

**COVINA HOUSING AUTHORITY SB 341 COMPLIANCE REPORT
(ADDENDUM TO COVINA ANNUAL PROGRESS REPORT SUBMITTED TO HCD)**

**Housing Successor Agency
Low and Moderate Income Housing Assets Fund
Specified Activity Information Pursuant to
California Health and Safety Code Section 34176
Year Ended June 30, 2018**

The Covina Housing Authority was activated by the City of Covina on January 25, 2011 by Resolution 11-6926. On January 30, 2012, by Resolution 12-7045, the Covina City Council elected not to retain the housing assets and functions previously performed by the Covina Redevelopment Agency, which was dissolved pursuant to Part 1.85 of Division 24 of the California Health and Safety Code. All rights, powers, duties and obligations were transferred to the Covina Housing Authority. The Covina Housing Authority is the housing successor agency of the Covina Redevelopment Agency.

On January 1, 2014, Senate Bill 341 (SB 341) became effective, requiring each housing successor agency that assumed the housing functions of a former redevelopment agency to post a report on its website containing information regarding the Low- and Moderate-Income Housing Assets Fund (Fund) of the housing successor for the previous fiscal year.

Assembly Bill 1793 (Chapter 672, Statutes of 2014, effective January 2015) amended Health & Safety Code Section 34176.1(f) and added new provisions now numbered as 34176(f)(13)(A)-(D).

Senate Bill 107 (Chapter 325, Statutes of 2015, effective January 2016) amended Health & Safety Code Section 34176.1(f) to add a new reporting requirement numbered as 34176(f)(1) and revise the reporting requirement numbered as 34176(f)(2).

In addition, the housing successor agency is required to conduct and provide to its governing body an independent financial audit of the Fund within six months of the end of the fiscal year. The audit may be included as part of the City's independent financial audit.

In February 2019, a copy of the independent financial audit was provided to the Covina Housing Authority Board (Board). The audit is included as part of the Comprehensive Audited Financial Report (CAFR) and is available on the City's website at www.covinaca.gov.

The remainder of this Compliance Report provides the information required under Health and Safety Code 34176.1(f):

1. The amount the city, county, or city and county received pursuant to subparagraph

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(A) of paragraph (3) of subdivision (b) of Section 34191.4.

Loan repayment received by the City.	\$0.00
TOTAL	\$0.00

2. The amount deposited to the Low and Moderate Income Housing Asset Fund, distinguishing between amounts deposited pursuant to subparagraphs (B) and (C) of paragraph (3) of subdivision (b) of Section 34191.4, amounts deposited for other items listed on the Recognized Obligation Payment Schedule, and other amounts deposited.

Amount deposited to the Low and Moderate Income Housing Asset Fund for item listed on the Recognized Obligation Payment Schedule (ROPS) pursuant to H&S Code 34191.4 (b)(3)(B)(C)	\$214,988.00
Amount deposited to the Low and Moderate Income Housing Asset Fund from sources other than ROPS	0.00
Interest earned	\$32,988.00
TOTAL	\$247,976.00

3. A statement of the balance in the fund as of the close of the fiscal year, distinguishing any amounts held for items listed on the Recognized Obligation Payment Schedule from other amounts.

Recognized Obligation Payment Schedule amount	\$0.00
Other amounts	\$2,950,789.00
TOTAL	\$2,950,789.00

4. A description of expenditures from the fund by category, including, but not limited to, expenditures (A) for monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the redevelopment agency or the housing successor and administering the activities described in paragraphs (2) and (3) of subdivision (a), (B) for homeless prevention and rapid rehousing services for the development of housing described in paragraph (2) of subdivision (a), and (C) for the development of housing pursuant to paragraph (3) of subdivision (a).

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(A) Monitoring/preserving long-term affordability	\$35,000.00
(B) Homeless prevention/rapid rehousing	\$233,859.00
(C) Housing development	\$0.00
TOTAL	\$268,859.00

5. As described in paragraph (1) of subdivision (a), the statutory value of real property owned by the housing successor, the value of loans and grants receivable, and the sum of these two amounts.

Real Property	\$425,610.00
Assets held for resale	\$0
Loans receivable*	\$6,225,160.00
TOTAL	\$6,650,770.00

*Note: of the Loans Receivable listed, \$1,417,562.20 is considered “uncollectible” due to the forgiveness feature of these loans¹

6. A description of any transfers made pursuant to paragraph (2) of subdivision (c) in the previous fiscal year and, if still unencumbered, in earlier fiscal years and a description of and status update on any project for which transferred funds have been or will be expended if that project has not yet been placed in service.

Not applicable. No housing successor fund monies were transferred to other housing successors in this fiscal year. The Housing Authority also did not receive any such transfers during this time period.

7. A description of any project for which the housing successor receives or holds property tax revenue pursuant to the Recognized Obligation Payment Schedule and the status of that project.

Not Applicable. The Housing Successor Fund did not receive or hold property tax revenues pursuant to the Recognized Obligation Payment Schedule during the fiscal year.

8. For interests in real property acquired by the former redevelopment agency prior to February 1, 2012, a status update on compliance with Section 33334.16. For interests in real property acquired on or after February 1, 2012, a status update on

¹ CAFR for year ending June 30, 2017, page 60, Note 8

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the project.

Property Received From the Former Redevelopment Agency Prior to February 1, 2012:

APN	Date Acquired	DOF Transfer Approval	Original Cost	Status
8434-002-904	July 27, 2004	Feb. 21, 2013	\$425,610	In use as transitional housing
8445-001-918	May 20, 2005. Time extension obtained on May 18, 2010	Feb. 21, 2013	\$730,200	Entered into DDA to sell property on March 1, 2011. Sale completed on March 3, 2014

Property Acquired On or After February 1, 2012:

Not Applicable. The Housing Successor has not acquired any properties after February 1, 2012.

9. A description of any outstanding obligations pursuant to Section 33413 that remained to transfer to the housing successor on February 1, 2012, of the housing successor's progress in meeting those obligations, and of the housing successor's plans to meet unmet obligations. In addition, the housing successor shall include in the report posted on its Internet Web site the implementation plans of the former redevelopment agency.

Outstanding obligations pursuant to Section 33413 that remain to transfer to the Housing Successor on February 1, 2012	None
Unmet obligations	None

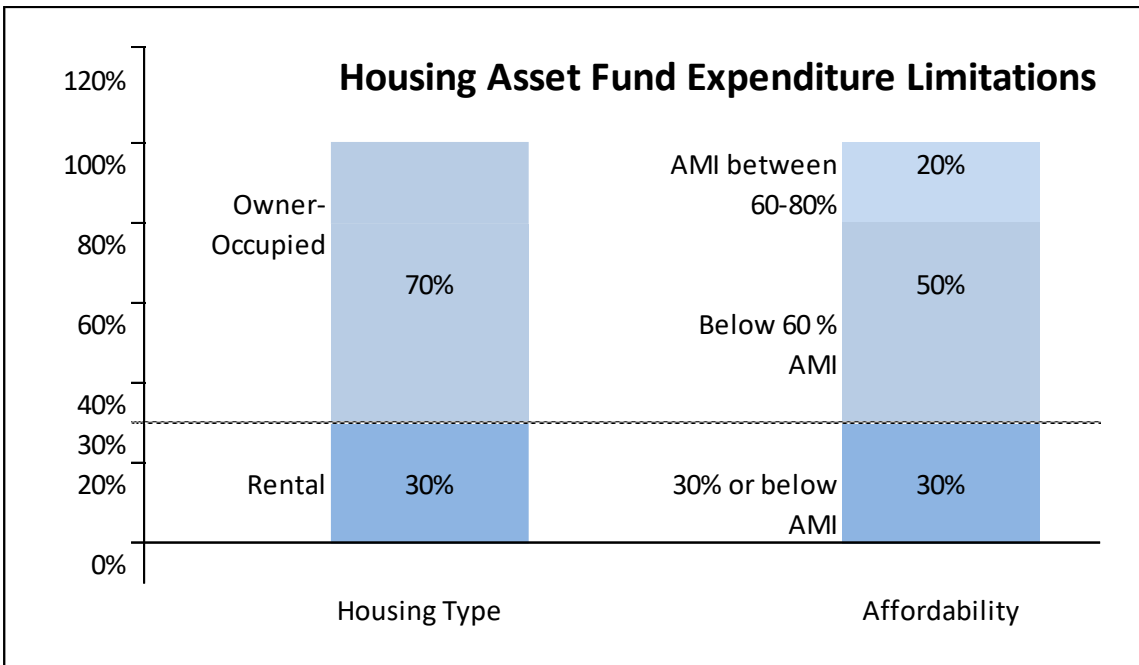
The former Covina Redevelopment Agency had a surplus of units, and therefore did not pass on any production requirements to the Covina Housing Authority.

The Implementation Plan is posted on the City Web site.

10. The information required by subparagraph (B) of paragraph (3) of subdivision (a).

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The housing successor shall expend all funds remaining in the Low and Moderate Income Housing Asset Fund after the expenditures allowed (monitoring and homeless services) for the development of housing affordable and occupied by households earning 80 percent or less of the area median income, with at least 30 percent of these remaining funds expended for the development of rental housing affordable to and occupied by households earning 30 percent or less of the area median income and no more than 20 percent of these remaining funds expended for the development of housing affordable to and occupied by households earning between 60 percent and 80 percent of the area median income. A housing successor shall demonstrate in the annual report described in subdivision (f), for 2019, and every five years thereafter, that the housing successor's expenditures from January 1, 2014, through the end of the latest fiscal year covered in the report comply with the requirements of this subparagraph.



Failure to comply with the extremely low income requirement in any 5-year reporting period will result in the Housing Authority having to ensure that 50% of remaining funds be spent on extremely low income rental units until in compliance. Exceeding the expenditure limit for households earning between 60% and 80% of the AMI in any 5-year reporting period will result in the Housing Authority not being able to expend any funds on these income categories until in compliance.

The Housing Authority had administrative, monitoring and housing expenses in the period from July 1, 2017 to June 30, 2018. Reporting for this period is not required until 2019.

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Senior and Non-Senior Units Created	Number of Units by Income Type				Total	
	EL 0-29%	VL 30-49%	L 50-59%	L 60-80%	Units	Funds Spent
Units created FY 18-19						n/a
Units created FY 17-18						0
Units created FY 16-17						0
Units created FY 15-16						0
Units created FY 14-15						0
Units created reporting yr 1 (Jan 1 2014- June 30, 2014)						0
Five Year Total	0	0	0	0		
5 year % On Units By Income Type	0	0	0	0		
Under Limit Yes/No	Yes	Yes	Yes	Yes		

11. *The percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the housing successor, 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 housing successor, its former redevelopment agency, and its host jurisdiction within the same time period.*

For this report, the ten-year period reviewed is July 1, 2008 through June 30, 2018.

July 1, 2008 – June 30, 2018	
No. of assisted senior rental units	0
No. of total assisted rental units	96 ²
Senior Housing Percentage	0%

Covina Gardens at 200 West Rowland Street is a 90-unit rental apartment project, 89 units of which are deed-restricted moderate, low income and very-low income housing. The owner voluntarily provides this housing to seniors only.

12. The amount of any excess surplus, the amount of time that the successor agency has had excess surplus, and the housing successor's plan for eliminating the excess surplus.

² Includes 89 units at 200 W. Rowland, 7 units at the YWCA Project

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Excess Surplus calculations were once performed by redevelopment agencies on an annual basis, and were intended to ensure that funds were expended to benefit low and moderate-income households in an expeditious manner. SB 341 reinstates this calculation for housing successors. Excess Surplus is defined by Health and Safety Code 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 Housing Successor's preceding four fiscal years, whichever is greater.

The four fiscal years preceding the fiscal year for which the excess surplus is being calculated is included in the calculation below.

Excess Surplus Test for FY 2017-2018:

Fund Balance – as of 6-30-2018		\$2,950,789
Less unavailable funds – as of 6-30-2018		(481,271)
Land Held for resale		\$0
Total Unavailable Funds		<u>\$481,271</u>
Unencumbered fund balance – as of 6-30-2018		\$2,469,518
Deposits for the preceding four years:		
Fiscal year 2016-2017	\$1,326,617	
Fiscal year 2015-2016	\$492,064	
Fiscal year 2014-2015	0	
Fiscal year 2013-2014	\$726,513	
Total deposits	<u>\$2,545,194</u>	
Base limitation	<u>\$1,000,000</u>	
Greater amount		<u>\$2,545,194</u>
Computed Excess/Surplus		<u>\$0</u>

The LMIHF has an Excess Surplus in the amount of \$0

The excess surplus calculated for each fiscal year is required to be encumbered within three (3) years from the end of that fiscal year by the Housing Successor on eligible activities which provide affordable housing for households at or below low income. Eligible activities include new construction, acquisition, substantial rehabilitation, and preservation of affordability. Any amount of excess surplus not encumbered within the three year period required by the Dissolution Law must be remitted to the State Department of Housing and Community Development ("HCD"), or transferred to another housing successor.

As the general purpose of the excess surplus calculation is to ensure that money is expended for low-income purposes, the best action for the Housing Successor is to expeditiously encumber or expend money currently on deposit.

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13. 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 Low and Moderate Income Housing Fund pursuant to subdivision (f) of Section 33334.3. This inventory shall include all of the following information:

(A) The number of those units.

Ownership Units Covenanted to be Affordable as of June 30, 2018	No. of Units
Number of ownership units covenanted to be affordable	18 ³
Total	18

(B) In the first report pursuant to this subdivision, the number of units lost to the portfolio after February 1, 2012, and the reason or reasons for those losses. For all subsequent reports, the number of the units lost to the portfolio in the last fiscal year and the reason for those losses.

Ownership Units Lost to the Portfolio	No. of Units
Number of units lost to the portfolio after February 1, 2012 through June 30, 2017	0
Number of units lost to the portfolio in the last fiscal year (fiscal year ending June 30, 2018) and the reason for the losses	0

(C) Any funds returned to the housing successor as part of an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund.
Not applicable.

(D) Whether the housing successor has contracted with any outside entity for the management of the units and, if so, the identity of the entity.
The Housing Successor has not contracted with any outside entity for management of the units.

³ Includes 6 units at Vintage Walk, 3 at Vintage Walk 2, 8 at Citrus Walk, and 1 Habitat House