SENATE BILL 341

ANNUAL REPORT

Coronado Housing Successor

Report for Fiscal Year 2020-21

4/12/2022

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INTRODUCTION

The City of Coronado ("City") is the Housing Successor Agency ("Housing Successor") to the former Community Development Agency of the City of Coronado ("Agency"). The Housing Successor elected to take on the housing-related responsibilities of the Agency following its dissolution in 2012. The former Agency's affordable housing rights, powers, assets, liabilities, duties, and obligations, excluding any amounts in the Agency's Low and Moderate Income Housing Fund, were transferred to the Housing Successor.

This Housing Successor Agency Annual Report ("Annual Report") contains information on Fiscal Year ("FY") 2020-21 finances and activities as required by Health and Safety Code ("HSC") Section 34176.1(f). FY 2020-21 is the second year of the new five-year compliance period for income proportionality, which runs from FY 2019-20 to the end of FY 2023-24. This Annual Report details how the Housing Successor has met all requirements for expenditures by income level in FY 2020-21. The Housing Successor compiled with all requirements from the first five-year compliance period, which began on January 1, 2014 and ended on June 30, 2019.

The Annual Report is due to the California Department of Housing and Community Development ("HCD") by April 1 annually, and must be accompanied by an independent financial audit. The City's audited financial statements will be posted on the City website when available.

HOUSING SUCCESSOR REQUIREMENTS

Senate Bill ("SB") 341[1] and subsequent legislation enacted several requirements for housing successor agencies. Housing successors must comply with three major requirements pursuant to HSC Section 34176.1:

[1] 2013-14 legislative session

1. Expenditures and housing production are subject to income and age targets.

2. Housing successors may not accumulate an "excess surplus," or a high balance based on certain thresholds.

3. Properties must be developed with affordable housing within five to ten years of being approved for transfer from the former redevelopment agency to the housing successor.

The requirements are designed to ensure that housing successors are actively utilizing former Agency housing assets to produce affordable housing. Appendix 1 provides a detailed summary of the reporting requirements that are addressed in this Annual Report.

ASSETS TRANSFERRED TO HOUSING SUCCESSOR

Upon the statewide dissolution of redevelopment in 2012, all rights, powers, committed assets, liabilities, duties, and obligations associated with the housing activities of the Agency were transferred to the Housing Successor. The Housing Successor prepared a Housing Asset Transfer Form ("HAT") that provided an inventory of all housing assets transferred from the Agency to the Housing Successor. The Housing Successor's HAT is included in Appendix 2.

In the original HAT dated August 1, 2012, the Agency listed 73 assets for transfer to the Housing Successor. With approval from the California Department of Finance ("DOF"), the Agency removed 19 low mod encumbrances and two affordable housing grants that were for a development on 924 Orange Avenue. The Agency removed the low mod encumbrances because they were included in the HAT by error; the Agency also removed the two housing grants from the HAT after they determined that the grants were paid for by the City (and not by the former Agency) in 1993. The Agency drafted a revised HAT on September 12, 2012 reflecting the revisions and listing the 51 remaining assets for transfer to the Housing Successor. On February 15, 2013, the DOF issued a letter of determination approving the revisions made along with the transfer of 52 assets from the Agency to the Housing Successor. The assets transferred consist of:

- 22 Real Properties;
- 6 Items of Personal Property;
- 16 Loans Receivable; and

- 8 Rental and Leasing Agreements.

HOUSING ASSET FUND ACTIVITY

Former Agency assets, and the revenues generated by those assets, are maintained in the Housing Successor's Low and Moderate Income Housing Asset Fund ("Housing Asset Fund").[2] Housing Asset Funds may be spent on:

- **Administrative costs** up to $200,000 per year adjusted for inflation, or 5% of the statutory value of real property owned by the Housing Successor and the value of loans and grants receivable from the HAT ("Portfolio"), whichever is greater. According to HCD, the $200,000 allowance adjusted for inflation in FY 2020-21 is $223,400. The Housing Successor had $6,117,708 in loans and grants receivable and no real properties as of June 30, 2021. The Housing Successor's expenditure limit for administrative cost for FY 2020-21 is $305,885 (5% of $6,117,708).

- **Homeless prevention and rapid rehousing services** up to $250,000 per year if the former Agency did not have any outstanding housing inclusionary or replacement housing production requirements. The former Agency did not have any outstanding inclusionary housing production requirements. Therefore, the Agency's spending limit for homeless prevention and rapid rehousing services in FY 2020-21 is $250,000.

- **Affordable housing development** assisting households up to 80% of the Area Median Income ("AMI"), subject to specific income and age targets.

  Five-Year Income Proportionality: If any Housing Asset Funds are spent on affordable housing development, it triggers a requirement to spend at least 30% of such expenses assisting extremely low income households (30% AMI) and no more than 20% on low income

[2] The Housing Asset Fund replaced the former Agency's Low and Moderate Income Housing Fund.

households (between 60-80% AMI) per five-year compliance period. The current five-year compliance period runs from FY 2019-20 through FY 2023-24.

Note that housing successors must report expenditures by category each year, but compliance with income proportionality limits is measured every five years. For example, a housing successor could spend all its funds in a single year on households earning between 60-80% AMI, as long as it was 20% or less of the total expenditures during the five-year compliance period.

Ten-Year Age Proportionality: If more than 50% of the total aggregate number of rental units produced by the City, Housing Successor, or former Agency during the past ten years are restricted to seniors, the Housing Successor may not spend more Housing Asset Funds on senior rental housing.

Appendix 3 describes Housing Asset Fund expenditure requirements in more detail, including the types of costs eligible in each category.

EXPENDITURE LIMIT COMPLIANCE

The Housing Successor complied with all Housing Asset Fund spending restrictions in FY 2020-21, including five-year compliance period income targeting requirements.

- The Housing Successor spent a total of $84,981 in administrative costs, which is less than the $298,672 spending restriction.[1]
- The Housing Successor spent a total of $41,822 on homeless prevention and rapid rehousing which is less than the $250,000 annual spending restriction.[1]
- No affordable housing development-related expenditures were made in FY 2020-21. Therefore, five-year compliance period income targets do not apply and the Housing Successor is in compliance.

[1] Due to rounding, the sum of the separate items may not correspond with the total expenditure amount.

The Housing Successor will ensure it meets all expenditure requirements going forward, including throughout the remainder of the current five-year compliance period ending on June 30, 2024.

Failure to comply with the extremely low income requirement in any five-year compliance period will result in the Housing Successor having to ensure that 50% of remaining funds be spent on extremely low income rental units until in compliance. Exceeding the expenditure limit for low households earning between 60-80% AMI in any five-year reporting period will result in the Housing Successor not being able to expend any funds on these income categories until in compliance.

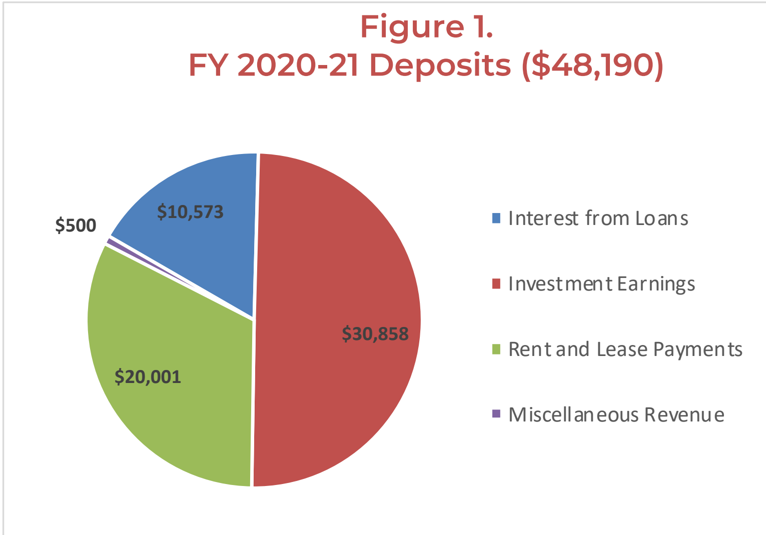
SENIOR RENTAL HOUSING LIMIT COMPLIANCE

Over the last ten years, the Housing Successor has not assisted any deed-restricted rental units. Therefore, the Housing Successor complies with the limit of allowing no more than 50% of the total aggregate number of rental units produced within the preceding ten years to be restricted to seniors.

DEPOSITS AND FUND BALANCE

The Housing Successor deposited $48,190 into the Housing Asset Fund during FY 2020-21.[3] As illustrated in Figure 1, revenues consist of $20,001 in rent and lease payments, $30,858 in investment earnings, $10,573 in interest from loans, and $500 from miscellaneous sources.

3 Due to rounding, the sum of the separate figures may not correspond with the total amount deposited.



As of the end of FY 2020-21 on June 30, 2021, the Housing Asset Fund had an ending balance of $2,970,698. Table 1 below details the Housing Asset Fund's ending balance and composition.

Table 1 Housing Asset Fund Ending Balance FY 2020-21		
Balance Type		**Amount**
Cash		2,756,627
Disbursement Cash and Payroll Cash		(665,877)
Interest Receivable		3,649,393
Loans Receivable		6,117,709
Deferred Revenue		(8,967,102)
Unrealized Gain/Loss		3,408
Accounts Receivable		76,540
Ending Balance[1]	**$**	**2,970,698**

[1] The sum of the figures may be adjusted for rounding

Source: Low and Moderate Housing Fund Trial Balance Summary by Fund (6/30/21) and City Response to Data Request

EXCESS SURPLUS

The Housing Asset Fund may not accumulate an "excess surplus", which is an unencumbered amount that exceeds the greater of $1 million or the sum of deposits in the prior four fiscal years. This requirement ensures that housing successors are actively spending available Housing Asset Funds on affordable housing. Each excess surplus must be expended or encumbered within three fiscal years of the end of the fiscal year in which the excess surplus was accrued. If a housing successor fails to comply, it must transfer any excess surplus to HCD within 90 days of the end of the third fiscal year.

The Housing Successor has accumulated excess surpluses in fiscal years 2017-18, 2018-19, and 2019-20. As of the end of FY 2019-20, the Housing Successor had accumulated excess surpluses of $385,688, $544,138, and $357,033 for fiscal years 2017-18, 2018-19, and 2019-20, respectively. It should be noted that each excess surplus must be accounted for separately. As such, the reduction for the previous excess surplus is reduced from the available funds as to double count the excess surplus funds or available fund balance.

Table 2 illustrates how the Housing Successor has reduced its FY 2017-18 excess surplus from an original balance of $712,750 as of June 30, 2018 to $385,688 as of June 30, 2021 through administrative expenditures in fiscal years 2017-18, 2018-19, and 2019-20. HSC Section 34176.1(d) requires an excess surplus to be encumbered within three years. If after the third year the excess surplus has not been fully encumbered, the remaining balance of the excess surplus is to be transferred to HCD within 90 days. HCD is permitted to use these transferred excess surplus funds anywhere in the State under its Multifamily Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program. The Housing Successor did not eliminate its FY 2017-18 excess surplus by June 30, 2021 and therefore must transfer these funds to HCD. Housing Successor consultants asked HCD about the process to remit excess surplus in August 2021 and followed up in March 2022. HCD has assigned a specialist to research the question and indicated they will develop a response in a timely manner. Housing Successor staff will remit the 2017-18 excess surplus to HCD in the manner prescribed.

Table 2
FY 17-18 Excess Surplus Elimination

Fiscal Year	**2017-18**
Excess Surplus (Beg. of FY 17-18)	$ 712,750
Expenditures	
FY 17-18 Administrative Costs	$ (192,700)
Remaining Excess Surplus (End of FY 17-18)	$ 520,050
Elimination of FY 17-18 Excess Surplus	
FY 18-19 Administrative Costs	$ (110,550)
FY 19-20 Administrative Costs	$ (23,813)
Remaining 17-18 Excess Surplus	$ 385,688

Table 3 illustrates how the Housing Successor has reduced its FY 2018-19 excess surplus from $544,138 as of June 30, 2019 to $459,157 as of June 30, 2021.

Table 3 FY 18-19 Excess Surplus Elimination	
Fiscal Year	**2018-19**
Excess Surplus (Beginning of Year)	$ 544,138
Expenditures[1]	
FY 20-21 Administrative Costs	$ (84,981)
FY 20-21 Homeless Prevention Expenses	$ (41,822)
Remaining 18-19 Excess Surplus	$ 459,157

[1] FY 18-19 and FY 19-20 administrative costs were allocated to eliminating FY 17-18 excess surplus (See table 2).

The excess surplus from FY 2019-20 remains unchanged at $357,033. The cumulative amount of excess surplus from FY 2017-18 through 2019-20 is $1,201,878. These funds must be encumbered, spent, or remitted to HCD as follows:

- FY 2017-18: $385,688 must be remitted to HCD due to not eliminating excess surplus balance by June 30, 2021
- FY 2018-19: $459,157 must be spent or encumbered by June 30, 2022
- FY 2019-20: $357,033 must be spent or encumbered by June 30, 2023.

In FY 2020-21, the Housing Successor accumulated an excess surplus amounting to $480,838 as illustrated in Table 4.

Table 4 Excess Surplus			
Step 1: Determine Unencumbered Cash Balance From Financials			
FY 20-21 Beginning Cash Balance		$ 2,776,645	
Less: Encumbered Funds		-	
Less: FY 2019-20 Remaining Excess Surplus		(357,033)	
Less: FY 2018-19 Remaining Excess Surplus		(459,157)	
Less: FY 2017-18 Remaining Excess Surplus[1]		(385,688)	
Unencumbered Amount			**$ 1,574,767**
Step 2: Determine Greater of $1M or Last 4 Deposits			
$1 Million, or		$ 1,000,000	
Last 4 years' deposits		$ 1,093,930	
2019-20	*100,124*		
2018-19	*236,675*		
2017-18	*374,617*		
2016-17	*382,514*		
Result: Larger Number			**$ 1,093,930**
Step 3: Excess Surplus is Amount Step 1 Exceeds Step 2, if Any			
(1) Unencumbered Amount		$ 1,574,767	
(2) Less: Larger Number From Step 2		$ 1,093,930	
Excess Surplus			**$ 480,838**

[1] FY 17-18 Remaining Excess Surplus amount is to be remitted to the state.

In an effort to not double count available funds, the calculation in Table 4 accounts for the remaining excess surpluses from FYs 2017-18 through 2019-20. The Housing Successor must encumber or expend its FY 2020-21 excess surplus of $480,838 by June 30, 2024 to avoid remitting funds to HCD.

TRANSFERS TO OTHER HOUSING SUCCESSORS

There were no transfers to another housing successor entity for a joint project pursuant to HSC Section 34176.1.

HOUSING SUCCESSOR PORTFOLIO

As of June 30, 2021, the portfolio balance was $6,117,709 as shown in Table 5. The Housing Successor's portfolio includes 14 loans receivable.

Table 5
Portfolio Loans Receivable

Asset	Amount
Loans Receivable	
Developer Loans	
CATPAH	523,576
Tilaro and Day Trusts	342,963
CIHC Building Loan - 525 Orange Ave.	800,000
CIHC LMIH Loan - 525 Orange Ave.	1,011,327
SDIHC LMIH Loan - Orange Villas	1,474,367
CIHC Sr. Housing Loan - 550 Orange Ave.	1,535,267
Homeowner Loans	
Novak	7,458
Silent Second Loans	422,750
Total Portfolio Value[1]	**$6,117,709**

[1] The sum of the figures may be adjusted for rounding
Source: City of Coronado, Statement of Notes Receivables (as of 6/30/2021).

PROPERTIES AND DISPOSITION STATUS

As described in the "Assets Transferred to the Housing Successor" section earlier in this report, DOF approved the transfer of 22 real properties listed on the revised HAT (dated September 9, 2012) from the former Agency to the Housing Successor. HSC Section 34176.1 requires that all real properties acquired by the former Agency prior to February 1, 2012 and transferred to the Housing Successor be developed pursuant to the requirements detailed in HSC Section 33334.16. All property that falls within in these parameters must be developed for affordable housing purposes within five years from the date DOF approved the Housing Asset Transfer Form, or February 15, 2018. The Housing Successor has disposed of all 22 real properties listed in the HAT to be developed for affordable housing purposes prior to the

February 15, 2018 deadline. Therefore, the Housing Successor is in compliance with HSC Section 33334.16.

LOANS RECEIVABLE

Although the HAT listed 16 loans receivable, several loans have been terminated since dissolution. The Housing Successor currently maintains 14 loans receivable.

HOMEOWNER LOANS

The Housing Successor administers seven homeowner loans with an outstanding balance of approximately $430,208 as of June 30, 2021. Terms and expected termination dates of the loans are described below:

- **Silent Second Loans:** The former Agency issued six Silent Second Loans to eligible homebuyers ("Owners") totaling $652,200 between September and November 1998. These loan amounts varied between $100,000 and $120,000, are non-interest bearing, are for a term of thirty years, and are secured as second trust deeds. The full amount of each loan will be forgiven upon the 30th anniversary of the note unless an Owner has defaulted on the loan or the loan has not previously become due by the earlier sale or transfer of the property to a non-eligible homebuyer. However, in the event of the earlier sale or transfer to an eligible homebuyer, the loan may be assumed. As of June 30, 2021, the Silent Second Loans had an outstanding balance of $422,750.

- **Novak Loan:** One loan of $10,000 was issued to an individual on October 29, 1996 for the purpose of acquiring a housing unit burdened with affordable housing covenants. Under the terms of the agreement, the loan is due and payable in full on October 29, 2026, is non-interest bearing, is secured by a trust deed on the property, and requires compliance with the affordable housing covenants. As of June 30, 2021, the Novak Loan had an outstanding balance of $7,458.

DEVELOPER LOANS

The Housing Successor oversees seven loans issued by the former Agency to three developers as detailed below:

- **CATPAH Loan**: On July 20, 1993, the former Agency issued a $2.41 million loan to the Coronado Association to Provide Affordable Housing ("CATPAH"), a limited partnership, to assist in financing the acquisition and rehabilitation of twenty-three affordable housing units. The loan is non-interest bearing and is secured by a deed of trust on the properties acquired. As of June 30, 2021, outstanding balance of the loan is $523,576. The loan is due on the earlier of (a) the transfer of the property, (b) a default on the loan, or (c) the expiration of the Coronado Community Development plan on July 9, 2031.

- **Tilaro and Day Trusts Loans:** In July 1996, the former Agency issued two loans in the amount of $520,371 to the Mario and Judith Family Trust and the John Day Smith Living Trust ("Owner") to fund the costs associated with the operation and rehabilitation of affordable housing units for very low- and lower- income households. The loans are due on June 11, 2026 provided that the Owner does not default on the agreement or the property transferred at an earlier date, unless an eligible transferee assumes the loan in a written agreement. The Tilaro and Day Trusts loans have an outstanding balance of $342,963 as of June 30, 2021.

- **Coronado Interfaith Housing Association ("CIHC") Loans**: The former Agency issued three loans to CIHC as part of a Disposition and Development Agreement ("DDA") between CIHC and the former Agency. The three DDA's established that CIHC would build, rehabilitate, and operate affordable housing units.

  <u>Senior Housing Loan - 550 Orange Ave.</u>: In February 2006, the former Agency provided a Senior Housing Loan to CIHC in the amount of $3,492,591 as part of a DDA between the former Agency and CIHC. The DDA established that CIHC would build and operate a 30-unit senior affordable housing project. The loan is forgivable on December 31, 2062 as long as CIHC complies with all terms and covenants included in the DDA. As of June 30, 2021, the remaining balance of the loan was $1,535,267.

  <u>Affordable Housing Loan – 525 Orange Ave.:</u> The former Agency extended an Affordable Housing Loan to CIHC in the amount of $2,067,066 in July 2007 as part of a DDA between the former Agency and CIHC. The DDA establishes that CIHC rehabilitate and operate an affordable rental-housing complex on the property. The loan is forgivable on June 1, 2063 provided that CIHC complies with all terms and covenants included in the DDA. As of June 30, 2021, the remaining balance on the loan was $1,011,327.

<u>Building Loan – 525 Orange Ave.:</u> In June 2007, as part of a DDA between the former Agency and CIHC, the former Agency provided CIHC a promissory note in the amount of $800,000 for the purchase of a building on 525 Orange Avenue. The loan has a stated annual interest rate of 4.72% with repayment of principal and interest in annual installments equal to available revenues derived from the affordable housing project after payment of operation and maintenance expenses and ground lease payments. Unlike the loans provided to CIHC above, this loan is non-forgivable. As of June 30, 2021, the principal balance is unchanged at $800,000, and the loan has accrued $423,945 in interest.

- **San Diego Interfaith Housing Corporation ("SDIHC") – Orange Villas**: In August 2008, the former Agency entered into a DDA with the San Diego Interfaith Housing Corporation regarding affordable housing construction at 440-450 Orange Avenue, substantial rehabilitation at 225 Orange Avenue, and subsequent operation of both properties. The DDA established the responsibilities and authority for SDIHC to construct, rehabilitate, and operate affordable housing complexes on the properties. As part of the DDA, the former Agency provided a loan of $2,870,000 on May 6, 2010. The loan is forgivable after 99 years as long as SDIHC complies with all terms and covenants included in the DDA upon the fifty-fifth anniversary of the loan's origination date. As of June 30, 2021, the remaining balance on the loan was $1,474,367.

OUTSTANDING OBLIGATIONS

HSC Section 34176.1 requires housing successors to describe (A) any outstanding obligations that were supposed to be transferred to the housing successor at the time of dissolution, (B) the housing successor's progress in meeting those obligations, and (C) the Housing Successor's plans to meet unmet obligations.

As of June 30, 2021, the Housing Successor does not have any unmet obligations to produce affordable housing units.

HOMEOWNERSHIP UNIT INVENTORY

Table 6 displays an inventory of homeownership units with active loans issued by the former Agency through affordable housing programs.

Table 6
Homeownership Unit Inventory

Project Name / Address	# Assisted Units	Bedroom Size	Covenant Recorded	Covenant Expiration	Covenant Term (Yrs)
729 Orange Avenue #201[1]	6	3	10/29/96	10/29/26	30
421 D Avenue	1	2	9/4/98	9/3/28	30
456 F Avenue	1	3	10/5/98	10/4/28	30
715 3rd Street	1	2	10/19/98	10/18/28	30
549 F Avenue	1	3	11/3/98	11/2/28	30
403 H Avenue	1	3	11/4/98	11/3/28	30
719 4th Street	1	1	11/19/98	11/18/28	30
Total Units	**12**				

[1] 729 Orange Avenue #201 consists of 6 three-bedroom units.

APPENDIX 1 - HOUSING SUCCESSOR ANNUAL REPORT REQUIREMENTS

<table>
<tr><th colspan="3">Housing Successor Reporting Requirements
Health and Safety Code Section 34176.1(f)</th></tr>
<tr><th>Housing Asset Fund Revenues & Expenditures</th><th>Other Assets and Active Projects</th><th>Obligations & Proportionality</th></tr>
<tr><td>Total amount deposited in the Housing Asset Fund for the fiscal year

Amount of deposits funded by a Recognized Obligation Payment Schedule (“ROPS”)</td><td>Description of any project(s) funded through the ROPS</td><td>Description of any outstanding production obligations of the former Agency that were inherited by the Housing Successor</td></tr>
<tr><td>Statement of balance at the close of the fiscal year</td><td>Update on property disposition efforts (note that housing successors may only hold property for up to five years, unless it is already developed with affordable housing)</td><td>Compliance with proportionality requirements (income group targets), which must be upheld on a five year cycle</td></tr>
<tr><td>Description of Expenditures for the fiscal year, broken out as follows:
• Homeless prevention and rapid rehousing
• Administrative and monitoring</td><td>Other “portfolio” balances, including:
• Statutory value of any real property either transferred from the former Agency or purchased by the Housing Asset Fund</td><td>Percentage of deed-restricted rental housing restricted to seniors and assisted by the former Agency, the Housing Successor, or the City within the past ten years compared to the total number of units assisted by any of those three agencies</td></tr>
</table>

• Housing development expenses by income level assisted	• Value of loans and grants receivable	
Description of any transfers to another housing successor for a joint project	Inventory of homeownership units assisted by the former Agency or the housing successor that are subject to covenants or restrictions or to an adopted program that protects the former Agency's investment of monies from the Low and Moderate Income Housing Fund	Amount of any excess surplus, and, if any, the plan for eliminating it

APPENDIX 2 – HOUSING ASSET TRANSFER FORM

The Housing Asset Transfer Form is attached as a separate document.

APPENDIX 3 – HOUSING ASSET FUND EXPENDITURE REQUIREMENTS

<table>
<tr><th colspan="3">Housing Asset Fund Expenditure Requirements
Health and Safety Code Section 34176.1</th></tr>
<tr><th>Expense Category</th><th>Limits</th><th>Allowable Uses</th></tr>
<tr><td>**Administration and Compliance Monitoring**</td><td>**$305,885 maximum** for FY 2020-201 (limit varies each year)</td><td>Administrative activities such as:
Professional services (consultant fees, auditor fees, etc.)
Staff salaries, benefits, and overhead for time spent on Housing Successor administration
Compliance monitoring to ensure compliance with affordable housing and loan agreements
Property maintenance at Housing Successor-owned properties
Capped at $200,000 adjusted annually for inflation ($223,400 for FY 2020-21 according to HCD) or 5% of the statutory value of real property owned by the housing successor and the value of loans and grants receivable from the HAT, whichever is greater.</td></tr>
</table>

<table>
<tr><th colspan="3">Housing Asset Fund Expenditure Requirements
Health and Safety Code Section 34176.1</th></tr>
<tr><th>Expense Category</th><th>Limits</th><th>Allowable Uses</th></tr>
<tr><td>Homeless Prevention and Rapid Rehousing Solutions</td><td>$250,000 maximum per fiscal year</td><td>Services for individuals and families who are homeless or would be homeless but for this assistance, including:
Contributions toward the construction of local or regional homeless shelters
Housing relocation and stabilization services including housing search, mediation, or outreach to property owners
Short-term or medium-term rental assistance
Security or utility deposits
Utility payments
Moving cost assistance
Credit repair
Case management
Other appropriate activities for homelessness prevention and rapid rehousing of persons who have become homeless.</td></tr>
<tr><td>Affordable Housing Development</td><td>No spending limit, but must comply with income and age targets</td><td>“Development” includes:
New construction
Acquisition and rehabilitation
Substantial rehabilitation
Acquisition of long-term affordability covenants on multifamily units
Preservation of at-risk units whose affordable rent restrictions would otherwise expire over the next five years</td></tr>
</table>

<table>
<tr><th colspan="3">Housing Asset Fund Expenditure Requirements
Health and Safety Code Section 34176.1</th></tr>
<tr><th>Expense Category</th><th>Limits</th><th>Allowable Uses</th></tr>
<tr><td rowspan="2"></td><td>***Income Targets***</td><td>Every five years (currently FYE 2020-2024), Housing Asset Funds must meet income targets:
• At least 30% on extremely low income rental households (up to 30% AMI or “Area Median Income”)
• No more than 20% on low income households (60-80% AMI)

Moderate and above moderate income households may not be assisted (above 80% AMI).

Failure to comply with the extremely low income requirement in any five-year compliance period will result in having to ensure that 50% of remaining funds be spent on extremely low income rental units until in compliance.

Exceeding the expenditure limit for low households earning between 60-80% AMI in any five-year reporting period will result in not being able to expend any funds on these income categories until in compliance.</td></tr>
<tr><td>***Age Targets***</td><td>For the prior ten years (resets every year), a maximum of 50% of deed-restricted rental housing units assisted by the Housing Successor or its host jurisdiction may be restricted to seniors.

If a housing successor fails to comply, Housing Asset Funds may not be spent on deed-restricted rental housing restricted to seniors until in compliance.</td></tr>
</table>