CITY OF
CHULA VISTA®

HOUSING SUCCESSOR ANNUAL REPORT
Chula Vista Housing Authority

Fiscal Year 2023-24

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INTRODUCTION

This Housing Successor Agency Annual Report ("Annual Report") presents information on Fiscal Year ("FY") 2023-24 expenditures and activities as required by Health and Safety Code ("HSC") Section 34176.1(f), including but not limited to a housing successor's compliance with certain expenditure activities over the year as well as a five-year planning period. This Annual Report is required of any housing successor to a former redevelopment agency.

Housing Authority as Housing Successor

The Chula Vista Housing Authority ("Housing Authority") is the Housing Successor Agency ("Housing Successor") to the former Chula Vista Redevelopment Agency ("Agency"), which was dissolved along with all redevelopment agencies statewide by the State legislature in 2012. At the time of dissolution, a housing successor was to be selected to transfer and be responsible for the remaining assets and liabilities of a former redevelopment agency.

The City of Chula Vista ("City") City Council elected to designate the Housing Authority as the Housing Successor to the former Agency. The Housing Authority performs many other duties beyond those of a housing successor while acting in its broader capacity as a housing authority. The Housing Authority reports on all its activities in a separate (broader and more extensive) annual report required by HSC Section 34328, to be submitted to the California Department of Housing and Community Development ("HCD") by October 1st if audited financials are available.

Scope of This Housing Successor Annual Report

This Annual Report is limited to the Housing Authority's activities as it relates to its role as a housing successor. This may include, but is not limited to, financial activities, property disposition, loan administration, monitoring of covenants, and affordable housing development. This Annual Report describes compliance with various annual, five-year, and ten-year housing expenditure and production requirements. FY 2019-20 was the first year of the current five-year compliance period for income proportionality, which begins July 1, 2019, and ends June 30, 2024.

The Housing Successor Annual Report is submitted to HCD annually. The Housing Authority's audited financial statements will be posted on the City's website when available and incorporated herein by reference.

Assets Transferred to the Housing Successor

Upon the statewide dissolution of redevelopment in 2012, all rights, powers, committed assets, liabilities, duties, and obligations associated with the affordable housing activities of the Agency were transferred to the Housing Authority. As one of its first duties as a housing successor, the Housing Authority prepared and submitted to the California Department of Finance ("DOF") an inventory of housing assets to be transferred from the former Agency. The inventory was enumerated on a Housing Asset Transfer Form ("HAT") which included:

1. Real properties;
2. Loan/Grant receivables;
3. Rent/Operation Income; and
4. Deferrals.

All items on the HAT were reviewed and ultimately approved by the DOF on September 5, 2012. A copy of the HAT is provided in Appendix 1. Once approved by DOF and as directed by law, the Housing Authority, acting as the Housing Successor, transferred these assets to the Low and Moderate Income Housing Asset Fund ("Housing Asset Fund"). Approval of the HAT set in motion a series of obligations by the Housing Authority as a housing successor, as described in the following section.

BACKGROUND

This Section summarizes the legal requirements for use of housing successor assets that are addressed in this Annual Report.

Legal Requirements Pertaining to Housing Successors

In general, housing successors must comply with three major requirements pursuant to HSC Section 34176.1:

1. Expenditures and housing production are subject to income and age targets.
2. Housing successors may not accumulate an "excess surplus," or a high unencumbered Housing Asset Fund balance based on certain thresholds.

3. Properties must be developed with affordable housing within five to ten years of the DOF's approval of the HAT.

Appendix 2 provides a detailed summary of the reporting requirements that are addressed in this Annual Report.

Permitted Uses of Housing Asset Funds

Under HSC Section 34176.1, Housing Asset Funds may be spent on:

- **Administrative costs** for the operation of the housing successor agency. The law allows a housing successor to spend the greater than:
    - $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").

  According to HCD, the $200,000 limit adjusted for inflation is $263,100 for FY 2023-24. The Housing Successor's FY 2023-24 Portfolio balance is $26,083,769 of which 5 percent is $1,304,188 Chula Vista's FY 2023-24 annual administrative cost limit is the higher of these amounts.

- **Homeless prevention and rapid rehousing services** up to $250,000 per year if the former redevelopment agency did not have any outstanding inclusionary housing or replacement housing production requirements as of 2012. The City is eligible for this expense because it did not have any outstanding inclusionary or replacement housing requirements upon dissolution.

- **Affordable housing development** assists households with up to 80 percent of the Area Median Income ("AMI"), subject to specific income and age targets over a five-year period.

    Five-Year Income Proportionality on Development Expenditures: Any Housing Asset Funds may be spent on the development of affordable housing projects affordable to low, very low, and extremely low-income households. "Development" is defined as "new construction, acquisition, and rehabilitation, substantial rehabilitation as defined in HSC Section 33413, the acquisition of long-term affordability covenants on multifamily units as described in HSC Section 33413, or the preservation of an assisted housing development that is eligible for prepayment or termination or for which within the expiration of rental restrictions is scheduled to occur within five years."

Over each five-year compliance period, the current one beginning July 1, 2019, at least 30 percent of such development expenditures must assist extremely low-income households (30% of AMI), while no more than 20 percent may assist low-income households (between 60% to 80% of AMI). The balance of the funds may be used on very low-income households (defined as households earning between 30% and 60% of AMI).

The first five-year compliance period was from January 1, 2014, through June 30, 2019. The Housing Authority was non-compliant with Housing Asset Fund income proportionality expenditure requirements during the first five-year compliance period, specifically with the 20 percent maximum expenditure requirement for the 60% to 80% of AMI category. This is discussed later in the report. The current (second) five-year compliance period is from July 1, 2019, to June 30, 2024.

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% to 80% of AMI, if it was 20 percent or less of the total expenditures during the five-year compliance period.

Should a housing successor not spend at least 30 percent of its development expenditures on extremely low-income households, or exceed the amount spent on low-income households, future expenditures are subject to greater restriction until these proportionality targets are met. Specifically, if a housing successor is unable to spend at least 30 percent of its development expenditures on extremely low units, it is required to increase this spending to 50 percent until compliant with the 30 percent threshold; a housing successor that spends more than 20 percent of its development expenditures on low-income units cannot spend any further funds on low-income developments until it is at or below the 20 percent threshold. As such, tracking these expenditures and their progress over the corresponding five-year period is an important function of this Annual Report.

Ten-Year Age Proportionality on Units Assisted: If more than 50 percent of the total aggregate number of rental units produced by the city, housing authority, or former redevelopment agency during the past 10 years are restricted to seniors, the housing successor may not spend more Housing Asset Funds on senior rental housing.

It is important to stress that Housing Successor expenditure and production requirements are measured on different timeframes:

- **One-Year Limits:** Administrative Allowance and Homeless Prevention Allowance. Compliance is evaluated annually and resets every year.

- **Five-Year Limit:** Expenditures by Income Level. Compliance should be evaluated over a fixed five-year period set by law, the current period being July 1, 2019, to June 30, 2024.

- **Ten-Year Limit:** Number of Senior Deed-Restricted Units Assisted. Compliance is evaluated based on a rolling ten-year period that is different every year, the current period being July 1, 2019, to June 30, 2030.

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

Limits on the Accumulation of Housing Funds (Excess Surplus)

State law limits how much cash a housing successor may retain and, if it fails to commit and spend these dollars in a reasonable timeframe, ultimately penalizes the housing successor by requiring unspent funds to be transferred to HCD for use on State housing programs.

HSC Section 34176.1(d) establishes a limit, known as an "excess surplus" on the amount of unencumbered Housing Asset Funds based on the greater of the following:

- $1,000,000, or

- The total amount of deposits made into the Housing Asset Fund over the preceding four years.

Only amounts in excess of this threshold are considered an excess surplus. Once an excess surplus is determined, a housing successor must account for these funds separately and encumber said monies 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.

As part of the Annual Report, a housing successor must disclose any excess surplus and describe the housing successor's plan for eliminating this excess surplus.

HOUSING ASSET FUND ACTIVITY

This section describes FY 2023-24 Housing Asset Fund activity and balances.

Deposits and Fund Balance

The Housing Authority deposited $1,252,070 into the Housing Asset Fund during FY 2023-24 from a variety of revenue sources, as shown in Table 1.

Table 1: Fiscal Year 2023-24 Housing Asset Fund Deposits

Revenue Source	Amount
Investment Earnings City Pool	336,086
Orange Tree Revenues	25,212
Investment Earnings Others	462,616
City Staff Time & Cost Recovery	-
Loan Repayments	148,738
Miscellaneous Revenues	1.00
Change in Fair Market Value of Investments	279,416
Total	$ 1,252,070

Expenditures

During FY 2023-24, the Housing Authority expended a total of $101,516. All these expenditures were for administrative costs. These amounts included $99,316 from the Low to Moderate Housing Fund, which largely consisted of contracted services for homeless prevention and $2,200 expended on the real estate property taxes, and the operation of acquired property.

Ending Cash and Fund Balance

The Housing Asset Fund balance as of June 30, 2024, was $14,741,072 as summarized in Table 2. The sources of funds consisted of loans receivable, the Orange Tree Mobile Home Park, cash and cash equivalents along with other miscellaneous items.

Table 2: Housing Asset Fund Ending Balance FY 2023-24

Source		Amount
Cash	$	13,355,057
Loans Receivable	$	26,083,769
Accrued Interest Earnings	$	91,542
Orange Tree Mobile Home Park	$	900,107
Accounts Payable	$	(2)
Deferred/Unearned Revenue	$	(25,689,401)
Ending Balance	**$**	**14,741,072**

Housing Successor Portfolio

The Housing Successor Portfolio as of FY 2023-24 includes several loans receivable transferred from the former Agency. The Portfolio had a value of $26,083,769 as of FY 2023-24, as detailed in Table 3.

Table 3: Portfolio Value of Real Properties and Loans Receivable

Asset		Amount
Loans Receivable		
South Bay Community Services	$	726,436
Cordova & Trolley Terrace Apartments (Cordova Trolley, L.P.	$	603,079
St. Regis Park, LP (Chelsea Investment Corp)	$	1,382,815
Chula Vista Rehabilitation CHIP Loans	$	329,443
Los Vecinos (Wakeland Housing & Development Corporation)	$	10,321,732
Brisa Del Mar (Main Plaza LP)	$	2,218,008
The Landings II (Chelsea Investment Group)	$	2,534,086
Duetta Apartments (F Street Family CIC, LP)	$	1,121,055
Volta Senior Apartments (G Street Seniors CIC, LP)	$	1,159,618
Anita Street (Wakeland Housing and Development Coporation)	$	5,687,497
Total Portfolio Value	**$**	**26,083,769**

REAL PROPERTIES AND DISPOSITION STATUS

Under the approved HAT, the former Agency transferred three parcels to the Housing Authority, specifically three properties in the Orange Tree Mobile Home Park, with space numbers 101, 106, and 134. All three formerly had income restriction covenants that have since expired. The properties, however, are continually rented to seniors with incomes at or below 120% of AMI. During FY 2020-21, the final loan for Orange Tree space number 24 was fully paid.

HSC Section 34176.1(e) requires all real properties acquired by a redevelopment agency before February 1, 2012 and transferred to the housing successor to be developed pursuant to the requirements detailed in HSC Section 33334.16. All property that falls within these parameters must be developed for affordable housing purposes or sold by September 5, 2017. Because the properties were already developed for affordable housing purposes the above requirements have been satisfied.

LOANS RECEIVABLE

There were 12 loan agreements transferred from the former Agency to the Authority following dissolution, and approval by DOF on September 5, 2012. As of June 30, 2024, the following 11 loan agreements remain to have outstanding loan balances, some of the loans are part of the HAT, and some newer loans were issued after the HAT was published.

- <u>South Bay Community Services</u>: In 1998, the former Agency and the City entered into two loan agreements with South Bay Community Services. Prior years' loan was made to South Bay Community Services to purchase several properties including Concord Way (1-unit) and Trolley Trestle (11-unit). Interest accrues annually between three and six percent. As of June 30, 2024, the outstanding balance of the loans was $726,436 which included an interest accrual of $316,643.

- <u>Cordova and Trolley Terrace Apartments</u>: In January 2019, the Housing Authority and the Cordova Trolley, L.P. (developer) entered into a loan agreement to refinance two scattered site rental housing developments at 1280 E J Street (40-unit) and 750 ADA Street (18-unit). The developer partially repaid the outstanding accrued interest of the previous loan for $200,000 and carried forward the remaining balance of $508,252 as a new loan on the Project. The project provides affordable housing to very-low and low-income households for an additional 55 years. The amended and restated promissory note is secured by a deed of trust and will accrue 3.15 percent interest compounding annually. Residual receipt payments (if any) will be applied toward the outstanding loan balance until the loan is paid in full. As of June 30, 2024, the outstanding balance of the loan was $603,079 which included an interest accrual of $94,827.

- St. Regis Park: Also in 2000, the former Agency entered into a loan agreement with the St. Regis Park Chelsea Investment Corporation for the acquisition and rehabilitation of the 119-unit multi-family housing project at 1025 Broadway (St Regis Park). In 2019, the developer repaid the outstanding principal balance of the previous loan for $1,387,152 and carried forward the accrued interest of $1,232,822 as a new loan amount. The loan repayment period lasts 52 years and will accrue six percent interest. As of June 30, 2024, the outstanding balance of the loan was $1,382,815 which included an interest accrual of $149,993.

- Chula Vista Rehabilitation CHIP Loans: The Chula Vista Rehabilitation Community Housing Improvement Program ("CHIP") is under the direct control of the Authority acting as the Successor Housing Entity for those loans that were funded using Housing Asset funds. CHIP offers deferred and low-interest-rate home improvement loans to qualified borrowers residing within a target area. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans. As of June 30, 2024, the outstanding balance of the loan was $329,443, which included an interest accrual of $24,916.

- Los Vecinos: In 2008, the former Agency entered into a loan agreement with Wakeland Housing and Development Corporation to assist the borrower in constructing 41 affordable multi-family rental housing units. The loan amount of $5,680,000 was funded by the Housing Asset Fund. The loan bears an interest rate of five percent per year. As of June 30, 2024, the outstanding balance of the loan was $10,321,732, which included an interest accrual of $4,641,732.

- Brisa del Mar: In 2003, the former Agency and City entered into a loan agreement with Main Plaza, LP to assist in acquiring and improving certain real properties for occupancy by very low, low, and moderate-income households. The loan bears an interest rate of three percent per year with a 55-year term. The loan is due and payable in 2061. As of June 30, 2024, the outstanding balance of the loan was $2,218,008, which included an interest accrual of $718,008.

- Landings II: In 2010, the City and former Agency entered into loan agreements with Landings II, L.P. to assist with constructing 143 affordable multi-family rental housing units (very low- and low-income households). The loan bears an interest rate of 3.6 percent annually and requires monthly payments based on 25-year amortization schedule. As of June 30, 2024, the loan's outstanding balance was $2,534,086.

- Park Village Apartments: In 1991, the former Agency entered into a loan agreement with the Civic Center Barrio Housing Corporation. The loan was made for the purchase of land and the development of a 28–unit low-income housing project. In 1992, the loan was assigned to Park Village Apartments Ltd., in which Civic Center Barrio Housing Corporation is the managing general partner. In 2009 an amendment to the loan was entered into changing the interest from three percent to five percent per year. As of June 30, 2024, the outstanding balance of the loan was paid by December 31, 2023.

- Orange Tree Mobile Home Park: The former Agency entered into agreements with eligible residents of the Orange Tree Mobile Home Park, whereby the Agency loaned $250,030 as permanent financing assistance to residents to purchase a certain mobile home property. Interest is contingent on calculations specified in the agreement. As of June 30, 2022, all the loans have been fully paid off.

The following three loans were not included in the HAT, however, are mentioned in the City's financial data and are part of the portfolio balance.

1. Duetta Apartments: In 2016, the City entered into a loan agreement with F Street Family CIC, LP to assist in the construction and permanent financing of affordable multi-family apartments with 86 deed-restricted units (Duetta Apartments). The loan principal is in the amount of $895,340 from the Housing Asset Fund. The loan bears an interest rate of three percent per year for 55 years. The loan is to be repaid by December 31, 2072. As of June 30, 2024, the outstanding balance of the loan was $1,121,005, which included an interest accrual of $225,715.

2. Volta Senior Apartments: In 2016, the City entered into a loan agreement with G Street Senior CIC, LP to assist in the construction and permanent financing of affordable multifamily apartments with 122 deed-restricted units (Volta Senior Apartments). The loan amount of $932,000 was funded by the Housing Asset Fund. The loan bears an interest rate of three percent per year for 55 years. The loan is to be repaid by December 31, 2072. As of June 30, 2024, the outstanding balance of the loan was $1,159,618 which included an interest accrual of $227,618.

3. Casa Anita (Previous Anita Street) Apartments: In 2017 and 2018, the Housing Authority entered into amended loan agreements with Wakeland-Anita LP to assist in the acquisition of

land and pre-development of an affordable multifamily apartment development known as Anita Street Apartments with 95 deed restricted units for occupancy by extremely low, very low and lower-income households. This loan supports the proportionate share of costs for 30% and 45% of AMI units in the project. The loan of $4,158,740 was made using low-and moderate-income housing funds. No interest accrues on the loan during the predevelopment phase of the Project. Upon completion of the predevelopment phase, the loan bears an interest rate of three percent simple interest per annum for a 55-year period. As of June 30, 2024, the outstanding balance of the loans was $5,687,497, which included an interest accrual of $492,332.

COMPLIANCE WITH EXPENDITURE & PRODUCTION LIMITS

During the 2023-24 year, the Housing Authority complied with all annual and five- to ten-year planning period requirements as described in this section.

Proportionality Requirements

The Housing Authority fully complied with all Housing Asset Fund spending restrictions:

- During FY 2023-24, the Housing Authority expended $101,516 on allowable administrative expenses which are under the current annual maximum limit of $263,100 ($200,000 plus inflation), or 5% of the Housing Successor Portfolio balance, whichever is greater. As shown earlier in the Annual Report, the Portfolio balance is $26,083,769, of which 5 percent is $1,304,188.

- For FY 2023-24, no expenditures were reported for the projects with units restricted to households for extremely low, very low and low income. Additionally, the Housing Authority did not have expenditures for homeless prevention or rapid rehousing.

The Housing Authority will ensure it continues to meet all Housing Asset Fund expenditure requirements throughout this five-year compliance period of July 1, 2019, through June 30, 2024, and future five-year compliance periods.

Failure to comply with the extremely low-income requirement in any five-year compliance period results in the Housing Authority having to ensure that 50 percent of the remaining funds will be spent on extremely low-income rental units until the Housing Authority demonstrates it complies again. Because

100% of project expenditures in FY 2020-21 were used for extremely low-income rental units, the Housing Authority remains in compliance.

Senior Rental Housing Limit Compliance

Under HSC Section 34176 (b), a maximum of 50 percent of deed-restricted rental housing units assisted by the former Agency, Housing Authority, or City in the previous 10 years may be restricted to seniors. The Housing Authority is within the limit since 39 percent of the total aggregate number of rental units produced within the preceding ten years were restricted to seniors. The Housing Authority, City, and former Agency assisted 310 deed-restricted rental units in the last ten years, 122 of which are restricted to seniors, as shown in Table 4.

Table 4: Deed-Restricted Senior Rental Units Assisted Prior Ten Years

Year	Project Name	Senior Units	%	Project Name	Non-Senior Units	%	Total Units
2023-24	N/A	0	0%	N/A	0	0%	0
2022-23	N/A	0	0%	N/A	0	0%	0
2021-22	N/A	0	0%	N/A	0	0%	0
2020-21	N/A	0	0%	Casa Anita	95	100%	95
2019-20	N/A	0	0%	N/A	0	0%	0
2018-19	N/A	0	0%	N/A	0	0%	0
2017-18	N/A	0	0%	N/A	0	0%	0
2016-17	Volta	122	59%	Duetta	86	41%	208
2015-16	N/A	0	0%	NSP	1	100%	1
2014-15	N/A	0	0%	Unknown	6	100%	6
Total		**122**			**188**		**310**

Excess Surplus

The Housing Asset Fund may not accumulate an “excess surplus”, 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.

The Housing Authority had an excess surplus in FY 2023-24 as shown in Table 5. The Housing Authority also had an excess surplus from FY 2022-23 which amounted to $7,092,093. The excess surplus from FY 2022-23 must be expended or encumbered by FY 24-25 and the surplus from this year must be expended or encumbered by FY 25-26.

Table 5: Excess Surplus Calculation

Step 1: Determine Unencumbered Cash Balance from Financials			
Beginning Fund Balance		$ 14,741,072	
Less: Encumbered Funds		$ (558,830)	
Unencumbered Amount			**$ 14,182,242**
Step 2: Determine Greater of $1M or Last 4 Deposits			
$1 Million, or			$ 1,000,000
Prior Years' Deposits			$ 3,541,642
	2022-23	$ 531,724	
	2021-22	$ (37,892)	
	2020-21	$ 2,277,413	
	2019-20	$ 770,397	
Result: Larger Number			**$ 3,541,642**
Step 3: Excess Surplus is Amount Step 1 Exceeds Step 2, If Any			
(1) Unencumbered amount			$ 14,182,242
(2) Less: Larger Number from Step 2			$ 3,541,642
Excess Surplus			**$ 10,640,600**

Source: City of Chula Vista

The Housing Successor will continue monitoring its deposits and fund balance and seek to expend at least $10,640,600 on eligible projects or programs as soon as practicable, to correct and avoid accumulating an excess surplus in the future. The excess surplus must be expended or encumbered within three fiscal years and, if the Housing Successor fails to comply, it must transfer any excess surplus to HCD within 90 days of the end of the third fiscal year.

OTHER INFORMATION

Homeownership Unit Inventory

The Housing Authority does not currently assist any homeownership units.

Transfers to Other Housing Successors

There were no transfers to another housing successor entity for a joint project pursuant to HSC Section 34176.1(c)(2).

APPENDIX 1 – HOUSING ASSET TRANSFER FORM

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

APPENDIX 2 – HOUSING SUCCESSOR ANNUAL REPORT REQUIREMENTS

Health and Safety Code Section 34176.1(f)	
Housing Asset Fund Revenues & Expenditures	Total amount deposited in the Housing Asset Fund for the fiscal year. Amount of deposits funded by a Recognized Obligation Payment Schedule (“ROPS”). Statement of balance at the close of the fiscal year. Description of Expenditures for the fiscal year, broken out as follows: • Homeless prevention and rapid rehousing • Administrative and monitoring • Housing development expenses by income level assisted Description of any transfers to another housing successor for a joint project.
Other Assets and Active Projects	Description of any project(s) funded through the ROPS. 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). Other “portfolio” balances, including: • Statutory value of any real property either transferred from the former Agency or purchased by the Housing Asset Fund • Value of loans and grants receivable 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.
Obligations & Proportionality	Description of any outstanding production obligations of the former Agency that were inherited by the Housing Authority. Compliance with proportionality requirements (income group targets), which must be upheld on a five-year cycle. Percentage of deed-restricted rental housing restricted to seniors and assisted by the former Agency, the Housing Authority, or the City within the past ten years compared to the total number of units assisted by any of those three agencies. Amount of any excess surplus, and, if any, the plan for eliminating it.

APPENDIX 3 – HOUSING ASSET FUND EXPENDITURE REQUIREMENT

Health and Safety Code Section 34176.1		
Expense Category	Limits	Allowable Uses
Administration and Compliance Monitoring *Measured Annually*	**$263,100 maximum** for FY 2023-24 (limit varies each year)	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 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.
Homeless Prevention and Rapid Rehousing Solutions *Measured Annually*	**$250,000 maximum** per fiscal year	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.
Affordable Housing Development	No spending limit, but must comply with income and age targets	"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

Health and Safety Code Section 34176.1		
Expense Category	Limits	Allowable Uses
	Income Targets *Fixed Five-Year Compliance Period (currently 2019-20 to 2023-24)*	Every five years (currently FYs 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 percent 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.
	Age Targets *Rolling Ten-Year Period (looks back at prior ten years)*	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.