

DATE SUBMITTED 9/10/2021
 SUBMITTED BY ACM
 DATE ACTION REQUIRED 9/13/2021

COUNCIL ACTION (X)
 PUBLIC HEARING REQUIRED ()
 RESOLUTION (X)
 ORDINANCE 1ST READING ()
 ORDINANCE 2ND READING ()
 CITY CLERK'S INITIALS ()

**IMPERIAL CITY COUNCIL
 AGENDA ITEM**

SUBJECT: DISCUSSION/ACTION: CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT - PERMANENT LOCAL HOUSING ALLOCATION (PLHA) NON-ENTITLEMENT COMPETITIVE PROGRAM

1. APPROVAL OF RESOLUTION NO. 2021-56 TO AUTHORIZE THE APPLICATION FOR THE PLHA PROGRAM TO ADMINISTER AN ELIGIBLE ACTIVITY FOR RIVERWALK IMPERIAL APARTMENTS, PHASE 1 IN THE AMOUNT OF \$5,000,000.00
2. APPROVAL OF RESOLUTION NO. 2021-57 TO AUTHORIZE THE APPLICATION FOR THE PLHA PROGRAM TO ADMINISTER AN ELIGIBLE ACTIVITY FOR RIVERWALK IMPERIAL APARTMENTS, PHASE 2 IN THE AMOUNT OF \$5,000,000.00
3. AUTHORIZATION FOR CITY MANAGER, OR DESIGNEE, TO EXECUTE ALL DOCUMENTS RELATED TO PLHA PROGRAM APPLICATION

DEPARTMENT INVOLVED: City Manager's Office

BACKGROUND/SUMMARY:

Chapter 364, Statutes of 2017 (SB 2, Atkins) was part of a 15-bill housing package aimed at addressing the state's housing shortage and high housing costs. Specifically, it establishes a permanent source of funding intended to increase the affordable housing stock in California. The revenue from SB 2 will vary from year to year, as revenue is dependent on real estate transactions with fluctuating activity. The legislation directs the California Department of Housing and Community Development (Department) to use 70 percent of the revenue collected, beginning in calendar year 2019, to provide financial assistance to local governments for eligible housing-related projects and programs to assist in addressing the unmet housing needs of their local communities. This program is hereafter referred to as the Permanent Local Housing Allocation (PLHA) program.

The City has been approached by a local developer seeking to submit an application as a co-applicant for the Riverwalk Imperial Apartments, located between 12th and 15th street. Please see the attached documentation for further information.

FISCAL IMPACT: To be determined

ADMIN SERV INITIALS _____

STAFF RECOMMENDATION:

DEPT. INITIALS _____

MANAGER'S RECOMMENDATION:

CITY MANAGER'S INITIALS 

MOTION:

SECONDED: APPROVED () REJECTED ()

RESOLUTION NO. 2021 – 56 OF CITY OF IMPERIAL

AUTHORIZING THE APPLICATION FOR THE PERMANENT LOCAL HOUSING ALLOCATION PROGRAM NON-ENTITLEMENT LOCAL GOVERNMENT COMPETITIVE COMPONENT

The City Council of the City of Imperial (“Applicant”) hereby consents to, adopts and ratifies the following resolution:

- A. WHEREAS, the Department is authorized to provide up to \$29 million under the SB 2 Permanent Local Housing Allocation Program Competitive Component from the Building Homes and Jobs Trust Fund for assistance to Cities and Counties (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB 2)).
- B. WHEREAS the State of California (the “State”), Department of Housing and Community Development (“Department”) issued a Notice of Funding Availability (“NOFA”) dated 06/07/2021 under the Permanent Local Housing Allocation (PLHA) Program Competitive Component;
- C. WHEREAS the City of Imperial is an eligible non entitlement Local government who has applied for program funds to administer an eligible activity; for Riverwalk Imperial Apartments, Phase 1 and the amount of CPLHA funds not to exceed \$5,000,000.
- D. WHEREAS the Department may award, subject to selection criteria set forth in PLHA guidelines section 403, funding allocations for applicants recommended for funding, subject to the terms and conditions of the Guidelines, NOFA, Program requirements, the Standard Agreement and other contracts between the Department and PLHA competitive grant recipients;

NOW THEREFORE BE IT RESOLVED THAT:

- 1. If Applicant is awarded a grant of PLHA funds from the Department pursuant to the above referenced PLHA Competitive Component NOFA, it represents and certifies that it will use all such funds in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including without limitation all rules and laws regarding the PLHA Program, as well as any and all contracts Applicant may have with the Department.
- 2. Applicant hereby agrees to use the PLHA funds for the eligible activity for which the Applicant has submitted an application, as set forth in Section 401 of the Guidelines, and as awarded and approved by the Department in accordance with all Program requirements, Guidelines, other rules and laws, as well as in a manner consistent and in compliance with the Standard Agreement and other contracts between the Applicant and the Department.

3. Pursuant to Applicant's certification in this resolution, the PLHA funds will be expended only for the eligible Activity for which the Applicant has submitted an application, and consistent with all program requirements.
4. Applicant certifies that, if funds are awarded for the development of new multifamily housing at or below 60 AMI or substantial rehabilitation of multifamily rental housing at or below 60 percent of AMI, Applicant shall comply with Uniform Multifamily Regulations Subchapter 19, Title 25, Division 1, Chapter 7, commencing with Section 8300 and the Multifamily Housing Program Guidelines commencing with Section 7300.
5. Applicant certifies that, if funds are awarded for the development of an Affordable Rental Housing Development, the Local Government shall make PLHA assistance in the form of a low-interest, deferred loan to the Sponsor of the Project, and such loan shall be evidenced through a Promissory Note secured by a Deed of Trust and a Regulatory Agreement shall restrict occupancy and rents in accordance with the Department-approved underwriting of the Project for a term of at least 55 years.
6. Applicant shall be subject to the terms and conditions as specified in the Standard Agreement, the PLHA Program Guidelines and any other applicable SB 2 Guidelines published by the Department.
7. The City Manager is authorized to execute the PLHA Competitive Component Program Application, the PLHA Competitive Component Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the PLHA Competitive Component grant awarded to Applicant, as the Department may deem appropriate.

PASSED AND ADOPTED at a regular meeting of the City Council this _____ day of _____, 2021 by the following vote:

AYES: _____ ABSTENTIONS: _____ NOES: _____ ABSENT: _____

APPROVE: _____

Karin Eugenio, Mayor

CERTIFICATE AND SIGNATURE OF THE ATTESTING OFFICER

The undersigned, Officer of the City of Imperial does hereby attest and certify that the foregoing Resolution is a true, full and correct copy of a resolution duly adopted at a meeting of the City Council of the City of Imperial which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and is in full force and effect as of the date hereof.

ATTEST: _____
City Clerk

RESOLUTION NO. 2021-57 OF CITY OF IMPERIAL

AUTHORIZING THE APPLICATION FOR THE PERMANENT LOCAL HOUSING ALLOCATION PROGRAM NON-ENTITLEMENT LOCAL GOVERNMENT COMPETITIVE COMPONENT

The City Council of the City of Imperial (“Applicant”) hereby consents to, adopts and ratifies the following resolution:

- A. WHEREAS, the Department is authorized to provide up to \$29 million under the SB 2 Permanent Local Housing Allocation Program Competitive Component from the Building Homes and Jobs Trust Fund for assistance to Cities and Counties (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB 2)).
- B. WHEREAS the State of California (the “State”), Department of Housing and Community Development (“Department”) issued a Notice of Funding Availability (“NOFA”) dated 06/07/2021 under the Permanent Local Housing Allocation (PLHA) Program Competitive Component;
- C. WHEREAS the City of Imperial is an eligible non entitlement Local government who has applied for program funds to administer an eligible activity; for Riverwalk Imperial Apartments, Phase 2 and the amount of CPLHA funds not to exceed \$5,000,000.
- D. WHEREAS the Department may award, subject to selection criteria set forth in PLHA guidelines section 403, funding allocations for applicants recommended for funding, subject to the terms and conditions of the Guidelines, NOFA, Program requirements, the Standard Agreement and other contracts between the Department and PLHA competitive grant recipients;

NOW THEREFORE BE IT RESOLVED THAT:

- 1. If Applicant is awarded a grant of PLHA funds from the Department pursuant to the above referenced PLHA Competitive Component NOFA, it represents and certifies that it will use all such funds in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including without limitation all rules and laws regarding the PLHA Program, as well as any and all contracts Applicant may have with the Department.
- 2. Applicant hereby agrees to use the PLHA funds for the eligible activity for which the Applicant has submitted an application, as set forth in Section 401 of the Guidelines, and as awarded and approved by the Department in accordance with all Program requirements, Guidelines, other rules and laws, as well as in a manner consistent and in compliance with the Standard Agreement and other contracts between the Applicant and the Department.

3. Pursuant to Applicant's certification in this resolution, the PLHA funds will be expended only for the eligible Activity for which the Applicant has submitted an application, and consistent with all program requirements.
4. Applicant certifies that, if funds are awarded for the development of new multifamily housing at or below 60 AMI or substantial rehabilitation of multifamily rental housing at or below 60 percent of AMI, Applicant shall comply with Uniform Multifamily Regulations Subchapter 19, Title 25, Division 1, Chapter 7, commencing with Section 8300 and the Multifamily Housing Program Guidelines commencing with Section 7300.
5. Applicant certifies that, if funds are awarded for the development of an Affordable Rental Housing Development, the Local Government shall make PLHA assistance in the form of a low-interest, deferred loan to the Sponsor of the Project, and such loan shall be evidenced through a Promissory Note secured by a Deed of Trust and a Regulatory Agreement shall restrict occupancy and rents in accordance with the Department-approved underwriting of the Project for a term of at least 55 years.
6. Applicant shall be subject to the terms and conditions as specified in the Standard Agreement, the PLHA Program Guidelines and any other applicable SB 2 Guidelines published by the Department.
7. The City Manager is authorized to execute the PLHA Competitive Component Program Application, the PLHA Competitive Component Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the PLHA Competitive Component grant awarded to Applicant, as the Department may deem appropriate.

PASSED AND ADOPTED at a regular meeting of the City Council this _____ day of _____, 2021 by the following vote:

AYES: _____ ABSTENTIONS: _____ NOES: _____ ABSENT: _____

APPROVE: _____

Karin Eugenio, Mayor

CERTIFICATE AND SIGNATURE OF THE ATTESTING OFFICER

The undersigned, Officer of the City of Imperial does hereby attest and certify that the foregoing Resolution is a true, full and correct copy of a resolution duly adopted at a meeting of the City Council of the City of Imperial which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and is in full force and effect as of the date hereof.

ATTEST: _____
Debra Jackson, City Clerk

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF STATE FINANCIAL ASSISTANCE**

2020 W. El Camino Avenue, Suite 670
Sacramento, CA 95833
(916) 263-2771
www.hcd.ca.gov



June 7, 2021

MEMORANDUM FOR: All Potential Applicants

FROM: Jennifer Seeger, Deputy Director
Division of State Financial Assistance

SUBJECT: Permanent Local Housing Allocation Program
2021 Non-Entitlement Local Government Competitive
Notice of Funding Availability

A handwritten signature in cursive script, reading "Jennifer Seeger".

The California Department of Housing and Community Development (Department) is pleased to announce the release of this Non-Entitlement Local Government Competitive Notice of Funding Availability for approximately **\$29 million**, including the **\$6.7 million** remaining calendar year 2019 funds for the Permanent Local Housing Allocation (PLHA) program. This funding provides grants to Non-entitlement Local Governments in California to assist persons experiencing or At risk of homelessness and investments that increase the supply of housing to households with incomes of 60 percent or less of area median income.

Applications must be submitted electronically to the Department's website. Requirements for uploading the application workbook and required supporting documentation, including naming conventions, are described in the application instructions available at <https://hcd.ca.gov/grants-funding/active-funding/plha.shtml>. The submittal portal will be available beginning August 23, 2021.

Applicants must upload all application materials to the Department's website no later than **11:59 p.m. Pacific Daylight Time on August 31, 2021**. Please note that the online support and technical assistance closes at 5:00 p.m. Pacific Daylight Time on August 31, 2021.

Personal deliveries will not be accepted. No facsimiles, incomplete applications, application revisions, or walk-in application packages will be accepted.

The PLHA application forms, webinar details, and Guidelines are posted on the Department's [website](#). To receive information on webinars and other updates, please subscribe to the PLHA listserv by clicking on "Email Sign up" on the Department's website. If you have any further questions, please contact CPLHA@hcd.ca.gov.

Attachment

Permanent Local Housing Allocation Program

2021

Non-Entitlement Local Government Competitive Notice of Funding Availability



**Gavin Newsom, Governor
State of California**

**Lourdes M. Castro Ramírez, Secretary
Business, Consumer Services and Housing Agency**

**Gustavo Velasquez, Director
Department of Housing and Community Development**

2020 West El Camino Avenue, Suite 500, Sacramento, CA 95833
Telephone: (916) 263-2771

Website: <http://www.hcd.ca.gov/grants-funding/active-funding/plha.shtml>
Email: CPLHA@hcd.ca.gov

June 7, 2021

Table of Contents

I.	Overview	1
	A. Notice of Funding Availability	1
	B. Timeline	1
	C. Authorizing Legislation and Regulations	1
II.	Program requirements.....	2
	A. Eligible Applicants	2
	B. Eligible Activities	3
	C. Funding limits.....	3
	D. Application review and project selection	3
III.	Application submission and workshops	8
	A. PLHA application	9
	B. Application submittal	9
	C. Application workshops	9
IV.	Appeal	9
	A. Basis of appeal	9
	B. Appeal process and deadline	10
	C. Decisions	10
V.	Award announcements and contracts	10
	A. Award announcements	10
	B. Contracts.....	10
VI.	Other state requirements.....	11
	A. Administration, monitoring, and reporting requirements.....	11
	B. Article XXXIV	11
	C. Pet Friendly Housing Act of 2017.....	12
	D. State Prevailing Wages.....	12
	E. Relocation	12
	F. Accessibility and non-discrimination.....	13
VII.	Other Terms and Conditions	13
	A. Right to Modify or Suspend.....	13
	B. Disclosure of application	14
	C. Conflicts	14
	APPENDICES	15

**Permanent Local Housing Allocation
Non-Entitlement Local Government Competitive
Notice of Funding Availability**

I. Overview

A. Notice of Funding Availability

The California Department of Housing and Community Development (Department) is announcing the availability of approximately \$29 million in funding for the Permanent Local Housing Allocation (PLHA) program Non-Entitlement Local Government Competitive Notice of Funding Availability (NOFA). This NOFA is funded from moneys deposited in the Building Homes and Jobs Trust Fund (Fund) in calendar year 2019.

Funding for this NOFA is provided pursuant to Senate Bill 2 (SB 2) (Chapter 364, Statutes of 2017). SB 2 established the Fund and authorizes the Department to allocate 70 percent of moneys collected and deposited in the Fund, beginning in calendar year 2019, to Local Governments for eligible housing and homelessness activities. The intent of the bill is to provide a permanent, on-going source of funding to Local Governments for housing-related projects and programs that assist in addressing the unmet housing needs of their local communities. The non-Entitlement competitive grant program component prioritizes assistance to persons experiencing or At risk of homelessness and investments that increase the supply of housing to households with incomes of 60 percent or less of Area Median Income (AMI).

This NOFA outlines threshold and application requirements for Non-Entitlement Local Governments as defined in Guidelines Section 101. Non-Entitlement Local Governments are governments in areas, which are not metropolitan cities or part of an urban county as defined in Appendix A.

B. Timeline

NOFA Release Date	June 7, 2021
Application Submittal Deadline	August 31, 2021
Award Announcement	November 2021

C. Authorizing Legislation and Regulations

SB 2 (Chapter 364, Statutes of 2017) established the PLHA program. The program operates under the requirements of Health and Safety Code (HSC), Part 2 of Division 31, Chapter 2.5 (commencing with Section 50470).

Section 50470 (b)(2)(B)(i) of the HSC authorizes the Department to allocate 70 percent of the moneys collected and deposited in the Fund, beginning in calendar year 2019, for the PLHA program.

Section 50470 (b)(2)(B)(i)(I) of the HSC requires the Department to allocate 90 percent of PLHA funds based on the federal CDBG formula specified in U.S. Code (USC), 42 USC, Section 5306, except that the portion allocated to Non-Entitlement Local Governments is required to be distributed through a competitive grant program for Non-Entitlement Local Governments.

HSC, Section 50470 (d) authorizes the Department to adopt Guidelines to implement the PLHA program, not subject to the rulemaking provisions of the California Administrative Procedure Act.

This NOFA governs the administration of funding from the Fund (created by USC, Section 50470, subdivision (a)(1) and appropriated by item 2240-103-3317 in the Budget Act of 2019) and made available under the PLHA program.

Capitalized terms not otherwise defined in this NOFA shall have the meanings set forth in Guidelines Section 101.

II. Program requirements

The following is provided as a summary for the allocation of the Competitive PLHA funds to Non-Entitlement Local Governments and is not to be considered a complete representation of all program requirements, terms and conditions that will be further set forth in the Standard Agreement.

A. Eligible Applicants

An Applicant must be a Non-Entitlement Local Government. A Non-Entitlement Local Government means:

1. A Local Government in an area, which is not a metropolitan city or part of an urban county;
2. A Local Government that, as of September 1, 2017, was an incorporated city with a population of less than 50,000 or a county with an unincorporated area population of less than 200,000 persons, which had not entered into a three-year Urban County Cooperation Agreement; or
3. A Local Government that was not otherwise entitled to receive CDBG funds directly from the U.S. Department of Housing and Urban Development (HUD).

See Appendix A for a list of eligible Applicants for Non-Entitlement Local Government for fiscal year 2020-21.

For applications that include the development of a Rental Housing project, the Sponsor must be a co-Applicant with the Non-Entitlement Local Government, pursuant to Guidelines Section 400. Sponsor includes the general partner(s); if there are two general partners, both must submit all the required co-Applicant documents.

B. Eligible Activities

Pursuant to Guidelines Section 401, eligible activities under this PLHA competitive NOFA are limited to the following and must take place within the jurisdiction of the Applicant Local Government:

1. Development of new multifamily rental housing that is Affordable to households at or below 60 percent of AMI or substantial rehabilitation of multifamily rental housing that will be Affordable to households at or below 60 percent of AMI, but which is not currently restricted as Affordable housing. In order to be eligible as “substantial rehabilitation”, a project must complete a minimum of \$40,000 per unit in hard construction costs; or
2. Assistance to persons who are experiencing or At risk of homelessness, including, but not limited to, through rapid rehousing, rental assistance, supportive services, and case management services that allow people to obtain and retain housing, operating and capital costs for Navigation Centers, or new construction, rehabilitation, or preservation of permanent or transitional rental housing

C. Funding limits

The maximum application amount, including administrative costs, for the development of new multifamily rental housing or substantial rehabilitation of a multifamily rental housing project, or development of a Navigation Center is \$5 million. The minimum application amount shall be \$500,000.

The maximum application amount, including administrative costs, for assistance through program activities is \$1 million. The minimum application amount shall be \$500,000.

Administrative expenses may be incurred to implement the project or program activity, up to a maximum of five percent of the grant amount.

The total NOFA amount will be distributed equally to the two eligible activities, based on scores relative to all other applications.

If there are insufficient eligible applications to utilize the allocation for one activity, unused funds will be used to fund any other eligible applications in the other activity set forth in Guidelines Section 401(a) and this NOFA.

D. Application review and project selection

The application review process consists of two phases: 1) threshold; and 2) rating and ranking.

1. Threshold

An Applicant must submit a complete application and other documents by the deadline stated in this NOFA. Applications submitted in response to this NOFA

must meet the threshold requirements set forth in Guidelines Section 402 in detail. Threshold requirements include:

- (a) For new construction projects, a Phase I Environmental Site Assessment prepared or updated within **12 months prior to** application due date, and a Phase II environmental report if recommended by the Phase I;
- (b) Housing Element Compliance;
- (c) The Annual Progress Report (APR) required by Government Code Section 65400 for the current or prior year by the application deadline date;
- (d) A complete application, which shall meet the following minimum requirements:
 - (1) Requests a grant pursuant to Guidelines Section 100(b)(3) in order to carry out one of the eligible activities set forth in Guidelines Section 401 and this NOFA.
 - (2) Is authorized by the governing board of the Applicant and by the developer co-Applicant, if any.
 - i. If there are two (2) co-Applicants, all of the required co-Applicant information and the Resolution must be submitted for both of the co-Applicants.
 - (3) Certification in the Resolution that, if the Local Government proposes allocation of funds for any Activity to another entity, the selection process shall avoid conflicts of interest and shall be accessible to the public;
 - (4) Demonstration of readiness, including site control for development Projects, land use entitlements, environmental review, commitments of at least 40 percent of permanent funding required and resources required, a timeline and plan for use of funds, and guidelines for determining amount of funds to be provided, based on the selected activity;
 - i. Site control must be in the name of the Sponsor;
 - (5) Underwriting requirements:
 - A. Uniform Multifamily Regulations (UMRs) Subchapter 19 of Title 25, Division 1, Chapter 7 (commencing with Section 8300), as amended from time to time, and the Multifamily Housing Program Guidelines (commencing with Section 7300), as amended from time to time, are hereby incorporated by reference into this subchapter and shall apply to Rental Housing Developments receiving assistance under the PLHA competitive allocation. In the event of a conflict between the provisions of Subchapter 19 and these Guidelines, the provisions of these Guidelines shall prevail.

- (i) UMRs Section 8312(c) is hereby amended to read: (c) For projects utilizing 4 percent tax credits, developer fee payments shall not exceed the amount that may be included in project costs pursuant to 4 California Code of Regulations (CCR), Section 10327. In addition, the developer fee paid from development funding sources shall not exceed the following: (1) for acquisition and/or rehabilitation projects, or adaptive reuse projects, the lesser of the amount of developer fee in project costs or \$2 million; and (2) for new construction projects, the base limit shall be the lesser of the amount that may be included in project costs or \$2.2 million. To arrive at the final limit on developer fee paid from development funding sources, the base limit shall then be multiplied by a ratio that is the average of:
 - a. the difference between (2) and the project's high-cost ratio, as calculated pursuant to Title 4, CCR, Section 10317(i)(6) or successor language; and
 - b. 100 percent.
 - (ii) Section 8312(d) of the UMRs shall not apply.
 - (iii) UMRs Section 8314(a)(1)(A) is amended to read: (A) Approved deferred developer fee, pursuant to Section 8312, provided that the aggregate of the developer fee paid from sources and paid as deferred shall not exceed \$3.5 million.
- B. Period of affordability: All assisted rental units shall be restricted for not less than 55 years.
- C. All development projects shall demonstrate fiscal integrity. The Department shall request any other information as set forth in this NOFA or application in order to determine fiscal integrity. This shall include, but is not limited to, the following:
- i The Sponsor's organizational documents;
 - ii A market study prepared in accordance with California Tax Credit Allocation Committee requirements, and prepared or updated within 12 months prior to the application due date, which demonstrates a market for the non-Assisted Units and documents the anticipated need for the Assisted Units;
 - iii An appraisal prepared or updated at the Sponsor's expense within 24 months prior to the application due date.
 - iv A preliminary title report;
 - v For new construction projects, a Phase I Environmental Site Assessment prepared or updated within 12 months prior to the application due date, and a Phase II environmental report if recommended by the Phase I;

- vi For rehabilitation projects, lead-based paint, mold, and asbestos reports.

2. Rating and ranking

Applications submitted within a competitive funding round shall be evaluated using the following criteria as set forth in Guidelines Section 403:

Selection Criteria	Max Point
Priority Points – 25 points	
<p>A. Population – 5 points</p> <p>(i) If the Applicant is a county that has a population of 200,000 or less within the unincorporated areas of the county, the Applicant shall receive all points.</p> <p>B. Prior Award – 5 points</p> <p>(i) If the Applicant did not receive an award based on the formula specified in 42 USC, Section 5306 in 2016, the Applicant shall receive all points.</p> <p>And either C. (i) or C. (ii) or C. (iii) below:</p> <p>C. Activity</p> <p>(i) Assistance for Homeless Persons through Program Activities - 15 points</p> <p>(a) Applications to assist persons experiencing or At risk of homelessness, including but not limited to, through programs providing rapid rehousing, or rental assistance, or operating assistance to Navigation Centers shall receive all points.</p> <p style="text-align: center;">or</p> <p>(ii) Assistance to Homeless Persons through development of Navigation Centers – 15 points</p> <p>(a) Applications for construction of Navigation Centers shall receive all points.</p> <p style="text-align: center;">or</p> <p>(iii) Assistance for Homeless Persons through Rental projects – 15 points</p> <p>(a) Applications for the new construction, rehabilitation, or preservation of permanent or transitional rental housing in which all or at least 10 percent of the units are restricted to occupancy by tenants who are homeless or At risk of homelessness shall receive all points.</p>	25

Evaluation Criteria -- 75 points

A. Community Need – 30 points

- (i) Applicants will receive up to a maximum of 30 points based on the rate of households experiencing the most severe housing need according to the most recent HUD Comprehensive Housing Affordability Strategy (CHAS) dataset in the Applicant Local Government. Applicants will receive points in proportion to this percentage.
 - 0% to 19% ~ 10 points
 - 20% - 35% ~ 20 points
 - 36% - 50% ~ 30 points

B. Applicant Administrative Experience – 15 points

- (i) Applicants with prior experience during the past five years administering local, state or federal Affordable housing or community development programs or who have entered into a contract with an entity with prior experience during the past five years in the implementation of local, state, or federal Affordable housing or community development programs will receive up to 15 points.
 - Applicants with experience administering three to five programs as described above ~ 5 points
 - Applicants with experience administering six to eight programs as described above ~ 10 points
 - Applicants with experience administering more than eight programs as described above ~ 15 points

C. Demonstrated Capacity – 30 points

- (i) Capacity points will be based on:
 - (a) Sponsor experience in Affordable Rental Housing Development and Ownership in the past five years (up to 30 points)
 - Sponsor has completed and owns two Affordable Rental Housing projects – 10 points
 - Sponsor has completed and owns four Affordable Rental Housing projects – 20 points
 - Sponsor has completed and owns six Affordable Rental Housing projects – 30 points

or

 - (b) Navigation Center development experience in the past five years (for development of these facilities) (up to 30 points).
 - Applicant and/or co-applicant has completed and operated one Navigation center – 10 points
 - Applicant and/or co-applicant has completed and operated two Navigation centers – 20 points
 - Applicant and/or co-applicant has completed and operated three Navigation centers – 30 points
- or**

75

- (c) Program Operator experience (for non-development Activities) in the past five years (up to 30 points)
- Program Operator has operated three programs of less than \$750,000 each – 10 points
 - Program Operator has operated six programs of between \$750,000 and \$1 million each – 20 points
 - Program Operator has operated nine programs of more than \$1 million each – 30 points

3. Tie breaker

In the event of tied point scores and insufficient funding for both applications, the Department shall rank the tied applications as follows:

- (a) If one of the tied applications is for an Affordable Rental Housing Development and the other is for a program Activity or development of a Navigation Center, the Affordable Rental Housing Development application will be selected for funding;
- (b) If one of the tied applications is for a Navigation Center and the other is for a program Activity, the Navigation Center will be selected for funding;
- (c) If both of the tied applications are for Affordable Rental Housing Developments, the project with the lowest weighted average of affordability of Restricted Units will be selected;
- (d) If both of the tied applications are for Navigation Centers, the facility that provides overnight shelter to the greatest number of people will be selected; or
- (e) If both of the tied applications are for programs, the Local Government with the highest rate of households experiencing the most severe housing need according to the most recent HUD CHAS dataset will be selected.

4. Funding award

Pursuant to Guidelines Section 401(a), the PLHA funds awarded to eligible Applicants must be used to carry out the eligible activity for which the Applicant submitted the application.

An Applicant that receives an award of PLHA funds must comply with the deadline and funding requirements set forth in Guidelines Section 405.

III. Application submission and workshops

Applications must meet eligibility requirements for Sponsor, project, and costs upon submission; see Program Requirements above for eligible Applicants, eligible projects, and eligible uses of funds. Modification of the application forms by the Applicant is prohibited. It is the Applicant's responsibility to ensure the application is clear, complete, and accurate. After the application deadline, Department staff may request clarifying information, provided such information does not affect the competitive rating of the application. No information, whether written or oral, will be solicited or accepted if this

information would result in a competitive advantage to an Applicant or a competitive disadvantage to other Applicants. No Applicant may appeal the evaluation of another Applicant's application.

A. PLHA application

The PLHA application must be submitted under this NOFA and will be funded on a competitive basis, as set forth in the Guidelines and this NOFA. The PLHA application and program Guidelines are available on the PLHA webpage.

B. Application submittal

Applications must be submitted electronically to the Department's website. Requirements for uploading the application workbook and required supporting documentation, including naming conventions, are described in the application instructions available at <https://hcd.ca.gov/grants-funding/active-funding/plha.shtml>. The submittal portal will be available beginning August 23, 2021.

Applicants must upload all application materials to the Department's website no later than **11:59 p.m. Pacific Daylight Time on August 31, 2021**. Please note that the on-line support and technical assistance closes at 5:00 p.m. Pacific Daylight Time on August 31, 2021.

Personal deliveries will not be accepted. No facsimiles, incomplete applications, application revisions, or walk-in application packages will be accepted.

Applications that do not meet the filing deadline requirements will not be eligible for funding. Applications must be on the Department's forms and cannot be altered or modified by the Applicant. Excel forms must be in Excel format, not a PDF document.

C. Application workshops

Applicants are strongly encouraged to attend the PLHA Competitive NOFA webinar to gain information critical for preparing the application, which will be discussed during the webinar. PLHA webinar dates and times are located on the Department's PLHA [webpage](#). These webinars will cover the NOFA and application.

IV. Appeal

A. Basis of appeal

1. Upon receipt of the Department's notice that an application has been determined to be incomplete, ineligible, fail threshold review, or have a reduction to the initial point score, Applicants may appeal such decision(s) to the Department pursuant to this section.

2. No Applicant shall have the right to appeal a decision of the Department relating to another Applicant's eligibility, point score, award, denial of award, or any other matter related thereto.
3. The appeal process provided herein applies solely to decisions of the Department made in this NOFA and does not apply to any decisions made with respect to any previously issued NOFAs or decisions to be made pursuant to future NOFAs.

B. Appeal process and deadline

1. **Process:** To file an appeal, Applicant must submit a written appeal to the Department, which states all relevant facts, arguments, and evidence upon which the appeal is based. Furthermore, the Applicant must provide a detailed reference to the area or areas of the application that provide clarification and substantiation for the basis of the appeal. No new or additional information will be considered if this information would result in a competitive advantage to an Applicant. Once the written appeal is submitted to the Department, no further information or materials will be accepted or considered thereafter. Appeals are to be submitted to the Department at CPLHA@hcd.ca.gov according to the deadline set forth in Department review letters.
2. **Filing Deadline:** Appeals must be received by the Department no later than five (5) business days from the date of the Department's threshold review, or initial score letter, representing the Department's decision made in response to the application.

C. Decisions

Any request to appeal the Department's decision regarding an application shall be reviewed for compliance with the Guidelines and this NOFA. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of the Department.

V. Award announcements and contracts

A. Award announcements

The Department intends to announce awards in November 2021. Award recommendations will be posted on the [PLHA webpage](#).

B. Contracts

Successful Applicants (Awardee(s)) will enter into Standard Agreements with the Department. The Standard Agreement contains relevant terms and conditions for the funding of the award.

Standard Agreements will be prepared upon receipt of all documents necessary to enter into an agreement with the Department including but not limited to an authorizing Resolution. Standard Agreements will be sent to the Awardee(s) within

90 days after receipt of all required documentation. To facilitate efficient processing of Standard Agreements, Sponsors are strongly urged to submit organizational documents with their application. The Awardee(s) shall remain a party to the Standard Agreement for the entire term of the Standard Agreement; removal of the Awardee(s) shall be prohibited.

VI. Other state requirements

A. Administration, monitoring, and reporting requirements

A recipient of the PLHA funds must meet the administration and monitoring requirements set forth in Guidelines Sections 500 and 501, and reporting requirements in Section 503.

B. Article XXXIV

All projects shall comply with Article XXXIV, Section 1 of the California Constitution, as clarified by the Public Housing Election Implementation Law (HSC Section 37000 - 37002). Article XXXIV documentation for loans underwritten by the Department shall be subject to review and approval by the Department prior to the announcement of award recommendations.

Article XXXIV requires local voter approval before any state public body can develop, construct, or acquire a low-rent housing project in any manner. However, the Public Housing Election Implementation Law (HSC Section 37000 – 37002) provides clarification as to when Article XXXIV is applicable. HSC Section 37001, for example, lists a number of project types that are not considered “low-rent housing projects.”

Applicants must submit documentation that demonstrates the project’s compliance with, or exemption from, Article XXXIV. If a project is subject to Article XXXIV, the Department requires an allocation letter from the locality, which shows that there is Article XXXIV authority for the project. A Local Government official with authority should prepare the allocation letter and it should include the following:

1. The name and date of the proposition and the number of units that were approved;
2. A copy of the referendum and a certified vote tally;
3. The number of units that remain in the locality’s “bank” of Article XXXIV authority (i.e., the number of units that are still available for allocation); and
4. The number of units that the locality will commit to this project, including the manager unit.

If a project is statutorily exempt from Article XXXIV, the Department requires an Article XXXIV opinion letter from the Applicant’s legal counsel. The Article XXXIV opinion letter must demonstrate that the Applicant has considered both the legal requirements of Article XXXIV and the relevant facts of the project (e.g., all funding provided by public bodies, including state, county or city sources, the number of low-

income restricted units, and the general content of any regulatory restrictions). Any conclusion that a project is exempt from Article XXXIV must be supported by facts and a specific legal theory for exemption that itself is supported by the Constitution, statute, and/or case law.

C. Pet Friendly Housing Act of 2017

Housing funded through this program is subject to the Pet Friendly Housing Act of 2017 (HSC Section 50466). Each awardee will be required to submit a signed and dated certification that residents of the program-funded Housing development will be authorized to own or otherwise maintain one or more common household pets as required by HSC Section 50466. Pursuant to this statute, “common household pet” means a domesticated animal, such as a dog or cat, commonly kept in the home for pleasure rather than for commercial purposes.

D. State Prevailing Wages

Program Funds awarded under this NOFA are subject to state Prevailing Wage Law, as set forth in Labor Code Section 1720 et seq. and require the payment of prevailing wages unless the project meets one of the exceptions of Labor Code Section 1720 (c), as determined by the Department of Industrial Relations (DIR). The DIR can be contacted via its website at <https://www.dir.ca.gov/oprl/DPreWageDetermination.htm>. Applicants are urged to seek professional advice as to how to comply with state Prevailing Wage Law.

E. Relocation

Both the Applicant and the Department must comply with applicable Relocation Law, pursuant to Government Code Section 7260 et seq., Title 25, CCR, Section 6000 et seq., and if federal law is applicable (depending on project financing), Code of Federal Regulations (CFR) at 49 CFR Part 24 of the UMRs and Real Property Acquisition for Federal and Federally Assisted Programs (the “URA”) (collectively referred to herein forth as “Relocation” or “Relocation Law”).

Relocation Law provides important protections and assistance for displaced persons and entities affected by the acquisition, rehabilitation, or demolition of real property for government funded projects. Relocation Law ensures that those displaced individuals and entities whose real property is acquired, or who move (even if temporarily), as a direct result of projects receiving government funds, are treated fairly and equitably and receive assistance in moving from the property they occupy. The Department seeks to ensure that displaced persons, which includes tenants, businesses, and homeowners, do not suffer disproportionately as a result of programs designed for the benefit of the public as a whole.

At the NOFA application stage, it is premature to conduct a detailed Relocation review. At this stage, the Department only needs to confirm that Relocation is properly budgeted. Due to the importance of satisfying Relocation Law, the Applicant is encouraged to employ the services of a Relocation consultant to procure a good faith estimate of the potential Relocation cost, which may (or may not) necessitate a

Relocation plan. The Department has found that the services of a professional Relocation consultant may save an Awardee money and time in the loan process.

The importance of satisfying Relocation Law cannot be understated. Failure to follow the Relocation requirements will result in the project not being funded by the Department. Applicants cannot circumvent Relocation Law to avoid Relocation payment assistance by simply not renewing leases, which is not permissible under Relocation Law. At the construction loan close stage, the Department will notify all lenders that failure to satisfy Relocation Law, particularly the improper displacement of individuals or entities, could jeopardize Department funding.

F. Accessibility and non-discrimination

All projects or programs shall adhere to the accessibility requirements set forth in California Building Code Chapter 11A and 11B and the Americans with Disabilities Act, Title II. In addition, projects or programs shall adhere to either the Uniform Federal Accessibility Standards (UFAS) standards, 24 CFR Part 8, or HUD's modified version of the 2010 Americans with Disabilities Act (ADA) Standards for Accessible Design (Alternative 2010 ADAS), HUD-2014-0042-0001, Federal Register, 79 FR 29671 (5/27/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Memo"). Accessibly units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the project and be available in a sufficient range of sizes and amenities consistent with 24 CFR Section 8.26.

Recipients shall adopt a written non-discrimination policy requiring that no person shall, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), arbitrary characteristics, and all other classes of individuals protected from discrimination under state or federal fair housing laws, individuals perceived to be a member of any of the preceding classes, or any individual or person associated with any of the preceding classes be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with program funds made available pursuant to this NOFA.

Recipients shall comply with the requirements contained in the ADA, the Fair Housing Amendments Act, the California Fair Employment and Housing Act, the Unruh Act, Government Code Section 11135, Rehabilitation Act Section 504, and regulations promulgated pursuant to those statutes, including 24 CFR Part 100, 24 CFR Part 8, and 28 CFR Part 35, in all of the Sponsor's activities.

VII. Other Terms and Conditions

A. Right to Modify or Suspend

The Department reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA at any time, including without limitation, the

amount of funds available hereunder. If such an action occurs, the Department will notify all interested parties and will post the revisions to the Department's website. To receive updates, please subscribe to our PLHA listserv. Please note that in the event this NOFA is amended, the Department will require new authorizing Resolutions from successful Applicants and all constituent entities thereof.

B. Disclosure of application

Information provided in the application will become a public record and available for review by the public, pursuant to the California Public Records Act (Government Code section 6250 et seq.). As such, any materials provided will be disclosed to any person making a request under this Act. The Department cautions Applicants to use discretion in providing information not specifically requested, including, but not limited to, bank account numbers, personal phone numbers, and home addresses. By providing this information to the Department, the Applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon request.

C. Conflicts

In the event of any conflict between the terms of this NOFA and either applicable state or federal law or regulation, the terms of the applicable state or federal law or regulation shall control. Applicants are deemed to have fully read and understand all applicable state and federal laws, and Guidelines pertaining to PLHA, and understand and agree that the Department shall not be responsible for any errors or omissions in the preparation of this NOFA.

APPENDICES

Appendix A: Non-Entitlement Local Government Competitive NOFA 2021

Eligible Applicants for Non-Entitlement Local Government				
Alpine County	Dixon	Lake County	Point Arena	Vernon
Alturas	Dorris	Lakeport	Portola	Wasco
Amador City	Dos Palos	Lassen County	Rancho Mirage	Weed
Amador County	Dunsmuir	Lemoore	Red Bluff	Westmorland
American Canyon	El Centro	Lincoln	Rio Dell	Wheatland
Anderson	El Dorado County	Live Oak	Rio Vista	Williams
Angels	Etna	Livingston	Riverbank	Willits
Arcata	Eureka	Loomis	San Benito County	Willows
Artesia	Exeter	Los Banos	San Joaquin	Winters
Arvin	Farmersville	Loyalton	San Juan Bautista	Woodlake
Atwater	Ferndale	Madera County	San Juan	Yolo County
Auburn	Firebaugh	Mammoth Lakes	Sand City	Yountville
Avenal	Fort Bragg	Maricopa	Santa Cruz	Yreka
Benicia	Fort Jones	Marina	Scotts Valley	Yuba County
Biggs	Fortuna	Mariposa County	Shasta County	
Bishop	Fowler	Marysville	Shasta Lake	
Blue Lake	Glenn County	McFarland	Sierra County	
Brawley	Grass Valley	Mendocino County	Siskiyou County	
Butte County	Greenfield	Merced County	Solano County	
Calaveras County	Gridley	Modoc County	Soledad	
Calexico	Grover Beach	Mono County	Sonora	
Calimesa	Guadalupe	Montague	South Lake Tahoe	
Calipatria	Gustine	Mount Shasta	St. Helena	
Calistoga	Hidden Hills	Napa County	Suisun City	
Capitola	Hollister	Nevada City	Susanville	
Carmel-by-the-Sea	Holtville	Nevada County	Sutter County	
Chowchilla	Humboldt County	Orange Cove	Sutter Creek	
Clearlake	Huron	Orland	Taft	
Coalinga	Imperial	Oroville	Tehama	
Colfax	Imperial County	Pacific Grove	Tehama County	
Colusa	Indian Wells	Palos Verdes	Trinidad	
Colusa County	Industry	Parlier	Trinity County	
Corcoran	Inyo County	Pismo Beach	Truckee	
Corning	Ione	Placer County	Tulare County	
Crescent City	Jackson	Placerville	Tulelake	
Del Norte County	King City	Plumas County	Tuolumne County	
Dinuba	Kings County	Plymouth	Ukiah	

Permanent Local Housing Allocation Final Guidelines



**Gavin Newsom, Governor
State of California**

**Alexis Podesta, Secretary
Business, Consumer Services and Housing Agency**

**Douglas R. McCauley, Acting Director
California Department of Housing and Community Development**

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October 2019

The matters set forth herein are regulatory mandates, and are adopted in accordance with the authorities set forth below:

Quasi-legislative regulations ... have the dignity of statutes ... [and]... delegation of legislative authority includes the power to elaborate the meaning of key statutory terms...

Ramirez v. Yosemite Water Co., 20 Cal. 4th 785, 800 (1999)

In consultation with stakeholders, the California Department of Housing and Community Development (Department) may adopt Guidelines to implement this Section, including determining allocation methodologies. Any guideline, rule, policy, or standard of general application employed by the Department in implementing this chapter shall not be subject to the requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Title 2 Government Code, Part 1 of Division 3).

NOTE: Authority Cited: Health and Safety Code Section 50470, subdivision (d).

The Department reserves the right, at its sole discretion, to suspend or amend the provisions of these Guidelines, including, but not limited to, grant award amounts.

INTRODUCTION

Chapter 364, Statutes of 2017 (SB 2, Atkins) was part of a 15-bill housing package aimed at addressing the state's housing shortage and high housing costs. Specifically, it establishes a permanent source of funding intended to increase the affordable housing stock in California. The revenue from SB 2 will vary from year to year, as revenue is dependent on real estate transactions with fluctuating activity. The legislation directs the California Department of Housing and Community Development (Department) to use 70 percent of the revenue collected, beginning in calendar year 2019, to provide financial assistance to local governments for eligible housing-related projects and programs to assist in addressing the unmet housing needs of their local communities. This program is hereafter referred to as the Permanent Local Housing Allocation (PLHA) program.

Guidelines for the PLHA program are organized into five Articles as follows:

Article I. General provisions: This article includes information on the purpose of the Guidelines, program objectives, and definitions used throughout the document.

Article II. Program funding: This article describes allocation formulas and methodologies, and award amounts.

Article III. Formula allocation component: This article describes the requirements for Applicants to apply for funds under the formula allocation of the PLHA program.

Article IV. Competitive allocation component: This article describes requirements and uses for PLHA competitive allocation funds.

Article V. Administration: This article describes administrative functions such as terms, non-performance remedies, and reporting and monitoring requirements.

Permanent Local Housing Allocation (PLHA) Program: 2019 Guidelines

Table of Contents

ARTICLE I. GENERAL PROVISIONS	5
Section 100. Purpose and Scope	5
Section 101. Definitions	5
ARTICLE II. PROGRAM FUNDING	9
Section 200. Allocations	9
Section 201. Award Amounts	10
ARTICLE III. FORMULA ALLOCATION COMPONENT	11
Section 300. Eligible Applicants	11
Section 301. Eligible Activities	12
Section 302. Threshold Requirements	13
Section 303. Application Review	16
Section 304. Deadlines and Funding Requirements	17
ARTICLE IV. COMPETITIVE ALLOCATION COMPONENT	17
Section 400. Eligible Applicants	17
Section 401. Eligible Activities	18
Section 402. Threshold Requirements	18
Section 403. Selection Criteria	20
Section 404. Application Review	22
Section 405. Deadlines and Funding Requirements	23
ARTICLE V. ADMINISTRATION	23
Section 500. Accounting Records	23
Section 501. Audits/Monitoring of Project Files	24
Section 502. Cancellation and Termination	25
Section 503. Reporting	26

ARTICLE I. GENERAL PROVISIONS

Section 100. Purpose and Scope

- (a) These Guidelines (hereinafter “Guidelines”) implement, interpret, and make specific Chapter 364, Statutes of 2017 (SB 2, Atkins - hereinafter “SB 2”) as authorized by Health and Safety Code (HSC) Section 50470, which created the Building Homes and Jobs Trust Fund and the PLHA program. The principal goal of this program is to make funding available to eligible local governments in California for housing-related projects and programs that assist in addressing the unmet housing needs of their local communities. Twenty percent of the funding in the Building Homes and Jobs Trust Fund is required to be expended for Affordable Owner-Occupied Workforce Housing, and the program prioritizes investments that increase the supply of housing to households that are at or below 60 percent of the Area Median Income (AMI), adjusted for household size.
- (b) These Guidelines establish terms, conditions, and procedures for local governments to submit applications to the Department for funds from the PLHA program’s three components, as listed below:
 - (1) Entitlement formula component per HSC 50470(b)(2)(B)(i)(I)
 - (2) Non-entitlement formula component per HSC 50470(b)(2)(B)(i)(II)
 - (3) Non-entitlement competitive grant program component per HSC 50470(b)(2)(B)(i)(I) (eligible Applicants are the same as for component 2 above)
- (c) The non-entitlement competitive grant program component prioritizes assistance to persons experiencing or At risk of homelessness.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(A), subdivision (b)(2)(B)(i) and subdivision (b)(2)(B)(ii)(I-V).

Section 101. Definitions

All terms not defined below shall, unless their context suggests otherwise, be interpreted in accordance with the meanings of terms described in HSC Section 50470.

- (a) “Accessory dwelling unit” (ADU) means a dwelling unit which is attached, detached or located within the living area of the existing dwelling or residential dwelling unit and which provides complete independent living facilities for one or more persons pursuant to Government Code (GC) Section 65852.2 and 65852.22. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling. An Accessory dwelling unit also includes the following: an efficiency unit, as defined in Section 17958.1 of the HSC, or a manufactured home, as

defined in Section 18007 of the HSC.

- (b) "Activity" means any single eligible undertaking carried out as part of an Applicant's allocation(s) under the Program.
- (c) "Affordable" means a housing unit that satisfies at least one of the following criteria:
1. If the unit is being rented to low-income, Very low-income or Extremely low-income households, it complies with the Multifamily Housing Program guidelines Section 7312 and the Section 7301 definition of "Affordable Rent"; or
 2. If the unit is being sold, it is offered at an "Affordable housing cost", as published in the Fannie Mae Selling Guide, Part B, Debt to Income Ratios, as updated annually (<https://www.fanniemae.com/content/guide/selling/b3/6/02.html#DTI.20Ratios>), and it complies with the income limits stated in the definitions of Moderate-Income and Lower-Income in this section; or
 3. If the unit is being rented to Moderate-Income households, it is available at a gross rent, including a utility allowance, that does not exceed 30 percent of the applicable income eligibility level, and complies with the definition of Moderate-Income in these guidelines
- (d) "Affordable Owner-Occupied Workforce Housing" (AOWH) means owner-occupied housing per HSC Section 50092.1 that is affordable to persons and families of low or moderate income, as that term is defined in HSC Section 50093, except in High-cost areas where Moderate-income shall include households earning up to 150 percent of AMI.
- (e) "Annual Progress Report" (APR) means the Housing Element APR required by GC Section 65400 on the prior year's activities and due to the Department April 1 of each year.
- (f) "Annual Report" means a form issued by the Department and completed by a Local government awarded PLHA funds on which the Local government documents the uses and expenditures of any allocated funds and outcomes achieved.
- (g) "Applicant" means an eligible Local government applying for the program to administer one or more eligible activities. Applicant also means a Local or Regional Housing Trust Fund delegated by an eligible Local government to apply for the program and administer its allocation in accordance with all program rules.

- (h) “Area Median Income” or “AMI” means the most recent applicable county median family income published by the Department, available at the following link:
<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>
- (i) “At risk of homelessness” means the same as defined in Title 24 Section 578.3 of the Code of Federal Regulations and also includes any household receiving rental assistance funded by the California Emergency Solutions and Housing (CESH) program or the California Homeless Emergency Aid Program (HEAP).
- (j) “Capitalized Reserve for Services” means the reserve funded by the Local government pursuant to Section 301(a)(5) to address project supportive service budget deficits attributable to shortfalls in service funding sources.
- (k) “Comprehensive Housing Affordability Strategy” or “CHAS” means annual data compiled by the United States Census Bureau for the U.S. Department of Housing and Urban Development (HUD) to document the extent of housing problems and housing needs, particularly for low-income households.
- (l) “Community Development Block Grant” or “CDBG” means the program created pursuant to Title I of the Housing and Community Development Act of 1974, 42 U.S.C. 5301 et seq., as amended.
- (m) “Department” means the California Department of Housing and Community Development.
- (n) “Extremely Low Income” has the meaning set forth in HSC Section 50106, which is a maximum of 30 percent of AMI. Grantees shall utilize income limits issued by the Department at the following link:
<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.
- (o) “Fund” means the Building Homes and Jobs Trust Fund pursuant to HSC Section 50470.
- (p) “High-cost area” means those counties defined as high cost by the Federal Housing Finance Agency (at: <https://www.fhfa.gov/DataTools/>) and those counties for which HUD adjusted the Very low income and low-income rents due to high costs (at: https://www.huduser.gov/portal/pdrdatas_landing.html), as published by the Department in the annual PLHA Notice of Funding Availability.
- (q) “Local government” means any city, including a charter city, any county, including a charter county, or a city and county, including a charter city and county.

- (r) "Local Housing Trust Fund" or "Regional Housing Trust Fund" means a public, joint public and private fund or charitable nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code, which was established by legislation, ordinance, resolution (including nonprofit articles of incorporation), or a public-private partnership organized to receive specific revenue to address local or regional housing needs.
- (s) "Low or Lower Income" has the meaning set forth in HSC Section 50079.5, which is a maximum of 80 percent of AMI. Grantees shall utilize income limits issued by the Department at the following link:
<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.
- (t) "Moderate-Income" has the meaning set forth in HSC Section 50093, which is a maximum of 120 percent AMI, or in High-cost areas, 150 percent of AMI. Grantees shall utilize income limits issued by the Department at the following link:
<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.
- (u) "Non-entitlement local government" means a Local government in an area which is not a metropolitan city or part of an urban county, a Local government that, as of September 1, 2017, was an incorporated city with a population of less than 50,000 or a county with an unincorporated area population of less than 200,000 persons which had not entered into a three-year Urban County Cooperation Agreement, or a Local government that was not otherwise entitled to receive CDBG funds directly from HUD.
- (v) "Operating subsidies" means payments to owners of affordable housing developments that make the housing more affordable by covering a portion of the ongoing costs of operating the development. Such payments would have the same effect as rental assistance.
- (w) "Owner-occupied" means a dwelling which is occupied by the owner and includes a single family dwelling or a dwelling unit in a stock cooperative, as defined by Business and Professions Code (BPC), Section 11003.2, a community apartment project, as defined by BPC Section 11004, or a condominium project, as defined by subdivision (c) of BPC Section 11004. 5.
- (x) "Plan" means the document submitted by the Applicant to the Department as part of a complete application in which the Applicant proposes to use allocated funds for at least one eligible Activity. The Plan shall have a term of five years. In succeeding years, the Local government is required to obtain the approval of the Department for any amendments made to the Plan, as set forth in Section 302(c)(5).
- (y) "Permanent Local Housing Allocation Program", "Program", or "PLHA" means the program developed to annually allocate 70 percent of the moneys deposited into the Fund pursuant to HSC Section 50470(b)(2)(B)(i).

(z) “Permanent supportive housing” has the same meaning as in HSC Section 50675.14, that is, housing with no limit on the length of stay, that is occupied by the target population, and that is linked to onsite or offsite services that assist the supportive housing residents in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community. Permanent supportive housing may include associated facilities if used to provide services to housing residents. Permanent supportive housing does not include “health facility” as defined by HSC Section 1250 or any “alcoholism or drug abuse recovery or treatment facility” as defined by HSC Section 11834.02 or “Community care facility” as defined in HSC Section 1502, “Mental health rehabilitation centers” as defined in Section 5675 of the Welfare and Institutions Code (WIC), or other residential treatment programs.

(aa) “Regional Housing Needs Allocation” or “RHNA” means the share of the regional housing need represented by persons at all income levels within the area significantly affected by the general plan of the city or county allocated to an Applicant Local government pursuant to GC Section 65584(b).

(bb) “Sponsor” means the legal entity or combination of legal entities with continuing control of a Rental Housing Development. Where the borrowing entity is or will be organized as a limited partnership, Sponsor includes the general partner or general partners who have effective control over the operation of the partnership, or, if the general partner is controlled by another entity, the controlling entity. Sponsor does not include the seller of the property to be developed as the rental housing Project, unless the seller will retain control of the Project for the period necessary to ensure Project feasibility as determined by the Department.

(cc) “Very Low Income” has the meaning set forth in HSC Section 50105, which is a maximum of 50 percent of AMI. Grantees shall utilize income limits issued by the Department at the following link:
<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470.5 and 50470, subdivision (b)(2).

ARTICLE II. PROGRAM FUNDING

Section 200. Allocations

(a) SB 2 created a dedicated revenue source for affordable housing and directed the Department to make available 70 percent of the moneys in the Building Homes and Jobs Trust Fund, collected on and after January 1, 2019, to Local governments through the following allocations:

(1) Ninety percent of the moneys available shall be allocated based on the formula used under Federal law to allocate CDBG funds within California. This is the formula specified in Title 42 United States Code (USC), Section 5306.

(A) The amount of funds awarded to each Local government eligible for the entitlement formula component shall be determined by the 90 percent of PLHA funds available pursuant to this paragraph (1) and the percentage of funds received by the entitlement Local government in the CDBG federal fiscal year 2017 allocation process performed by HUD.

(B) Through the formula specified in paragraph (1), the percentage of funds allocated to Non-entitlement local governments shall be distributed to Non-entitlement local governments through a competitive grant program.

(2) Ten percent of the moneys available shall be allocated equitably among Non-entitlement local governments. The equitable allocation awarded to each Local government eligible for the Non-entitlement formula component shall be based on the sum of: (1) 50 percent of the funding available for the Non-entitlement formula component divided by the number of local governments eligible for the Non-entitlement formula component and (2) 50 percent of the funding allocated in proportion to each Non-entitlement local government's share of the total most severe housing need in California's Non-entitlement local governments, based upon the most recent HUD Comprehensive Housing Affordability Strategy.

(b) After funds are appropriated by the Legislature as part of the budget act, the Department will issue one or more Notices of Funding Availability (NOFA). Local governments shall submit an application under the NOFA pertaining to the specific allocation for which the Local government is eligible.

(c) It is recommended that Local governments that were urban counties in accordance with the distribution of funds pursuant to the formula specified in 42 USC, Section 5306 for the federal fiscal year 2017 provide a proportional share of their allocations to Local governments within their county with which they had a three-year Urban County Cooperation Agreement as of September 1, 2017, provided that these Local governments meet the threshold requirements of the PLHA and expend sub-allocated funds for eligible activities within the deadlines of the Standard Agreement governing the sub-allocation.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B).

Section 201. Award Amounts

(a) The formula allocation amounts derived pursuant to the formulas in Section 200 will be announced in the NOFA.

- (b) The maximum application amount and the minimum application amount for the competitive allocation will be stated in the NOFA.
- (c) An Applicant may apply for its formula allocation from the current and two prior NOFAs for which it did not receive an award, provided that the award meets the requirements of Section 304(a).

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B).

ARTICLE III. FORMULA ALLOCATION COMPONENT

Section 300. Eligible Applicants

- (a) Eligible Applicants for the entitlement formula component described in Section 100(b)(1) are limited to the metropolitan cities and urban counties allocated a grant for the federal fiscal year 2017 pursuant to the federal CDBG formula specified in 42 USC, Section 5306.
- (b) Eligible Applicants for the non-entitlement formula component described in Section 100(b)(2) and the competitive grant program component described in Section 100(b)(3) are limited to the Non-entitlement local governments.
- (c) A Local government may delegate another Local government to submit an application and administer on its behalf its formula allocation of Program funds, provided that the Local governments enter into a legally binding agreement and the funds are expended for eligible Activities and consistent with Program requirements. The delegating Local government shall be identified in the application. The administering Local government shall be responsible for all Program requirements.
- (d) A Local government may delegate a Local or Regional Housing Trust Fund to submit an application and administer on its behalf its formula allocation of Program funds, provided that the Local government enters into a legally binding agreement with the Local or Regional Housing Trust Fund and the funds are expended for eligible Activities and consistent with Program requirements. The delegating Local government shall be identified in the application. The Local or Regional Housing Trust Fund shall be responsible for all Program requirements.
- (e) An Applicant shall not be eligible to receive a new allocation of PLHA funds if it has an uncommitted amount of formula PLHA funds greater than the following:
 - (1) Four times the pending annual allocation if the pending annual allocation is \$125,000 or less;
 - (2) \$500,000 if the pending annual allocation is greater than \$125,000 and less than \$500,000;

- (3) The amount of the pending annual allocation if the pending allocation is \$500,000 or more.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B).

Section 301. Eligible Activities

(a) Eligible Activities are limited to one or more of the following:

- (1) The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is Affordable to Extremely low-, Very low-, Low-, or Moderate-income households, including necessary Operating subsidies.
- (2) The predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing, including Accessory dwelling units (ADUs), that meets the needs of a growing workforce earning up to 120 percent of AMI, or 150 percent of AMI in high-cost areas. ADUs shall be available for occupancy for a term of no less than 30 days.
- (3) Matching portions of funds placed into Local or Regional Housing Trust Funds.
- (4) Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176.
- (5) Capitalized Reserves for Services connected to the preservation and creation of new Permanent supportive housing.
- (6) Assisting persons who are experiencing or At risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, supportive/case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers and emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing.
 - (A) This Activity may include subawards to Administrative Entities as defined in HSC Section 50490(a)(1-3) that were awarded CESH program or HEAP funds for rental assistance to continue assistance to these households.
 - (B) Applicants must provide rapid rehousing, rental assistance, navigation centers, emergency shelter, and transitional housing activities in a manner consistent with the Housing First practices described in 25 CCR, Section 8409, subdivision (b)(1)-(6) and in compliance with WIC Section 8255(b)(8). An Applicant allocated funds for the new construction, rehabilitation, and preservation of Permanent supportive housing shall incorporate the core

components of Housing First, as provided in WIC Section 8255, subdivision (b).

- (7) Accessibility modifications in Lower-income Owner-occupied housing.
 - (8) Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.
 - (9) Homeownership opportunities, including, but not limited to, down payment assistance.
 - (10) Fiscal incentives made by a county to a city within the county to incentivize approval of one or more Affordable housing Projects, or matching funds invested by a county in an Affordable housing development Project in a city within the county, provided that the city has made an equal or greater investment in the Project. The county fiscal incentives shall be in the form of a grant or low-interest loan to an Affordable housing Project. Matching funds investments by both the county and the city also shall be a grant or low-interest deferred loan to the Affordable housing Project.
- (b) A Local government that receives an allocation shall use no more than 5 percent of the allocation for costs related to the administration of the Activity(ies) for which the allocation was made. Staff and overhead costs directly related to carrying out the eligible activities described in Section 301 are “activity costs” and not subject to the cap on “administrative costs.” A Local government may share any funds available for administrative costs with entities that are administering its allocation.
 - (c) Two or more Local governments that receive PLHA allocations may expend those moneys on an eligible jointly funded project as provided for in Section 50470 (b)(2)(B)(ii)(IV). An eligible jointly funded project must be an eligible Activity pursuant to Section 301(a) and be located within the boundaries of one of the Local governments.
 - (d) Entitlement Local governments may use the flow of PLHA funds to incentivize private lender loans and to guarantee payments for some or all public agency bond financings for activities consistent with the uses identified in Section 301 “Eligible Activities”. This loan guarantee Activity must be identified and fully explained in the Applicant’s “Plan”.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivisions (b)(2)(B)(ii)(IV), (b)(2)(D)(i-x), and (b)(3).

Section 302. Threshold Requirements

Applicants must meet all the following threshold requirements for participation in the formula allocation:

- (a) **Housing Element compliance:** The Applicant and any delegating Local government, if applicable, must have a Housing Element that has been adopted by the Local

government's governing body by the application deadline and subsequently determined to be in substantial compliance with state Housing Element Law pursuant to GC Section 65585. A Local government's current Housing Element compliance status can be obtained by referencing the Department's website at <http://www.hcd.ca.gov/community-development/housing-element>.

- (b) **APR on the Housing Element submitted to the Department:** The Applicant and any delegating Local government, if applicable, must submit to the Department the APR required by GC Section 65400 for the current or prior year by the application deadline date.
- (1) Please be advised that the Department will not accept other reports in lieu of the APR. Housing Authority Financial Reports, Redevelopment Reports, and other similar reports will not be accepted as meeting this requirement. If uncertain of the status of the report submittal for a Local government, please contact the Department for more information.
- (c) Submit, by the deadline specified in the NOFA, on a form made available by the Department, a complete application which shall meet the following minimum requirements:
- (1) Application requests an allocation pursuant to Section 200 in order to carry out one or more of the eligible activities described in Section 301. Except for a jointly funded project as described in Section 301(c), any activities must be carried out within the jurisdiction of the Applicant Local government.
- (2) Submission of the application is authorized by the governing boards of the Applicant.
- (3) Certification in the resolution that, if the Local government proposes allocation of funds for any Activity to another entity, the Local government's selection process shall avoid conflicts of interest and shall be accessible to the public. For the purposes of this paragraph, "entity" means a housing developer or program operator; "entity" does not mean an administering Local government to whom a Local government delegates its PLHA formula allocation, pursuant to Section 300(d).
- (4) A Plan detailing:
- (A) The manner in which allocated funds will be used for eligible Activities.
- (B) A description of the way the Local government will prioritize investments that increase the supply of housing for households with incomes at or below 60 percent of AMI. Programs targeted at households at or below 60 percent of AMI will be deemed to meet this requirement.

- (C) A description of how the Plan is consistent with the programs set forth in the Local government's Housing Element.
- (D) Evidence that the Plan was authorized and adopted by resolution by the Local government and that the public had an adequate opportunity to review and comment on its content.
- (E) The following for each proposed Activity:
 - (i) A description of each proposed Activity, pursuant to Section 301, and the percentage of funding allocated to it. The description shall specifically include the percentage of funds, if any, directed to AOWH.
 - (ii) The projected number of households to be served at each income level and a comparison to the unmet share of the RHNA at each income level.
 - (iii) A description of major steps/actions and a proposed schedule required for the implementation and completion of the Activity.
 - (iv) The period of affordability and level of affordability for each Activity. Rental Projects are required to have affordability periods of at least 55 years.
- (5) The Plan submitted in response to the NOFA shall be for a term of five years. Local governments shall obtain approval of the Department for amendments made to the Plan in each succeeding year of the term of the Plan. Reallocations of more than 10 percent of funds among Activities require amendment of the Plan, with approval granted by the governing body at a publicly noticed public meeting.
- (6) A certification that, if funds are used for the acquisition, construction, or rehabilitation of for-sale housing projects or units within for-sale housing projects, the grantee shall record a deed restriction against the property that will ensure compliance with one of the following requirements if the property is no longer the primary residence of the homeowner due to sale, transfer or lease, unless it is in conflict with the requirements of another public funding source or law:
 - (A) The PLHA loan and any interest thereon shall be repaid to the Local government's PLHA account. The Local government shall reuse the repayments consistent with Section 301; or
 - (B) The initial owner and any subsequent owner shall sell the home at an Affordable housing cost to a qualified Lower-Income or Moderate-Income household; or
 - (C) The homeowner and the Local government shall share the equity in the unit pursuant to an equity-sharing agreement. The grantee shall reuse the proceeds

of the equity-sharing agreement consistent with this section.

- (7) A certification that, if funds are used for the development of an Affordable Rental Housing Development, the Local government shall make the PLHA assistance in the form of a low-interest, deferred loan to the Sponsor of the Project. The loan shall be evidenced through a Promissory Note secured by a Deed of Trust, and a Regulatory Agreement shall restrict occupancy and rents in accordance with the Local government-approved underwriting of the Project for a term of at least 55 years.
- (8) A Program income reuse plan describing how repaid loans will be reused for eligible activities specified in Section 301.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii).

Section 303. Application Review

- (a) Applicants must submit a complete application by the deadline stated in the NOFA in order to be eligible for funding. Application forms provided by the Department will be available upon release of the NOFA and will require Applicants to submit the forms and other documents to demonstrate that the Local government has met threshold requirements.
- (b) The Department may request additional information to complete its review.
- (c) Applications recommended for funding are subject to conditions specified by the Department. Applicants will receive an official letter of award after the Department approves funding recommendations.
- (d) The Department may issue an Over-the-Counter formula allocation NOFA after completing the NOFA process so that Local governments who were not able to submit formula allocation applications by the application deadline will have another opportunity to do so.
- (e) If funding proposed in Local government Plans for AOWH activities is lower than 20 percent of the moneys available in the Fund, the Department may require Local governments to use a specific percentage of their annual formula allocations in some future year for AOWH activities as part of the annual funding process.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(A).

Section 304. Deadlines and Funding Requirements

- (a) The initial PLHA application, including the Plan, must be submitted within 48 months of the budget appropriation (for example, the budget appropriation for 2019 is July 1, 2019, so the application deadline is June 30, 2023).
- (b) Funds allocated to Local governments that do not submit a complete application by the deadline stated in subsection (a) will revert to the Housing Rehabilitation Loan Fund for the Multifamily Housing Program or for Department-administered technical assistance to Local governments.
- (c) A Local government may petition the Department to return any funds allocated to it to be used for the Multifamily Housing Program.
- (d) Except for predevelopment expenses for construction projects funded by PLHA and costs to develop and prepare the Plan and the PLHA application, no costs incurred more than one year prior to commitment by the Local government may be paid from PLHA funds. Reimbursement of expenses to prepare the Plan and the PLHA application are subject to the cap on administrative fees.
- (e) After the Standard Agreement and attachments have been finalized, the Local government will follow provided instructions for signing all required documents. The Local government must submit all supporting materials and a signed Standard Agreement within the timeline provided in the instruction.
- (f) After the Standard Agreement has been executed by the state, the Local government may submit a request for 100 percent of the funds allocated to be used for eligible expenditures for the Activity(ies) that received the award, and subject to the terms and conditions of the Standard Agreement.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(i) and subdivision (b)(2)(B)(ii)(VI).

ARTICLE IV. COMPETITIVE ALLOCATION COMPONENT

Section 400. Eligible Applicants

- (a) Eligible Applicants for the non-entitlement competitive allocation described in Section 100(b)(3) are limited to Non-entitlement local governments. For development of Rental Housing Projects, the Sponsor must be a co-Applicant.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(i)(I).

Section 401. Eligible Activities

- (a) Eligible Activities are limited to the following and must take place within the jurisdiction of the Applicant Local government:
- (1) Development of new multifamily rental housing that is Affordable to households at or below 60 percent of AMI or substantial rehabilitation of multifamily rental housing that will be Affordable to households at or below 60 percent of AMI, but which is not currently restricted as Affordable housing; or
 - (2) Assistance to persons who are experiencing or At risk of homelessness, including, but not limited to, through rapid rehousing, or rental assistance, supportive services and case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers, or new construction, rehabilitation, or preservation of permanent or transitional rental housing.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(i)(I)(ia), (b)(2)(B)(i)(I)(ib) and subdivision (b)(2)(B)(ii)(V).

Section 402. Threshold Requirements

Applicants must meet all the following threshold requirements for participation in the competitive allocation:

- (a) **Housing Element compliance:** The Applicant must have a Housing Element that has been adopted by the jurisdiction's governing body by the application deadline date and subsequently determined to be in substantial compliance with state Housing Element Law pursuant to GC Section 65585. A Local government's current Housing Element compliance status can be obtained by referencing the Department's website at <http://www.hcd.ca.gov/community-development/housing-element>.
- (b) **APR on the Housing Element submitted to the Department:** The Applicant must submit to the Department the APR required by GC Section 65400 for the current or prior year by the application deadline date.
- (1) Please be advised that the Department will not accept other reports in lieu of the APR. Housing Authority Financial Reports, Redevelopment Reports, and other similar reports will not be accepted as meeting this requirement. If uncertain of the status of the report submittal for a Local government, please contact the Department for more information.
- (c) Submit by the deadline specified in the NOFA, on a form made available by the Department, a complete application which shall meet the following minimum requirements:
- (1) Application requests a grant pursuant to Section 100(b)(3) in order to carry out one

or both of the eligible Activities set forth in Section 401.

- (2) Submission of the application is authorized by the governing board of the Applicant and by the developer co-applicant, if any.
- (3) Certification in the resolution that, if the Local government proposes allocation of funds for any Activity to another entity, the selection process shall avoid conflicts of interest, and shall be accessible to the public.
- (4) Demonstration of readiness, including site control for development Projects, land use entitlements, environmental review and commitments of other funding and resources required, as further set forth in the NOFA;
- (5) Underwriting requirements:
 - (A) Uniform Multifamily Regulations Subchapter 19 of Title 25, Division 1, Chapter 7 (commencing with Section 8300), as amended from time to time, and the Multifamily Housing Program Guidelines (commencing with Section 7300), as amended from time to time, are hereby incorporated by reference into this subchapter and shall apply to Rental Housing Developments receiving assistance under the PLHA competitive allocation. In the event of a conflict between the provisions of Subchapter 19 and these Guidelines, the provisions of these Guidelines shall prevail.
 - (i) Section 8312(c) of the Uniform Multifamily Regulations is hereby amended to read:
 - (c) For Projects utilizing 4 percent tax credits, Developer Fee payments shall not exceed the amount that may be included in Project costs pursuant to 4 CCR, Section 10327. In addition, the Developer Fee paid from development funding sources shall not exceed the following:
 - (1) For acquisition and/or rehabilitation Projects, or adaptive reuse Projects, the lesser of the amount of Developer Fee in Project costs or \$2,000,000.
 - (2) For new construction Projects, the base limit shall be the lesser of the amount that may be included in Project costs or \$2,200,000. To arrive at the final limit on Developer Fee paid from development funding sources, the base limit shall then be multiplied by a ratio that is the average of (i) the difference between 2 and the Project's high-cost ratio, as calculated pursuant to 4 CCR, Section 10317(i)(6) or successor language and (ii) 100 percent.
 - (ii) Section 8312(d) of the Uniform Multifamily Regulations shall not apply.
 - (iii) Section 8314(a)(1)(A) of the Uniform Multifamily Regulations is amended to read:
 - (A) Approved deferred Developer Fee, pursuant to Section 8312, provided that the aggregate of the Developer Fee paid from sources and paid as deferred shall not exceed \$3,500,000.

(B) Period of affordability: All assisted rental units shall be restricted for not less than 55 years.

(C) All development Projects shall demonstrate fiscal integrity.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii).

Section 403. Selection Criteria

(a) Applications submitted within a competitive funding round shall be evaluated using the following criteria. Total available points shall equal 100.

1. Priority Points – 25 points

A. Population - 5 points

(i) If the Applicant is a county that has a population of 200,000 or less within the unincorporated areas of the county, the Applicant shall receive all points.

B. Prior Award – 5 points

(i) If the Applicant did not receive an award based on the formula specified in 42 USC, Section 5306 in 2016, the Applicant shall receive all points.

And either C (i) or C (ii) or C (iii) below:

C. Activity

(i) Assistance for Homeless Persons through Program Activities – 15 points

(a) Applications to assist persons experiencing or At risk of homelessness, including, but not limited to, through programs providing rapid rehousing, or rental assistance, or operating assistance to navigation centers shall receive all points.

Or

(ii) Assistance to Homeless Persons through Development of Navigation Centers– 15 points

(a) Applications for construction of navigation centers shall receive all points.

Or

(iii) Assistance for Homeless Persons through Rental Projects – 15 points

(a) Applications for the new construction, rehabilitation, or preservation of permanent or transitional rental housing in which all or at least 10 percent of the units are restricted to occupancy by tenants who are homeless or At risk of homelessness shall receive all points.

2. Evaluation Criteria – 75 points

Precise scoring for these factors will be set forth in the NOFA.

A. Community Need – 30 points

(i) Applicants will receive up to a maximum of 30 points based on the rate of households experiencing the most severe housing need according to the most recent HUD CHAS dataset in the Applicant Local government. Applicants will receive points in proportion to this percentage.

B. Applicant Administrative Experience – 15 points

(i) Applicants with prior experience administering local, state or federal affordable housing or community development programs or who have entered into a contract with an entity with prior experience in the implementation of local, state or federal affordable housing or community development programs will receive up to 15 points.

C. Demonstrated Capacity – 30 points

(i) Capacity points will be based on:

(a) Sponsor experience in Affordable Rental Housing Development and ownership (Up to 30 points) or

(b) Navigation center development experience (for development of these facilities) (Up to 30 points) or

(c) Program Operator experience (for non-development Activities) (Up to 30 points)

(b) Where applications requesting funds for more than one eligible Activity pursuant to Section 401 are permitted by the NOFA, each Activity will receive a separate score for each rating factor, and have an individual Activity total. It is possible that one Activity may score highly enough to receive an award, and the other Activity does not.

(c) In the event of tied point scores and insufficient funding for both applications, the Department shall rank the tied applications as follows:

(1) If one of the tied applications is for an Affordable Rental Housing Development and the other is for a program Activity or development of a navigation center, the

- Affordable Rental Housing Development application will be selected for funding;
- (2) If one of the tied applications is for a navigation center and the other is for a program Activity, the navigation center will be selected for funding;
 - (3) If both of the tied applications are for Affordable Rental Housing Developments, the Project with the lowest weighted average affordability of Restricted Units will be selected;
 - (4) If both of the tied applications are for navigation centers, the facility that provides overnight shelter to the greatest number of people will be selected;
 - (5) If both of the tied applications are for programs, the Local government with the highest rate of households experiencing the most severe housing need according to the most recent HUD CHAS dataset will be selected.
- (d) In the event there are insufficient funds to fulfill the entire funding request for the next highest scored application (Application A), the Department will determine whether Application A is feasible without the full funding request. If Application A is not feasible without full funding, the Department may offer the remaining funds to the application whose score is immediately below Application A. If the remaining funds are insufficient to fulfill the funding request for that application (Application B), the Department will again determine whether this application is feasible without the full funding request. If Application B is not feasible without the full funding request, the Department will perform the same analysis for the application whose score is immediately below Application B.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(i)(I)(ia) and subdivision (b)(2)(B)(ii)(V).

Section 404. Application Review

- (a) Applicants must submit a complete application by the deadline stated in the NOFA in order to be eligible for funding. Application forms provided by the Department will be available upon release of the NOFA and will require Applicants to submit the forms and other documents to demonstrate that the Local government has met threshold requirements. The application will require submission of documentation adequate to demonstrate that the application has earned the appropriate number of points.
- (b) The Department may request additional information to complete its review, provided that the new information would not affect scoring.
- (c) Applications recommended for funding are subject to conditions specified by the Department. Applicants will receive an official letter of award after the Department approves funding recommendations.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii).

Section 405. Deadlines and Funding Requirements

- (a) Applicants will be required to enter into a state Standard Agreement (Standard Agreement) that will set forth conditions for funding and milestones that are required to be met.
- (b) After the Standard Agreement and attachments have been finalized, the Local government will follow provided instructions for signing all required documents. The Local government must submit all supporting materials and a signed Standard Agreement within the timeline provided in the instructions or risk forfeiting the grant award.
- (c) Except for predevelopment expenses for construction projects funded by PLHA and the costs to develop and prepare the PLHA application, no costs incurred more than one year prior to commitment by the Local government may be paid from PLHA funds. Reimbursement of expenses to prepare the PLHA application is subject to the cap on administrative fees.
- (d) Grant funds shall not be disbursed until:
 - (1) the Department authorizes loan closing, in the case of development projects; or
 - (2) all general and special conditions have been complied with, in the case of other Activities.
- (e) If funds are used for the development of an Affordable Rental Housing Development, the Local government shall make the PLHA assistance in the form of a low-interest, deferred loan to the Sponsor of the project. The loan shall be evidenced through a Promissory Note secured by a Deed of Trust, and a Regulatory Agreement shall restrict occupancy and rents in accordance with the Department-approved underwriting of the project for at least 55 years.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii)(VI).

ARTICLE V. ADMINISTRATION

Section 500. Accounting Records

- (a) The grantee shall establish a separate ledger account for receipts and expenditures of grant funds and maintain expenditure details in accordance with the approved work plan, budget, and schedule. Separate bank accounts are not required.
- (b) The grantee shall maintain documentation of its financial records for expenditures incurred during the course of the PLHA Activity in accordance with generally accepted accounting principles. Such records shall be kept for at least five years after the close-out report is submitted to the Department.

- (c) The Department or its designated representative shall have the right to review and copy any records and supporting documentation pertaining to the PLHA grant.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii)(III) and subdivision (b)(2)(B)(IV) and subdivision (b)(3).

Section 501. Audits/Monitoring of Project Files

- (a) Grantee shall maintain PLHA files which, at a minimum, should include the following information and reports:
 - 1) Project/Activity description
 - 2) Land/site Information
 - 3) Planning & zoning history (as appropriate)
 - 4) Records of public hearings and public comments
 - 5) Relocation needs (as appropriate)
 - 6) Contracts, loan and grant agreements, Standard Agreement
 - 7) Environmental records & reports/findings (as appropriate)
 - 8) Design/engineering reports & plans (as appropriate)
 - 9) Description of targeted beneficiaries, services to be provided, household incomes, special needs
 - 10) PLHA Activity costs, invoices, purchase orders, sources and uses of funds for PLHA Activities, terms & conditions of financings, draws and all supporting documentation, change orders (as appropriate)
 - 11) Activity schedule and amendments
 - 12) History of Plan amendments
 - 13) Procurement policy used for PLHA Activity(ies)
- (b) The grantee shall maintain such records for possible audit for a minimum of three years after the close-out report is submitted, unless a longer period of records retention is stipulated in the Standard Agreement.
- (c) The grantee shall be responsible for monitoring Rental Housing Developments that received PLHA funds for the term of the loan, including, but not limited to, the Projects' compliance with the occupancy and rent requirements set forth in the Regulatory Agreement, compliance with reserve requirements, and the compliance with habitability standards.
- (d) The grantee shall be responsible for monitoring AOWH loans to assure that the homes remain Owner-occupied.
- (e) If requested by the Department, the grantee shall obtain a report from a qualified,

licensed third party that certifies to the amounts of disbursement and identifies the specific Activities for which the disbursements were made. Such a report is permitted to be a component of the A-133 audit.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii)(IV) and subdivision (b)(3).

Section 502. Cancellation and Termination

- (a) In the event that it is determined, at the sole discretion of the Department, that the grantee is not meeting the terms and conditions of the Standard Agreement, the Department shall issue a notice to stop work. Immediately upon receiving the written notice to stop work, the grantee shall cease all work under the Standard Agreement. The Department has the sole discretion to determine the grantee's compliance with the terms and conditions after issuance of a stop work order, and to deliver a written notice to the grantee to resume work under this Standard Agreement.
- (b) The Department shall terminate the Standard Agreement if the grantee is not in compliance with the Guidelines or the terms and conditions of the Standard Agreement. At least 30 days prior to the effective date of the termination of the Standard Agreement, the Department shall provide written notice to the grantee of its intent to cancel the funding allocation. The notice shall specify the reason for early termination and may permit the grantee or the Department to cure any deficiency(ies) prior to the early termination date. The grantee will submit requested documents to the Department within 30 days of the early termination notice.
- (c) Failure to meet reporting requirements will result in notice to the grantee that it must satisfactorily cure any deficiencies within three months of the notice or it will forfeit the following year's PLHA formula allocation and be ineligible for a competitive award. The Local government will forfeit subsequent PLHA formula allocations and be ineligible for a competitive award until the Department determines that the Local government has met reporting requirements.
- (d) The Department may, as it deems appropriate or necessary, request the repayment of funds from a Local government or offset future years' funds, or pursue any other remedies available to it by law for failure to comply with the Guidelines and/or the terms and conditions of the Standard Agreement.
- (e) Co-Applicants may be adversely impacted by a notice to stop work and/or termination if one grantee is deemed by the Department to not meet the terms and conditions of the Standard Agreement, or fails to meet the reporting requirements outlined in Section 503.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii)(IV) and subdivision (b)(3).

Section 503. Reporting

- (a) The Department shall provide grantees with reporting formats and instructions.
- (b) Annual Reports are required from all grantees pursuant to HSC Section 50470(b)(2)(B)(ii)(III) each year by July 31 for the term of the Standard Agreement. The Annual Report shall document the uses and expenditures of all awarded allocations and outcomes achieved. This report must be signed by both the Local government's PLHA administrator and the Local government's City Manager (or his/her designee), or Chief Executive Officer (or his/her designee) or Chief Financial Officer (or his/her designee). The Annual Report must describe any proposed amendment(s) to the approved Activity and schedule.
- (c) Upon expenditure of all allocated funds and completion of the Activities funded by PLHA, the grantee shall submit a close-out report, which will be part of the Annual Report.
- (d) The Department may request additional information as needed to meet other applicable reporting or audit requirements.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii)(III) and subdivision (b)(2)(B)(ii)(IV).



Permanent Local Housing Allocation Program
Notice of Funding Availability Date: May 03, 2021
Questions and Answers (Q&A)
Last Updated: June 3, 2021

PLHA Formula Allocation 2021 NOFA Q&A

This Questions and Answers (Q&A) document represents key information and responses to questions asked by potential applicants for the PLHA Program. The questions and answers published below provide clarification and additional detail on the PLHA Program Guidelines, statutory requirements, and application process.

This is the second Q&A document published in preparation for the second year of allocation funding. This document is posted on the [California Department of Housing and Community Development](https://www.hcd.ca.gov/) website <https://www.hcd.ca.gov/>. The answers immediately follow the questions.

For additional questions regarding the PLHA Program, please email the PLHA staff at PLHA@hcd.ca.gov. Answers to questions received in this inbox will be answered via email.

For questions regarding the PLHA Request for Funds Form, or PLHA Budget Revision Form, please email State Grants Management staff at PLHASGM@hcd.ca.gov. Both forms are available on our [PLHA web page](#).

Table of Contents

Application.....	2
(New) Returning Applicants.....	4
Eligible Applicants	4
Resolutions	5
Delegation of Allocation.....	7
Types of Activities	8
The PLHA Plan	11
Five Percent Administrative Costs	12
Affordable Owner-Occupied Workforce Housing.....	13
Application and Expenditure Deadlines and Commitment Requirements	13
Program Income Reuse Plan	15
Area Median Income Limits.....	15

Accessory Dwelling Units	16
Regional Housing Needs Allocation Requirements/Credit	16
Reporting.....	17
Other	17

Application

1. **(New)** The streamlined application for previous awardees has a question about whether the PLHA annual report was submitted by July 31. What should we answer if we submit our application before July?
 Answer: Choose “N/A” from the drop-down, since July 31 hasn’t come yet.
2. **(New)** Can we submit our year two application if we have not received our 2019 standard agreement?
 Answer: If you received an award of 2019 funds, yes, you may submit your application for 2020 funds, even if you haven’t yet received your standard agreement.
3. **(New)** If we applied in 2020, and need to make changes to our five-year plan, do we need to do a new plan, resolution, and public hearing?
 Answer: If the changes to your five-year plan result in less than 10% of your funds being moved from one activity to another, you do not need to amend your five year plan. If the changes move more than 10% of your funds between activities, then yes, with your 2020 application, you will need to submit an amended plan, which must have been discussed and approved by the governing board at a publicly-noticed meeting held for the purposes of receiving public comments. A new resolution documenting the approval of the plan will need to be submitted, as well.
4. **(New)** If we are not making any changes to our five-year plan, all we need to submit this year is the application and annual report, correct?
 Answer: Refer to the Threshold Requirements for Previous Awardees section in the NOFA, and yes, an applicant that is not amending its five year plan will need to submit a streamlined application form, be in compliance with their Housing Element, and annual progress report.
5. **(New)** Is council approval required for the streamlined application for jurisdictions who received funding last year?
 Answer: No, if you are not making any changes to your PLHA Plan, council does not need to approve the streamlined application.

6. **(New)** If we applied for our 2019 allocation, when can we anticipate receiving our standard agreement?

Answer: All 2019 applicants who have not received their standard agreements yet, are being reviewed and will receive an email from our Contracts Unit once their standard agreement is ready for signatures.

7. **(New)** If I waited to apply for 2019 funds in 2021, what is the deadline to apply?

Answer: The deadline to apply is on December 31, 2021 at 11:59 pm, through our [application portal](#) available on our PLHA webpage.

8. What is the timeframe for the next allocation years?

Answer: Since the allocations in the NOFA are based on the previous year's revenue received, the Department does not receive those figures from the Controller's office until late March, so the NOFA's will likely be out in April or May of each year.

9. Having applied and received our year one formula allocation, how will we receive our formula allocations for year's two to five?

Answer: You will have to submit a one-page, streamlined application for your subsequent allocations each year after the NOFA is issued. HCD will verify that you have passed threshold, and then will issue an award letter for your second year allocation.

10. Since the PLHA Plan is for the years 2019-2023, is there is a Standard Agreement for each year within this period?

Answer: No, there will be one standard agreement that encompasses the 2019-2023 years of funding. However, you cannot request disbursements of the funding that is from future years.

11. Can the application be completed using Apple products?

Answer: No, because certain formulas used in Microsoft Excel do not transfer well to Apple products.

12. **(Revised)** Is a public hearing required before submitting the PLHA application *for the first time*?

Answer: Yes, as stated in the program guidelines, Section 302 Threshold Requirements (c)(4)(D). The PLHA Plan is required to undergo a public comment period and a public hearing to consider comments is required before the Plan is adopted at a public meeting by the Local government's governing board.

13. Would a W-9 form be acceptable to submit, instead of our TIN form?

Answer: No, your W-9 Form cannot be submitted in place of the TIN form. There is a TIN form link on our PLHA webpage.

(New) Returning Applicants

1. We applied last year and received an allocation of funds, is the 2020 allocation supplemental funds to our grant agreement?

Answer: Yes, each year will be a new allocation. You will need to apply for each year's different allocation, during the five-year period.

2. How soon after we submit our second year allocation application do we receive our standard agreement?

Answer: For jurisdictions submitting their second year application, there is no standard agreement being issued. The standard agreement you receive from the 2020 NOFA is a five-year standard agreement, including all five years' of formula allocations. As for when awards might be anticipated, we are anticipating a 30 day turn-around, assuming the applicant has no amendments to their plan.

3. To clarify, we need to submit a streamlined application each year for the next four years of the five-year cycle?

Answer: Yes, every year the PLHA program will release a NOFA and a streamlined application during the five-year period. The application must be submitted to certify that the jurisdiction is continuing to comply with the threshold requirements of the program.

4. How long will it take if there is an amendment of the five year plan along with the second year application?

Answer: This response varies according to each situation. We encourage you to email us any questions pertaining to your specific application and amendment.

Eligible Applicants

1. If cities are not specifically listed in Appendix A of the NOFA, does that mean that they are not eligible for funds?

Answer: Cities not listed in Appendix A were participants in the urban county with their counties in 2017. These cities should receive PLHA funding from the county, because the county receives an allocation that includes those cities. The PLHA Guidelines section 200(c) states: "It is recommended that Local Governments that were urban counties in accordance with the distribution of funds pursuant to the formula specified in 42 USC, section 5306 for the federal fiscal year 2017 provide a proportional share of their allocations to Local Governments within their county with which they had a three-year Urban County Cooperation Agreement as of September 1, 2017, provided that these Local Governments meet the threshold requirements of the PLHA and expend sub-allocated funds for eligible activities within the deadlines of the Standard Agreement governing the sub-allocation." These cities will have to discuss how they can access funding with the counties in question.

2. What is the responsibility of an urban county for distributing to cities and towns from the entitlement communities? Could all funds be dedicated to one jurisdiction in the entitlement community?

Answer: Guidelines section 200(c) state that urban counties provide a proportional share of their allocations to cities within the county with which they had a three-year urban county cooperation agreement as of September 1, 2017, as long as those cities meet the threshold requirements. The County should discuss this with the cities that were members of the urban county in 2017 to make sure it has an equitable method for distributing funds.

3. We are a Non-Entitlement jurisdiction, is there a different NOFA we should apply under?

Answer: There are 2 NOFAs for which non-entitlement jurisdictions are eligible: 1) the formula allocation NOFA issued March 26, 2021 and 2) the competitive non-entitlement NOFA which is scheduled to release in June 3, 2021.

4. Will the cities that are not listed as eligible recipients in Appendix A be eligible for the competitive NOFA later this year, or will eligibility be limited to the same non-entitlement recipients listed in Appendix A?

Answer: Cities who were members of the Urban County are not non-entitlement jurisdictions, so they will not be eligible for the competitive NOFA.

5. If the County is a non-entitlement jurisdiction is the County allowed to spend its non-entitled funds in an entitled city within the county?

Answer: Yes, Activity #10 allows this, stating: Fiscal incentives made by a county to a city within the county to incentivize approval of one or more Affordable housing Projects, or matching funds invested by a county in an Affordable housing development Project in a city within the County, provided that the city has made an equal or greater investment in the Project. The county fiscal incentives shall be in the form of a grant or low-interest loan to an Affordable housing Project. Matching funds investments by both the county and the city also shall be a grant or low-interest deferred loan to the Affordable housing Project.

Resolutions

1. (New) Is a council resolution approving our five-year plan and approving allocation of funding amounts for programs (i.e. ADUs and homebuyer assistance programs) each year considered a commitment?

Answer: "Commitment" means that the Local Government governing body adopted a resolution to make a loan of a specific amount, at a specific interest rate with specific terms to a specific owner for a specific named project at a specific address. Or, that the Local Government has adopted a resolution committing a specific amount of PLHA funds to a specific program activity for a specific period of time (it can't be open-ended).

2. (New) Are jurisdictions going beyond the statutory public hearing and public comment period requirements when it comes to receiving public comments?

Answer: The Department only requires that each jurisdiction hold a 10-day public comment period and adheres to the Brown Act when it comes to the public hearing.

3. Does the Resolution need to have the 5-year amount stipulated?

Answer: Yes, the Resolution needs to state the 5-year funding amount stated in Appendix C, to prevent having to amend the Standard Agreement every year.

4. Is there someone who would be able to review the PLHA resolution language before we submit it to our Board of Supervisors for approval?

Answer: There is a recommended template for the Resolution included in the application form and posted on the PLHA page of the website. If that format is adhered to, there should not be any problem with the Resolution. However, if time permits, a member of the PLHA team might be able to review the resolution if it is sent to our inbox PLHA@hcd.ca.gov.

5. Two cities agreed to designate their funds to the county; in this case, should the resolutions from the cities name a representative from the county to execute the PLHA program documents? Would the cities still need to include TIN forms? If so, should the Contact Person on the TIN form be the City Manager (designated as the Responsible Officer in the joint agreement) or the City representatives who are authorized to sign the joint agreement -- for one city it's the City Manager and for the other it's the Mayor.

Answer: If the city wants to delegate their entire allocation to the county, as is permitted by guidelines section 300(c), the city and the county just enter into a legally-binding agreement and the city is completely out of the picture. This means that the city submits nothing at all; no TIN, no resolution, nothing. Instead, the county submits the application on the city's behalf, and it's the county's resolution (applying for the city's allocation), the county's TIN, etc. The county is 100% responsible, and the city has no responsibility nor authority, and that pertains to the entire 5 years (2019-2023 funding years). The cities can't change their minds in year 3.

6. Since the annual allocation amount is subject to revenues received, and that can change from year to year, what happens if the amount in the Resolution for the 5 years changes? Does that affect the application?

Answer: Fluctuation in revenues will not affect the application, but could affect the PLHA 5-Year Plan, unless it is written in a way to provide flexibility. The Plan example that we provide on our website shows the type of flexibility the Department recommends, so that jurisdictions don't have to amend their Plans.

7. When preparing our Resolution for the PLHA grant, can we list just the title of the authorized representative and designee or should we also be listing their names as well?

Answer: Listing only the title of the authorized representative and the designee (when applicable) is recommended. Please see the Resolution template that is posted on the PLHA webpage.

Delegation of Allocation

1. May an eligible county apply on behalf of an eligible city within the county?
Answer: The city would have to delegate its allocation to the county, and both jurisdictions have to execute a legally-binding agreement for the county to assume the entire allocation. That legally binding agreement has to be submitted with the application. See guidelines section 300(d).
2. Is a city's current CDBG participation agreement with a County to administer their CDBG services enough to serve as a binding commitment for delegation of the PLHA allocation?
Answer: A city/county will have to enter into a separate legally-binding agreement meeting the requirements of the PLHA guidelines. The agreement will have to specifically state that it's for PLHA implementation, with funding from 2019, 2020, 2021, 2022, and 2023. It should also state that the County is fully responsible for meeting all PLHA requirements and that the City cannot end the agreement until all of the funding from the specified years is expended and the annual reports submitted.
3. If a City plans to apply for the PLHA funds and the delegating City is requesting to have a clause added that allows either party to cancel with 180 days' notice. If we apply on the City's behalf and are awarded the funds for a five-year period would either party be able to cancel the agreement and stop receiving their portion of funds?
Answer: The legally-binding agreement can't have any termination at all (not even with a one year notice), it is a permanent delegation of the 5 year allocation. The State Standard Agreement also would not allow for the cancellation.
4. If the County is applying on behalf of several cities, how would the provisions of Section 300 (e) work? In considering the uncommitted amount of formula PLHA funds - would this apply to the combined total allocations for all of the participating jurisdictions, or would this apply to each city's allocation?
Answer: The individual formula allocations for each city and the county would be used to determine whether or not the County is eligible to receive the new formula allocation. If the cities have small allocations, this means those allocations might still be eligible, while the County's larger allocation might not be eligible for receipt until sufficient funds are committed.
5. If a City enters into a legally-binding agreement with a County to administer its PLHA funds, and the City is not compliant with its Housing Element, will that affect the County's standing as the administrative entity?
Answer: When a Local government delegates its allocation to another Local government, both Local governments are required to be in compliance with Housing Element law and submission of the APR.
6. Regarding the legally-binding agreement to allocate funding, is it permissible for the funds to be utilized for eligible project activities outside of the jurisdiction that

has signed the agreement to delegate administration over to the other jurisdiction?

Answer: If a Local government delegates its allocation to another Local government, the administering Local government is responsible for developing the PLHA Plan for that allocation and will determine how and where to use those funds.

7. Does HCD have a template for the cities to use for resolutions to authorize delegating the five years of allocations to the County, and is there a template for the legally-binding agreement?

Answer: We do not have a template for a legally-binding written agreement between the delegating and the administering jurisdiction(s), nor for a resolution that a Local government could use to authorize delegating its allocation to another Local government.

Types of Activities

1. Can you clarify Rapid Rehousing activities?

Answer: In conformance with federal rules contained in [24 CFR Section 576.104](#). Funds may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance as necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing.

2. Can you clarify activities under Supportive Services?

Answer: Supportive/case management services include street outreach, mental health services, emergency health services, employment assistance and job training, life skills training, substance abuse treatment services.

3. Can you please tell me what the difference is between emergency and regular rental assistance?

Answer: **Regular** rental assistance serves for a minimum term of six months and functions similarly to Sec 8 vouchers--tenants apply for it, their incomes are verified, etc, and they are given the go ahead to find a place to rent--or could be project based rental assistance, where the jurisdiction makes a commitment to a certain project to subsidize a certain number of units down so that the tenants only pay rent based on their ability to pay.

Emergency rental assistance, as jurisdictions described it to the Department, is temporary, and the recipients might not qualify under the At risk of homelessness definition in the HUD regulations. Usually, the jurisdictions also said that the tenants were already living in the unit--they weren't going out to find a unit." Emergency rental assistance is not eligible under PLHA.

4. (New) Can we use funds to cover a Regional Housing Trust membership fees?

Answer: The PLHA funds have to be used as matching funds if the funds are donated to a Housing Trust Fund. The membership fees sound like administrative costs, which are not eligible as a use of funds under Activity 3.

5. (New) Can these funds be used for an “urban campground?” (i.e. a place where people can have tents, etc.) or does it need to be for shelter services?
Answer: Except for supportive services such as street outreach and counselling, which are eligible activities, PLHA funds are required to be tied to a physical address containing a structure, such as a building containing an emergency emergency shelter or navigation center.
6. (New) May funds be used to help finance the rehab of unpermitted structures like ADUs?
Answer: Program funds may be used to rehab existing ADU's.
7. (New) What are the income limits for Eligible Activities 1, 2, and 9?
Answer: For activity one, two, and nine, it is up to 120 percent of area median income (or 150 percent in high-cost areas).
8. Are hotel vouchers for people experiencing homelessness an allowable expense of PLHA funds?
Answer: No.
9. Can you clearly delineate which activities are eligible for recipients with incomes above 60% AMI?
Answer: Activities 1, 2, 3, 7, 8, 9, and 10 could all facilitate use by households with incomes above 60% AMI.
10. Can PLHA funds be used to create a day center for people experiencing homelessness?
Answer: Yes. Funds may be used for development and/or operations of navigation centers and emergency shelters, and to provide rapid rehousing, rental assistance, supportive/case management services that allow people to obtain and retain housing; other eligible activities are mentioned in Sections 301 of the program Guidelines.
11. Can these funds supplant other approved affordable housing dollars (redevelopment, HOME, etc.) or CDBG for homeless activities?
Answer: These funds can augment other affordable housing funds.
12. Can the Local Government allocate a certain percentage of the PLHA funds to the activity “Housing Trust Fund” without providing specifics?
Answer: No, there has to be a limitation placed by the Local Government on how the trust fund can use the funds.
13. If we wanted to sub allocate funds to a non-profit who has experience in operating a homeless shelter and have them as a sub-recipient of the City; is a “request for proposal” (RFP) process necessary?
Answer: The City would have to follow its normally required procurement process. It's customary for public entities to issue an RFP or RFQ before choosing a recipient and entering contract, so yes that would have to be done for this contract too.

14. Can assistance be targeted to only a specific number or percentage of total Developed Units?

Answer: Yes, it is likely that the PLHA funding might only equal one-quarter or one-third of a project's total cost, so it would be reasonable for one-quarter or one-third of the project's units to be restricted under the PLHA Regulatory Agreement.

15. Can you please explain how Eligible Activities 3 and 4 work? These are uses that discuss the match for local housing trust fund. What are the benefits of this option?

Answer: The language in Activity 3 is statutory. The legislature wanted PLHA to be able to be used as Match for the LHTF Program Funds, but the Local Housing Trust Fund statute prohibits it except for Regional Housing Trust Funds. Nonetheless, a Local government can award funds to a Local (non-Regional) Housing Trust Fund, but those funds cannot be used as Matching Funds under the LHTF rules. Activity 4 pertains to jurisdictions whose housing successor (to the Redevelopment Agency) still receives funds generated by housing assets.

16. What is the affordability period for mortgage assistance program? Will it follow RDA requirement of 45 years?

Answer: Each jurisdiction has to establish its own affordability period for mortgage assistance programs. The only affordability requirement imposed by the Department is a minimum 55-year affordability period for multifamily rental housing projects.

17. Must activities in the application be specifically names of projects or can they simply be a unit count and affordability requirements?

Answer: Local governments do not need to name specific projects in their PLHA Plan/application. At that stage, it's sufficient to just say that the jurisdiction intends to use the funds for a certain type of activity (i.e., multifamily rental housing development) that will be affordable to tenants at x percent of AMI.

18. Can PLHA be used to continue existing services?

Answer: Yes, as long as the services fit into the list of at least one of the eligible activities in section 301 of the PLHA guidelines.

19. To confirm, we can use the funds for emergency rental assistance grant programs to keep people in their current housing and prevent homelessness?

Answer: No, emergency rental assistance is not an eligible activity, regular rental assistance is with a minimum term of six months.

20. Can these funds be used for land acquisition for USDA Self-Help Homeownership Programs?

Answer: Land acquisition is not an eligible PLHA activity on its own, so the Department recommends being very cautious about making loans for land acquisition unless all the sources of construction funding are committed and the project is definitely going to start construction imminently. Jurisdictions have to

report on how funds were used for eligible activities in their annual report, and if the homebuyer project doesn't move forward, the jurisdiction will not have any eligible activity to report.

21. Can we use PLHA for default prevention? (Specifically, a program that would provide assistance to landlords who are experiencing financial impacts related to delayed or deferred rent payments because of COVID-19.)

Answer: Default prevention is not an eligible activity.

22. Is a manufactured home on a permanent foundation an eligible activity?

Answer: A manufactured home is eligible if it is on a permanent foundation. The Loan can be forgiven in a period set by the applicant, but the absolute minimum is five years.

The PLHA Plan

1. Will there be an opportunity for jurisdictions to access their formula allocations across funding years? For example, if a jurisdiction proposes using 80% of their 19-20 allocation will the remaining 20% roll into the jurisdiction's 20-21 allocation?

Answer: The PLHA Plan must describe how 100% of the allocation for every year will be utilized. However, that doesn't mean that the allocation has to be spent in one year. For example, the Plan could propose one activity that will be completed in the first year, and another activity that won't be completed until the second year.

2. Should the Plan identify specific housing projects by site location, project size, number of units, number of households, people served, target populations and potential funding sources?

Answer: It's not necessary to identify the specific housing projects by location or number of units in the Plan, but the income limits of households to be served must be identified.

3. How much detail is required for the project descriptions and timelines in the Plan?

Answer: Please refer to our 2021 PLHA Formula NOFA PowerPoint presentation for how to fill out the Plan.

4. Should the five-year Plan be presented within the provided 302(c)(4) Plan's Excel worksheet format on HCD's website, or would it need to be drafted with the details spelled out within a Word or PDF document?

Answer: Local Governments might want to create a Word and PDF document to facilitate review by the public, but for the PLHA application, it is required that applicants use the Excel Plan template in the application workbook.

5. If we have an annual NOFA for new affordable housing construction, can we simply add these funds into it, presuming the projects meet affordability thresholds? Do we need to designate specific projects or can we simply set the

number and affordability of the units?

Answer: Yes, you could just add the PLHA funds to your annual funding amount for new affordable housing projects, as long as the rules pertaining to those housing projects satisfy the PLHA rules. Local governments do not need to designate specific projects in their PLHA Plan, but when they award funds, they will need to report on how much PLHA funding was awarded to each project, and they will have to report on the type of project, the affordability of the units assisted by PLHA (i.e., 50% AMI) to demonstrate that the PLHA requirements were met.

6. Given the current public health concerns regarding COVID 19, what is considered “adequate” in the application requirement to provide adequate time for the public to review and comment on our plan?

Answer: All public hearings are required to be noticed pursuant to the local governing body’s standard noticing requirements. A 10-day public comment period is required prior to the public hearing so that the public has adequate opportunity to review the Plan. During the COVID-19 emergency the Department will allow a suitably noticed virtual public hearing.

7. Explain how the unmet share of RHNA numbers are calculated. Are they the balance of RHNA numbers after the planned PLHA activities? And, if so, is it cumulative for all of the planned activities?

Answer: Unmet need for RHNA is calculated by subtracting all permitted units by their affordability and income group from their RHNA by income group. Jurisdiction should utilize the same methods used in their annual progress reports pursuant to Government Code section 65400. For more information on annual reports, see <https://www.hcd.ca.gov/community-development/housing-element/index.shtml>.

Five Percent Administrative Costs

1. (New) Can the admin allowance cover costs incurred prior to entering into a standard agreement, or submitting a formula application?

Answer: Yes, the costs to prepare the plan and application can be reimbursed, after the standard agreement is executed, and other costs may be reimbursed, including costs incurred up to 12 months prior to the commitment made by the Local government. Also, predevelopment expenses for construction projects funded by PLHA may be reimbursed without any limit.

2. If the city decides to operate an emergency shelter with its PLHA funds, would costs associated with the staff member running the shelter be part of the Activity Delivery since they would be at the shelter performing all tasks associated with operation of the shelter or would any of that staff member’s time have to come out of the 5% administrative cost?

Answer: If a staff member is assigned solely to running the shelter, their compensation would be Activity Delivery, not administrative costs.

3. If we use our funds for rental assistance, does the 5 percent admin cost mean the 3rd party we decide to administer the program?

Answer: If you hire an administrator for your activity, you will have to pay them out of the 5 percent admin allowance.

Affordable Owner-Occupied Workforce Housing

1. Is the 20% of the PLHA funds requirement for Affordable Owner-Occupied Workforce Housing (AOWH) a state-wide goal?

Answer: It is a statewide requirement for the Building Homes & Jobs Trust Fund, but not required for each individual jurisdiction.

2. Does a local government have to meet the 20% set aside for AOWH on annual basis? If the 20% set aside is not being met (at what point would this be determined?) would local governments be required to set aside a larger portion of their funds to meet this obligation? Would a local government that had been allocating and using the 20% set aside for the AOWH be required to allocate more funds toward the AOWH?

Answer: The 20% expenditure on AOWH is a statewide requirement for the Building Homes & Jobs Trust Fund, but not required for each individual jurisdiction. If the 20% requirement is not being met during the first couple of years, the Department will require a specific set aside in a future year, through issuance of a NOFA. If a local government had been allocating and using 20%, it might still be required to allocate more funds toward AOWH if the Department issues a NOFA requiring a large percentage or all of a funding year to be used for AOWH.

3. If the funds will be used for the development of Affordable Ownership Housing, is it also required that the assistance be in the form of a loan to the original developer?

Answer: If the city chooses to fund the development of affordable ownership housing (either condominium or single-family homes), it implies that the city would make a loan to the developer to build that project.

Typically, that developer loan is converted into individual loans to the homebuyers who buy units at that project when the project is completed. Conversely, the city could choose simply to assist the homebuyers with down-payment assistance loans. If the city chose the second method, the homebuyers would be free to choose a dwelling anywhere in the city--they shouldn't be limited to only that new project.

Application and Expenditure Deadlines and Commitment Requirements

1. (New) How does HCD define commitment? As it pertains to Section 300(e) of PLHA Guidelines?

Answer: "Commitment" means that the Local Government governing body adopted a resolution to make a loan of a specific amount, at a specific interest

rate with specific terms to a specific owner for a specific named project at a specific address. Or, that the Local Government has adopted a resolution committing a specific amount of PLHA funds to a specific program activity for a specific period of time (it can't be open-ended).

2. (New) Does a local jurisdiction's NOFA for an affordable rental housing development show proof that funds have been committed?

Answer: No, please refer to the above question and answer, regarding the definition of "commitment."

3. (New) When can we spend funds and request reimbursement?

Answer: 100% of funds can be advanced immediately following execution of the Standard Agreement. Go to our [PLHA webpage](#) and under Program Forms, download and fill out the PLHA Request for Funds form and submit that to State Grants Management email inbox, PLHASGM@hcd.ca.gov.

Regarding reimbursements, please refer to our program guidelines Section 304(d). The reimbursement period starts (then counting backwards) with the date on the award or commitment letter from the Local government provides to the project or program.

4. Would a loan agreement count as funds expended/disbursed?

Answer: An executed, recorded loan agreement would document the expenditure of funds, but not a draft or unexecuted or unrecorded loan agreement.

5. Also how do you show commitment for rental assistance since it's to several households?

Answer: If you are committing funds to a program activity, instead of a project, you will have to state in the Resolution the exact amount of funds that you are committing, to exactly what activity, what requirements you place on that activity, and how long those funds will be available. It can't be open-ended; there has to be a time limit like there is when you issue a commitment to make a loan to a project.

6. If we wait until year two or three to apply, does the 58-month period to allocate start with the application date, or is it tied to the appropriation year?

Answer: The PLHA application with the Plan must be submitted within 48-months of the first day of the budget year (see table below). There's also a 58-month deadline for expenditure of the funds. There is a threshold requirement in the program Guidelines (Section 201(c)) that prohibits an Applicant from applying for more than three years of funding in one year. Lastly, Guidelines Section 300(e) that prohibits more than a certain amount of funds to be uncommitted. If that amount is exceeded, the Local Government cannot receive its next year's allocation. Please refer to the chart below to see the date of the budget appropriation for each year of funds:

Allocation Years	Appropriation Date	Application Deadline	Expenditure Deadline
Year 1	7/1/2019	4/30/2023	4/30/2024
Year 2	7/1/2020		4/30/2025
Year 3	7/1/2021		4/30/2026
Year 4	7/1/2022		4/30/2027
Year 5	7/1/2023		4/30/2028

Program Income Reuse Plan

1. Is there any type of template for the reuse plan?
Answer: The Department does not have a reuse plan template. Applicants just have to state how the interest earned from PLHA funds on deposit and repaid loans will be reused for eligible activities listed in Section 301 of the guidelines.
2. Can program income be used for long-term monitoring of Affordable Housing covenants for projects that were funded with SB 2 funds?
Answer: Program income cannot be used for long-term monitoring of Affordable housing projects. However, 5% of program income can be used for administrative costs, which include long-term monitoring.
3. If our rental projects charge a monitoring fee, are those funds considered program income?
Answer: No, monitoring fees that are specifically for monitoring rental projects are not program income, but residual receipts payments and interest payments are program income.
4. Can we create a revolving loan fund? If yes, how is program income handled?
Answer: Yes, as loans are repaid, the returned funds (program income) is required to be used for PLHA-eligible activities, so that is a type of revolving loan fund.
5. Can we allow for all eligible activities allowed in the PLHA program guidelines for our re-use plan, or are we limited to reusing the funds by the activities outlined in our PLHA Plan?
Answer: There are no requirements to reuse the funds only for the activities specified in your PLHA plan.

Area Median Income Limits

1. If the city loans the money to a project which has both 60 percent and below AMI and 80 percent to 120 percent AMI levels, can the source be used for both?
Answer: Yes, a project can have units restricted to no more than 60 percent AMI as well as 80 to 120 percent AMI.

2. For AOWH what percentage of median income is that?
Answer: The PLHA guidelines define AOWH as Low or Moderate-Income, which means up to 120 percent AMI or 150 percent of AMI in high-cost areas.
3. For ADU rehab or new construction, do the renters have to be low-income?
Answer: AMI limits for ADUs, as listed in Activity 2, are for the growing workforce earning up to 120 percent of AMI, or 150 percent in high-cost areas.

Accessory Dwelling Units

1. How long is the affordability period for ADUs?
Answer: The Affordability period must be set by the Local Government.
2. Are ADU's considered ownership units (AOWH) or rental units?
Answer: ADU's are rental units.
3. Would the County need to monitor the ADU's each year (i.e. verify occupancy, income limit & unit upkeep)?
Answer: The County would need to make sure the ADU complied with the county's own requirements. PLHA only requires a minimum 30-day occupancy, to prevent use as short term rentals, so that would have to be monitored for the number of years the county chooses.
4. Is ADU monitoring activity required to be discussed in the Annual Report?
Answer: Monitoring would not need to be reported in the Annual Report.
5. Would we be required to enter into a regulatory agreement that is added to the deed of each ADU developed with the PLHA funds?
Answer: For ADU's, the homeowner and renter/tenant would both have to income-qualify and there would need to be a deed restriction.

Regional Housing Needs Allocation Requirements/Credit

1. If a jurisdiction allocates their funds to another jurisdiction or to a Regional Housing Trust Fund, who gets the RHNA credit for any housing built with those funds?
Answer: The RHNA credit for housing built with these funds would go to the Local Government within which the units were built.
2. If a jurisdiction's plan outlines programs or services aimed at near-homeless or homeless and the application reflects this targeted population with eligible activities but does not advance RHNA in any way, how will the plan and application be received and evaluated by HCD?
Answer: There is no eligible activity to serve "Near-Homeless" persons. The activity permitted under PLHA Guidelines requires serving persons "At Risk of Homelessness" (which requires compliance with the federal definition) or who are actually homeless. If a Local Government chooses to allocate its funding to

assisting persons who are experiencing or At-Risk of Homelessness, it is not a problem that these programs do not achieve RHNA goals, as stated in Guidelines Section 302(c)(4)(B). You can enter zero in this section of the application's Plan.

Reporting

1. **(New)** If we haven't received our standard agreement by June 30th, do we still have to do the annual report?

Answer: No, if you have not received your standard agreement, then no annual report is required for the July 1, 2020 to June 30, 2021 year. The standard agreement triggers the annual report submittal requirement.

2. **(New)** Other than the July 31st report, is there a more frequent reporting schedule, such as quarterly?

Answer: When it comes to reports, this program requires the annual report due on July 31st.

3. **(New)** Since the 2020 PLHA report is due July 31st, does the Department have an Annual PLHA Report template?

Answer: The State Grants Management team is currently working on this report form, and they will post this document on our web page no later than June 2021.

4. When is the PLHA Annual Report due?

Answer: Due by July 31st of each year.

5. When is the Housing Element APR due?

Answer: By April 1st each year.

Other

1. Where may I find HCD habitability standards?

Answer: We do not have a list of PLHA habitability standards, but we may share this as reference, [HUD REAC standards](#).

2. Jurisdictions that already have an EIN number, are they required to apply for a new number for PLHA?

Answer: Your EIN number and TIN number should be one and the same, HCD will accept valid numbers on the TIN form. Please refer to IRS's website for scenarios of why a new number would be needed. Here is a link to get you started and your legal counsel/CPA can also be resources:

<https://www.irs.gov/businesses/small-businesses-self-employed/do-you-need-a-new-ein>

3. Will PLHA be extended beyond the five years and potentially become entitlement funding? (i.e. like CDBG funds)

Answer: PLHA is a permanent program, but the distribution of funds is mandated

by statute. It is not totally entitlement funding, as there are non-entitlement jurisdictions that receive a portion of the funds, and only legislative action can change the distribution of funds.

4. Which rent guidelines will this program follow?

Answer: The MHP Income & Rent Limits must be followed for Extremely Low-Income, Very Low-Income and Low-Income Units, as stated in Guidelines section 101, definitions of these incomes. For Moderate-Income households, the “Official State Income Limits for x (year)” must be used. Both sets of income limits are posted on the HCD website on this page: <https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.

5. Do the preliminary allocations included for the PLHA Program represent the annual projected revenue for PLHA or is this the total amount for the five-year period? How will subsequent year revenues be distributed?

Answer: The PLHA allocation in Appendix A of the 2021 NOFA is based on the revenues collected and deposited in the Building Homes and Jobs Trust Fund (BHJTF) for calendar year 2019 and 2020 only, and are actual amounts for those two years. Appendix C contains a **projection** of the five-year formula allocations for 2019-2023, which is the figure required to be used in the Resolution submitted with the PLHA application.

6. Do you require inspections when using funds for rental assistance?

Answer: The Department recommends making sure the units leased by recipients of rental assistance are decent, safe and sanitary, through inspections of those units.

7. For the homeownership program, can we use HUD or NSP income limits rather than the State posted limits?

Answer: No, the PLHA guidelines require use of the income limits issued by the Department.

8. Does a developer or consultant preparing a site for development qualify as an eligible pre-development expense for affordable housing developments?

Answer: An administrative consultant would have to be paid from the 5% administrative cap. However, the following types of consultants are examples of those that are included in eligible project costs: Geotech study consultants, environmental consultants, and marketing consultants. Essentially, if a consultant is included in total project costs under low-income housing tax credit rules, they don't have to be paid with administrative funds, and the cost to pay those fees are eligible for reimbursement as predevelopment expenses.

9. Can a loan to a housing developer be structured as a forgivable loan?

Answer: The Department does not recommend forgiving loans made to developers and owners of multifamily projects, but yes, the loan could be forgivable after compliant operation for 55 years.

10. If the County proposes to use PLHA funds to make homebuyer or homeowner loans, what are the deed restriction time frames?

Answer: The County is required to set its own standard for deed restrictions under PLHA.

11. In homeless activities, would funds for shelter operations be grants versus loans?

Answer: The Department recommends funds for shelter operations be provided in the form of a forgivable loan, as shelters are unlikely to be able to repay these funds.