

Stanton Housing Authority

Annual Progress Report
For Fiscal Year –2014-2015

Prepared For:

STANTON HOUSING AUTHORITY BOARD

7800 KATELLA AVENUE
STANTON, CA 90680

and

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

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STANTON HOUSING AUTHORITY FISCAL YEAR 2014-2015 ANNUAL REPORT

INTRODUCTION

Pursuant to California Health and Safety Code ("HSC") Section 34328, the Stanton Housing Authority ("Authority") is required to annually file with the city clerk of the City of Stanton and with the Department of Housing and Community Development ("HCD") a report ("Annual Report") of its activities for the preceding fiscal year. This serves as the Authority's Annual Report for the 2014-15 Fiscal Year.

LEGAL AUTHORITY

The State legislature authorizes the creation of local housing authorities under the California Housing Authorities Law (codified as California Health and Safety Code Section 34200 *et seq.*). Housing authorities are independent legal entities with the primary responsibility of providing housing for very low and low income households. A housing authority is created by resolution of the local governing body which must include findings that either of the following is true: (1) unsanitary or unsafe housing exists in the city or (2) there is a shortage of safe or sanitary housing available to persons of low income.

On January 10, 2012, the City Council of the City of Stanton adopted Resolution No. 2012-03, confirming that both aforementioned findings have been met to establish the Authority in accordance with the California Housing Authorities Law.

RECENT CHANGES TO THE HOUSING AUTHORITY

The State Legislature adopted SB 341 into law, effective January 1, 2014, which created new reporting requirements for the Housing Authority. The Housing Authority, as the Housing Successor Agency, must submit an annual financial audit of the Low and Moderate Income Housing Asset Fund to the Housing Authority Board by December 31st of each year. Additionally, the Housing Authority must provide an Annual Report that demonstrates the Housing Successor Agency compliance with the expenditures limits set forth in SB 341. The initial reporting period is January 1, 2014 through December 31, 2018. The Report must include the following information: amount deposited into the Housing Fund, balance statement for the Housing Fund, description of expenditures by category, value of the real property, a description of any transfers, description of ROPS funded projects, status of properties pursuant to the 5-year disposition period, update on inclusionary and replacement housing obligations, compliance with expenditures in the 5-year period, percentage of units restricted to Seniors, and the amount of any excess surplus.

OBJECTIVES OF THE HOUSING AUTHORITY

The Authority is a powerful tool to meet the affordable housing needs of a wide range of residents. For many housing authorities, their primary role is to interact with the Department

of Housing and Urban Development (“HUD”) on behalf of their communities, and to function as the administrator of “Section 8” funds, as defined by Section 8 of the United States Housing Act of 1937. This entails determining applicants’ eligibility to receive Section 8 assistance, maintaining a waiting list of eligible participants, contracting with owners, and ensuring that contracted rent prices are reasonable. However, the Authority intends to achieve a broader range of goals related to affordable housing by increasing and improving the supply and type of homes available to lower income families including, but not limited to, those receiving federal assistance through the Section 8 program.

More specifically, the Authority’s future goals and objectives mirror those of the City of Stanton’s Housing Element and that of the former Agency. The primary objectives of the Authority are to:

- Preserve and improve existing affordable housing;
- Provide adequate housing sites;
- Assist in development of affordable housing;
- Remove governmental constraints; and
- Promote equal housing opportunities.

CONTENTS OF AUTHORITY’S ANNUAL REPORT

This Annual Report has been developed to accomplish the following goals:

- To provide a complete report of activities during FY 2014-15, including any bond issuances, and loans or finance agreements that the Authority has entered into;
- To show compliance with requirements of HSC Section 34312.3, such as identifying the minimum amount of housing units affordable to lower income in projects assisted by the Authority, and documenting established base rents and/or maximum rental payments for lower income households;
- To document any domestic violence tenancy terminations or Section 8 voucher terminations as required by HSC Section 34328.1;
- To report on the progress of meeting the five-year development obligation; and
- To report on the outstanding replacement housing obligations from the former redevelopment agency.

HOUSING AUTHORITY DEBT OBLIGATIONS

Pursuant to HSC Section 34328, the Authority must provide a complete report of its activities taken in accordance with HSC Section 34312.3 during the prior fiscal year, which includes bonds, loans and financing agreements for multi-family rental housing projects. The Authority has not issued any bonds or entered into any loans or financing agreements related to multi-family rental housing projects.

A detailed description of the sources of cash and loans receivable are provided in Appendix 1. The Authority is not obligated to repay cash or loan receivables transferred by the Successor Agency because the Authority acts as the Housing Successor to the former Agency pursuant to HSC Section 34176.

Any future financing for the acquisition, construction, rehabilitation, or development of multi-family housing through the issuance of bonds, construction loans, mortgage loans, and/or financing agreements will be documented in future Annual Reports.

LAND TRANSACTIONS AND DEVELOPMENT

Pursuant to HSC Section 34312.3, the Authority must also report activities related to the development or transaction of land for the purposes of increasing the supply of affordable housing for lower income households. The Authority's activities in FY 2014-15 primarily consisted of receiving and maintaining properties transferred from the Agency.

On February 24, 2015, the Housing Authority approved a Purchase and Sale Agreement with USS Cal Builders, Inc. for the sale of the property at 12282 Beach Blvd. (APNs: 131-483-01, 02, and 03) for \$1,400,000.00. The proceeds received from the sale of the property were deposited into the Housing Authority fund. The property was sold to USS Cal Builders, Inc. for the purpose of developing the property, to include a mix of uses, specifically, a restaurant, outpatient health clinic, and an assisted living facility.

HOUSING UNIT COMPLIANCE

Pursuant to HSC Section 34312.3, not less than 20 percent of the units assisted by the Authority, or 15 percent in targeted areas (as defined by Section 103(b) (12) (A) of Title 26 of the United States Code) must be affordable to persons of low income. If housing projects are financed by bonds issued by the Authority, at least 10% of the units must be available to persons of very low income. Development projects financed with bonds must also be approved by the local governing body and the local school district prior to construction or ownership. Nevertheless, the power to finance, own, build, and/or operate a housing development allows the Authority to take on a more active role in the creation and maintenance of housing for low income families.

HSC Section 34312.3 establishes a set of guidelines to determine base and maximum rents that a housing authority can charge for units reserved for lower income households.

According to HSC Section 34312.3, rental payments for very low and low income households shall not exceed the amounts calculated pursuant to Section 8.

The Authority did not assist any affordable housing units in the 2014-15 Fiscal Year. As such, the Authority is not subject to the additional requirement for very low income households pursuant to HSC Section 34312.3(c)(2)(A). The Authority will ensure that income and rent levels in any future housing units will meet the requirements detailed in HSC Section 34312.3.

DOMESTIC VIOLENCE

The Authority must annually disclose data related to domestic violence incidents in units owned or operated by the Authority. Specifically, the data must include:

- Data on termination of tenancies and/or Section 8 vouchers of victims of domestic violence in housing authority units.
- Summary of steps taken by the housing authority to address any termination of tenancies and/or Section 8 vouchers of victims of domestic violence.

During Fiscal Year 2014-15, the Authority or its lessees did not terminate tenancies for based on domestic violence.

FIVE-YEAR DEVELOPMENT OBLIGATION REQUIREMENT

Pursuant to Health and Safety Code Section 33334.16, for each interest in real property acquired using moneys from the Low and Moderate Income Housing Fund of the former Redevelopment Agency, within five years from the date the Housing Asset Transfer was approved by the Department of Finance, the Housing Authority must initiate activities consistent with the development of property for the purpose of providing low and moderate income housing. These activities may include, but are not limited to, zoning changes, or agreements entered into for the development and disposition of the properties. The Housing Asset transfers to the Housing Authority were completed on May 7, 2014; the State Controller's Office approved the final Housing Asset transfers to the Stanton Housing Authority.

The majority of the properties transferred are related to the redevelopment of the City's Tina/Pacific neighborhood. The Authority has chosen a preferred partner, The Related Company, for the completion of the project. The Authority is currently in the process of reviewing the developer's proposal and anticipates finalizing an agreement by the first quarter of 2016.

REPLACEMENT HOUSING OBLIGATION

Prior to the dissolution of redevelopment, the Stanton Redevelopment Agency purchased twenty-five (25) properties in the Tina/Pacific neighborhood utilizing the Low and Moderate Income Housing Fund. The Agency relocated residents from twelve (12) of the

properties, and subsequently demolished the buildings. In total sixty-one (61) residential units were removed.

In order to meet the replacement housing obligation, the Authority is moving forward with completing the redevelopment of the Tina/Pacific neighborhood. The Authority is entering into an agreement with a preferred affordable housing developer, The Related Company, to complete the remaining acquisitions, relocations, and redevelopment of the properties. As part of the redevelopment, the Authority will be development a replacement housing plan in order to ensure all replacement housing obligations are met.

FINANCIAL STATEMENT/BUDGET

The Authority's fund balance was \$10,651,360.21 as of June 30, 2015. The fund balance is composed of \$3,166,727.13 in cash, \$4,726,881.87 in bond funds and \$2,782,919.69 in loans/advance/receivables minus \$26,168.48 in liabilities. The Housing Authority also owns \$20,512,863.00 in properties approved through the Housing Asset Transfer by the DOF.

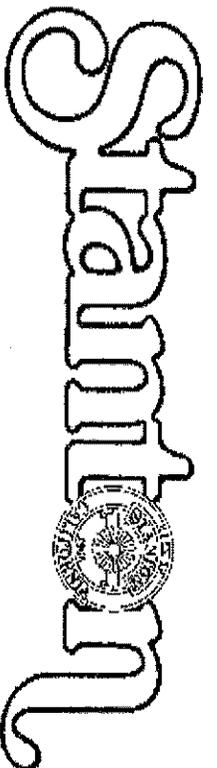
Appendix 1

Description of Cash and Loan Receivables

General Ledger

Summary Trial Balance

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 Period 1 to 13, 2015



Account Number	Description	Budget Amount	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
Fund: 285						
ASSETS						
285-0000-111101	Housing Authority	0.00	1,391,110.38	3,692,366.87	1,916,750.12	3,166,727.13
285-0000-111415	Cash-Sanwa	0.00	4,725,632.93	1,248.94	0.00	4,726,881.87
285-0000-123100	Cash w/ F/A 2011-A Hsg	0.00	1,695.49	773.03	1,695.49	773.03
285-0000-123200	Accounts Receivable	0.00	141.86	344.66	141.86	344.66
285-0000-123603	Interest Receivable	0.00	1,354,000.00	0.00	50,000.00	1,304,000.00
285-0000-123604	Loan Receivable-Home Rehab	0.00	40,000.00	0.00	0.00	40,000.00
285-0000-123630	Loan Receivable-1st Time Home	0.00	0.00	0.00	0.00	0.00
285-0000-123712	Loan Receivable/Plaza Parria	0.00	329,201.41	7,747.83	0.00	336,949.24
285-0000-123713	United Cerebral Palsy Note	0.00	(329,201.41)	0.00	7,747.83	(336,949.24)
285-0000-124900	Allowance for uncollectible	0.00	0.00	0.00	0.00	0.00
285-0000-125741	Prepays	0.00	1,729,870.20	0.00	292,068.20	1,437,802.00
285-0000-135090	Advance to Fund 741	0.00	6,393,140.72	0.00	3,393,140.72	3,000,000.00
285-0000-135090	Land Held For Resale	0.00				
	ASSETS Totals:		15,635,591.58	3,702,481.33	5,661,544.22	13,676,528.69
LIABILITIES						
285-0000-201100	Accounts Payable	0.00	(15,331.30)	241,269.30	241,392.87	(15,454.87)
285-0000-201301	Net Wages Payable	0.00	(9,547.06)	9,547.06	9,713.61	(9,713.61)
285-0000-203200	Unearned Revenue	0.00	(12,664.40)	12,664.40	0.00	0.00
	LIABILITIES Totals:		(37,542.76)	263,480.76	251,106.48	(25,168.48)
FUND BALANCE						
285-0000-304210	Resv For Ling Term Receivable	0.00	(3,111,205.80)	329,403.80	0.00	(2,781,802.00)
285-0000-304320	Fund Balance	0.00	(12,486,843.02)	0.00	329,403.80	(12,816,246.82)
	FUND BALANCE Totals:		(15,598,048.82)	329,403.80	329,403.80	(15,598,048.82)
REVENUE						

Account Number	Description	Budget Amount	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
285-0000-435100	Interest Earned	4,000.00	0.00	0.00	21,990.51	(21,990.51)
285-0000-436140	Tina Wy/Pacific Ave Property R	430,000.00	0.00	0.00	537,441.00	(537,441.00)
285-0000-437135	Expense Reimbursement	0.00	0.00	1,695.49	6,022.82	(4,327.33)
285-0000-437145	Sale Of Assets	0.00	0.00	1,394,329.50	2,794,329.50	(1,400,000.00)
285-0000-437195	Other Revenue	0.00	0.00	0.00	2,200.00	(2,200.00)
285-0000-439712	Tmsfr from Redev Oblt Retire	0.00	0.00	0.00	66.74	(66.74)
	REVENUE Totals:	434,000.00	0.00	1,396,024.99	3,362,050.57	(1,966,025.58)
EXPENSE						
Dept: 4100						
285-4100-602100	Special Dept Expense	6,000.00	0.00	3,494,797.00	0.00	3,494,797.00
285-4100-602110	Office Expense	1,000.00	0.00	311.69	0.00	311.69
285-4100-603120	Minor Repairs	66,000.00	0.00	71,134.60	0.00	71,134.60
285-4100-604105	Utilities	45,000.00	0.00	43,527.79	3,092.14	40,435.65
285-4100-608105	Professional Services	30,000.00	0.00	15,741.88	0.00	15,741.88
285-4100-610135	Relocation Assistance	50,000.00	0.00	17,000.67	330.08	16,670.59
	Dept 4100 EXPENSE Totals:	198,000.00	0.00	3,642,513.63	3,422.22	3,639,091.41
Dept: 6400						
285-6400-501110	Salaries-Regular	160,758.00	0.00	173,350.26	12,219.11	161,131.15
285-6400-501115	Salaries-Overtime	0.00	0.00	140.87	0.00	140.87
285-6400-501120	Salaries-Part Time	0.00	0.00	16.96	0.00	16.96
285-6400-502100	Retirement	36,823.00	0.00	38,408.82	1,594.22	36,814.60
285-6400-502105	Workers Comp Insurance	3,101.00	0.00	3,223.76	0.00	3,223.76
285-6400-502110	Health/Life Insurance	18,841.00	0.00	19,725.05	883.18	18,841.87
285-6400-502115	Unemployment Insurance	781.00	0.00	782.23	0.00	782.23
285-6400-502120	Medicare/Fica	2,331.00	0.00	2,420.24	96.75	2,323.49
285-6400-608100	Contractual Services	2,500.00	0.00	1,672.20	139.35	1,532.85
285-6400-612105	Vehicle Replacement Charge	2,001.00	0.00	2,001.00	0.00	2,001.00
285-6400-612115	Liability Insurance Charge	9,340.00	0.00	9,340.00	0.00	9,340.00
285-6400-612120	Workers' Compensation Charge	0.00	0.00	0.00	0.00	0.00
285-6400-612125	Employee Benefits	25,528.00	0.00	25,528.00	0.00	25,528.00
285-6400-612200	Allocated Costs	11,946.00	0.00	11,946.00	0.00	11,946.00
285-6400-790100	Land Acquisition	0.00	0.00	0.00	0.00	0.00
285-6400-800712	Transfer to Succ Agency	0.00	0.00	0.00	0.00	0.00
	Dept 6400 EXPENSE Totals:	273,950.00	0.00	288,555.39	14,932.61	273,622.78
Dept: 6600						
285-6600-760100	Demolition/Condemnation	0.00	0.00	0.00	0.00	0.00

Account Number	Description	Budget Amount	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
	Dept 6600 EXPENSE Totals:	0.00	0.00	0.00	0.00	0.00
	EXPENSE Totals:	471,950.00	0.00	3,931,069.02	18,354.83	3,912,714.19
	Fund 285 Totals:	(37,950.00)	(0.00)	9,622,459.90	9,622,459.90	0.00
	Report Totals:	(37,950.00)	(0.00)	9,622,459.90	9,622,459.90	0.00