

Attachment C  
Consortium Agreement and Resolution with the  
City of Santa Maria

**COOPERATION AGREEMENT (AGREEMENT) FOR THE  
SANTA BARBARA COUNTY PERMANENT LOCAL HOUSING ALLOCATION (PLHA)  
PROGRAM CONSORTIUM**

This Agreement is entered into by and between the City of Santa Maria (hereinafter referred to as (CITY) and the County of Santa Barbara (COUNTY), acting as the “Lead Entity” of the PLHA Consortium for the Santa Barbara County.

**WITNESSETH:**

WHEREAS, In 2017, Governor Brown signed a 15-bill housing package aimed at addressing the state’s housing shortage and high housing costs, which included the Building Homes and Jobs Act (SB 2), which established a \$75 recording fee on real estate documents to increase the supply of affordable homes in California; and

WHEREAS, Because the number of real estate transactions recorded in each county will vary from year to year, the revenues collected will fluctuate; and

WHEREAS, SB 2 directs the California Department of Housing and Community Development (State HCD) to use seventy percent (70%) of the annual revenue collected for locally administered affordable housing programs beginning in calendar year 2019, which establishes the Permanent Local Housing Allocation program (PLHA); and

WHEREAS, one or more local governments may designate another Local government to administer on its behalf its formula allocation of PLHA 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; and

WHEREAS, COUNTY has formed a Santa Barbara County PLHA Consortium (Consortium), whereas Cities within the jurisdictional boundaries of Santa Barbara County may elect to join the Consortium; and

WHEREAS, COUNTY has agreed to be designated as the Lead Entity of the Consortium; and

WHEREAS, the CITY has elected to join the Consortium pursuant to Resolution # 2020-55 passed by the CITY Council on June 16, 2020 , and included as Exhibit B to this Agreement; and

WHEREAS, it is the desire of COUNTY and CITY that this Agreement be automatically renewed at the end of the Term, as defined herein, unless, within sixty (60) days prior to the end of the Term, COUNTY or CITY elects not to renew the Agreement.

1. **TRUE AND CORRECT.** The above recitals are true and correct.
2. **BENEFICIARY.** A beneficiary is a member of the low-income public that will reside in an affordable housing unit, shelter, or other housing developed with Consortium Funds or will utilize one or more services provided by Recipients of Consortium Funds.
3. **CITY FUNDS.** City funds are the portion of the Consortium Funds that were identified by State HCD as the amount of PLHA funds that would have been allocated to CITY. By execution of this Agreement, CITY authorizes that its PLHA funds be allocated to the Consortium and restricted for use by the eligible uses contained in the Plan. CITY may exercise control over the eligible uses of its own funds as provided for in Section 21(b) of this Agreement
4. **CONSORTIUM.** The Consortium consists of COUNTY and the cities of Lompoc, Goleta, and Santa Maria (individually “Consortium Member” and together “Consortium Members”), during the term of this Agreement.
5. **CONSORTIUM FUNDS.** Consortium funds include the annual allocations of PLHA funds allocated by State HCD to the COUNTY on behalf of the Consortium.
6. **COMPLIANCE WITH LAW.** COUNTY and CITY agree to comply with the State of California PLHA program and any guidelines, rules, policies, or standards of general application as may be revised from time-to-time by the State Department of Housing and Community Development.
7. **ELIGIBLE APPLICANT.** Eligible Applicant is a jurisdiction identified in the PLHA Guidelines as Eligible Applicant, is in the County of Santa Barbara, and receives an annual allocation of PLHA funds from the State.
8. **FISCAL YEAR.** The fiscal year is the period July 1 through June 30.
9. **GEOGRAPHIC BOUNDARIES.** The geographic areas where Consortium Funds may be used or from which beneficiaries are located, include the jurisdictional boundaries of Consortium members and the cities of Carpinteria, Buellton, Solvang, and Guadalupe.
10. **GUIDELINES.** Guidelines are the Permanent Local Housing Allocation Final Guidelines, dated October 2019 and attached hereto as Exhibit A, as amended from time to time by State HCD.
11. **HCD.** HCD is the County of Santa Barbara Division of Housing and Community Development under the County Department of Community Services.

12. **LEAD ENTITY.** COUNTY will serve as Lead Entity of the Consortium and by CITY's signature to this Agreement, consents to COUNTY applying for, receiving, committing, and managing Consortium Funds as authorized by this Agreement and Guidelines.
13. **PLHA PROGRAM.** PLHA is the Permanent Local Housing Allocation program established by the State of California pursuant to Senate Bill 2 (2017) and administered by State HCD.
14. **PLAN.** The Plan is the document submitted by the Consortium to the California Department of Housing and Community Development (State HCD) as part of a complete application in which the Consortium proposes to use allocated funds for at least one eligible Activity. The Plan shall have a term of five years. In succeeding years, the Consortium is required to obtain the approval of State HCD for any amendments made to the Plan, as set forth in Section 302(c)(5) of the Guidelines. Attached hereto as Exhibit C is a list of Eligible Activities selected by the Consortium to be included in the initial five (5) year Plan submitted to State HCD. Reallocations of more than 10% of funds among activities require amendment of the Plan, with approval granted by the governing body of the Lead Entity at a publicly noticed public meeting. Amendments to the Plan for the succeeding five (5) years must be approved by State HCD.
15. **PROGRAM INCOME.** Program Income includes funds returned by a Recipient of Consortium Funds due to non-use of the funds for an eligible use as described in the Guidelines, or recaptured by COUNTY for ineligible uses, or funds paid by a Recipient pursuant to the terms and conditions of a loan agreement executed by the Recipient and COUNTY to use Consortium Funds for an eligible use. COUNTY reserves the right to administer and service such loans, collect payments, and reuse the funds for other eligible uses as described in the Plan without consideration of the origin of the funds, whether from COUNTY or Consortium members' allocations. Such funds shall be considered Consortium Funds and be utilized for eligible uses countywide. This provision will survive the termination of this Agreement pursuant to Section 16 of this Agreement and, if the PLHA Program ceases to exist and State HCD does not otherwise restrict the uses of Program Income, COUNTY may, at COUNTY discretion, use Program Income for any other community benefit that serves low-income persons, defined as household income that does not exceed eighty-percent (80%) of the area median income as published annually by the U.S. Department of Housing and Urban Development for the Santa Maria/Santa Barbara Metropolitan Statistical Area.
16. **STATE HCD.** State HCD is the State of California Department of Housing and Community Development.
17. **RECIPIENT.** Recipient is a non-profit 501 (c)(3) charitable organizations or for-profit entity authorized by written agreement (Recipient Agreement) entered into with COUNTY to expend funds eligible uses of Consortium Funds as authorized by the Recipient Agreement.
18. **TERM OF AGREEMENT.** The term of this Agreement shall begin on the date signed by COUNTY and will terminate on the earlier of a) the end of the fiscal year in which the COUNTY or CITY no longer is an Eligible Applicant as defined in the Guidelines, or b) the

end of the Fiscal Year in which CITY elects to terminate its participation in the Consortium and CITY has given COUNTY notice of its intent to terminate at least sixty (60) days' prior to the end of the Fiscal Year, or c) State HCD has terminated its agreement with COUNTY or Consortium, or d) the end of the fifth year of the five (5) year Plan currently in effect and submitted to State HCD by COUNTY on behalf of the Consortium as required by the Guidelines, subject to the Automatic Renewal provisions as described in Section 12, or e) the State of California discontinues the PLHA program. Notwithstanding the above, if CITY terminates this Agreement pursuant to b) above, then COUNTY reserves the right to retain CITY Funds that had been allocated to CITY, or to the Consortium on CITY's behalf, and that have not been committed to one or more eligible uses during the term of this Agreement,

**19. AUTOMATIC RENEWAL.** The Agreement shall automatically renew for the next five Fiscal Years of the Plan. COUNTY will submit to the State of California a new five-year Plan as required by the State HCD outlining the planned uses of Consortium Funds allocated by State HCD unless CITY provides COUNTY with notice of termination at least sixty (60) days prior to the end of the fifth (5<sup>th</sup>) Fiscal Year of the Plan period.

**20. AMENDMENTS.** Any amendments to this Agreement must be in writing. In the event that amendments to this Agreement are required by State HCD to meet the requirements of the Guidelines, COUNTY and CITY will not unreasonably withhold their consent to amend the Agreement. Notwithstanding, if an amendment is necessary to comply with the Guidelines and no other substantial changes reallocating funds by more than 10% amongst eligible activities are made, such changes may be made administratively by COUNTY upon notifying CITY.

**21. PROGRAM ADMINISTRATION.**

a. The Lead Entity assume overall responsibility for the Consortium and Consortium Funds, and will ensure that funds are used in accordance with the Guidelines and Plan. The Lead Entity will perform the following activities:

- i. Ensure that Consortium activities are carried out in compliance with the Guidelines and the Plan;
- ii. Prepare applications to State HCD on behalf of the Consortium to apply for PLHA funds on behalf of Consortium members
- iii. Prepare the five (5) year plan in consultation with Consortium members and submit to State HCD;
- iv. Award and distribute Consortium Funds in accordance with the Guidelines and Section 21(a)(vii) of this Agreement, and prepare and execute Recipient agreements;
- v. Prepare and submit to State HCD required reports pursuant to the Guidelines and provide copies to Consortium Members;
- vi. Monitor Recipients' uses of Consortium Funds, including long-term monitoring of affordable housing developments;
- vii. Publish an annual Notice of Funding Availability (NOFA) to solicit applications from potential Recipients to use Consortium Funds for eligible activities in

accordance with the Guidelines and Plan. The NOFA will show PLHA allocations by Consortium Member. The NOFA may accept full applications for any eligible use as included in the Plan and, for housing development projects, may accept a notice of intent to apply for funds, in lieu of a full application, for projects that will be ready to commence within the next Fiscal Year and that have all other funding commitments in place necessary to complete the project with the exception of Consortium Funds or State program funds, such as the low-income housing tax credit program; provided that the applicant otherwise meets the requirements of and is ready to submit the application to the State;

- viii. Process applications through HCD's established application review procedures and:
  1. A review team may be convened by COUNTY and may include one or more Consortium Members;
  2. COUNTY will distribute to Consortium Members a list of applicants and, upon request by a Consortium Member, a copy of the full applications by a potential Recipient that proposes an eligible use in the Consortium Member's jurisdiction;
  3. Consult with a Consortium Member on any proposed use of CITY Funds.
- b. Consortium Members agree to the following:
  - i. Cities may direct that all or a portion of their annual PLHA allocation be used for specific use(s) to benefit their respective city or pool their funds with other Consortium Funds to fund eligible uses countywide, provided that no one eligible use will utilize less than the lesser of the CITY's total allocation for that Fiscal Year, or \$100,000. Cities that will administer the eligible use directly will be required to enter into an agreement with COUNTY;
  - ii. Cities may save or "bank" their annual allocation(s) for use in a future year for an eligible use within their City, up to a total of three years' allocations, except that COUNTY as the Lead Entity preserves the right to award CITY Funds to eligible uses without CITY's consent, if necessary to meet certain commitment and expenditure deadlines provided in the Guidelines. If, after three years of banking its funds, CITY has not identified eligible use(s) for the CITY Funds; COUNTY will include the funds in the next annual NOFA or award the funds pursuant to Section 18 (b) ii of this Agreement;
  - iii. COUNTY may, at COUNTY's discretion, set a minimum amount of funds for a particular eligible activity for example, for a public service type activity, the minimum amount may be set at \$50,000 and for a housing development project, the minimum amount may be set at \$300,000. These amounts may be revised by COUNTY as COUNTY's discretion;
  - iv. COUNTY will keep a pipeline of proposed housing development projects that includes projects identified from any notices of intent to apply received in response to the annual NOFA as described in Section 21(b)(vii) of this Agreement. Development projects will be prioritized based on project

readiness, including zoning and planning approvals, commitment of funding sources, and other considerations as outlined in the annual NOFA. Full applications will be required from the applicant or Recipient in order to be considered for an award of Consortium Funds.

- v. Consortium Funds for affordable housing new construction, rehabilitation, and preservation, unless otherwise restricted by the PLHA program, will mirror federal HOME Investment Partnerships (HOME) program's requirements for income limits, rent limits, occupancy requirements, and monitoring requirements, and PLHA funds use on projects that meet the HOME requirements may be used by the COUNTY as HOME Match as required by the HOME program. Income and rent limits for projects will be determined by COUNTY for each project funded with Consortium Funds in consideration of population served and other factors. Such restrictions will be memorialized by the execution and recordation of a COUNTY Regulatory Agreement with terms of not less than twenty (20) years for new construction and fifteen (15) years for acquisition only, or rehabilitation. Income eligibility will be established using the requirements at 24 CFR 5.609 – 612. Ongoing monitoring of the affordable developments will utilize the federal Housing Quality Standards or other required by the HOME program;
- vi. All uses of Consortium Funds are subject to approval by the COUNTY Board of Supervisors;
- vii. COUNTY will retain the percentage of the total annual Consortium Funds for administrative purposes as permitted by the PLHA program, currently set at five-percent (5%).

**22. RESPONSIBILITIES OF CITY.** CITY authorizes COUNTY to act as Lead Entity of the Consortium and authorizes COUNTY to administer CITY Funds pursuant to this Agreement, the Plan, and Guidelines. CITY shall, as required by the Guidelines or when otherwise requested by State HCD, provide written confirmation of CITY's participation in the Consortium and authorizes COUNTY to administer its CITY Funds. Such written authorization will be provided by the method described in the Guidelines, which may require a resolution passed CITY's governing body. CITY will not reasonably withhold executing this Agreement or passing a required resolution and will ensure that this Agreement and resolution are executed and provided by CITY to COUNTY in a timely manner to meet any deadlines imposed by State HCD as described in the Guidelines and/or PLHA Notices of Funding Availability.

**23. INDEMNIFICATION AND INSURANCE.**

**A. INDEMNIFICATION**

In lieu of and notwithstanding the pro rata risk allocation which might otherwise be imposed between the parties pursuant to California Government Code Section 895.6, the parties agree

that all losses or liabilities incurred by a party shall not be shared pro rata but instead all parties agree that pursuant to California Government Code Section 895.4, each of the parties hereto shall fully indemnify and hold each of the other parties, their officers, board members, employees and agents, harmless from any claim, expense or cost, damage or liability imposed for injury (as defined by California Government Code Section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying party, its officers, board members, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such party under this Agreement. No party, nor any officer, board member, employee or agent thereof shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of other parties hereto, their officers, board members, employees or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such other parties under this Agreement.

## B. INSURANCE

Each party to this Agreement shall maintain its own insurance coverage, through commercial insurance, self-insurance or a combination thereof, against any claim, expense, cost, damage, or liability arising out of the performance of its responsibilities pursuant to this Agreement.

- 24. NOTICE.** Any notice or notices required or permitted to be given pursuant to this agreement must be provided either by certified mail or personal service.
- 25. EXCLUSION OF FUNDS.** This Agreement applies only to those funds received under the PLHA Program and Program income generated by the uses of Consortium Funds and any matching contributions. This Agreement does not apply to or control funds other than those described herein.
- 26. COUNTY'S OBLIGATION TO DISTRIBUTE FUNDS.** If PLHA Funds are not awarded to the Consortium by State HCD or if the State HCD agreement with the COUNTY or Consortium is terminated or suspended, then this Agreement shall also terminate and COUNTY as Lead Entity has no obligation under this Agreement or to State HCD to distribute PLHA Funds to Consortium Members or otherwise administer the PLHA Program.
- 27. PLAN IMPLEMENTATION.** In the event that there are insufficient responses to the NOFA requesting funds for an eligible activity in a given Fiscal Year, the COUNTY has authority to deviate from eligible uses in the Plan and fund other eligible activities as permitted by State HCD and contemplated in Section 20 of this Agreement. Reallocation of PLHA funds by more than 10% among eligible activities in the Plan shall require COUNTY Board of Supervisors approval.
- 28. NEW CONSORTIUM MEMBERS.** COUNTY may add new Consortium members to this Consortium Agreement as permitted by the Guidelines. COUNTY and the new member city will



mutually determine the administration of PLHA funds previously allocated to the new member city that have not been awarded to eligible uses: the new member city may continue to utilize allocated PLHA Funds on hand, or may remit these PLHA Funds to COUNTY to be allocated pursuant to this Agreement. COUNTY and the new member city will mutually determine the appropriate time to enter the Consortium and execute a City Agreement whether it be at the start of a Fiscal Year or other point in time. Each new member city must:

- a) Pass a resolution by its governing body as prescribed in the Guidelines;
- b) Execute an agreement with COUNTY, in a form substantially similar to this Agreement;
- c) Meet threshold requirements detailed in Section 302 of the Guidelines.

**29. AUTHORITY TO JOIN CONSORTIUM.** Each Consortium Member hereby certifies that it is authorized to enter into this Agreement. Authorizing Resolutions from the governing body of each local government joining the Consortium are incorporated into this Agreement as Exhibit B and made part of this Agreement.

**30. RECORDS AND REPORTS.** The Lead Entity shall maintain records as required by State HCD for a minimum of three (3) years, including and not limited to records identified in Sections 500 and 501 of the Guidelines and each participating jurisdiction respecting individual projects and programs shall be open and available for inspection by auditors assigned by State HCD and/or the CITY or Consortium during normal business hours of COUNTY. Each city shall submit such reports and information as may be necessary for the Lead Entity to fulfill its obligations as administrator of the Consortium.

**31. COOPERATION IN UNDERTAKING ELIGIBLE USES UNDER PLHA.** Each member of the Consortium agrees to cooperate to undertake or to assist in the undertaking of eligible activities specified in the Plan.

**32. SEVERABILITY.** Every provision of this Agreement is intended to be severable. If any provision of this Agreement shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

**33. COUNTERPARTS.** This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

Remainder of page is intentionally blank

**IN WITNESS WHEREOF**, the parties have executed this agreement on the day and year first above written. This agreement may be executed in counterparts, each of which shall be an original and all of which together constitute one and the same agreement.

**ATTEST:**

MONA MIYASATO  
Clerk of the Board

**COUNTY:**

County of Santa Barbara,  
a political subdivision of the State of California

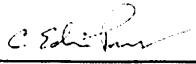
By: \_\_\_\_\_  
Deputy Clerk of the Board

By: \_\_\_\_\_  
Gregg Hart, Chair  
Board of Supervisors

**APPROVED AS TO ACCOUNTING  
FORM:**

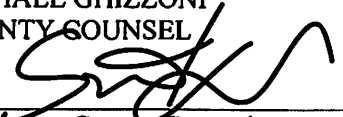
BETSY SCHAEFFER, CPA  
AUDITOR-CONTROLLER

By: \_\_\_\_\_  
Director, Community Services Dept.

By:  \_\_\_\_\_  
Deputy

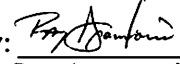
**APPROVED AS TO FORM**

MICHAEL GHIZZONI  
COUNTY COUNSEL

By:  \_\_\_\_\_  
Deputy County Counsel

**APPROVED AS TO FORM:**

RISK MANAGEMENT

By:  \_\_\_\_\_  
Ray Aromatorio, ARM, AIC  
Risk Manager

CITY OF SANTA MARIA:

By:   
\_\_\_\_\_  
Jason Stilwell, City Manager

APPROVED AS TO FORM:  
CITY ATTORNEY

By:   
\_\_\_\_\_  
Jeffrey J. Patrick, Assistant City Attorney

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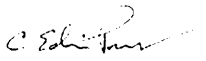
By: \_\_\_\_\_  
Deputy Clerk of the Board

By: \_\_\_\_\_  
Gregg Hart, Chair  
Board of Supervisors

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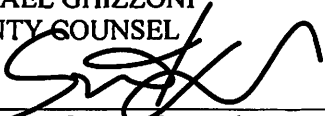
BETSY SCHAEFFER, CPA  
AUDITOR-CONTROLLER

By: \_\_\_\_\_  
Director, Community Services Dept.

By:  \_\_\_\_\_  
Deputy

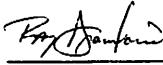
**APPROVED AS TO FORM**

MICHAEL GHIZZONI  
COUNTY COUNSEL

By:  \_\_\_\_\_  
Deputy County Counsel

**APPROVED AS TO FORM:**

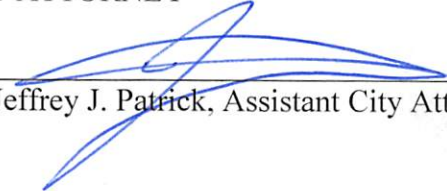
RISK MANAGEMENT

By:  \_\_\_\_\_  
Ray Aromatorio, ARM, AIC  
Risk Manager

CITY OF SANTA MARIA:

By:   
Jason Stilwell, City Manager

APPROVED AS TO FORM:  
CITY ATTORNEY

By:   
Jeffrey J. Patrick, Assistant City Attorney

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**ATTEST:**

MONA MIYASATO  
Clerk of the Board

**COUNTY:**

County of Santa Barbara,  
a political subdivision of the State of California

By: \_\_\_\_\_  
Deputy Clerk of the Board

By: \_\_\_\_\_  
Gregg Hart, Chair  
Board of Supervisors

**APPROVED AS TO ACCOUNTING  
FORM:**

BETSY SCHAEFFER, CPA  
AUDITOR-CONTROLLER

By: \_\_\_\_\_  
Director, Community Services Dept.

By:  \_\_\_\_\_  
Deputy

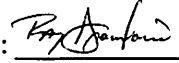
**APPROVED AS TO FORM**

MICHAEL GHIZZONI  
COUNTY COUNSEL

By:  \_\_\_\_\_  
Deputy County Counsel

**APPROVED AS TO FORM:**

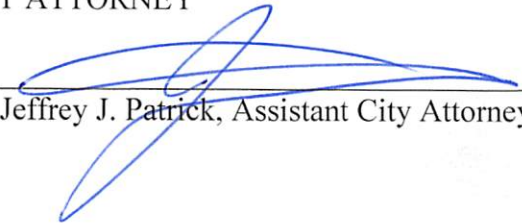
RISK MANAGEMENT

By:  \_\_\_\_\_  
Ray Aromatorio, ARM, AIC  
Risk Manager

CITY OF SANTA MARIA:

By:   
\_\_\_\_\_  
Jason Stilwell, City Manager

APPROVED AS TO FORM:  
CITY ATTORNEY

By:   
\_\_\_\_\_  
Jeffrey J. Patrick, Assistant City Attorney

**Exhibit A**  
**PLHA Guidelines**



# **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**

2020 West El Camino Avenue, Suite 150  
Sacramento, CA 95833

**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

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## **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](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).

**Exhibit B**  
**Consortium Member City Authorizing Resolutions**

RESOLUTION 2020-55

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING THE CITY'S PARTICIPATION IN A COUNTY CONSORTIUM TO RECEIVE AND ALLOCATE FUNDS BY THE STATE OF CALIFORNIA PURSUANT TO THE PERMANENT LOCAL HOUSING ALLOCATION (PLHA) PROGRAM**

**WHEREAS**, the State of California, Department of Housing and Community Development (Department) is authorized to provide up to \$195 million to Cities and Counties for assistance under the SB 2 Permanent Local Housing Allocation (PLHA) Program Entitlement Jurisdiction Component from the Building Homes and Jobs Trust Fund (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB 2))); and

**WHEREAS**, the Department issued Permanent Local Housing Allocation Final Guidelines (PLHA Program Guidelines) in October 2019; and

**WHEREAS**, the State of California, Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) dated February 26, 2020, under the Permanent Local Housing Allocation Program; and

**WHEREAS**, the Department may approve funding allocations for the PLHA Program, subject to the terms and conditions of the PLHA Program Guidelines, NOFA, Program requirements, the Standard Agreement, and other contracts between the Department and PLHA grant recipients; and

**WHEREAS**, the City of Santa Maria is an eligible local government to receive annual allocations of PLHA funds and may apply to the Department for the City's allocation of PLHA funds, or the City of Santa Maria may participate in a local consortium and delegate another entity to apply for and administer the City's allocation of PLHA funds in accordance with Article III Section 300 (c) of the Program Guidelines; and

**WHEREAS**, the City of Santa Maria agrees to participate in a County of Santa Barbara PLHA Consortium and will enter into a PLHA Consortium Agreement to authorize the County of Santa Barbara, as the Administering Jurisdiction, to apply for and administer PLHA funds on the City's behalf pursuant to the terms of the PLHA Consortium Agreement; and

**WHEREAS**, the County, as the Administering Jurisdiction, will be responsible for all PLHA program requirements.

**NOW, THEREFORE, IT IS HEREBY RESOLVED** by the City Council of the City of Santa Maria, California, as follows:

RECEIVED

JUN 1 8 2020

CITY OF SANTA MARIA  
SPECIAL PROJECTS DIVISION

1. The City of Santa Maria certifies that it has delegated the County of Santa Barbara to submit an application on its behalf and administer the PLHA grant award for the formula allocation of PLHA funds; and
2. The City of Santa Maria certifies that its selection process of the County of Santa Barbara was accessible to the public and involved no conflicts of interest; and
3. The City of Santa Maria has entered into a legally binding agreement with the County of Santa Barbara delegated jurisdiction; and
4. Notwithstanding the City of Santa Maria's delegation, the City remains the administering local government and is hereby responsible for all program requirements; and
5. The City of Santa Maria authorize and directs the Chief Deputy City Clerk to make minor changes herein to address clerical errors, so long as substantial conformance of the intent of this document is maintained. In doing so, the Chief Deputy City Clerk shall consult with the City Manager and City Attorney concerning any changes deemed necessary.

**PASSED AND ADOPTED** at a regular meeting of the City Council of the City of Santa Maria held this 16<sup>th</sup> day of June 2020.

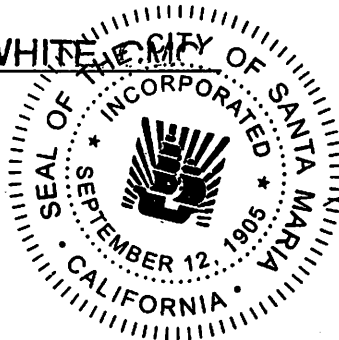
/s/ ALICE M. PATINO

Mayor

ATTEST:

/s/ RHONDA M. WHITE

Chief Deputy City Clerk



APPROVED AS TO FORM:

[Signature]  
City Attorney

APPROVED AS TO CONTENT:

[Signature]  
Department Director

[Signature]  
City Manager

STATE OF CALIFORNIA            )  
COUNTY OF SANTA BARBARA    ) ss.  
CITY OF SANTA MARIA            )

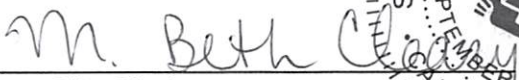
I, **M. Beth Cleary**, Deputy City Clerk of the City of Santa Maria and ex officio Clerk of the City Council **DO HEREBY CERTIFY** that the foregoing is a full, true and correct copy of **Resolution No. 2020-55** which was duly and regularly introduced and adopted by said City Council at a regular meeting held **June 16, 2020**, and carried on the following vote:

AYES:           Councilmembers Cordero, Moats, Soto, Waterfield,  
                    and Mayor Patino.

NOES:           None.

ABSENT:        None.

ABSTAIN:       None.

  
\_\_\_\_\_  
Deputy City Clerk  
City of Santa Maria



**RECEIVED**

JUN 18 2020

CITY OF SANTA MARIA  
SPECIAL PROJECTS DIVISION



**§302(c)(4) Plan**

Rev. 2/26/20

**§302(c)(4)(A) Describe the manner in which allocated funds will be used for eligible activities.**

The County of Santa Barbara and Cities of Goleta and Santa Maria (Consortium) will use the PLHA funds for the four (4) eligible activities identified below. The County, as the Administering Jurisdiction of the Consortium issues one or more Notices of Funding Availability (NOFA) to award funds under federal, local, and other State funding sources. PLHA funds will be included in one or more NOFAs to solicit eligible applicants to carry out programs and developments using PLHA funds alone, or in combination with other funds. The PLHA Consortium members will advise the County on the uses of their cities' funds in accordance with the PLHA Plan. In addition, the County will utilize one or more review committees, depending on the type of program or development being reviewed. The County's Continuum of Care Rank and Review Committee reviews, scores, and ranks applications related to homeless assistance; the Human Services Commission reviews, scores, and ranks applications related to other public services (homeless and non-homeless programs), and the Capital Loan Committee reviews the financial feasibility of housing development and other capital projects. Funding recommendations made by staff and committees are taken to the County Board of Supervisors for final awards. The County will enter into agreements with the subrecipients and housing developers and will monitor programs and projects to ensure compliance with PLHA Guidelines.

**§302(c)(4)(B) Provide 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 Area Median Income (AMI).**

The Santa Barbara County PLHA Consortium will prioritize investments of PLHA funds to increase the supply of housing for households earning up to 60% by including the Eligible Activity described in Section 301(a)(1) - funding the development of multifamily rental housing projects designed to be affordable to extremely low income households earning up to 60% of the Area Median Income in the PLHA Plan. 45% of the Consortium's PLHA allocation will be allocated to this activity as we recognize the growing need for this type of investment within our community.

**§302(c)(4)(C) Provide a description of how the Plan is consistent with the programs set forth in the Local Government's Housing Element.**

Addressing Program 1.2, the County shall continue, and where feasible, expand its public partnership with Non-profit housing providers. These partnerships are specifically leveraged to provide additional housing opportunities which are affordable at extremely low-income levels. The County PLHA Consortium recognizes Program 1.13 with the construction of Accessory Dwelling Units, and the County shall continue to promote the creation of additional housing stock within the local housing market areas encouraging the development of housing types which help to meet the full spectrum of the County's housing needs. The County's PLHA Plan is consistent with Program 4.4 of the existing Housing Element allowing the County to continue to work with non-profit organizations to implement a housing rehabilitation program for low-income homeowners. A portion of the PLHA allocation will be used toward meeting the goals of Program 4.5 within our Housing Element with the proposed Down Payment Assistance Program and support County and private non-profit programs which provide "soft" second mortgages or other financial tools to assist Moderate-income and Low-income home buyers. And the Consortium's combined allocation will assist in meeting the goals proposed in Program 5.2 of our Housing Element by contributing to the effort of the County to pursue further partnership programs such as the 10-year Plan to End Chronic Homelessness.

**Activities Detail (Activities Detail (Must Make a Selection on Formula/Allocation/Application worksheet under Eligible Activities, §301))**

**§301(a)(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.**

**§302(c)(4)(E)(i) Provide a description of how allocated funds will be used for each proposed Affordable Rental Housing Activity.**

45% of County PLHA Consortium funds have been allocated to this Eligible Activity. Rental units affordable to households that earn up to 60% of the Area Median Income, will be prioritized. Funds will be provided to multi-family rental housing in the form of a low-interest, residual receipt, deferred, or forgivable 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.

Complete the table below for each proposed Affordable Rental Housing Activity to be funded with 2019-2023 PLHA allocations. If a single Activity will be assisting households at more than one level of Area Median Income, please list the Activity as many times as needed to capture all of the AMI levels that will be assisted, but only show the percentage of annual funding allocated to the Activity one time (to avoid double counting).

Funding Allocation Year	2019	2020	2021	2022	2023									
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Affordable Rental Housing Activity	45%	45%	45%	45%	45%									
§302(c)(4)(E)(ii) Area Median Income Level Served	60%	60%	60%	60%	60%									<b>TOTAL</b>
§302(c)(4)(E)(ii) Unmet share of the RHNA at the AMI Level	1368	1353	1338	1323	1308									6680
§302(c)(4)(E)(ii) Projected Number of Households Served	15	15	15	15	15									75



<b>§302(c)(4)(E)(iv) Period of Affordability for the Proposed Affordable Rental Housing Activity (55 years required for rental housing projects)</b>	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years
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**§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity.**  
 Applications will be accepted via annual Notice of Funding Availability as described above, and projects will be prioritized based on their readiness to proceed. Applicants of multi-family housing also may intend to apply to the California Tax Credit Allocation Committee (CTCAC) for low-income housing tax credits (LIHTC) to complete their financing gaps. Project schedules may be determined, in part, by the State's application and award schedules. Once projects have all financing committed, the County will enter into funding agreements and construction may begin. Projects may take up 18 months to complete, depending on the size of the project. The County may provide additional funds to projects to fill funding gaps, including In-Lieu fees, federal HOME funds, State HEAP and/or No Place Like Home funds, and other State funds.

**§301(a)(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.**

<b>§302(c)(4)(E)(i) Provide a description of how allocated funds will be used for each proposed Affordable Rental and Ownership Housing Activity.</b>	Percentage of Funds Allocated for Affordable Owner-occupied Workforce Housing	10%
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The Consortium's allocation of PLHA funds will support 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. Rental units created, such as ADUs, will be required to have a minimum of a one-year lease, with an Affordability period of 5 to 10 years, depending on the amount of funds invested. Funds may be provided as short-term amortized, deferred, or forgivable loans, depending on population served and projected rental income. Homeownership loans for acquisition may be provided as low-interest, interest-only payments, with a term of 10 - 15 years. Funds for the development of homeownership units, such as homes constructed by Habitat for Humanity, will be provided as low-interest amortized or deferred loans, and may be forgivable, depending on the income of home buyers.

Complete the table below for each proposed Affordable Rental and Ownership Housing Activity to be funded with 2019-2023 PLHA allocations. If a single Activity will be assisting households at more than one level of Area Median Income, please list the Activity as many times as needed to capture all of the AMI levels that will be assisted, but only show the percentage of annual funding allocated to the Activity one time (to avoid double counting).

Funding Allocation Year	2019	2020	2021	2022	2023	2021	2022	2023							
Type of Affordable Housing Activity	Owner	Owner	Owner	Owner	Owner	ADU	ADU	ADU							
<b>§302(c)(4)(E)(ii) Area Median Income Level Served</b>	150%	150%	150%	150%	150%	150%	150%	150%							<b>TOTAL</b>
<b>§302(c)(4)(E)(iii) Unmet share of the RHNA at AMI Level</b>	1221	1220	1219	1218	1217										6095
<b>§302(c)(4)(E)(i) Percentage of Funds Allocated for Each Affordable Housing Activity</b>	10%	10%	10%	10%	10%										
<b>§302(c)(4)(E)(ii) Projected Number of Households Served</b>	1	1	1	1	1										5
<b>§302(c)(4)(E)(iv) Period of Affordability for the Proposed Activity (55 years required for rental housing projects)</b>	10	10	10	10	10	10	10	10							

**§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of each Affordable Rental and Ownership Housing project.**

County of Santa Barbara plans to implement an ADU Initiative Program in Winter of 2020 to encourage local homeowners to build ADU's and help expand housing opportunities for low-income households in the County through the creation of independent apartments on existing owner-occupied single family sites, or the conversion of an existing structure to an accessory dwelling unit. The introduction of this ADU Incentive program will coincide with the timing of the County's introduction of a streamlined permitting process for building ADU's scheduled for release between Winter of 2020 and Spring of 2021. The PLHA program may be used as a funding source for the development of ADUs. The annual NOFA will include the opportunity to use PLHA funds to develop ADUs.

**§301(a)(3) Matching portions of funds placed into Local or Regional Housing Trust Funds.**

**§301(a)(4) Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176.**

**§301(a)(5) Capitalized Reserves for Services connected to the preservation and creation of new permanent supportive housing.**

**§301(a)(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.**

**§302(c)(4)(E)(i) Provide a description of how allocated funds will be used for the proposed Activity.**

A non-conflicted Continuum of Care Rank and Review Committee may competitively distribute funding to experienced service providers assisting persons experiencing homelessness obtain permanent housing through Rapid Re-housing/rental assistance with case management services, operating and capital costs for navigation centers and emergency shelters, and the new construction, rehabilitation and preservation of permanent and transitional housing.

Complete the table below for each proposed Activity to be funded with 2019-2023 PLHA allocations. If a single Activity will be assisting households at more than one level of Area Median Income, please list the Activity as many times as needed to capture all of the AMI levels that will be assisted, but only show the percentage of annual funding allocated to the Activity one time (to avoid double counting).

Funding Allocation Year	2019	2020	2021	2022	2023										
Type of Activity for Persons Experiencing or At Risk of Homelessness	Permanent	Permanent	Permanent	Permanent	Permanent										
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Activity	30%	30%	30%	30%	30%										
§302(c)(4)(E)(ii) Area Median Income Level Served	30%	30%	30%	30%	30%										<b>TOTAL</b>
§302(c)(4)(E)(ii) Unmet share of the RHNA at AMI Level	1368	1353	1338	1323	1308										6690
§302(c)(4)(E)(iii) Projected Number of Households Served	30	30	30	30	30										150
§302(c)(4)(E)(iv) Period of Affordability for the Proposed Activity (55 years required for rental housing projects)	1	1	1	1	1										

**§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity.**

Rapid Re-housing/Rental Assistance and case management service funds will be distributed through the Continuum of Care General Rank and Review Policies through an independent panel to experienced service providers to assist persons experiencing homelessness or at risk of homelessness obtain permanent housing. An Annual NOFA is published to provide notice of available funds from the County's Housing & Community Development division. If the funds from this Eligible Activity are used in the development of rental housing then the period of affordability would be 55 years.

**§301(a)(7) Accessibility modifications in Lower-income Owner-occupied housing.**

**§301(a)(8) Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.**

**§301(a)(9) Homeownership opportunities, including, but not limited to, down payment assistance.**

<b>§302(c)(4)(E)(i) Provide a description of how allocated funds will be used for the proposed Activity.</b>	Percentage of Funds Allocated for Affordable Owner-occupied Workforce Housing (AOWH)	15%
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Our proposed Downpayment Assistance Program, provides low-to-middle, and Workforce income home buyers down payment assistance loans, which enable them to secure conventional financing and removes financial barriers to home ownership by lowering home acquisition and closing costs, potentially eliminating the need for Mortgage Insurance.

Complete the table below for each proposed Activity to be funded with 2019-2023 PLHA allocations. If a single Activity will be assisting households at more than one level of Area Median Income, please list the Activity as many times as needed to capture all of the AMI levels that will be assisted, but only show the percentage of annual funding allocated to the Activity one time (to avoid double counting).

Funding Allocation Year	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023					
Type of Homeowner Assistance	Home Buyer Assistance	Home Buyer Assistance	Home Buyer Assistance	Home Buyer Assistance	Home Buyer Assistance	Owner Occupied Rehab	Owner Occupied Rehab	Owner Occupied Rehab	Owner Occupied Rehab	Owner Occupied Rehab					
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Activity	15%	15%	15%	15%	15%										
§302(c)(4)(E)(ii) Area Median Income Level Served	150%	150%	150%	150%	150%	150%	150%	150%	150%	150%					TOTAL
§302(c)(4)(E)(ii) Unmet share of the RHNA at AMI Level	1221	1219	1217	1215	1213										6085
§302(c)(4)(E)(ii) Projected Number of Households Served	2	2	2	2	2										10
§302(c)(4)(E)(iv) Period of Affordability for the Proposed Activity	5	5	5	5	5	5	5	5	5	5					

**§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity.**

The County may partner with and fund the Housing Trust Fund of Santa Barbara County and to support the its Workforce Homebuyer Program, which provides low-to-middle income home buyers with down payment loans. These down payment assistance loans are not amortized and instead have monthly interest payments currently at 4.75% fixed rate, simple interest annually, with the loan principal repaid upon sale, transfer or refinancing of the home, or at the end of the loan term. The program helps bridge the homeownership affordability gap for local working households by providing 10-year or 15-year down payment loans up to \$100,000 per household to assist first-time homebuyers (haven't owned a home in the prior 3 years). These loans enable qualified working families and individuals to buy a home that provides a stable residence that strengthens the family and the

**§301(a)(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.**

File Name:	Plan Adoption	§302(c)(4)(D) Evidence that the Plan was authorized and adopted by resolution by the Local jurisdiction and that the public had an adequate opportunity to review and comment on its content.	Attached and on USB?
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