SENATE BILL 341
ANNUAL REPORT

Coronado Housing Successor
Report for Fiscal Year 2018-19

4/20/2020

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INTRODUCTION

The City of Coronado ("City") is the Housing Successor Agency ("Housing Successor") to the former Community Development Agency of the City of Coronado ("Agency"). The Housing Successor elected to take on the housing-related responsibilities of the Agency following its dissolution in 2012. The former Agency's affordable housing rights, powers, assets, liabilities, duties, and obligations, excluding any amounts in the Agency's Low and Moderate Income Housing Fund, were transferred to the Housing Successor.

This Housing Successor Agency Annual Report ("Annual Report") contains information on Fiscal Year ("FY") 2018-19 finances and activities as required by Health and Safety Code ("HSC") Section 34176.1(f). FY 2018-19 marks the end of the first five-year compliance period for income proportionality. This Annual Report details how the Housing Successor met all requirements for expenditures by income level from January 1, 2014 through June 30, 2019.

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

[1] 2013-14 legislative session

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.

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 Housing Asset Transfer Form ("HAT") that provided an inventory of all housing assets transferred from the Agency to the Housing Successor. The Housing Successor's HAT is included in Appendix 2.

In the original HAT dated August 1, 2012, the Agency listed 73 assets for transfer to the Housing Successor. With approval from the DOF, the Agency removed 19 low mod encumbrances and two affordable housing grants that were for a development on 924 Orange Avenue. The Agency removed the low mod encumbrances after they realized that they had erroneously included them in the HAT; the Agency also removed the two housing grants from the HAT after they determined that the grants were paid for by the City (and not by the former Agency) in 1993. The Agency drafted a revised HAT on September 12, 2012 reflecting the revisions and listing the 51 remaining assets for transfer to the Housing Successor. On February 15, 2013, the DOF issued a letter of determination approving the revisions made along with the transfer of 52 assets from the Agency to the Housing Successor. The assets transferred consist of:

- 22 Real Properties;
- 6 Items of Personal Property;
- 16 Loans Receivable; and
- 8 Rental and Leasing Agreements.

HOUSING ASSET FUND ACTIVITY

Former Agency assets, and the revenues generated by those assets, are maintained in the Housing Successor's Low and Moderate Income Housing Asset Fund ("Housing Asset Fund").[2] Housing Asset Funds may be spent on:

- **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. According to HCD, the $200,000 allowance adjusted for inflation in FY 2018-19 is $215,500. The Housing Successor had $5,834,759 in loans and grants receivable and no real properties as of June 30, 2019. The Housing Successor's expenditure limit for administrative cost for FY 2018-19 is $291,738 (5% of $5,834,759).

- **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 former Agency did not have any outstanding inclusionary housing production requirements. Therefore, the spending limit for homeless prevention and rapid rehousing services in FY 2018-19 is $250,000.

- **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 any Housing Asset Funds are spent on affordable housing development, it triggers a requirement to spend at least 30% of such expenses assisting extremely low income households (30% AMI) and no more than 20% on low income households (between 60-80% AMI) per five-year compliance period. The first five-year compliance period was January 1, 2014 through June 30, 2019.

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

Note that housing successors must report expenditures by category each year, but compliance with income proportionality limits is measured every five years. For example, a housing successor could spend all its funds in a single year on households earning between 60-80% AMI, as long as it was 20% 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, Housing Successor, or former Agency during the past ten 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 spending restrictions in FY 2018-19, including five-year compliance period income targeting requirements.

- The Housing Successor spent a total of $110,550 in administrative costs, which is less than the $215,000 spending restriction.
- The Housing Successor did not expend any funds on homeless prevention and rapid rehousing and is therefore in compliance with the $250,000 annual spending restriction.
- No affordable housing development-related expenditures were made from FY 2013-14 to FY 2018-19. By default, five-year compliance period income targets do not apply, and the Agency is in compliance.

The Housing Successor will ensure it meets all expenditure requirements going forward, including the next five-year compliance period of July 1, 2019 through June 30, 2024.

Failure to comply with the extremely low income requirement in any five-year compliance period will result in the Housing Successor having to ensure that 50% 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 the Housing Successor not being able to expend any funds on these income categories until in compliance.

SENIOR RENTAL HOUSING LIMIT COMPLIANCE

The Housing Successor complies with the limit of allowing no more than 50% of the total aggregate number of rental units produced within the preceding ten years to be restricted to seniors. Over the last decade, 18 affordable units were rehabilitated and deed-restricted for low income tenants. Of the 18 affordable units, none were restricted to seniors. Therefore, as depicted in Table 1, the Housing Successor is under the limit allowing by no more than 50% of the total aggregate number of rental units produced within the preceding ten years to be restricted to seniors.

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

Property	Senior Units	%	Non-Senior Units	%	Total Units
Orange Villas	0	0%	18	100%	18
Total	**0**		**18**		**18**

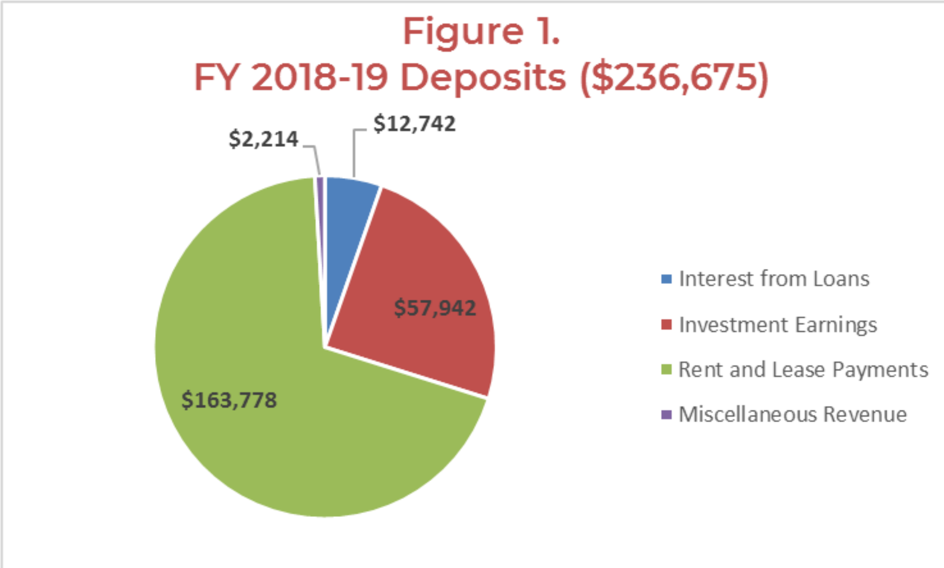
Total Deed-Restricted Senior Units: **0%**

Source:TCAC Regulatory Agreement, Orange Villas L.P. (May 2010)

DEPOSITS AND FUND BALANCE

The Housing Successor deposited $236,675 into the Housing Asset Fund during FY 2018-19.[3] As illustrated in Figure 1, revenues consist of $163,778 in rent and lease payments, $57,942 in investment earnings, $12,742 in interest from loans, and $2,214 from miscellaneous sources.

[3] Due to rounding, the sum of the separate figures may not correspond with the total amount deposited.



As of the end of FY 2018-19 on June 30, 2019, the Housing Asset Fund had an ending balance of $2,961,053. Table 2 below details the Housing Asset Fund's ending balance and composition.

Table 2 Housing Asset Fund Ending Balance FY 2018-19	
Balance Type	**Amount**
Cash	2,677,152
Deferred Revenue	(8,142,829)
Interest Receivable	3,086,328
Loans Receivable	5,834,759
Payroll	(534,971)
Rental Income	35,410
Unrealized Gain/Loss	5,204
Ending Balance	**$ 2,961,053**

EXCESS SURPLUS

The Housing Asset Fund may not accumulate an "excess surplus", which is an unencumbered amount that exceeds the greater of $1 million or the sum of deposits in the prior four fiscal years. This requirement ensures that housing successors are actively spending available Housing Asset Funds on affordable housing. Each excess surplus must be expended or encumbered within three fiscal years of the end of the fiscal year in which the excess surplus was accrued. 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.

Excess surpluses have been identified for fiscal years 2017-18 and 2018-19. In FY 2017-18, the Housing Successor accrued an excess surplus in the Housing Asset Fund totaling $712,750, as demonstrated in Table 3 below.

Table 3
FY 2017-18 Excess Surplus Calculation

Fiscal Year	2013-14	2014-15	2015-16	2016-17	2017-18
Deposits	$ 379,915	$ 393,461	$ 396,488	$ 382,514	$ 374,617
FY 2017-18 Beginning Cash Balance					$ 2,265,127
Less: Encumbered Funds					$ -
Unencumbered Amount[1]					$ 2,265,127
Step 1					
$1 Million, or					$ 1,000,000
Last 4 Deposits					$ 1,552,378
Result: Larger Number					$ 1,552,378
Step 2					
Unencumbered Cash Balance					$ 2,265,127
Larger Number From Step 1					$ 1,552,378
Excess Surplus					$ 712,750

The Housing Successor has made significant progress in eliminating the FY 2017-18 excess surplus through administrative expenditures in FY 2017-18 and FY 2018-19. As of the end of FY 2018-19, the remaining excess surplus from FY 2017-18 now totals $409,500. Table 4 on the following page illustrates the progress that the Housing Successor has made in eliminating the FY 2017-18 excess surplus amount. The remaining FY 2017-18 excess surplus amount must be expended or encumbered by June 30, 2021 to avoid the Housing Successor having to transfer funds over to HCD.

Table 4 FY 17-18 Excess Surplus Elimination		
Fiscal Year		**2017-18**
Excess Surplus (Beginning of Year)	$	712,750
Expenditures		
Administrative Costs	$	(192,700)
Remaining Excess Surplus	$	520,050
Elimination of FY 17-18 Excess Surplus		
FY 18-19 Administrative Costs	$	(110,550)
Remaining 17-18 Excess Surplus	$	409,500

As of the beginning of FY 2018-19, the Housing Successor accumulated an excess surplus totaling $544,138. In an effort to not double count available funds, the calculation of the FY 2018-19 excess surplus accounts for the remaining FY 2017-18 excess surplus amounts that are illustrated in Table 4 above. HSC allows for encumbered funds to be subtracted from the fund balance as part of the calculation. As of June 30, 2019, the Housing Successor has not committed to spending any Housing Asset Funds on an affordable housing project and thus has no encumbered funds. Furthermore, each excess surplus amount must be accounted for separately. As such, the FY 2017-18 excess surplus amount was subtracted from the FY 2018-19 beginning cash balance amount. The difference was then used to calculate the FY 2018-19 excess surplus, as demonstrated in Table 5 on the following page. The Housing Successor must expend or encumber the FY 2018-19 excess surplus amount by June 30, 2022 to avoid transferring funds to HCD.

Table 5 FY 2018-19 Excess Surplus Calculation					
Fiscal Year	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**
Deposits	$ 393,461	$ 396,488	$ 382,514	$ 374,617	$ 236,675
FY 2018-19 Beginning Cash Balance					$ 2,500,717
Less: Encumbered Funds					$ -
Less: FY2017-18 Remaining Excess Surplus					$ 409,500
Unencumbered Amount					$ 2,091,217
Step 1					
$1 Million, or					$ 1,000,000
Last 4 Deposits					$ 1,547,079
Result: Larger Number					$ 1,547,079
Step 2					
Unencumbered Cash Balance					$ 2,091,217
Larger Number From Step 1					$ 1,547,079
Excess Surplus					$ 544,138

If the Housing Successor does not expend or encumber the excess surplus amounts from FY 2017-18 and FY 2018-19 by the dates stated above, they risk having to transfer the sum of the excess surpluses totaling $953,638 to HCD.

TRANSFERS TO OTHER HOUSING SUCCESSORS

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

HOUSING SUCCESSOR PORTFOLIO

As of June 30, 2019, the portfolio balance was $5,834,759 as shown in Table 6. The Housing Successor's portfolio includes 14 loans receivable, no grants receivable, and no real properties.

Table 6 Portfolio Loans Receivable	
Asset	**Amount**
Loans Receivable	
Developer Loans	
CATPAH	458,934
Tilaro and Day Trusts	307,280
CIHC Bulding Loan - 525 Orange Ave.	800,000
CIHC LMIH Loan - 525 Orange Ave.	977,415
SDIHC LMIH Loan - Orange Villas	1,431,112
CIHC Sr. Housing Loan - 550 Orange Ave.	1,475,651
Homeowner Loans	
Novak	6,682
Silent Second Loans	377,685
Total Portfolio Value	**$5,834,759**

Source: City of Coronado, Statement of Notes Receivables (as of 6/30/2019).

PROPERTIES AND DISPOSITION STATUS

As described in the "Assets Transferred to the Housing Successor" section earlier in this report, DOF approved the transfer of 22 real properties listed on the revised HAT (dated September 9, 2012) from the former Agency to the Housing Successor. HSC Section 34176.1 requires that all real properties acquired by the former 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 in these parameters must be developed for affordable housing purposes within five years from the date DOF approved the Housing Asset Transfer Form, or February 15, 2018. The Housing Successor has disposed of all 22 real properties listed in the HAT to be developed for affordable housing purposes prior to the February 15, 2018 deadline. Therefore, the Housing Successor is in compliance with HSC Section 33334.16.

LOANS RECEIVABLE

Although the HAT listed 16 loans receivable, several loans have been terminated since dissolution. The Housing Successor currently maintains 14 loans receivable.

HOMEOWNER LOANS

The Housing Successor administers seven homeowner loans with an outstanding balance of approximately $384,367 as of June 30, 2019.[4] Terms and expected termination dates of the loans are described below:

- **Silent Second Loans:** The former Agency issued six Silent Second Loans to eligible homebuyers ("Owners") totaling $652,200 between September and November 1998. These loan amounts varied between $100,000 and $120,000, are non-interest bearing, are for a term of thirty years, and are secured as second trust deeds. The full amount of each loan will be forgiven upon the thirtieth anniversary of the note unless an Owner has defaulted on the loan or the loan has not previously become due by the earlier sale or transfer of the property to a non-eligible homebuyer. However, in the event of the earlier sale or transfer to an eligible homebuyer, the loan may be assumed.

- **Novak Loan:** One loan of $10,000 was issued to an individual on October 29, 1996 for the purpose of acquiring a housing unit burdened with affordable housing covenants. Under the terms of the agreement, the loan is due and payable in full on October 29, 2026, is non-interest bearing, is secured by a trust deed on the property, and requires compliance with the affordable housing covenants.

DEVELOPER LOANS

The Housing Successor oversees seven loans issued by the former Agency to three developers as detailed below:

- **CATPAH Loan**: On July 20, 1993, the former Agency issued a $2.41 million loan to the Coronado Association to Provide Affordable Housing ("CATPAH"), a limited partnership, to assist in

[4] 6 of 7 homeowner loans are stated as "Silent Second Loans" in Table 6. The Novak loan (see table 6) was initially labeled under Silent Second Loans in the City's revised HAT form. In the statement of notes receivable (as of 06/30/2019) that the City provided to RSG, the Novak loan is listed separately from the Silent Second Loans.

financing the acquisition and rehabilitation of twenty-three affordable housing units. The loan is non-interest bearing and is secured by a deed of trust on the properties acquired. As of June 30, 2019, outstanding balance of the loan is $458,937. The loan is due on the earlier of (a) the transfer of the property, (b) a default on the loan, or (c) the expiration of the Coronado Community Development plan on July 9, 2031.

- **Tilaro and Day Trusts Loans:** In July 1996, the former Agency issued two loans in the amount of $520,371 to the Mario and Judith Family Trust and the John Day Smith Living Trust ("Owner") to fund the costs associated with the operation and rehabilitation of affordable housing units for very low- and lower- income households. The loans are due on June 11, 2026 provided that the Owner does not default on the agreement or the property transferred at an earlier date, unless an eligible transferee assumes the loan in a written agreement.

- **Coronado Interfaith Housing Association ("CIHC") Loans**: The former Agency issued three loans to CIHC as part of a Disposition and Development Agreement ("DDA") between CIHC and the former Agency. The three DDA's established that CIHC would build, rehabilitate, and operate affordable housing units.

  Senior Housing Loan - 550 Orange Ave.: In February 2006, the former Agency provided a Senior Housing Loan to CIHC in the amount of $3,492,591 as part of a DDA between the former Agency and CIHC. The DDA established that CIHC would build and operate a 30-unit senior affordable housing project. The loan is forgivable on 12/31/2062 as long as CIHC complies with all terms and covenants included in the DDA. As of June 30, 2019, the remaining balance of the loan was $1,475,651.

  Affordable Housing Loan – 525 Orange Ave.: The former Agency extended an Affordable Housing Loan to CIHC in the amount of $2,067,066 in July 2007 as part of a DDA between the former Agency and CIHC. The DDA establishes that CIHC rehabilitate and operate an affordable rental-housing complex on the property. The loan is forgivable on June 1, 2063 provided that CIHC complies with all terms and covenants included in the DDA. As of June 30, 2019, the remaining balance on the loan was $977,415.

  Building Loan – 525 Orange Ave.: In June 2007, as part of a DDA between the former Agency and CIHC, the former Agency provided CIHC a promissory note in the amount of $800,000 for the purchase of a building on 525 Orange Avenue. The loan has a stated annual interest rate of

4.72% with repayment of principal and interest in annual installments equal to available revenues derived from the affordable housing project after payment of operation and maintenance expenses and ground lease payments. Unlike the loans provided to CIHC above, this loan is non-forgivable. As of June 30, 2019, the principal balance is unchanged at $800,000, and the loan has accrued $366,659 in interest.

- **San Diego Interfaith Housing Corporation – Orange Villas**: In August 2008, the former Agency entered into a DDA with San Diego Interfaith Housing Corporation (SDIHC) regarding affordable housing construction at 440-450 Orange Avenue, substantial rehabilitation at 225 Orange Avenue, and subsequent operation of both properties. The DDA established the responsibilities and authority for SDIHC to construct, rehabilitate, and operate affordable housing complexes on the properties. As part of the DDA, the former Agency provided a loan of $2,870,000 on May 6, 2010. The loan is forgivable after 99 years as long as SDIHC complies with all terms and covenants included in the DDA upon the fifty-fifth anniversary of the loan's origination date.

OUTSTANDING OBLIGATIONS

HSC Section 34176.1 requires housing successors to describe (A) any outstanding obligations that were supposed to be transferred to the housing successor at the time of dissolution, (B) the housing successor's progress in meeting those obligations, and (C) the Housing Successor's plans to meet unmet obligations.

As of June 30, 2019, the Housing Successor does not have any unmet obligations to produce affordable housing units.

HOMEOWNERSHIP UNIT INVENTORY

Table 7 displays an inventory of homeownership units with active loans issued by the former Agency through affordable housing programs.

Table 7 Homeownership Unit Inventory					
Project Name / Address	**# Assisted Units**	**Bedroom Size**	**Covenant Recorded**	**Covenant Expiration**	**Covenant Term (Yrs)**
729 Orange Avenue #201[1]	6	3	10/29/1996	10/29/2026	30
421 D Avenue	1	2	9/4/1998	9/3/2028	30
456 F Avenue	1	3	10/5/1998	10/4/2028	30
715 3rd Street	1	2	10/19/1998	10/18/2028	30
549 F Avenue	1	3	11/3/1998	11/2/2028	30
403 H Avenue	1	3	11/4/1998	11/3/2028	30
719 4th Street	1	1	11/19/1998	11/18/2028	30
Total Units	**12**				

[1] 729 Orange Avenue #201 consists of 6 three-bedroom units.

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	Other "portfolio" balances, including: • Statutory value of any real property either transferred from the former Agency or purchased by the Housing Asset Fund	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

• Housing development expenses by income level assisted	• Value of loans and grants receivable	
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	**$291,738 maximum** for FY 2018-19 (limit varies each year)	Administrative activities such as: • Professional services (consultant fees, auditor fees, etc.) • Staff salaries, benefits, and overhead for time spent on Housing Successor administration • Compliance monitoring to ensure compliance with affordable housing and loan agreements • Property maintenance at Housing Successor-owned properties Capped at $200,000 adjusted annually for inflation ($215,500 for FY 2018-19 according to HCD) 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.

<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>Homeless Prevention and Rapid Rehousing Solutions</td><td>$250,000 maximum per fiscal year</td><td>Services for individuals and families who are homeless or would be homeless but for this assistance, including:
Contributions toward the construction of local or regional homeless shelters
Housing relocation and stabilization services including housing search, mediation, or outreach to property owners
Short-term or medium-term rental assistance
Security or utility deposits
Utility payments
Moving cost assistance
Credit repair
Case management
Other appropriate activities for homelessness prevention and rapid rehousing of persons who have become homeless.</td></tr>
<tr><td>Affordable Housing Development</td><td>No spending limit, but must comply with income and age targets</td><td>“Development” includes:
New construction
Acquisition and rehabilitation
Substantial rehabilitation
Acquisition of long-term affordability covenants on multifamily units
Preservation of at-risk units whose affordable rent restrictions would otherwise expire over the next five years</td></tr>
</table>

<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 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% 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 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>