HOUSING SUCCESSOR ANNUAL REPORT
City of El Monte

Fiscal Year 2020-21

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INTRODUCTION

The dissolution of California redevelopment agencies in 2012 resulted in a dramatic change to property tax finance. It eliminated the major source of local, publicly generated dollars earmarked for affordable housing. Successor housing entities have been left in a challenging position – the need for affordable housing is greater than ever, yet a key funding source no longer exists.

The City of El Monte ("City") is the Housing Successor Agency ("Housing Successor") to the former El Monte Community Redevelopment Agency ("Agency"). The Housing Successor is responsible for maintaining housing assets transferred from the former Agency. Its main goal is to provide affordable housing for City of El Monte residents. The Housing Successor's assets were transferred from the former Agency when it dissolved pursuant to the Dissolution Act (enacted by Assembly Bills, or "AB", x1 26 and 1484). Although the Housing Successor inherited the former Agency's housing assets and functions, it does not have an ongoing financing mechanism to maintain them. The former Agency primarily funded projects with redevelopment tax increment, which was abolished with the dissolution of redevelopment.

Pursuant to AB 1484, the former Agency prepared a housing asset transfer form, which provided an inventory of all assets received in the mandatory transfers of assets following the dissolution of redevelopment. The El Monte Housing Asset Transfer Form ("HAT") was submitted to the California Department of Finance ("DOF") on July 29, 2013 and approved by DOF on December 13, 2013.

This Housing Successor Agency Annual Report ("Annual Report") contains information on Fiscal Year ("FY") 2020-21 finances and activities as required by Health and Safety Code ("HSC") Section 34176.1(f). FY 2018-19 marked the end of the first five-year compliance period for income proportionality. The Housing Successor did not meet all of the requirements for expenditures by income level in the first five-year period (January 1, 2014 through June 30, 2019) and is therefore subject to deeper expenditure limitations by income category.

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

HOUSING SUCCESSOR REQUIREMENTS

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

1. 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 (5) to ten (10) years of the DOF approving the HAT.

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

ASSETS TRANSFERRED TO HOUSING SUCCESSOR

Upon the statewide dissolution of redevelopment in 2012, all rights, powers, committed assets, liabilities, duties, and obligations associated with the housing activities of the Agency were transferred to the Housing Successor. The Housing Successor prepared a HAT that provided an inventory of all housing assets transferred from the Agency to the Housing Successor. This included:

1. Real properties;
2. Loans and grants receivables; and
3. Rents/Operations.

All items on El Monte's HAT were approved by the DOF on December 13, 2013. A copy of the HAT is provided as Appendix 2. It is important to distinguish that Housing Successor assets that were not

[1] 2013-14 legislative session

transferred from the former Agency or generated by or purchased with assets from the former Agency, are not subject to HSC Section 34176.1.

HOUSING ASSET FUND ACTIVITY

In the months following redevelopment dissolution, the California legislature passed several legislative bills, including SB 341, to clarify issues concerning the activities and assets of former redevelopment agencies. SB 341 reinstated many affordable housing requirements formerly completed by redevelopment agencies. Former Agency assets, and the revenues generated by those assets, are maintained in a Low and Moderate Income Housing Asset Fund ("Housing Asset Fund"), Fund 227 for the City. Specifically, HSC Section 34176.1 restricts Housing Successor's Housing Asset Fund expenditures as follows:

- **Administrative costs** up to $200,000 per year adjusted for inflation, or 5% of the statutory value of real property owned by the housing successor and the value of loans and grants receivable from the HAT ("Portfolio"), whichever is greater. The FY 2020-21 limit for the Housing Successor was $223,400. However, 5% of the Portfolio is a significantly lower value of $109,822.

- **Homeless prevention and rapid rehousing services** up to $250,000 per year if the former Agency did not have any outstanding housing inclusionary or replacement housing production requirements. The Housing Successor is eligible to incur these expenses because the former Agency had a surplus of affordable housing production units upon dissolution.

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

    Five-Year Income Proportionality: If Housing Asset Funds are spent on affordable housing development, at least 30% of such expenses must assist extremely low income households (30% AMI) and no more than 20% can be spent on low income households (between 60-80% AMI) per five-year compliance period. The current five-year compliance period runs from July 1, 2019 through June 30, 2024.

    Note that housing successors must report expenditures by category each year, but compliance with income proportionality limits is assessed every five (5) years. For example, a housing successor could spend all of its funds in a single year on households earning between 60-80% AMI, as long as it was 20% or less of the total expenditures during the five-year compliance period.

Ten-Year Age Proportionality: If more than 50% of the total aggregate number of rental units produced by the Housing Successor or former Agency during the past ten (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.

EXPENDITURE LIMIT COMPLIANCE

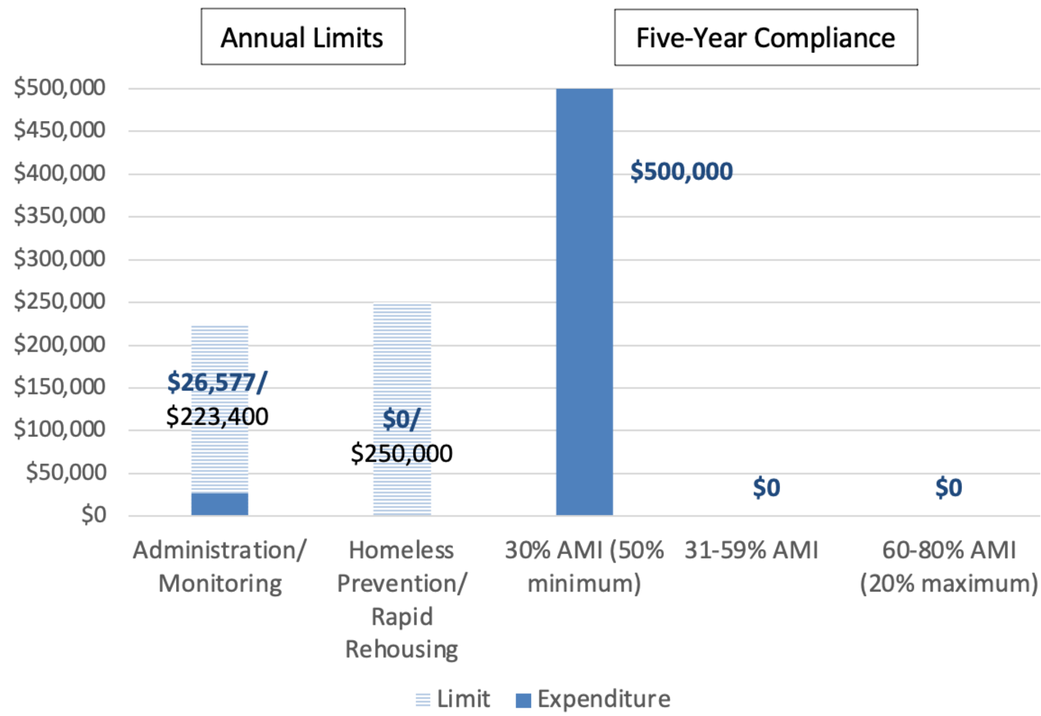
The Housing Successor complied with all Housing Asset Fund expenditure restrictions in FY 2020-21:

- Administrative costs totaled $26,577, which is far below the $223,400 maximum amount for FY 2020-21. Note that the previous year's cap of $220,400 was increased by $3,000 to account for inflation. The Housing Successor has been in compliance with the administrative costs since FY 2013-14.

- No homeless prevention or rapid rehousing expenses were made in FY 2020-21. A housing successor is allowed to spend up to $250,000 annually on homeless prevention category expenses.

- FY 2020-21 is the second year of the second five-year compliance period. The Housing Successor spent a total of $500,000 to assist the Tyler Valley Metro Housing Project, which will include 53 units affordable to lower income households. The entire $500,000 contribution was allocated towards 6 units affordable to extremely low income households (30% AMI). This is the Housing Successor's only affordable housing development expenditure in the current 5-year compliance period. Figure 1 below demonstrates the City's compliance with affordable development expenditure limits during this five-year period.

Figure 1. Compliance with Expenditure Limits FY 2020-21

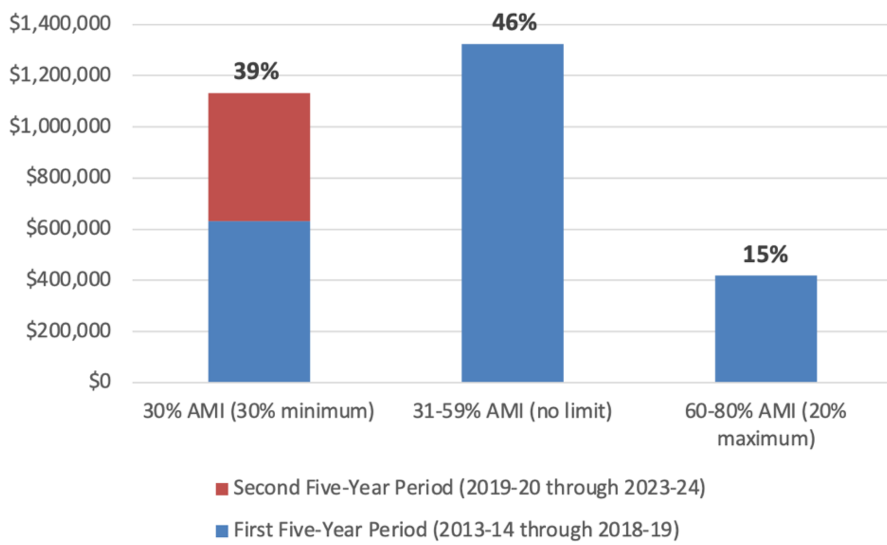


In the previous five-year compliance period (January 1, 2014 to June 30, 2019), the Housing Successor failed to meet housing development compliance requirements for extremely-low income units. During that period, the Housing Successor spent a total of $2,375,510 on affordable housing developments, $632,723 (27%) of which was allocated to assist extremely low income units. Therefore, the Housing Successor did not meet the requirement that at least 30 percent of all housing development expenditures be dedicated to assist units restricted at 30% AMI or below.

Failure to comply with the extremely low income requirement in any five-year compliance period results in the housing successor being subject to deeper expenditure requirements until back in compliance with the 30 percent threshold. Therefore, the City is required to ensure that at least 50 percent of any spending on housing developments per fiscal year be used to assist extremely low income units until 30 percent of their total spending meets the 30 percent threshold.

As stated above, the Housing Successor did not make any housing development expenditures in the first year of the current five-year period and issued a $500,000 loan to assist the Tyler Valley Metro Housing Project in FY 2020-21, 100 percent of which was used to assist the development of 6 units restricted to 30% AMI. Therefore, the City has met the deeper compliance restriction requiring at least 50 percent of housing development expenditures per fiscal year be used to assist extremely low units. The City is also back in compliance with all housing development expenditure requirements since the Tyler Valley Loan puts the Housing Successor's overall spending on extremely low income units at 39 percent. Figure 2 below shows the Housing Successor's compliance with overall housing development expenditure requirements over both five-year compliance periods in all income categories.

Figure 2. Compliance Over Both Five-Year Periods



The Housing Successor will continue to monitor expenditures to ensure that all requirements are met in future years.

SENIOR HOUSING LIMIT COMPLIANCE

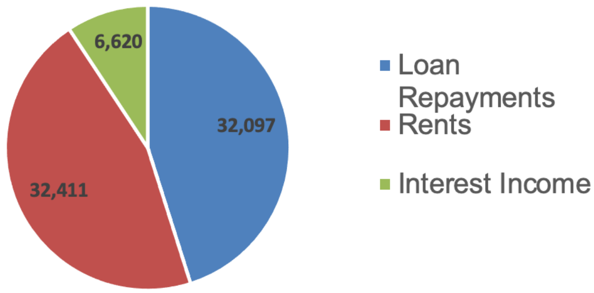
The Housing Successor complies with the requirement that no more than 50% of the total number of rental units produced within the preceding 10 years be restricted to seniors. The Housing Successor, City, and former Agency assisted a total of 1,359 deed-restricted rental units in the last 10 years, 198 (15%) of which are restricted to seniors. Therefore, the Housing Successor is well below the limit.

DEPOSITS AND FUND BALANCE

HSC Section 34176.1 requires housing successors to annually report the amount of funds that were deposited into the Housing Asset Fund during the fiscal year, distinguishing any amounts held for items listed on the Recognized Obligation Payment Schedule ("ROPS"). The Housing Successor deposited $71,128 into the Housing Asset Fund during FY 2020-21. No items deposited into the Housing Asset

Fund were listed on the ROPS. As shown in Figure 3 below, the deposits made in FY 2020-21 include repayment of first-time homebuyer down payment assistance loans, rental income, and interest income.

Figure 3.
FY 20-21 Deposits ($71,128)



The Housing Asset Fund balance as of June 30, 2021 was $3,179,087, as summarized in Table 1 below.

Table 1 Housing Asset Fund Ending Balance FY 2020-21		
Balance Type		**Amount**
Pooled Cash		982,092
Cash With Fiscal Agent		-
Accounts Receivable		543
Miscellaneous Accounts Receivable		-
Notes Receivable		3,548,736
Allowance for Doubtful Accounts		(2,856,378)
Land Held for Resale		1,504,095
Ending Balance	**$**	**3,179,087**

EXCESS SURPLUS

The Housing Asset Fund may not accumulate an "excess surplus", or 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 in a timely manner. Excess surplus must be expended or encumbered within three fiscal years. If a housing successor fails to comply, it must transfer any excess surplus to HCD within 90 days of the end of the third fiscal year.

In FY 2019-20, the Housing Successor reported an excess surplus of $148,658, which must be accounted for separately to ensure that the funds are eliminated. Table 2 below illustrates the how the FY 2019-20 excess surplus has been eliminated through FY 2019-20 and FY 2020-21 administrative and affordable housing expenditures. This matches the excess surplus methodology applied by HCD prior to redevelopment dissolution. The Housing Successor expended $16,179 in FY 2019-20 on administrative costs and $526,577 in FY 2020-21 on administrative and housing development expenses, eliminating the entire FY 2019-20 surplus.

Table 2 FY 2019-20 Excess Surplus Elimination		
Fiscal Year		**2019-20**
Excess Surplus (Beginning of 2020-21)	$	148,658
Elimination of FY 19-20 Excess Surplus		
Expenditures		
FY 19-20 Administrative Costs	$	(16,179)
FY 20-21 Administrative Costs		(26,577)
FY 20-21 Tyler Valley Note		(500,000)
Encumbrances		
None		
Total Expenditures and Encumbrances	$	(542,756)
Remaining 19-20 Excess Surplus		None

[1] As of June 30, 2021

The Housing Successor did not accumulate any excess surplus in FY 2020-21, as shown in Table 3 below.

Table 3 Excess Surplus Calculation								
Fiscal Year		**2016-17**		**2017-18**		**2018-19**		**2019-20**
Deposits	$	300,413	$	250,631	$	311,769	$	191,395
FY 2020-21 Beginning Cash Balance							$	1,432,511
Less: Encumbered Funds[1]							$	(500,000)
Unencumbered Amount[2]							$	932,511
Step 1								
$1 Million, or							$	1,000,000
Last 4 Deposits							$	1,054,208
Result: Larger Number							$	1,054,208
Step 2								
Unencumbered Cash Balance							$	932,511
Less: Larger Number From Step 1							$	1,054,208
Excess Surplus								None

[1]Funds spend in FY 2020-21 on the $500,000 Tyler Valley Metro Housing Note
[2]As of July 1, 2020

TRANSFERS TO OTHER HOUSING SUCCESSORS

The Housing Successor did not make any transfers to another housing successor entity for a joint project pursuant to HSC Section 34176.1.

HOUSING SUCCESSOR PORTFOLIO

The Housing Successor Portfolio includes five properties and 22 loans receivable transferred from the former Agency. As of FY 2020-21 the portfolio value was $2,196,452 as detailed in Table 4. Note that the "Allowance for Doubtful Accounts" line item is recorded due to the long-term nature of the loans receivable. The City also currently includes Area Y in the Housing Successor Portfolio; however these properties are listed on the Long Range Property Management Plan and are therefore Successor Agency property. The City will revise their recording of these properties to remove them from the Housing Successor's Asset Fund.

Table 4
Portfolio Value of Real Properties and Loans Receivable

Asset	Amount
Real Properties	
3436 Tyler Ave	734,659
11016 Ramona	150,000
Investment in Land in Area Y[1]	430,356
3571 Palm	64,855
3555 Palm	124,225
Subtotal	*$1,504,095*
Loans Receivable	
Homebuyer Assistance (14)	593,000
Singing Wood Senior Housing - Deed Loan	102,338
Mercy Housing Site Acquisition Note	280,137
Mercy Housing - Baldwin Rose (Through Housing Authority)	177,845
Tyler Court Deferred Fee Note	87,736
Working Capital Loan -TDF - Special Project Construction Reserve	466,629
TDF Senior Housing (Titan) - Project Gap Loan (CRA portion)	921,058
TDF Senior Housing (Titan) - Long term loan	415,489
Tyler Valley Metro Housing - Affordable Rental Development Note	504,500
Allowance for Doubtful Accounts	(2,856,375)
Subtotal	*$692,357*
Total Portfolio Value	**$2,196,452**

As of June 30, 2021

[1] Area Y is recorded as land held for resale, however this property was transferred to the Successor Agency and is not included in Housing Successor reporting. The City will correct their recording of this property.

LOANS RECEIVABLE

The former Agency transferred 25 loan agreements to the Housing Successor as part of the HAT approved by DOF on July 29, 2013. Six (6) loans were added to the HAT after the initial transfer, one of which has been paid off. The remaining loans are described below, including the outstanding loan balances as of June 30, 2021.

- **Homebuyer Down Payment Assistance Loans** – Twenty-One (21) first-time homebuyer down payment assistance loans totaling $856,000 were issued between 2002 and 2010. These loans either had no interest rates or varying interest rates based on the property sale date. An additional loan was added in FY 2016-17 (11320 Iris Lane) in the amount of $12,680 but was subsequently collected in the same fiscal year. Loan repayments are due upon property sale, property transfer, or failure to occupy the property. Eight (8) loans (including 11320 Iris Lane) have been collected since the HAT was prepared. The outstanding amount due is $593,000 on the 14 outstanding loans.

- **Blessed Rock Senior Housing Project** – In 1996, the former Agency loaned $60,223 of housing funds to Blessed Rock of El Monte, L.P. for the development and operation of Blessed Rock Senior Housing Project. The outstanding principal on the loan is to be repaid over 30 years and interest accrues at the simple interest rate of 2%. As of June 30, 2015, the outstanding balance of the loan was repaid.

- **Singing Wood Senior Housing Project** – In FY 2013-14, the Housing Successor loaned $484,710 of Housing Asset Funds to Singing Wood Senior Housing, L.P. for the development and operation of Singing Wood Senior Housing Project. The outstanding principal on the loan is to be repaid over 30 years and interest accrues at the simple interest rate of 3% per year. As of June 30, 2021, the outstanding loan balance was $102,338.

- **Mercy Housing California** – The Housing Successor entered into a Disposition and Development Agreement with Mercy Housing California on October 14, 2015, related to the construction of Mercy Housing Family Veterans Affordable Rental Housing Project. In FY 2016-17, the Housing Successor loaned $300,000 of Housing Asset Funds to Mercy Housing for the site acquisition in relation to the project. In FY 2017-18, the Housing Successor loaned an additional $177,845 of Housing Asset Funds to Mercy Housing through a Development Project Mitigation Fee Loan specifically for the Baldwin Rose project. The outstanding principal on the loans are to be repaid over 57 years and interest accrues at the simple interest rate of 2% per year. As of June 30, 2021, the outstanding balances of the loans were $280,137 and $177,845, respectively.

- **<u>Tyler Court Associates</u>** – The Housing Successor entered into a Disposition and Development Agreement with Tyler Court Associates, L.P. on March 20, 2012 regarding the sale of a property located at 3348 Tyler Avenue and the construction of Tyler Court Apartments on the site. In FY 2017-18, the Housing Successor loaned $87,736 of Housing Asset Funds to Tyler Court Associates, L.P. for a deferment of development fees owed. The outstanding principal on the loan is to be repaid over 55 years. As of June 30, 2021, the outstanding balance has remained $87,736.

- **<u>Pacific Towers Senior Housing Project</u>** – In 2003 and 2004, the former Agency entered into three loan agreements with TDF, L.P for the development and operation of Pacific Towers Senior Housing Project. The first was the "Original Project Gap Loan" in the amount of $398,500 approved on January 1, 2003. The second was the "Long-term Project Note" in the amount of $650,000, and the third was the "Special Construction Loan" in the amount of $250,000, both of which were approved in March 2004. The Original Project Gap Loan and the Special Construction Loan are to be repaid over 45 years with interest accruing at the simple interest rate of 3% per year. The Long-term Project Note is to be repaid over 55 years with interest accruing at the simple interest rate of 5% per year. On February 5, 2015, the Housing Successor and TDF Senior Housing entered into an agreement affirming principal and interest owed by TDF on its loans. As of June 30, 2021, the outstanding balance of all of the loans was $1,803,176.

- **<u>Tyler Valley Metro Housing</u>** – The Housing Successor entered an agreement with Tyler Valley Metro Housing L.P on February 16, 2021 and issued a loan in the amount of $500,000 for the development of a 53-unit affordable housing project. Per the Affordable Rental Housing Development Note, the loan is to be repaid over 57 years with interest accruing at a simple rate of 3% per year. As of June 30, 2021, the outstanding balance of the loan was $504,500.

PROPERTY DESCRIPTIONS AND DISPOSITION STATUS

The former Agency transferred four properties to the Housing Successor. The properties include the following single family residences (SFR) and three vacant lots:

- 3436 Tyler Avenue – *Vacant Land*

- 11016 Ramona Boulevard – *Vacant Land*
- 3571 Palm Drive – *Vacant Land*
- 3555 Palm Drive – *SFR*

HSC Section 34176.1(e) requires that all real properties acquired by the Agency prior to February 1, 2012 and transferred to the Housing Successor be developed pursuant to the requirements detailed in HSC Section 33334.16. All property that falls within these parameters must be developed for affordable housing purposes or sold within five years from the date DOF approved the Housing Asset Transfer Form, or December 13, 2018 in the Housing Successor's case. If the Housing Successor was unable to develop or dispose of these properties within the five-year period, the law allows for a five-year extension via adoption of a resolution. All Housing Successor properties transferred on the HAT are subject to this provision.

The Housing Successor adopted a resolution extending the deadline to December 13, 2023.

Descriptions of the properties and their disposition status are below.

3436 Tyler Avenue (APN 8579-014-903) and 11016 Ramona Boulevard (APN 8579-014-901)

The Housing Successor owns the land located at 3436 Tyler Avenue and 11016 Ramona Boulevard. The 3436 Tyler Avenue property is a 0.28-acre vacant lot purchased by the City on March 1, 2010 and the11016 Ramona Boulevard property is a 0.14-acre vacant lot purchased by the former Agency on July 2, 2008. The properties are adjacent to each other separated by a public alley. In FY 2017-18, the Housing Successor issued a Request for Proposals (RFP) to solicit proposals for the development of an affordable housing project. Domus Development, a subsidiary of Newport Partners, LLC, won the bid and was approved by the Planning Commission in October 2018 to construct a 51-unit affordable housing apartment complex called the Metro Point Project. In FY 2018-19, the East-West Public Alley was approved to move forward with connecting both properties. The developer is in the process of securing gap financing for the project. Once funding has been secured, construction is expected to begin.

3555 (APN 8579-026-907) and 3571 Palm Drive (APN 8579-026-906)

The Housing Successor owns the two adjacent parcels located at 3555 and 3571 Palm Drive off of Lexington Avenue between Iris Lane and Main Street. The 3555 Palm Drive property is a 2,517-square-foot lot improved with a single-family residence that was acquired on August 12, 1991, and the 3571

Palm Drive property is a 2,530-square-foot lot that was acquired on March 5, 1987. Both properties are in the Zocalo Sub-Area of the DMSSP. In FY 2017-18, the City requested bids for rehabilitation of the 3555 Palm Drive home after the previous tenants were temporarily relocated in October 2017. The unit was rehabilitated using $159,626 of Community Development Block Grant (CDBG) funding and completed in December 2018 as an affordable unit. The Housing Successor is currently attempting to identify a developer to develop 3571 Palm Drive in accordance with HSC Section 34176.1(e).

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 Housing Asset Fund monies.

Table 5
Homeownership Unit Inventory

Project Name / Address	Note Date	Interest	Status
10919 Iris Lane	10/29/02	Varies based on property sale date	Deferment
10939 Iris Lane	8/22/02	Varies based on property sale date	Deferment
10959 Iris Lane	10/11/02	Varies based on property sale date	Deferment
10911 Las Flores	9/10/02	Varies based on property sale date	Deferment
10923 Las Flores	9/12/02	Varies based on property sale date	Deferment
10948 Las Flores	8/12/02	Varies based on property sale date	Deferment
10953 Las Flores	10/30/02	Varies based on property sale date	Deferment
10965 Las Flores	9/27/02	Varies based on property sale date	Deferment
10977 Las Flores	9/26/02	Varies based on property sale date	Deferment
10980 Las Flores	12/27/02	Varies based on property sale date	Deferment
10988 Las Flores	9/12/02	Varies based on property sale date	Deferment
10995 Las Flores	9/11/02	Varies based on property sale date	Deferment
4612 Arden Drive	7/20/04	N/A	Deferment
4616 Arden Drive	12/9/10	N/A	Deferment
Total Units			**14**

Source: City of El Monte

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 or the Housing Successor 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

Housing Asset Fund Expenditure Requirements *Health and Safety Code Section 34176.1*		
Expense Category	Limits	Allowable Uses
Administration and Compliance Monitoring	**$223,400 maximum** for FY 2020-21 (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 $223,400 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	**$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

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

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

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

Exceeding the expenditure limit for low households earning between 60-80% AMI in any five-year reporting period will result in not being able to expend any funds on these income categories until in compliance.</td></tr>
<tr><td>Age Targets</td><td>For the prior 10 years (resets every year), a maximum of 50% of deed-restricted rental housing units assisted by the Housing Successor or its host jurisdiction may be restricted to seniors.

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