ANNUAL REPORT
Lake Forest Housing Authority

Fiscal Year 2016-17

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INTRODUCTION

By October 1 of each year, California Health and Safety Code ("HSC") Section 34328 requires housing authorities to file an annual report of its activities for the preceding fiscal year ("Annual Report"). The Annual Report must be filed with the clerk of the respective city or county and with the Department of Housing and Community Development ("HCD"). This Annual Report details the Lake Forest Housing Authority's ("Authority") activities for the Fiscal Year ("FY") 2016-17.

LEGAL AUTHORITY

Housing authorities are distinct, autonomous, legal entities that derive their powers from State statute. It is the intent of the State legislature that housing authorities function as local entities with the primary responsibility of providing housing for very low and low income households. California Housing Authorities Law (HSC Section 34200, et. seq.) provides for and details the requirements for local jurisdictions to create and operate a housing authority. To establish a housing authority, a local jurisdiction must adopt a resolution that includes findings that either of the following is true: (1) unsanitary or unsafe housing exists in the city or (2) there is a shortage of safe or sanitary housing available to persons of low income.

BENEFITS OF HOUSING AUTHORITIES:

- Housing Authorities can own and operate housing developments, alleviating the need to find owners or operators for units created.
- State law provides Housing Authorities the ability to acquire or lease land or improved property.
- A city housing authority's area of operation includes the entire city and the area within 5 miles of its territorial boundaries.
- Local jurisdictions are afforded the opportunity to participate in one or more of the Public Housing Programs offered by the United States Department of Housing and Urban Development ("HUD").

AUTHORITY BACKGROUND

On February 1, 2011, the City Council of the City of Lake Forest ("City Council") adopted Resolution No. 2011-05 establishing the Lake Forest Housing Authority. The majority of the Authority's assets were transferred from the former Lake Forest Redevelopment Agency ("Agency") when it dissolved on February 1, 2012 pursuant to the Dissolution Act (enacted by Assembly Bills 26 and 1484, Parts 1.8 and 1.85 of the HSC). The City Council elected to designate the Authority as the Housing Successor to the Agency. All "rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the agency, excluding any amounts in the Low and Moderate Income Housing Fund" were transferred from the former Agency to the Authority. It is important to note that although the Housing Authority inherited the Agency's assets and functions, it does not have an ongoing financing mechanism to maintain them. The former Agency primarily funded projects with redevelopment tax increment; this tool was abolished with the dissolution of redevelopment.

The Successor Agency to the Lake Forest Redevelopment Agency ("Successor Agency") effectuated the transfer of several assets held by the former Agency to the Authority. The asset transfers are documented on a Housing Asset List that was approved by the California Department of Finance ("DOF") on September 5, 2012. A copy of the Housing Asset List is provided as Appendix 1.

Assets transferred from the Agency to the Authority are subject to both California Community Redevelopment Law ("CRL") codified in HSC Section 33000 *et. seq.* and Housing Authorities Law ("HAL"), codified in HSC Section 34200 *et. seq*. The CRL and HAL have different requirements relating to housing production, expenditure limitations, and adjustments for family size, affordability restriction durations, and other regulatory requirements. Additionally, the State legislature adopted Senate Bill ("SB") 341 on October 13, 2013 to clarify the functions and requirements of successor housing entities. A comparison of the CRL, as amended by SB 341 and related legislation, and HAL requirements is summarized in Appendix 2.

SB 341 requires successor housing entities to prepare an annual report documenting compliance with certain requirements. Assembly Bill 1793 adopted on September 27, 2014, added additional annual reporting requirements beginning in 2015 and Senate Bill 107, adopted on September 22, 2015, amended certain requirements. Authority staff is in the process of auditing its financials and other information, and will prepare this report under a separate cover by December 31, 2017. More information is contained in Appendix 3.

OBJECTIVES OF THE HOUSING AUTHORITY

The Authority is able to undertake certain functions that can only be exercised by a legally created housing authority. For example, the Authority may own and operate housing developments, which alleviate the need to find prospective owners or operators of affordable housing units. In addition, the Authority may acquire land and buildings for affordable housing. For many housing authorities, one of their primary roles is to interact with the Department of Housing and Urban Development ("HUD") on behalf of their communities, and to function as the administrator of Housing Choice Voucher Program funds. However, the Authority does not intend to administer Housing Choice Voucher Program funding and will continue to refer interested parties to the Orange County Housing Authority.

The Authority's future goals and objectives are to:

- Advance the goals and objectives of the City's Housing Element and the former Agency.
- Increase, improve, and preserve existing housing stock available to low and very low income residents;
- Rehabilitate multi-family properties that exhibit unsafe or unhealthy characteristics;
- Preserve the affordability of housing for low and very low income residents;

- Reduce overcrowding conditions in multi-family units; and
- Continue to refer persons interested in the Housing Choice Voucher Program (formerly Section 8) to the Orange County Housing Authority pursuant to a cooperation agreement with the Lake Forest Housing Authority.

CONTENTS OF THE AUTHORITY'S ANNUAL REPORT

This Annual Report includes the following information:

- A complete report of activities during FY 2016-17, including any bond issuances, and loans or finance agreements that the Authority has entered into;
- Compliance with requirements of HSC Section 34312.3 such as the minimum amount of housing units affordable to lower income households in projects assisted by the Authority with bonds and document established base rents and/or maximum rental payments for lower income households; and
- Information on any tenancy or Housing Choice Voucher terminations of domestic violence victims as required by HSC Section 34328.1.

HOUSING AUTHORITY DEBT OBLIGATIONS

Pursuant to HSC Section 34312.3, the Authority must provide a complete report of its activities during the prior fiscal year, including bonds, loans, and financing agreements for multi-family rental housing projects. The Authority has not issued any bonds or entered into any loans or financing agreements related to multi-family rental housing projects since it was activated on February 1, 2011.

On April 21, 2015, the Lake Forest Housing Authority approved a Development and Disposition Agreement ("DDA") and Regulatory Agreement with Families Forward for the sale and rehabilitation of the Authority's fourplex located at 23201 Saguaro Street. Escrow closed on the property in September 2015. The

Regulatory Agreement requires that Families Forward adhere to a 55-year affordable housing covenant and lease the units to income-eligible families.

The Authority entered into a cooperation agreement with the City and the Agency (assumed by the Successor Agency) on June 21, 2011, which states the City or the Agency may advance funds to the Authority for the purpose of planning, undertaking, construction, or operation of projects.

The Authority oversees loan receivables from outstanding Housing Rehabilitation Loans that were issued by the Agency prior to its dissolution. These are further described in the "Loan Agreements" section of this report.

Any new financing for the acquisition, construction, rehabilitation, or development of multi-family housing through the issuance of bonds, construction loans, mortgage loans, and/or financing agreements will be documented in future Annual Reports.

LAND TRANSACTIONS AND DEVELOPMENT

HSC Section 34312.3 requires the Annual Report to include a discussion of all prior year activities of the Authority related to the development or transaction of land for the purposes of increasing the supply of affordable housing for lower income households. The Authority's real estate property interests include: 1) two condominiums on Madrid Street ("Madrid Condos"), 2) a 1.67-acre vacant parcel purchased from the Orange County Transportation Authority ("Authority Parcel"), and 3) a tax defaulted vacant parcel purchased from the County of Orange ("Mamie Thomas Parcel"), and 4) a four-unit apartment complex in the Saguaro Neighborhood ("Saguaro Property") that was sold during the 2015-16 reporting period. A description of FY 2016-17 activities related to these properties in below.

MADRID CONDOS – 22702, 22706 MADRID DRIVE

In 2009, the Agency acquired two condominium units purchased from its Low and Moderate Income Housing Fund ("Housing Fund"). The Agency subsequently entered into an Affordable Housing Agreement ("Housing Agreement") with

Families Forward, a nonprofit organization, to implement a transitional housing program. Families Forward rents the units to families in transition and offers a range of program services to help families find permanent housing. The Agency transferred title of the property to the Authority and the Authority is responsible for overseeing the 20-year lease of the two units with Families Forward consistent with the Housing Agreement. In this reporting period, Families Forward operated the units in full compliance with the lease and successfully provided housing to families threatened with homelessness.

AUTHORITY PARCEL – EL TORO ROAD, NORTH OF RAILROAD TRACKS (APN 614-024-01)

The Agency used Housing Funds to purchase a 1.67-acre vacant parcel formerly owned by the Orange County Transportation Authority (OCTA). Due to the exorbitant costs of creating public access to the landlocked parcel, the Agency Board directed Agency staff to solicit purchase offers from the two adjacent property owners (Kingdom Hall and Forest Glen Apartments). Agency staff subsequently submitted two conceptual development proposals to the Agency Board for review. This project was halted during DOF's review of asset transfers.

Authority staff resumed negotiations with the adjacent land owners in FY 2013-14. The Authority Board recently approved a Purchase and Sale Agreement with Kingdom Hall and staff is actively working to finalize the terms of the Disposition and Development Agreement. When the property is sold, the sale proceeds will be deposited into the Low and Moderate Income Housing Asset Fund.

MAMIE THOMAS PARCEL – EL TORO ROAD, SOUTHWEST OF JERONIMO (APN 614-021-31

The Agency purchased a tax defaulted vacant property from the County of Orange using non-housing funds and conveyed title of the property to the Authority. The Authority Board is evaluating disposition options. If the property is sold, sales proceeds will be deposited into the Low and Moderate Income Housing Asset Fund.

SAGUARO PROPERTY – 23201 SAGUARO STREET

The Agency purchased a four-unit apartment complex in 2011. Previously, the units were rented at market rates and did not have affordability restrictions. However, the apartment complex was occupied by very low income households. In April 2015, the Authority sold the property to Families Forward, an affordable housing nonprofit, who completed a comprehensive rehabilitation and operates an affordable housing project with a social services component. The property has a 55-year affordability covenant. The sale proceeds, amounting to $100,000 in cash at the close of escrow, and $100,000 in form of a promissory note (payable over 50 years commencing on the 5th year anniversary of the sale), were deposited into the Low and Moderate Income Housing Asset Fund.

OTHER ASSETS AND AGREEMENTS

The Authority's assets include loan agreements, covenants, purchase and sale agreements, and other documentation related to interests in real property. Some of the agreements are related to the four properties described in the previous section. A brief description of each type of asset is provided below. A detailed list is included in Appendix 1.

AFFORDABILITY AGREEMENTS

The Authority enforces an affordable housing covenant (required in conjunction with Site Development Permit 2000-18) for the Bellecour Way community, a 131-unit condominium project located at 21041 Osterman Road in the City. The covenant requires four, one-bedroom units to remain affordable to low income households and two units to remain affordable to moderate income households for a period of 15 years, from May 2003 (when the building permit was issued) to 2018. The covenant was executed on June 5, 2001 and the Agency provided $143,000 in financial assistance to secure the covenants. The Authority continues to monitor the affordability of these properties.

The Authority monitors affordability at the Madrid Condos restricted by a Purchase and Sale Agreement and Affordable Housing Agreement. It also acts on agreements related to the Saguaro Property rehabilitation project (a Purchase and Sale Agreement, a Development and Disposition Agreement, and a Regulatory Agreement) with Families Forward.

LOAN AGREEMENTS

The Authority inherited 33 loan agreements issued as part of a Housing Rehabilitation Loan Program by the former Agency. They consist of 30 loans to rehabilitate mobile homes and 3 loans to rehabilitate single-family homes. All of the loans were issued to low or moderate income homeowners. Twelve loans have been paid off since they were transferred to the Authority, two of which were paid off in FY 2016-17 in the amount of $23,321. As of June 30, 2017, the receivables due from the remaining 21 loans amount to $289,068.

All of the loans have a zero percent interest rate and are deferred until one of the following occurs:

1. sale or transfer of title of any or all interest in the property;
2. refinance of any lien to which the loan is subordinate;
3. the applicant no longer resides in the property; or
4. default by property owner of the terms and conditions of the loan agreement, deed of trust, or security agreement.

The loan recipients may choose to make occasional payments on their loan at their discretion.

RENTS & OPERATIONS

The Authority receives $1 per unit per year for the Madrid Condos from its non-profit operator, Families Forward. Families Forward also remits $304 per month per unit in HOA dues. The Authority does not receive rents directly from tenants at the Madrid Condos.

CONTRACTS & FEES

The Authority continued its consultant services contract with Lilley Planning Group through the end of the fiscal year (June 30, 2017) for administration of the Housing Rehabilitation Loans. It also has a contract with AmeriNational and Farmers State Bank for housing fees related to servicing the Housing Rehabilitation Loans and disbursing loan payments. Lastly, it has a contract with RSG, Inc. for general Authority consulting services. Contracts are itemized in the budget provided in the last section of this Annual Report.

HOUSING UNIT COMPLIANCE

As set forth by HSC Sections 34328 and 34328.1, housing authorities are required to:

- Show compliance with requirements of HSC Section 34312.3, such as the minimum amount of housing units affordable to lower income projects assisted by the Authority, and document established base rents and/or maximum rental payments for lower income households; and
- Document any domestic violence tenancy or Housing Choice Voucher Program termination as required by HSC Section 34328.1.

The following provides a summary of the Authority's progress toward the requirements listed above.

HOUSING AFFORDABILITY REQUIREMENT

The Authority's housing units are subject to requirements in both the CRL and HAL. The key requirements of the CRL and HAL are summarized in Appendix 2.

Pursuant to the CRL, at least 15% of all units newly constructed or substantially rehabilitated *prior to February 1, 2012* must be affordable to very low to moderate income households (HSC Section 33413). SB 341 amended the CRL so there is no inclusionary or replacement housing obligation for units built or destroyed after February 1, 2012. Pursuant to the HAL, at least 20% of the units in housing projects assisted by the Authority, or 15 % in targeted areas[1] must be affordable to persons of low income (HSC Section 34312.3(c)). If housing projects are financed by bonds issued by the Authority, at least 10% of the units must be available to persons of very low income. These requirements may be applied to the aggregate number of units assisted by the Authority. Furthermore, the HAL requires that development projects financed with bonds must also be approved by the local governing body and the local school district prior to construction or ownership. Nevertheless, the power to finance, own, build, and/or operate a housing development allows the Authority to take a more active role in the creation and maintenance of housing for low income families.

The Authority oversees three properties subject to these requirements: the Madrid Condos , the Saguaro Property, and Bellecour Way.

- Two units located within the Madrid Condos are restricted to low income households, however they are currently occupied by very low income households because the property is utilized as transitional housing. Families Forward reported that during FY 2016-17, both families qualified at or below 50% of the Area Median Income ("AMI").
- The Saguaro Property has three units restricted to low income households qualified at or below 80% AMI and one unit restricted to extremely low

[1] Targeted areas as defined by Section 103(b)(12)(A) of Title 26 of the United States Code

income households qualified at or below 30% AMI. However, the extremely low income unit is currently exempt from this requirement due to a household that was grandfathered in as part of the relocation process when the property was being rehabilitated. The current household qualifies as very low income at or below 50% AMI and is charged rents within the very low income limit.

- Bellecour Way has six affordable units, four of which are affordable to low income households at or below 80% AMI and two affordable to moderate income households at or below 120% AMI.

The affordability levels of these three properties are in compliance with the CRL based on requirements prior to the dissolution of redevelopment. The CRL was amended by SB 341 to limit expenditures to lower income households earning 80% or less of the AMI. Additionally, at least 30% of expenditures for rental housing must be for households earning 30% or less of the AMI and 20% for households earning between 60% and 80% of the AMI. The Authority will adhere to the amended requirements for future expenditures.

The Authority inherited the properties after affordability covenants were in place pursuant to the CRL prior to the dissolution of redevelopment. These properties still meet the HAL's requirement that 20% of units assisted by the Authority are affordable to low income persons.

The affordability levels at each property are summarized in Table 1. Although the HAL discourages housing authorities from assisting moderate income households, Authority properties with moderate income units fulfill the requirements of the CRL prior to dissolution. Any future development will satisfy both CRL (as amended by SB 341) and HAL requirements as necessary.

Affordability Levels **Table 1**

Lake Forest Housing Authority

Property	Ext. Low #	Ext. Low %	Very Low #	Very Low %	Low #	Low %	Moderate #	Moderate %	Total #	Total %
					Units by Income Level					
Madrid Condos[1]			2	100%					2	100%
Saguaro Property[2]	1	25%			3	75%			4	100%
Bellecour Way					4	67%	2	33%	6	100%
Total	**1**	**8%**	**2**	**17%**	**7**	**58%**	**2**	**17%**	**12**	**100%**

Total Low Income or Below	*83%*
Total Moderate Income or Below	*100%*

[1] The Madrid Condos are generally restricted to low income households, however since the property currently operates transitional housing units, the units are occupied by very low income households and the tenants are charged very low income rents.

[2] The Saguaro Property's extremely low income unit is currently occupied by a very low income household who is exempt from the extremely low income requirement because they were grandfathered into the unit as part of the rehabilitation relocation process.

None of these units were financed with bond proceeds, therefore the Authority is not subject to the additional requirement for very low income households pursuant to HSC Section 34312.3(c)(2)(A). The Authority will ensure that income and rent levels in any future housing units will meet established requirements detailed in HSC Section 34312.3.

BASE & MAXIMUM RENTS

HSC Section 34312 states that a housing authority may “prepare, carry out, acquire, lease, and operate housing projects for persons of low income.” As part of this authority, HSC Section 34312.3 establishes a set of guidelines to determine base (minimum) and maximum rents that a housing authority can charge for units reserved for lower income households. According to HSC Section 34312.3, rental payments for very low and low income households shall not exceed the amounts calculated pursuant to Section 8 of the United States Housing Act of 1937 (42 U.S.C. Sec. 1437f).

The rents charged at the properties overseen by the Authority are summarized in Table 2 on the following page. Appendix 4 provides a detailed calculation of the maximum rental payments that the Authority can charge for low income household units in 2017.

Rental Rates **Table 2**

Lake Forest Housing Authority

Property	Income Level	Unit Size	Household Size	Monthly Rent[1]	Co. Max. Rent[2]
Madrid Condos[3]	Very Low	2-bed	3	$144	$990
	Very Low[4]	3-bed	3	$0	$1,100
Saguaro Property	Low	2-bed	4	$980	$1,188
	Low	2-bed	2	$980	$1,188
	Low	2-bed	4	$980	$1,188
	Ext. Low / Exempt[5]	3-bed	7	$1,050	$1,100
Bellecour Way	Low	1-bed	2	$1,007	$1,056
	Low	1-bed	1	$1,007	$1,056
	Low	1-bed	2	$1,007	$1,056
	Low	1-bed	3	$1,007	$1,056
	Moderate	1-bed	1	$1,661	$1,936
	Moderate	1-bed	1	$1,611	$1,936

[1] Monthly rent includes the utility allowance.

[2] County-wide maximum allowable rent before deducting the utility allowance pursuant to HSC Section 50053.

[3] The Madrid Condos are generally restricted to low income households, however since they currently involve transitional housing units they are occupied by very low income households and charged very low income rents.

[4] Tenant currently has an income of $0. Rent will be adjusted once income is established.

[5] This unit is grandfathered in and exempt from the extremely low income restriction required by the Regulatory Agreement for the Saguaro Property. However, the rent charged is within the very low income rent limit of $1,100 for the very low income household occupying the unit.

Note: The Authority does not collect rents from tenants at any property. The Authority receives $1 in annual rent plus HOA dues from Families Forward for each Madrid Condo.

When compared to the maximum rental payments, the rent charged for the Madrid Condos and Bellecour Way units are in compliance with HSC 34312.3.

DOMESTIC VIOLENCE

The Authority must annually disclose data related to domestic violence incidents in units owned or operated by the Authority. Specifically, the data must include:

- Data on termination of tenancies and/or Housing Choice Vouchers victims of domestic violence in housing authority units.
- Summary of steps taken by the housing authority to address any termination of tenancies and/or Housing Choice Vouchers of victims of domestic violence.

During FY 2016-17, the Authority or its lessees did not terminate tenancies for any reason. In the future, information on any terminations of this kind will be presented under separate cover to protect the privacy of the parties involved.

FINANCIAL STATEMENT/BUDGET

Table 3 presents a summary of the Authority's projected versus actual revenues and expenditures by category in FY 2016-17. The beginning balance was $456,993. Revenues of $30,569 were higher than the budgeted $11,800 and expenditures were approximately $8,000 less than budgeted at $61,448. Despite the addition of Saguaro rehabilitation costs, expenditures were lower due to reductions in Real Property Maintenance, Rehabilitation Loan Fees, and no Auditing Fees. The ending balance was $432,702.

Table 3 also presents the projected revenues and expenditures for FY 2017-18.

Statement of Revenue & Expenditures **Table 3**

	Projected 2016-17	Actual 2016-17	Projected 2017-18
REVENUE			
Beginning Balance	**$455,181**	**$456,993**	**426,114**
Transfers In	-	-	-
Other Revenues[1]	11,800	30,569	11,200
Total Revenues	11,800	**$ 30,569**	**$ 11,200**
	-		
EXPENSES	-		
Professional Services	-		
Property Disposition	-	-	-
Consulting Services	-		
General	50,000	41,990	80,000
Contract Services:	-		
Real Property Maintenance	12,200	11,096	12,400
Auditing	5,000	-	5,000
Rehabilitation Loan Fees	1,500	754	1,500
Rehabilitation Loan Services	1,000	1,020	1,000
Saguaro Rehabilitation	-	6,588	35,000
Total Expenses	**$ 69,700**	**$ 61,448**	**$134,900**
Ending Balance	**$397,281**	**$426,114**	**$302,414**

[1] FY 16-17 Revenues of $30,569 consisted of loan repayments and reimbursements.

APPENDIX 1 - HOUSING ASSET LIST

The Housing Asset List, attached as a separate document, shows assets transferred from the former Agency to the Authority in Fiscal Year 2011-12. All transfers were approved by the California Department of Finance on September 5, 2012 pursuant to HSC Section 34176.

APPENDIX 2 – SUMMARY COMPARISONS BETWEEN CRL & HAL

The following presents a summary of comparison between key rules, regulations, and obligations under the CRL (as amended by SB 341) and HAL. This is not a comprehensive list of requirements and the Authority shall refer directly to the CRL and HAL to ensure compliance.

California Redevelopment Law

Housing Production Requirements

At least 15% of all newly constructed or substantially rehabilitated units produced by the former Agency prior to February 1, 2012 must be for low to moderate income households, of which not less than 40% are for very low income. Units developed pursuant to new income expenditure requirements set by SB 341 may be counted toward outstanding inclusionary or replacement obligations.

(HSC Section 33413, 34176.1)

California Housing Authority Law

Housing Production Requirements

At least 20% of units in housing projects assisted by the Housing Authority must be for low income occupants. For projects funded using bonds issued by the Housing Authority in or after 1986, at least 50% of units must be for very low income (may be applied in the aggregate).

(HSC Section 34312.3 (c))

Housing Expenditure Limitations

After funding approved enforceable obligation and other permitted expenditures pursuant to HSC 34176.1(a), funds remaining in the Low and Moderate Income Housing Asset Fund shall be expended on lower income households earning 80% or less of the AMI, with at least 30% of expenditures for rental housing for households earning 30% or less of the AMI and not more than 20% of the expenditures for household earning between 60% and 80% of the AMI.

Additional restrictions apply for failure to comply with these requirements in a 5-year reporting period.
(HSC Section 34176.1(a)(3)(A))

Expend no more than 50% of the aggregate total number of housing units produced during the past 10 years on senior housing.
(HSC Section 34176.1(b))

Subject to Excess Surplus limitations.

Housing Expenditure Limitations

Except as may be required pursuant to applicable bond financing regulations, if any, no proportional or senior housing expenditure limitations; no excess surplus limitations.

May fund mixed-income projects subject to HUD 20% at 50% AMI or 40% at 60% AMI regulations.

May fund mixed-use projects subject to a 10% funding limit, provided that net revenues must be applied to reducing lower income affordable rents at the project.

California Redevelopment Law	California Housing Authority Law
(HSC Section 34176.1(d))	
Qualifying Income Limits	Qualifying Income Limits
Identified annually by HCD, as may be adjusted based on the revised HUD Section 8 income limit levels. *(HSC Section 50093)*	**Same as CRL**
Affordable Housing Rent Calculation	Affordable Housing Cost Calculation
Extremely Low – 30% x 30% Area Median Income Very Low – 30% x 50% Area Median Income Low – 30% x 60% Area Median Income Moderate – 30% x 110% Area Median Income *(HSC Section 50053)*	**Same as CRL**

California Redevelopment Law	California Housing Authority Law
Adjusted for Family Size	Adjusted for Family Size
1 person for studio, 2 persons for 1-bedroom unit, 3 persons for 2-bedroom unit, 4 persons for 3 bedroom unit, and 5 persons per 4-bedroom unit. *(HSC Section 50052.5(h))*	**Same as CRL,** but may reflect HUD 1.5 per bedroom for certain HUD funded projects.
Affordability Restrictions Duration	Affordability Restrictions Duration
Not less than 55 years for rental units, and not less than 45 years for ownership units. *(HSC Section 33413(2)(C))*	The term required by the Bonds or 30 years, whichever is greater.

California Redevelopment Law	California Housing Authority Law
Real Property Disposition Time Limits	Time Period to Effect Housing Construction
Former redevelopment agency properties must be developed or disposed of for affordable housing purposes within the 5-year period described in 33334.16 commencing from the date the housing asset transfer form was approved by DOF on August 23, 2012. This only applies to properties that were not developed for affordable housing purposes prior to dissolution. The 5-year requirement to dispose of real property purchased with the Low and Moderate Income Housing Asset Fund no longer applies to properties purchased on or after February 1, 2012. *(HSC Section 34176.1(e))*	None specified.

California Redevelopment Law	California Housing Authority Law
<u>Affordable Housing Production/ Time Limits</u>	<u>Affordable Housing Production/ Time Limits</u>
Must comply with expenditure requirements during each 5-year reporting period. The first reporting period begins 1/1/2014 and ends 1/1/2019. *(HSC Section 34176.1(a)(3)(A))*	None specified.
<u>Annual Compliance Monitoring & Reporting</u>	<u>Annual Compliance Monitoring & Reporting</u>
Conduct an independent financial audit of the Low and Moderate Income Housing Asset Fund within 6-months of the end of the fiscal year. If the housing successor is a housing authority, include in the Housing Authority Annual Report an update including information required by SB 341. No longer required to submit the report pursuant to 33080.1. *(HSC Section 34176.1(f))*	Tenant income re-certifications and affordable rents verification; Annual Report for each calendar year to jurisdiction and HCD by October 1. *(HSC Section 34328)*

California Redevelopment Law

Homeownership Financing

May finance homebuyer assistance loans to households earning not more than 120% AMI if the program is an approved enforceable obligation; see "Housing Expenditure Limitations" for other requirements.

California Housing Authority Law

Homeownership Financing

May finance homebuyer loans to households earning not more than 120% AMI; and to households earning not more than 150% AMI for units located in a special impact area designated by the USDC Economic Development Administration.

Authorities, however, do not appear to have the power to make homebuyer loans directly.

(HSC Section 34312.4)

APPENDIX 3 – HOUSING SUCCESSOR AGENCY ANNUAL REPORT

Senate Bill 341 and Assembly Bill 1793 require successor housing entities to prepare an annual report detailing compliance with new expenditure limitations and other information, including:

- Amounts deposited into the Low and Moderate Income Housing Asset Fund ("LMIHAF");
- Statement of the balance of the LMIHAF;
- Description of expenditures by category;
- Statutory Value of real property;
- Description of transfers;
- Description of projects that receive funding through the Successor Agency's Recognized Obligation Payment Schedule;
- Status of properties pursuant to a 5-year disposition period;
- Update on inclusionary and replacement housing obligations;
- Compliance with 5-year expenditure obligations;
- Percentage of senior deed-restricted units;
- Amount of excess surplus; and
- And inventory of homeownership units restricted by affordability covenants and assisted by the former Agency or Authority

Authority staff is in the process of auditing its financials and other information. The Housing Successor Agency Annual Report for FY 2016-17 will be prepared by the end of 2017.

APPENDIX 4 - MAXIMUM RENTS

Orange County - 2017
HCD Affordable Rental Housing Cost Limits
Area Median Income: *$88,000*
Change from 2016: 0.92%

Median Income	Utility Allowance	HUD FMR	Number of Persons	Number of Bedrooms	Extremely Low Income: Qualifying Income Limit	Extremely Low Income: Max. Rent 30% X 30%	Very Low Income: Qualifying Income Limit	Very Low Income: Max. Rent 30% X 50%	Low Income: Qualifying Income Limit	Low Income: Max. Rent 30% X 60%	Low Income: Max. Rent 30% X 80%	Moderate Income: Qualifying Income Limit	Moderate Income: Max. Rent 30% X 110%	Moderate Income: Max. Rent 30% X 120%
			H&S Code 50052.5(h)		H&S Code 50053(b)(1)		H&S Code 50053(b)(2)		H&S Code 50053(b)(3)			H&S Code 50053(b)(4)		
$61,600	*$36*	*$1,257*	One	Studio	$21,950	$462	$36,550	$770	$58,450	$924	$1,232	$73,900	$1,694	$1,848
$70,400	*$52*	*$1,436*	Two	One	$25,050	$528	$41,750	$880	$66,800	$1,056	$1,408	$84,500	$1,936	$2,112
$79,200	*$61*	*$1,813*	Three	Two	$28,200	$594	$46,950	$990	$75,150	$1,188	$1,584	$95,050	$2,178	$2,376
$88,000	*$96*	*$2,531*	Four	Three	$31,300	$660	$52,150	$1,100	$83,450	$1,320	$1,760	$105,600	$2,420	$2,640
$95,050	*$111*	*$2,760*	Five	Four	$33,850	$713	$56,350	$1,188	$90,150	$1,426	$1,901	$114,050	$2,614	$2,852
$102,100	*$119*	*n.a.*	Six	Five	$36,350	$766	$60,500	$1,276	$96,850	$1,532	$2,042	$122,500	$2,808	$3,063

Note: Maximum Rent reflects gross rent amount before deduction for utility allowance.
Utility Allowance reflects use of Gas for Heating, Cooking, Water Heating and Basic Electric per OCHA October 1, 2016 Schedule.

Orange County - 2017
Ownership Housing Cost Limits
Area Median Income: *$88,000*

Median Income	Utility Allowance	HUD FMR	Number of Persons	Number of Bedrooms	Extremely Low Income: Qualifying Income Limit	Extremely Low Income: Aff. Hsg. Cost 30% X 30%	Very Low Income: Qualifying Income Limit	Very Low Income: Aff. Hsg. Cost 30% X 50%	Low Income: Qualifying Income Limit	Low Income: Affordable Housing Cost 30% X 70%	Low Income: Affordable Housing Cost 30% X 80%	Moderate Income: Qualifying Income Limit	Moderate Income: Affordable Housing Cost 35% X 110%	Moderate Income: Affordable Housing Cost 35% X 120%
			H&S Code 50052.5(h)		H&S Code 50052.5(b)(2)		H&S Code 50052.5(b)(2)		H&S Code 50052.5(b)(3)			H&S Code 50052.5(b)(4)		
$61,600	*$36*	*$1,257*	One	Studio	$21,950	$462	$36,550	$770	$58,450	$1,078	$1,232	$73,900	$1,976	$2,156
$70,400	*$52*	*$1,436*	Two	One	$25,050	$528	$41,750	$880	$66,800	$1,232	$1,408	$84,500	$2,259	$2,464
$79,200	*$61*	*$1,813*	Three	Two	$28,200	$594	$46,950	$990	$75,150	$1,386	$1,584	$95,050	$2,541	$2,772
$88,000	*$96*	*$2,531*	Four	Three	$31,300	$660	$52,150	$1,100	$83,450	$1,540	$1,760	$105,600	$2,823	$3,080
$95,050	*$111*	*$2,760*	Five	Four	$33,850	$713	$56,350	$1,188	$90,150	$1,663	$1,901	$114,050	$3,050	$3,327
$102,100	*$119*	*n.a.*	Six	Five	$36,350	$766	$60,500	$1,276	$96,850	$1,787	$2,042	$122,500	$3,276	$3,574

Note: Maximum Rent reflects gross rent amount before deduction for utility allowance.
Utility Allowance reflects use of Gas for Heating, Cooking, Water Heating and Basic Electric per OCHA October 1, 2016 Schedule.