HOUSING SUCCESSOR ANNUAL REPORT
FOR FISCAL YEAR 2022-23
City of Daly City

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INTRODUCTION

Following the dissolution of redevelopment in 2012, all former redevelopment agencies were required to designate a housing successor agency to receive all existing housing assets and assume any ongoing responsibilities related to the former agency's mandated 20% set aside for affordable housing. The City of Daly City established itself as the Housing Successor Agency ("Housing Successor") to the former Daly City Redevelopment Agency ("Agency") with the adoption of Resolution No. 12-11 dated January 23, 2012. In addition to overseeing housing assets and ensuring that all remaining funds are spent on affordable housing efforts, housing successors must report annually on their activities as required by Senate Bill 341. The Housing Successor Annual Report ("Annual Report") details the activity of the Housing Successor and establishes whether it is in compliance with various expenditure and asset requirements as outlined in Health and Safety Code ("HSC") Section 34176.1(f).

SCOPE OF THIS HOUSING SUCCESSOR ANNUAL REPORT

The Annual Report is limited to the City's activities as they relate to its role as Housing Successor, rather than all housing functions of the City in general. Housing successors typically establish a separate fund in order to isolate the former redevelopment agency housing assets and activities from any other City housing funds and activities. Prior to FY 2021-22, the City had maintained Housing Successor assets and activities in the Daly City Housing Development Finance Agency Fund (Fund 12) which also included non-Housing Successor fund sources not subject to Senate Bill 341 requirements. However, during FY 2021-22, the City established a separate Housing Set-Aside Fund (Fund 11) and transferred all housing successor assets, liabilities, and related activities to this fund. This Annual Report is based on funds and activity reported in Fund 11 for FY 2022-23.

The Annual Report is due to the State of California ("State") 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's website when available.

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 housing activities of the Agency were transferred to the Housing Successor. The Housing Successor prepared a Housing Asset Transfer ("HAT") Form that provided an inventory of all housing assets transferred from the Agency to the Housing Successor. This included:

1. Real properties;
2. Personal Property;
3. Low- and Moderate-Income Housing Fund ("LMIHF") encumbrances;
4. Loans/Grants Receivables; and
5. Deferrals.

The HAT was approved by the California Department of Finance ("DOF") on August 30, 2012. It is important to distinguish that housing assets that were not transferred from the former Agency or generated by or purchased with assets from the former Agency, are not subject to HSC Section 34176.1.

A copy of the HAT is provided as Appendix 1.

BACKGROUND

This Section summarizes the legal requirements for use of Housing Successor assets that are addressed in this 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 cash balance based on certain thresholds.
3. Properties must be developed with affordable housing or sold within five to ten years of DOF approving the HAT.

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

PERMITTED USES OF HOUSING ASSET FUNDS

Pursuant to HSC Section 34176.1, former Agency assets and the revenues generated by those assets, are to be maintained in a Low- and Moderate-Income Housing Asset Fund ("Housing Asset Fund"). In the case of Daly City, Housing Successor funds and activities are recorded in Fund 11, also known as the Housing Set-Aside Fund. Housing Asset Funds may be spent on:

- **Administrative costs** for operation of the housing successor agency. The law allows a housing successor to spend the greater of:
  - $200,000 per year adjusted annually for inflation, or
  - 5% of the statutory value of real property owned by the housing successor and any loans or grants receivable on the HAT ("Portfolio"), whichever is greater.

  According to HCD, the $200,000 per year limit adjusted for inflation for FY 2022-23 is $254,500. The net value of the Housing Successor's Portfolio (after an allowance for uncollectibles) is $3,366,888, of which 5 percent is $168,344. Therefore, Daly City's FY 2022-23 annual administrative cost limit is $254,500, the greater of these two limit 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. Daly City is eligible for this expense because the former Agency met its inclusionary housing and replacement housing production requirements upon dissolution.

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

  Five-Year Income Proportionality on Development Expenditures: Any Housing Asset Funds may be spent on development of affordable housing projects affordable to low, very low, and extremely low-income households. "Development" is defined in HSC Section 33413 as new construction, acquisition, rehabilitation, or the preservation of affordable housing developments.

  During each five-year compliance period, the first one running from FY 2013-14 through FY 2018-19 and the second (current) one beginning July 1, 2019, at least 30 percent of any development expenditures must assist extremely low-income households (up to 30 percent AMI), while no more than 20 percent may assist low-income households (between 60-80 percent AMI). The balance of such expenditures may be used on very low-income households (households earning between 30-60 percent AMI).

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 percent AMI, as long as 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 for extremely low-income households, or exceeds the amount spent on low-income households, future expenditures are subject to greater restrictions 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 the Annual Report.

Ten-Year Age Proportionality: If more than 50 percent of the total aggregate number of rental units produced by the city, housing successor, 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 evaluated annually and resets every year.

- **Five-Year Limit:** Expenditures by Income Level. Compliance evaluated over a fixed five-year period set by law. The second (current) period runs from July 1, 2019, to June 30, 2024.

- **Ten-Year Limit:** Number of Senior Deed-Restricted Units Assisted. Compliance evaluated based on a rolling ten-year period that is different every year.

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 funds in a reasonable timeframe, the housing successor must transfer unspent funds 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 Fund cash based on the greater of:

- $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 of the Report details the Housing Successor's activities during FY 2022-23 as reported in the City's Fund 11.

DEPOSITS AND FUND BALANCE

Table 1 reports the value of funds which were deposited into the Housing Asset Fund in FY 2022-23. The Housing Successor had net deposits of $260,813 consisting mostly of an allowable pass-through of tax increment revenue from the former Agency's Recognized Obligations Payment Schedule ("ROPS"). The other deposits consist of funds from the American Rescue Plan and investment earnings.

Table 1: Housing Asset Fund Deposits

Deposit Type		FY 2022-23
American Rescue Plan	$	562
Investment Earnings		13,125
ROPS Payment		247,126
Total	**$**	**260,813**

Source: City of Daly City

EXPENDITURES

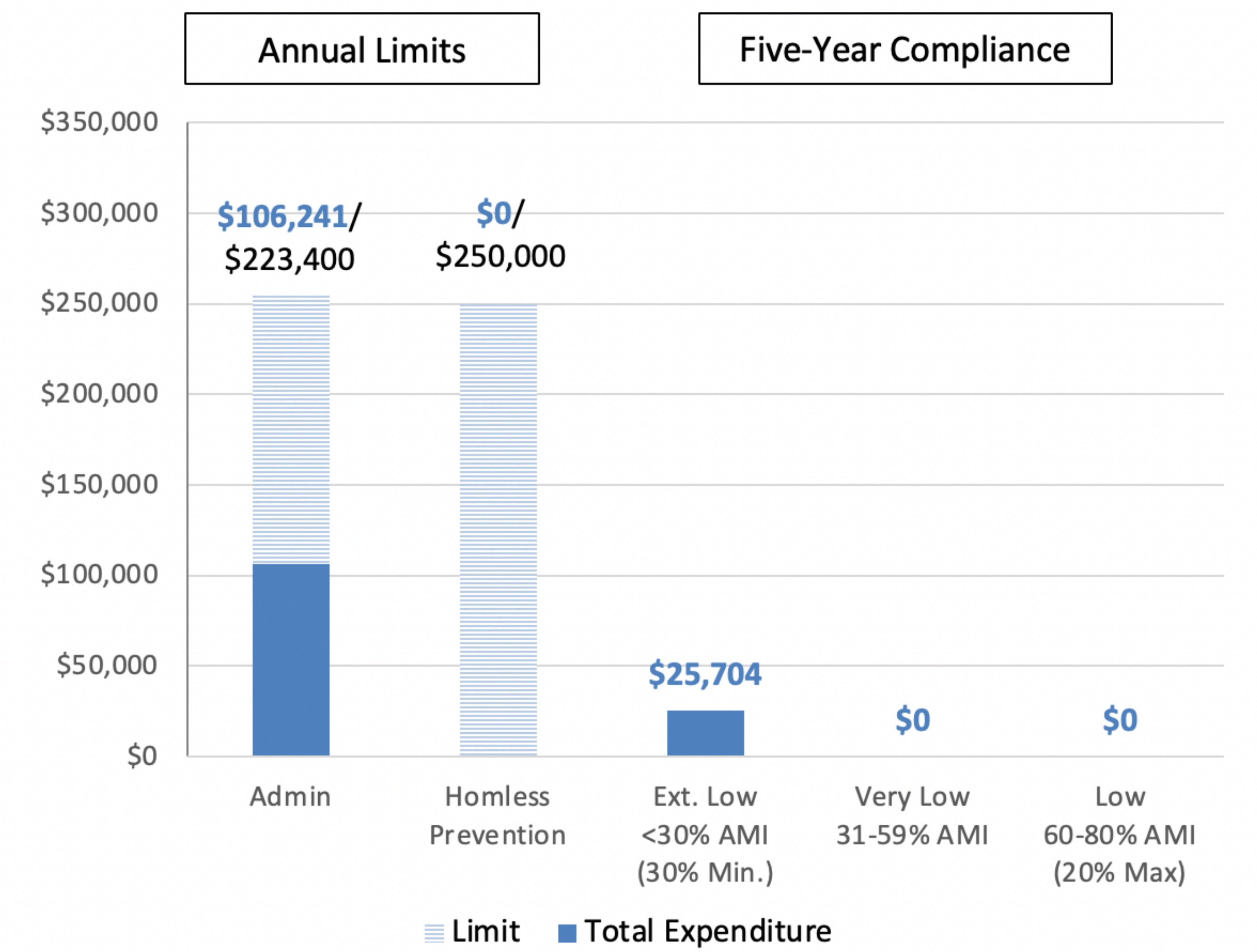
The Housing Successor may expend Housing Asset Funds to cover administrative costs, homeless prevention and rapid rehousing programs, or to assist the development of affordable housing. Administrative and homeless prevention expenditures are subject to annual compliance limits, while housing development expenditures are subject to five-year proportionality requirements.

The Housing Successor expended a total of $131,945 during FY 2022-23. Of the total amount expended, $106,241 was spent on administrative costs and $25,704 was used to assist the development of an affordable housing project at 493 Eastmoor. The Housing Successor did not expend any funds on Homeless Prevention/Rapid Rehousing in FY 2022-23. The administrative spending was well below the annual expenditure limit for FY 2022-23 of $254,500.

The Housing Successor has only made one housing development related expenditure thus far in the current five-year compliance period, FY 2019-20 through FY 2023-24. That being the $25,704 spent in FY 2022-23 on 493 Eastmoor, a 72-unit project being developed by The Core Companies. The project will be affordable to households earning up to 60 percent AMI. The Housing Successor's assistance is being allocated to assist the 15 extremely low-income units. Therefore, the Housing Successor is in compliance with the 30 percent spending threshold for extremely low-income households.

Figure 1 below illustrates the Housing Successor's compliance with annual and five-year expenditure requirements in FY 2022-23.

Figure 1
Compliance with Expenditure Limits FY 2022-23



The Housing Successor will ensure it continues to meet all annual and five-year compliance requirements for administrative, housing assistance, and development expenditures for the remainder of the five-year compliance period.

ENDING CASH AND FUND BALANCE

The Housing Asset Fund balance consists of cash, investments, and assets held by the Housing Successor. The Housing Asset Fund balance as of June 30, 2023, was $4,166,618, as summarized in Table 2. It should be noted that the City's loans receivable are not included in the fund balance table because repayment is not expected unless borrowers fail to comply with certain deed restrictions.

Table 2: Housing Asset Fund - Ending Balance

Asset	FY 2022-23
Cash	$ 826,228
Gain/ (Loss) on Investment	(2,376)
Accrued Payroll	(1,192)
Encumbrances	(22,930)
Property Held for Development	3,366,888
Total Fund Balance	**$ 4,166,618**

Source: City of Daly City

HOUSING SUCCESSOR PORTFOLIO

The Housing Successor Portfolio included two properties and several loans transferred from the former Agency on the HAT. Since dissolution, the Housing Successor has disposed of one of their properties and added one new loan. As of FY 2022-23, the City had a portfolio value of $3,366,888, as detailed in Table 3 below.

As noted earlier, the value of the City's loans receivable has been deducted from the total portfolio value because repayment is not expected unless the borrowers fail to comply with deed restrictions.

Table 3: Real Properties and Loans Receivable

Asset	APN		FY 2022-23
Real Properties			
Carter/Martin	005 050 240	$	3,366,888
Subtotal		$	3,366,888
Loan Receivables			
First-Time Homebuyer Loans			
Loan - Mercy Housing 52		$	1,457,458
Loan - 301 Habitat Way			23,168
Loan - 303 Habitat Way			23,168
Loan - 305 Habitat Way			23,168
Loan - 307 Habitat Way			23,168
Loan - 309 Habitat Way			23,168
Loan - 311 Habitat Way			23,168
Loan - 313 Habitat Way			23,168
Loan - 523 Delong St.			25,454
Loan - 529 Delong St.			38,182
Loan - 533 Delong St.			38,182
Loan - 539 Delong St.			38,182
Loan - Sweeney Lane[1]			3,013,975
Loan - Hillcrest Senior Housing			479,349
Loan - 7555 Mission St[2]			3,034,137
Loan - 7555 Mission St II[2]			898,800
Subtotal		*$*	*9,185,895*
Allowance for uncollectible[3]		*$*	*(9,185,895)*
Portfolio Value		**$**	**3,366,888**

Source: City of Daly City

(1) Sweeney Lane is a 52-unit affordable housing development built in 2015 and 2016 on assembled sites that include the former 206 and 208 Miriam properties.
(2) The sum of the 7555 Mission St. loans ($3,034,137+$898,800) were divided and split amongst 36 homebuyers.
(3) The City does not expect payment on any of their loans, therefore the value of the loans is recorded as uncollectible.

REAL PROPERTY AND DISPOSITION STATUS

HSC Sections 33334.16 and 34176.1(e) require that all real properties acquired by the former Agency prior to February 1, 2012, and transferred to the Housing Successor be developed for affordable housing purposes or disposed of within five years from the date DOF approved the HAT, or August 30, 2017. If the City is unable to meet this deadline, the law allows for a five-year extension via adoption of a resolution. In the event that physical development for this purpose has not begun by the end of the extended period, the property shall be sold, and the proceeds shall be deposited into the Housing Asset Fund.

Pursuant to the HAT, the former Agency transferred two real properties to the Housing Successor and has since disposed of one. The City did not adopt a resolution extending the property disposition deadline but has been actively working to dispose of the one remaining property.

Properties Disposed

- Mission/ Miriam (APN 003-172-130, 140, 150, 170, and 003-160-170) - One property located at Mission and Miriam was sold to Mid-Peninsula Housing in 2015 for redevelopment as the Sweeney Lane Project, which consists of 52 housing units affordable to very low- and low-income households. A loan receivable from the developer of $2,420,000 was recorded in FY 2015, although the City does not expect repayment unless the developer fails to comply with its affordable housing loan agreement.

Properties Retained

- Carter/ Martin (APN 005-050-240) – Since 2020 the City has been in exclusive negotiations with Bridge Housing on a Disposition and Development Agreement to redevelop this property into more than 200 units of affordable housing. During FY 2022-23 the City determined that the site was subject to the Surplus Lands Act which has resulted in a delay in the anticipated development schedule for the site. Therefore, no agreement has been finalized as of yet. The City anticipates consideration of a finalized agreement during 2024. No Housing Successor Agency funds have been committed to this project.

LOANS RECEIVABLE

Nineteen loans receivable were transferred from the former Agency to the Housing Successor as part of the HAT approved by DOF on August 30, 2012. Since then, one new loan has been added to the Housing Successor's Portfolio.

- Mercy Housing 52 Loans: Three separate redevelopment loans were issued to Mercy Housing 52 to assist the development of two affordable housing projects including 24 units at Vista Grande and 47 units at School House Station. The three loans were combined into one loan at dissolution which continues to accrue interest.

- Habitat for Humanity Loans: The City oversees several Habitat for Humanity Loans to assist first-time homebuyers at multiple properties including 7 units at Habitat Way, 4 units at Delong Street, 2 units at Miriam Street, and 36 units 7555 Mission. None of the loans accrue interest and the City does not expect to collect on any of the loans.

- Sweeney Lane: A total of $2,420,000 was loaned to assist the development of 52 affordable housing units located at 6800 Mission Street, on property that was transferred to the City on the HAT and sold in 2015. The Regulatory Agreement for Sweeney Lane stipulates that "no less than 49 percent of the units be occupied by households with incomes at or below 50% AMI and the remaining units be available to households with incomes not exceeding 85% AMI".

- Hillcrest Senior Housing: The former Agency loaned $480,000 to Hillcrest Senior Housing Corporation in 2006 for the construction of a 39-unit affordable housing development. The Affordable Housing Covenant restricts occupancy of all 39 units to seniors living at 50% AMI or below for a term of 55 years. Annual payments on the loan shall be made with residual receipts, if any. At the end of the 55-year term, the note shall be forgiven in full if the property remains affordable.

SENIOR RENTAL HOUSING LIMIT COMPLIANCE

Pursuant to HSC Section 34176(b), a maximum of 50 percent of deed-restricted rental housing units assisted by the former Agency, Housing Successor, or City in the previous 10 years may be restricted to seniors. The Housing Successor, City, and former Agency have assisted four projects in the past ten years, which have no senior-restricted units, as shown in Table 4. Therefore, the City is in compliance with this requirement.

Table 4: Deed-Restricted Units Assisted - Prior 10 Years

FY 2013-14 through FY 2022-23

Property[1]	Year Assisted	Senior Units	%	Non-Senior Units	%	Total Units
Sweeney Lane	FY 16-17	0	0%	52	100%	52
1293 Hillside	FY 16-17	0	0%	18	100%	18
Midway Village Phase 1	FY 22-23	0	0%	145	100%	145
Total		**0**	0%	**215**	100%	**215**

Total Deed-Restricted Senior Units: 0%

Source: City of Daly City

(1) This list includes units that were assisted by the former Agency, Housing Successor, or City with a ground lease executed in the last 10 years

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.

Over the past four years, the Housing Successor had deposits totaling $1,124,309, which is greater than $1 million, and is therefore the excess surplus limit for FY 2022-23. As of FY 2022-23, the Housing Successor had an unencumbered cash balance of $673,239, which is less than the $1,124,309 limit. Therefore, the Housing Successor did not have an excess surplus for FY 2022-23. This calculation, as shown in Table 5, follows the excess surplus methodology applied by HCD prior to redevelopment dissolution.

Table 5: FY 2022-23 Excess Surplus Elimination

Step 1: Determine Unencumbered Cash Balance From Financials				
FY 22-23 Beginning Cash Balance			696,169	
Less: Encumbered Funds[1]		$	(22,930)	
Unencumbered Amount				**$ 673,239**
Step 2: Determine Greater of $1M or Last 4 Deposits				
$1 Million, or		$	1,000,000	
Last 4 years' deposits		$	1,124,309	
2021-22	*$ 243,857*			
2020-21	*$ 231,811*			
2019-20	*$ 244,661*			
2018-19	*$ 403,980*			
Result: Larger Number				**$ 1,124,309**
Step 3: Excess Surplus is Amount Step 1 Exceeds Step 2, if Any				
(1) Unencumbered Amount		$	673,239	
(2) Less: Larger Number From Step 2		$	1,124,309	
Excess Surplus				**None**

Source: City of Daly City
(1) As of June 30, 2023

The Housing Successor will continue to ensure it does not accumulate and excess surplus in future years.

OTHER INFORMATION

TRANSFERS TO OTHER HOUSING SUCCESSORS

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

HOMEOWNERSHIP UNIT INVENTORY

Table 6 presents an inventory of affordable homeowner units assisted by the former Agency or Housing Successor that require restrictions, covenants, or an adopted program that protects Housing Asset Fund monies.

Table 6: Assisted Unit Inventory - Homeownership

Project Name / Address	Unit No.	Covenant Expiration	Affordability Period (Yrs)	Notes	Agency Loan amount
301 Habitat Way	na	11/30/50	45		$ 23,168
303 Habitat Way	na	11/30/50	45		$ 23,168
305 Habitat Way	na	11/30/50	45		$ 23,168
307 Habitat Way	na	11/30/50	45		$ 23,168
309 Habitat Way	na	8/2/66	45	resold	$ 23,168
311 Habitat Way	na	1/7/65	45	resold	$ 23,168
313 Habitat Way	na	11/30/50	45		$ 23,168
523 Delong St.	na	7/10/51	45		$ 25,454
529 Delong St.	na	7/10/51	45		$ 38,182
533 Delong St.	na	7/10/51	45		$ 38,182
539 Delong St.	na	7/10/51	45		$ 38,182
206 Miriam	na	4/22/56	45		$ 95,000
208 Miriam	na	4/20/56	45		$ 95,000
7555 Mission St.	101	6/24/58	45		$ 109,248
7555 Mission St.	102	6/21/58	45		$ 109,248
7555 Mission St.	103	6/13/58	45		$ 109,248
7555 Mission St.	104	7/3/58	45		$ 109,248
7555 Mission St.	105	6/20/58	45		$ 109,248
7555 Mission St.	106	6/12/58	45		$ 109,248
7555 Mission St.	107	8/30/58	45		$ 109,248
7555 Mission St.	108	6/24/58	45		$ 109,248
7555 Mission St.	109	8/30/58	45		$ 109,248
7555 Mission St.	110	7/31/58	45		$ 109,248
7555 Mission St.	111	8/26/58	45		$ 109,248
7555 Mission St.	112	10/31/58	45		$ 109,248
7555 Mission St.	201	6/19/58	45		$ 109,248
7555 Mission St.	202	6/21/58	45		$ 109,248
7555 Mission St.	203	8/6/58	45		$ 109,248
7555 Mission St.	204	6/14/58	45		$ 109,248
7555 Mission St.	205	6/12/58	45		$ 109,248
7555 Mission St.	206	6/26/58	45		$ 109,248
7555 Mission St.	207	6/21/58	45		$ 109,248
7555 Mission St.	208	6/11/58	45		$ 109,248
7555 Mission St.	209	6/11/58	45		$ 109,248
7555 Mission St.	210	6/24/58	45		$ 109,248
7555 Mission St.	211	6/21/58	45		$ 109,248
7555 Mission St.	212	7/31/58	45		$ 109,248
7555 Mission St.	301	8/16/58	45		$ 109,248
7555 Mission St.	302	6/17/58	45		$ 109,248
7555 Mission St.	303	6/18/58	45		$ 109,248
7555 Mission St.	304	6/18/58	45		$ 109,248
7555 Mission St.	305	8/7/58	45		$ 109,248
7555 Mission St.	306	6/27/58	45		$ 109,248
7555 Mission St.	307	3/10/59	45		$ 109,248
7555 Mission St.	308	6/20/58	45		$ 109,248
7555 Mission St.	309	8/1/58	45		$ 109,248
7555 Mission St.	310	6/12/58	45		$ 109,248
7555 Mission St.	311	6/24/58	45		$ 109,248
7555 Mission St.	312	8/7/58	45		$ 109,248

Source: City of Daly City

APPENDIX 1 – HOUSING ASSET TRANSFER FORM

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 Successor. 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 Successor, 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 REQUIREMENTS

Health and Safety Code Section 34176.1		
Expense Category	Limits	Allowable Uses
Administration and Compliance Monitoring *Annual Limit*	**$254,500 limit** for FY 2022-23 (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 and 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 *Annual Limit*	**$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:* *FY 2019-20 to FY 2023-24*	Every five years, 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*	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.