176.1 to the Health and Safety Code. It applies to unencumbered funds held by housing successors and provides that these funds must be used as was previously required for monies in former redevelopment agencies' low and moderate income housing funds. In addition, SB 341 restricts expenditures from the housing funds to assist moderate income households and provides new targets on the income levels housing successors must spend their funds to assist. The statutes were amended in 2015 by SB 107, which provided for some changes to the law, including allowing more money for administrative costs (5% of assets), and added more reporting requirements.

Specific Reporting per Section 34176.1

The current Section 34176.1 reporting requirements include 13 separate items on which the Authority must report. Many of the requirements involve simply reporting a number or numbers included in the Authority's audited financial statements, which are included in the City's Annual Comprehensive Financial Report (ACFR). Responses to all 13 items are included in Table 1. Those items which require additional calculation to document are included in Tables 2 through 5. A brief description of each of the 13 requirements as it applies in Glendora is also included below:

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1. **34191.4 Loan Repayments:** Amount received from the Successor Agency equal to 20% of certain loan repayments between cities and successor agencies that are subject to Section 34191.4. While the Successor Agency provides such payments, they are made based on annual HCD approval.
2. **Housing Fund Deposits:** Amounts deposited into the Low and Moderate Income Housing Asset Fund (“LMIHAF”). Any amounts deposited for items listed on the ROPS must be distinguished from the other amounts deposited.
3. **Housing Fund Balance:** 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.
4. **Annual Expenditures:** A description of expenditures from the LMIHAF during the fiscal year by category. The expenditures include, but are not limited to, the following:
 - Monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered by the Former Agency or Authority and administering the activities of the housing successor. The Authority is allowed to spend up to the greater of \$200,000 or 5% of the value of the Housing Assets Portfolio (defined and calculated in Section 5).
 - Homeless prevention and rapid rehousing services as follows:
 - Up to \$250,000 per year for homeless prevention and rapid rehousing services for individuals and families who are homeless or would be homeless but for this assistance.
 - These funds can be used for the provision of short-term or medium-term rental assistance, contribution toward the construction of local or regional homeless shelters, housing relocation and stabilization services.
 - Services provided with these funds can include housing search, mediation, outreach to property owners, credit repair, security or utility deposits, utility payments, rental assistance for a final month at a location, moving cost assistance and case management, or other appropriate activities for homelessness prevention and rapid rehousing of persons who have become homeless.
 - Eligible transfers to another housing successor for the sole purpose of the following are allowed if certain conditions are met (detail provided in Section 34176.1(c)(2)):
 - Development of transit priority projects,
 - Permanent supportive housing,
 - Housing for agricultural employees,
 - Special needs housing, or
 - Regional homeless shelter.
 - The development of housing in accordance with income targeting requirements (defined in Section 10).

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5. **Non-Cash Assets:** The statutory value of real property, if any, owned by the Authority, and the value of loans and grants receivable. The Authority has loans and grants receivables but does not own any land held for resale. The Authority does, however, own land subject to long term lease for a previously completed affordable housing project. It should be noted that the ACFR doesn't include the Authority's land in the LMIHAF fund but instead shows it in the Capital Assets fund.
6. **Description of Transfers:** If any transfers have been made to other housing successors in FY 2020-21, or transfers in previous years that are still unencumbered, a description of and status update on any projects for which transferred funds have been or will be expended if the project has not yet been placed in service. The Authority has not transferred funds to other housing successors.
7. **ROPS Funding for Housing:** A description of any project(s) for which the housing successor receives or holds property tax revenue pursuant to the ROPS and a status update of that project. The Authority does not have any housing projects it is funding through the ROPS process.
8. **Duration of Land Held:** A status update of the Authority's compliance with 2014 restrictions on the length of time that land can be held by the Authority without being developed for housing. The Housing Authority sold the only property it held for resale during the 2014-15 fiscal year. As such, this section is no longer applicable for the Authority. The Authority has also not purchased any land since 2012 with LMIHAFs.
9. **Housing Production and Housing Replacement:** A description of any progress that has been made on meeting any of the outstanding replacement housing obligations and/or housing production requirements per Section 33413 of the Health and Safety Code. Replacement housing obligations refer to the requirement that the redevelopment agencies replace any housing units that were destroyed directly or indirectly by the redevelopment agency. Housing production requirements refer to the obligation that redevelopment agencies had to ensure that 15% of all residential units constructed within the boundaries of redevelopment project areas remain affordable to very-low, low and moderate income households for specified periods of time. While these requirements are not really applicable since redevelopment dissolution, SB 107 appears to specify that any outstanding obligations of a redevelopment agency at the time of dissolution (February 1, 2012) under these provisions should be met by the housing successor. The Former Agency had no outstanding housing production or housing replacement obligations when it dissolved in 2012.
10. **Expenditure Targeting by Income Level:** The information required by 34176.1(a)(3)(B), which involves targeting expenditures of unencumbered funds from the LMIHAF mainly towards households with extremely-low, very-low and low incomes. Further, the statute requires that the Authority report the compliance with these requirements every five years, commencing with 2018-19 for the current five year period.³ Since this restriction was enacted in January 2014, the Authority's expenditures have been focused on preserving, monitoring and maintaining existing units. As a result, this section is not currently applicable. Expenditures made from the LMIHAF for the five year period commencing in 2019-20 are shown in Table 2. However, the income targeting test does not need to be reported until the 2023/24 Annual Report.

³ Compliance with requirements for the previous 5 year period was demonstrated in the report prepared for the 2018-19 fiscal year.

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- 11. Expenditure Targeting by Age:** Compliance with limitations on the number of assisted units that are restricted for seniors and assisted individually or jointly by the housing successor, its former redevelopment agency and/or the city within the previous 10 years. Because of the length of time that has elapsed since either the Authority or the Former Agency were active in assisting the development of affordable housing, no senior housing developments fall within the 2011 to 2021 timeframe outlined by the statute. See Table 3.
- 12. Excess Surplus:** Compliance with current regulations restricting the amount of money that a housing successor can accumulate in the LMIHAF. As currently defined, excess surplus is an amount in the LMIHAF that exceeds the greater of \$1,000,000 or the total amount deposited to the LMIHAF in the previous four years. The available balance in the LMIHAF exceeded both \$1,000,000 and the amount deposited in the previous four years as of July 1, 2019. Because of annual variations in the amount of one-time revenues the Authority has received, the cumulative amount of revenue deposited in the four prior years varies from year to year. As such, while the Authority had an excess surplus as of July 1, 2019 in the amount of \$550,503, and \$144,461 as of July 1, 2020, the excess surplus has increased to \$1,114,096 as of July 1, 2021. See Table 4. Pursuant to the statute, any excess surplus in the LMIHAF must be spent on eligible expenditures within three years or be subject to transfer to the state.⁴ In other words, the Authority must spend, or at least encumber, \$550,503 before July 1, 2022 if it wishes to avoid transferring the funds to the state for certain state housing programs. An additional \$573,150 will need to be spent or encumbered by July 1, 2024.
- 13. Homeownership Unit Inventory:** An inventory of deed restricted homeownership units assisted by the Authority or Former Agency, including the number of units lost to the portfolio in the last fiscal year, the reason for that loss, and funds received by the Authority as a result of the loss of any of those units =. Finally, if the Authority has contracted with any outside entity for management of the homeownership units, the entity is to be identified. See Table 5.

⁴ The Authority can spend the surplus funds directly to assist in the development of eligible affordable housing projects or transfer the money to another entity for the development of transit housing projects.

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TABLE 1

ANNUAL REPORT REQUIRED BY SB 341 ¹
FISCAL YEAR 2020-21
GLENDDORA HOUSING AUTHORITY

Description	H & S Code	Timeframe	Total	
Low and Moderate Income Housing Asset Fund (LMIHAF)				
1. Amount Received per Special City Loan (34191.4)	34176.1(f)(1)	2020-21		\$169,211
2. Amount Deposited into LMIHAF During	34176.1(f)(2)	2020-21		\$276,186 ²
Amount Received per Special City Loan (34191.4) / ROPS Items				\$169,211
Other Amounts Deposited				\$106,975
3. Balance in the LMIHAF as of Fiscal Year End	34176.1(f)(3)	6/30/2021		\$7,079,228 ³
Bond Proceeds				\$0
Held for Items Listed on ROPS				\$0
Other Funds				\$7,079,228
4. LMIHAF Expenditures by Category	34176.1(f)(4)	2020-21	<u>ROPS Related</u>	
Monitoring & Administration			\$0	\$155,950 ²
Homeless Prevention & Rapid Rehousing			\$0	\$0
Approved Transfers			\$0	\$0
Housing Development			\$0	\$0
Total LMIHAF Expenditures			\$0	\$155,950
Allowable Administrative Costs at 5.0% of Assets	34176.1(a)(1)	6/30/2021	N/A	\$539,302 ⁴
Max. Annual Transfer, if Eligible	34176.1(c)(2)	2020-21		\$1,000,000
Max Annual Housing Prevention & Rapid Rehousing Expenditur	34176.1(a)(2)	2020-21		\$250,000
Other Reporting Requirements				
5. Non-Cash Assets - Total	34176.1(f)(5)	6/30/2021	N/A	\$10,786,040
Statutory Value of Real Property (Land held for Resale)				\$0
Statutory Value of Real Property (Land held for Ground Lease in ACFR Capital Assets)				\$6,000,000 ³
Loans and Grants Receivable				\$4,786,040
6. Description of Transfers to Other Housing Successors	34176.1(f)(6)			Not Applicable
7. Projects with Funding Included on the ROPS	34176.1(f)(7)	2020-21	N/A	None
8. Duration of Property Held	34176.1(f)(8)	6/30/2021	N/A	Not Applicable ³
9. Obligations Outstanding per 33413	34176.1(f)(9)	6/30/2021	N/A	
Housing Production				None ⁵
Housing Replacement				None ⁵
10. Expenditure Targeting Requirements	34176.1(f)(10)	2020-21	N/A	See Table 2
11. Rental Housing Units Restricted for Seniors	34176.1(f)(11)	6/30/2021	N/A	See Table 3
12. Excess Surplus Calculation/Reporting	34176.1(f)(12)	7/1/2020	N/A	See Table 4
13. Homeownership Unit Inventory	34176.1(f)(13)	6/30/2021	N/A	See Table 5

¹ See preceding narrative for more complete description of each entry included on this table.

² Revenues and expenses for 2020-21 include a FTHB loan repayment, interest, a payment from the Successor Agency, staff salaries/benefits, payment on POB.

³ The Authority does not own any land held for resale. However, the book value for property owned by the Authority and ground leased for an affordable housing project is estimated at \$6,000,000 in the Capital Assets account.

⁴ Maximum allowable administrative costs equals the greater of \$200,000 or 5.0% of the statutory value of real property and loans/grants receivables.

⁵ The Former Agency had no outstanding housing production or replacement housing requirement when it was dissolved on February 1, 2012. Based on the 2012 Implementation Plan prepared by the Former Agency, there was a 127 housing production surplus and the Agency had not demolished directly or indirectly any units during the 2010 to 2012 period, and have fulfilled all past replacement housing obligations.

TABLE 2

**LMIHAF EXPENDITURE TARGETING REQUIREMENTS BY INCOME GROUP
FISCAL YEAR 2020-21
GLENLORA HOUSING AUTHORITY**

Annual Expenditures Breakout	Year 1 2019-20	Year 2 2020-21	Year 3 2021-22	Year 4 2022-23	Year 5 2023-24	Total
Monitoring & Administration Expenditures	\$573,190	\$155,950	\$0	\$0	\$0	\$729,140
Homeless Prevention & Rapid Rehousing Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Approved Transfers	\$0	\$0	\$0	\$0	\$0	\$0
Housing Production Expenditures						
Extremely-Low Income (30% AMI or Below)	\$0	\$0	\$0	\$0	\$0	\$0
Very-Low / Low Income (31% to 59% AMI)	\$0	\$0	\$0	\$0	\$0	\$0
Lower Income (60% to 80% AMI)	\$0	\$0	\$0	\$0	\$0	\$0
Total Housing Production Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$573,190	\$155,950	\$0	\$0	\$0	\$729,140

Income Targeting Tests	Requirement	Totals	As % of Totals	Status
Extremely-Low Income Expenditures	At Least 30% of Production Expenditures for 5 Year Period	\$0	0.0%	OK
Very-Low / Low Income Expenditures		\$0	0.0%	
Lower Income Expenditures	At Most 20% of Total Housing Production Expenditures for 5 Year Period	\$0	0.0%	OK
Total Housing Production Expenditures		\$0	0.0%	

TABLE 3

SENIOR HOUSING TARGETING REQUIREMENTS
 PROJECTS ASSISTED IN THE LAST 10 YEARS (2011 - 2021)
 GLENDORA HOUSING AUTHORITY

10-Year Period for Test Required by 34176.1(b)	Type	Year Built	Units Built ¹	Affordable	
				Units Built ¹	10 Year Total 2011 - 2021
Housing Production / Authority and Former RDA					
<u>No Age Restrictions</u> ²					
N/A	N/A	N/A	0	0	N/A
Total Families/Non-Age Restricted Units			0	0	0
<u>Age Restrictions</u>					
N/A	N/A	N/A	0	0	N/A
Total Senior Units			0	0	0
Total Assisted Rental Units			0	0	0
Percentage Restricted for Seniors				0.0%	0.0%
Maximum Percentage Allowable: ³				50.0%	50.0%

¹ Excludes units that are occupied by on-site managers or are otherwise not income restricted.

² "No Age Restrictions" means units which are available to rent to all persons regardless of age.

³ The Authority is not over its maximum allotment for senior housing.

TABLE 4

EXCESS SURPLUS CALCULATION ¹
FISCAL YEARS 2018-19, 2019-20, AND 2020-21
GLENDORA HOUSING AUTHORITY

Excess Surplus Calculation	July 1, 2019	July 1, 2020	July 1, 2021
Available LMIHAF Balance Calculation			
LMIHAF Balance as of July 1 ²	\$6,939,068	\$6,955,793	\$7,079,228
(Less) Land Held for Resale	0	0	0
(Less) Amount Received per Special City Loan (34191.4) / ROPS Items	(4,733,739)	(4,707,574)	(4,780,074)
(Less) Land ²	0	0	0
(Less) Accounts and Deposits Payable	(1,840)	(128)	(63)
(Less) Accrued Liabilities	(7,717)	(6,230)	(6,808)
Available LMIHAF Balance as of 7/1	\$2,195,772	\$2,241,861	\$2,292,283
Amounts Deposited into the Account in Prior 4 Years			
2015-16	\$140,983	N/A	N/A
2016-17 ³	1,204,956	1,204,956	N/A
2017-18	101,500	101,500	101,500
2018-19	197,830	197,830	197,830
2019-20	N/A	593,114	593,114
2020-21	N/A	N/A	276,186
Housing Production / Authority and Former RDA	\$1,645,269	\$2,097,400	\$1,168,630
Maximum Unencumbered LMIHAF Balance:⁴	\$1,645,269	\$2,097,400	\$1,168,630
Statutory Value of Real Property (Land held for Resale)			
Computed Excess Surplus	\$550,503	\$144,461	\$1,123,653
Date by which Excess Surplus must be encumbered:	6/30/2022	6/30/2023	6/30/2024

¹ Computed using the approach employed by the Authority's auditors in Fiscal Year 2017-18.

² While the Authority does not own any land held for resale, the book value for property owned by the Authority and ground leased for an affordable housing project is estimated at \$6,000,000 in the Capital

³ Includes \$67,559 in funds transferred to the Housing Authority from the Successor Agency resulting from the requirements for the repayment of the City/Agency loans under H&SC Section 34191.4.

⁴ Fiscal Year 2019-20 is the first year that the Authority's fund balance exceeds the sum of the deposits in the four prior years. As a result the Authority must spend or encumber \$550,503 on eligible costs within three years.

TABLE 5

**HOMEOWNERSHIP INVENTORY REPORTING PER 34176.1(f)(13)
 AS OF JUNE 30, 2021
 GLENDORA HOUSING AUTHORITY**

34716.1(F)(13), subsection	FY 2020-21
A. <u>An inventory of homeownership units assisted by the Former Agency:</u> ¹	
Beginning Balance of Inventory of Homeownership Units Transferred to Authority in 201	29 Units
(Less) Homeownership Units Lost through June 30, 2020	(1 Unit)
(Less) Homeownership Units Lost During FY 2020-21	(1 Unit)
Ending Balance of Homeownership Units Inventory as of 6/30/2021	27 Units
B.1 Number of units lost after June 30, 2020:	1 Unit
B.2 Reasons for the Loss(es):	Loan Repayment
C. Any funds returned to the Housing Successor:	\$10,000
D. Management of Single-Family Housing Units/Loans:	AmeriNational

¹ Includes 252 S. San Jose Avenue, developed by Habitat for Humanity and 28 first-time homebuyer and rehabilitation loans.