



Agenda Report

File #: 19-0217

**AGENDA REPORT
REQUEST FOR CITY COUNCIL AND
CORONA HOUSING AUTHORITY ACTION**

DATE: 3/20/2019

TO: Honorable Mayor and City Council Members
Honorable Chairman and Board of Commissioners

FROM: Community Development Department

SUBJECT:

City Council and Corona Housing Authority consideration to receive and approve the submittal of the 2018 Housing Element Annual Progress Report to the California Department of Housing and Community Development, and the low and moderate income housing asset fund activity information required in accordance with Health and Safety Code 34175.1(f).

RECOMMENDED ACTION:

That the:

1. City Council receive and approve the submittal of the 2018 Housing Element Annual Progress Report to the California Department of Housing and Community Development for the previous calendar year.
2. Corona Housing Authority receive and approve the low and moderate income housing asset fund activity information required in accordance with Health and Safety Code 34176.1(f) (1-11) for the previous fiscal year ending June 30, 2018.

ANALYSIS:

Pursuant to California Government Code Section 65400, Annual Progress Reports (APR) regarding the City's adopted Housing Element must be made to the California Department of Housing and Community Development (HCD) by April 1, 2019. Each year the report covers the period of the preceding calendar year. Compliance with this reporting requirement enables the City to apply for various types of grant funding that could be available through the state.

HCD has implemented an online reporting system for jurisdictions to report their progress toward the programs contained within their Housing Elements. In the Southern California Association of Governments (SCAG) region, the 2018 reporting year is shown as Year 6 in the Fifth Housing

Element Cycle (2013-2021) of Exhibit 1. This Report identifies the number of new residential housing permits issued and outlines the City's Housing programs and their progress through 2018. In the 2018 reporting year, 11 residential building permits were issued for very low income households, 73 for low income households, 114 for moderate income households, and 223 for above moderate income households. The following table shows the total number of residential permits issued to date for each income level category in the fifth Housing Element Cycle according to the City's Regional Housing Needs Allocation (RHNA).

Housing Element Cycle 5 Regional Housing Needs Allocation (RHNA) (2013-2021)			
Income Level	City's Assigned RHNA by Income Level for Cycle 5	Total Residential Permits Issued to Date for Cycle 5	Total Remaining RHNA
Very Low	192	11	181
Low	128	73	55
Moderate	142	180	0
Above Moderate	308	1619	0
Total Allocation	770	1883	236

In accordance with Senate Bill 341 - Health and Safety Code 34176.1(f), states that "...the housing successor shall conduct and provide to its governing body an independent financial audit of the low and moderate income housing asset fund within six months after the end of each fiscal year, which may be included in the independent financial audit of the host jurisdiction." In compliance, an independent audit was conducted after the end of the fiscal year ending June 30, 2018. Said audit was approved by the governing body on December 20, 2018.

Health and Safety Code 34176.1(f) further requires that, "If the housing successor is a city or county, it shall also include in its report pursuant to Section 65400 of the Government Code and post on its Internet Web site all of the following information for the previous fiscal year." In compliance with this requirement the information noted in Health and Safety Code 34176.1(f)(1-11) has been prepared and is attached as Exhibit 2. This information shall be submitted as an addendum to the APR and posted on the Corona Housing Authority website.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

There is no fiscal impact associated with the preparation of and submittal of the Report.

ENVIRONMENTAL ANALYSIS:

This action is not a Project under the California Environmental Quality Act; therefore, no further review is required.

File #: 19-0217

PREPARED BY: CYNTHIA LARA, ADMINISTRATIVE SERVICES MANAGER II

PREPARED BY: SANDRA YANG, SENIOR PLANNER

REVIEWED BY: JOANNE COLETTA, COMMUNITY DEVELOPMENT DIRECTOR

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

SUBMITTED BY: MICHELE NISSEN, ACTING CITY MANAGER

Attachments:

1. Exhibit 1 - Annual Housing Element Progress Report for 2018.
2. Exhibit 2 - Low and Moderate Income Housing Asset Fund Report (SB341) for fiscal year ending June 30, 2018.
3. Exhibit 3 - Auditor's Report on Compliance with SB341, Health and Safety Code 34176.1(f)(1-11).

Housing Element Implementation

Note: + Optional field

Cells in grey contain auto-calculation formulas

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EXHIBIT 1

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
19-2020

APPROVED:	DATE:	NOTE: - Optional Field
Resolution Title:	DATE:	DATE: 11/20/2020

Table A2

Annual Building Activity Report Summary - New Construction, Existing, Permits and Completed Units

Project Identifier		Unit Types		Affordability by Household Income - Building Entitlement										Affordability by Household Income - Building Permits										Affordability by Household Income - Certificate of Occupancy										Streamlining		Housing with Financial Assistance and/or Deed Restrictions		Housing without Financial Assistance or Deed Restrictions		Terms of Affordability or Deed Restriction		Description/Designated Units		Notes																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
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ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
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Housing Element Implementation
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ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction	Corona
Reporting Year	2018 (Jan. 1 - Dec. 31)

This table is auto-populated once you enter your jurisdiction name and current year data. Past year information comes from previous APRs.
Please contact HCD if your data is different than the material supplied here

Table B													
Regional Housing Needs Allocation Progress													
Permitted Units Issued by Affordability													
		1	2									3	4
Income Level		RHNA Allocation by Income Level	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total Units to Date (all years)	Total Remaining RHNA by Income Level
Very Low	Deed Restricted	192						11				11	181
	Non-Deed Restricted												
Low	Deed Restricted	128						73				73	55
	Non-Deed Restricted												
Moderate	Deed Restricted	142						1				180	
	Non-Deed Restricted			3	2	57	4	113					
Above Moderate		308		622	559	8	207	223				1619	
Total RHNA		770											
Total Units				625	561	65	211	421				1883	236

Note: units serving extremely low-income households are included in the very low-income permitted units totals
Cells in grey contain auto-calculation formulas

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction	Corona
Reporting Year	2018 (Jan. 1 - Dec. 31)

Table D			
Program Implementation Status pursuant to GC Section 65583			
Housing Programs Progress Report Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.			
1	2	3	4
Name of Program	Objective	Timeframe in H.E	Status of Program Implementation
PROGRAM 6 - SITE AVAILABILITY	Continue to provide zoning at appropriate densities to provide opportunities for accommodating the regional housing needs; continue to update the infill Affordable Housing Map to indicate suitable infill development sites; provide residential sites information to interested developers; monitor the remaining residential site inventory to ensure continued ability to meet the remaining RHNA; continue to offer pre-application meetings with developers to help craft development proposals that maximize the efficient use of sites and meet city objectives for the areas.	Ongoing	This program is part of the project review process that city staff implements when preparing discretionary projects for approval.
PROGRAM 5 - SUSTAINABLE BUILDING	Continue to implement the Climate Action Plan that fosters sustainability in all development requiring discretionary approval.	Ongoing	All new development that is subject to discretionary approval must comply with the city's CAP and is verified through the project review process. The city's 2012 CAP is currently in process of being updated to be complete by mid-year 2019. Measurements indicate city compliance with GHG emissions reductions as mandates by the state.

PROGRAM 7 - LOT CONSOLIDATION	Continue to facilitate lot consolidation or residential and mixed use developments by providing information and technical assistance to property owners and developers.	Ongoing	This program is encouraged through the written regulations in the two most affected specific plans, the Downtown Revitalization Specific Plan and the North Main Street Specific Plan. Although lot consolidation is encouraged, implementation takes time. The East Sixth Street Affordable Housing project is imminent for development and was a beneficiary development from the lot consolidation process.
PROGRAM 11 - DENSITY BONUS PROGRAM	Continue to advertise and inform prospective developers of options for density bonuses and actively educate and promote density bonus increases as adopted; meet with developers to discuss incentives and concessions appropriate for the density bonus program to facilitate affordable housing development; promote the use of density bonus incentives by providing information on city website and offering technical assistance to developers.	Ongoing	This program is always available as established in the municipal code and in the project review comments as they relate to multi-family development.
PROGRAM 12 - ZONING	Monitor the city's zoning ordinance to	Ongoing	The municipal code underwent a substantial amendment related to second units to provide more flexible standards for Accessory Dwelling Units in accordance with state
PROGRAM 13 - DEVELOPMENT FEES	Continue to evaluate the impact of fees on residential and mixed use developments and make adjustments as necessary to facilitate development activities.	Bi-annually	Fee studies are undertaken by the city's Finance Department every two years. The most recent fee study update and adoption took place in 2018.
PROGRAM 14 - EXPEDITED PROJECT REVIEW AND HOUSING PROCESS	Continue to provide CDBG funds to a fair housing service provider; encourage affirmative marketing on all residential projects and require developers to advertise to under-represented minority groups to indicate the availability of housing units that meet affordable housing requirements; make available bilingual fair housing assistance materials; implement the action items identified in the 2015-19 Analysis of impediments to Fair Housing Choice which was adopted by the City Council on April 15, 2015.	Complete	As reported in two previous years' reports, the five-year 2015-2019 Analysis of Impediments was adopted by the City Council on April 15, 2015.

Program 1 - RESIDENTIAL REHABILITATION PROGRAM (RRP)	Assist 120 Households during the planning period with an average of 15 household annually; continue to provide community outreach regarding available loans and grants.	On-going	<p>RRP - assisted 9 single family dwelling homeowners make health and safety improvements. Loans are forgivable.</p> <p>Special Notes: 1) Processed 4 subordination requests for people with housing loans wishing to refinance. 2) Referred approximately 24 people to miscellaneous County programs such as the 1st Time Homebuyer program.</p>
PROGRAM 2 - HOUSING CHOICE VOUCHER PROGRAM	Continue to provide tenant-based rental assistance to approximately 350 households annually through cooperation with the Riverside County Housing Authority; compile and maintain a list of properties that participate in the Housing Choice Voucher program; create and implement an outreach program to promote the Housing Choice Voucher program to property owners.	On-going	<p>Under the Housing Choice Program, the County issued 654 new vouchers, of which 19 are Corona households. Staff also referred dozens of callers to the County seeking this assistance.</p> <p>2015 - 346 vouchers 2016 - 363 vouchers 2017 - 363 vouchers 2018 - 334 vouchers</p>

PROGRAM 3 - CONSERVATION OF EXISTING AND FUTURE AFFORDABLE UNITS	Identify and analyze inventory that may be at risk of losing affordability controls; maintain communication with the local HUD office; assist in tenant education; identify potential buyers; identify potential acquisition funds; coordinate with non-profit developers to identify potential acquisition opportunities.	Annual monitoring and Ongoing	<p>1) Units at Risk:</p> <p>-94 very low income family units to be lost January 2019 will be resyndicated. TEFRA hearing held October 17, 2018 in support. Affordability will increase from 94 units to 160 units affordable at 50-60 AMI for 55 years.</p> <p>-74 moderate income senior units will be resyndicated. TEFRA hearing held October 17, 2018 in support. These units will be affordable at 50-60 AMI for 55 years.</p> <p>2) Communication with HUD - on going</p> <p>3) Tenant Education - provided through a partnership with Fair Housing and 211. City also provides assistance through its Code Enforcement team.</p> <p>4) Acquisition Funds - since the loss of redevelopment set aside funds, no reoccurring funding sources have been found. In 2019-2020 staff will explore reinstating set aside if AB11 & SB5 passes.</p> <p>5) Potential Acquisition sites/Coordination w/ Developers:</p> <p>-AB2135 gives housing projects preference with purchasing surplus property. February 2016, a city development partner contacted RCTC/Caltrans about 91 FWY expansion project surplus property. In 2017, RCTC acknowledged the request. In 2018, negotiations commenced and in November 2018 RCTC accepted the offer. The acquisition of a 5 acre site (APN 118-270-002 & -003 and 118-302-014) is scheduled to close escrow in June 2019. Thereafter, plans to develop the site will commence.</p> <p>-Phase II of East Sixth Street Affordable Housing Project - 2 houses remain to complete assembly of land adjacent to Phase I. Developer has been asked to acquire these residences to develop 18 additional units for veterans and developmentally disabled adults.</p> <p>-County Flood Control has a 1 acre site adjacent to an affordable project called Corona Del Rey. The owner has been advised and asked about acquiring the site to construct additional units. They have stated that a lack of funds prohibits them from proceeding with this request.</p>
PROGRAM 4 - NEIGHBORHOOD IMPROVEMENTS (ENHANCE COMMUNITY PRIDE)	Continued implementation of neighborhood public improvements, property maintenance ordinance, design review, and historic preservation.	Ongoing	<p>In 2017-18 the following CDBG funds projects were completed:</p> <p>-CDBG funding was awarded to construct a major waterline required as a condition of approval for the East Sixth Street Multi-Family Affordable Housing project.</p> <p>-In 2018-19, CDBG funds will be utilized to reconstruct sidewalks throughout the CDBG low income eligible area, including ADA ramps.</p>

PROGRAM 8 -MULTI-FAMILY ACQUISITION REHABILITATION	Utilize NSP and HOME funds to assist both non-profit and for-profit developers to acquire existing apartment buildings in need of upgrading in exchange for long term affordability controls on some or all of the units; pursue available funds for multi-family acquisition and rehabilitation.	Program	<p>Since 2014 all NSP funds have been completely spent. HOME funds have been redirected to the RRP.</p> <ul style="list-style-type: none">- NSP and HOME funds were utilized to acquire a 12 unit dilapidated complex. The entire property was completely rehabilitated and the income levels are at 50% AMI.-NSP funds were utilized to purchase a remnant structure with 19 units. This was part of a partial-take affected by the 91 Fwy expansion project. These 19 units were integrated into the Citrus Circle Affordable Housing project which also constructed 42 new units. The entire project created 61 affordable units.-NSP funds are spent. Close out documentation is being prepared to submit to HUD in 2019.
PROGRAM 9 - INFILL HOUSING DEVELOPMENT	Continue to apply HOME funds to implement program; pursue available funds for infill housing development; produce three new affordable units a year.	Ongoing	<p>1) East Sixth Street (Phase I) is an infill project. It's 4-acres and will be developed into an 85-family units affordable at 30-60% of the area AMI.</p> <p>2) East Sixth Street (Phase II) will be the site of 18 additional units if 2 residential lots can be acquired. The city owns 4 surrounding and abutting lots.</p> <p>3) RCTC surplus land on Second Street at Buena Vista is being acquired. Escrow is estimated to close June 2019. This site will produce over 100 new family affordable units. This project may include housing for Adults w/Disabilities.</p> <p>4) Riverside Flood Control has an infill lot adjacent to affordable housing project, Corona Del Rey.</p> <p>Although opportunities exist, HOME funds are not sufficient to purchase these properties and develop. As such, HOME funds have been redirected to RRP program to substantially rehabilitate homes occupied by low income households.</p>

PROGRAM 10 - AFFORDABLE HOUSING DEVELOPMENT	Facilitate affordable housing production or self-help housing development through assistance in the site identification and acquisition, priority processing, collaboration with non-profit or other developers, as well as provision of incentives; explore and research other funding sources.	Ongoing	<p>On June 15, 2016 the East Sixth Street Multifamily Affordable Housing Project was approved. Under the terms of the agreement, the City provided developer 4 acres of land, a cash contribution and development fee deferrals in exchange for the development of an 85 unit affordable family project. The developer was permitted to submit the project to the California Tax Credit Committee up to 4 times to secure 9% tax credits. The first submittal was unsuccessful. In March of 2017 the developer resubmitted and was unsuccessful. On August 16, 2017 the city approved a change to project's financing structure from 9% to 4% tax credits. This change required a higher cash contribution of housing funds, CDBG and HOME funds. The 4% tax credits were awarded. In 2018, construction drawings were approved, the site was razed and construction started.</p> <p>Other funding sources were researched. However, the project was not eligible for CA Cap and Trade funds, but the developer was able to secure nearly \$2 million in private housing funds.</p>
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PROGRAM 16 - HOMELESS AND SPECIAL NEEDS SUPPORT	Continue to provide financial support to social service agencies that provide emergency shelter, transitional housing, and supportive services to the homeless, those at risk of becoming homeless, and persons with disabilities (including developmental disabilities); allocate funding to service agencies through the city's CDBG annual action planning process; continue to financially support the 211 system operated by Community Connect. This system provides information on social services and housing offered within the county.	Ongoing	<p>CDBG funds are allocated annually to assist with the prevention of homelessness and to support special needs persons/families through partnerships with the following local service agencies:</p> <p>1) Inspire Life Skills assisted 5 young adult woman aged out of the foster care program to provide them shelter and vocational or 4 year degrees.</p> <p>2) Peppermint Ridge assist developmentally disabled adults. In 2019, a new modular facility will be installed to expand services and programs.</p> <p>3) Community Connect assisted over 2,000 people through their 211 system find social services and housing opportunities.</p> <p>4) Community Connect assisted residents with emergency rent or utility payments.</p> <p>5)United Way assisted 62 adults and 43 children through their domestic violence program and children wellness services.</p> <p>6) Big Brothers Big Sisters are mentoring 15 children.</p> <p>7) Corona Norco YMCA provided 41 children classes in fine arts.</p> <p>8) Council of Aging visited 34 of facilities and provided supportive services to 14 senior adults through their Ombudsman Program.</p>
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Jurisdiction	Corona	
Reporting Year	2018	(Jan. 1 - Dec. 31)

Entitled Units Summary		
Income Level		Current Year
Very Low	Deed Restricted	0
	Non-Deed Restricted	0
Low	Deed Restricted	0
	Non-Deed Restricted	0
Moderate	Deed Restricted	0
	Non-Deed Restricted	0
Above Moderate		252
Total Units		252

Note: units serving extremely low-income households are included in the very low-income permitted units totals

Submitted Applications Summary	
Total Housing Applications Submitted:	12
Number of Proposed Units in All Applications Received:	12
Total Housing Units Approved:	12
Total Housing Units Disapproved:	0

Use of SB 35 Streamlining Provisions	
Number of Applications for Streamlining	0
Number of Streamlining Applications Approved	0
Total Developments Approved with Streamlining	0
Total Units Constructed with Streamlining	0

Units Constructed - SB 35 Streamlining Permits			
Income	Rental	Ownership	Total
Very Low	0	0	0
Low	0	0	0
Moderate	0	0	0
Above Moderate	0	0	0
Total	0	0	0

Cells in grey contain auto-calculation formulas

CORONA HOUSING AUTHORITY
Low and Moderate Income Housing Assets Fund – previous Fiscal Year Reporting
Specified Activity Information in Accordance SB341 (HSC 34176.1)
Year Ended June 30, 2018

1. The amount deposited to the Low and Moderate Income Housing Asset Fund (“Fund”), distinguishing any amounts deposited for items on the Recognized Obligation Payment Schedule from other amounts. [Health and Safety Code 34176.1(f)(1)]

SERAF Loan Repayment HSC 34191.4(b)(3)(B)	\$ 1,088,942.00
20% of City Loan Repayment HSC 34191.4(b)(3)(C)	\$ 0.00
Recognized Obligation Payment Schedule amounts	\$ 0.00
Other amounts	\$ 2,824,809.41
TOTAL	\$ 3,913,751.41

2. 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. [Health and Safety Code 34176.1(f)(2)]

Recognized Obligation Payment Schedule amounts	\$ 0.00
Other amounts (cash and land held for resale)	\$ 8,173,755.28
TOTAL	\$ 8,173,755.28

3. 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). [Health and Safety Code 34176.1(f)(3)]

(A) Monitoring/preserving	\$ 217,001.65
(B) Homeless prevention/rapid rehousing	\$ 0.00
(C) Housing development	\$ 2,454,194.82
TOTAL	\$ 2,671,196.47

4. 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. [Health and Safety Code 34176.1(f)(4)]

Assets held for disposition	\$ 1,129,388.33
Loans receivable	\$ 20,114,676.58
TOTAL	\$ 21,244,064.91

5. 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. [Health and Safety Code 34176.1(f)(5)]

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Year Ended June 30, 2018

Not applicable. No Low and Moderate Income Housing Asset Fund monies were transferred between housing successors in contiguous jurisdictions during the fiscal year.

6. 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. [Health and Safety Code 34176.1(f)(6)]

Not applicable. The Low and Moderate Income Housing Asset Fund did not receive or hold property tax revenues pursuant to the Recognized Obligation Payment Schedule during the fiscal year.

7. 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 the project. [Health and Safety Code 34176.1(f)(7)]

APN	Date Acquired	DOF Transfer Approval	Original Cost	Status
117-320-012 117-320-016 117-320-017 117-320-018 117-320-059 117-320-015 117-320-014 117-320-020	04-26-06	09-07-12	\$ 1,152,510.16	Escrow closed May 10, 2018 Disposition and Development Housing Agreement approved on August 16, 2017. Project under construction.
117-320-051	12-24-08	09-07-12	\$ 229,771.99	
117-320-023	07-01-15	N/A	\$ 1,280,047.50	
117-320-030	06-30-09	09-07-12	\$ 122,100.00	Need to acquire two more residential lots in order to assemble enough land to build.
117-320-032	11-23-10	09-07-12	\$ 233,748.21	
117-320-036	02-27-09	09-07-12	\$ 128,575.62	

8. 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. [Health and Safety Code 34176.1(f)(8)]

The Housing Successor is in compliance with all Section 33413 requirements, as noted in the TEN YEAR AFFORDABLE HOUSING COMPLIANCE PLAN, adopted November 18, 2009; available on the Corona Housing Authority ("CHA") website. Furthermore, since February 1, 2012, new affordable deed restricted units have been added to the housing stock with the use of federal funds as follows: 1) E Street - 1 low income ownership, 2) Mission Apartments on W. 5th Street – 11 very low income rental apartments, 3) Citrus Circle Apartments on Buena Vista – 60 extremely, very, and low income units, 4) E. Sixth Street Affordable Multi-Family Housing Project – 84 extremely, very, and low income units

CORONA HOUSING AUTHORITY
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Year Ended June 30, 2018

(under contraction), 5) Corona Park Multi-Family Affordable Housing – increasing from 94 very-low affordable units to 160 very-low and low-income units in 2019 – Note: City of Corona supported the re-syndications of bonds at the October 17, 2018 TEFRA Hearing, and 6) Corona Community Villas, Senior Affordable Apartments, 74 units at 80% AMI to be reduced to 50-60% AMI in 2019 - Note: City of Corona supported the re-syndications of bonds at the October 17, 2018 TEFRA Hearing.

Negotiations for the acquisition of RCTC surplus property started in 2018. AB2135 gave us preference with purchasing surplus property. February 2016, a city development partner contacted RCTC/Caltrans about 91 FWY expansion project surplus property. In 2017, RCTC acknowledged the request. In 2018, negotiations commenced and in November 2018 RCTC accepted the offer. The acquisition of a 5 acre site (APN 118-270-002 & -003 and 118-302-014) is scheduled to close escrow in June 2019.

NOTE:

Country Hills Apartments - In August 2017, 82 units restricted at 80% were lost. The buyer paid off the bond in order to remove the affordability covenant. Buyer was asked by city staff if there was interest for renegotiating affordability terms; they were not.

9. The information required by subparagraph (B) of paragraph (3) of subdivision (a). [Health and Safety Code 34176.1(f)(9)]

The housing successor, or Corona Housing Authority, approved an Affordable Housing Disposition and Development Agreement on June 15, 2015. Developer submitted a request for tax credits to the Tax Credit Allocation Committee in July of 2016 but was not awarded tax credits. The development was resubmitted in March 2017 and was not awarded tax credits. on August 16, 2017, the agreement was restructured to allow for 4% tax credits. These credits have been awarded. The project is currently under construction. Per the terms of the agreement, tax credits must be secured before closing escrow and receiving housing funds. Since tax credits were secured the transfer of property and funds occurred on May 10, 2018. For purposes of this reporting period, development of affordable housing occurred with the use of Low- and Moderate-Income Housing Asset Funds. Therefore, in accordance Health and Safety Code 34176.1(f)(9) and Health and Safety Code 33413 the Corona Housing Authority is in compliance with the extremely low-income requirements noted in this section whereby 15% of the units must be restricted at extremely low-income levels. Although all units are restricted at 30%, 50% and 60%, the Corona Housing Authority has 41 of the 84 units restricted under a regulatory agreement, and of these 6 units are restricted at extremely low-income levels in compliance with this section. Furthermore, in compliance with H&S Section 33413(a), replacement units are available and additional units are being built with this project. Displaced household included a total of three households made up of 6 adults and no children. The income make-up of these households where: 1 household extremely low income (30%), 1 household very-low income (50%) and 1 household moderate income (80% or higher). The number of bedrooms destroyed were: 1 studio and 3 bedrooms. A total of 4 bedrooms. In total the new development will construct a total 183 bedrooms. Lastly, in compliance with H&S Section 33413(b)(1) and 2(A)(i), all units but one manager unit is restricted at affordable housing cost and will be available only to those household at 30%, 50% and 60% of the AMI. No further action is required.

CORONA HOUSING AUTHORITY
Low and Moderate Income Housing Assets Fund – previous Fiscal Year Reporting
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Year Ended June 30, 2018

10. 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. [Health and Safety Code 34176.1(f)(10)]

The TEN YEAR AFFORDABLE HOUSING COMPLIANCE PLAN outlines the number of senior rental affordable units. No new senior units have been added since February 1, 2012. However, with the re-syndication of Corona Community Villas, Senior Affordable Apartments, 74 units at 80% AMI will remain affordable for an additional 55 years and reduced to 50-60% AMI in 2019 - Note: City of Corona supported the re-syndications of bonds at the October 17, 2018 TEFRA Hearing.

11. 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. [Health and Safety Code 34176.1(f)(11)]

The Corona Housing Authority's computation of excess surplus for Fiscal Year 2017-18 was \$1,650,718. As of July 1, 2018, there was a computed excess surplus of \$0.00.

The purchase of a commercial property was negotiated and all acquisition activities, such as the preparation of a relocation plan associated with the acquisition was prepared and approved by the Corona Housing Authority. This acquisition was in furtherance of the 85-unit affordable housing development. The property, 1066 E. Sixth Street (Property), is a 1-acre improved commercial site with a 4,000 square foot restaurant and three (3) residential structures. Funding for the acquisition was wired to escrow in June 2015 and escrow closed in July 2015. Acquisition costs associated with this transaction in Fiscal Year 2014-15 were \$1,280,047.50. On June 15, 2016, the Affordable Housing Disposition and Development Agreement was approved. Per the terms of the agreement the Corona Housing Authority pledges to transfer the land and provide a cash contribution of \$2,568,190. The developer has obtained an award of 4% tax credits; the transfer of funds and land occurred on May 10, 2018. In addition, the Corona Housing Authority owns three contiguous lots to the south of this project, 2 residential lots remain in private ownership and are needed to complete assembly. If these lots are acquired, the Developer and Corona Housing Authority wish to proceed with construction of 18 additional units. Lastly, negotiations for the acquisition of RCTC surplus property started in 2018. In November 2018 RCTC accepted the \$2,000,000 offer. The acquisition of a 5-acre site (APN 118-270-002 & -003 and 118-302-014) is scheduled to close escrow in June 2019. An update of these efforts will be reported in the next annual report.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENT AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Mayor and Members of the City Council
City of Corona, California

Report on Compliance for the Housing Successor

We have audited the City of Corona Housing Successor's (Housing Successor) compliance with the type of compliance requirements described in the California Health and Safety Code sections applicable to California Housing Successor Agencies for the year ending June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the California Health and Safety Code sections applicable to California Housing Successor Agencies.

Auditor's Responsibility

Our responsibility is to express an opinion on the Housing Successor's compliance with the California Health and Safety Code sections applicable to California Housing Successor Agencies. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred above that could have a direct and material effect on Housing Successor occurred. An audit includes examining, on a test basis, evidence about the Housing Successor's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Housing Successor. However, our audit does not provide a legal determination of the Housing Successor's compliance with those requirements.

Opinion

In our opinion, the Housing Successor complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Housing Successor for the year ending June 30, 2018.

Report on Internal Control over Compliance

Management of the Housing Successor is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Successor's internal control over compliance with the types of requirements that could have a direct and material effect on the Housing Successor to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal controls over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

EXHIBIT 3 PrimeGlobal
An Association of
Independent Accounting Firms



To the Honorable Mayor and Members of the City Council
City of Corona, California

Accordingly, we do not express an opinion on the effectiveness of the Housing Successor's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance of California Health and Safety Code sections applicable to California Housing Successor Agencies on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of California Health and Safety Code sections applicable to California Housing Successor Agencies will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Excess/Surplus Calculation

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corona, California, as of and for the year ended June 30, 2018, and have issued our report thereon dated December 4, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying report on excess/surplus calculation is presented for purposes of additional analysis only and is not a required part of the financial statements. Such information is the responsibility of management and was derived from the financial statements. The report on excess/surplus calculation has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of California Health and Safety Code sections applicable to California Housing Successor Agencies. Accordingly, this communication is not suitable for any other purpose.

Brea, California
December 4, 2018

CITY OF CORONA HOUSING SUCCESSOR

**COMPUTATION OF HOUSING SUCCESSOR
EXCESS SURPLUS (HSC 34176.1)**

	Low and Moderate Housing Funds All Project Area July 1, 2017	Low and Moderate Housing Funds All Project Area July 1, 2018
Opening Fund Balance	\$ 23,121,926	\$ 28,202,577
Less Unavailable Amounts:		
Land held for resale	\$ (5,653,055)	\$ (1,129,388)
Long-term receivables	(3,269,328)	(12,122,577)
Loans receivable	(8,509,273)	(7,992,099)
Encumbrances	-	(2,000,000)
	<u>(17,431,656)</u>	<u>(23,244,064)</u>
Available Housing Successor Funds	5,690,270	4,958,513
Limitation (greater of \$1,000,000 or four years deposits)		
Aggregate amount deposited for last four years:		
2017-2018	\$ -	\$ 2,209,511
2016-2017	889,415	889,415
2015-2016	890,513	890,513
2014-2015	1,235,535	1,235,535
2013-2014	<u>1,024,089</u>	<u>-</u>
Total	<u>\$ 4,039,552</u>	<u>\$ 5,224,974</u>
Base Limitation	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Greater amount	<u>4,039,552</u>	<u>5,224,974</u>
Computed Excess/Surplus	<u>\$ 1,650,718 *</u>	<u>NONE</u>

* It is noted that you had an excess surplus in the fiscal year beginning July 1, 2017.

Please note: In accordance with HSC34176.1(d) If a housing successor has an excess surplus, the housing successor shall encumber the excess surplus for the purposes described in paragraph (3) of subdivision (a) or transfer the funds pursuant to paragraph (2) of subdivision (c) within three fiscal years. If the housing successor fails to comply with this subdivision, the housing successor, within 90 days of the end of the third fiscal year, shall transfer any excess surplus to the Department of Housing and Community Development for expenditure pursuant to the Multifamily Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program. For purposes of this subdivision, "excess surplus" shall mean 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.