
CITY OF HAWTHORNE
*(Housing Successor Agency to the former
Hawthorne Redevelopment Agency)*

**HOUSING SUCCESSOR AGENCY
ANNUAL REPORT**

Fiscal Year 2016-17



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INTRODUCTION

The City of Hawthorne (“City”) is the Housing Successor Agency to the former Hawthorne Redevelopment Agency (“Agency”). The majority of the Agency’s assets were transferred to the County of Los Angeles (“County”) when the Agency dissolved in 2012 pursuant to the redevelopment Dissolution Act (enacted by Assembly Bill (“AB”) x1 26 and amended by AB 1484 and Senate Bill (“SB”) 107). However, all rights, powers, committed assets, liabilities, duties, and obligations associated with the housing activities of the Agency were transferred from the former Agency to the City as Housing Successor Agency.

Housing successor agencies are required to submit annual reports on their activities to the State. This Housing Successor Agency Annual Report contains information on Fiscal Year 2016-17 finances and activities as required by Health and Safety Code (“HSC”) Section 34176.1(f).

REPORTING REQUIREMENTS FOR HOUSING SUCCESSOR AGENCIES

SB 341 (2013-14), AB 1793 (2013-14), SB 107 (2015-16), and AB 346 (2017-18) amended sections of the HSC pertaining largely to redevelopment successor housing agencies. SB 341 clarified that all former redevelopment agency housing assets must be maintained in a separate fund called the Low and Moderate Income Housing Asset Fund (“Housing Asset Fund”). HSC Section 34176.1(f) contains a series of annual reporting requirements for housing successor agencies regarding Housing Asset Funds (deposits, expenditures, fund balance, property disposition, etc.). An annual report is due to the California Department of Housing and Community Development (“HCD”) by April 1st each year.

SB 341 also mandates that housing successor agencies conduct an independent financial audit of the 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. The City’s Comprehensive Annual Financial Report (“CAFR”) for Fiscal Year 2016-17 was completed in December 2017 and is available on the City’s website. It includes an audit of the Housing Asset Fund¹.

¹ The Housing Asset Fund balances, revenues, and expenditures in this report differ slightly from the CAFR because the CAFR included activity from a fund (Fund 463) that should have been excluded. The fund will be excluded from the CAFR in future years.

In accordance with HSC Section 34176.1(f), certain data must now be reported annually for the Housing Asset Fund. These requirements are presented in the following table.

| Revenues & Expenditures | Other Assets and Active Projects | Obligations & Proportionality |
|--|---|---|
| Total amount deposited in the Housing Asset Fund for the fiscal year | Description of any housing project(s) still funded through the Recognized Obligation Payment Schedule ("ROPS") | Description of any outstanding production obligations of the former Agency that are inherited by the City |
| Statement of balance at the close of the fiscal year | Update on property disposition for any property owned by the housing successor agency more than five years or plans for property owned less than five years | Compliance with proportionality requirements (income group targets), which must be upheld on a five-year cycle |
| <p>Description of Expenditures for the fiscal year, broken out as follows:</p> <ul style="list-style-type: none"> • Rapid rehousing for homelessness prevention (up to \$250,000 per year, if qualified); • Administrative expenses (greater of \$200,000 adjusted annually for CPI or 5% of "portfolio" per year); • Monitoring expenses (included as an administrative expense); • All other expenditures must be reported as spent for each income group as defined in SB 341 | <p>Other "portfolio" balances, including:</p> <ul style="list-style-type: none"> • Statutory value of any real property either transferred from the former Agency or purchased by the Housing Asset Fund (note that the City may only hold property for five years); • Value of loans and grants receivable | <p>Percentage of deed-restricted rental housing restricted to seniors and assisted by the entity assuming housing functions, the former Agency, or the County within the past ten years compared to the total number of units assisted by any of those three agencies</p> |
| Description of any transfers to another housing successor agency for a joint project | Inventory of homeownership units assisted by the former Agency or the City that are subject to covenants or restrictions or to an adopted program that protects the former Agency's investment of monies from the Low and Moderate Income Housing Fund | Amount of any excess surplus, and, if any, the plan for eliminating it |

ASSETS TRANSFERRED TO THE HOUSING SUCCESSOR AGENCY

The City prepared a Housing Asset Transfer Form in 2012 that provided an inventory of all housing-related assets transferred from the Agency to the City following the dissolution of redevelopment. This included:

1. Real properties;
2. Loans/Grants Receivables;
3. Rents; and
4. Deferrals.

All items on the Housing Asset Transfer Form (attached as Appendix A) were approved by the California Department of Finance (“DOF”) on August 30, 2012.

LOW AND MODERATE INCOME HOUSING ASSET FUND

The Housing Asset Fund replaced the former Agency’s Low and Moderate Income Housing Fund. It includes all assets transferred from the Agency to the City via the Housing Asset Transfer Form.

HOUSING ASSET FUND DEPOSITS AND ENDING BALANCE

The City deposited \$1,110,472 into the Housing Asset Fund during Fiscal Year 2016-17. Revenues were from a Supplemental Educational Revenue Augmentation Fund (“SERAF”) loan repayment, investment earnings, and rental property income (security deposits, rents, and machine income). The SERAF loan is repaid as approved on the Hawthorne Redevelopment Successor Agency’s Recognized Obligation Payment Schedule (“ROPS”).

| Fiscal Year 2016-17 Housing Asset Fund Deposits | | Table 1 |
|--|--|---------------------|
| City of Hawthorne | | |
| Revenue Source | | Amount |
| SERAF Repayment | | 773,804 |
| Investment Earnings | | 4,669 |
| Security Deposits | | 1,644 |
| Rents | | 324,824 |
| Machine Income | | 5,532 |
| | | \$ 1,110,472 |

Source: City of Hawthorne, Funds 462 & 464-468 Revenue Detail Reports

Fiscal Year 2016-17 Housing Asset Fund expenditures totaled \$264,782 (see Table 3) for rental property operations.

As shown in Table 2, the Housing Asset Fund had \$7.8 million in assets at the close of Fiscal Year 2016-17². None of this amount is held to pay for projects that are enforceable obligations on the ROPS. However, \$4.1 million of the Housing Asset Fund balance consists of loans receivable from the ROPS (the Supplemental Education Revenue Augmentation Fund loan and deferred housing set-aside payments). These loans will be repaid via the ROPS subject to available tax revenues and approval from the DOF.

| Fiscal Year 2016-17 Housing Asset Fund Ending Balance | | Table 2 |
|--|---------------|----------------|
| City of Hawthorne | | |
| <u>Balance Type*</u> | <u>Amount</u> | |
| Cash | 2,643,441 | |
| Accounts Receivable | | |
| Interest Receivable | 1,015 | |
| Loans Receivable | 5,183,512 | |
| | \$ 7,827,968 | |

*Excludes statutory value of Land Held For Resale, as it is not a part of the CAFR asset balance.

Source: City of Hawthorne, Funds 462 & 464-468 Detailed Trial Balance

EXPENDITURE LIMITATIONS

The law provides the following guidelines for expenditures from the Housing Asset Fund:

1. Administrative costs, which include housing monitoring, are capped at \$200,000 adjusted annually for inflation or 5% of the statutory value of any land owned by the housing successor agency and of loans and grants receivable (in Hawthorne’s case, 5% of \$8,991,787, or \$449,589).
2. If the former Agency did not have any outstanding housing production requirements, the housing successor agency is authorized to spend up to \$250,000 per year on homeless prevention and rapid rehousing services to individuals and families who are homeless or would be homeless but for this assistance. In the case of Hawthorne, the former Agency had a surplus of affordable housing production units, and therefore the City as Housing Successor Agency is allowed to make this expenditure if it chooses and funding is available for such expenditures.

² Excludes the statutory value of real properties held by the Successor Agency in Fund 463.

3. Remaining allowable expenditures must be spent to improve housing options affordable to households in the following income groups:

- Extremely low income (households earning 30% or less of the Area Median Income (“AMI”));
- Very low income (households earning 31% to 50% of the AMI); and
- Low income (households earning 51% to 80% of the AMI).

This means that no funding may be spent on moderate income households (earning 81% to 120% of the AMI), as was previously authorized by redevelopment law. In addition, of the money expended, a minimum of 30% must go towards rental housing affordable to extremely low income households. A maximum of 20% may go towards the development of housing affordable to lower income households (households earning 60% to 80% of the AMI).

Failure to comply with the extremely low income requirement in any five-year compliance period will result in the City having to ensure that 50% of remaining funds be spent on extremely low income rental units until in compliance. Exceeding the expenditure limit for lower income households in any five-year reporting period will result in the City not being able to expend any funds on that income category until in compliance.

The City, as Housing Successor Agency, has only incurred administrative expenses since the beginning of the first five-year compliance period on January 1, 2014. The City will ensure that it adheres to all expenditure limitations by the end of the five-year compliance period.

Note that housing successor agencies must report expenditures by category each year, but compliance with expenditure limitations is measured only every five years. For example, a housing successor agency could spend all of its funds in a single year on lower income households, as long as it was 20% or less of the total expenditures during the five-year compliance period. The first five-year compliance period began on January 1, 2014 (when SB 341 became effective) and ends on June 30, 2019. Compliance will be evaluated in the annual report for Fiscal Year 2018-19.

Table 3 summarizes Housing Asset Fund expenditures on administrative costs and homeless prevention in Fiscal Year 2016-17, and affordable housing activities by income level from January 1, 2014 through June 30, 2016.

Fiscal Year 2016-17 Housing Asset Fund Expenditures

Table 3

City of Hawthorne

| | Admin/ Monitoring | Ext. Low Rental Units | Other Units | Ext. Low <30% AMI | Very Low 30-60% AMI | Low 60-80% AMI |
|--------------------------------|----------------------|--------------------------|----------------|----------------------|------------------------|-------------------|
| FY 2016-17 Expenditures | | | | | | |
| Administration | \$264,782 | | | | | |
| Project Related | | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$264,782 | \$0 | \$0 | \$0 | \$0 | \$0 |

Compliance Period Expenditures

| | Annual Limit | Five-Year Limit (1/1/14 through 2018-19) | | | | |
|--------------------------------------|--------------|--|------------|------------|------------|------------|
| FY 2013-14 | \$279,379 | \$0 | \$0 | \$0 | \$0 | \$0 |
| FY 2014-15 | \$315,535 | \$0 | \$0 | \$0 | \$0 | \$0 |
| FY 2015-16 | \$207,359 | \$0 | \$0 | \$0 | \$0 | \$0 |
| FY 2016-17 | \$264,782 | \$0 | \$0 | \$0 | \$0 | \$0 |
| FY 2017-18 | TBD | TBD | | | TBD | |
| FY 2018-19 | TBD | TBD | | | TBD | |
| Compliance Period Total Expenditures | N/A | \$0 | \$0 | \$0 | \$0 | \$0 |
| SB 341 Limitation | \$449,589 | >30% | <70% | >30% | N/A | <20% |
| Compliant (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes |

Source: City of Hawthorne, Funds 462 & 464-468 Expenditure Detail Report

All Housing Asset Fund expenditures have been administrative since the beginning of the first five-year compliance period on January 1, 2014. Staff will ensure that future expenditures meet proportionality requirements.

STATUTORY VALUE OF REAL PROPERTIES AND LOAN RECEIVABLES

The City must report the statutory value of real properties formerly owned by the Agency or purchased by the City with Housing Asset Funds, and the value of loans and/or grants receivable transferred on the Housing Asset Transfer Form. The City inherited 6 real properties, 1 loan, and 2 deferrals from the former Agency when it dissolved on February 1, 2012. Table 4 shows the total value of real properties and loans receivable. The Housing Asset Transfer Form in Appendix A shows more detailed information about each property and loan receivable.

Fiscal Year 2016-17 Real Properties and Receivables**Table 4****City of Hawthorne**

| Asset | Amount |
|--|---------------------|
| Real Properties | |
| 12726 Grevillea Avenue | 332,928 |
| 11529 Gale Avenue | 1,575,064 |
| 11537 Gale Avenue | 828,169 |
| 11605 Gale Avenue | 883,585 |
| 12529 Truro Avenue | 729,873 |
| 14115 Cordary Avenue | 232,460 |
| <i>Subtotal</i> | \$ 4,582,079 |
| Loan Receivables | |
| SERAF Loan | 568,295 |
| Housing Set-Aside Deferral | 3,534,369 |
| Southern California Housing Development Corp (Hawthorne Terrace) | 307,044 |
| <i>Subtotal</i> | \$ 4,409,708 |
| Total | \$ 8,991,787 |

Source: City of Hawthorne

The total statutory value of real properties is \$4,582,079 and outstanding loan receivables total \$4,409,708, for a combined value of \$8,991,787.

PROPERTY DEVELOPMENT & DISPOSITION

HSC Section 34176(e) requires that all real properties acquired by the Agency prior to February 1, 2012 and transferred to the City be developed for affordable housing purposes or disposed of within five years from the date DOF approved the Housing Asset Transfer Form, or September 30, 2017. However, the law allows for a five-year extension via adoption of a resolution, which the City adopted via Resolution No. 7915 on July 25, 2017. The property disposition and development deadline is now August 30, 2022.

The Agency transferred 6 real properties to the City on the Housing Asset Transfer Form, 5 of which are already developed and operating as affordable housing and 1 which is in the process of being sold. The Agency also transferred affordability covenants with 3 properties that are overseen by the City. The properties are described below.

12726 GREVILLEA AVENUE

This multifamily rental property has 8 moderate income units. The former Agency acquired the property in 1991 and recorded a 55-year affordability covenant that expires in 2064.

11529 GALE AVENUE

This multifamily rental property has 12 moderate income units. The former Agency acquired the property in 2008 and recorded a 55-year affordability covenant that expires in 2064.

11537 GALE AVENUE

This multifamily rental property has 5 very low income units. The former Agency acquired the property in 2009 and recorded a 55-year affordability covenant that expires in 2064.

11605 GALE AVENUE

This multifamily rental property has 10 very low income units restricted to seniors. The former Agency acquired the property in 2008 and recorded a 55-year affordability covenant that expires in 2064.

12529 TRURO AVENUE

This multifamily rental property has 3 very low income units. The former Agency acquired the property in 2009 and recorded a 55-year affordability covenant that expires in 2064.

14115 CORDARY AVENUE

This property was acquired in 2011. The City issued an RFP for its sale and development in August 2017. Staff is reviewing responses and will deposit sales proceeds into the Housing Asset Fund.

HAWTHORNE TERRACE - 12923 & 12938 KORNBLUM AVENUE

The City monitors an affordability restriction at this 100-unit multifamily rental property with 54 very low income units and 46 low income units. The 55-year covenant expires in 2059.

TELACU GARDENS - 13000 DOTY AVENUE

The City monitors an affordability restriction at this multifamily rental property. Completed in September 1988, this senior housing development project was completed as a partnership between TELACU, the United States Department of Housing and Urban Development (“HUD”), and the former Agency. Known as Hawthorne Senior Gardens, this property is a 75-unit low and

moderate income facility located on Doty Avenue. The Agency provided funding for an additional elevator and other capital improvements.

TELACU TERRACE - 4536 W. 118TH STREET

The City monitors an affordability restriction at this multifamily rental property. Dedicated in October 1992, TELACU Terrace provides affordable housing to low income seniors. The 75-unit complex includes 8 units designated for special-needs seniors. Situated at the corner of 118th Street and Grevillea Avenue, this residential complex is centrally located to amenities including shopping areas, and community facilities and services. Agency assistance included funding for the acquisition of land, relocation, and clearance of the property.

OUTSTANDING INCLUSIONARY AND REPLACEMENT HOUSING OBLIGATIONS

The former Agency had a surplus of over 100 affordable housing units when it dissolved in February 2012. There are no outstanding inclusionary or replacement housing obligations of the former Agency to be fulfilled by the City.

SENIOR HOUSING EXPENDITURE PROPORTIONALITY

This report must include an accounting of deed-restricted senior rental units that were produced over the last 10 years. The City may use Housing Asset Funds to assist no more than 50% of the aggregate total number of senior housing units produced by either the City or former Agency during the past 10 years. Exceeding this limitation will prohibit the use of Housing Asset Funds to subsidize any senior rental units in the future.

As shown in Table 5, the City and former Agency assisted 9 properties in the last ten years, of which 5% are restricted to seniors. The City may spend more money subsidizing senior rental units in the future; however, it must ensure that no more than 50% of the total aggregate number of rental units at all affordability levels produced within the preceding 10 years are restricted to seniors.

City of Hawthorne

| Property Address | # Restricted Units | # Senior Restricted Units | Acquired/ Assisted | Covenant Recorded | Covenant Expires |
|-------------------------|--------------------|---------------------------|--------------------|-------------------|--------------------------------|
| 12726 Grevillea Avenue | 8 | 0 | 12/30/1991 | 10/29/2009 | 10/29/2064 |
| 11529 Gale Avenue | 12 | 0 | 11/14/2008 | 10/29/2009 | 10/29/2064 |
| 11537 Gale Avenue | 5 | 0 | 4/30/2009 | 10/29/2009 | 10/29/2064 |
| 11605 Gale Avenue | 10 | 10 | 11/14/2008 | 10/29/2009 | 10/29/2064 |
| 12529 Truro Avenue | 3 | 0 | 9/28/2009 | 10/29/2009 | 10/29/2064 |
| 11519 Cedar Ave | 5 | 0 | 6/16/2015 | 6/16/2015 | 15 years |
| 14135 Cerise | 127 | 0 | 6/21/2015 | 1/21/2015 | 55 years after first occupancy |
| 14105-14137 Chadron Ave | 28 | 0 | 9/15/2014 | 11/21/2012 | 30 years after first occupancy |
| 14004 Doty Ave | 7 | 0 | 8/4/2014 | 11/12/2013 | 30 years after first occupancy |
| Total | 205 | 10 | | | |
| % Senior Units | | 5% | | | |

Source: City of Hawthorne

EXCESS SURPLUS

Excess surplus calculations were once performed by redevelopment agencies on an annual basis and are intended to ensure that funds are expended to benefit low-income households in an expeditious manner. , funds should be encumbered within four years of receipt. SB 341 reinstates this calculation for housing successor agencies. Excess surplus is defined by HSC Section 34176.1(d) as “an unencumbered amount in the account that exceeds the greater of one million dollars, or the aggregate amount deposited into the account during the housing successor agency’s preceding four fiscal years, whichever is greater.”

SB 341 reinstates this calculation for housing successor agencies. Fiscal Year 2016-17 is the first year the excess surplus can be calculated. The Housing Asset Fund has an excess surplus of \$79,526 for Fiscal Year 2016-17, as shown in Table 6. The Housing Successor Agency will make plans to expend or encumber excess surplus within three fiscal years, or Fiscal Year 2019-20, as required by law. If the Fiscal Year 2016-17 excess surplus amount is not spent or encumbered by this deadline, the funds must be transmitted to HCD.

Excess Surplus Projections

Table 6

Hawthorne Housing Asset Fund

| FYE | Deposits | Expenditures | | | Unencumbered Cash Balance ⁴ | Greater of 4 Yrs of Deposits or \$1M ⁵ | Projected Excess Surplus ^{6,7} |
|-------------------|-----------|-------------------------------|------------------------------|------------------------------------|--|---|---|
| | | Admin/Monitoring ¹ | Rapid Rehousing ² | Projects/Encumbrances ³ | | | |
| Beginning Balance | | | | 36,110 | | | |
| 2013 | 23 | | - | 36,133 | | | |
| 2014 | 305,911 | 279,379 | - | 62,664 | | | |
| 2015 | 1,478,112 | 315,535 | - | 1,225,241 | | | |
| 2016 | 965,625 | 207,359 | - | 1,983,507 | | | |
| 2017 | 1,110,472 | 264,782 | - | 2,829,197 | 2,749,670 | 79,526 | |
| 2018 | | | | | | | |
| 2019 | | | | | | | |
| 2020 | | | | | | | |

¹ The City may spend up to \$200,000 per year, adjusted annually for CPI, on administration and monitoring. Includes projected expenditures on legal and professional services and property taxes.

² The City may spend up to \$250,000 annually on repaid rehousing solutions for homelessness. Assume no expenditures.

³ Expenditures encumbered for planned projects.

⁴ Actual balances through FYE 2017. Projected balances from FYE 2018.

⁶ Excess surplus is an unencumbered amount that exceeds the greater of \$1 million or the aggregate amount deposited during the preceding four years. Assumes the first year of Housing Asset Fund deposits is FYE 2013, when redevelopment agencies dissolved effective 2-1-2012.

⁷ The Agency must encumber any excess surplus amount within three fiscal years, or the funds must be transferred to HCD for its Multifamily Housing Program or Joe Serna, Jr. Farmworker Housing Grant Program.

INVENTORY OF HOMEOWNERSHIP UNITS

AB 1793 requires this report to include an inventory of homeownership units assisted by the former Agency or the Housing Successor Agency that are subject to covenants or restrictions or to an adopted program that protects the former Agency’s investment of moneys from the Low and Moderate Income Housing Fund. No homeownership properties were assisted by the former Agency that are subject to homeownership affordability covenants.

DEPOSITS FROM CITY TO AGENCY LOAN REPAYMENTS

HSC Section 34191.4(b)(3)(C) requires that 20 percent of any loan repayment made from a redevelopment successor agency to a city, for a loan that a city made to a former redevelopment agency, be deducted from the loan repayment amount and transferred to the Housing Asset Fund. The Hawthorne Redevelopment Successor Agency has an outstanding loan owed to the City, but it has not yet been approved for repayment by the DOF.

The repayment of loans made from low and moderate income housing set aside funds are payable 100 percent to the Housing Asset Fund. There were \$773,804 in loan repayments made by the Hawthorne Redevelopment Successor Agency to the Housing Asset Fund in Fiscal Year 2016-17, as detailed in Table 1.

APPENDIX A – HOUSING ASSET TRANSFER FORM

**DEPARTMENT OF FINANCE
HOUSING ASSETS LIST
ASSEMBLY BILL X1 26 AND ASSEMBLY BILL 1484
(Health and Safety Code Section 34176)**

Former Redevelopment Agency: Redevelopment Agency of the City of Hawthorne

Successor Agency to the Former Redevelopment Agency: Successor Agency to the Redevelopment Agency of the City of Hawthorne

Entity Assuming the Housing Functions of the former Redevelopment Agency: City of Hawthorne

Entity Assuming the Housing Functions Contact Name: Arnold Shadbehr Title Interim City Manager Phone (310) 349-2910 E-Mail Address ashadbehr@cityofhawthorne.org

Entity Assuming the Housing Functions Contact Name: _____ Title _____ Phone _____ E-Mail Address _____

All assets transferred to the entity assuming the housing functions between February 1, 2012 and the date the exhibits were created are included in this housing assets list. The following Exhibits noted with an X in the box are included as part of this inventory of housing assets:

- Exhibit A - Real Property
- Exhibit B- Personal Property
- Exhibit C - Low-Mod Encumbrances
- Exhibit D - Loans/Grants Receivables
- Exhibit E - Rents/Operations
- Exhibit F- Rents
- Exhibit G - Deferrals

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Prepared By: Kim Wong, Rosenow Spevacek Group, Inc.

Date Prepared: 1-Aug-12

**City of Hawthorne
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)**

| Item # | Type of Asset a/ | Legal Title and Description | Carrying Value of Asset ¹ | Total square footage ² | Square footage reserved for low-mod housing ³ | Is the property encumbered by a low-mod housing covenant? | Source of low-mod housing covenant b/ | Date of transfer to Housing Successor Agency | Construction or acquisition cost funded with Low-Mod Housing Fund monies | Construction or acquisition costs funded with other RDA funds | Construction or acquisition costs funded with non-RDA funds | Date of construction or acquisition by the former RDA | Interest in real property (option to purchase, easement, etc.) |
|--------|------------------|---|--------------------------------------|-----------------------------------|--|---|---------------------------------------|--|--|---|---|---|--|
| 1 | Low-Mod Housing | 12726 Grevillea Avenue, TR=9913 Lots 1 and 2 (APN: 4041-014-913) | | 14,399 | Unknown | Yes | CRL | February 1, 2012 | | \$550,000 | | December 30, 1991 Acquisition, October 29, 2009 Covenant | Property Ownership, Affordability Covenant |
| 2 | Low-Mod Housing | 11529 Gale Avenue, TR=1543 S 65 Ft of Lot 17 (APN: 4044-001-903) | | 10,267 | 10,267 | Yes | CRL | February 1, 2012 | \$1,740,000 | | | November 14, 2008 Acquisition, October 29, 2009 Covenant | Property Ownership, Affordability Covenant |
| 3 | Low-Mod Housing | 11537 Gale Avenue, TR=1543 N 44 Ft of Lot 16 (APN: 4044-001-013) | | 5,398 | 5,398 | Yes | CRL | February 1, 2012 | \$855,227 | | | April 30, 2009 Acquisition, October 29, 2009 Covenant | Property Ownership, Affordability Covenant |
| 4 | Low-Mod Housing | 11605 Gale Avenue, TR=1543 N 55.48 Ft of S 105.48 Ft of Lot (APN: 4044-002-900) | | 8,063 | 5,760 | Yes | CRL | February 1, 2012 | \$1,140,000 | | | November 14, 2008 Acquisition, October 29, 2009 Covenant | Property Ownership, Affordability Covenant |
| 5 | Low-Mod Housing | 12529 Truro Avenue, PM 193-67 Lot 1 (APN: 4041-009-072) | | 3,340 | 3,340 | Yes | CRL | February 1, 2012 | \$750,000 | | | September 28, 2009 Acquisition, October 29, 2009 Covenant | Property Ownership, Affordability Covenant |
| 6 | Low-Mod Housing | 12923 & 12938 Kornblum Avenue (Hawthorne Terrace), PM-194-88-90 Lot 3 | | N/A | N/A | Yes | CRL | February 1, 2012 | \$250,000 (Promissory Note Loan) | | \$5,413,500 | November 12, 2009 Covenant | Affordability Covenant, Promissory Note Loan |
| 7 | Low-Mod Housing | 13000 Doty Avenue (TELACU Gardens), TR=874 Division A Lot 20 N | | N/A | N/A | Yes | CRL, HUD Section 202, Section 8 | February 1, 2012 | | | | | Affordability Covenant |
| 8 | Low-Mod Housing | 4536 W 118th Street (TELACU Terrace), Hawthorne E 252.6 Ftex of St of Lot 1 An | | N/A | N/A | Yes | CRL, HUD Section 202, Section 8 | February 1, 2012 | | | | | Affordability Covenant |
| 9 | Low-Mod Housing | 14115 Cordary Avenue (APN: 4051-030-016) | | 39,000 | N/A | No | CRL | February 1, 2012 | \$858,355.50 | | | August 25, 2011 | Property Ownership |
| 10 | | | | | | | | | | | | | |
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a/ Asset types may include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

¹ Carrying value unknown.

² Property square footage per Tax Roll or property agreements/exhibits.

³ Building/livable square footage per Tax Roll or property agreements/exhibits.

City of Hawthorne
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

| Item # | Type of Asset a/ | Description | Carrying Value of Asset | Date of transfer to Housing Successor Agency | Acquisition cost funded with Low-Mod Housing Fund monies | Acquisition costs funded with other RDA funds | Acquisition costs funded with non-RDA funds | Date of acquisition by the former RDA |
|--------|------------------|-------------|-------------------------|--|--|---|---|---------------------------------------|
| 1 | None | | | | | | | |
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a/ Asset types any personal property provided in residences, including furniture and appliances, all housing-related files and loan documents, office supplies, software licenses, and mapping programs, that were acquired for low and moderate income housing purposes, either by purchase or through a loan, in whole or in part, with any source of funds.

City of Hawthorne
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

| Item # | Type of housing built or acquired with enforceably obligated funds a/ | Date contract for Enforceable Obligation was executed | Contractual counterparty | Total amount currently owed for the Enforceable Obligation | Is the property encumbered by a low-mod housing covenant? | Source of low-mod housing covenant b/ | Current owner of the property | Construction or acquisition cost funded with Low-Mod Housing Fund monies | Construction or acquisition costs funded with other RDA funds | Construction or acquisition costs funded with non-RDA funds | Date of construction or acquisition of the property |
|--------|---|---|--------------------------|--|---|---------------------------------------|-------------------------------|--|---|---|---|
| 1 | None | | | | | | | | | | |
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a/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

Exhibit D - Loans/Grants Receivables

City of Hawthorne
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

| Item # | Was the Low-Mod Housing Fund amount issued for a loan or a grant? | Amount of the loan or grant | Date the loan or grant was issued | Person or entity to whom the loan or grant was issued | Purpose for which the funds were loaned or granted | Are there contractual requirements specifying the purposes for which the funds may be used? | Repayment date, if the funds are for a loan | Interest rate of loan | Current outstanding loan balance |
|--------|---|-----------------------------|-----------------------------------|---|---|---|---|-----------------------|----------------------------------|
| 1 | Loan ¹ | \$250,000 | October 1, 2004 | Southern California Housing Development Corporation | Financing operating reserves for the Hawthorne Terrace Project (APN: 4050-013-032, -033). | Yes | October 1, 2059 | | \$ 165,950 |
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¹ As of June 30, 2011, the balance of the loan receivable was \$165,950.

City of Hawthorne
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

| Item # | Type of payment a/ | Type of property with which they payments are associated b/ | Property owner | Entity that collects the payments | Entity to which the collected payments are ultimately remitted | Purpose for which the payments are used | Is the property encumbered by a low-mod housing covenant? | Source of low-mod housing covenant c/ | Item # from Exhibit A the rent/operation is associated with (if applicable) |
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a/ May include revenues from rents, operation of properties, residual receipt payments from developers, conditional grant repayments, costs savings and proceeds from refinancing, and principal and interest payments from homebuyers subject to enforceable income limits.

b/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

c/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

Exhibit F - Rents

City of Hawthorne
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

| Item # | Type of payment a/ | Type of property with which the payments are associated b/ | Property owner | Entity that collects the payments | Entity to which the collected payments are ultimately remitted | Purpose for which the payments are used | Is the property encumbered by a low-mod housing covenant? | Source of low-mod housing covenant c/ | Item # from Exhibit A the rent is associated with (if applicable) |
|--------|--------------------------------|--|---|--|--|--|---|---------------------------------------|---|
| 1 | Rents - 12726 Grevillea Avenue | Low-Mod Housing | Redevelopment Agency of the City of Hawthorne | Finance Department - Licensing and Cashiering Division | City of Hawthorne Housing Successor Agency | Personnel costs and property maintenance | Yes | CRL | 1 |
| 2 | Rents - 11529 Gale Avenue | Low-Mod Housing | Redevelopment Agency of the City of Hawthorne | Finance Department - Licensing and Cashiering Division | City of Hawthorne Housing Successor Agency | costs and property maintenance | Yes | CRL | 2 |
| 3 | Rents - 11537 Gale Avenue | Low-Mod Housing | Redevelopment Agency of the City of Hawthorne | Finance Department - Licensing and Cashiering Division | City of Hawthorne Housing Successor Agency | Personnel costs and property maintenance | Yes | CRL | 3 |
| 4 | Rents - 11605 Gale Avenue | Low-Mod Housing | Redevelopment Agency of the City of Hawthorne | Finance Department - Licensing and Cashiering Division | City of Hawthorne Housing Successor Agency | Personnel costs and property maintenance | Yes | CRL | 4 |
| 5 | Rents - 12529 Truro Avenue | Low-Mod Housing | Redevelopment Agency of the City of Hawthorne | Finance Department - Licensing and Cashiering Division | City of Hawthorne Housing Successor Agency | Personnel costs and property maintenance | Yes | CRL | 5 |
| 6 | | | | | | | | | |

a/ May include rents or home loan payments.

b/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

c/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

Exhibit G - Deferrals

City of Hawthorne
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| Item # | Purpose for which funds were deferred | Fiscal year in which funds were deferred | Amount deferred | Interest rate at which funds were to be repaid | Current amount owed | Date upon which funds were to be repaid |
|--------|---|--|-----------------|--|---------------------|---|
| 1 | SERAF | 2009-10 | \$ 3,170,236 | 0% | \$ 3,170,236 | June 30, 2015 |
| 2 | Plaza Project Area Housing Set-Aside Fund Deferral ¹ | 1985-86 | \$ 3,534,369 | 0% | \$3,534,369 | When funds are available |
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¹ Resolution No. 179 pursuant to CRL 33334.6(d)