

COUNCIL ACTION: (For City Clerk use only)

- ADOPTED RESOLUTION NO. _____
- APPROVED APPROVED WITH CHANGES
- CONTINUED TO _____ DENIED
- INTRODUCED ORDINANCE NO. _____
- NO ACTION TAKEN/DID NOT PASS
- RECEIVED AND FILED RETURNED TO STAFF
- REFERRED TO _____
- SET FOR PUBLIC HEARING



AGENDA REPORT REQUEST FOR CITY COUNCIL AND CORONA HOUSING AUTHORITY ACTION

DATE: March 16, 2016

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

FROM: Community Development Department

SUBJECT: **APPROVAL OF THE SUBMITTAL OF THE 2015 HOUSING ELEMENT ANNUAL PROGRESS REPORT TO THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**

RECOMMENDED ACTION:

That the:

1. City Council receive and approve the submittal of the 2015 Housing Element Annual Progress Report to the California Department of Housing and Community Development.
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, 2015.

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). 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 2015 reporting year is the

second year in the Fifth Housing Element Cycle (2013-2021). Exhibit 1 is a printed version of the report that will be submitted online. This report outlines the City's 18 programs and their progress through 2015.

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, 2015. Said audit was approved by the governing body on December 15, 2015.

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.

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.

PREPARED BY:



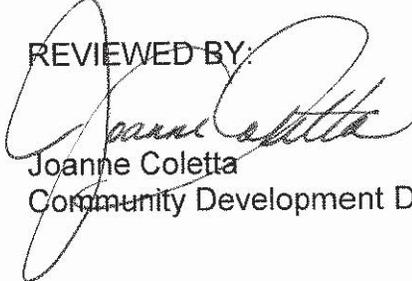
Cynthia Lara
Administrative Services Manager

PREPARED BY:



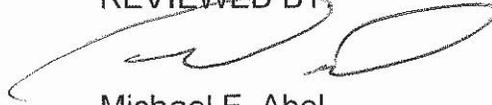
Terri Manuel
Planning Manager

REVIEWED BY:



Joanne Coletta
Community Development Director

REVIEWED BY:



Michael E. Abel
Chief of Police and
Assistant City Manager

REVIEWED BY:



Kerry D. Eden
Assistant City Manager/
Administrative Services Director

SUBMITTED:



Darrell Talbert
City Manager

EXHIBITS:

1. Exhibit 1 – Annual Housing Element Progress Report for 2015.
2. Exhibit 2 – Low and Moderate Income Housing Asset Fund Report for fiscal year ending June 30, 2015

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction CORONA
Reporting Period 01/01/2015 - 12/31/2015

Pursuant to GC 65400 local governments must provide by April 1 of each year the annual report for the previous calendar year to the legislative body, the Office of Planning and Research (OPR), and the Department of Housing and Community Development (HCD). By checking the "Final" button and clicking the "Submit" button, you have submitted the housing portion of your annual report to HCD only. Once finalized, the report will no longer be available for editing.

The report must be printed and submitted along with your general plan report directly to OPR at the address listed below:

Governor's Office of Planning and Research
P.O. Box 3044
Sacramento, CA 95812-3044

EXHIBIT 1

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202.)

Jurisdiction CORONA
 Reporting Period 01/01/2015 - 12/31/2015

Table A

**Annual Building Activity Report Summary - New Construction
 Very Low-, Low-, and Mixed-Income Multifamily Projects**

1	Housing Development Information										Housing with Financial Assistance and/or Deed Restrictions	Housing without Financial Assistance or Deed Restrictions				
	Project Identifier (may be APN No., project name or address)	2 Unit Category	3 Tenure R=Renter O=Owner	4 Affordability by Household Incomes				5 Total Units per Project	5a Est. # Infill Units*	6 Assistance Programs for Each Development See Instructions			7 Deed Restricted Units See Instructions			
				Very Low-Income	Low-Income	Moderate-Income	Above-Moderate-Income									
(9) Total of Moderate and Above Moderate from Table A3																
(10) Total by Income Table A/A3											0	0	2	2	559	
(11) Total Extremely Low-Income Units*											0					

* Note: These fields are voluntary

ANNUAL ELEMENT PROGRESS REPORT Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction CORONA
Reporting Period 01/01/2015 - 12/31/2015

**Table A2
Annual Building Activity Report Summary - Units Rehabilitated, Preserved and Acquired pursuant
to GC Section 65583.1(c)(1)**

Please note: Units may only be credited to the table below when a jurisdiction has included a program it its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its RHNA which meet the specific criteria as outlined in GC Section 65583.1(c)(1)

Activity Type	Affordability by Household Incomes				TOTAL UNITS	(4) The Description should adequately document how each unit complies with subsection (c)(7) of Government Code Section 65583.1
	Extremely Low-Income*	Very Low-Income	Low-Income			
(1) Rehabilitation Activity	0	0	0	0	0	
(2) Preservation of Units At-Risk	0	0	0	0	0	
(3) Acquisition of Units	0	0	0	0	0	
(5) Total Units by Income	0	0	0	0	0	

* Note: This field is voluntary

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction CORONA
 Reporting Period 01/01/2015 - 12/31/2015

Table A3
Annual building Activity Report Summary for Above Moderate-Income Units
(not including those units reported on Table A)

	1. Single Family	2. 2 - 4 Units	3. 5+ Units	4. Second Unit	5. Mobile Homes	6. Total	7. Number of infill units*
No. of Units Permitted for Moderate	0	2	0	0	0	2	2
No. of Units Permitted for Above Moderate	28	0	531	0	0	559	559

* Note: This field is voluntary

ANNUAL ELEMENT PROGRESS REPORT Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction CORONA
Reporting Period 01/01/2015 - 12/31/2015

Table B
Regional Housing Needs Allocation Progress
Permitted Units Issued by Affordability

Enter Calendar Year starting with the first year of the RHNA allocation period. See Example.	Income Level	RHNA Allocation by Income Level	Year	Total Units to Date (all years)	Total Remaining RHNA by Income Level								
			1	2	3	4	5	6	7	8	9		
Very Low	Deed	192	0	53	0	0	0	0	0	0	0	53	139
	Restricted		0	0	0	0	0	0	0	0	0	0	
	Non-Restricted		0	0	0	0	0	0	0	0	0	0	
Low	Deed	128	0	18	0	0	0	0	0	0	0	18	110
	Restricted		0	0	0	0	0	0	0	0	0	0	
	Non-Restricted		0	0	0	0	0	0	0	0	0	0	
Moderate			0	3	2	0	0	0	0	0	0	5	137
Above Moderate			0	622	559	0	0	0	0	0	0	1181	0
Total RHNA by COG. Enter allocation number:		770											
Total Units			0	696	561	0	0	0	0	0	0	1257	386
Remaining Need for RHNA Period													

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

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction CORONA
 Reporting Period 01/01/2015 - 12/31/2015

Table C
Program Implementation Status

Program Description (By Housing Element Program Names)	Objective	Timeframe in H.E.	Status of Program Implementation
<p>Program 7 - Lot Consolidation</p>	<p>Continue to facilitate lot consolidation or residential and mixed use developments by providing information and technical assistance to property owners and developers.</p>	<p>Ongoing</p>	<p>Standards and incentives were amended into the applicable specific plans (Downtown and North Main) to encourage lot consolidation. This has occurred in the North Main Street area and developer interest is increasing for underutilized sites to be re-developed with very likely consolidation of properties where feasible.</p>
<p>Program 8 - Multi-family Acquisition Rehabilitation</p>	<p>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.</p>	<p>Program Complete</p>	<p>NSP Program is complete. All funds have been expended as follows: 1) Residential Acquisition Rehabilitation/Resale Program - 11 units were purchased, rehabilitated and sold to low-income families. 2) Mission Apartments - HOME, NSP and local housing funds used to acquire and rehabilitate 12 unit apartment complex. 11 of 12 units are limited to 50% AMI or lower. 3) Citrus Circle Apartments - NSP funds used to acquire a tax defaulted multi-family property. This property was combined with an adjacent City owned property to create a 61 unit affordable housing project - 19 existing units rehabilitated and 42 new units constructed. All units are capped at 30-60% AMI. NSP close out efforts are underway.</p>
<p>Program 11 - Density Bonus Program</p>	<p>Continue to advertise and inform</p>	<p>Ongoing</p>	<p>Although most developers are aware that density bonus programs exist all</p>

	<p>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.</p>		<p>over the state, the city continues to use when applicable the standard project review comment informing multi-family developers about the density bonus provisions, and the same continues to be posted on the city's website under Community Development.</p>
<p>Program 12 - Zoning Ordinance Monitoring</p>	<p>Monitor the city's zoning ordinance to ensure standards do not excessively constrain affordable residential development.</p>	<p>Ongoing</p>	<p>The city has revised its zoning ordinance to enable reasonable accommodations and is always prepared to process any such amendments should constraints be discovered.</p>
<p>Program 13 - Development Fees</p>	<p>Continue to evaluate the impact of fees on residential and mixed use developments and make adjustments as necessary to facilitate development activities.</p>	<p>Annually</p>	<p>Fee studies are undertaken in the City of Corona every two years. The most recent took place in 2015. Project application fees were adjusted; however, Development Impact Fees were not affected and remain unchanged.</p>
<p>Program 14 - Expedited Project Review and Housing Process</p>	<p>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 and 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.</p>	<p>Complete</p>	<p>The five-year 2015-19 Analysis of Impediments was adopted by the City Council on April 15, 2015.</p>
<p>Program 9 - Infill Housing Development</p>	<p>Continue to apply HOME funds to implement program; pursue available funds for infill housing development; produce three new affordable units per year through this program.</p>	<p>Ongoing</p>	<p>Since local housing funds have been terminated with the dissolution of redevelopment, all HOME funds and portion of CDBG funds are used to fund the Residential Rehabilitation Program. Therefore, HOME funds are currently used to preserve affordable units, not to create new affordable units.</p>
<p>Program 16 - Homeless and Special Needs Support</p>	<p>Continue to provide financial support to</p>	<p>Ongoing</p>	<p>The City has allocated CDBG funds to assist with the prevention of</p>

<p>Services</p>	<p>social service agencies that provide emergency shelters, transitional housing, and supportive services to the homeless, and 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 the Volunteer Center of Riverside County. This system provides information on all social services offered in Riverside County.</p>	<p>homelessness and to support special needs through its partnerships with the following: 1)Inspire Life Skills - 5 young adults aged out of foster care are provided shelter at a Corona residence. 2)Peppermint Ridge - assisted 90 developmentally disabled persons. 3)211 - assisted 3,377 residents. 4)Community Connect - assisted 164 residents.</p>
<p>Program 1--Residential Rehabilitation Program</p>	<p>Assist 120 households during the planning period with an average of 15 households annually; continue to provide community outreach regarding available loans and grants for needed home improvements.</p>	<p>Through the Residential Rehabilitation Program, 15 Mobile Home and 3 single family residential forgivable loans were awarded. Helping Hands assisted mobile homes during FY14/15 and revised their program in FY15/16 to address single family dwellings. During this annual reporting period, 3 mobile homes and 1 single family dwelling were assisted.</p>
<p>Program 4--Neighborhood Improvements (Enhance community pride)</p>	<p>Continued implementation of neighborhood public improvements, property maintenance ordinance, design review, and historic preservation ordinance.</p>	<p>CDBG funds were used to improve residential public right of way in eligible low-income areas improving sidewalks, lighting and ADA paths of travel, for property maintenance through the Residential Rehabilitation Program, residential Code Compliance efforts and graffiti program. In the coming year, security measures at public parks located in low-income eligible areas will be undertaken with the installation of surveillance cameras.</p>
<p>Program 10--Affordable Housing Development</p>	<p>Facilitate affordable housing production or self-help housing development through assistance in 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.</p>	<p>In July 2015, the Corona Housing Authority purchased another property in its effort to assemble land along E. Sixth Street in furtherance of an affordable housing project. The project is under development review and anticipated to be approved in 2016. If approved, the developer anticipates submitting the project for 9% TCAC funding. The project proposes to construct 85 new affordable family units. The CHA also is working with developers to acquire excess surplus land from Riverside County Transit Committee and Riverside County Flood Control for future affordable housing developments.</p>
<p>Program 2--Housing Choice Voucher Program</p>	<p>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</p>	<p>346 Housing Choice Program vouchers were held by Corona households.</p>

	<p>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.</p>		
<p>Program 3-Conservation of Existing and Future Affordable Units</p>	<p>Annually identify and analyze inventory that may be put 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.</p>	<p>Annual monitoring and ongoing pursuit of funding opps for long-term preserv on</p>	
<p>Program 5-Sustainable Building</p>	<p>Continue to implement the Climate Action Plan that fosters sustainability in all development requiring discretionary approval.</p>	<p>Ongoing</p>	<p>All discretionary projects since the adoption of the CAP have been implementing either the CAP point program or have conducted individual GHG analyses for compliance with the sustainability goals and programs of the state.</p>
<p>Program 6-Site Availability</p>	<p>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 sites 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.</p>	<p>Ongoing</p>	<p>Affordable 85 unit project on +/- 4 acres pending entitlements on a previously identified available site on East Sixth Street north of Circle City Drive (C & C Development).</p> <p>Potential sites being looked into in collaboration with affordable housing partners are:</p> <p>1)91 FWY Expansion Project surplus land at the corner of Buena Vista and Second Street, approximately 3 acres; and</p> <p>2)Riverside County Flood Control surplus land near Lincoln Avenue and D Street, approximately 1 acres.</p>

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction CORONA
Reporting Period 01/01/2015 - 12/31/2015

General Comments:

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, 2015

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)]

Recognized Obligation Payment Schedule amounts	\$ 0.00
Other amounts	\$ 1,235,535.16
TOTAL	\$ 1,235,535.16

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)	\$ 7,684,065.71
TOTAL	\$ 7,684,065.71

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	\$ 100,577.66
(B) Homeless prevention/rapid rehousing	\$ 0.00
(C) Housing development	\$ 1,280,047.50
TOTAL	\$ 1,380,625.16

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	\$ 3,146,753.48
Loans receivable (includes \$4.8M SERAF loan on ROPS)	\$ 21,238,462.20
TOTAL	\$ 24,385,215.68

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)]

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

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, 2015

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	
117-320-030	06-30-09	09-07-12	\$ 122,100.00	
117-320-032	11-23-10	09-07-12	\$ 233,748.21	
117-320-051	12-24-08	09-07-12	\$ 229,771.99	
117-320-036	02-27-09	09-07-12	\$ 128,575.62	
119-190-022 119-190-025	02-18-11	09-07-12	\$ 2,500,000.00	Property sold 2-14-2014
117-320-023	07-01-15	N/A	\$ 1,250,047.50	Funding wired to escrow 6/30/15; Escrow closed 7/1/15.

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

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, 2015

units and 4) E. Sixth Street Affordable Housing Project - under negotiations is a new multi-family project anticipated to create 85 new extremely, very, and low income units.

NOTE: No affordable housing units have been lost.

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, has been in negotiations as mentioned above for a new 85-unit affordable project; no agreement(s) has been approved, but is anticipated to be considered in May/June of 2016. Therefore, for purposes of this reporting period, there has been no development(s) of affordable housing with the use of Low and Moderate Income Housing Asset Funds. As such, the Corona Housing Authority has not failed to comply with the extremely low income requirements noted in this section and no further action is required.

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.

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 2014-15 was \$2,399,399. This was the first year the Corona Housing Authority had an excess surplus. The excess surplus as of July 1, 2015, was reduced to \$1,018,775. 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. Complete project expenses, i.e. relocation, future escrow fees, and project contributions, 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 compliance of the Corona Housing Authority (the Housing Successor), with the types of compliance requirements described in the California Health and Safety Code sections applicable to California Housing Successor Agencies for the year ending June 30, 2015.

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 based on our audit of the types of compliance requirements 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, 2015.

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



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

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.

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, 2015, and have issued our report thereon dated December 1, 2015, 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 1, 2015

CITY OF CORONA HOUSING SUCCESSOR

COMPUTATION OF HOUSING SUCCESSOR
EXCESS/SURPLUS (HSC 34176.1)

	Low and Moderate Housing Funds All Project Area July 1, 2014	Low and Moderate Housing Funds All Project Area July 1, 2015, as restated
Opening Fund Balance	\$ 6,549,108	\$ 20,932,082
Less Unavailable Amounts:		
Land held for resale	\$ (1,866,706)	\$ (3,146,753)
Long-term receivables	-	(4,784,652)
Loans receivable	-	(8,463,364)
	<u>(1,866,706)</u>	<u>(16,394,769)</u>
Available Housing Successor Funds	4,682,402	4,537,313
Limitation (greater of \$1,000,000 or four years deposits)		
Aggregate amount deposited for last four years:		
2014 - 2015	-	1,235,535
2013 - 2014	1,024,089	1,024,089
2012 - 2013	713,939	713,939
2011 - 2012	544,975	544,975
Total	<u>\$ 2,283,003</u>	<u>\$ 3,518,538</u>
Base Limitation	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Greater amount	<u>\$ 2,283,003</u>	<u>\$ 3,518,538</u>
Computed Excess/Surplus	<u>\$ 2,399,399 *</u>	<u>\$ 1,018,775 *</u>

* This is the estimated future excess/surplus in 2015/2016. Please note: 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) of Health and Safety Code 34176.1 or transfer the funds pursuant to paragraph (2) of subdivision (c) of 34176.1 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.