HOUSING SUCCESSOR ANNUAL REPORT

Avalon Housing Authority

Fiscal Year 2019-20

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INTRODUCTION

The Avalon Housing Authority ("Housing Authority") is the Housing Successor Agency to the former Avalon Community Improvement Agency ("ACIA"). The Housing Authority is responsible for maintaining housing assets transferred from the former ACIA. Its main goal is to provide affordable housing for Avalon residents.

This Housing Successor Agency Annual Report ("Annual Report") contains information on Fiscal Year ("FY") 2019-20 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. This Annual Report details how the Housing Authority met all requirements for expenditures by income level since the beginning of the second five-year compliance period, which runs from July 1, 2019 through June 30, 2024.

The Annual Report is due to the California Department of Housing and Community Development ("HCD") by December 31st annually, and must be accompanied by an independent financial audit. The Housing Authority's audited financial statements will be posted on the City of Avalon's ("City") website when available. [1] This report is an addendum to the Housing Authority Annual Report required by HSC Section 34328, which is submitted to HCD by October 1st annually.

HOUSING SUCCESSOR REQUIREMENTS

In the 2013-14 Legislative Session, Senate Bill ("SB") 341 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.

[1] This report was prepared based on unaudited financial statements that may differ from the final audited financial statements due to year-end accounting.

2. Housing successors may not accumulate an "excess surplus," or a high balance based on certain thresholds discussed later in this report.

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 ACIA 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 ACIA were transferred to the Housing Authority. The Housing Authority prepared a Housing Asset Transfer Form ("HAT") that provided an inventory of all housing assets transferred from the ACIA to the Housing Authority. This included:

1. Real properties,

2. Affordable housing covenants,

3. Loan receivables,

4. Income from ground leases and rental properties, and

5. Supplemental Educational Revenue Augmentation Fund ("SERAF") Loan.

All items on HAT were approved by the California Department of Finance ("DOF") on August 30, 2012. A copy of the HAT is provided as Appendix 2.

It is important to distinguish that Housing Authority assets that were not transferred from the former ACIA, nor generated by, nor purchased with, assets from the former ACIA, are not subject to HSC Section 34176.1.

HOUSING ASSET FUND ACTIVITY

Former ACIA assets, and the revenues generated by those assets, are maintained in a 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. The FY 2019-20 limit for The Housing Authority was $218,571 (5% of the Portfolio value of $4,371,426).

- **Homeless prevention and rapid rehousing services** up to $250,000 per year if the former ACIA did not have any outstanding housing inclusionary or replacement housing production requirements. The former ACIA had a surplus of affordable housing production units, and therefore the Housing Authority as Housing Successor can make this expenditure if it chooses and funding is available for such expenditures.

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

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

  It is important to 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

[2] Fund 153. The Housing Asset Fund replaced the former ACIA's Low and Moderate Income Housing Fund.

between 60-80% AMI, as long as it spends 20 percent or less of the total expenditures during the five-year compliance period.

Ten-Year Age Proportionality: If more than 50% of the total aggregate number of rental units produced by the City, Housing Authority, or former ACIA during the past 10 years are restricted to seniors, the Housing Authority may not spend more Housing Asset Funds on senior rental housing.

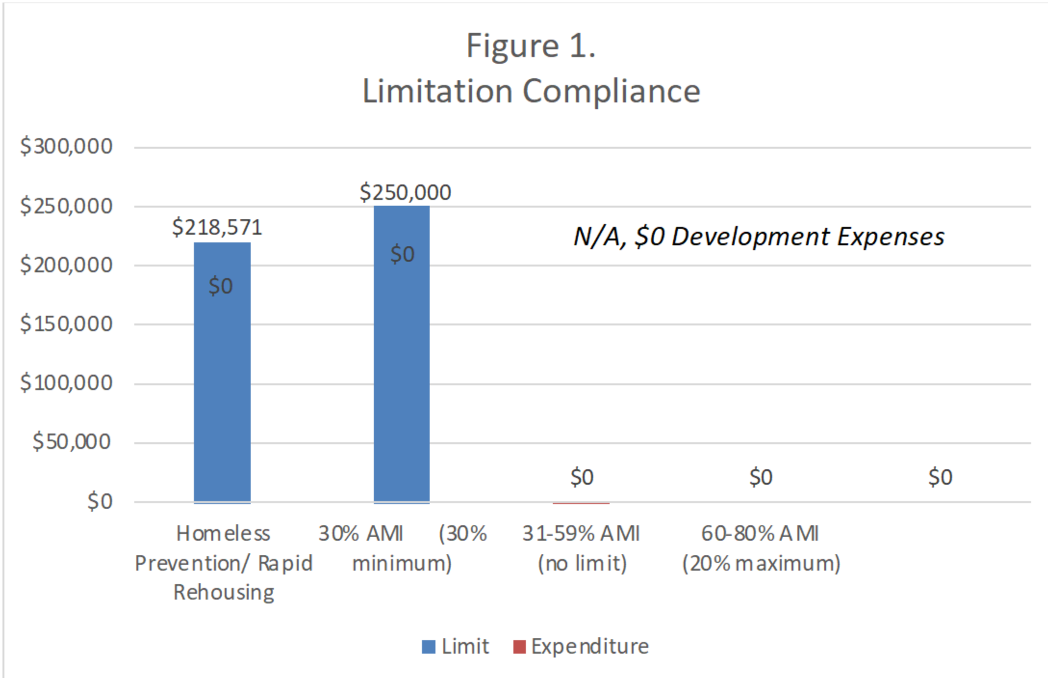
Appendix 3 describes Housing Asset Fund expenditure requirements in more detail, including the types of costs eligible in each category.

EXPENDITURE LIMIT COMPLIANCE

The Housing Authority complied with all Housing Asset Fund spending restrictions in FY 2019-20, including five-year compliance period income targeting requirements:[3]

- Administrative costs of $0 did not exceed the $218,571 maximum amount for FY 2019-20.
- No homeless prevention or rapid rehousing expenses were made in FY 2019-20.
- No affordable housing development-related expenditures were made, so five-year compliance period income targets do not apply.

[3] The Housing Asset Fund figures in this Annual Report are based on unaudited numbers that were available at the time this report was prepared. They might vary slightly from audited numbers once Avalon's annual audit is complete.



The Housing Authority 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 Authority having to ensure that 50 percent of remaining funds be spent on extremely low income rental units until in compliance. Exceeding the expenditure limit for low households earning between 60-80% AMI in any five-year reporting period will result in the Housing Authority not being able to expend any funds on these income categories until in compliance.

SENIOR HOUSING LIMIT COMPLIANCE

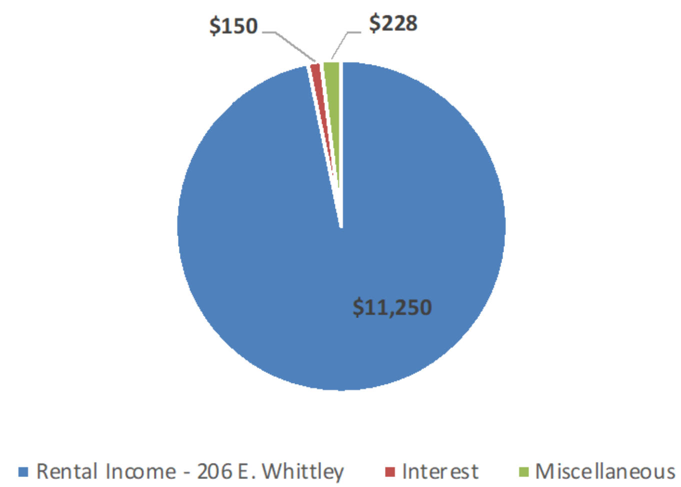
This report must include an accounting of deed-restricted senior rental units that were produced over the last ten years. The Housing Authority must expend no more than 50% of the aggregate total number of senior housing units produced by the City, Housing Authority or former ACIA during the past 10 years. Exceeding this limitation will prohibit the use of Housing Asset Funds to subsidize any senior rental units.

There have been no deed-restricted affordable senior rental units assisted by the City, Housing Authority, or former ACIA in the past 10-years.

DEPOSITS AND FUND BALANCE

The Housing Authority deposited $11,628 into the Housing Asset Fund during FY 2019-20.

Figure 2. Housing Asset Fund Deposits FY 2019-20 ($11,628)



Revenue sources include:

- Rental income from 206 E. Whittley ($11,250): The Housing Authority collected rent from 1 unit in a 4-unit building at 206 E. Whittley.

- Interest income ($150).

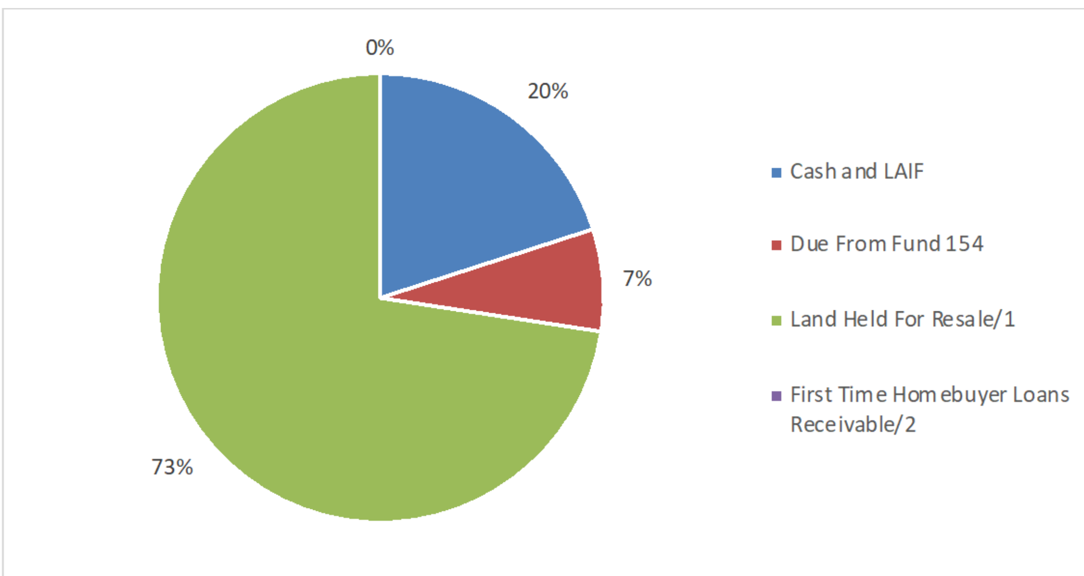
- Miscellaneous income ($228) including income from laundry coins.

- Ground lease revenue from 238 & 311 Descanso: The Housing Authority collects rents from ground leases at 238 and 311 Descanso. However, the Successor Agency has not yet received payments due in FY 19-20 for the properties. The Housing Authority received $150 for each property in FY 18-19.

An additional payment of $25,959 was made by the Avalon Successor Agency for the repayment of a SERAF loan. The Housing Asset Fund accounting records reflect this is an adjustment to the SERAF loan receivable balance rather than a deposit. However, repayment of the SERAF loan should be considered a deposit for the purpose of calculating excess surplus in the next section and tracking cash available to fund future projects.

The Housing Asset Fund balance as of June 30, 2019 was $5,734,417.

Table 1 Housing Asset Fund Ending Balance FY 2019-20		
Balance Type		**Amount**
Cash and LAIF		1,090,991
Cash Due From Fund 154		400,000
Land Held For Resale/1		3,951,426
First Time Homebuyer Loans Receivable/2		-
Ending Balance	**$**	**5,734,417**



[1] The land value of two properties transferred on the HAT (238 & 311 Descanso) are not recorded in the Housing Asset Fund balance because the land is only held as security in the event of default on first-time homebuyer loans. The value of 309 and 313 Beacon is not reflected in the Trial Balance but has been added here to reflect the former ACIA's ownership of the land underneath the improved property.

[2] Loan receivable for 336 Triana Lane was transferred on the HAT. It is not recorded in the Housing Asset Fund balance in Table 2 because the loan is not repaid unless the property is sold.

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. An excess surplus has been identified for fiscal year FY 2019-20. The 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.

The Housing Authority has not accrued an excess surplus in the Housing Asset Fund in previous years. At the end of FY 2019-20 the Housing Authority will have an excess surplus of $336,351, as shown in Table 2. The FY 2019-20 excess surplus amount will need to be expended or encumbered by the end of FY 2022-23 to avoid the Housing Authority having to transfer funds over to HCD.

Table 2
Excess Surplus Calculation

Fiscal Year	2015-16	2016-17	2017-18	2018-19
Deposits	357,673	24,360	20,129	15,416
Plus: SERAF Payments[1]	-	-	115,825	609,609
Total Deposits	$ 357,673	$ 24,360	$ 135,954	$ 625,025
FY 2019-20 Beginning Cash Balance[2]				$ 1,479,363
Less: Encumbered Funds				-
Unencumbered Amount				$ 1,479,363
Step 1				
$1 Million, or				$ 1,000,000
Last 4 Deposits				$ 1,143,012
Result: Larger Number				$ 1,143,012
Step 2				
Unencumbered Cash Balance				$ 1,479,363
Larger Number From Step 1				$ 1,143,012
Excess Surplus				$ 336,351

[1] In FY 17-18 and 18-19, SERAF payments were not reflected as deposits in Housing Asset Fund accounting records because they were recorded as an adjustment to the SERAF loan receivable balance. However, they are considered deposits for the purpose of making the excess surplus

[2] As of July 1, 2019. Includes cash plus 18-19 SERAF payment and $400,000 due from Fund 154.

The Housing Authority is committed to the production of affordable housing in the City and is considering options to spend the excess surplus moving forward. Options possibly include the rehabilitation of 206 E. Whittley and homelessness prevention and rapid rehousing efforts. Progress will be made towards eliminating excess surplus monies within the required timeframe.

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).

HOUSING SUCCESSOR PORTFOLIO

The Housing Successor Portfolio includes five properties and two loans receivable transferred from the former ACIA. The Portfolio had a value of $4,371,426 as of FY 2019-20, as detailed in Table 3.

Table 3
Portfolio Value of Real Properties and Loans Receivable

Asset	Amount
Real Properties	
309 Beacon Street	862,511
313 Beacon Street	236,315
238 Descanso Avenue[1]	150,000
311 Descanso Avenue[1]	150,000
206 East Whittley Avenue	2,852,600
Subtotal	*$4,251,426*
Loans Receivable	
First Time Homebuyer Loans Receivable[2]	120,000
Subtotal	*$120,000*
Total Portfolio Value	**$4,371,426**

[1] The Authority issued first-time homebuyer loans with these property owners and holds interest in the land underneath the homes as security in the event of default. The value of these properties are not included in the Housing Asset Fund balance in Table 2.

[2] A $120,000 loan receivable for 336 Triana Lane was transferred on the HAT. It is not recorded in the Housing Asset Fund balance in Table 2 because the loan is not repaid unless the property is sold. An additional $95,000 loan for 338 Triana Lane was transferred on the HAT that was paid off when the property was sold to a new moderate income buyer. The new loan at 338 Triana Lane is considered a Housing Authority asset but not a housing successor asset.

PROPERTY DESCRIPTIONS AND DISPOSITION STATUS

The ACIA previously transferred seven real properties to the Housing Authority that were approved by DOF on the HAT in 2012. The Housing Authority sold two of the properties in FY 2013-14. The following is a description of each of the five remaining properties:

- 309 & 313 Beacon Street: This 14-unit senior housing complex is affordable to very low-income residents. The project was constructed in 2002 with a combination of USDA Section 515 funds, Low Income Housing Tax Credit ("LIHTC") financing, HOME funds, ACIA funds (for land purchase) and Federal Home Loan Bank funds. The Developer intends to resyndicate the project in FY 2020-21. As part of the resyndication process, the Ground Lease will be amended and extended from 2074 to 2077. In addition, the affordability covenant will be extended 28 years and will expire in 2077.

- 238 & 311 Descanso Avenue: These two single-family homes have 55-year affordable housing restrictive covenants that expire in 2051. The ACIA owned the land under the homes regulated by Ground Leases, which were transferred to the Housing Authority. They are both affordable to moderate income households through Ground Leases issued by the former ACIA.

- 206 E. Whittley Avenue: This property contains a four-unit apartment complex. One unit was occupied until May 2020, but is now vacant. When occupied, this unit was not income-restricted. The ACIA purchased the property in 2008 and had planned to build new affordable housing units, however, was unable to pursue development due to the dissolution of redevelopment. The Authority intends to rehabilitate the property and rent units out to low and moderate income households in the future. Pursuant to the Uniform Relocation and Real Property Acquisition Policies Act of 1970, the Authority began providing relocation services to the tenant of the occupied unit in November 2019 and successfully relocated the tenant in May 2020 in preparation for the rehabilitation. The Authority intends to initiate rehabilitation moving forward.

HSC Code Section 34176(e) requires that all real properties acquired by the ACIA prior to February 1, 2012 and transferred to the Housing Authority be developed pursuant to the requirements detailed in HSC Section 33334.16. Thus, all property that falls within these parameters must be developed for affordable housing purposes within five years from the date DOF approved the HAT. Avalon's original HAT was approved by DOF on August 30, 2012. DOF later asked the Successor Agency to revise the form to reflect ownership of 309 Beacon Street. The revised HAT was approved by DOF on December 15, 2014. Therefore, the original five-year deadline ended on August 30, 2017 for all the properties except 309 Beacon Street, which ended on December 15, 2019, and is already developed as affordable housing.

The only Housing Authority property that still needs to be developed or disposed of pursuant to this provision is 206 E. Whittley Avenue. Plans for renovation are currently being developed with an architect for rental to low and moderate income residents, as described above. However, as the Housing Authority was unable to develop or dispose of this property by August 30, 2017, the law allows for a five-year extension via adoption of a resolution. On August 1, 2017, the Housing Authority adopted Housing Authority Resolution 17-01 extending the period for development or disposition of Housing Authority properties transferred from the former ACIA pursuant to Health and Safety Code Section 34176.1 (e) to August 30, 2022.

LOANS RECEIVABLE AND DEFERRALS

Two loans receivable and one deferral were transferred on the HAT. One loan for $95,000 at 338 Triana Lane was paid off after dissolution.[4] The final payment towards the $1 million deferral was paid in FY 2019-20 in the amount of $25,959. The remaining loan is described below:

- First Time Homebuyer Program Loan Receivable ($120,000): The former ACIA issued a $120,000 loan to a moderate-income homebuyer at 336 Triana Lane. The loan is due upon sale or within 30 years, whichever comes first. The loan does not accrue interest except in the event of default, in which case the interest rate increases to five percent. There is no monthly payment unless a mutually agreed upon payment schedule is made. It is anticipated that the loan will be refinanced at the end of the 30-year term or re-issued to a new borrower upon the sale of the properties.

AFFORDABILITY AGREEMENTS

The Housing Authority oversees seven affordability agreements transferred from the former ACIA:

- 309 Beacon Street: This 14-unit senior housing complex is affordable to very low-income residents. The project was constructed in 2002 with a combination of USDA Section 515 funds, Low Income Housing Tax Credit ("LIHTC") financing, HOME funds, ACIA funds (for land purchase) and Federal Home Loan Bank funds. The Developer intends to resyndicate the project in FY 2020-21. As part of the resyndication process between 309 Beacon St. and the non-contiguous Bird Park, the Ground Lease was amended and extended from 2074 to 2077 and the affordability covenant was extended 28 years and will expire in 2077. In addition, the affordability mix restricted 18 units (of the 36 between Beacon St. and Bird Park) to households with incomes less than 50%, and 18 units to households with incomes less than 60% AMI based, on TCAC

[4] See next sections for more details on the 338 Triana Lane loan payoff.

limits. The City of Avalon adopted Resolution No. HA 20-01 in March 2020 that, at a minimum, requires the units to be restricted to rental households earning no more than 80% of AMI based on limits established by the State Department of Housing and Community Development.

- <u>Bird Park</u>: This 24-unit multi-family property is affordable to very low-income residents. It was constructed in 2002 with a combination of USDA Section 515 funds, LIHTC financing, HOME funds, and ACIA financing. The ACIA funded roads and infrastructure for the project. As part of the resyndication process between Bird Park and the non-contiguous 309 Beacon St., the affordability covenant will be extended 28 years and will expire in 2077. In addition, the affordability mix restricted 18 units (of the 36 between Beacon St. and Bird Park) to households with incomes less than 50% and 18 units to households with incomes less than 60% AMI based on TCAC limits. The City of Avalon adopted Resolution No. HA 20-01 in March 2020 that would, at a minimum, require the units to be restricted to rental households earning no more than 80% of AMI based on limits established by the State Department of Housing and Community Development.

- <u>Eucalyptus Hill Gardens</u>: This 80-unit complex is subsidized by HUD and has 40 units restricted to very low-income households (24 extremely low and 16 very low income). The remaining 40 units are market-rate. The project was constructed in 1992 with LIHTC funds, ACIA funds, and Rental Housing Construction Program loans. It has a 55-year affordability covenant that expires in 2047.

- <u>Tremont Street Apartments</u>: This 63-unit property had an agreement between the City and the California Housing Financing Agency ("CalHFA") that restricted affordability at this property through August 18, 2016. The ACIA affordable housing covenants have since expired on the Tremont Street Apartments. However, the project is also subsidized by CalHFA and Section 8 Project Based Vouchers. The CalHFA promissory note was repaid by Hamilton Cove many years ago, but the Section 8 Project Based Vouchers were renewed in 2013 and will remain in effect until April 30, 2033 for 62 units restricted to low income households.

- <u>238 & 311 Descanso Avenue</u>: These two single-family homes have 55-year restrictive covenants that expire in 2051. They are both affordable to moderate income households through Ground Leases issued by the former ACIA.

- 336 Triana Lane: This single-family home has a 45-year restrictive covenant that expires in 2055. A moderate income household received assistance through the First-Time Homebuyer Down Payment Assistance Program.

One additional affordability agreement was transferred on the HAT at 338 Triana Lane for a First-Time Homebuyer Down Payment Assistance Program loan that was paid off after dissolution. The Housing Authority issued a new loan at the property that is maintained by the Housing Authority but is not a housing successor asset, as it was not funded by Housing Asset Funds.

HOMEOWNERSHIP UNIT INVENTORY

Table 4 presents an inventory of homeownership units assisted by the former ACIA that require restrictions, covenants, or an adopted program that protects former ACIA Low and Moderate Income Housing Fund investments. One of the units, 338 Triana Lane, was assisted by the ACIA prior to dissolution with a $95,000 loan that was paid off after dissolution. A new $192,000 loan was issued at this property in December 2014 by the Housing Authority using housing bond proceeds. The loan has been included as part of the homeownership inventory to reflect the protection of the former ACIA's investment, however it is considered a Housing Authority asset and not a housing successor asset because Housing Asset Funds were not used to fund the new loan.

Table 4
Homeownership Unit Inventory

Project Name / Address	Income Level	Covenant Expiration	Program	Funding Source
238 Descanso Ave	Moderate	5/17/2051	FTHB	LMIHF
311 Descanso Ave	Moderate	5/23/2951	FTHB	LMIHF
336 Triana Lane	Moderate	9/21/2055	FTHB	LMIHF
338 Triana Lane	Moderate	6/23/2059	FTHB	Housing Bonds

APPENDIX 1 - HOUSING SUCCESSOR ANNUAL REPORT REQUIREMENTS

<table>
<tr><th colspan="3">Housing Successor Reporting Requirements
Health and Safety Code Section 34176.1(f)</th></tr>
<tr><th>Housing Asset Fund Revenues & Expenditures</th><th>Other Assets and Active Projects</th><th>Obligations & Proportionality</th></tr>
<tr><td>Total amount deposited in the Housing Asset Fund for the fiscal year

Amount of deposits funded by a Recognized Obligation Payment Schedule (“ROPS”)</td><td>Description of any project(s) funded through the ROPS</td><td>Description of any outstanding production obligations of the former ACIA that were inherited by the Housing Authority</td></tr>
<tr><td>Statement of balance at the close of the fiscal year</td><td>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)</td><td>Compliance with proportionality requirements (income group targets), which must be upheld on a five year cycle</td></tr>
<tr><td>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</td><td>Other “portfolio” balances, including:
Statutory value of any real property either transferred from the former ACIA or purchased by the Housing Asset Fund
Value of loans and grants receivable</td><td>Percentage of deed-restricted rental housing restricted to seniors and assisted by the former ACIA, the Housing Authority, or the City within the past ten years compared to the total number of units assisted by any of those three agencies</td></tr>
<tr><td>Description of any transfers to another housing successor for a joint project</td><td>Inventory of homeownership units assisted by the former ACIA or the housing successor that are subject to covenants or restrictions or to an adopted program that protects the former ACIA’s investment of monies from the Low and Moderate Income Housing Fund</td><td>Amount of any excess surplus, and, if any, the plan for eliminating it</td></tr>
</table>

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	**$218,571 maximum** for FY 2019-20 in Avalon (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 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 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</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>