CITY COUNCIL REPORT 7C

DATE: MARCH 17, 2020

TO: MAYOR AND COUNCILMEMBERS

FROM: HECTOR DE LA ROSA, ASSISTANT CITY MANAGER

SUBJECT: HOUSING SUCCESSOR ANNUAL REPORT FOR FISCAL YEAR 2018-19

RECOMMENDATION

Staff recommends that the City Council receive the Housing Successor Agency Annual Report for Fiscal Year 2018-19 and file it with the California Department of Housing and Community Development ("HCD").

BACKGROUND

The City of Pinole is the housing successor (the "Housing Successor") to the former Redevelopment Agency of the City of Pinole (the "Agency"), which was dissolved on February 1, 2012. State law requires that the City prepare an annual report on the housing successor finances and activities as set forth in Health and Safety Code Section 34176.1.

The annual report is required to contain: (1) a summary of housing successor duties; (2) the balance of the Low and Moderate Income Housing Asset Fund ("Housing Asset Fund"); (3) an inventory of properties held in the Housing Asset Fund; and (4) reports on the City's performance thus far in meeting requirements of Health and Safety Code Section 34176.1.

The report is due to HCD by April 1st each year and must be posted on the City's website. The report for Fiscal Year 2018-19 is being presented to the City Council to receive and file with HCD.

REVIEW AND ANALYSIS

The City is meeting all requirements imposed by Health and Safety Code Section 34176.1. The City's progress on major requirements is summarized below.

Housing Asset Fund Activity

As of June 30, 2019, the Housing Asset Fund had a balance of approximately $7.9 million ($2.38 million of which is cash). As set forth in the report, due to an accounting error, $1.5 million was incorrectly deposited into the Housing Asset Fund. The City will make a correcting entry to its FY 2019-20 accounting records to reverse the $1.5 million deposit. Revenue sources include $156,645 in loan repayments from first-time homebuyer and residential rehabilitation loans issued by the former Agency and $5,795 from miscellaneous sources.

There were $168,910 in Housing Asset Fund expenditures in FY 2018-19 for administrative items, such as legal and professional services, building maintenance and utilities, housing compliance monitoring, and staff costs for time related to Housing Successor administration.

Real Property Assets and Loans Receivables

As of June 30, 2019, the City owned four housing successor properties with a value of $1.2 million:

- One property (811 San Pablo Avenue) was under negotiation to be developed with an 18-unit affordable housing project. The negotiations were unsuccessful due to the developer's inability to obtain project funding. The city re-issued a Request for Proposals to develop the site in January 2020. Proposals will be presented to City Council around June 2020.
- One property (Collins House at 612 Tennent Avenue) is being marketed for sale. The City has not received any viable offers to date and will continue working with a real estate broker to market the property.
- Two properties (Grove Vacant Land and Faria House Vacant Land) are restricted and cannot be developed.

The Housing Asset Fund has approximately $4.3 million in loans receivable. The most significant is a loan, in the amount of $4,291,575, that was provided from the Agency's affordable housing fund to the Redevelopment Agency general fund, then subsequently provided to the State to pay amounts due to the Supplemental Educational Revenue Augmentation Fund ("SERAF").Staff expects that the Housing Asset Fund will begin receiving repayment of this loan through the Recognized Obligation Payment Schedule in one to two years, when enough Redevelopment Property Tax Trust Funds are available, following payment of the 2015B Taxable Bonds.

Additionally, the City has approximately $383,400 in outstanding First-Time Homebuyer Loans and Housing Rehabilitation Loans. The First-Time Homebuyer and Housing Rehabilitation Loans have different maturity dates ranging from 2022 through 2099. A total of $267,800 are deferred loans.

Expenditure Proportionality Requirements

Expenditures from the Housing Asset Fund must meet specific proportionality requirements by income level and age:

- Administrative and monitoring expenses have an annual cap, which was $275,443 in Fiscal Year 2018-19. Pinole spent $168,910 on administration and monitoring in FY 2018-19 which is well below the limit. The annual administrative limit is calculated based on 5% of the Housing Successor's real property and loans receivable portfolio ($5,508,870 in FY 2018-19); the limit changes each year based on the portfolio value.
- Up to $250,000 may be spent annually on homeless prevention and rapid rehousing solutions for homelessness. No Housing Asset Funds have been spent on this category to date in order to prioritize funding for affordable housing development at 811 San Pablo Avenue. Pinole had a low homeless population according to recent Point-in-Time counts, with 0 counted in 2018 and 3 in 2019.
- If Housing Asset Funds are spent on housing development projects or programs, specific income levels must be assisted within a five-year compliance period (see page 1 of report for more details). FY 2018-19 marks the end of the first five-year compliance period of January 1, 2014 through June 30, 2019. Pinole did not spend any Housing Asset Funds on housing development projects or programs within this timeframe. Therefore, five-year compliance income targets do not apply. Staff will ensure income targets are met in the next five-year compliance period of July 1, 2019 through June 30, 2024.
- No more than 50% of rental housing units assisted by the City or the former Agency in the prior 10 years may be restricted to seniors. The City assisted 70 units in the prior 10 years. All 70 units are at a single property restricted to seniors that was assisted in FY 2011-12. These are the only rental units that have been assisted with Housing Asset Funds in the last ten years, therefore the City may not begin using Housing Asset Funds to assist senior rental units until FY 2021-22.

The City is meeting all Housing Asset Fund requirements and will continue to ensure compliance with future expenditures, particularly with the future development of 811 San Pablo Avenue.

Excess Surplus

Housing successors are subject to the same excess surplus requirement as former redevelopment agencies. Excess surplus is a cash balance that is equal to the greater of $1 million or the sum of all cash deposits to the Housing Asset Fund in the prior four years. Housing successors must spend or encumber any excess surplus within three fiscal years or transfer its excess surplus to HCD to spend on statewide housing programs. The intent of the law is to encourage housing successors to spend available affordable housing funds on a timely basis.

In FY 2018-19, the Housing Successor did not have excess surplus. However, staff anticipates a potential excess surplus of approximately $500,000 in FY 2019-20 if the Housing Successor does not encumber more Housing Asset Funds before the end of the fiscal year. The City intends to encumber Housing Asset Funds within the next year to assist affordable housing development at 811 San Pablo Avenue.

FISCAL IMPACT

There are no implications of receiving and filing this annual report on the City's activities as the housing successor to the former Redevelopment Agency of the City of Pinole.

ATTACHMENTS

A Pinole Housing Successor Annual Report for Fiscal Year 2018-19

ATTACHMENT A

HOUSING SUCCESSOR ANNUAL REPORT

Pinole Housing Successor

Fiscal Year 2018-19

TABLE OF CONTENTS

INTRODUCTION

The City of Pinole ("City") is the housing successor (the "Housing Successor") to the former Redevelopment Agency of the City of Pinole (the "Agency"). All California redevelopment agencies were dissolved effective February 1, 2012. With dissolution, 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 City. This Housing Successor Annual Report ("Annual Report") contains information on Fiscal Year ("FY") 2018-19 finances and activities as required by Health and Safety Code ("HSC") Section 34176.1(f). FY 2018-19 marks the end of the first five-year compliance period for income proportionality. This Annual Report details how the Housing Successor complies with all requirements for expenditures by income level from January 1, 2014 (when SB 341 became effective) through 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 are posted on the City website at https://www.ci.pinole.ca.us/city_government/finance/comprehensive_annual_financial_report.

HOUSING SUCCESSOR REQUIREMENTS

Senate Bill ("SB") 341[1] and subsequent legislation enacted several requirements for housing successors. 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 balance based on certain thresholds.

[1] 2013-14 legislative session

3. Properties must be developed with affordable housing or sold 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 in a timely manner. 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. In Pinole this included:

1. Real properties;
2. Personal property;
3. Low- and Moderate-Income Housing Fund encumbrances;
4. Loans/Grants Receivable;
5. Rents/Operations; and
6. Deferrals.

All items on the HAT were approved by the California Department of Finance ("DOF") on February 15, 2013. A copy of the HAT is provided as Appendix 2.

HOUSING ASSET FUND ACTIVITY

Former Agency assets, and the revenues generated by those assets, are maintained in a Low- and Moderate-Income Housing Asset Fund ("Housing Asset Fund").[2] The expenditure of Housing Asset Funds are limited as follows:

- **Administrative costs** are limited to the greater of $200,000 per year adjusted for inflation, or 5% of the statutory value of real property owned by the Housing Successor plus the value of loans and grants receivable (the "Portfolio"). According to HCD, the FY 2018-19 standard administrative cost allowance adjusted for inflation is $215,500. Five percent of the Housing Successor portfolio was $275,443 (5% of $5,508,870). The FY 2018-19 administrative cost limit for the Housing Successor was the larger of the two numbers, or $275,433.

- **Homeless prevention and rapid rehousing services** of 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 had more inclusionary units than required upon the dissolution of redevelopment. Therefore, the City as Housing Successor is permitted to make expenditures in this category.

- **Affordable housing development** assisting households up to 80 percent 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 percent of such expenses assisting extremely low income households (30% AMI) and no more than 20 percent on low income households (between 60-80% AMI) per five-year compliance period. The first five-year compliance period was January 1, 2014 through June 30, 2019.

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

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 percent 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 10 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 limit 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 2018-19, including five-year compliance period income targeting requirements:

- Administrative costs of $168,910 did not exceed the $275,443 maximum expenditure allowed for FY 2018-19. Administrative expenses included legal and professional services, building maintenance and utilities, housing compliance monitoring, and staff costs for time related to Housing Successor administration.

- No homeless prevention or rapid rehousing expenses were made in FY 2018-19.

- No affordable housing development-related expenditures were made in the first five-year compliance period of January 1, 2014 through June 30, 2019, so five-year compliance period income targets do not apply.

The Housing Successor will ensure it continues to meet all expenditure limit requirements going forward, including through the next five-year compliance period of July 1, 2019 through 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 percent of remaining funds be spent on extremely low-income rental units until it is in compliance. Exceeding the expenditure limit for low-income 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 HOUSING LIMIT COMPLIANCE

HSC 34176.1(b) requires that if more than 50% of deed-restricted rental housing assisted by the Housing Successor, the former Agency, or the City in the prior 10 years are restricted to seniors, Housing Asset Funds may not be used to assist senior units. In the prior ten years, the Housing Successor, former Agency, and City assisted 70 deed-restricted rental units, all located in the 800 John Street development. All 70 units are restricted to seniors. The former Redevelopment Agency assisted the project in FY 2011-12. Since these are the only rental housing units assisted within the last 10 years, the Housing Successor may not assist any more deed-restricted senior units until ten years have passed, or FY 2021-22. The Housing Successor will ensure that it complies with the 50% limit on senior units in future years.

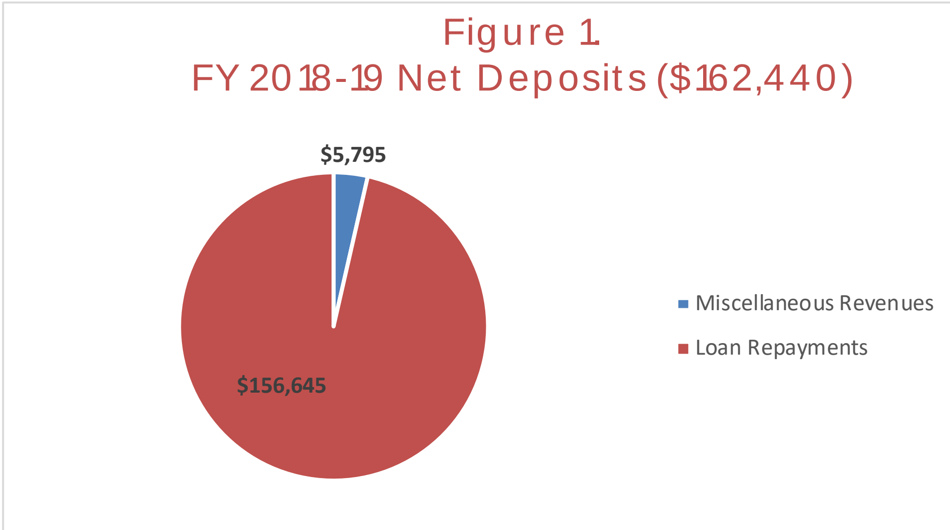
Table 1
Deed-Restricted Senior Rental Units Assisted Prior Ten Years

Property	Date Assisted	Senior Units	%	Non-Senior Units	%	Total Units
800 John Street	9/30/2011	70	100%	0	0%	70
Total		**70**		**0**		**70**
Total Deed-Restricted Senior Units:			**100%**			

Source: City of Pinole

DEPOSITS AND FUND BALANCE

The Housing Successor deposited $1,662,440 into the Housing Asset Fund during FY 2018-19. Due to an accounting error, $1.5 million was deposited into the Housing Asset Fund from a loan repayment from the Pinole Assisted Living Community ("PALC") that should have been deposited into the General Fund. The City will make a correcting entry to its FY 2019-20 accounting records to reverse the $1.5 million deposit. After netting out the $1.5 million deposit pending reversal, total revenues were $162,440. Revenue sources include loan repayments ($156,645) from first-time homebuyer and residential rehabilitation loans issued by the former Redevelopment Agency and miscellaneous sources ($5,795).



After reversing the incorrect deposit as set forth above, the Housing Asset Fund balance as of June 30, 2019 was $7,787,270 as summarized in Table 2. Of this amount, the available cash balance was $3,777,761. As previously mentioned, the $1.5 million PALC loan repayment deposit will be reversed in FY 2019-20, which will reduce the cash balance to $2,277,761 and the total fund balance to $7,787,270.

Table 2
Housing Asset Fund Ending Balance FY 2018-19

Balance Type	Gross Balance	Net of Reversed Deposit
Cash	3,777,761	2,277,761
Miscellaneous Receivable	640	640
Notes Receivable	3,726,241	3,726,241
Allowance for Uncollectable Notes	(3,740,960)	(3,740,960)
Loans Receivable	388,569	388,569
Allowance for Uncollectable Loans	(378,625)	(378,625)
Land Held for Resale	1,222,070	1,222,070
Due from RDA Successor Agency	4,291,575	4,291,575
Ending Balance[1]	**$ 9,287,270**	**$ 7,787,270**

[1] In FY 2018-19, $1.5 million was deposited into the Housing Asset Fund in error from a loan repayment due to the General Fund. The deposit will be reversed in FY 2019-20.

EXCESS SURPLUS

The Housing Asset Fund may not accumulate an "excess surplus," or an unencumbered cash balance 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 in a timely manner. In FY 2018-19, the Housing Successor did not have an excess surplus, as shown in Table 3.

Table 3
Excess Surplus Calculation

Fiscal Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Deposits[1]	$ 511,803	$ 997,042	$ 243,527	$ 236,396	$ 1,098,878	$ 162,440
FY Beginning Cash Balance					$ 1,373,042	$ 2,239,570
Less: Encumbered Funds					$ -	$ -
Unencumbered Amount					$ 1,373,042	$ 2,239,570
Step 1						
$1 Million, or					$ 1,000,000	$ 1,000,000
Last 4 Deposits					$ 1,988,768	$ 2,575,843
Result: Larger Number					$ 1,988,768	$ 2,575,843
Step 2						
Unencumbered Cash Balance					$ 1,373,042	$ 2,239,570
Larger Number From Step 1					$ 1,988,768	$ 2,575,843
Excess Surplus					$ -	$ -

[1] In FY 2018-19, $1.5 million was deposited into the Housing Asset Fund in error from a loan repayment due to the General Fund. The deposit will be reversed in FY 2019-20. The FY 2018-19 deposits are net of the $1.5 million deposit pending reversal.

The FY 2017-18 excess surplus calculation methodology has been updated to calculate excess surplus based on the cash balance at the beginning of the fiscal year. In last years report, the ending cash balance was used to calculate the excess surplus. Utilizing the beginning balance to calculate the excess surplus matches the methodology applied by HCD prior to redevelopment dissolution. Initially, the FY 2017-18 Annual Report reported an excess surplus of $250,802 as of June 30,2018, however, based on the updated methodology, there is no excess surplus for FY 2017-18 as shown in Table 3. Excess surplus for FY 2018-19 was calculated applying this same methodology. There is no excess surplus balance for FY 2018-19.

If the City incurs an excess surplus balance in the future, the City must expend or encumber the excess surplus amount within three fiscal years. If the City fails to comply, the City must transfer the excess surplus amount to HCD within ninety days of the third fiscal year. Although Pinole has not incurred an excess surplus through FY 2018-19, the Housing Successor is projected to have an excess surplus of approximately $500,000 in FY 2019-20 if it does not encumber Housing Asset Funds before the end of the fiscal year. The City plans on encumbering funds by June 30, 2019 to develop affordable housing at 811 San Pablo Avenue in order to ensure that the Housing Successor does not have an excess surplus balance at the end of FY 2019-20. The Housing Successor will continue monitoring its deposits and fund balance to avoid an excess surplus issue.

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

The Housing Successor Portfolio includes four properties and several loans receivable transferred from the former Agency. The Portfolio had a value of $5,508,870 in FY 2018-19, as detailed in Table 4.

Table 4 Portfolio Value of Real Properties and Loans Receivable	
Asset	**Amount**
Real Properties	
Grove Land (Samuel Street)	62
Faria House Land (2100 San Pablo Ave)	355,000
Collins Housing (612 Tennent Ave)	625,000
Vacant Land (811 San Pablo Ave)	242,008
Subtotal	*$1,222,070*
Loans Receivable	
Bridge Housing Note	983,763
Alvarez Court Note	1,693,937
East Bluff Note	1,048,541
First-Time Homebuyer Loans	324,771
Housing Rehab Loans	63,798
SERAF Loan	4,291,575
Allowance for uncollectable notes	(4,119,585)
Subtotal	*$4,286,800*
Total Portfolio Value	**$5,508,870**

Source: City of Pinole

PROPERTY DESCRIPTIONS AND DISPOSITION STATUS

The Agency transferred five properties to the Housing Successor. One of the properties was sold in FY 2017-18. HSC Sections 33334.16 and 34176.1(e) require the City to initiate activities to develop affordable housing on developable properties within five years from the date DOF approved the transfer of the properties as housing assets from the former Agency to the City, or February 15, 2018. The City extended the deadline to February 15, 2023, by action of the City Council on November 21, 2017 as permitted by law. The properties are described below.

- Grove Vacant Land (Samuel Street): Pursuant to a Development and Disposition Agreement, this property is required to remain vacant as open space for an adjacent property. The property has a steep slope and cannot be developed.

- Faria House Vacant Land (2100 San Pablo Avenue): This 2.3-acre parcel of vacant land is park land in which the Faria House resides.

- Collins House (612 Tennent Avenue): The City has been working with a broker to market this property for sale but has not received any viable offers to date. The City will continue to solicit offers.

- Vacant Land (811 San Pablo Avenue): The City issued a Request for Proposals to develop this property in June 2018. City negotiations with a non-profit to develop the property with 18 units of affordable multifamily housing were unsuccessful due to the developer's inability to obtain project funding. The City reissued a Request for Proposals in January 2020 and plans to select a development proposal in June 2020.

The City will ensure that the Collins House and 811 San Pablo Avenue are developed or sold by February 15, 2023.

LOANS RECEIVABLE

The Housing Asset Fund has approximately $4.3 million in loans receivable The Supplemental Educational Revenue Augmentation Fund ("SERAF") loan receivable of $4,291,575 is for an amount due to the Housing Successor payable from Redevelopment Property Tax Trust Funds (RPTTF) due from the Successor Agency to the Redevelopment Agency of the City of Pinole (the "Successor Agency"). Staff expects the Successor Agency will begin repaying this loan in one to two years when enough RPTTF is available, following repayment of the 2015B Taxable Bonds.

Additionally, the Housing Successor has approximately $383,400 in outstanding First-Time Homebuyer Loans and Housing Rehabilitation Loans. The First-Time Homebuyer and Housing Rehabilitation Loans have different maturity dates ranging from 2022 through 2099. A total of $267,800 are deferred loans.

HOMEOWNERSHIP UNIT INVENTORY

Table 5 presents an inventory of homeownership units assisted by the Housing Successor that require restrictions, covenants, or an adopted program that protects the former Agency's investment of moneys from its Housing Asset Fund.

Table 5
Homeownership Unit Inventory

Project Name / Address	Unit No.	Covenant Expiration
Maiden Lane		
620 Maiden Lane	1	10/30/2054
609 Maiden Lane	1	9/22/2054
Heritage Park		
2051 Buena Vista Drive	1	9/23/2056
2061 Buena Vista Drive	1	8/31/2056
2071 Buena Vista Drive	1	11/7/2056

Source: City of Pinole

APPENDIX 1 - HOUSING SUCCESSOR ANNUAL REPORT REQUIREMENTS

Housing Successor Reporting Requirements ***Health and Safety Code Section 34176.1(f)***		
Housing Asset Fund Revenues & Expenditures	**Other Assets and Active Projects**	**Obligations & Proportionality**
Total amount deposited in the Housing Asset Fund for the fiscal year Amount of deposits funded by a Recognized Obligation Payment Schedule ("ROPS")	Description of any project(s) funded through the ROPS	Description of any outstanding production obligations of the former Agency that were inherited by the Housing Successor
Statement of balance at the close of the fiscal year	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)	Compliance with proportionality requirements (income group targets), which must be upheld on a five-year cycle
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	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	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
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>$275,443 maximum for FY 2018-19 (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 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.</td></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>

Housing Asset Fund Expenditure Requirements *Health and Safety Code Section 34176.1*		
Expense Category	Limits	Allowable Uses
	Income Targets	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 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	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.

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