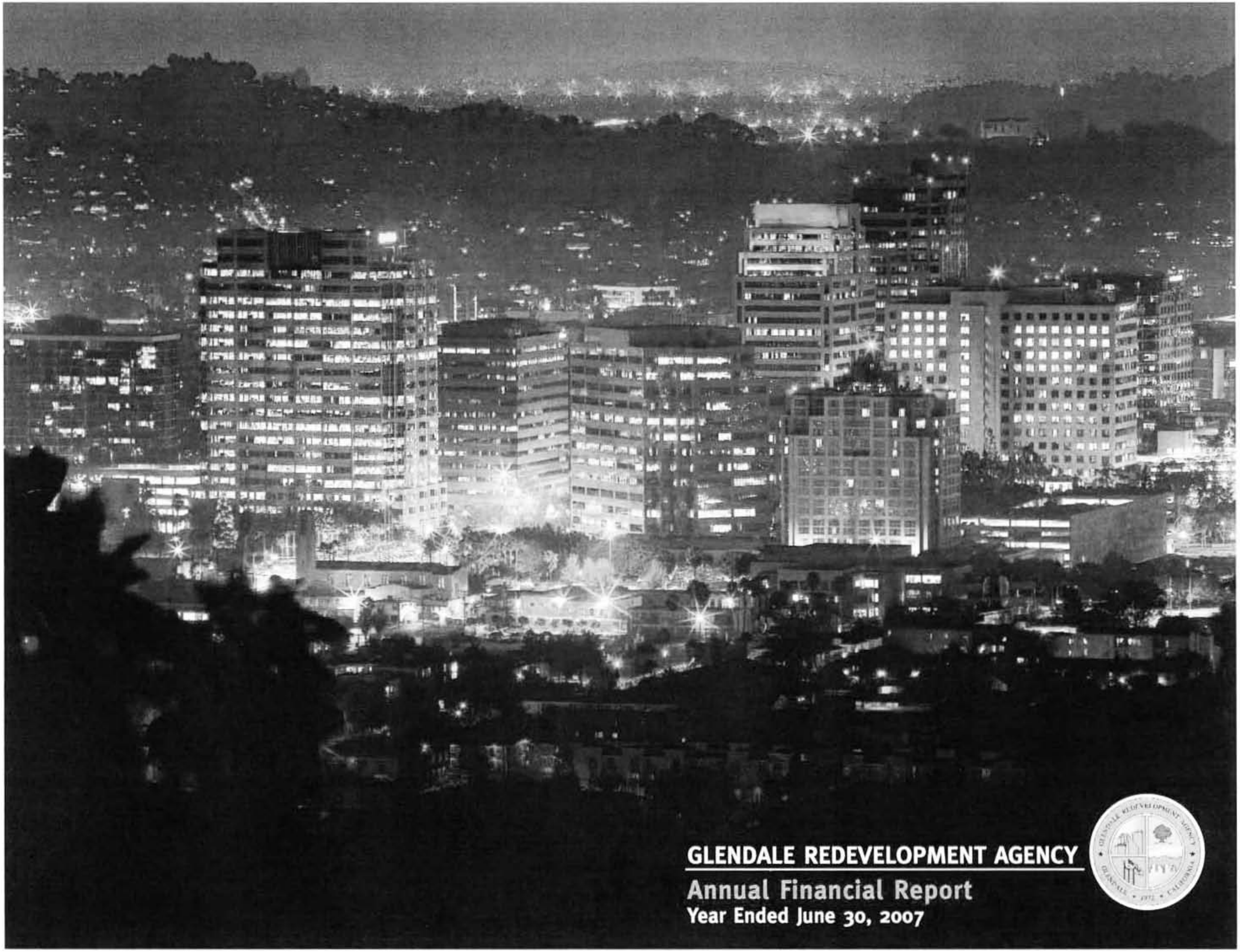
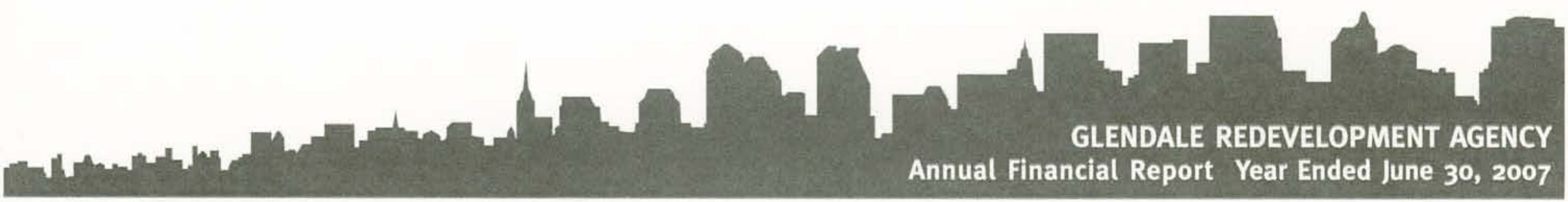


GLENDALE REDEVELOPMENT AGENCY

Annual Financial Report

Year Ended June 30, 2007


GLENDALE REDEVELOPMENT AGENCY
Annual Financial Report Year Ended June 30, 2007

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introductory section

americana at brand

Glendale Redevelopment Agency

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November 17, 2007

Honorable Chair and Members
of the Glendale Redevelopment Agency
City of Glendale
Glendale, CA 91206

INTRODUCTION

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Pursuant to the requirement, we hereby issue the annual financial report of the Glendale Redevelopment Agency (Agency) for the fiscal year ended June 30, 2007.

This report consists of management's representations concerning the finances of the Agency. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Agency has established a comprehensive internal control framework that is designed both to protect the Agency's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Agency's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Agency's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Vavrinek, Trine, Day & Co., LLP, a firm of certified public accountants, has audited the Agency's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Agency for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Agency's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Agency's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GLENDALE REDEVELOPMENT AGENCY

The Agency was created by the Glendale City Council Ordinance No. 4017, adopted March 28, 1972 and was established pursuant to the Community Redevelopment Law of California as modified in Part I of Division 24 of the State of California Health and Safety Code. As such, the Agency acts as a legal entity, separate and distinct from the City even though the City Council has the authority to appoint the Agency's Governing Board.

At present, the Glendale City Council serves as the governing body of the Agency with the authority to carry out redevelopment activities. The City Manager serves as Executive Director; the Director of Administrative Services serves as the Treasurer of the Agency; the City Clerk serves as Secretary of the Agency; and the City Attorney serves as Agency Counsel.

The Agency currently has two project areas as follows:

1. The Central Glendale Redevelopment Project was formally created by Ordinance No. 4042 dated August 1, 1972. Originally encompassing 221 acres located in the heart of the City of Glendale (the City), the project area has grown by annexation to encompass 263 acres. The project area consists principally of commercial, office, and retail uses.

2. The San Fernando Road Corridor Redevelopment Project was formally created by Ordinance No. 5003 dated December 15, 1992. The project area encompasses 750 acres, which is primarily used for industrial, manufacturing and entertainment related business.

The actions of the Agency are binding, and its appointed representatives routinely transact business, including the incurrence of long-term debt, in the Agency's name. The Agency is broadly empowered to engage in the general economic revitalization and redevelopment of the City through acquisition and development of property in those areas of the City determined to be in a blighted condition, as defined under State law.

The California Community Redevelopment Law of California provides that, pursuant to the adoption of a redevelopment plan, the Agency is entitled to a portion of future incremental property tax revenues attributable to increases in the property tax base within the Central Redevelopment Project Area and a proportional amount based on tax-sharing agreements in the San Fernando Corridor Project Area. Property taxes levied for the fiscal year ended on June 30 are payable in equal installments due on November 1 and February 1 and collectible December 10 and April 10, respectively.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Agency operates.

LOCAL ECONOMY

Economic growth in the City of Glendale is relatively stable. During the last year, there has been increased property tax revenue due to continued real estate sales and healthy values for properties being sold. Overall, sales tax revenue has increased due to strong sales activity for general consumer goods and in the retailed auto sector.

LONG-TERM FINANCIAL PLANNING

The Agency uses a cash-flow model in its long-term financial planning. This model is segregated by each project area (Central & San Fernando) and projects tax increment and project expenses out through the end of each project area.

CENTRAL PROJECT

Downtown Specific Plan (DSP)

A joint project between the Redevelopment Agency and the Planning Department, the DSP is one of the most important projects for the long-term future of Glendale. The DSP provides new zoning and development standards for downtown to guide future growth and development consistent with community-wide values and objectives. The new standards will maintain the long-term vitality of downtown by providing a framework for orderly growth and development thereby enhancing the quality of life for residents.

Downtown Mobility Study

The Downtown Mobility Study is a comprehensive mobility program integrating vehicular traffic, transit services, pedestrian amenities, and parking management policies. Implementation of the Mobility Plan will help downtown's transformation into an urban environment providing a coordinated, multi-modal transportation system with higher use of alternative modes, such as walking and public transportation. The Glendale Mobility study works synergistically with the Downtown Specific Plan to create a vibrant and attractive 24-hour downtown in which to work, live and visit.

Additional tax increment is expected to be generated in the future from new development (Americana at Brand and Embassy Suites Hotel) and resale of existing properties.

Americana At Brand (Town Center)

The Town Center area is envisioned as a mixed-use pedestrian oriented retail and commercial center with major public open space elements anchoring the southern edge of the Central Project Area. The 15.5 acre site is generally bounded by Brand Boulevard, Central Avenue, the Galleria II parking structure, and Colorado Street. The Americana at Brand includes up to 475,000 square feet of retail, entertainment, restaurant, 338 housing units and approximately 3 acres of open space and pedestrian promenades. The project is currently under construction and is scheduled to open in spring 2008.

Embassy Suites Hotel

The Embassy Suites Hotel project is an all-suites business class hotel located on Burchett Street adjacent to the Hilton Glendale. The 272 room hotel is currently under construction with the shell nearly complete and the tower element is scheduled for completion at the end of November 2007. The new hotel should be ready to open by February 2008.

SAN FERNANDO CORRIDOR PROJECT

The Walt Disney Co. development project is continuing, bringing new construction and more jobs to the area, along with increased tax increment revenue. The first phase consisting of two 3-story, Hollywood Art Deco buildings (each 125,000 SF) was completed in December 2006. This $30 million first phase is located at the corner of Grandview and Flower Street. The Notice of Commencement starting Phase II is anticipated before the first quarter 2008. The formation of Lighting and Landscape Maintenance District for portions of the San Fernando Road Corridor has been completed.

CASH MANAGEMENT POLICIES AND PRACTICES

Cash temporarily idle during the year was invested in the City Treasurer's portfolio. The average yield was 3.90 percent for the fiscal year. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

RISK MANAGEMENT

The Agency participates in the City of Glendale's self-insurance programs for workers' compensation and general liability, which affect the Agency. These insurance activities are accounted for in the City of Glendale's Liability Insurance Fund, an internal service fund. As a component unit of the City of Glendale, the Agency is also covered under the City's policies for property insurance and excess liability coverage.

Additional information on the Agency's risk management can be found in Note VIII of the financial statements.

SUMMARY

In conclusion, I would like to take this opportunity to express my appreciation to the staff of the Administrative Services and Development Services, led by the efforts of Accounting Services Administrator, Lily Fang, whose hard work and dedication have made the preparation of this report possible. I would like to express my appreciation to the Agency Members and the Director of Development Services for their support and responsible planning of the Agency's financial affairs.

Respectfully submitted,

Ron Ahlers

Ron Ahlers
Acting Director of Administrative Services - Finance

financial section

embassy suites

vtd

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
Glendale Redevelopment Agency
Glendale, California

We have audited the accompanying component unit financial statements of the governmental activities and each major fund of the Glendale Redevelopment Agency (the Agency), a component unit of the City of Glendale, California, as of and for the year ended June 30, 2007, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency, as of June 30, 2007, and the respective changes in financial positions, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2007 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 9 and the required supplemental information on page 33 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The introductory and statistical section as listed in the table of contents are presented for purpose of additional analysis and are not a required part of the basic financial statements. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
November 21, 2007

As management of the Glendale Redevelopment Agency (Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on *pages i to iv* of this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

- The liabilities of the Agency exceeded its assets at the close of the most recent fiscal year by $33,907,070 (*net assets*). Of this amount, a negative $108,018,108 (*unrestricted net assets*) exists. The deficit in unrestricted net assets is typical in redevelopment agencies. All redevelopment agencies leverage current tax increment revenues by issuing long-term debt to raise capital to promote economic growth within the project area.
- The Agency's total net assets decreased by $15,159,932. This decrease is attributable to expenditures exceeding revenues in the current fiscal year due to the conveyance of Agency's Land Held for Resale to the Developer Caruso Affiliates in the amount of $27,347,462 for the Americana at Brand project.
- As of the close of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of $86,205,651; a decrease of $45,892,001 in comparison with the prior year's combined fund balance of $132,097,652. This decrease is due primarily to expenses exceeding revenues in the current fiscal year as mentioned in the second paragraph above. At the end of the current fiscal year, total unreserved fund balance for the Central Project, San Fernando Project, Low and Moderate Housing, and Town Center funds was a positive $26,643,322, $9,711,141, $14,608,644 and $5,957,732 respectively.
- The Agency's total debt decreased by $3,850,719 (2.33 percent) during the current fiscal year. This decrease is due to a net bond premium of $250,870, $4,415,000 in ongoing debt service payments, a net deferred amount of ($200,134) on the refunding of the 1993 tax allocation bonds, and a net increase of $615,017 to amounts owed to the City of Glendale.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statement of activities* presents information showing how the Agency's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements identify functions of the Agency that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Agency include community development, education, housing assistance and interest and fiscal charges in bonds.

The government-wide financial statements can be found on *pages 11-12* of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency are known as governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a Agency's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Agency's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency reports six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Central Project, San Fernando Road Project, Low and Moderating Housing, Town Center, 2002 Tax Allocation Bonds, and 2003 Tax Allocation Bonds Funds.

The basic governmental fund financial statements can be found on *pages 13-16* of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on *pages 17-34* of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the Agency's financial position. The Agency's liabilities exceeded assets by $33,907,070 at the close of the fiscal year.

The Agency has a negative balance in *unrestricted net assets* ($108,018,108) due primarily to a significant amount ($93,514,953) of outstanding bonded debt. Restricted net assets are an additional portion of the Agency's net assets of $35,343,090 that represent resources that are subject to external restrictions on how they may be used.

Glendale Redevelopment Agency's Net Assets

		Total Governmental Activities	
		2007	**2006**
Current assets and other assets	$	91,458,616	134,614,987
Capital assets		38,767,948	11,426,265
Total assets		130,226,564	146,341,252
Long term debt		154,540,872	158,566,591
Current liabilities		9,592,762	8,121,799
Total liabilities		164,133,634	166,688,390
Net assets (deficits):			
Capital Assets, net of related debt		38,767,948	11,726,265
Restricted		35,343,090	31,630,096
Unrestricted		(108,018,108)	(62,103,499)
Total net assets (deficits)	$	(33,907,070)	(18,747,138)

The Agency has a deficit in unrestricted net assets due to the nature of redevelopment financing. Redevelopment agencies typically leverage current tax increment revenues by issuing long-term debt (including loans from the City) in order to raise capital to conduct activities that eliminate blight and to promote economic development within the project area. The new projects constructed, in turn, generate additional tax increment revenues, which again, may only be captured to the extent that the Agency incurs indebtedness. Indebtedness includes bonded indebtedness, notes, loans, advances, payments due under development agreements, and City loans. The Agency incurs debt based on future tax increments to fund infrastructure projects. Once the infrastructure projects are completed, the asset is transferred to the City however, the debt remains with the Agency resulting in deficit net assets.

Governmental activities. Governmental activities decreased the Agency's net assets by $15,159,932 thereby accounting for the total decrease in the net assets of the Agency. Key elements of this decrease are as follows:

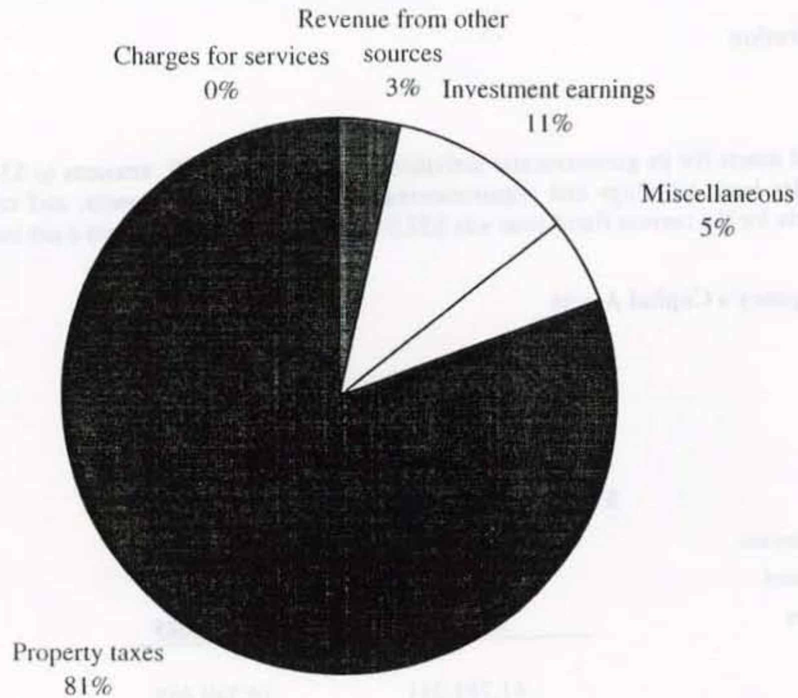
Glendale Redevelopment Agency's Changes in Net Assets

		Total Governmental Activities	
		2007	2006
Revenues:			
Program revenues:			
Charges for services	$	18,094	14,156
General revenues:			
Property taxes		29,417,084	27,930,762
Revenue from other sources		1,249,433	1,415,830
Investment earnings		3,982,189	1,903,977
Sale of property		-	5,633,987
Miscellaneous		1,792,168	2,238,542
Total revenues		36,458,968	39,137,253
Community development		41,578,510	24,432,232
Education		762,222	2,172,713
Housing assistance		2,364,578	6,840,749
Interest and fiscal charges on bonds		6,913,591	6,401,819
Total expenses		51,618,901	39,847,512
Change in net assets		(15,159,932)	(710,258)
Net assets - July 1		(18,747,138)	(18,036,880)
Net assets - June 30	$	(33,907,070)	(18,747,138)

- Property taxes increased by $1,486,322.
- Investment earnings increased by $2,078,212, largely due to increase in investment yield.
- Miscellaneous revenues consists primarily of First Time Home Buyer Program loan payoffs.
- Community development related expenses increased by $17.1 million in the current year due to the Americana at Brand project which is now in the final phase.

Revenues By Source – Governmental Activities

Revenues By Source - Governmental Activities



Financial Analysis of the Agency's Funds

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Agency's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spending* resources. Such information is useful in assessing the Agency's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the Agency's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Agency's governmental funds reported combined ending fund balances of $86,205,651, a decrease of $45,892,001 in comparison with the prior year. The Agency has $58,367,139 in *unreserved fund balance* and the remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period $7,114,081, (2) to hold property for future development $8,679,489 (3) for principal and interest payments toward outstanding bond debt $8,594,003, (4) for deposits $7,000 (5) for prepaid expenditures $44,774 or (6) for loans receivable $3,399,165.

The combined fund balance of the Agency's Central Project, San Fernando Project, Town Center, and Low & Moderate Housing funds decreased from $122,486,086 to $76,165,347, a decrease of $46,320,739 compared to the prior fiscal year. This change is primarily due to increase activities in the project areas.

The debt service funds have a total fund balance of $10,040,304, of which $8,594,003 is reserved for debt service payments.

Capital Asset and Debt Administration

Capital assets.

The Agency's investment in capital assets for its governmental activities as of June 30, 2007, amounts to $38,767,948 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and construction in progress. The total increase in the Agency's investment in capital assets for the current fiscal year was $27,041,683, which resulted from a net increase of $190,293 in accumulated depreciation.

Glendale Redevelopment Agency's Capital Assets

	Total Governmental Activities	
	2007	**2006**
Land	$ 28,917,992	1,918,312
Buildings and improvements	8,789,675	8,639,953
Machinery and Equipment	653,828	557,015
Construction in progress	3,419,846	3,434,085
Total capital assets	41,781,341	14,549,365
Less Accumulated Depreciation		
Building and Improvements	2,456,378	2,266,085
Machinery and Equipment	557,015	557,015
Total Accumulated Depreciation	3,013,393	2,823,100
Capital Assets Net of Depreciation	$ 38,767,948	11,726,265

Additional information on the Agency's capital assets can be found in the notes on *page 27 of* this report.

Long-term debt.

At the end of the current fiscal year, the Agency has total bonded debt outstanding of $93,514,953, all of which is backed by the Agency's income from property tax increment.

Glendale Redevelopment Agency's Outstanding Debt

		Total Governmental Activities	
		2007	**2006**
Tax allocation bonds	$	93,514,953	97,980,689
Long-term debt to City		67,666,656	67,051,639
Total outstanding debt	$	161,181,609	165,032,328

- The Agency's total debt decreased by $3,850,719 (2.33 percent) during the current fiscal year due to a net bond premium of $250,870, $4,415,000 in ongoing debt service payments, a net deferred amount of ($200,134) on the refunding of the 1993 tax allocation bonds, and a net increase of $615,017 to amounts owed to the City of Glendale.

Additional information on the Agency's long-term debt can be found on *pages 28 through 31* of this report.

Economic Factors

- 81 percent of the Agency's revenues come from tax increment.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Acting Director of Administrative Services - Finance, City of Glendale, 141 North Glendale Avenue, Suite 346, Glendale, CA 91206.

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basic financial statements

city center II

Exhibit A

Glendale Redevelopment Agency

Statement of Net Assets (Deficits)

June 30, 2007

		Governmental Activities
ASSET		
Current assets:		
Cash and invested cash	$	64,860,889
Imprest cash		500
Cash with fiscal agent		8,763,077
Interest receivable		832,500
Due from other agencies		2,184,750
Deposits		7,000
Prepaid items		44,774
Accounts receivable, net		175,000
Total current assets		76,868,490
Noncurrent assets:		
Deferred charges		2,511,472
Loans receivable		3,399,165
Property held for resale		8,679,489
Capital assets, net		38,767,948
Total noncurrent assets		53,358,074
Total assets		130,226,564
LIABILITIES		
Current liabilities:		
Accounts payable		1,649,047
Accrued wages and withholding		44,172
Due to other agencies		849,491
Accrued interest		341,534
Due to the City		2,000,000
Bonds payable, due in one year		4,640,736
Deposits		67,783
Total current liabilities		9,592,762
Noncurrent liabilities:		
Intergovernmental payable		65,666,656
Bonds payable, net of current portion		88,874,216
		154,540,872
Total liabilities		164,133,634
NET ASSETS		
Investment in Capital Assets, net of related debt		38,767,948
Restricted		
Low and moderate housing		17,104,357
Debt service		18,238,733
Unrestricted		(108,018,108)
Total net assets	$	(33,907,070)

The notes to the financial statement are intergral part of this statement.

Exhibit B-GRA

Glendale Redevelopment Agency

Statement of Activities

For Fiscal Year Ended June 30, 2007

		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:						
Community development	$	41,578,510	18,094	-	-	(41,560,416)
Education		762,222	-	-	-	(762,222)
Housing assistance		2,364,578	-	-	-	(2,364,578)
Interest and fiscal charges on bonds		6,913,591	-	-	-	(6,913,591)
Total government	$	51,618,901	18,094	-	-	(51,600,807)
				General revenues:		
				Property taxes		29,417,084
				Revenue from other sources		1,249,433
				Investment earnings		3,982,189
				Miscellaneous		1,792,168
				Total general revenues		36,440,875
				Change in net assets		(15,159,932)
				Net assets - July 1		(18,747,138)
				Net assets - June 30		$ (33,907,070)

The notes to the financial statement are integral part of this statement.

Exhibit C

Glendale Redevelopment Agency

Balance Sheet

Governmental Funds

June 30, 2007

	Special Revenue funds				Debt Service Funds		
	Central Project	**San Fernando Project**	**Low and Moderate Housing**	**Town Center**	**2002 Tax Allocation Bonds**	**2003 Tax Allocation Bonds**	**Total Governmental Funds**
Assets							
Cash and invested cash	$ 27,463,343	12,933,225	17,288,372	5,898,721	562,965	714,263	64,860,889
Imprest cash	500	-	-	-	-	-	500
Cash with fiscal agent	-	-	-	-	3,852,126	4,910,951	8,763,077
Interest receivable	418,200	155,200	188,400	70,700	-	-	832,500
Due from other agencies	663,934	1,249,166	271,651	-	-	-	2,184,750
Prepaid items	-	-	44,774	-	-	-	44,774
Accounts receivable, net	44,000	-	131,000	-	-	-	175,000
Deposits	-	7,000	-	-	-	-	7,000
Loans receivable	3,399,165	-	-	-	-	-	3,399,165
Property held for resale	5,794,578	-	-	2,884,911	-	-	8,679,489
Total assets	37,783,720	14,344,591	17,924,198	8,854,332	4,415,091	5,625,213	88,947,144
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	697,581	282,604	667,174	1,688	-	-	1,649,047
Due to other agencies	473,861	375,630	-	-	-	-	849,491
Deferred revenues	-	-	131,000	-	-	-	131,000
Deposits	67,783	-	-	-	-	-	67,783
Accrued wages and withholding	17,384	5,122	21,666	-	-	-	44,172
Total liabilities	1,256,608	663,357	819,840	1,688	-	-	2,741,493
Fund Balances:							
Reserved:							
Deposit	-	7,000	-	-	-	-	7,000
Prepaid	-	-	44,774	-	-	-	44,774
Debt service	-	-	-	-	3,814,513	4,779,490	8,594,003
Encumbrances	690,046	3,963,093	2,450,940	10,002	-	-	7,114,081
Loans Receivable	3,399,165	-	-	-	-	-	3,399,165
Property Resale	5,794,578	-	-	2,884,911	-	-	8,679,489
Unreserved	26,643,322	9,711,141	14,608,644	5,957,732	600,578	845,723	58,367,139
Total fund balances	36,527,112	13,681,234	17,104,357	8,852,644	4,415,091	5,625,213	86,205,651
Total liabilities and fund balances	$ 37,783,720	14,344,591	17,924,198	8,854,332	4,415,091	5,625,213	88,947,144

The notes to the financial statement are integral part of this statement.

Exhibit C.1

GLENDALE REDEVELOPMENT AGENCY

Governmental Funds

Reconciliation of Balance Sheet of

Governmental Funds to the Statement of Net Assets (Deficits)

June 30, 2007

Fund balances of governmental funds		$ 86,205,651
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets are not included as financial resources in governmental fund activity.		
Cost of capital assets	$ 41,781,341	
Accumulated depreciation	(3,013,393)	38,767,948
Costs of issuance of bonds were fully expended in the governmental funds. This is the amount to establish the unamortized deferred charges.		
2002 Tax Allocation Bonds	836,157	
2003 Tax Allocation Bonds	1,675,315	2,511,472
Long-term debt are not included in the governmental fund activity:		
Due within one year:		
Principal:		
Due to the City of Glendale	(2,000,000)	
2002 Tax allocation bonds	(2,035,000)	
2003 Tax allocation bonds - net of deferred amount on refunding	(2,354,866)	
Bond premium:		
2002 Tax allocation bonds	(105,619)	
2003 Tax allocation bonds	(145,251)	(6,640,736)
Due more than one year:		
Principal:		
Due to the City of Glendale	(65,666,656)	
2002 Tax allocation bonds	(38,405,000)	
2003 Tax Allocation Bonds - net of deferred amount on refunding	(47,106,686)	
Bond premium:		
2002 Tax allocation bonds	(1,425,852)	
2003 Tax allocation bonds	(1,936,678)	(154,540,872)
Accued interest payable for the current portion of interest due are not included in the governmental fund activity:		
2002 Tax allocation bonds	(150,835)	
2003 Tax allocation bonds	(190,697)	(341,532)
Revenues that do not provide current financial resources are reported as accounts receivable in the statement of net assets		131,000
Net assets (deficit) of governmental activities		$ (33,907,070)

The notes to the financial statement are integral part of this statement.

Exhibit D

Glendale Redevelopment Agency

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Fund

For Fiscal Year Ended June 30, 2007

		Special Revenue Funds				Debt Service Funds		
		Central Project	**San Fernando Project**	**Low and Moderate Housing**	**Town Center**	**2002 Tax Allocation Bonds**	**2003 Tax Allocation Bonds**	**Total Governmental Funds**
Revenues:								
Property taxes	$	11,265,205	3,661,485	5,883,417	-	3,819,738	4,787,240	29,417,084
Revenue from other agencies		-	1,249,433	-	-	-	-	1,249,433
Charges for services		18,094	-	-	-	-	-	18,094
Use of money and property		1,811,714	636,462	778,941	315,991	206,277	232,804	3,982,189
Miscellaneous revenue		580,647	-	1,211,521	-	-	-	1,792,168
Total Revenues		13,675,660	5,547,380	7,873,879	315,991	4,026,014	5,020,044	36,458,969
Expenditures:								
Current								
Community development								
County property tax administration		293,037	134,069	106,776	-	-	-	533,883
Pass through		1,191,717	2,099,129	-	-	-	-	3,290,846
Administration		2,429,834	338,389	4,627,685	-	6,343	7,000	7,409,251
Education		386,590	375,630	-	-	-	-	762,221
Capital project		21,371,771	500,293	4,238,813	33,639,915	-	-	59,750,792
Debt Service								
Principal retirement		-	-	-	-	1,980,000	2,435,000	4,415,000
Interest bonds		-	-	-	-	1,839,738	2,349,240	4,188,978
Interest on debt to City		2,000,000	-	-	-	-	-	2,000,000
Total expenditures		27,672,950	3,447,510	8,973,274	33,639,915	3,826,081	4,791,240	82,350,970
Net change in fund balances								
balances		(13,997,290)	2,099,870	(1,099,395)	(33,323,924)	199,934	228,804	(45,892,001)
Fund balance, July 1		50,524,401	11,581,364	18,203,753	42,176,568	4,215,157	5,396,409	132,097,652
Fund Balance, June 30	$	36,527,112	13,681,234	17,104,357	8,852,644	4,415,091	5,625,213	86,205,651

The notes to the financial statement are integral part of this statement.

Exhibit D.1
GLENDALE REDEVELOPMENT AGENCY
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2007

Net change in fund balances - total governmental funds		$ (45,892,001)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital assets changes as expenditures		27,231,975
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		(190,293)
In the statement of activities, the cost of issuance of bonds is allocated over the life of bonds as an expense		
2002 Tax Allocation Bonds	$ (57,666)	
2003 Tax Allocation Bonds	(117,762)	(175,428)
In the statement of activities, the deferred amounts on refunding are allocated over the life of the bonds as a component of interest expense.		(200,134)
In the statement of activities, bond premium are allocated over the life of the bonds as a component of interest expense		
2002 Tax Allocation Bonds	105,619	
2003 Tax Allocation Bonds	145,251	250,870
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
2003 Tax Allocation Bonds	2,435,000	
2002 Tax Allocation Bonds	1,980,000	4,415,000
In the statement of activities, interest is accrued on outstanding debt; whereas in the governmental fund, interest is recognized when matured.		
Accrued interest, June 30, 2007		
Due to the City of Glendale	(615,017)	
2002 Tax Allocation Bonds	(150,836)	
2003 Tax Allocation Bonds	(190,697)	(956,550)
Accrued interest, June 30, 2006		
2002 Tax Allocation Bonds	155,786	
2003 Tax Allocation Bonds	200,843	356,629
Change in net assets of governmental activities		$ (15,159,932)

The notes to the financial statements are integral part of this statement.

I. Summary of Significant Accounting Policies

A. Entity

The following is a summary of the significant accounting policies of the Glendale Redevelopment Agency (the Agency).

The Agency has been determined to be a component unit of the City of Glendale (the City) and is blended into the financial reporting of the City. The Agency was created by the City Council Ordinance No. 4017, adopted on March 28, 1972 and was established pursuant to the Community Redevelopment Law of California as modified in Part 1 of Division 24 of the State of California Health and Safety Code. As such, the Agency acts as a legal entity, separate and distinct from the City even though the City Council has the authority to appoint the Agency's Governing Board.

The Agency currently has two project areas as follows:

1. The Central Glendale Redevelopment Project was formally created by Ordinance No. 4042 dated August 1, 1972. Originally encompassing 221 acres located in the heart of the City, the project area has grown by annexation to encompass 263 acres. The project area consists principally of commercial, office and retail uses.

2. The San Fernando Road Corridor Redevelopment Project was formally created by Ordinance No. 5003 dated December 15, 1992. The project area encompasses 750 acres, which is primarily used for industrial, manufacturing and entertainment related business.

The actions of the Agency are binding, and its appointed representatives routinely transact business, including the incurrence of long-term debt, in the Agency's name. The Agency is broadly empowered to engage in the general economic revitalization and redevelopment of the City through acquisition and development of property in those areas of the City determined to be in a declining condition.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on the Agency activities as a whole. For the most part, the effect of interfund activity has been removed from these statements. The Agency only uses governmental activities, which normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Accounting

The accounts of the Agency are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues, and expenditures or expenses, as appropriate. The Agency records all of its transaction in governmental fund types.

Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the Agency's major governmental funds:

Special Revenue Funds -

- Central Project Fund-To account for monies received and expended within the Central Project area in accordance with the Redevelopment Plan of the Agency made pursuant to redevelopment laws of the State of California.
- San Fernando Project Fund-To account for monies received and expended within the San Fernando Project area in accordance with the Redevelopment Plan of the Agency made pursuant to redevelopment laws of the State of California.
- Low and Moderate Housing Fund – To account for housing set aside required under redevelopment laws of the State of California.
- Town Center Fund-Development fund for the 2002 Tax Allocation Bonds proceeds.

Debt Service Funds -

- 2003 Tax Allocation Bond Fund -To accumulate monies for the payment of interest and principal of the 2003 Tax Allocation Refunding Bonds. Debt Service is financed via the incremental property tax from the Glendale Redevelopment Agency.
- 2002 Tax Allocation Bond Fund-To accumulate monies for the payment of interest and principal of the 2002 Tax Allocation bonds. Debt Service is financed via the incremental property tax from the Glendale Redevelopment Agency.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Agency adopted GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, during the fiscal year ended June 30, 2002. The adoption of this Statement is meant to present the information in a format more closely resembling that of the private sector and to provide the user with more managerial analysis regarding the financial results and the Agency's financial outlook.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Agency; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Charges for services and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. This is determined to occur when the budget is certified. The current tax receivable represents the 2006-07 property tax levy that was based on the assessed value of secured and unsecured property as of the lien date of January 1, 2006. Property taxes are levied on July 1. Unsecured taxes are delinquent if not paid by August 31. Secured taxes are payable in two installments that are deemed delinquent after December 10 and April 10. The County Treasurer/Tax Collector bills and collects property taxes for the Agency and the County Auditor-Controller then allocates these taxes to the Agency.

Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 2) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Net assets are reported as restricted when constraints placed on net assets use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through enabling legislation.

E. **Assets, Liabilities, and Net Assets or Equity**

Cash and Investments

The Agency pools its cash with the City. The City values its cash and investments in accordance with the provisions of Government Accounting Standard Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investments Pools (GASB 31)," which requires governmental entities, including governmental external investment pools, to report certain investments at fair value in the statement of net assets/balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred Fair value is determined using published market prices.

The City manages its pooled idle cash and investments under a formal investment policy that is reviewed by the Investment Committee and adopted by the City Council and that follow the guidelines of the State of California Government Code. Individual investments cannot be identified with any single fund because the City may be required to liquidate its investments at any time to cover large outlays required in excess of normal operating needs. Funds must request large outlays in advance in order that the City Treasurer will have the funding available.

Interest income from the investment is allocated to all funds on a monthly basis based upon the prior month end cash balance of the fund as a percent of the month end total pooled cash balance. Accordingly, the Agency receives its portion of interest income. The City normally holds the investment to term; therefore no realized gain/loss is recorded.

Interfund Transactions

Transactions among the Agency funds that would be treated as revenues and expenditures if they involved organizations external to the Agency are accounted for as revenues and expenditures in the funds involved.

Due from Other Agency

The Agency records property taxes earned but not received from the County of Los Angeles. The California Community Redevelopment Law of California provides that, pursuant to the adoption of a redevelopment plan, the Agency is entitled to 100% of all future incremental property tax revenues attributable to increases in the property tax base within the Central Redevelopment Project Area and a proportional amount based on tax-sharing agreements in the San Fernando Corridor Project Area.

Loans Receivable

As of June 30, 2007, the Agency's outstanding loans total is $3,399,165. It consists of $1,799,165, Agency's loan to Glendale Unified School District (GUSD) to fund the Moyse Field improvement project of the school district and $1,600,000, Agency's loan to Embassy Suites.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Agency as a whole. Capital assets are defined by the government as assets with an initial individual cost of more than $5,000. The valuation basis for capital assets is historical cost or, in the case of gifts or contributions, the appraised value at time of receipt by the Agency or fair market value if no appraisal is performed.

Depreciation of capital assets is computed and recorded using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are forty years for buildings and improvements and four years for machinery and equipment.

Real Property Held for Resale

Land and buildings acquired for future sale to developers have been capitalized and are shown as real property held for resale in the accompanying combined financial statements. Real property held for resale is carried at the lower of cost or appraised value.

Due to Other Agency

Due to other agency consists of amounts owed as a result of statutory and negotiated tax increment pass through arrangements with the Glendale Unified School District, the County of Los Angeles and other County Taxing Entities.

Due to City of Glendale

Due to City of Glendale represents amounts owed to the City as a result of expenditures incurred by the City on behalf of the Agency for improvements made by the City in the redevelopment project areas. These agreements are to be paid when funds are available. All of the agreements accrue interest at the average annual City investment portfolio rate.

Encumbrances

Appropriations in the governmental funds are charged for encumbrances when commitments are made. Fund balances are reserved for outstanding encumbrances, which serve as authorizations for expenditures in the subsequent year.

Fund Equity

Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

Net assets is the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by Agency legislation or external restrictions by other governments, creditors or grantors.

II. Compliance and Accountability

Budgetary control is an essential element in governmental accounting and reporting. The Agency's budget is prepared on a project basis. Therefore, no budget versus actual statements has been included in the accompanying basic financial statements as the completion of these projects may take more than one year. As part of its budgetary control, the Agency utilizes the encumbrance accounting method. Under this method, commitments such as purchase orders and uncompleted project expenditures are recorded as reservations of fund balance captioned "Fund Balances Reserved: Encumbrances". As of June 30, 2007, the Agency had $7,114,081 in outstanding encumbrances

III. Cash and Investments

The Agency pools its cash and investments with the City. Of the amounts detailed below, $73,624,466 pertains to the Agency for fiscal year 2007 of which $8,763,077 is cash with fiscal agents and $500 is imprest cash. The remaining cash and investments of $64,860,889 cannot be identified with any single investment because the City may be required to liquidate its investment at any time to cover outlays required in excess of normal operating needs. Funds must request large outlays in advance in order that the City Treasurer will have the funding available.

Cash and investments for the City of Glendale at fiscal year end consist of the following:

Investments	$	484,933,416
Cash with fiscal agents		16,416,111
		501,349,527
Cash on hand		(2,843,274)
Total	$	498,506,253

The following amounts are reflected in the City of Glendale government-wide statement of net assets:

Cash and invested cash	$	414,836,407
Imprest cash		58,580
Cash with fiscal agents		16,416,111
Investment-gas/electric commodity		1,975,332
Designated cash and investments		65,219,823
Total	$	498,506,253

Authorized Investments

Under provisions of the City's investment policy, and in accordance with California Government Code Section 53601, the City Treasurer may invest or deposit in the following types of investments:

	Maximum Maturity	Maximum % of Portfolio
U.S. Treasuries	5 years	100%
Federal Agencies	5 years	100%
Medium Term Corporate Notes	5 years	15%
Commercial Paper (A1, P1 minimum rating)	180 days	15%
Bankers Acceptance	180 Days	30%
Negotiable Certificates of Deposit	1 year	30%
Local Agency Investment Fund (State Pool)	N/A	LAIF maximum
Money Market Mutual Funds	90 days	5%
Time Deposits	1 year	10%

Investments in Medium Term Corporate Notes may be invested in Securities rated AA or better by Moody's or Standard and Poor's rating services and no more than 5% of the market value of the portfolio may be invested in one corporation. Maximum participation in Bankers Acceptance is limited to 10% per bank.

Investments Authorized by Debt Agreements

The Provisions of debt agreements, rather than the general provisions of the California Government Code or the City's investment policy, governs investments of debt proceeds held by bond fiscal agents. Permitted investments are specified in related trust agreements.

No maximum percentage of the related debt issue or maximum investment in one issuer is specified.

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that fluctuations in market rates may adversely affect the fair value of an investment, generally, the longer the maturity of an investment the greater the sensitivity of its fair value to the changes in market interest rates. The City manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

			Remaining Maturity (in Months)			
			12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Commercial Paper	$	4,966,714	4,966,714	-	-	-
Federal Agency Term Notes		72,224,929	57,780,359	14,444,570	-	-
U.S. Government Agency Callable Bonds		346,654,776	155,772,667	113,016,341	77,865,758	-
Corporate Notes		9,465,707	2,996,186	6,469,521	-	-
State Investment Pool (LAIF)		43,979,981	43,979,981	-	-	-
Money Market		7,641,309	7,641,309	-	-	-
Held by Fiscal Agents						
Federal Agency Term Notes		5,189,516	5,189,516	-	-	-
Guaranteed Investment Contracts		11,156,360	-	-	-	11,156,360
Money Market		70,235	70,235	-	-	
	$	501,349,527	278,396,977	133,930,432	77,865,758	11,156,360

The City assumes that callable investments will not be called.

Disclosures Relating to Credit Risks

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City invests only in the most risk-adverse instruments, such as AAA-rate government securities, and AAA or AA-rate corporate securities.

			Rating as of Year End				
			AAA	AA	Aa2	A1,P1	Unrated
Commercial Paper	$	4,966,714	-	-	-	4,966,714	-
Federal Agency Term Notes		72,224,929	72,224,929	-	-	-	-
U.S. Government Agency Callable Bonds		346,654,776	346,654,776	-	-	-	-
Corporate Notes		9,465,707	1,960,392	7,505,315	-	-	-
State Investment Pool (LAIF)		43,979,981	-	-	-	-	43,979,981
Money Market		7,641,309	7,641,309	-	-	-	-
Held by Fiscal Agents							
Federal Agency Term Notes		5,189,516	5,189,516	-	-	-	-
Guaranteed Investment Contracts		11,516,360	-	-	11,516,360	-	-
Money Market		70,235	70,235	-	-	-	-
	$	501,349,527	433,741,157	7,505,315	11,156,360	4,966,714	43,979,981

Concentration on Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stated above. Investments in any one issuer that represent 5% or more of total City investments are as follows:

Issuer	Investment Type		Reported Amount
LAIF	State Investment Pool	$	43,979,981
FFCB	Federal Agency Term Notes		5,988,125
FFCB	Federal Agency Callable Bonds		3,996,250
	Total		9,984,375
FHLB	Federal Agency Term Notes		43,824,687
FHLB	Federal Agency Callable Bonds		245,097,976
	Total		288,922,663
FHLMC	Federal Agency Term Notes		19,421,492
FHLMC	Federal Agency Callable Bonds		30,767,430
	Total		50,188,922
FNMA	Federal Agency Term Notes		2,990,625
FNMA	Federal Agency Callable Bonds		65,721,250
	Total	$	68,711,875

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Entity's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2007, the carrying amount of the City's deposits was ($2,843,274) and the corresponding bank balance was $4,245,702. The difference of $7,088,976 was principally due to outstanding warrants, wires and deposits in transit. Of the Bank balance, $100,000 was insured by the FDIC depository insurance and $6,988,976 was uncollateralized and not insured by FDIC depository insurance.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair market value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

IV. Changes in Capital Assets

	Primary Government			
	Balance at July 1	Increases	Decreases / Reclass	Ending Balance
Governmental activities - Housing, health and community development:				
Capital assets not being depreciated				
Land	$ 1,918,312	26,999,680	-	28,917,992
Construction in progress	3,434,085	135,482	(149,721)	3,419,846
Total assets not being depreciated	5,352,397	27,135,162	(149,721)	32,337,838
Other capital assets				
Building and improvements	8,639,953	-	149,721	8,789,675
Machinery and equipment	557,015	96,813	-	653,828
Total other capital assets at cost	9,196,968	96,813	149,721	9,443,503
Less accumulated depreciation:				
Building and improvements	2,266,085	190,293	-	2,456,378
Machinery and equipment	557,015	-	-	557,015
Total accumulated depreciation	2,823,100	190,293	-	3,013,393
Total assets being depreciated	6,373,868	(93,480)	149,721	6,430,109
Governmental activities capital assets, net	$ 11,726,265	27,041,683	-	38,767,948

Depreciation expense of $190,293 has been allocated to the community development, education and housing assistance function within the Statement of Activities.

V. Real Property Held for Resale

The following is a list of real property held for resale at June 30, 2007:

Purpose	Acquisition Date	Location	Carrying Value
North Central	Dec-87	820 N. Central	$ 825,000
			825,000
Other	Aug-82	111 E. Wilson	351,649
	Mar-86	225 W. Wilson	1,012,913
	Mar-01	225 E. Broadway	3,605,015
	Jun-04	216-218 S. Brand	2,884,912
			7,854,489
			$ 8,679,489

VI. Outstanding Indebtedness and Changes in Long-Term Debt

A summary of outstanding bonds payable at June 30, 2007 is as follows:

	Outstanding at June 30, 2006	Additions	Retirements	Amount outstanding at June 30, 2007	Due within one year
Governmental Activities					
2002 Tax Allocation Bond	$ 42,420,000	-	1,980,000	40,440,000	2,035,000
2003 Tax Allocation Bond	54,565,000	-	2,435,000	52,130,000	2,555,000
2002 Bond Premium	1,637,089	-	105,619	1,531,470	105,619
2003 Bond Premium	2,227,180	-	145,251	2,081,929	145,251
Deferred amount on refunding - 2003 Tax Allocation Bond	(2,868,580)	-	(200,134)	(2,668,446)	(200,134)
Total bonds payable	97,980,689	-	4,465,736	93,514,953	4,640,736
Due to the City of Glendale	67,051,639	2,615,017	2,000,000	67,666,656	2,000,000
Total long term liabilities	$ 165,032,328	2,615,017	6,465,736	161,181,609	6,640,736

The Agency's outstanding bonds payable carry certain provisions unique to each issue and are summarized as follows:

2002 Tax Allocation Bonds

The Agency issued $48,015,000 in tax allocation bonds with an average rate of 4.5% to fund economic development activities of the Agency primarily relating to the Town Center development, to fund a reserve account for the Bonds, and to pay the expense of the Agency in connection with the issuance of the Bonds. The 2002 Bonds mature in regularly increasing principal amounts ranging from $2,035,000 to $3,655,000 from 2008 to 2022. The bond indebtedness is secured by a pledge of 80% of all incremental property taxes allocated to and received by the Agency for the Central Project Area. The bonds maturing on or before December 1, 2012, are not subject to redemption prior to their respective maturities. The bonds maturing on or after December 1, 2013, are subject to redemption at the option of the Agency on any interest payment date at a price ranging from 101% to 100% of the principal value. The City Treasurer shall invest the bond proceeds in government securities.

2003 Tax Allocation Refunding Bonds

The Agency issued $58,880,000 in 2003 tax allocation refunding bonds with an average rate of 4.18% to pay Agency's outstanding Central Glendale Redevelopment Project 1993 Tax Allocation Bonds (the "Prior Bonds") with an average interest rate of 5.5%, and to pay the cost of issuance of the 2003 Bonds. The 2003 Bonds mature in regularly increasing principal amounts ranging from $2,555,000 to $4,520,000 from 2008 to 2022. The bond indebtedness is secured by a pledge of 80% of all incremental property taxes allocated to and received by the Agency for the Central Project Area on a parity with the Agency's previously issued 2002 Tax Allocation Bonds. The bonds maturing on or before December 1, 2013, are not subject to redemption prior to their respective maturities. The bonds maturing on or after December 1, 2014 are subject to redemption prior to maturity at the option of the Agency and by lot within a maturity, from any source of available funds at a redemption price equal to the principal amount of bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The annual requirements (including payments to sinking fund) to amortize all bonded indebtedness outstanding as of June 30, 2007:

Fiscal Year		Interest	Principal	Total
2008	$	4,004,003	4,590,000	8,594,003
2009		3,808,478	4,780,000	8,588,478
2010		3,599,090	4,980,000	8,579,090
2011		3,377,753	5,195,000	8,572,753
2012		3,177,503	5,425,000	8,602,503
2013-2017		12,201,738	30,230,000	42,431,738
2018-2022		4,620,554	37,370,000	41,990,554
	$	34,789,116	92,570,000	127,359,119

The Agency has complied with all bond covenants on outstanding debt issues.

GLENDALE REDEVELOPMENT AGENCY

Notes to the Basic Financial Statements
June 30, 2007

Due to the City of Glendale

The Agency and the City have entered into various agreements, which provide for the reimbursement to the City from the Agency for expenditures incurred by the City on behalf of the Agency. The expenditures incurred by the City represent improvements made by the City to the Agency's redevelopment projects. These agreements are to be paid when funds are available. All of the agreements accrue interest at the average annual City investment portfolio rate.

The following table is a summary of changes in the amounts due to the City under these agreements:

		Balance at 6/30/06			Additions			Balance at 6/30/07		
Project	Date of Agreement	Principal	Interest	Total	Principal	Interest	Reductions	Principal	Interest	Total
Central Project										
South Brand Improvement	May 1977	$ -	2,381,320	2,381,320	-	95,569	-	-	2,546,049	2,546,049
Glenoaks Improvement	Oct 1977	659,667	2,893,150	3,552,817	-	142,584	-	659,667	3,138,917	3,798,584
Parking lots transferred to the Agency	Apr 1983	3,061,550	11,090,810	14,152,360	-	567,972	-	3,061,550	12,069,804	15,131,354
North Brand Improvement	Apr 1983	79,809	3,733,621	3,813,430	-	153,043	-	79,809	3,997,416	4,077,225
Verdugo Utility Improvement	Dec 1985	3,314,492	5,342,684	8,657,176	-	347,438	-	3,314,492	5,941,548	9,256,040
Block 24 Parking Structure	Oct 1985	6,947,217	13,113,836	20,061,053	-	805,104	-	6,947,217	14,501,567	21,448,784
Broadway Improvement	Dec 1985	2,549,097	2,405,833	4,954,930	-	198,855	(1,653,764)	2,549,097	1,094,828	3,643,925
Central Avenue Improvement	Jun 1988	336,464	-	336,464	-	13,122	(346,236)	-	3,350	3,350
Sub-total		16,948,296	42,633,330	59,581,626	-	2,323,685	(2,000,000)	16,611,832	43,293,479	59,905,311

Project	Date of Agreement	Balance at 6/30/06 Principal	Balance at 6/30/06 Interest	Balance at 6/30/06 Total	Additions Principal	Additions Interest	Reductions	Balance at 6/30/07 Principal	Balance at 6/30/07 Interest	Balance at 6/30/07 Total
San Fernando Project										
San Fernando Project-Advance	Dec 1996	1,272,006	1,189,882	2,461,888	-	96,014	-	1,272,006	1,285,896	2,557,902
New Business Incentive	Dec 1996	15,500	11,004	26,504	-	1,034	-	15,500	12,038	27,538
Dreamworks	Dec 1996	178,308	99,628	277,936	-	10,840	-	178,308	110,468	288,776
San Fernando Master Plan	Dec 1996	601,731	254,042	855,773		33,375	-	601,731	287,417	889,148
Facade Program	Dec 1996	184,417	15,706	200,123	-	7,805	-	184,417	23,511	207,928
Water Treatment Facilities	Jul 1997	1,600,000	610,022	2,210,022	-	86,191	-	1,600,000	696,213	2,296,213
Grand Central Business	Nov 1997	50,000	17,144	67,144	-	2,619	-	50,000	19,763	69,763
Recycling Center	Jul 1996	1,000,000	370,623	1,370,623	-	53,454	-	1,000,000	424,077	1,424,077
Subtotal		4,901,962	2,568,051	7,470,013	-	291,332	-	4,901,962	2,859,383	7,761,345
Grand Total		$ 21,850,258	45,201,381	67,051,639	-	2,615,017	(2,000,000)	21,513,794	46,152,862	67,666,656

VII. Employee Retirement System and Plans

Plan Description

All Agency personnel are employees of the City of Glendale. The City contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the state of California.

All full-time employees of the Agency with other City employees are required to participate in CalPERS, and related benefits vest after five years of service. Upon five years of service, employees who retire at age 50 or older are entitled to receive an annual retirement benefit. The benefit is payable monthly for life. The benefit is calculated as follows: years of credited service multiplied by their highest twelve consecutive months of salary multiplied by a percentage factor. This factor is age-based – public safety employees use the 3% at age 50 factor while all others use the 2% at age 55 factor. Effective December 1, 2005, the general employees will use the 2.5% at age 55 factor. The system also provides death and disability benefits. CalPERS issues a publicly available financial report that includes financial statements and required supplemental information of participating public entities within the state of California. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Funding Policy

CalPERS is a contributory plan deriving funds from employee and employer contributions as well as earnings from investments. According to the plan, City employees were required to contribute 7% of annual salary for general members and 9% of annual salary for public safety members. Effective December 1, 2005, the general members' contribution rate increased to 8% of reportable earnings. The City is also required to contribute at an actuarially determined rate; the public safety and the general employee rates were 24.99% and 0% of the annual covered payroll, respectively. Starting July 1, 2005, the City's contribution rate for safety members decreased each fiscal year as of July 1st to 24.577% and 23.610%, respectively. The City's contribution rate for general members on the other hand increased from 0% to 6.289% as of 7/1/2005 to 9.591% as of 12/1/05 and then to 10.506% as of 7/1/2006. The contribution requirements of plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

The City's contributions to CalPERS totaling $20,138,463 were made during the fiscal year ended June 30, 2007 in accordance with actuarially determined contribution requirements through an actuarial valuation performed at June 30, 2004. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.75% a year compounded annually (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45%, (c) no additional projected salary increases attributable to seniority/merit and (d) no post retirement benefit increases. The actuarial value of the City's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and/or losses. CalPERS uses the entry-age-normal-actuarial-cost method, which is a projected-benefit-cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. In addition, the employer's total normal cost is expressed as a level percentage of payroll. CalPERS also uses the level-percentage-of-payroll method to amortize any unfunded actuarial liabilities. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20 year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization.

Three year Trend Information

Fiscal year ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/05	$9,832,076	100%	0
6/30/06	$17,792,610	100%	0
6/30/07	$20,138463	100%	0

REQUIRED SUPPLEMENTARY INFORMATION – (Unaudited) Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets <a>	Actuarial Accrued Liability <AAL> – Entry Age <b>	(Unfunded AAL) / Over-funded AAL <a-b>	Funded Ratio <a/b>	Covered Payroll <c>	(Unfunded AAL)/ Overfunded AAL as a Percentage of Covered Payroll <(a-b)/c>
6/30/2004	$806,230,814	864,127,882	(57,897,068)	93.3%	122,073,007	(47.4%)
6/30/2005	$854,260,613	929,960,421	(75,699,808)	91.9%	131,264,713	(57.7%)
6/30/2006	$913,955,041	$1,006,837,400	(92,882,359)	90.8%	134,183,520	(69.2%)

VIII. Risk Management

The Agency contracts with the City for unemployment and workers' compensation insurance. For purposes of general liability, the Agency is self-insured.

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City retains risks for the following types of liabilities: workers' compensation insurance (up to $2,000,000 per occurrence), unemployment insurance, post employment benefits, general auto, dental, medical and vision as well as public liability (up to $2,000,000) through separate Internal Service Funds. The City purchased several commercial insurance policies from third-party insurance companies for errors and omissions of its officers and employees, destruction of assets and natural disasters as well as excess workers' compensation and general public liability claims. There were no significant settlements or reductions in insurance coverage from settlements for the past three years.

Operating funds are charged a premium and the Internal Service Funds recognize the corresponding revenue. Claims expenses are recorded in the Internal Service Funds. Premiums are evaluated periodically and increases are charged to the operating funds to reflect recent trends in actual claims experience and to provide sufficient reserve for catastrophic losses.

Claims payable liability has been established in these funds based on estimates of incurred but not reported and litigated claims. Management believes that provisions for claims at June 30, 2007 are adequate to cover the cost of claims incurred to date. However, such liabilities are, by necessity, based upon estimates and there can be no assurance that the ultimate cost will not exceed such estimates.

A reconciliation of the changes in the aggregate liabilities for claims of the City of Glendale for the current fiscal and the prior fiscal year are as follows:

Fiscal Year	Beginning Balance	Claims and Changes	Claim Payments	Ending Balance
2005-06	42,920,000	(1,579,000)	15,394,000	25,947,000
2006-07	25,947,000	29,856,000	25,966,000	29,837,000

IX. Commitments and Contingencies

The Agency is involved in litigation in the normal course of business. In the opinion of management, based on consultation with the City Attorney, these cases, in the aggregate, are not expected to result in a material adverse financial impact to the Agency. Additionally, Agency management believes that sufficient reserves are available to the Agency to cover any potential losses should an unfavorable outcome materialize.

X. Subsequent Event

In July 2007, the Housing Authority of the City approved the execution of a letter of loan commitment with Glendale City Lights, a California Limited Partnership, in support of development of an affordable multi-family rental housing project at 3673 San Fernando Road. $9,800,000 in City's affordable housing fund is anticipated to be provided to the project.

In July 2007, the Housing Authority of the City approved the acquisition of real property located at 331-335 West Doran Avenue, which will be developed as an affordable homeownership project. The total cost for acquisition of the property is estimated at $4,900,000. The first payment, $240,000, was paid in July 2007; the second payment, $4,566,694, was paid in October 2007.

statistical section

grand central creative campus

SUPPLEMENTAL INFORMATION

GLENDALE REDEVELOPMENT AGENCY
Computation Of Low-Moderate Income Housing Excess/Surplus Funds
Year Ended June 30, 2007

Fund Balance - Beginning Of Year		$ 18,203,753
Less unavailable funds - included in beginning fund balance: Prepaid Items		(44,774)
Total unavailable funds		(44,774)
Available Fund Balance - Beginning of Year		18,158,979
Current year proceeds/uses (actual plus changes in unavailable):		
Proceeds		7,873,879
Uses		(8,973,276)
Changes in unavailable amounts		-
Available Fund Balance - End of Year		17,059,583
Encumbrances		(2,450,940)
Available Fund Balance - for Excess Surplus		14,608,643
Does available fund balance for excess/surplus exceed $1,000,000? If so, enter available fund balance and evaluate that amount against tax increment. If less, enter zero.		14,608,643
Does available fund balance for excess/surplus exceed the greater of prior years' set aside deposits or $1,000,000?		
Fiscal year 2002-03	$ 4,442,961	
Fiscal year 2003-04	4,399,198	
Fiscal year 2004-05	5,548,095	
Fiscal year 2005-06	5,586,152	
Total set-aside deposited into fund	19,976,406	
Greater of the tax increment deposits or $1,000,000		19,976,406
Excess/surplus Funds		
Available fund balance for excess/surplus less prior four years' tax increment set-aside deposits		-
Reconciliation to Ending Fund Balance		
Ending GAAP fund balance		17,104,357
Available fund balance - end of year above		17,059,583
Add unavailable funds - end of year: Prepaid Items	44,774	
Total unavailable funds		44,774
Computed Ending Fund Balance		$ 17,104,357

Not covered by Independent Auditors' Report

TABLE OF CONTENTS - Statistical Section

This section of the Glendale Redevelopment Agency's (the Agency) annual financial report presents detail information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Agency's overall financial health.

Sources:
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.
The City implemented GASB Statement 34 in 2002 schedules presenting government-wide information include information beginning in that year.

Schedule I

GLENDALE REDEVELOPMENT AGENCY

Net Assets by Component,

Last Five Fiscal Years

(accrual basis of accounting)

	Fiscal Year 2007	2006	2005	2004	2003
Governmental activities					
Invested in capital assets, net of related debt	$ 38,767,948	11,726,265	11,189,750	10,687,765	8,734,028
Restricted	35,343,090	31,630,096	28,930,258	30,493,840	51,457,623
Unrestricted	(108,018,108)	(62,103,499)	(58,156,889)	(77,532,216)	(93,684,018)
Total governmental activities net assets	$ (33,907,070)	(18,747,138)	(18,036,881)	(36,350,611)	(33,492,367)

Note: City of Glendale implemented GASB Statement 34 in fiscal year 2002.

Not covered by independent auditor's report

Schedule 2
GLENDALE REDEVELOPMENT AGENCY
Changes in Net Assets, Governmental Activities
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2007	2006	2005	2004	2003
Expenses					
Governmental activities:					
Community Development	$ 41,560,416	24,418,076	12,323,320	18,351,024	10,837,328
Education	762,221	2,172,712	2,665,235	1,417,840	1,126,058
Housing Assistance	2,364,578	6,840,749	3,666,430	3,118,069	1,599,952
Interest and fiscal charges on bonds	6,913,591	6,401,819	6,870,131	6,080,165	7,214,997
Total governmental activities expenses	51,600,806	39,833,356	25,525,116	28,967,098	20,778,335
General Revenues					
Property Taxes	29,417,084	27,930,762	27,740,477	21,995,982	22,214,805
Revenue from other sources	1,249,433	1,415,830	1,457,976	1,158,263	1,266,467
Investment Earnings	3,982,189	1,903,977	3,314,708	1,361,003	6,380,168
Miscellaneous	1,792,168	7,872,529	2,131,740	1,593,606	1,130,417
Total governmental activities revenues	36,440,874	39,123,098	34,644,901	26,108,854	30,991,857
Change in Net Assets	$ (15,159,932)	(710,258)	9,119,785	(2,858,244)	10,213,522

Note: City of Glendale implemented GASB Statement 34 in fiscal year 2002.

Not covered by independent auditor's report

Schedule 3
GLENDALE REDEVELOPMENT AGENCY
Fund Balances, Governmental Funds
Last Five Fiscal Years
(modified accrual basis of accounting)

		Fiscal Year				
		2007	2006	2005	2004	2003
All Governmental Funds						
Reserved	$	27,838,512	86,695,784	104,990,606	132,914,751	51,457,623
Unserved, reported in:						
Special revenue funds		56,920,839	44,394,280	31,647,066	(76,673,986)	14,358,409
Debt service funds		1,446,301	1,007,588	537,161	245,999	-
Total all governmental funds		86,205,652	132,097,652	137,174,833	56,486,764	65,816,032

Note: City of Glendale implemented GASB Statement 34 in fiscal year 2002.

Not covered by independent auditor's report

Schedule 4
GLENDALE REDEVELOPMENT AGENCY
Changes in Fund Balances, Governmental Funds,
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year 2007	2006	2005	2004	2003
Revenues					
Property taxes	$ 29,417,085	27,930,762	27,740,477	21,995,982	22,214,805
Revenue from other agencies	1,249,433	1,415,830	1,457,976	1,158,263	1,266,467
Charges for services	18,094	14,156	13,476	50,092	48,950
Use of money and property	3,982,189	1,903,977	3,314,708	1,361,003	6,327,359
Miscellaneous revenue	1,792,168	7,741,529	2,131,740	1,593,606	1,130,417
Total Revenues	36,458,969	39,006,254	34,658,377	26,158,946	30,987,998
Expenditures					
Community development					
County property tax administration	533,882	446,302	429,431	468,275	444,225
Pass through	3,290,846	2,363,262	2,449,604	1,946,043	2,127,842
Lease	-	-	-	-	1,420,143
Administration	7,409,251	12,353,806	4,765,244	3,505,836	3,968,291
Housing and community development	-	-	5,194,549	-	-
Education	762,221	2,172,713	2,665,235	1,417,840	1,126,058
Housing assistance	-	-	3,666,383	3,118,069	1,599,952
Capital outlay	-	-	-	1,656,548	67,394
Capital projects	59,750,792	16,220,782	-	12,778,151	2,612,512
Debt service					
Principal retirement	4,415,000	4,235,000	3,865,000	1,810,000	3,400,000
Interest on bonds	4,188,978	4,366,228	4,510,878	3,626,303	4,450,029
Interest on debt to City	2,000,000	1,925,343	1,747,112	2,425,884	2,387,024
Bond issuance costs	-	-	-	2,119,724	1,256,605
Total Expenditures	82,350,970	44,083,436	29,293,436	34,872,673	24,860,075
Excess of revenues over (under) expenditures	(45,892,001)	(5,077,182)	5,364,941	(8,713,727)	6,127,923
Other Financing Sources (Uses)					
Issuance of debt	-	-	-	58,880,000	50,021,755
Bond Premium	-	-	-	2,614,516	-
Payment to refund bond escrow agent	-	-	-	(62,110,057)	-
Total other financing sources (uses)	-	-	-	(615,541)	50,021,755
Net change in fund balances	$ (45,892,001)	(5,077,182)	5,364,941	(9,329,268)	56,149,678
Debt service as a percentage of noncapital expenditures	10.4%	19.5%	28.6%	16.4%	31.7%

Note: City of Glendale implemented GASB Statement 34 in fiscal year 2002.

Schedule 5
GLENDALE REDEVELOPMENT AGENCY
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

CENTRAL PROJECT

Fiscal Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
1998	$ 23,932,139	1,048,612,479	476,682	312,646,507	17,516,935	1,368,150,872	0.96054%
1999	22,759,593	980,702,797	486,213	443,998,192	17,516,935	1,430,429,860	0.96251%
2000	23,236,942	1,027,726,449	495,219	470,622,757	17,684,871	1,504,396,496	0.96474%
2001	24,212,155	1,097,337,020	505,120	511,720,720	17,882,803	1,615,892,212	0.96763%
2002	25,518,693	1,204,413,494	515,220	489,187,085	47,371,341	1,672,263,151	0.96750%
2003	26,493,568	1,199,413,948	389,085	486,471,152	19,695,735	1,693,072,018	0.96604%
2004	27,665,076	1,463,270,142	230,324	356,955,098	21,433,219	1,826,687,421	0.96817%
2005	29,877,704	1,446,991,423	445,978	332,275,533	25,735,851	1,783,854,787	0.96666%
2006	31,630,612	1,813,450,519	454,895	280,192,474	23,595,646	2,102,132,854	0.97197%
2007	35,233,648	2,063,042,651	463,991	265,799,833	24,281,561	2,340,258,562	0.97484%

SAN FERNANDO PROJECT

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
1998	35,688,533	158,481,889	311,559,030	199,996,263	6,762,068	698,963,647	0.17763%
1999	37,622,033	184,398,325	377,779,531	248,952,498	6,674,177	842,078,210	0.28816%
2000	34,495,286	200,707,852	473,573,659	257,888,478	6,674,177	959,991,098	0.37706%
2001	39,359,563	213,346,867	495,418,690	262,540,046	5,997,902	1,004,667,264	0.40519%
2002	41,218,131	253,273,963	521,580,430	272,607,355	7,032,554	1,081,647,325	0.44679%
2003	43,289,483	255,853,643	547,927,656	278,207,133	6,608,376	1,118,669,539	0.45562%
2004	47,992,035	269,460,004	569,883,674	272,999,506	7,256,666	1,153,078,553	0.47241%
2005	50,649,950	290,255,268	577,572,900	265,763,772	7,986,504	1,176,255,386	0.48331%
2006	50,273,647	335,262,700	563,158,656	258,063,573	10,236,063	1,196,522,513	0.49332%
2007	59,104,883	368,785,488	603,894,398	309,711,226	16,291,455	1,325,204,540	0.54376%

Notes:

(1) In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, properyt is only re-assessed at the time that it is sold to a new owner. At that point, the new asssessed value is assessed at the puchased price of the property sold. The assessed valuation data shown above represents the only data currently available with respect the actual market value of taxable property and is subject to the limitations described above.
(2) Total direct tax rate is the weighted average of all individual direct rates, calculated by HdL Coren & Cone.

Not covered by independent auditor's report

Schedule 6
GLENDALE REDEVELOPMENT AGENCY
Direct and Overlapping Property Tax Rates
Last Two Fiscal Years

Fiscal Year	City Basic Rate	Redevelopment Agency Rate	Total Direct Tax Rate	Overlapping Rates: City of Glendale Area	Flood Control District	Detention Facilities	Glendale Community College District	Glendale Unified School District
2006	0.13687%	1.00600%	0.25043%	0.00520%	0.00005%	0.00080%	0.01858%	0.05220%
2007	0.13687%	1.00541%	0.25543%	0.00470%	0.00005%	0.00066%	0.02214%	0.05205%

Note: In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the property resides within. Due to the passage of the Proposition 13, the City of Glendale levies no tax but receives a portion (0.13687%) of the County's 1% rate apportioned apportioned on a complex formula. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the various voter-approved bonds.

The rates are calculated by HdL Coren & Cone.

The data prior to FY2006 are not available.

Not covered by independent auditor's report

Schedule 7

GLENDALE REDEVELOPMENT AGENCY

Property Tax Levies and Collections

Last Six Fiscal Years

		Redevelopment Agency				
		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2002	$ 20,012,000	$ 17,532,343	87.6%	$ 472,385	$ 18,004,728	90.0%
2003	21,931,000	21,704,431	99.0%	510,374	22,214,805	101.3%
2004	23,474,000	21,405,782	91.2%	590,200	21,995,982	93.7%
2005	28,488,937	26,662,156	93.6%	1,078,321	27,740,477	97.4%
2006	26,505,326	25,798,484	97.3%	2,132,278	27,930,762	105.4%
2007	29,117,851	27,415,326	94.2%	2,001,758	29,417,084	101.0%

Note: City of Glendale implemented GASB Statement 34 in fiscal year 2002.

Not covered by independent auditor's report

Schedule 8
GLENDALE REDEVELOPMENT AGENCY
Ratios of Outstanding Debt by Type,
Last Six Fiscal Years

Fiscal Year		Parking Lease Revenue Bonds Series A		Refunding Parking Lease Revenue Bonds Series 1976		1993 Tax Allocation Bond		2002 Tax Allocation Bond		2003 Tax Allocation Bond		(1) Total Primary Government		(2) Total Personal Income	Percentage of Personal Income	(3) Population	per Capita
2002	$	440,000	$	1,025,000	$	61,250,000	$	-	$	-	$	62,715,000	$	8,352,544,200	0.75%	200,200	313
2003		-		-		59,315,000		49,968,945		-		109,283,945		8,458,807,587	1.29%	202,747	539
2004		-		-		-		48,053,327		58,128,833		106,182,160		7,743,409,110	1.37%	205,341	517
2005		-		-		-		46,082,708		56,183,716		102,266,424		7,805,405,942	1.31%	207,007	494
2006		-		-		-		44,057,089		53,923,600		97,980,689		8,015,891,032	1.22%	206,308	475
2007		-		-		-		41,971,470		51,543,482		93,514,952		10,994,029,147	0.85%	207,157	451

Notes:

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(2) Source: Sales and Marketing Management: Survey of Buying Power and Media Markets

(3) California State Department of Finance, January 1 of every year.

(4) City of Glendale implemented GASB Statement 34 in fiscal year 2002.

Not covered by independent auditor's report

Schedule 9
GLENDALE REDEVELOPMENT AGENCY
Pledged-Revenue Coverage
Last Six Fiscal Years

	Tax Allocation Bonds					
	Property Tax	Less: Operating	Net Available	Debt Service		
Fiscal Year	Increment	Expenses	Revenue	Principal	Interest	Coverage
2002	5,640,244	-	5,640,244	1,845,000	3,441,790	1.07
2003	5,925,738	-	5,925,738	1,935,000	4,365,934	0.94
2004	6,033,031	-	6,033,031	1,810,000	3,626,303	1.11
2005	8,375,878	-	8,375,878	3,865,000	4,510,878	1.00
2006	8,601,228	-	8,601,228	4,235,000	4,366,228	1.00
2007	8,606,978	-	8,606,978	4,415,000	4,188,978	1.00

Note: City of Glendale implemented GASB Statement 34 in fiscal year 2002.

Not covered by independent auditor's report

Schedule 10
GLENDALE REDEVELOPMENT AGENCY
Principal Employers
Fiscal Year 2007

Employer	Employees		Rank	Percentage of Total City Employment	
CITY OF GLENDALE	2,580	(4)	1	3.37%	(5)
GLENDALE ADVENTIST MED CENTER #262	1,987	(2)	2	2.60%	(5)
GLENDALE UNIFIED SCHOOL DISTRICT	2,575	(3)	3	3.36%	(5)
GLENDALE COMMUNITY COLLEGE DIST.	1,296	(2)	4	1.69%	(5)
GLENDALE MEMORIAL	1,293	(2)	5	1.69%	(5)
NESTLE COMPANY	1,005	(2)	6	1.31%	(5)
PUBLIC STORAGE INC	944	(2)	7	1.23%	(5)
BANK AMERICA NORTH AMERICA	813	(2)	8	1.06%	(5)
WALT DISNEY IMAGINEERING	825	(2)	9	1.08%	(5)
ACCO ENGINEERED SYSTEMS	717	(2)	10	0.94%	(5)

Notes:

(1) Both full-time and hourly employees are included.

(2) Source: Labor Market Information Division, California Employment Development Department, September 2006 data

(3) Source: GUSD Human Resource Department

(4) City of Glendale Payroll Section, 1,885 full-time employees and 695 hourly employees

(5) % of total employment is calculated using a baseline of 76,525 workers employed in Glendale.

(6) The date for nine years ago are not available, so only current year and prior year date are presented.

Not covered by independent auditor's report

Schedule 11
GLENDALE REVELOPMENT AGENCY
Market Values of Taxable Properties - Last Ten Fiscal Years

CENTRAL PROJECT

Fiscal year	Market value	Base year (1972)	Net increment	Secured	Unsecured	Total
1973-1974	$ 30,234,870	24,659,336	5,575,534	5,212,254	363,280	5,575,534
1997-1998	1,368,150,872	85,369,720	1,282,781,152	1,163,853,453	118,927,699	1,282,781,152
1998-1999	1,430,429,860	85,369,720	1,345,060,140	1,214,790,228	130,269,912	1,345,060,140
1999-2000	1,504,396,496	85,369,720	1,419,026,776	1,273,474,724	145,552,052	1,419,026,776
2000-2001	1,615,892,212	85,369,720	1,530,522,492	1,376,060,787	154,461,705	1,530,522,492
2001-2002	1,672,263,151	85,369,720	1,586,893,431	1,416,463,258	170,430,173	1,586,893,431
2002-2003	1,693,072,018	85,369,720	1,607,702,298	1,421,359,089	186,343,209	1,607,702,298
2003-2004	1,826,687,421	85,369,720	1,741,317,701	1,556,323,092	184,994,609	1,741,317,701
2004-2005	1,783,854,787	85,369,720	1,698,485,067	1,547,948,115	150,536,952	1,698,485,067
2005-2006	2,102,132,854	85,369,720	2,016,763,134	1,870,512,297	146,250,837	2,016,763,134
2006-2007	2,340,258,562	85,369,720	2,254,888,842	2,122,309,007	132,579,835	2,254,888,842

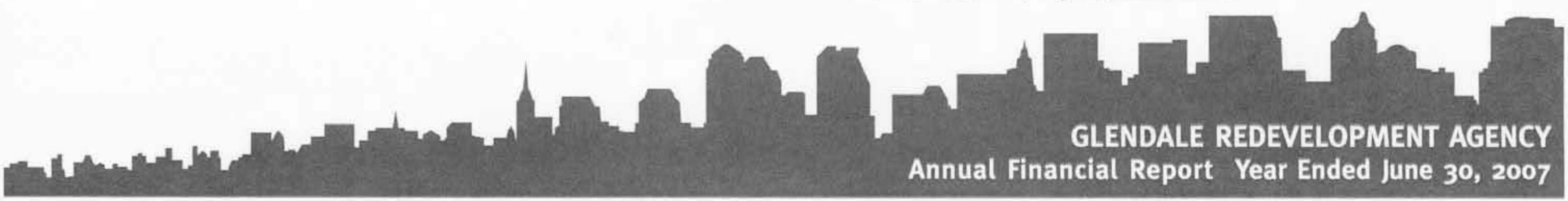
SAN FERNANDO PROJECT

Fiscal year	Market value	Base year (1972)	Net increment	Secured	Unsecured	Total
1997-1998	698,963,647	730,208,374	(31,244,727)	5,470,874	(36,715,601)	(31,244,727)
1998-1999	842,078,210	730,208,374	111,869,836	104,611,333	7,258,503	111,869,836
1999-2000	959,991,098	730,208,374	229,782,724	207,205,714	22,577,010	229,782,724
2000-2001	1,004,694,413	730,208,374	274,486,039	249,103,857	25,382,182	274,486,039
2001-2002	1,081,647,325	730,208,374	351,438,951	319,078,669	32,360,282	351,438,951
2002-2003	1,118,669,539	730,208,374	388,461,165	350,487,372	37,973,793	388,461,165
2003-2004	1,153,078,553	730,208,374	422,870,179	391,487,565	31,382,614	422,870,179
2004-2005	1,176,255,386	730,208,374	446,047,012	417,272,459	28,774,553	446,047,012
2005-2006	1,196,522,513	730,208,374	466,314,139	456,956,404	9,357,735	466,314,139
2006-2007	1,325,204,540	730,208,374	594,996,166	545,734,311	49,261,855	594,996,166

Source: Taxpayer's Guide compiled under the supervision of the Los Angeles County Auditor-Controller's Office (Tax Division).

compliance section

metropolitan city lights/metro loma



Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *AUDIT GUIDELINES FOR CALIFORNIA REDEVELOPMENT AGENCIES* *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and
Members of the City Council
Glendale Redevelopment Agency
Glendale, California

We have audited the financial statements of the governmental activities, and each major fund of the Glendale Redevelopment Agency, Glendale California (the Agency) as of and for the year ended June 30, 2007, and have issued our report thereon dated November 21, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions included those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller and as interpreted in the *Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Audit Committee, management of the Glendale Redevelopment Agency and the Controller of the State of California and is not intended to be and used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
November 21, 2007

ACTIVITIES BY GLENDALE REDEVELOPMENT AGENCY
(Not Covered by Independent Auditors' Report)

ACCOMPLISHMENTS-FISCAL YEAR 2006-07

Accomplishment	Expenditures FY 06-07	Blighting Conditions Alleviated	Corresponding Citywide Strategic Goals
CENTRAL GLENDALE REDEVELOPMENT PROJECT AREA			
• Completed site preparation, convey property and began construction of Americana at Brand project (Town Center).	$1,055,400	Defective Design and Character; Age, Obsolescence, Deterioration, Dilapidation, Mixed Character or Shifting of Uses; Depreciated or Stagnant Property Values or Impaired Investments; Abnormally Low Lease Rates, High Business Turnover Rates, Abandoned Buildings, or Excessive Vacant Lots	Housing, Sense of Community, Parks and Open Space, Economic Vitality, community and Planning Character
• Completed subterranean construction and began construction of the above grade tower on the Embassy Suites Hotel project.	$0	Subdivided Lots of Irregular form and Shape and Inadequate Size; Factors that Prevent or Substantially Hinder the Economically Viable Use or Capacity of Buildings or Lots	Economic Vitality
• Completed the preparation and adoption of the Downtown Specific Plan and the downtown Mobility Plan.	$409,300	Factors that Prevent or Substantially Hinder the Economically Viable Use or Capacity of Buildings or Lots	Community Planning and Character, Economic Vitality, Community Planning and Character
• Selected desired redevelopment option for DPSS site and began project negotiation, design and entitlement.	$39,200	Defective Design and Character; Age, Obsolescence, Deterioration, Dilapidation, Mixed Character or Shifting Uses; Subdivided Lots of Irregular form and Shape and Inadequate Size; Factors that Prevent or Substantially Hinder the Economically Viable Use or Capacity of Buildings or Lots	Housing, Safe Community, Economic Vitality, Community Planning and Character

Accomplishment	Expenditures FY 06-07	Blighting Conditions Alleviated	Corresponding Citywide Strategic Goals
CENTRAL GLENDALE REDEVELOPMENT PROJECT AREA			
• Provided entitlement assistance and construction coordination for various downtown mixed-use residential condominium projects.	$34,200	Defective Design and Character, Age, Obsolescence, Deterioration, Dilapidation, Mixed Character or Shifting Uses	Housing, Safe Community, Economic Vitality, Community Planning and Character
• Provided ongoing management and coordination of the Alex Theatre operations. Completed first two phases of the Sound System upgrade project.	$561,326	Defective Design and Character, Age, Obsolescence, Abandoned Buildings, or Excessive Vacant Lot	Arts and Culture, Sense of Community, Community Services and Facilities
• Completed one (1) storefront renovation through the Façade Improvement Grants for the Central Redevelopment Project Area.	$42,500	Defective Design and Character, Age, Obsolescence, Deterioration, Dilapidation, Mixed Character or Shifting Uses	Economic Vitality
• Developed and hosted Invest in Glendale event to market the City to major office tenants/corporate headquarters and retail uses. Also developed and distributed Invest in Glendale promotional video and brochure featuring current and proposed development.	$21,200	Abnormally High Business Vacancies, abnormally low Lease rates, High Business Turnover Rates, Abandoned Buildings, or Excessive Vacant Lots	Economic Vitality
• **SAN FERNANDO ROAD CORRIDOR REDEVELOPMENT PROJECT AREA**			
• Completed four (4) storefronts renovation through the Façade Improvement Grants for the San Fernando Road Corridor Redevelopment Project Area.	$121,464	Defective Design and Character, Age, Obsolescence, Deterioration, Dilapidation, Mixed Character or Shifting Uses	Economic Vitality
• Completed Phase I of the Disney (GC3) project of 250,000 SF.	$30,760	Defective Design and Character; Age, Obsolescence, Deterioration, Dilapidation, Mixed Character or Shifting Uses; Subdivided Lots of Irregular form and Shape and Inadequate Size	Economic Vitality, Community Planning and Character
• Completed the formation of Lighting and Landscape Maintenance District for portions of the San Fernando Road Corridor.	$0	Existence of Inadequate Public Improvements, Public Facilities, Open Spaces, and Utilities	Community Planning and Character, Parks and Open Space

WORK PROGRAM-FISCAL YEAR 2007-08
(Not covered by the Independent Auditors' Report)

Goals	Corresponding Citywide Strategic Goals
CENTRAL GLENDALE REDEVELOPMENT PROJECT AREA	
• Complete construction and open the Town Center, (Americana at Brand) mixed-use project.	• Housing, Sense of Community, Parks and Open Space, Economic Vitality, Community Planning and Character
• Complete construction and open the Embassy Suites Hotel project.	• Economic Vitality
• Implement desired redevelopment option for DPSS site.	• Economic Vitality, Community Planning and Character
• Complete design of Town Center/ARC East Brand Connection	• Community Planning and Character, Parks and Open Space
• Coordinate entitlement and construction for various downtown mixed-use residential condominium projects.	• Housing, Safe Community, Economic Vitality, Community Planning and Character
• Provide ongoing management and coordination of the Alex Theatre operations. Complete second phase of the Sound System upgrade project.	• Arts and Culture, Sense of Community, Community Services and Facilities
• Develop a financial strategy, including a bond issue, to help fund public facilities that serve the Central Glendale Redevelopment Project Area.	• Economic Vitality, Community Planning and Character
SAN FERNANDO ROAD CORRIDOR REDEVELOPMENT PROJECT AREA	
• Provide project management assistance with Disney (GC3) second phase of development. Monitor the project for compliance with terms and conditions of the development agreements.	• Economic Vitality, Community Planning and Character
• Coordinate entitlement and construction of various housing projects.	• Housing, Safe Community, Economic Vitality, Community Planning and Character
• Coordinate construction of revised San Fernando Road Landscape project – Phase III.	• Community Planning and Character

ACTIVITIES AFFECTING HOUSING AND DISPLACEMENT

(Not Covered by Independent Auditors' Report)

ACCOMPLISHMENTS – FISCAL YEAR 2006-07

The affordable housing programs and projects described below were funded with Redevelopment Tax-Increment funds set-aside for affordable housing (Redevelopment Set-Aside) and administered by the Housing Authority of the City of Glendale (Housing Authority).

I) Increasing Affordable Home Ownership Opportunities

During 2006-07, progress was made in creating new affordable home ownership opportunities in Glendale. In 2006-07 investment in new construction home ownership development projects was limited, however development projects that were provided significant funding in previous years continued to make progress toward completion. Assistance to first time home buyers was provided through home buyer education classes to potential buyers and through down payment assistance provided through the federally funded American Dream Downpayment Assistance Initiative (ADDI).

A) <u>New Construction of Ownership Housing</u>

One tool used by the Housing Authority for creating new affordable home ownership opportunities is through new construction of ownership housing units. The Housing Authority initiated development and/or continued monitoring progress in construction of four new affordable and one mixed income home ownership development projects. These projects will result in approximately 56 affordable units for low and moderate-income first time homebuyers and 11 market rate units. In 2006-07 the Kenwood Habitat project (see below) was transferred from the Redevelopment Set-Aside fund to federal HOME funds.

These four new construction home ownership projects are described below.

Redevelopment Set-Aside Funded Projects Underway in FY 2006-07

<u>900 - 910 E. Palmer Habitat</u>

In June 2003, the Housing Authority purchased a commercial property at 900 - 910 E. Palmer Avenue. Since that time two existing commercial businesses were relocated and the building was demolished. A Disposition and Development Agreement (DDA) was approved by the Housing Authority in December 2004 with San Gabriel Valley Habitat for Humanity (Habitat) to develop 3 affordable home ownership units on the site. Habitat took ownership of the site and construction began in early 2006. Construction and occupancy is projected to be completed by October 2007. This project serves First Time Home Buyer (FTHB) large, low income households. The families who will purchase the homes have each provided a minimum of 500 hours of sweat equity and have been working with hundreds of volunteers to construct the homes.

Doran Street Housing HHP

In January 2005, the Housing Authority acquired three single family houses on three contiguous parcels. A DDA was approved with Heritage Housing Partners (HHP) a nonprofit housing development corporation. Through a complex series of partnerships, including the City of Pasadena Community Development Commission, financing for the project was arranged. This financing includes New Market Tax Credits and $3.24 million in Redevelopment Set-Aside funds. Relocation of the three households residing on the site was completed in 2005-06 in accordance with the approved Relocation and Last Resort Housing Plan for 339-343 W. Doran Avenue. The project is in the preliminary design phase but is anticipated to result in 35 units of mixed income ownership housing including 24 units affordable to moderate income households and 11 market rate units. Construction is anticipated to begin in January 2008 and be complete by July 2009.

Doran II

Throughout 2005-06 the Housing Authority was in protracted negotiations regarding the acquisition of 331-335 W. Doran Street, adjacent to the Doran site described above. The property is now in escrow and acquisition is anticipated to be completed in 2007-08 for approximately $4.9 million dollars. Preliminary design plans call for construction of 18 housing units affordable to moderate income home buyers. However, a feasibility analysis is being prepared and may indicate a higher density of residential units may be appropriate. The acquisition of this site will be funded with Redevelopment Set-Aside funds. It is anticipated that this site will be developed in conjunction with Doran Street Housing HHP described above.

624-630 Geneva

The site at 624-630 Geneva was acquired by the Housing Authority in May 2006 for an affordable ownership housing development project. Development of the residentially zoned site for affordable housing will aid in neighborhood revitalization and is appropriate for new construction units.

The site contained 2 existing, vacant single family residential units. It is anticipated that these units will be rehabilitated with HOME funds and rented to low income households in partnership with West Hollywood Development Corporation, a Glendale certified CHDO, while the overall development plan and financing for the site is still being determined.

HOME Funded Ownership Project Underway in 2006-07:

711-717 N. Kenwood Habitat

The Housing Authority purchased a vacant, residentially zoned site in July 2005. The Housing Authority allocated $1,525,000 in Redevelopment Set-Aside funds for the purchase of the property. The Housing Authority entered into an Exclusive Negotiating Agreement with Habitat for construction of 11 affordable home ownership units. Habitat has conducted an aggressive fund raising campaign and has been successful in raising over $1 million dollars for construction of the new homes. The Housing Authority approved the DDA for the project in August 2007. Construction is expected to begin in fall 2007 and be completed by fall 2009.

B) Home Ownership Education Classes

A program of providing free homeownership education courses for households that live and/or work in Glendale is funded through Redevelopment Set-Aside administrative funds. This class encourages households with incomes between 51%-120% of Area Median Income (AMI) to prepare for the home buying process. A HUD-certified home buyer education and counseling trainer provides information and resources to home buyers on predatory lending practices, budget and credit issues, the mortgage prequalification and approval process, available loan options including special lending and finance programs available, working with realtors and real property options, the loan closing process, fair housing regulations for home buyers, and basic home maintenance. These classes provide referrals to interested homeowners to financial assistance and counseling programs and other resources available to assist them in achieving their homeownership goals. A lender and realtor participate in the class and answer questions. Eight courses were presented to approximately 269 individuals in 2006-07. Two of these classes were provided in foreign languages – one in Armenian and one in Spanish.

C) Downpayment and Closing Cost Assistance

The Housing Authority offers two downpayment assistance programs. One is the First Time Home Buyer (FTHB) Program, funded through Redevelopment Set-Aside funds which targets moderate income home buyers up to 120% AMI. The program offers substantial down payments to those who are interested in purchasing an entry level condominium in the City. The FTHB loans, which are no-interest mortgage assistance loan of up to $75,000, are secured by second trust deeds. This Program is funded through Redevelopment Set-Aside funds and is targeted to moderate income home buyers purchasing an entry level home, in most cases a condominium in the City. However, no loans were made in 2006-07. The gap between the Affordable Housing Cost for buyers and the market sales price of entry level unit is so great that the program is not feasible under current market conditions.

Like most southern California cities, the price of residential housing in Glendale has stabilized after several years of significant price increases. Condominium median sales prices increased by 9% from June 2006 to June 2007, while single family detached home prices decreased by 2% during the year. The long term impact of rising prices has been much greater. Condominium median sales prices increased 79% from June 2003 to June 2007, while single family detached home prices increased by 62%. In June 2007 the median sales price of a condominium in Glendale was $465,000 and the median sales price of a single family detached home was $745,000. Despite historically low interest rates, these price increases have made it extremely difficult for entry-level first time homebuyers to purchase in this market.

Interest in home ownership remains strong as evidenced by hundred of applicants that applied for Owner New Construction developments in recent years and hundreds of participants that attended FTHB Classes. Staff continues to market the FTHB program, searching for the small niche of buyers who could use the program.

In the meantime, the Housing Authority has been aggressive in developing new construction affordable homeownership projects for low and moderate income households as those described above by working with unique developers (Habitat for Humanity) and by leveraging funding sources such as New Market Tax Credits.

HOME Funded Down Payment Assistance:

The other down payment assistance program available is the ADDI Program which is funded through federal HOME funds and targets low income home buyers at 80% and below AMI. In Glendale the ADDI program is only feasible to purchasers of newly constructed Habitat for Humanity homes as these homes are heavily leveraged and subsidized home through Habitat and various donors and volunteer labor.

ADDI downpayment and closing cost funds were committed to 14 large, low-income households in 2006-07. These units are found in the 900-910 Palmer and 711-715 Kenwood Habitat projects as described in the Owner New Construction section of this report.

Servicing of Loans:

Loan servicing of 141 FTHB loans was transferred from Washington Mutual Bank to Community Reinvestment Fund in January 2007. (An additional 23 loans in the portfolio were transferred from Washington Mutual and are now serviced by Housing Authority staff. These loans are deferred-payment, soft second loans funded by both Redevelopment and HOME funds that do not have a monthly payment obligation.)

In 2006-07 eight loan payoffs (3 prior to and 5 after the loan transfer) repaid $242,000 in principal and $499,000 in appreciation share to the Redevelopment Set-Aside fund. These funds were made available for additional Redevelopment Set-Aside affordable housing activities. At the end of 2006-07 there are 136 loans required to make monthly payments into the fund.

II) Increasing Affordable Rental Opportunities

During 2006-07, progress was made in creating new affordable rental opportunities in Glendale. In 2006-07 investment was made in two new construction rental development projects, and development projects that received funding in previous years continued to make progress toward completion. An increasing number of rental projects are relying on both Redevelopment Set-Aside and HOME funds for financing assistance.

The annual rental assistance subsidy normally provided to the Palmer House senior housing apartments was suspended in 2006-07 as explained below.

A) New Construction of Rental Housing

In 2006-07, the Housing Authority oversaw the initiation, continuation, or completion of six new rental housing development projects for low and very-low income (equal to or less than 80% and 50% AMI) renter households. Descriptions below summarize the affordable renter projects.

Projects Completed in FY 2006-07

1855 S. Brand Blvd. (Metropolitan City Lights)

This project is located in the San Fernando Road Corridor Redevelopment Project Area (SFRCRPA.) In February 2005 the Housing Authority executed an Affordable Housing Agreement with Metropolitan City Lights in support of a 65-unit affordable family rental housing project at 1855 S. Brand Blvd. The project is reserved for families with incomes below 50% AMI and includes 16 two-bedroom units and 49 three-bedroom units. The Authority committed $5.8

million to the project which included $2.0 million in HOME funds and $3.8 million in Redevelopment Set-Aside funds. Additional financing was provided through a combination of tax credits, developer equity, and other leveraged funding issued by agencies such as the State of California, Federal Home Loan Bank of San Francisco, and the County of Los Angeles. The project broke ground in May 2005 and was completed in June 2007. It is now fully occupied. A lottery selection process was used to select potential renters, following extensive outreach. A total of 4,252 rental applications were received for the 65 units.

Projects in Progress in FY 2006-07

Metro Loma

This project is located in the SFRCRPA. In July 2006 the Housing Authority executed a Letter of Loan Commitment for the amount of approximately $5 million dollars with Metro Loma, a California Limited Partnership, in support of development of a 44 unit affordable family rental housing project at 328 Mira Loma Avenue. This site is adjacent to the 1855 Brand Project described above and would be developed by the same partners in a new joint venture partnership. The developers have obtained commitments for 9% tax credits for the project and will provide developer equity to the project. Additional funding is being requested from the County of Los Angeles through City of Industry funds. In July 2006, HOME funds in the amount of $1.8 million were transferred to this project and reimbursed the Redevelopment Set-Aside Fund, leaving a Set-Aside investment of $3.2 million. An Affordable Housing Agreement and a Ground Lease with the Housing Authority were approved in January 2007. Construction began in June 2007. The project is expected to be complete in June 2009.

The project is targeted to serve large, low income households which is a high priority group identified in the "2005-10 Consolidated Plan." Amenities, including a recreation/open space area, are incorporated into the design of the project.

3673 San Fernando Road

This project is located in the SFRCRPA. This project was initiated in July 2007. The Housing Authority executed a Letter of Loan Commitment with Glendale City Lights in support of development of a 68 unit affordable family rental housing project. The developer, who recently completed Metropolitan City Lights and broke ground on the Metro Loma project in July, is in escrow to purchase the property. The development would serve lower income family rental households. The developer has obtained all zoning entitlements and is pursuing tax credit financing at this time. It is expected that eventually the project will be funded with both Redevelopment Set-Aside Funds and HOME funds.

HOME Funded Ownership Project Underway in 2006-07:

East Garfield Neighborhood Revitalization-Garfield Gardens Rental Project

The Authority has committed approximately $3.7 million in HOME funds for acquisition of property and new construction of affordable rental housing within the East Garfield Neighborhood revitalization area. The East Garfield Neighborhood area is a four-block area with a number of auto dealer and auto repair related uses, as well as other small businesses on its periphery and residential properties ranging from single-family to medium density multifamily residential units. A public middle school is located on the southern edge of the neighborhood area.

Issues/concerns that were identified for this neighborhood area include crime, deferred property maintenance, substandard housing, density, vacant/undeveloped land, lack of open space, parking (onsite and offsite), condition of street lighting, sidewalks, streets, and curbs, and traffic circulation/alley improvements. A revitalization plan was developed to address many of these concerns in a multi-disciplinary manner, which would involve code enforcement, rehabilitation of housing units, improvement of public infrastructure, consideration of zoning standards, creation of open space, land banking, and the construction of affordable housing designed to raise the quality of life of residents. A site initially considered for ownership housing was ultimately purchased using Community Development Block Grant funding reimbursed back to the Housing Authority and is being developed into a park area.

In the Fall of 2005, the Housing Authority issued a Request for Proposals from affordable housing developers for new construction of approximately 20 – 30 units of affordable rental housing on the remaining three parcels at 295, 305 and 307 E. Garfield. Thomas Safran and Associates was selected as the intended developer through this process. The Housing Authority has entered into a Letter of Loan Commitment and a Lease Option with Garfield Gardens, a limited partnership, to develop a 30 unit family rental project to serve low income, large related renter households and to assist in neighborhood revitalization efforts. The developer is now pursuing tax credit and other financing. If the tax credits are awarded in October 2007, construction should begin in January 2008 and be complete by December 2008.

<u>6206 San Fernando Road</u>

This project is located in the SFRCRPA. In September 2004 the Housing Authority acquired property located at 6206 San Fernando Road. As a result of deferred property maintenance and substandard housing concerns, this property was subject to numerous code enforcement actions over the past 20 years. The Housing Authority committed $3.5 million of Redevelopment Set-Aside funds to this project for acquisition and related relocation expenses for 28 households which was completed in 2005-06. Each household was provided with a rental assistance payment, a fixed moving payment, and technical assistance in finding comparable, appropriate housing. The Housing Authority approved the Relocation and Last Resort Housing Plan for 6206 San Fernando Road last program year following required public review and comment.

The Housing Authority provided a predevelopment loan to the developer, United Cerebral Palsy of Los Angeles and Ventura Counties (UCP), to construct 24 permanent affordable units. Several financing layers have been committed including HUD 811 Program funds, developer equity, and State MHP funds. During 2005-06 the project was transferred from Redevelopment Set-Aside funding to HOME funds with repayment of the Redevelopment Set-Aside funds. The new construction renter development proposed on this site is anticipated to contribute to revitalization of the surrounding neighborhood as well as provide special needs housing (for the developmentally disabled). The entitlement process and the financing plan are being finalized and the Housing Authority will consider a DDA in the fall of 2007. If the DDA is approved, construction would begin in January 2008 and be completed by December 2008. The Glendale Housing Corporation is a subsidiary of UCP and has been certified as a CHDO for the purpose of creating community based housing in Glendale, specifically the 6206 San Fernando project.

<u>615 Chester Street</u>

The Housing Authority has been approached by the Salvation Army regarding Housing Authority assistance in developing a 4-unit permanent supportive housing project for formerly homeless families with disabilities. Each unit would have 2 bedrooms. The Salvation Army had identified and acquired a site for the proposed project located at 615 Chester, and secured additional financing from the HUD Supportive Housing Program. The project is in its preliminary design phase, and the parties continue to refine the financial feasibility of this proposal. A preliminary estimate of Housing Authority's assistance is approximately $660,000 in HOME funds. An Affordable Housing Agreement for this project will be considered by the Housing Authority in the fall of 2007. If approved, the project will start construction in December 2007 and be completed by June of 2008.

B) Multifamily Rental Assistance

Palmer House

The Housing Authority uses Redevelopment Set-Aside funds to provide annual rent subsidies for Palmer House, a 22-unit low-income senior housing project. The total subsidy is $87,000 a year for 30 years beginning in 1992.

During 2006-07, the Housing Authority did not provide a rental subsidy to the project. This was due to the fact that Palmer House was unable to make its annual ground lease payment to the Housing Authority. When the lease payment is not received, the Housing Authority is not required to pay the subsidy. It became clear that due to the extremely low income tenant incomes in the apartments and the project's corresponding low rent structure, the development is experiencing long term financial difficulties. The project has now come to the end of the 15 year tax credit term. Financial difficulties have become a common challenge for the early tax credit projects developed in the 1990's, such as this one. They are typically requiring some type of financial restructuring. The Housing Authority is working with the owners of the property (a partnership formed by Edison Capital and Southern California Presbyterian Housing) to determine appropriate steps to establish long term project financing to guarantee continued affordability for the required 55 year term.

C) Special Programs

The Housing Authority also administers several special programs to assist the unique needs of renter households in Glendale.

Code Enforcement

Code enforcement efforts during 2006-07 resulted in the improvement and preservation of housing for low and moderate-income households in targeted areas. The code enforcement program was augmented with an allocation of approximately $1.1 million of Redevelopment Set-Aside funds. FY 2006-07 was the sixth year of the augmentation program.

Section 8 Dwelling Repair and Moving Assistance Grants

The Dwelling Repair Grant program was originally created to assist rental owners and property management agents to correct minor habitability deficiencies necessary for the rental unit to qualify for Section 8 or Shelter-Plus Care rental subsidies. The multi-year reimbursement program was phased out. In late 2006-07 the program was re-funded with $50,000 of Redevelopment Set-Aside funds in order to provide an incentive for owners/managers to rent to the limited number of renters who had recently been awarded a Section 8 voucher and were searching for an appropriate unit. These renters are having an increasing difficulty in finding a unit as the rents in Glendale have increased over the years and the Section 8 payment standard has remained the same. Under the new guidelines of the program, the Housing Authority would provide a single grant up to $1,000 for new units to meet habitability requirements for those new voucher holders. No grants were provided in 2006-07.

Moving Assistance Grants assist Section 8 Housing Choice Voucher holders with required moving costs to secure an affordable rental unit. The grants were available to reimburse one-half of actual expenses up to $2,500. During 2006-07, the Housing Authority assisted 2 households with a Moving Assistance

Grants and expended approximately $2,000 in Redevelopment Set-Aside funds.

Households assisted by these two programs are typically extremely low income (less than or equal to 30% AMI).

LIFERAP and ERAP

To assist working families and prevent homelessness, the Housing Authority offers two rental assistance programs. The Low-Income Family Employment and Rental Assistance Program (LIFERAP) provided rental assistance and subsequent career development assistance to eligible families using a one-time Redevelopment Set-Aside funding allocation of $1,637,000. The program provides up to thirty-six (36) months of rental assistance to low income-working families with incomes below 60% AMI, freeing up limited household resources to devote to education or job training activities. Participating households pay 30% of their income in rent, and Redevelopment Set-Aside funds fill the rent payment gap. A case manager works with participants to develop strategies and link them to resources to assist them in raising the household's income, ultimately leading the household to self-sufficiency and reducing or eliminating the family's housing cost burden. A component of the LIFERAP Program is a mandatory savings program designed to serve as a resource for certain, allowable expenses that will aid in achieving the goal of income growth, overall support employment, training, education activities, financial growth, and family well-being. During 2006-07, 59 households were assisted through this program.

The Emergency Rental Assistance Program (ERAP) provides short-term rental assistance to households with incomes below 80% AMI that experience a housing crisis due to a demonstrated catastrophic event such as an illness, injury, or job loss. The one-time Redevelopment Set-Aside funding allocation for ERAP was $98,520. Participating households pay 30% of their income in rent, and Redevelopment Set-Aside funds fill the rent payment gap. The program is intended to provide temporary assistance for 3 to 12 months for households whose housing cost was affordable prior to the presenting crisis. ERAP assisted six households during 2006-07 and expended $6,200.

III) Preserving and Maintaining the City's Existing Affordable Housing Stock

A) Single Family Rehabilitation Program

The Home Owner Rehabilitation Loan Program has four loan and grant products to assist eligible property owners with repairs and improvements to their homes as described below. During 2006-07, 30 homes were rehabilitated through this program. Household incomes of property owners assisted were as follows: 5 households were extremely low income (less than or equal to 30% AMI), 8 households were very low income (greater than 30% and less than or equal to 50% AMI), 15 were low income (greater than 50% and less than or equal to 80% AMI), and 2 were moderate income (greater than 80% and less than or equal to 120% AMI). Redevelopment Set-Aside funds in the amount of approximately $480,000 were expended for this program in 2006-07. No HOME funds were expended for this program in this program year.

Senior Rehabilitation Grant: Grants of up to $10,000 are available for eligible low-income senior homeowners for the purpose of making health and safety improvements to their homes. Grants are available to eligible households whose income is equal to or less than 80% AMI.

Disabled Rehabilitation Grant: Grants up to $10,000 are available for low income homeowners/renters living with disabilities to make handicap accessibility modifications to single family homes or single apartment units. Grants are available to eligible households whose income is equal to or less than 80% AMI.

Single Family Rehabilitation Loan: Low-interest deferred repayment rehabilitation loans of up to $25,000 are also available to eligible households whose income is equal to or less than 80% AMI. In addition, in designated target neighborhoods within the City of Glendale, low-interest rehabilitation loans of up to $25,000 are available to eligible households whose income is equal to or less than 120% AMI. Repayments of the loans are deferred until title is transferred on the property.

Lead Based Paint Hazard Reduction Grant: The Housing Authority provides grants of up to $10,000 to property owners for lead hazard reduction. The grant is provided in addition to other assistance provided by the Housing Authority and is mandatory with all federal HOME program related activity and available as an elective for Redevelopment Set-Aside funded projects.

B) Multifamily Rehabilitation

The Multifamily Rehabilitation program provides two types of loans. The first type provides forgivable low-interest loans of up to $14,500 per unit and up to $100,000 maximum per project to multifamily property owners for the purpose of improving their rental housing units. In return for the loan, the Housing Authority requires that the units be rented to low-income tenants at affordable rental rates for a prescribed number of years. In 2006-07 no loans were funded during the year. The rent limitations set by the State are significantly below the market rate developers can obtain for the units. The fair market rent level set by the federal government in Glendale for a 2 bedroom unit is $1,269. Actual rental units rent for a significantly higher amount, typically $1,400 and above. The permitted rent (including utility allowance) for a 2 bedroom unit subject to Redevelopment Set-Aside rent levels is $764 for a low income household. Property owners are no longer interested in the benefits of the City's multi-family rehab program because of the low rent levels. The program is no longer feasible in Glendale under current market conditions.

The second type provides low interest residual receipts loans to non-profit affordable housing providers for the purpose of acquiring and/or rehabilitating rental properties. Rent levels and income levels of renters are restricted in return for this loan. While no Redevelopment Set-Aside funds were expended for this second type of loan in 2006-07, one HOME funded project is in progress as described below.

HOME Funded Nonprofit Multi-Family Rehabilitation Project Underway in 2006-07:

Geneva CHDO

The West Hollywood Housing Development Corporation has been designated as a City of Glendale CHDO. The Housing Authority reserved $127,000 in HOME CHDO funds in 2006-07 for rehabilitation and rental of two low income housing units located at 624-630 Geneva Street by West Hollywood. The project is anticipated to begin construction in October 2007 and be completed by March of 2008.

IV) Continuum of Care for the Homeless

A Continuum of Care strategy is used to address the needs of homeless persons in the City of Glendale. The Glendale Homeless Coalition is a partnership between public and governmental agencies, local non-profits and community organizations, the business community, concerned residents, and formerly homeless individuals. The Continuum of Care conducted an unduplicated count of homeless persons in January 2007 and determined that there are 296 homeless men, women and children on any given day. Fundamental components of the Continuum of Care include prevention, outreach and assessment, supportive services, transitional housing and permanent housing programs.

A) Emergency Shelter – PATH Achieve Glendale

PATH is a nonprofit organization that provides services to the homeless in Glendale and in other communities. In Glendale, they operate Achieve Glendale, a homeless services access center which includes a 40-bed emergency shelter, family transitional housing, street outreach team, and permanent supportive housing programs for disabled and chronically homeless persons.

In 2005-06 the Housing Authority committed $250,000 for a five year operating subsidy to the non-profit organization Project Achieve to provide assistance to the homeless in Glendale. After one year of operations, in 2006-07 this commitment was transferred to PATH. During 2006-07, PATH Achieve Glendale assisted approximately 200 unduplicated homeless individuals.

IV) Administrative Activities

A) Inclusionary Zoning

In 1975 and 1976 California Community Redevelopment Law was amended to address the concern that the redevelopment process often resulted in the development of market rate housing units within redevelopment project areas to the exclusion of affordable housing for very low, low, and moderate-income households. To mitigate against this impact, legislators approved a measure that subjects redevelopment project areas adopted after January 1, 1976 to housing production requirements, more commonly known as inclusionary housing requirements. This measure ensures that a percentage of all units developed in the project area are affordable to very low and low/moderate-income households. The Central Glendale Redevelopment Project Area was adopted in 1972 and amended in 1975; thus, it is not subject to the inclusionary housing requirement. However, the SFRCRPA, which was adopted in 1992, is required by law to meet the inclusionary housing requirement.

Historically, the SFRCRPA has not included the development or substantial rehabilitation of housing since the area is zoned for commercial and industrial uses. However, in August 2004 the Glendale City Council adopted zoning changes that have generated greater interest and facilitated housing development in the project area.

Concurrent with the zoning changes, the City Council, Glendale Redevelopment Agency and Housing Authority approved a policy with regard to the state-mandated inclusionary requirement in the SFRCRPA. The policy requires that the inclusionary requirement be met on a project-by-project basis using one of four alternatives. The inclusionary requirement could be met:

1. On-site;
2. Off-site and inside the project area;
3. Off-site and outside the project area; or
4. By paying a fee in lieu of building the units.

In cases where the in lieu fee alternative is chosen, the Housing Authority would utilize the funds to develop the requisite affordable inclusionary units. This policy will ensure that the SFRCRPA inclusionary requirement can be satisfied within the time period specified by state law. Staff presented an update report to the Housing Authority indicating that no development, other than affordable units, were developed in the SFRCRPA at that time and no fees had been received. In 2006-07 as a result of completion of the Metro City Lights affordable housing development (described above), an inclusionary obligation for 9.75 units was incurred and met onsite.

Nine new residential projects comprising approximately 629 housing units have been brought forth for initial review by the City (in addition to two already completed projects with 85 housing units.) These proposed projects would incur the inclusionary requirement through either construction of a percentage of affordable units or through payment of an in-lieu fee.

B) Affordable Housing Impact Reviews

Staff reviewed approximately 90 entitlement applications, including condominium conversions, subdivision tract map requests, design review applications, and rezoning requests for their impact upon the supply of affordable housing in Glendale and potential displacement of tenants in 2006-07.

C) Professional Organizations

The Housing Authority was active in professional advocacy organizations including Southern California Association of Non-Profit Housing, California Housing Consortium, California Redevelopment Association, National Association of Housing Redevelopment Officials, the Housing Authorities Association of Southern California, and others.

D) Monitoring

The programs and policies adopted for each program described in this report reflect the needs of all income groups, ages, and unit types. In addition, the loan agreements for these projects contain covenants that ensure affordability at the property for a defined time. To facilitate quality portfolio management after project completion, staff regularly monitors existing projects. Staff conducts physical, financial, and occupancy monitoring reviews to guarantee that loan recipients serve the intended populations and are in compliance with the loan agreement terms. Annual on-site inspections include the following activities:

- Property Inspection: Staff works closely with the City's Code Enforcement section to perform on-site inspections of assisted affordable rental housing units and ensure compliance with local housing codes.
- Tenant Income and Rent Review: Rent rolls, income source documents, tenant statements of income, and sample files are reviewed for compliance with loan requirements.
- Review of compliance with other Housing Authority provisions: Staff reviews the owner's annual report, management plan, tenant selection plan, lease, insurance levels, affirmative marketing efforts, residual receipt payments, and other issues for compliance.

If a property does not conform to the expectations regarding local housing codes, federal Housing Quality Standards, tenant income and rents, and other loan provisions, staff notifies the property owners that they are out of compliance with their loan agreement. Staff then works with the owners to bring the project into compliance. If the property is not brought into compliance within a reasonable time period, the Housing Authority has the right to begin action against the property owners, including but not limited to accelerating repayment of the loan or immediately calling the loan due and payable.

The portfolio management and monitoring process not only protects the Housing Authority's investment, it also encourages positive relationships between owners, tenants, the community, and City staff. In addition, monitoring provides an opportunity to review the overall health of the portfolio and better gauge the impact of the funded projects.

WORK PROGRAM – FISCAL YEAR 2007-08

I) Increasing Affordable Home Ownership Opportunities

A) <u>New Construction of Ownership Housing</u>

Ownership housing projects described as "In Progress" above will continue. The Housing Authority budgeted approximately $1.8 million of Redevelopment Set-Aside funds and $600,000 of federal HOME funds (a total of $2.4 million) to facilitate development of additional affordable home ownership units in 2007-08.

However, in the first quarter of 2007-08 a new construction rental development project was initiated at 3673 San Fernando Boulevard. The 2007-08 New Construction Ownership funds were reallocated for this rental development project described below.

B) <u>Home Buyer Education Classes</u>

Six to nine seminars on "How to Buy a Home" will be provided serving approximately 190 home buyers. One of these classes will be presented in the Armenian language and another will be presented in the Spanish language.

C) <u>Downpayment and Closing Cost Assistance Programs</u>

Approximately $400,000 of Redevelopment Set-Aside funds carried over from previous years will be available to fund 5 FTHB loans. Due to the high cost of entry level resale homes in the City of Glendale, the FTHB program has not been feasible for most moderate income home buyers in the current housing market. Significant changes in the resale housing market that would increase feasibility of the program for moderate income home buyers are not anticipated in the next year.

The American Dream Down Payment Assistance Initiative (ADDI) is funded through the federal HOME program. In 2007-08, the ADDI program will provide $26,700 to the Housing Authority which for approximately two down payment and closing cost assistance loans. These loans will be provided to purchasers of new construction ownership housing developments targeted to low income home buyers.

II) Increasing Affordable Rental Opportunities

A) New Construction of Renter Housing

Rental housing projects described as "In Progress" above will continue. In 2007-08 the Housing Authority has allocated $1.0 million of Redevelopment Set-Aside and $2.7 million of federal HOME funds to develop and/or acquire/ rehabilitate 30 affordable rental housing units. An additional $1.8 million of Redevelopment Set-Aside funds and $600,000 of federal HOME funds were reallocated from New Construction of Ownership Housing to this program for the project described below.

In the first quarter of 2007-08 a new construction rental development project was initiated at 3673 San Fernando Boulevard. The developer is also the co-developer of the Metro City Lights and the Metro Loma projects described above. The project will create 68 units of family rental housing. New Construction Renter Housing funds were appropriated for this project through a letter of loan commitment in 2007-08. The developer is currently pursuing entitlements and financing through tax credit and other funding for the project.

B) Multifamily Rental Assistance

Rental assistance has been committed to the 22 unit Palmer House senior apartments serving very low income households. It is anticipated that during 2007-08 issues related to the need for financially restructuring the project will be resolved.

C) Special Programs

1) Code Enforcement

For 2007-08, the code enforcement augmentation program will use a $1.1 million Redevelopment Set-Aside allocation to improve and preserve housing for low and moderate-income households.

2) Section 8 Dwelling Repair and Moving Assistance Grants

In 2007-08 the Housing Authority has allocated no new funds for the Section 8 Dwelling Repair and Moving Assistance Grants. Carryover funds from previous years in the amount of $50,000 for the Dwelling Repair Grant Program and $23,000 for the Moving Assistance Grant Program are available to provide moving assistance to a total of 86 Section 8 Housing Voucher households.

3) LIFERAP and ERAP

LIFERAP will use carryover funding for a third year of a 3-year allocation of $1.637 million providing rental assistance to approximately 55 households during 2007-08. ERAP will use $13,000 in carryover funds, which is the remainder of a one-time allocation in Redevelopment Set-Aside funds, in order to assist 3 households in need of emergency housing assistance to prevent homelessness due to an unanticipated, catastrophic event in their lives.

III) **Preservation of Affordable Housing Stock**

A) Home Owner Rehabilitation Loan Program

In 2007-08 the Housing Authority has allocated approximately $700,000 of Redevelopment Set-Aside and no federal HOME funds to provide 51 homeowner rehabilitation loans and/or grants.

B) Multi-Family Rehabilitation Loan Program

In 2007-08 the Housing Authority has allocated $100,000 of Redevelopment Set-Aside and no federal HOME funds to rehabilitate 10 affordable rental housing units.

IV) **Continuum of Care for the Homeless**

A) Emergency Shelter – PATH Achieve Glendale

PATH, a nonprofit service provider to the homeless, will use carryover funding provided for the third year of a five year total allocation of $250,000 of Redevelopment Set-Aside funds to continue operations of the PATH Achieve Glendale project. The nonprofit sponsors a 40-bed emergency shelter, family transitional housing, street outreach team, and permanent supportive housing programs for disabled and chronically homeless persons. The subsidy assists PATH ACHIEVE to serve approximately 200 unduplicated homeless individuals during the year.

V) **Administrative Activities**

A) Inclusionary Zoning

As new housing development projects are proposed in the SFRCRPA, staff will implement the Housing Authority's inclusionary housing policies. One element of these policies is to review and approve inclusionary housing plans for construction of any new residential units in the Project Area.

B) Affordable Housing Impact Review

Staff will review entitlement applications, including condominium conversions, subdivision tract map requests, design review applications, and rezoning requests for their impact upon the supply of affordable housing in Glendale and potential displacement of tenants.

C) Professional Organizations

The Housing Authority will remain active in professional advocacy organizations including Southern California Association of Non-Profit Housing, California Housing Consortium, California Redevelopment Association, National Association of Housing Redevelopment Officials, the Housing Authorities Association of Southern California, and others.

D) Monitoring

Staff will continue to perform financial, physical, and occupancy eligibility monitoring reviews of completed affordable housing, rehabilitation, and FTHB projects/loans.

RECOMMENDATIONS FOR NEEDED STATE LEGISLATION

(not covered by independent auditors' report)

Affordable housing legislation greatly impacts the production and development of affordable housing units. The following are recommendations for changes needed to state legislation:

1. More favorable, less restrictive legislation is needed to facilitate the development of affordable housing (i.e. adjustment to prevailing wage requirements).

2. Local governments need effective financing mechanisms to provide services and infrastructure. At present, there are insufficient revenues from new housing units to provide the additional services required by new residents.

3. Affordable housing needs reliable, ongoing funding. Unmet housing needs require more ongoing funding streams to generate the resources necessary to produce additional units. Proposition 46 and Prop 1-C bond funding provides one-time capital funding assistance, but a continual, reliable source of funding for housing construction and supportive services should be identified.

4. Affordable Housing Cost restrictions on the use of Redevelopment Set-Aside funds result in rent levels that are inconsistent and considerably lower than other affordable housing programs. This limit also results in underwriting standards for FTHB programs that are considerably lower than other affordable housing programs and unworkable in the current housing market