

Fiscal Year 2023-24

Housing Authority Annual Report

HAWTHORNE HOUSING AUTHORITY

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Prepared for:



CITY OF HAWTHORNE

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Section 1 Introduction

1.1 Background

Pursuant to California Health and Safety Code (“HSC”) Section 34328, housing authorities must file an annual report of the activities for the preceding year (“Annual Report”) with the clerk of the respective city or county and the Department of Housing and Community Development (“HCD”). This Annual Report for the Hawthorne Housing Authority (“Housing Authority”) covers all the activities for Fiscal Year (“FY”) 2023-24, including housing unit compliance with affordability requirements, activities concerning existing debt obligations, and land transactions and development.

1.2 Legal Authority

Housing authorities are independent, legal entities that derive their powers from State statute and operate as local entities responsible for providing housing for very low- and low-income households. HSC Section 34200, *et seq.* (“Housing Authorities Law”) details the requirements for municipalities to create and operate a housing authority. To establish a housing authority, a local jurisdiction must adopt a resolution including findings that either of the following is true:

1. Unsanitary or unsafe housing exists in the city; or
2. There is a shortage of safe or sanitary housing available to persons of low-income.

1.3 Benefits

Once established, a housing authority can assume functions that only legally created housing authorities can take on, including:

1. The opportunity to participate in one or more of the Public Housing Programs offered by the U.S. Department of Housing and Urban Development (“HUD”), including Section 8;
2. Alleviating the need to find owners and operators for unit development, as housing authorities can own and operate housing developments;
3. Exercising eminent domain to assemble land for housing projects without the need to document blight, as allowed by State law; and
4. Establishing an area of operation that includes the entire city and the area within five (5) miles of its territorial boundaries.

1.4 Hawthorne Housing Authority

The Housing Authority was activated by the Hawthorne City Council in 1979. It is responsible for administering the Section 8 Housing Choice Voucher Program under HUD's federal program and assists over 1,000 households who are low-income and do not earn enough to keep pace with rising rental housing costs.

Currently, the Housing Authority does not own or manage any assets. Any future assets will be documented in future Annual Reports.

1.5 Annual Report Contents

This Annual Report includes:

- A report of financial activities during FY 2023-24, including any bond issuances, loans or finance agreements that the Housing Authority has entered into;
- A report of development activities during FY 2023-24, including the development, rehabilitation, or financing of housing projects by the Housing Authority;
- A report of compliance with HSC Section 34312.3 requirements, such as the minimum amount of housing units affordable to lower-income households in projects assisted by the Housing Authority and documentation of established base rents and/or maximum rental payments for lower-income households; and
- Documentation of any domestic violence tenancy terminations or Section 8 voucher terminations, as required by HSC Section 34328.1.

Section 2 Housing Authority Financial Activities

HSC Section 34312.3 states that housing authorities must provide a complete report of financial activities during the prior fiscal year, including bonds, loans, and financing agreements for multifamily rental housing projects.

2.1 Bonds, Loans, and Financing Agreements

The Housing Authority has not issued any bonds or entered into any loans or financing agreements related to multifamily rental housing projects.

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

2.2 Financial Statement

Table 1 below presents the cash revenues and expenditures for the Housing Authority.

FY 2023-24	Fund 810	Fund 815	Fund 820
BEGINNING CASH FUND BALANCE	\$ 91,550	\$ 62,306	\$ 578,986
Other Cash Transactions	26,735	(27,100)	(2,559)
Revenues			
Interest Income	\$ 46	\$ 46	\$ -
Federal Section 8 Voucher	1,118,511	8,490,001	-
Fraud Recovery	7,938	7,938	-
Portable Voucher Administrative Fees	79,286	-	-
Other HAP Agencies - Voucher	-	-	1,905,760
Total Revenues	\$ 1,205,781	\$ 8,497,986	\$ 1,905,760
Expenses			
General Admin	\$ 879,129	\$ -	\$ -
Housing Voucher	-	8,375,201	1,753,601
Total Expenses	\$ 879,129	\$ 8,375,201	\$ 1,753,601
ENDING CASH FUND BALANCE	\$ 444,938	\$ 157,990	\$ 728,585

Note: Other Cash Transactions describes cash transactions occurring in the fiscal year for interfund transfers or cash activities related to expenses and revenues of the previous year

Source: City of Hawthorne, Funds 810, 815, 820 Trial Balances, Revenue Detail, and Expenditure Detail Reports

Section 3 **Housing Authority Activities and Land Transactions**

HSC Section 34312.3 states that housing authorities must record all prior year activities related to:

- Rehabilitation, development, or funding of housing projects;
- Purchase, lease, operation, sale, ownership, or management of housing projects assisted by the Housing Authority;
- Conveyance of surplus lands to a developer for permitted purposes; and
- Establishment of a special trust fund or account funded with bond issuance proceeds or developer.

The Housing Authority did not develop, rehabilitate, finance, or dispose of any affordable housing projects during FY 2023-24.

Section 4 **Housing Unit Compliance**

HSC Sections 34328 and 34328.1 state that housing authorities are required to:

- Show compliance with requirements of HSC Section 34312.3, such as the minimum amount of housing units affordable to lower income in projects assisted by the Housing Authority, and document established base rents and/or maximum rental payments for lower income households; and
- Document any domestic violence tenancy or Section 8 voucher termination as required by HSC Section 34328.1.

4.1 Housing Affordability Requirements

HSC Section 34312.3 states that not less than 20% of all units assisted by the Housing Authority, or 15% in targeted areas, as defined by Section 103(b) (12) (A) of Title 26 of the United States Code, must be affordable to low-income households. If bonds issued by the Housing Authority fund housing projects, at least half of the units must be available to persons of very low-income. Additionally, the local governing body and the local school district must approve development projects financed with bonds prior to construction or ownership.

The Housing Authority does not own or manage any residential assets and did not assist any affordable housing units in FY 2023-24. As such, the Housing Authority is not subject to the housing affordability requirements imposed by HSC Section 34312.3 and will ensure that income levels in any future housing units meet the requirements.

4.2 Base and Maximum Rents

HSC Section 34312 states that a housing authority may prepare, carry out, acquire, lease, and operate housing projects for persons of low-income. As part of this ability, HSC Section 34312.3 establishes guidelines to determine base and maximum rents that a housing authority can implement for units reserved for lower income households. Per HSC Section 34312.3, rental payments for very low- and low-income households shall not exceed the amounts calculated pursuant to Section 8 of the United States Housing Act of 1937. Under these guidelines, rental payments shall not exceed the amount derived by multiplying 30% times 50% of the median adjusted gross income for the area, adjusted for family size.

The Housing Authority does not own or manage any residential assets and did not assist any affordable housing units in FY 2023-24. As such, the Housing Authority is not subject to the base and minimum rent requirements imposed by HSC Section 34312.3 and will ensure that income levels in any future housing units meet the requirements.

4.3 Domestic Violence Terminations

HSC Section 34328.1 requires housing authorities to disclose any data related to domestic violence incidents in units they own or operate. Specifically, the information must include:

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

The Housing Authority does not currently own or manage residential units and did not terminate tenancies for any reason in FY 2023-24.