



City of
**South
Gate**

HOUSING SUCCESSOR ANNUAL REPORT
South Gate Housing Authority

Fiscal Year 2020-21

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INTRODUCTION

This Housing Successor Agency Annual Report (“Annual Report”) presents information on Fiscal Year (“FY”) 2020-21 expenditures and activities as required by Health and Safety Code 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 report generally is required of any housing successor to a former redevelopment agency.

Housing Authority as Housing Successor

The South Gate Housing Authority (“Housing Authority”) is the Housing Successor Agency (“Housing Successor”) to the former Community Development Commission of the City of South Gate (“CDC”), which acted as the redevelopment agency in South Gate until redevelopment was dissolved statewide 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.

In this case, the Housing Authority elected to be the housing successor to the CDC. The Housing Authority performs many other duties beyond those of a housing successor but acting in its broader capacity as a housing authority. For example, the Housing Authority administers South Gate’s Section 8 rental assistance program and has recently acquired property at 13050 Paramount Boulevard. In its greater capacity, the Housing Authority reports on all of its activities in a separate (broader and more extensive) annual report required by Health and Safety Code Section 34328, submitted to California Department of Housing and Community Development (“HCD”) by October 1 for the prior year.

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. The Annual Report is due to HCD by December 31 annually, and must be accompanied by an independent financial audit. The Housing Authority’s audited financial statements will be posted on the City of South Gate’s (“City”) website when available.

BACKGROUND

This Section summarizes the process of transferring former redevelopment assets to a housing successor as well as the legal requirements for use of these assets that are addressed in this Annual Report.

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 CDC 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 CDC. The inventory was enumerated on a Housing Asset Transfer Form (“HAT”) which included:

1. Real properties;
2. Low and Moderate Income Housing Fund (“LMIHF”) encumbrances; and
3. Loan receivables.

All items on the HAT were reviewed and ultimately approved by the DOF on April 1, 2013. A copy of the HAT is provided as Appendix 1. Once approved by DOF and as directed by law, the Housing Authority, acting as housing successor, transferred these assets to the Low and Moderate Income Housing Asset Fund (“Housing Asset Fund”, Fund 322). 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.

Legal Requirements Pertaining to Housing Successors

A year after dissolution of redevelopment began, the Legislature recognized the need to regulate and provide transparency on the use of the housing activities transferred from a former redevelopment agency. Senate Bill 341 DeSaulnier, 2013) and subsequent legislation enacted several requirements for housing successor agencies contained in Sections 34176-34176.1 of the Health and Safety Code.

In general, housing successors must comply with three major requirements pursuant to Health and Safety Code 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.
3. Properties must be developed with affordable housing within five to ten years of being approved for transfer from the former redevelopment agency to the housing successor.

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

Permitted Uses of Housing Asset Funds

Pursuant to Health and Safety Code Section 34176.1, 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 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”).
- **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.
- **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 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. Over a five year period, the current one beginning July 1, 2019, at least 30 percent of such development expenditures must assist extremely low income households (30% AMI), while no more than 20 percent may assist low income households (between 60-80% AMI) per five-year compliance period. 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 January 1, 2014 through June 30, 2019. The Housing Authority was compliant with Housing Asset Fund income proportionality expenditure requirements during the first five-year compliance period. The current (second) five-year compliance period is 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 60-80% 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% of its development expenditures for extremely low income households, or exceeds 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% of its development expenditures on extremely low units, it is required to increase this spending to 50% until compliant with the 30% threshold; a housing successor that spends more than 20% 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% threshold.

As such, tracking these expenditures and their progress over the corresponding five year period is a valuable and necessary planning purpose of this Annual Report.

Ten-Year Age Proportionality on Units Assisted: If more than 50% 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.

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 ultimately penalizes housing successors by requiring unspent funds to be transferred to HCD for use on state housing projects if a housing successor fails to commit and spend these dollars in a reasonable timeframe.

Health and Safety Code Section 34176.1(d) establishes a limit, known as an “excess surplus” on the amount of 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 designate 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.

The concept of excess surpluses carries over from the era of redevelopment, when redevelopment agencies were receiving often substantial amounts of deposits from the mandatory housing set aside of tax increment revenues. Today, excess surpluses are generally less common because housing successors do not have the amount of deposits comparable to what was available during redevelopment.

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

The Housing Authority entered FY 2020-21 with \$11,437 in Housing Asset Fund cash.

The Housing Asset Fund figures in this Annual Report are based on unaudited numbers that were available at the time this report was prepared. Therefore, there may be variances between what is reported in this Annual Report and the Housing Authority's audited financials. In addition, FY 2019-20 and FY 2020-21 were years of significant activity for the Housing Authority, acting as both the Housing Authority and the Housing Successor in two separate capacities. In some cases, the Housing Authority's financial activity acting in its two capacities were blended mistakenly and the Finance Department is in the process of correcting these entries in the final audited financial statements.

This Annual Report describes the Housing Successor related activity in the Housing Asset Fund reflecting the corrections being made by the Finance Department.

Deposits and Fund Balance

The Housing Authority deposited \$96,082 into the Housing Asset Fund during FY 2020-21, as shown in Figure 1.

Figure 1: Housing Asset Fund Deposits, 2020-21

Balance Type	Amount
ABx1 26 PTR Residual	\$ -
Interest Earnings	\$ -
Loan Repayment	\$ 38,459
Property Rental	\$ 57,623
Total	\$ 96,082

Source: City of South Gate

Revenue sources consist of the following:

- Loan Repayments including the note between the Housing Authority and Old-Timers Development Corp IV and a First-Time Homebuyer loan payoff ; and

- Rental income from 2703 Tweedy Boulevard and 9019 Long Beach Boulevard pursuant to interim lease agreements with 2 commercial businesses.

Expenditures

The Housing Authority expended a total of \$38,108 during 2020-21 for administrative costs.

Ending Cash and Fund Balance

The Housing Asset Fund balance as of June 30, 2021 was \$3,870,845, as summarized in Figure 2.

Figure 2: Housing Asset Fund - Ending Balance as of June 30, 2021

Balance Type	Amount
Cash	\$ 109,921
Investment Gains/Losses	-
Accounts Receivable	2,020
Interest Receivable	164
Notes Receivable - 9711 San Gabriel	131,250
Notes Receivable - CRA Loans	25,879
Notes Receivable - 1st Time Homebuyers	530,250
Land Held for Resale	3,150,000
Accounts Payable	(584)
Deposits	(78,054)
Due to Other Agencies	-
Ending Balance	\$ 3,870,845

Source: City of South Gate

Housing Successor Portfolio

The Housing Successor Portfolio as of FY 2020-21 includes properties transferred from the former Agency and twenty-seven loans receivable transferred from the former Agency. The Portfolio had a value of \$3,697,379 as of FY 2020-21, as detailed in Figure 3.

Figure 3: Housing Successor Real Property and Loans Receivable Portfolio

Asset	Amount
Real Properties	
9001 Long Beach Blvd./9015 Long Beach Blvd./9019 Long Beach Blvd.	2,610,000
3626 Tweedy Blvd.	140,000
2703 Tweedy Blvd./2704 Nebraska	260,000
<i>Subtotal</i>	<i>3,010,000</i>
Loans Receivable	
Loan Receivable - 9711 San Gabriel	131,250
Loans Receivable - CRA Loans (10)	25,879
Loans Receivable - 1st Time Homebuyers (16)	530,250
<i>Subtotal</i>	<i>\$687,379</i>
Total Portfolio Value	\$3,697,379

Source: City of South Gate

Note that the real property value in Figure 3 differs from the land held for resale value in Figure 2. The Portfolio Value is determined by the statutory value of real property as listed on the DOF-approved HAT, while the land held for resale value is the book value recorded by the Housing Authority.

REAL PROPERTIES AND DISPOSITION STATUS

Pursuant to the approved HAT, the former CDC transferred five parcels to the Housing Authority. The Housing Authority subsequently purchased an additional parcel in FY 2019-20 to increase the feasibility of development at an adjacent Housing Authority site. Details are as follows:

- 9711 SAN GABRIEL BLVD (APN 6203-017-903) – *Vacant duplex was sold by the Housing Authority to Old-Timers Development Corp IV on October 15, 2015. The buyer received a 30-year note from the Housing Authority with an interest rate of 3% for the appraised value of \$150,000 and is remitting repayments to the Housing Authority. The property has been rehabilitated by the new owner and will be offered to eligible low-income tenants for a duration of at least 15 years.*
- 9001 LONG BEACH BLVD (APN 6204-025-900), 9015 LONG BEACH BLVD (APN 6204-025-901), & 9019 LONG BEACH BLVD (APN 6204-025-902) – *9001 Long Beach Blvd. is a 10,563 square foot vacant parcel and 9015 Long Beach Blvd is a 5,553 square foot vacant parcel. Both parcels were transferred by the former redevelopment agency to the Housing Authority. In FY*

2019-20, the Housing Authority purchased an adjacent 12,632 square foot parcel located at 9019 Long Beach Blvd with Housing Asset Funds. Under the Surplus Land Act and HCD's implementing guidelines, public agencies are now obligated to first make properties that are not under contract available as surplus properties before entertaining other offers. The Housing Authority declared the three parcels as surplus land and distributed a Notice of Availability to applicable housing sponsors and public agencies in July 2021 and is entering into good faith negotiations with a responding developer.

- 3626 TWEEDY BLVD (APN 6223-006-910) – Building demolished in 2013 - Property has an interim use of a small parklet.
- 2703 TWEEDY BLVD/2704 NEBRASKA AVE (APN 6205-015-906) – The Housing Authority rents this property to a mini-market which expires on September 30, 2022 with no provision for extensions or holdover tenancy. By the end of the five-year lease, the tenant must vacate, and the Housing Authority would proceed to develop or dispose of the property.

Health and Safety Code Section 34176.1(e) requires all real properties acquired by a redevelopment agency prior to February 1, 2012 and transferred to the housing successor to be developed pursuant to the requirements detailed in Health and Safety Code Section 33334.16. All property that falls within these parameters must be developed for affordable housing purposes or sold by April 1, 2023. The Housing Authority expects to comply with this disposition timeline.

LOANS RECEIVABLE

Twenty-seven loan agreements transferred from the former CDC to the Housing Authority with outstanding balances are described below.

- 16 First-Time Homebuyer Down Payment Assistance Loans with a 0 percent interest rate. Loan repayments are due upon the sale of, transfer of, or failure to occupy the property. The outstanding amount due as of June 30, 2021 is \$530,250.
- 10 Home Revitalization Project CRA Loans. The outstanding amount due as of June 30, 2021 is \$25,879.
- A loan receivable for the sale of 9711 San Gabriel Avenue to Oldtimers Housing Development Corp IV. The outstanding amount due as of June 30, 2021 is \$131,250.

COMPLIANCE WITH ANNUAL AND PLANNING PERIOD LIMITS

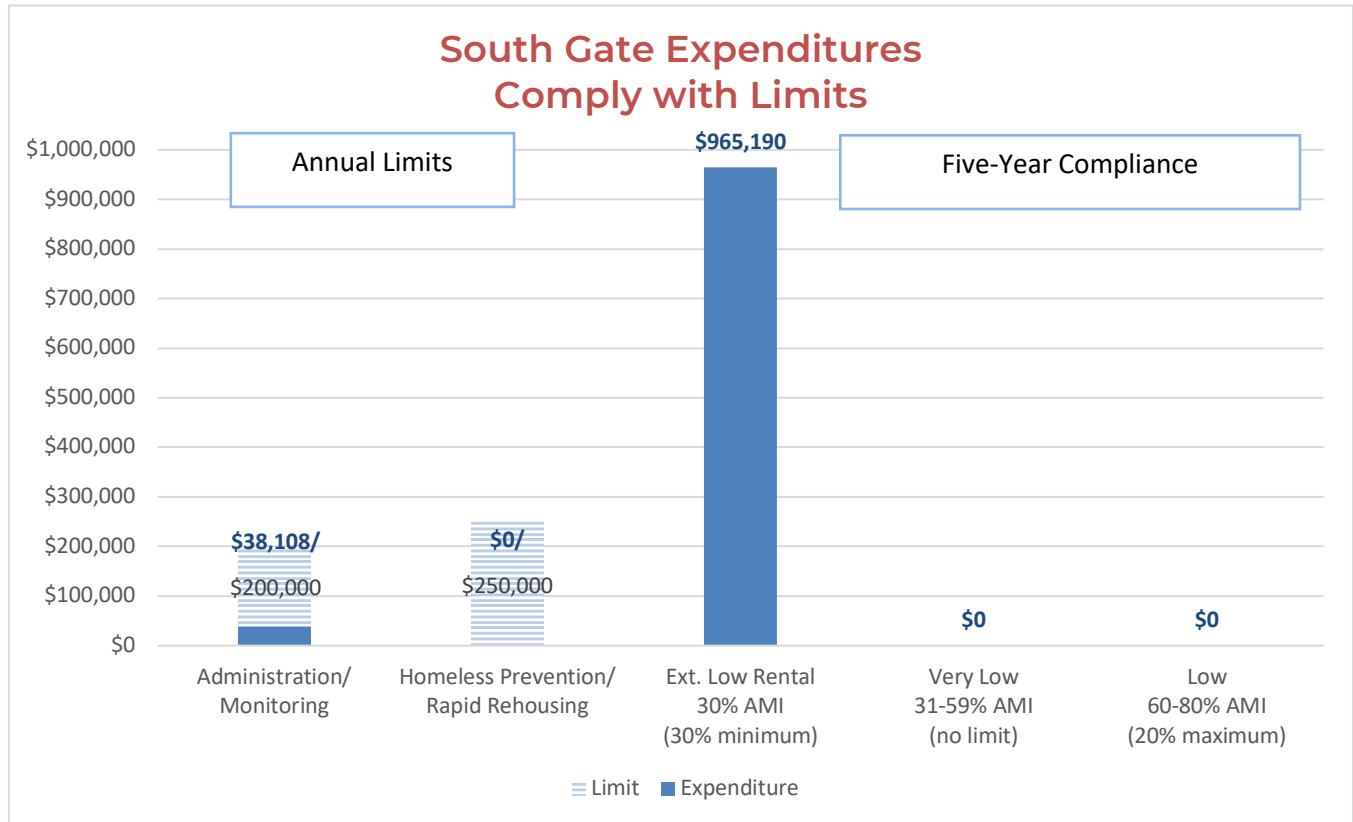
During the 2020-21 year, the Housing Authority was in compliance with all annual and 5/10 year planning period requirements as described in this section.

Proportionality Requirements

As summarized in Figure 4, the Housing Authority fully complied with all Housing Asset Fund spending restrictions:

- During 2020-21, the Housing Authority expended \$38,108 on allowable administrative expenses which is well under the maximum limit of \$200,000 plus inflation. The annual limit on administrative expenses is the greater of \$200,000 (plus inflation), or 5% of the Housing Successor Portfolio balance. As shown on Figure 3, the Portfolio balance is \$3,697,379, of which 5% is \$184,869.
- During 2020-21, the Housing Authority did not use any Housing Asset Funds for homeless prevention or rapid rehousing expenses, and was therefore in compliance with the \$250,000 spending restriction.
- The Housing Authority did not make any expenditures for affordable housing development in FY 2020-21. In FY 2019-20 the Housing Authority spent \$965,190 on extremely low income households (30% AMI). Therefore, the Housing Authority meets the five- year income proportionality targets.

Figure 4: 2020-21 Housing Asset Fund Expenditure Summary



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 will result in the Housing Authority 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 income households earning between 60-80% AMI in any five-year reporting period will result in the Housing Authority not being able to expend any funds on these income categories until in compliance.

Senior Rental Housing Limit Compliance

Pursuant to Health and Safety Code Section 34176 (b), a maximum of 50% 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 complies with the limit allowing no more than 50 percent of the total aggregate number of rental units produced within the preceding ten years to be restricted to

seniors. The Housing Authority, City, and former Agency assisted 32 deed-restricted rental units in the last ten years, 5 of which are restricted to seniors.

Figure 5 details units assisted by project.

Figure 5: Deed-Restricted Units Assisted in Last 10 Years

Property	Senior Units	%	Non-Senior Units	%	Total Units
10030 San Anselmo Ave.	0	0%	1	100%	1
11343 Pennsylvania Ave.	0	0%	4	100%	4
2418 Glenwood Pl.	0	0%	4	100%	4
9317 San Vincente Ave.	0	0%	1	100%	1
9701 San Antonio Ave.	5	100%	0	0%	5
9711-9711 1/2 San Gabriel Ave.	0	0%	2	100%	2
Madison Ave.	0	0%	5	100%	5
McNerney Ave.	0	0%	10	100%	10
Total	5		27		32

Total Deed-Restricted Senior Units: 16%

Source: City of South Gate

Excess Surplus

The Housing Authority does not have an excess surplus as of FY 2020-21 and has not reported an excess surplus of Housing Asset Funds since dissolution began in February 1, 2012.

Fiscal Year	2017-18	2018-19	2019-20	2020-21
Deposits	\$ 255,338	\$ 67,030	\$ 50,606	\$ 96,082
Unencumbered Amount				
FY 20-21 Ending Cash Value				\$ 109,921
Less: Encumbered Funds				\$ -
Unencumbered Amount				\$ 109,921
Step 1				
\$1 Million, or				\$ 1,000,000
Last 4 Deposits (FY 2017-18 through FY 2020-21)				\$ 469,056
Result: Larger Number				\$ 1,000,000
Step 2				
Unencumbered Amount				\$ 109,921
Less: Larger Number From Step 1				\$ 1,000,000
Excess Surplus				\$ -

Source: City of South Gate

The Housing Authority will continue monitoring its deposits and fund balance to avoid an excess surplus.

OTHER INFORMATION

Homeownership Unit Inventory

Figure 6 presents an inventory of homeownership units assisted by the Housing Authority that require restrictions, covenants, or an adopted program that protects Housing Asset Fund monies.

Figure 6: Homeownership Unit Inventory in Housing Asset Fund

Project Name / Address	Agreement Date	Project Name / Address	Agreement Date
6127 Nevada Avenue	9/15/94	9257 Park Avenue	10/1/98
8129 Madison Avenue	9/15/94	2706 Madrid Place	10/28/98
9136 Karmont Avenue	9/19/94	3150 Tecumseh Avenue	11/17/98
11523 Pennsylvania Ave.	9/20/94	2713 Madrid Place	12/17/98
8632 State Street	9/26/94	10236 Hunt Avenue	12/23/98
6147 Wilson Avenue	10/27/94	2709 Madrid Place	12/23/98
6040 Florence Avenue	11/3/94	8960 Dudlext Avenue	12/24/98
10332 Richlee Avenue	12/19/94	10304 Washington Ave.	12/29/98
5801 Meadow Rd	1/24/95	2711 Madrid Place	1/7/99
5917 Wilson Avenue	2/6/95	2716 Madrid Place	3/12/99
4926 Park Place	5/18/95	2710 Madrid Place	4/19/99
9538 Karmont Avenue	5/18/95	2718 Madrid Place	4/29/99
4938 Park Place	5/25/95	2704 Madrid Place	7/13/99
4962 Park Place	6/5/95	2703 Madrid Place	7/19/99
10315 Pescadero Ave.	6/7/95	2701 Madrid Place	8/6/99
9260 Park Avenue	7/25/95	9781 Karmont Avenue	9/17/99
10715 Ament Avenue	10/6/95	10515 Alexander Avenue	11/16/99
9535 Karmont Avenue	10/30/95	10317 Hildreth Avenue	1/26/00
10321 Kauffman Avenue	2/1/96	11907 Oklahoma Avenue	2/29/00
10005 Orange Avenue	5/24/96	5740 Jefferson Avenue	4/24/00
11356 Idaho Avenue	6/20/96	11311 Oklahoma Avenue	5/17/00
8934 May Court	6/28/96	10116 Hunt Avenue	8/4/00
10235 Hildreth Avenue	10/29/96	5342 Ledgewood Road	1/27/01
10020 San Miguel Avenue	11/18/96	10514 McNemey Ave.	3/2/01
10431 Jackson Avenue	4/8/97	10337 Hunt Avenue	3/26/01
11331 Utah Avenue	5/28/97	9561 Karmont Avenue	5/3/02
9330 Bryson Avenue	6/11/97	12301 Garfield Avenue	4/10/03
10330 Otis Street	7/25/97	9211 San Juan Avenue	4/15/03
12011 Pennsylvania Ave.	7/29/97	10535 San Carlos Avenue	12/23/03
10105 Kauffman Ave.	8/14/97	4979 Park Place	5/12/06
7326 Cloverlawn Drive	9/25/97	8479 San Luis Avenue	8/3/06
8948 Bowman Avenue	3/19/98		
9514 Anetta Avenue	5/7/98		

Source: City of South Gate

Transfers to Other Housing Successors

There were no transfers to another housing successor entity for a joint project pursuant to Health and Safety Code 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

Housing Successor Reporting Requirements <i>Health and Safety Code Section 34176.1(f)</i>		
Housing Asset Fund Revenues & Expenditures	Other Assets and Active Projects	Obligations & Proportionality
<p>Total amount deposited in the Housing Asset Fund for the fiscal year</p> <p>Amount of deposits funded by a Recognized Obligation Payment Schedule (“ROPS”)</p>	<p>Description of any project(s) funded through the ROPS</p>	<p>Description of any outstanding production obligations of the former Agency that were inherited by the Housing Authority</p>
<p>Statement of balance at the close of the fiscal year</p>	<p>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)</p>	<p>Compliance with proportionality requirements (income group targets), which must be upheld on a five year cycle</p>
<p>Description of Expenditures for the fiscal year, broken out as follows:</p> <ul style="list-style-type: none"> • Homeless prevention and rapid rehousing • Administrative and monitoring • Housing development expenses by income level assisted 	<p>Other “portfolio” balances, including:</p> <ul style="list-style-type: none"> • 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 	<p>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</p>
<p>Description of any transfers to another housing successor for a joint project</p>	<p>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</p>	<p>Amount of any excess surplus, and, if any, the plan for eliminating it</p>

APPENDIX 3 – HOUSING ASSET FUND EXPENDITURE REQUIREMENTS

Housing Asset Fund Expenditure Requirements <i>Health and Safety Code Section 34176.1</i>		
Expense Category	Limits	Allowable Uses
Administration and Compliance Monitoring	\$200,000 maximum for FY 2020-21 (limit varies each year)	Administrative activities such as: <ul style="list-style-type: none"> 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 <p>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.</p>
Homeless Prevention and Rapid Rehousing Solutions	\$250,000 maximum per fiscal year	Services for individuals and families who are homeless or would be homeless but for this assistance, including: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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

Housing Asset Fund Expenditure Requirements
Health and Safety Code Section 34176.1

Expense Category	Limits	Allowable Uses
	Income Targets	<p>Every five years (currently FYs 2019-20 through 2023-24), Housing Asset Funds must meet income targets:</p> <ul style="list-style-type: none"> • 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) <p>Moderate and above moderate income households may not be assisted (above 80% AMI).</p> <p>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.</p> <p>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.</p>
	Age Targets	<p>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.</p> <p>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.</p>