HOUSING SUCCESSOR ANNUAL REPORT
South San Francisco Housing Successor

Fiscal Year 2021-22

TABLE OF CONTENTS

INTRODUCTION

This Housing Successor Agency Annual Report ("Annual Report") presents information on Fiscal Year ("FY") 2021-22 expenditures and activities as required by Health and Safety Code ("HSC") Section 34176.1(f), including but not limited to a housing successor's compliance with certain expenditure activities over the year as well as a five-year planning period. This Annual Report is required of any housing successor to a former redevelopment agency.

City as Housing Successor

The City of South San Francisco ("City") is the Housing Successor Agency ("Housing Successor") to the former South San Francisco Redevelopment Agency ("Agency") which was dissolved with all other redevelopment agencies statewide by the Legislature in 2012. At the time of dissolution, a housing successor was to be selected to transfer and be responsible for the remaining assets and liabilities of a former redevelopment agency. The City elected to be the Housing Successor to the Agency by adoption of Resolution No. 08-2012 on January 25, 2012.

Scope of This Housing Successor Annual Report

This Annual Report is limited to the Housing Successor's activities as it relates to its role as a housing successor and is not necessarily comprehensive of all of the City's housing activities. This may include, but is not limited to, financial activities, property disposition, loan administration, monitoring of covenants, and affordable housing development. This Annual Report describes compliance with various annual, five-year, and ten-year housing expenditure and production requirements. FY 2021-22 is the third year of the current five-year compliance period for income proportionality, which began July 1, 2019, and ends June 30, 2024.

This Annual Report is an addendum to the City's Housing Element Annual Progress Report. Both are due to the California Department of Housing and Community Development ("HCD") by April 1 annually. The Housing Successor's audited financial statements will be posted on the City's website when available and are incorporated herein by reference.

Assets Transferred to the Housing Successor

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

1. Real properties;
2. Personal properties;
3. Loans receivable; and
4. Rents/operations

All items on the HAT were reviewed and ultimately approved by the DOF on August 31, 2012. A copy of the HAT is provided as Appendix 3. Once approved by DOF and as directed by law, the City, acting as housing successor, transferred these assets to the Low and Moderate Income Housing Asset Fund ("Housing Asset Fund", Fund 241). Approval of the HAT set in motion a series of obligations by the City as a housing successor, as described in the following section.

BACKGROUND

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

Legal Requirements Pertaining to Housing Successors

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

1. Expenditures and housing production are subject to income and age targets.
2. Housing successors may not accumulate an "excess surplus," or a high unencumbered Housing Asset Fund balance based on certain thresholds.
3. Properties must be developed with affordable housing within five to ten years of DOF's approval of the HAT.

Appendix 1 provides a detailed summary of the reporting requirements that are addressed in this Annual Report.

Permitted Uses of Housing Asset Funds

Pursuant to HSC 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 percent of the statutory value of real property owned by the housing successor and the value of loans and grants receivable from the HAT ("Portfolio").

  According to HCD, the $200,000 per year adjusted for inflation limit in FY 2020-21 was $223,400. As of the date of this report, HCD has not published an updated limit for FY 2021-22. However, the net value of the Housing Successor's real property and loans receivable (after an allowance for uncollectible) is $7,358,579, 5 percent of which is $367,929, which is significantly higher than the HCD limit. Therefore, South San Francisco's FY 2021-22 annual administrative cost limit is $367,929, the higher of these amounts.

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

  Five-Year Income Proportionality on Development Expenditures: 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 and includes "new construction, substantial rehabilitation, the acquisition of long-term affordability covenants, or the preservation of assisted housing development that is eligible for prepayment or termination or for which the expiration of rental restrictions is scheduled to occur within five years."

Over each successive five-year compliance period beginning in 2014, at least 30 percent of development expenditures must assist extremely low-income households (30 percent AMI), while no more than 20 percent may assist low-income households (between 60-80 percent AMI). The balance of the funds may be used on very low-income households (defined as households earning between 30-60 percent of AMI).

The Housing Successor was compliant with Housing Asset Fund income proportionality expenditure requirements during the first five-year compliance period from January 1, 2014 through June 30, 2019. 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 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-income units, it is required to increase this spending to 50 percent until compliant with the 30 percent threshold; a housing successor that spends more than 20 percent of its development expenditures on low-income units cannot spend any further funds on low-income developments until it is at or below the 20 percent threshold.

As such, tracking these expenditures and their progress over the corresponding five-year period is an important function of this Annual Report.

Ten-Year Age Proportionality on Units Assisted: If more than 50 percent of the total aggregate number of rental units produced by the city, housing 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 current period being 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, the current period being FY 2012-13 to FY 2021-22.

Appendix 2 describes Housing Asset Fund expenditure requirements in more detail, including the types of costs eligible in each category.

Limits on the Accumulation of Housing Funds (Excess Surplus)

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

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

- $1,000,000, or

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

Only amounts in excess of this threshold are considered an excess surplus. Once an excess surplus is determined, a housing successor must account for these funds separately and encumber said monies within three years. If after the third year the excess surplus has not been fully encumbered, the remaining balance of the excess surplus is to be transferred to HCD within 90 days. HCD is permitted to use these transferred excess surplus funds anywhere in the State under its Multifamily Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program.

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

HOUSING ASSET FUND ACTIVITY

This section describes FY 2021-22 Housing Asset Fund activity and balances.

Deposits and Fund Balance

The Housing Successor had net deposits of $148,275 in the Housing Asset Fund during FY 2021-22 from a variety of sources, as shown in Table 1.

Table 1
Housing Asset Fund Deposits FY 2021-22

Source		Amount
Rent Revenue	$	131,272
Interest Income - Investments	$	22,301
Interest Income - Loans/ Advances	$	18,481
Unrealized Gains/Losses	$	(110,022)
Interest Income - Lease GASB 87	$	36,383
Equity Sharing Revenues	$	47,076
Transfers	$	2,784
Total	$	148,275

Source: City of South San Francisco Finance Department

Expenditures

The Housing Successor expended a total of $344,378 during FY 2021-22. Of the total amount expended, $238,195 was spent on administrative costs and $106,183 was spent on homeless prevention and rapid rehousing (Emergency Rental Assistance). Both were well under their respective expenditure limits, with a maximum administrative cost limit for FY 2021-22 of $367,929 (based on 5 percent of the Housing Successor's Portfolio Balance) and a Homeless Prevention/Rapid Rehousing cost limit of $250,000. The City did not make any affordable housing development related expenditures and therefore remains in compliance with the proportionality requirement for the current five-year period.

Ending Cash and Fund Balance

The Housing Asset Fund had an ending asset balance $4,240,212 as of June 30, 2022, as summarized in Table 2.

Table 2
Housing Asset Fund Assets Ending Balance FY 2021-22

Asset		Amount
Cash	$	2,544,901
Unrealized Gains/Losses		(58,512)
Accounts Receivable - Other		5,075
Accrued Interest Receivable		7,634
Cash Premium/Discount Amortization		(16,469)
Loans Receivable		23,260,345
Allowance for Uncollectible		(22,700,107)
Lease Receivable GASB 87		1,197,345
Ending Balance	**$**	**4,240,212**

Source: City of South San Francisco Finance Department

Housing Successor Portfolio

The Housing Successor Portfolio as of FY 2021-22 includes four properties and eighteen loans receivable. No new loans were added in FY 2021-22. The Portfolio had a net value of $7,358,579 as of FY 2021-22, as detailed in Table 3. Note that the Loans Receivable are mostly offset by an "Allowance for Uncollectible" indicating that the City does not anticipate repayment. This is because many of the loans do not become due and payable unless a property is sold or other conditions are met.

Table 3 Portfolio Value of Real Properties and Loans Receivable FY 2021-22		
Asset		**Amount**
Real Properties		
339 - 341 Commercial	$	804,086
714 - 718 Linden		576,011
630 Baden - Land		948,244
636 El Camino - Land		4,470,000
Subtotal	*$*	*6,798,341*
Loans Receivable		
First-Time Homebuyer Loans (7)	$	209,714
Developer Loans (11)		23,050,631
Allowance for Uncollectibles		(22,700,107)
Subtotal	*$*	*560,238*
Total Portfolio Value		**$7,358,579**

Source: City of South San Francisco Finance Department

REAL PROPERTIES AND DISPOSITION STATUS

Pursuant to the approved HAT, the former Agency transferred eight properties to the Housing Successor, including four multifamily properties, two single family homes, and two parcels of land (land under existing buildings).

HSC 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 HSC Section 33334.16. All property that falls within these parameters must be developed for affordable housing purposes or sold by August 31, 2017. If the Housing Successor is 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 Housing Asset Transfer Form are subject to this provision.

The City meets the property disposition requirement because all properties transferred from the former Agency to the Housing Successor are already operating as affordable housing or have been sold. Descriptions of the properties and their disposition status are below.

Properties Disposed

- 310 - 314 MILLER (APNs 012-311-230, 240, & 250) – Three properties consisting of 13,000 square feet total were donated in May 2016 to Rotary Plaza, Inc. for $1 for the purpose of developing affordable multifamily housing. The property has 81 affordable units, which are to remain affordable for no less than 55 years.

- 380 ALTA VISTA (APN 013-232-170) - A single-family home sits on this 9,100-square foot lot. It was initially purchased by the Agency to remove blighting conditions and illegal bedrooms in the home. The property was sold in October 2016 and $1,016,276 in sales proceeds were deposited into the Housing Asset Fund. The funds will be used for affordable housing purposes as required by law.

Properties Retained

- 339 – 341 COMMERCIAL (APN 012-333-050) - This 2,500-square foot lot contains two duplexes. The City purchased the property in 1999 with funding from the former Agency, as well as HOME funds, to mitigate the blighted property and create affordable housing units.

- 714 – 718 LINDEN (APN 012-145-430) - A triplex sits on this 3,500-square foot lot located near the City's Downtown core. The City initially helped the owner rehabilitate the property in return for charging affordable rents. In 2005, when the affordability restriction expired and the owner intended to sell the property, the City purchased the property with funding from the former Agency to preserve the units' affordability.

- 630 BADEN (APN 012-241-230) - The Housing Successor owns 95,309-square feet of land under the Magnolia Plaza Senior Apartments, a 125-unit affordable senior apartment complex. The City purchased the Magnolia/Baden property from a local school district using funding from the former Agency and leases the land to Magnolia Plaza Associates as affordable housing.

- 636 EL CAMINO (APN 014-160-040) - The Housing Successor owns 87,121-square feet of land under an affordable multifamily development operated by MidPen Housing. The former Agency entered into a $9,988,434 loan agreement and ground lease with MP South City II, L.P. in March 2011 for the development of affordable units. The project consists of 108 affordable units, which are to remain affordable for no less than 75 years.

LOANS RECEIVABLE

The former Agency initially transferred thirty-three loan agreements as part of the approved HAT. There are currently eighteen loans receivable as of FY 2021-22. The outstanding loans are described below:

- Seven First-Time Homebuyer Loans are administered by the Housing Successor with an outstanding balance of $209,714 as of June 30, 2022. The loans were issued to assist low and moderate-income first-time home buyers. Since the former Agency’s dissolution, sixteen out of twenty-one loans that had been transferred were paid off, and 2 new loans have been issued.

- Eleven Developer Loans are administered by the Housing Successor with an outstanding balance of $23,050,631 as of June 30, 2022. The loans were issued to develop affordable housing throughout the City. A total of twelve developer loans were transferred on the HAT, of which two have been paid off since dissolution. Additionally, a new loan to developer ROEM was added in FY 2020-21 to assist a scattered development project at two locations: 201-219 Grand Avenue and 418 Linden Avenue. The Grand Avenue development comprises 47 residential units and about 5,000 square feet of ground-floor commercial space located on former RDA property. The Linden Avenue development comprises 37 residential units on former City land. The project is governed by a Development Agreement as well as an Affordable Housing Regulatory Agreement.

It is important to note that $22.7 million of the loans receivable value is accounted for in the "Allowance for Uncollectibles", as shown in the asset balance in Table 2. This is because many of the loans are not due and payable unless a property is sold or other conditions are met.

COMPLIANCE WITH EXPENDITURE & PRODUCTION LIMITS

During the 2021-22 Fiscal Year, the Housing Successor was in compliance with all annual and five and ten-year planning period requirements as described in this section.

Proportionality Requirements

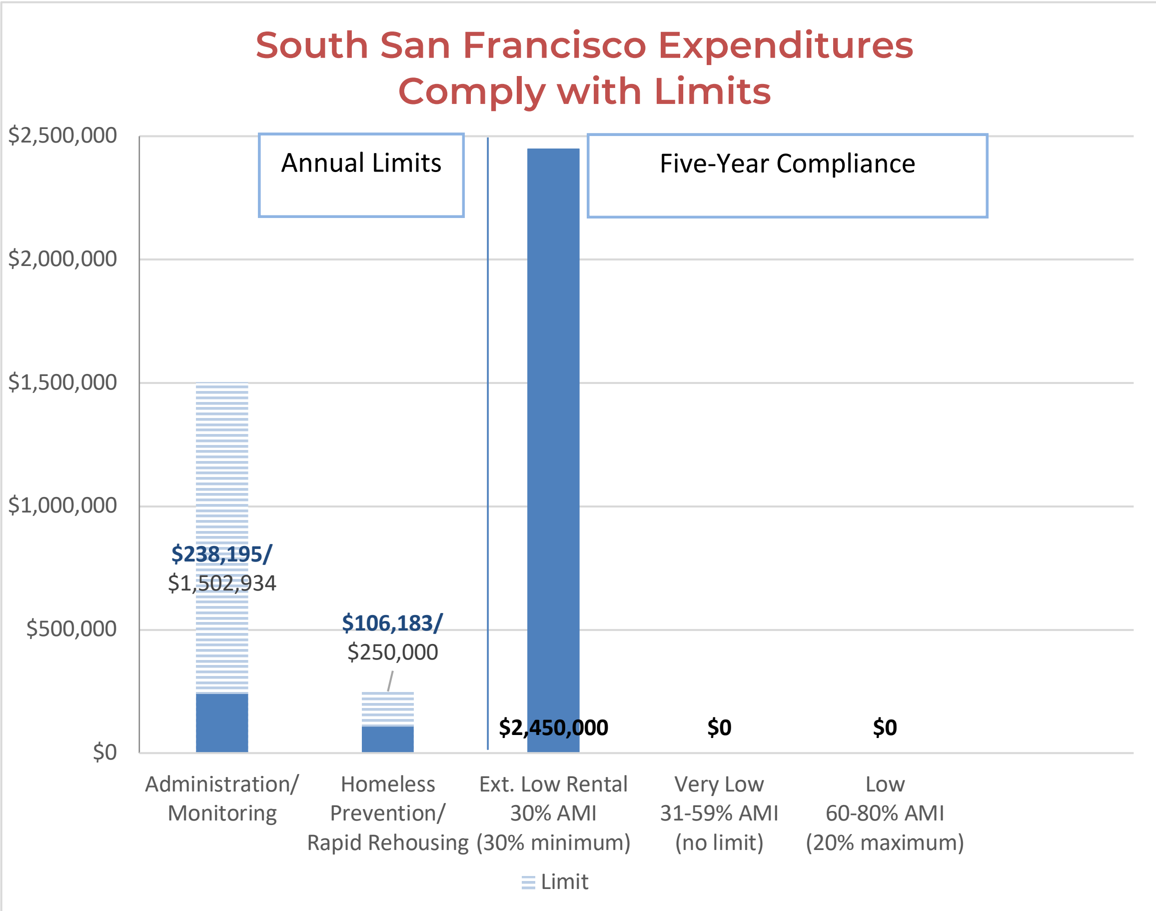
As summarized in Figure 1 below, the Housing Successor fully complied with all Housing Asset Fund spending restrictions:

- During FY 2021-22, the Housing Successor expended $238,195 on allowable administrative expenses which is well under the current year maximum limit of $367,929. The annual limit on administrative expenses is the greater of $200,000 (plus inflation), or 5 percent of the Housing Successor Portfolio balance. As shown in Table 3, the Portfolio balance is $7,358,579, of which 5 percent is $367,929.

- During FY 2021-22, the Housing Successor used $106,183 of Housing Asset Funds for homeless prevention or rapid rehousing expenses and was therefore in compliance with the $250,000 spending restriction.

- The Housing Successor spent $0 on affordable housing development-related expenditures during FY 2021-22. To date, the only expenditure on housing developments made during the current five-year compliance was made in FY 2020-21 and was entirely allocated to extremely low-income households (30 percent AMI or below). Therefore, the Housing Successor currently meets the five-year income proportionality targets.

Figure 1: FY 2021-22 Housing Asset Fund Expenditure Summary



The Housing Successor 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 would result in the Housing Successor 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 percent AMI in any five-year reporting period will result in the Housing Successor not being able to expend any additional funds on these income categories until in compliance.

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 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 Successor, City, and former Agency collectively assisted 359 deed-restricted rental units in the last ten years, 81 of which are restricted to seniors. Within the last 10 years, 23 percent of the deed-restricted units assisted by the Housing Successor, City, and former Agency are restricted to seniors, well below the limit. Table 4 details units assisted by project.

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

Property[1,2]	Senior Units	%	Non-Senior Units	%	Total Units
310 Miller	81	100%	0	0%	81
201-219 Grand Avenue	0	0%	47	100%	47
418 Linden Avenue	0	0%	37	100%	37
1051 Mission Road	0	0%	158	100%	158
432 Baden	0	0%	36	100%	36
Total	**81**		**278**		**359**

Total Deed-Restricted Senior Units: **23%**

[1] This list only includes units identified as senior-restricted living in the Housing Element.
[2] This list only includes units that had a ground lease executed within the last 10 years.
Source: City of San Francisco

Excess Surplus

The Housing Asset Fund may not accumulate an “excess surplus”, or an unencumbered cash balance that exceeds the greater of either $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.

At the beginning of the FY 2021-22, the Housing Successor had an unencumbered cash balance of $2,455,679 which exceeds the total amount of deposits over the prior four years which amount to $1,379,296. Therefore, the Housing Successor has an excess surplus of $1,076,383 for FY 2021-22 as shown in Table 5 below.

Table 5 Excess Surplus Calculation FY 2021-22					
Fiscal Year	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**Total 4-Year Deposits**
Deposits	$ 585,163	$ 304,949	$ 310,800	$ 178,383	$ 1,379,296
FY 2021-22 Beginning Cash Balance					$ 2,455,679
Less: Encumbered Funds[1]					$ -
Unencumbered Amount[2]					$ 2,455,679
Step 1					
$1 Million, or					$ 1,000,000
Last 4 Years Deposits					$ 1,379,296
Result: Larger Number					$ 1,379,296
Step 2					
Unencumbered Cash Balance					$ 2,455,679
Larger Number From Step 1					$ 1,379,296
Excess Surplus					$ 1,076,383

[2] As of July 1, 2021

Excess surplus funds must be accounted for separately and 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. Accordingly, the Housing Successor will ensure that these funds are expended or encumbered by FY 2024-25 and will continue to monitor its deposits and expenditures to avoid any future excess surplus.

OTHER INFORMATION

Homeownership Unit Inventory

Table 6 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 6 Homeownership Unit Inventory			
Project Name / Address[1]	Unit No.	Covenant Expiration	Affordability Period (Yrs)
1 Manday Place # 802	1	3/21/35	25
1488 ECR #101	1	2/8/64	55
1488 ECR #104	1	3/24/64	55
1488 ECR #106	1	5/1/67	55
1488 ECR #115	1	8/21/64	55
1488 ECR #202	1	11/18/64	55
1488 ECR #205	1	6/16/64	55
1488 ECR #210	1	7/14/64	55
1488 ECR #214	1	7/21/64	55
1488 ECR #216	1	10/16/64	55
1488 ECR #217	1	6/30/64	55
1488 ECR #220	1	6/30/64	55
1488 ECR #223	1	3/16/65	55
1488 ECR #304	1	11/10/64	55
1488 ECR #313	1	12/9/64	55
1488 ECR #314	1	10/25/64	55
2 Farm Road	1	11/13/58	55
2200 Gellert Blvd #6103	1	7/21/39	30
2200 Gellert Blvd #6111	1	11/1/36	30
2200 Gellert Blvd #6203	1	3/2/37	30
2200 Gellert Blvd #6205	1	2/10/37	30
2200 Gellert Blvd #6207	1	11/3/36	30
2210 Gellert Blvd #5101	1	10/1/54	45
2210 Gellert Blvd #5103	1	1/30/37	30
2210 Gellert Blvd #5107	1	7/19/37	30
2210 Gellert Blvd #5203	1	1/30/38	30
2210 Gellert Blvd #5205	1	4/19/37	30
2210 Gellert Blvd #5209	1	1/30/37	30
2210 Gellert Blvd #5211	1	1/30/37	30
2210 Gellert Blvd #5309	1	1/30/37	30
2220 Gellert Blvd #4101	1	6/10/37	30
2220 Gellert Blvd #4103	1	10/3/37	30
2220 Gellert Blvd #4107	1	6/8/37	30
2220 Gellert Blvd #4111	1	6/14/37	30

Project Name / Address[1]	Unit No.	Covenant Expiration	Affordability Period (Yrs)
2220 Gellert Blvd #4205	1	7/29/05	30
2220 Gellert Blvd #4211	1	5/26/37	30
2220 Gellert Blvd #4309	1	7/17/37	30
2230 Gellert Blvd #3103	1	2/25/38	30
2230 Gellert Blvd #3105	1	12/31/37	30
2230 Gellert Blvd #3107	1	12/3/37	30
2230 Gellert Blvd #3109	1	12/10/37	30
2230 Gellert Blvd #3203	1	12/10/37	30
2230 Gellert Blvd #3205	1	6/10/37	30
2230 Gellert Blvd #3209	1	1/8/38	30
2230 Gellert Blvd #4109	1	12/3/37	30
2250 Gellert Blvd #2101	1	9/25/38	30
2250 Gellert Blvd #2103	1	10/6/38	30
2250 Gellert Blvd #2107	1	8/29/63	30
2250 Gellert Blvd #2111	1	3/6/39	30
2250 Gellert Blvd #2203	1	10/6/38	30
2250 Gellert Blvd #2303	1	10/6/38	30
2260 Gellert Blvd #1107	1	11/12/43	30
2260 Gellert Blvd #1111	1	7/31/05	30
2260 Gellert Blvd #1207	1	5/18/39	30
260 Hillside Blvd	1	1/24/58	55
3775 Radburn Drive	1	2/15/34	30
3855 Carter Drive #203	1	9/1/34	25
438 Commercial Ave	1	6/30/60	55
440 Commercial Ave	1	6/30/60	55
441 2nd Lane	1	6/30/60	55
443 2nd Lane	1	6/30/60	55
56 Farm Road	1	1/19/61	55
61 Farm Court	1	7/25/05	30
936 Commercial Ave	1	11/10/41	30
942 Mission Road	1	4/21/35	25
958 Commercial Ave	1	8/25/64	55

Source: City of South San Francisco

[1] 2200 Gellert Blvd #6109, #5105, #5111 and #5303 were released from their respective Restrictions

Transfers to Other Housing Successors

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

APPENDIX 1 - HOUSING 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 2 – HOUSING ASSET FUND EXPENDITURE REQUIREMENTS

<table>
<tr><th colspan="3">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

Measured Annually</td><td>$367,929 limit for FY 2021-22 (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 ($223,400 for FY 20-21) 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”) ($367,929 for FY 21-22), whichever is greater.</td></tr>
<tr><td>Homeless Prevention and Rapid Rehousing Solutions

Measured Annually</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>

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<tr><th>Expense Category</th><th>Limits</th><th>Allowable Uses</th></tr>
<tr><td rowspan="2"></td><td>Income Targets
Fixed Five-Year Compliance Period (currently FY 2019-20 to FY 2023-24)</td><td>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.</td></tr>
<tr><td>Age Targets

Rolling Ten-Year Period (looks back at prior ten years)</td><td>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.</td></tr>
</table>

APPENDIX 3 – HOUSING ASSET TRANSFER FORM

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