

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

**Annual Report**  
**Fiscal Year**  
**2017-18**

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Prepared for:  
the Glendora Housing Authority by:

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# Annual Report 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 24 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 time lines approved by the Court, all redevelopment agencies, including the Former Agency, were dissolved effective February 1, 2012. The City of Glendora elected to serve 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 the 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 assets<sup>1</sup> 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 percent 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 commenced during the 2016-17 fiscal year, although no payments were approved for 2017-18.

## 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.

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

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Glendora Housing Authority

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.
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 on-time revenues are excluded.<sup>2</sup> 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, 47 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 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 May 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 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 previously made by the Former Agency. These are loans that were made to assist eligible households purchase affordable housing and/or improve their existing homes.

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<sup>2</sup> 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 Agency is due 20% of any proceeds realized from a refinance.

## 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 percent 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 Comprehensive Annual Financial Report (CAFR). Responses to all 13 items are included in Table 1. Those items which require additional calculations to document are included in Tables 2 through 4. A brief description of each of the 13 requirements as it applies in Glendora is also included below.

1. **34191.4 Loan Repayments:** Amount received from the Successor Agency equal to 20 percent of certain loan repayments between cities and successor agencies that are subject to Section 34191.4. While the Agency has such a loan and made a repayment during 2016-17, the state Department of Finance did not approve a loan repayment for 2017-18. As such, the Housing Authority did not receive any monies from this source during 2017-18.
2. **Housing Fund Deposits:** Amount deposited into the Low and Moderate Income Housing Asset Fund.<sup>3</sup> See Table 1.
3. **Housing Fund Balance:** Balance in the fund as of the close of the fiscal year.<sup>4</sup> See Table 1.
4. **Annual Expenditures:** A description of expenditures from the Housing Fund by category. See Table 1.
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 nearly \$5 million in loans and grants receivable, but does not own any land held for resale. The Authority does, however, own land subject to a long term lease for an affordable housing project previously completed. See Table 1.
6. **Transit Housing:** A description of transferred funds, if any, made pursuant to a provision of Section 34176 that allows two housing successors to develop transit housing under certain circumstances. The Authority has not participated in a transit housing project.
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.

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<sup>3</sup> Amounts listed on successor agencies ROPS are to be differentiated from other amounts deposited.

<sup>4</sup> Amounts being held for obligations listed on the ROPS are to be differentiated from other amounts in the Fund.

8. **Duration of Land Held:** A status update of the Authority's compliance with new restrictions on the length of time 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.
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 redevelopment agencies replace any housing units that were destroyed directly or indirectly by the agency. Housing production requirements refer to the obligation that redevelopment agencies had to ensure that 15 percent 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. See Table 2.
10. **Expenditure Targeting by Income Level:** The information required by 34176.1(a)(3)(B), which involves targeting expenditures of unencumbered funds from the Housing Fund mainly towards households with extremely low and low incomes. The Authority's expenditures since this restriction was enacted (January 2014) have been focused on preserving, monitoring and maintaining existing units. As a result, this section is not currently applicable.
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. The Authority's compliance is demonstrated in Table 3.
12. **Excess Surplus:** Compliance with new regulations restricting the amount of money that a housing successor can accumulate in the Housing Fund. As currently defined, excess surplus is the amount in the Housing Fund that exceeds the greater of \$1 million dollars or the total amount deposited to the Housing Fund in the previous four years. As of July 1, 2017, the amount deposited in the previous 4 years exceeded the amount held by the Authority in the fund, meaning there is currently no excess surplus. See Table 4.
13. **Homeownership Unit Inventory:** An inventory of deed restricted homeownership units assisted by the Authority or Former Agency, including the number, reason and dollars received by the Authority as a result of the loss of any of those units that has occurred annually. The only homeownership unit that the Former Agency assisted that still had active deed restrictions on February 1, 2012 is the Habitat for Humanity unit discussed above under "Housing Authority Activities" and this property is still occupied as an affordable unit. As a result, no properties have been lost to the restricted homeownership inventory during 2017-18 and no related funds have been received. See Table 5.

Table 1  
Glendora Housing Authority  
Annual Report Required by SB 341 (1)  
Fiscal Year 2017-18

Description	H & S Code	Timeframe	ROPS Related	Other	Total
<b>Low and Moderate Income Asset Fund</b>					
1. Amount Received per Special City Loan (34191.4)	34176.1 (f) (1)		-	-	0
2. Amount Deposited During:	34176.1 (f) (2)	2017-18	-	101,500	101,500
3. Cash Balance in the Fund as of Fiscal Year End	34176.1 (f) (3)	6/30/2018		2,105,194	2,105,194 (2)
Bond Proceeds				-	-
Other Funds				2,105,194	2,105,194
4. Expenditures by Category	34176.1 (f) (4)	2017-18			
Administration			-	178,212	178,212
Housing Preservation/Monitoring			-	-	Included Above (3)
Other Projects					-
Other Projects					-
Total Expenditures					178,212
Allowable Administrative Costs @ 5.0% of Assets	34176.1 (a) (2)	2017-18			541,229 (4)
<b>Other Reporting Requirements</b>					
5. Non-Cash Assets - Total	34176.1 (f) (5)	6/30/2018			10,824,589
Statutory Value of Real Property (Land) (4)				6,000,000	(5)
Loans and Grants Receivable				4,824,589	
6. Transferred Funds to Develop Transit Housing	34176.1 (f) (6)	6/30/2018			None
7. Projects with Funding Included on the ROPS	34176.1 (f) (7)	2017-18			None
8. Duration of Property Held	34176.1 (f) (8)	6/30/2018			Not Applicable
9. Obligations Outstanding per 33413	34176.1 (f) (9)	6/30/2018			See Table 2
Housing Production					None (6)
Housing Replacement					None (6)
10. Expenditure Targeting Requirements (7)	34176.1 (f) (10)	2017-18			Not Applicable (8)
11. Rental Housing Units Restricted for Seniors	34176.1 (f) (11)	6/30/2018			See Table 3
12. Excess Surplus Calculation/Reporting	34176.1 (f) (12)	7/1/2016			See Table 4
13. Homeownership Unit Inventory	34176.1 (f) (13)	6/30/2018			See Table 5

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

(2) Excluded from the fund balance shown above are loans receivables and accrued liabilities/accounts payable.

(3) Includes costs associated with maintaining and preserving the Authority's assets, which are not separately identified from other administrative costs.

(4) Maximum allowable administrative costs equals 5 percent of the statutory value of real property and loans/grants receivable.

(5) The Authority does not own any land held for resale. Amount shown is the book value for property owned by the Authority and leased for an affordable housing project.

(6) The Former Agency had no outstanding housing production or replacement requirement when it was dissolved on February 1, 2012. See Table 2.

(7) Pertains to requirements to target expenditures towards households earning 80% or less of the median income, as outlined in Health and Safety Code 34176.1(a)(3).

(8) As the Authority's expenditures since the effective date of SB 341 have been largely administrative and related to preservation and maintenance of existing low and moderate income housing units, the requirement to target expenditures towards certain households or types of expenditures, as outlined in Health and Safety Code 34176.1(1)(3) is not currently applicable.

Date Prepared: December 27, 2018

Prepared by: DHA Consulting, LLC

Table 2  
 Glendora Housing Authority  
 Estimated Housing Requirements per 33413 and 33418  
 As of June 30, 2018

**Housing Production Requirements (HSC 33413)**

Description	# of Units Constructed (1) in the Project Areas Only	# of Low/Mod Units Required		
		Very Low	Low/Moderate	Total
<b>Production Requirement:</b>				
Through 2004	854	47	85	132
2004 through 2009	339	20	31	51
2009 through 2012 (2)	0	0	0	0
<b>Total</b>	<b>1,193</b>	<b>67</b>	<b>116</b>	<b>183</b>
		# of Low/Mod Units Produced		
		Very Low	Low/Moderate	Total
<b>Low/Mod Units Provided:</b>				
Through 2004	N/A	136	124	260
2004 through 2009 (3)	N/A	39	11	50
2009 through 2012	N/A	0	0	0
<b>Total</b>	<b>N/A</b>	<b>175</b>	<b>135</b>	<b>310</b>
<b>TOTAL SURPLUS/(DEFICIT)</b>		<b>108</b>	<b>19</b>	<b>127</b>

- (1) The housing production requirement applies only to units constructed within the Project Areas.
- (2) Authority staff estimate that no units were constructed within the boundaries of the Project Areas between 2009 and February 1, 2012.
- (3) Elwood Family Apartments after subtracting needed housing replacement units.

Source: 2010 Implementation Plan; Authority staff

**Replacement Housing Requirements (HSC 33418)**

The Agency had replaced all the units it acquired by 2010 per the Implementation Plan; see Appendix C of the Implementation Plan. No units were demolished directly or indirectly by the Agency during the 2010 to 2012 period.

Table 3  
 Glendora Housing Authority  
 Senior Housing Targeting Requirements  
 Projects Assisted in the Last 10 Years (2008 - 2018)

#	Address	Type	Yr. Built	Year of Expiration	Units Built (1)	Affordable Unit Total (1)
<b>10-Year Period for Test Required by 34176.1(b): (2)</b>						
<b>Housing Production/City/Other</b>						
	None	None				
<b>Housing Production / Authority and Former RDA</b>						
<b><u>No Age Restrictions (3)</u></b>						
	Elwood Apartments	MFA	2009	May-65	87	87
	Habitat for Humanity (2)	SFR	N/A	N/A	N/A	N/A
<b>Total Families / Non-Age Restricted</b>					<b>87</b>	<b>87</b>
<b><u>Senior Projects</u></b>						
	Glendora Gardens (4)		N/A	N/A	N/A	N/A
	Heritage Oaks (5)	MFA	1992	2065	157	47
<b>Total Senior Units</b>					<b>157</b>	<b>47</b>
<b>Total Assisted Rental Units 2008 to 2018 Only (4)</b>					<b>244</b>	<b>134</b>
<b>Percentage Restricted for Seniors (2008 to 2018 Only)</b>						<b>35.1%</b>
<b>Maximum Percentage Allowable: (6)</b>						<b>50.0%</b>

- (1) Excludes units that are occupied by on-site managers or are otherwise not income restricted.
- (2) The targeting requirement only applies to multi-family rental housing not for-sale units. As a result, the single family residential units with which the Former Agency and/or Authority assisted are not included in the above calculation.
- (3) "No Age Restrictions" means units which are available to rent to all persons regardless of age.
- (4) Glendora Gardens, a 105 units senior project where the affordability covenant expired in May 2012, is not included in the calculation because it is outside of the 10 year window.
- (5) The property also has two 10 year options to extend the terms of the covenants. While constructed in 1992, the Authority provided some rental assistance through 2011-12 so has been included in the calculation to be conservative.
- (6) At least an additional 40 units of senior housing could be constructed without the Authority exceeding the allowable maximum of a number equal to 50 percent of the total units assisted over a 10 year period.

Table 4  
 Glendora Housing Authority  
 Excess Surplus Calculation (1)  
 Fiscal Year 2017-18

<b>Description</b>	<b>July 1, 2017</b>
Fund Balance as of 7/01/2017	7,010,698
Less: Land Held for Resale	-
Less: Loans Receivable	(4,800,031)
Less: Accounts and Deposits Payable	-
Less: Accrued Liabilities	(4,204)
Available Fund Balance @ 7/1	2,206,463
Amounts Deposited into the Account in Prior Years	
2016-17 (2)	1,204,956
2015-16	140,983
2014-15	786,803
2013-14	115,496
2012-13	N/A
Four Year Total	2,248,238
Difference	(41,775)
<b>Computed Excess Surplus (3)</b>	<b>None</b>

- (1) Computed using the approach used by the Authority's auditors in fiscal year 2017-18.
- (2) Includes \$67,559 in funds transferred to the Housing Authority from the Successor Agency resulting from the requirements for the repayment of City/Agency loans under Health & Safety Code Section 34191.4.
- (3) There is no excess surplus because the Authority's fund balance does not exceed the sum of the deposits in the four prior years.

Table 5  
 Glendora Housing Authority  
 Homeownership Inventory Reporting per 34176.1(f)(13)  
 As of June 30, 2018

**34716.1(f) (13), subsection:**

A. An inventory of homeownership units assisted by the Former Agency (1)	1 Unit
B.1 Number of units lost after February 1, 2012:	No Units Lost
B.2 Reasons for the Losses	Not Applicable
C. Any funds returned to the Housing Successor	Not Applicable
D. Management of Single-Family Housing Units:	Authority Staff

(1) 252 S. San Jose Avenue, developed by Habitat for Humanity