

Permanent Local Housing Allocation Program Guidelines
Revisions Made After Receipt of Public Comments

Note: This list does not include minor non-substantive changes.

Section 101. Definitions

The California Department of Housing and Community Development (Department) added, deleted, or revised the following terms in the Definitions section:

“Accessory Dwelling Units” added to the Definitions section. Since Accessory Dwelling Units (ADUs) are eligible uses of Permanent Local Housing Allocation (PLHA) funds, the Department finds it necessary to define the term ADU. The proposed definition of ADU is consistent with the definition in Sections 65852.2 and 65852.22 of the Government Code.

“Affordable” revised to clarify that affordable also means a housing unit that is being rented to extremely low income, very low income, low income must comply with Sections 7312 and 7301 of the Multifamily Housing Program guidelines.

“Annual Report” revised to clarify that a Local government that is awarded PLHA funds is not required to specify how the use of PLHA funds address the Local government’s Regional Housing Needs Allocation (RHNA) goals because not all PLHA activities address a Local government’s RHNA goals.

"Applicant" revised to clarify that a Local or Regional Housing Trust Fund designated by an eligible Local government is eligible to administer the PLHA program, in accordance with all Program rules.

“At risk of homelessness” revised to make the definition consistent with the federal definition of At risk of homelessness, and also clarify that any household receiving rental assistance funded by the California Homeless Emergency Aid Program (HEAP) is also considered At risk of homelessness.

“Extremely Low Income” added to the Definitions section to specify that the income limit for extremely low income households is 30 percent of Area Median Income (AMI). The proposed definition is consistent with the definition in Health and Safety Code (HSC) Section 50106.

"Plan" revised to clarify that a Plan must have a term of five years and significant amendments to the Plan must be approved by the Department.

“Permanent supportive housing” revised to make the definition consistent with HSC Section 50675.14, and also clarify that 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, or other residential treatment programs.

“**Subrecipients**” deleted because the term caused confusion, as it has a specific and different meaning under federal rules. Instead of using this term, the action and requirements pertaining to a Local government’s allocation of funds to another entity is fully described in the PLHA guidelines.

“**Very Low Income**” added to the Definitions section to specify that the income limit for very low income households is 50 percent of AMI. The proposed definition is consistent with the definition in HSC Section 50105.

Section 300. Eligible Applicants

Subsection (d). This new subsection specifies that a Local government may designate a Local or Regional Housing Trust Fund to submit a PLHA application and administer Program funds in accordance with all Program requirements.

Subsection (e). This new subsection specifies that a Local government will not be eligible for future PLHA funds if it has an uncommitted amount of 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.

Section 301. Eligible Activities

Subsection (a)(2) revised to clarify that PLHA funds may be used for the predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing, including ADUs.

Subsection (a)(6) revised to clarify that PLHA funds may also be used for supportive services and case management services that allow people to obtain and retain housing, and for persons who are experiencing or At risk of homelessness. Also clarifies that both operating and capital costs for navigation centers and emergency shelters are eligible activities.

Subsection (a)(7) revised to clarify that PLHA funds may be used for accessibility modifications in Lower-income Owner-occupied housing.

Subsection (a)(10) revised to clarify that PLHA funds may be used for fiscal incentives made by a county to a city within the county to incentivize approval of one or more Affordable housing projects.

Section 302. Threshold Requirements

Subsection (a) revised to delete duplicative language.

Subsection (c)(3) revised to clarify that an Applicant is required to submit a certification in the resolution that the Local government's process for selecting another entity to administer PLHA funds avoids conflicts of interest and is accessible to the public.

Subsection (c)(4)(B) revised to clarify that an Applicant's Plan must describe how the use of PLHA funds will prioritize investments that increase the supply of housing for households with incomes at or below 60 percent of AMI. Additionally, since not all PLHA Activities address a local jurisdiction's RHNA goals, the requirement to describe how a proposed PLHA Activity(ies) will address a local jurisdictions RHNA goals was replaced with an assurance that programs targeted at households at or below 60 percent of AMI will be deemed to meet the requirement to increase the supply of housing.

Subsection (c)(4)(C) This new subsection clarifies that an Applicant is required to describe how the proposed Plan is consistent with the programs described in the jurisdiction's Housing Element.

Subsection (c)(4)(E)(i) revised to clarify that an Applicant's Plan must demonstrate the percentage of PLHA funds allocated to each proposed Activity, as opposed to the amount of PLHA funds.

Subsection (c)(4)(E)(iv) revised to clarify that rental projects are required to have affordability periods of at least 55 years.

Subsection (c)(5) revised to clarify that an Applicant's Plan must be for a term of five years and significant amendments, wherein funds are reallocated among activities by more than 10 percent must be approved by the Department, and approved by the local governing body at a publicly noticed public meeting.

Subsection (c)(7) revised to clarify that if Rental Housing Developments are funded by a Local government, the Local government must make PLHA assistance available in the form of a low-interest, deferred loan, and must record a Regulatory Agreement that restricts occupancy and rents for a term of at least 55 years, in accordance with the Department-approved underwriting of the project.

Section 303. Application Review

Subsection (e) revised to clarify that the Department may require Local governments to use a specific percentage of their annual formula allocations in some future year for AOWH activities, if funding proposed in the Local government Plans for AOWH activities is lower than 20 percent of the moneys available in the Fund.

Section 304. Deadlines and Funding Requirements

Subsection (a) revised to clarify that the initial PLHA application, including the Plan, must be submitted within 48 months of the budget appropriation. Statute requires a Plan to be submitted within five years. The Department is requiring the Plan to be submitted within four years to allow time to follow up with any Local governments that haven't submitted Plans before the funds revert to the Housing Rehabilitation Loan fund.

Subsection (b). The subsection was deleted because the deadlines are now addressed in amended subsection (a).

Subsection (d). This new subsection clarifies that predevelopment expenses for construction projects and costs to develop and prepare the PLHA Plan and application may be reimbursed from the PLHA funds. Additionally, costs incurred one year prior to the commitment of the PLHA funds by the Local government may be reimbursed from the PLHA funds.

Section 401. Eligible Activities

Subsection (a)(2) revised to clarify that PLHA funds may also be used for supportive services and case management services that allow people to obtain and retain housing, for persons who are experiencing or At risk of homelessness. Also clarifies that both operating and capital costs for navigation centers and emergency shelters are eligible activities.

NOTE. The reference cited in the NOTE was revised to correct an erroneous reference.

Section 402. Threshold Requirements

Subsection (c)(3) revised to clarify that an Applicant is required to submit a certification demonstrating that the Local government's process for selecting another entity to administer PLHA funds avoids conflicts of interest and is accessible to the public.

Subsection (c)(5)(A) revised to clarify that underwriting requirements for Rental Housing Developments incorporate the Multifamily Housing Program Guidelines (commencing with Section 7300), as amended from time to time.

Section 403. Selection Criteria

Subsection (a)(1)(C)(ii). This new subsection separates development of navigation centers or emergency shelters from operation of navigation centers or emergency shelters, due to the fact that different documents are required to evaluate development than are required for operation of such facilities.

Subsection (a)(2) revised to clarify that the points for evaluation criteria will be discussed in detail in the PLHA Notice of Funding Availability (NOFA).

Subsection (a)(2)(C)(i)(b). This new subsection clarifies that, for Demonstrated Capacity, an Applicant may receive points if the Applicant has experience in developing emergency shelters or navigation centers.

Subsection (c)(1),(2), and (4). These subsections were revised to clarify how the Department will rank applications in the event of tied point scores and insufficient funding for both applications with tied point scores.

Section 405. Deadlines and Funding Requirements

The numbering format for this section was changed from numbers to lower-case alphabets for consistency with other sections numbering format.

Subsection (a) revised to clarify that the conditions for funding and milestones will be set forth in the Standard Agreements. The old subsection (2) was deleted because the deadlines are now addressed in subsection (a).

Subsection (c). The old subsection (3) was deleted because it is not required to describe the Deadlines and Funding Requirements. The new subsection (c) is an amendment of the old subsection (5), clarifying that predevelopment expenses for construction projects and costs to develop and prepare the PLHA Plan and application may be reimbursed from the PLHA funds. Additionally, costs incurred one year prior to the commitment of the PLHA funds by the Local government may be reimbursed from the PLHA funds.

Subsection (6). The old subsection (6) was deleted because it is not required to describe the Deadlines and Funding Requirements.

Subsection (e) (old subsection (8)) revised to clarify that if Rental Housing Developments are funded by a Local government, the Local government must make PLHA assistance available in the form of a low-interest, deferred loan, and must record a Regulatory Agreement that restricts occupancy and rents for a term of at least 55 years, in accordance with the Department-approved underwriting of the project.

Section 501. Audits/Monitoring of PLHA Files

Subsection (c). This new subsection clarifies that the grantee shall be responsible for monitoring Rental Housing Developments that received PLHA funds.

Subsection (d). This new subsection clarifies that the grantee shall be responsible for monitoring AOWH loans to assure that the homes remain Owner-occupied.

Section 503. Reporting

Subsection (b) revised to clarify that a jurisdiction's City Manager (or his/her designee), Chief Executive Officer (or his/her designee), or Chief Financial Officer (or his/her designee) has the authority to sign the Annual Report.