

PERMANENT LOCAL HOUSING ALLOCATION (PLHA) PROGRAM DRAFT GUIDELINES

Public Comments Received During 30-Day Public Comment Period

May 6, 2019 – June 5, 2019

The California Department of Housing and Community Development (Department) released the Permanent Local Housing Allocation (PLHA) program draft guidelines on May 6, 2019, for a 30-day public comment period. The Department has completed the PLHA draft guidelines in accordance with an act to add Section 27388.1 to the Government Code, and to add Chapter 2.5 (commencing with Section 50470) to Part 2 of Division 31 of the Health and Safety Code, relating to housing.

During the 30-day public comment period, which ended on June 5, 2019, the Department received numerous comments during the PLHA public hearing webinar and at public hearings held in Sacramento, Visalia and Riverside, and via the PLHA email inbox. This document represents comments received during the 30-day public comment period and the Department’s responses to the comments.

Item #	Section	Public Comments	Department Comments/Recommendations
Article I General Provisions			
1.	100 – General Purpose	<p>The Guidelines are not clear on the Affordable Owner-Occupied Workforce Housing requirements. How is it supposed to be applied?</p> <p>-Is it a requirement of the PLHA program, or does it only apply to entitlement jurisdictions? Provide additional information on AOWH requirement(s) in the PLHA guidelines.</p> <p><i>Evan Sharp, CA Coalition of Rural Housing</i></p>	<p>Section 50470 (b)(2)(A) of the Health and Safety Code (HSC) requires that twenty percent of all moneys collected and deposited in the Building Homes and Jobs Trust Fund on and after January 1, 2019, be expended for Affordable Owner-occupied Workforce Housing (AOWH). The requirement to use PLHA funds for AOWH, is stated in section 100(a), and set forth in sections 302(c)(4)(C)(i) and (303)(e) of the guidelines.</p>
2.	100 – General Purpose	<p>Allow localities such as San Jose, with large homeless populations and/or entitlement jurisdictions to opt out of any AOWH requirement that could be imposed on a locality basis in the future, and instead allow such localities to use the PLHA funds for programs that meet the most urgent local needs.</p> <p><i>Jacky Morales-Ferrand, Director City of San Jose – Department of Housing</i></p>	<p>Section 50470 (b)(2)(A) of the Health and Safety Code (HSC) requires that twenty percent of all moneys collected and deposited in the Building Homes and Jobs Trust Fund on and after January 1, 2019, be expended for Affordable Owner-occupied Workforce Housing (AOWH). An exemption to this requirement would require amending the statute. However, the guidelines do not require every jurisdiction to allocate a specific percentage of its funding for AOWH unless all jurisdictions collectively are running short of complying with the statutory requirement.</p>

3.	101 - Definitions	<p>Section 101 (i.) “At risk of homelessness” definition: The City recommends including recipients of HEAP rental assistance</p> <p><i>Rhonda Haynes – Housing Specialist, City of Visalia</i></p>	<p>In response to the recommendation, the Department amended the definition of “At risk of homelessness” as follows:</p> <p>“At risk of homelessness” means the same as in Title 25 California Code of Regulations (CCR), Section 7341(c) for people assisted under the competitive Non-entitlement component, and includes those individuals or families defined in Title 24 Code of Federal Regulations and any household receiving assistance funded by <u>the Homeless Emergency Aid Program (HEAP)</u>, and the California Emergency Solutions and Housing (CESH) program for the formula allocations.</p>
4.	101 - Definitions	<p>Add definition to Section 101, “Operating Support Costs”, for emergency shelters, to assist in operation, maintenance, rent, repairs, security, fuel, equipment, insurance, utilities, food and furnishings. Also, specify that not more than 10 percent may be used for staff costs.</p> <p><i>Rhonda Haynes – Housing Specialist, City of Visalia</i></p>	<p>The PLHA program has ten eligible activities, which provide Local governments with the necessary flexibility to address their homelessness and affordable housing need. Operating assistance for emergency shelters is an eligible activity under the PLHA program. Please refer to Section 301.</p>
5.	101 - Definitions	<p>While the California Association of Realtors (C.A.R.) is pleased that the Department defined “affordable owner-occupied workforce housing” within these draft Guidelines; guidelines, by their nature are enforceable. The C.A.R. requests that the definition of “affordable owner-occupied workforce housing” contained within the PLHA Guidelines be established by regulation. A regulation defining “affordable owner-occupied workforce housing” would ensure the judicious use of limited state resources for affordable workforce housing programs throughout the state and helps to achieve the intent of SB 2.</p>	<p>Section 50470(d) of the HSC authorizes the Department to adopt guidelines to implement the PLHA program, and also specifies that guidelines adopted by the Department to implement the PLHA program is not subject to the requirements of the Administrative Procedure Act (APA). Furthermore, the definition of AOWH in the PLHA guidelines is consistent with the definition in Section 50092.1 of the HSC. The Department does not find it necessary to further interpret or specify the definition of AOWH by regulation rulemaking process.</p>

Jennifer C. Svec., California Association of Realtors

Article II Program Funding

6.	200 - Allocations	<p>The Guidelines need to include more detail on formula allocations, and equity allocations. Suggest use of PowerPoint chart in guidelines to help clarify.</p> <p><i>C.J. Freeland - Housing, Community and Economic Development (HCED) Program, County of El Dorado</i></p>	<p>The Department amended the PLHA program guidelines to clarify the allocations. The PLHA Power Point slides are on the Department’s website.</p>
7.	200 - Allocations	<p>Please address whether or not a community can save up allocations over time to fund larger projects/programs, and if so, for how long. Communities with small allocations, as well as communities with high land costs, will need to be able to do this to be successful –</p> <p><i>Alexa Smittle, City of Westminster</i></p>	<p>The Department amended the PLHA guidelines to specify that an Applicant may reserve its PLHA funds in its local account for a project that requires an amount of funds exceeding its annual allocation, but shall not be eligible to receive a new allocation of PLHA funds if it has an unencumbered amount of PLHA funds of more than \$500,000, or four years of its annual allocation, whichever is the lesser.</p>
8.	200 - Allocations	<p>The PLHA formula calculation is based on the 2017 CDBG formulas and by using a single year’s formula, as time progresses, communities will experience a mismatch between the PLHA funds that flow to jurisdictions and the most current CDBG formula. The formula should have a mechanism in these Guidelines to be updated to reflect changes in community needs. We think that mechanism would meet the spirit of the legislature’s approval of the 2017 CDBG formula and beyond.</p> <p><i>Judson Brown City of Santa Ana Housing Division Manager Community Development Agency</i></p> <p><i>Julia Bidwell – Director of Housing and Community Development, Orange County Community Resources</i></p>	<p>Section 50470 (b)(2)(B)(i)(I) and (II) of the HSC requires the Department to allocate PLHA program funds based on the formula specified in Section 5306 of Title 42 of the United States Code (federal CDBG allocation formula), in accordance with the distribution of funds pursuant to that formula for the federal Fiscal Year 2017. Section 200 of the PLHA program guidelines describes the allocation of the PLHA program funds pursuant to the referenced HSC. Updating the year of the HUD allocation would require statutory change.</p>

9.	200 (a)(3)- Allocations	<p>HCD should monitor how this funding distribution to non-entitlement jurisdictions plays out after year 1 and determine whether the formula should be modified to ensure equitable distribution, including geographic equity across California</p> <p><i>Ashley Werner – Senior Attorney, Leadership Counsel for Justice and Accountability</i></p>	The Department will monitor and evaluate the distribution of formula funding to non-entitlement jurisdictions.
Article III Formula Allocation Component			
10	300 (d) – Eligible Applicants	<p>Allow local governments to also designate funds to a “Local Housing Trust Fund” or “Regional Housing Trust Fund”. This revision will support our City’s participation in the Orange County Housing Finance Trust that was approved by the state legislature. This revision will also support any jurisdiction in Orange County who wants to allocate their PLHA Program funds to this newly formed Housing Finance Trust, including the City of Santa Ana.</p> <p><i>Judson Brown – City of Santa Ana Housing Division Manager Community Development Agency</i></p> <p><i>Julia Bidwell – Director of Housing and Community Development, Orange County Community Resources</i></p> <p><i>Grace Stepter – City of Anaheim, Department of Community and Economic Development</i></p>	The Department amended Section 300 of the PLHA guidelines to allow a Local jurisdiction to designate the PLHA funds to a Local Housing Trust Fund in its application.
11	301 – Eligible Activities (#1)	<p>Expand the use of funds to include new construction, rehabilitation projects, owner-occupied rehab programs and first-time homebuyer assistance.</p> <p>Section 301 (a) (1) currently reads, “The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily,</p>	<p>Construction, rehabilitation projects, owner-occupied rehab programs, and first-time homebuyer assistance are eligible under the PLHA program. Please refer to section 301.</p> <p>Section 301(a)(6) states: Assisting persons who are experiencing or At risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, navigation centers, emergency</p>

		<p>residential live-work, rental housing that is affordable to extremely low-, very low-, low-, or moderate-income households, including necessary Operating subsidies.” The City recommends adding “Emergency Shelter and Bridge Housing” to the types of eligible housing.”</p> <p><i>Rhonda Haynes – Housing Specialist, City of Visalia</i></p>	<p>shelters and the new construction, rehabilitation and preservation of permanent and transitional housing.” The activities specified in Section 301(a)(6) are sufficiently broad to include bridge housing, and emergency shelters are specifically named.</p>
12	301 – Eligible Activities (#1 and 2)	<p>The conversion of motels should be added as an eligible activity. This encourages the re-use of languishing properties with the investment of rehabilitation and the creation of additional affordable housing.</p> <p><i>Jennifer Halferty, District 1 Supervisor, Mono County</i></p> <p><i>Christopher Lee</i> <i>California State Association of Counties</i></p>	<p>Conversion of motels into affordable housing is an eligible activity under the PLHA program.</p>
13	301 – Eligible Activities (#5)	<p>Section 301 (a) (5) currently reads, “Capitalized Reserves for Services connected to the preservation and creation of new Permanent supportive housing, including, but not limited to, developments funded through the Veterans Housing and Homelessness Prevention Bond Act of 2014.”</p> <p>Add “Capital Reserves connected to new Emergency Shelter and Bridge Housing.”</p> <p><i>Rhonda Haynes – Housing Specialist, City of Visalia</i></p>	<p>Section 50470(b)(2)(D) of the HSC allows capitalized reserves for services only for the creation of new permanent supportive housing. Emergency shelters and bridge housing are not permanent supportive housing, therefore are not eligible housing types under eligible activity #5 (Capitalized Reserve for Services). Please refer to section 301.</p>
14	301 – Eligible Activities (#6)	<p>Section 301 (a) (6) currently reads, “Assisting persons who are experiencing or At risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, navigation centers, emergency shelters, and the new construction, rehabilitation, and preservation of permanent and</p>	<p>Operating assistance for emergency shelters, bridge housing projects, interim housing, and supportive services (case management) for existing and/or new homeless service activities are eligible activities under the PLHA program.</p>

		<p>transitional housing.” Add “supportive /case management services” in support of a new or existing emergency shelter and/or bridge housing development.</p> <p>Section 301 (a) (6)(A), currently reads, “This activity may include subawards to Administrative Entities as defined in HSC Section 50490(a)(1-3) that were awarded CESH program funds for rental assistance to continue assistance to these households.”</p> <ul style="list-style-type: none"> • Add “(C)” to allow the use of PHLA funding toward “operating support” related to new or existing Emergency Shelter and/or Bridge Housing projects. • Add “(D)” to allow the use of PHLA funding for “supportive services” (i.e. case management) for existing and/or new homeless service activities – <i>Rhonda Haynes – Housing Specialist, City of Visalia</i> <p>Include interim housing as an eligible activity of the PLHA program.</p> <p><i>Jacky Morales-Ferrand, Director City of San Jose – Department of Housing</i></p>	
15	301 – Eligible Activities (#6)	<p>Include landlord incentives, security deposit assistance for tenant-based rental assistance programs, and wrap-around supportive services for tenant-based rental assistance as additional eligible activities</p> <ul style="list-style-type: none"> • These eligible activities should be spelled out explicitly in this section. These additional activities are vital to our efforts to maximize the impact of tenant-based voucher programs like HUD-VASH, Mainstream Vouchers, Family Unification Program Vouchers, and other set-aside Housing Vouchers dedicated to individuals experiencing 	<p>Eligible activities under rental assistance to people who are homeless or at-risk of homelessness includes security deposit assistance and landlord incentives such as those allowed by the California Emergency Solutions & Housing Program (CESH).</p>

		<p>homelessness but who are unable to find a unit in the private market. This also builds upon best practices nationwide to reduce homelessness similar to the landlord incentive programs in the City of Los Angeles (Homeless Incentive Program) and County of San Diego</p> <p><i>Judson Brown City of Santa Ana Housing Division Manager Community Development Agency</i></p> <p><i>Julia Bidwell – Director of Housing and Community Development, Orange County Community Resources</i></p> <p><i>Grace Stepter – City of Anaheim, Department of Community and Economic Development</i></p>	
16	301 – Eligible Activities (#6)	<p>Clarify in the PLHA guidelines that a local government may use funds for homelessness activities, including field outreach, transitional and permanent housing placement, transportation and employment assistance.</p> <p><i>Debra Rose, City Manager – City of Lake Forest.</i></p>	The Department amended the PLHA guidelines to clarify that homelessness activities such as field outreach, transitional and permanent housing placement, transportation and employment assistance, and supportive case management services that allow people to obtain and retain housing are eligible activities under the PLHA program.
17	301 – Eligible Activities (#10)	<p>Remove the clause “provided that the city has made an equal or greater investment in the project.”</p> <ul style="list-style-type: none"> • County governments should be able to invest their funds in a city, with local approval. Some cities may not be able to invest or have limited funds for a project that they support. <p><i>Judson Brown City of Santa Ana Housing Division Manager Community Development Agency</i></p>	The Department amended the PLHA guidelines to allow a county to provide fiscal incentive to a city within the county as a reward for the city’s approval of one or more affordable housing project(s). The fiscal incentive shall be in the form of a grant or low-interest, deferred loan, to an affordable housing project that is under development in that city.

		<i>Julia Bidwell – Director of Housing and Community Development, Orange County Community Resources</i>	
18	301 – Eligible Activities (ADUs)	<ul style="list-style-type: none"> • Recommend Accessory Dwelling Units (ADUs) developed with PLHA funds include an affordability requirement. Or at least priority be given to Accessory Dwelling Units (ADUs) with affordability requirement and owner occupied. <i>Debbie Arakel, Habitat for Humanity California</i> • Should include specific language around Accessory Dwelling Units (ADUs). Specifically, ADUs funded with SB2 funds should be required to house people living locally, and not used as short-term or nightly rentals. That needs to be mandatory and a regulatory/deed restriction should be required, similar to the rental and ownership requirements within the program – <i>Jennifer Halferty, District 1 Supervisor, Mono County</i> • On behalf of our 41 Habitat for Humanity affiliates, Habitat for Humanity California strongly supports the production of Accessory Dwelling Units (ADUs). We agree that it’s important to include ADU construction activities in the eligibility guidelines and we support this decision. However, we strongly recommend that the eligibility guidelines must include an affordability restriction for ADUs, consistent with HCDs lower-income definition of households whose income is less than 80% AMI. ADU activities eligible for this funding must be restricted to low-income buyers or renters, and include an affordability restriction period. 	Where the home is owned by an income-eligible owner-occupant, development, rehab and repair of ADUs are an eligible activity under the PLHA program. The Department amended the PLHA guidelines to clarify that ADUs shall be available for occupancy for a term of no less than 30 days.

		<p>Government funding should not support ADU construction activities that do not have an affordability restriction – <i>Habitat for Humanity California</i></p> <ul style="list-style-type: none"> ADUs subsidized with the PLHA funds serve lower- to moderate income renters and require a limited affordability period of 5 to ten years. Also, integrate this requirement into the ADU loan documents rather than requiring the use of recorded deed restrictions. Deed transactions would lower the value of the primary home, making it harder for homeowners to borrow against their home equity to build ADUs, and discouraging owners from using a public loan program with this requirement – <i>Jacky Morales-Ferrand, Director, City of San Jose – Department of Housing</i> 	
19	301 – Eligible Activities	<p>The State needs to allocate funds for infrastructure in support of affordable housing. There are communities that need housing but without water or sewer capacity none can be built –</p> <p><i>Yvette Quiroga – County of Fresno Department of Public Works and Planning, Community Development Division</i></p>	<p>Section 50470 of the HSC does not list infrastructure activity(s) as an eligible use of the PLHA funds. However, the state’s Infill Infrastructure Grant (IIG) Program, which is administered by the Department, and the state CDBG program funds infrastructure projects for non-entitlement jurisdictions.</p>

20	302(b) – Threshold Requirements	<p>Many jurisdictions submit APRs to HCD that lack basic information about actions taken to comply with numerous programs and commitments in the housing element. We suggest the guidelines explicitly require jurisdictions to submit APRs that "meet the requirements of Government Code Section 65400", in order to clarify that jurisdictions are expected to submit compliant APRs in order to be eligible for funding.</p> <p><i>Ashley Werner – Senior Attorney, Leadership Counsel for Justice and Accountability</i></p>	<p>Section 50470 (b)(2)(B)(ii)(II) of the HSC and section 302(b) and 402(b) of the guidelines require a local government(s) to submit the annual progress report required by Government Code Section 65400.</p>
21	302(c)(4)(C) – Threshold Requirements	<p>HCD should do a separate public process for development of guidelines and/or a form for the Plans to ensure that state goals and meaningful public process are advanced through their development and content.</p> <ul style="list-style-type: none"> - This guidelines should require that a mandatory public process for development of the plan, which should include at least 2 public hearings (one on a draft plan and the second on a proposed final plan) and require the local government to explain in the plan how public input was incorporated. - The Plan should be required to demonstrate consistency with and furtherance of goals and programs of the housing element and the local government's and HCD's duties to affirmatively further fair housing under Government Code Section 8899.50 and with other state and federal fair housing and civil rights laws. - The Plan should be updated at least as frequently as the housing element to ensure consistency with current local planning efforts, housing needs, and community priorities and input. 	<p>Pursuant to section 50470, subdivision (b)(2)(B)(ii) of the HSC, section 302 (c)(4) of the PLHA guidelines state requirements concerning the Plan that local governments are required to submit with their PLHA application, including 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.</p> <p>The guidelines have been amended to require a description of how the activities funded in the Plan are consistent with the programs in the Housing Element.</p> <p>The Plan is required to be updated every 5 years.</p>

		<i>Ashley Werner – Senior Attorney, Leadership Counsel for Justice and Accountability</i>	
22	302(c)(4)(C)(i) – Threshold Requirements	<p>We recommend allowing a range of dollar amount allocated to AOWH, not a specific amount, because there might not be applicants for the funds and we'll need to amend our Plan.</p> <p><i>Judson Brown City of Santa Ana Housing Division Manager Community Development Agency</i></p> <p>Remove the requirement that the Plan require the amount of funds be specifically allocated to each activity.</p> <ul style="list-style-type: none"> • The allocation of the funds should be administered in a flexible manner and decided upon by the local jurisdiction. The reallocation of funds from one activity should not require time consuming bureaucratic process that can delay or inhibit the positive impact of these limited funds. • In addition, local jurisdictions are only receiving 5 percent administration costs for the PLHA program. Relative to the HOME Program (10 percent) and CDBG (20 percent) for Administration costs, including project delivery costs similar to the PLHA program, the small amount of Administrative costs allowable for this program means the local 	<p>The Department amended Section 302(c)(4) of the guidelines to specify that an Applicant shall include in the Plan, a description of each proposed activity, and the percentage of PLHA funds allocated to each proposed activity and AOWH (i.e., 25 percent). If the jurisdiction reallocates funds by more than 10 percent, an amendment of the Plan is required. But no amendment will be required if the Department requires a specific percentage of PLHA funds to be used for AOWH.</p> <p>Please see response above.</p>

		<p>jurisdiction has less funding and capacity to administer this source of funds.</p> <p><i>Grace Stepter – City of Anaheim, Department of Community and Economic Development</i></p>	
23	302(c) (2) and (c)(4)(C)(v) – Threshold Requirements	<p>1. Remove the requirement that the “Submission of the application is authorized by the governing boards of the Applicant and any co-applicant(s). This creates additional bureaucratic activity that is unnecessary and inefficient.</p> <p>2. Remove the requirement that the Plan require public comment and be authorized and adopted by resolution by the local jurisdiction.</p> <ul style="list-style-type: none"> • The allocation of the funds should be administered in a flexible manner and decided upon by the local jurisdiction. The reallocation of funds from one activity should not require time consuming bureaucratic process that can delay or inhibit the positive impact of these limited funds. • In addition, local jurisdictions are only receiving 5 percent administration costs for the PLHA program. Relative to the HOME Program (10 percent) and CDBG (20 percent) for Administration costs, including project delivery costs similar to the PLHA program, the small amount of Administrative costs allowable for this program means the local jurisdiction has less funding and capacity to administer this source of funds. <p>This program should not mirror CDBG or the HOME because the allowable administrative costs are less than those two programs.</p>	<p>A resolution is required for all applications for state funding when the applicant is not an individual. The resolution is a necessary legal requirement to bind the authorizing body of the governmental entity applying for funds to the contents of its application. It memorializes the agreement of the body of the governmental entity to apply for and accept the grant and to use the grant funds in accordance with the application and plan submitted and approved by the Department.</p> <p>In an effort to reduce the burden of amending the Plan, the Department amended the guidelines to specify that the Plan may show percentages of the funding allocated to each proposed activity. Funding changes of 10 percent or less, will not trigger a Plan amendment. A public comment period is not required when the Plan requires an amendment. A publicly-noticed governing body meeting (i.e., city council meeting) is sufficient for an Applicant(s) to discuss and approve any amendments to the Plan.</p>

		<i>Grace Stepter – City of Anaheim, Department of Community and Economic Development</i>	
24	302(c)(4)(C) (ii) – Threshold Requirements	<p>Overall, in this section where it mentions “RHNA” please clarify how emergency shelter, navigation center activities, and other homeless activities, how a jurisdiction will “meet the local government’s unmet share of RHNA.” Please clarify how programs/projects for homelessness can fit in the picture long term. Housing of this kind does not address RHNA nor homeownership opportunities that are cited as goals. In many of our communities, addressing homelessness is the largest – and most underfunded – housing need</p> <p><i>Alexa Smittle, City of Westminster</i></p> <p><i>Judson Brown City of Santa Ana Housing Division Manager Community Development Agency</i></p> <p><i>Julia Bidwell – Director of Housing and Community Development, Orange County Community Resources</i></p>	The Department amended the PLHA guidelines to remove certain references to RHNA goals and to specify that programs targeted at households at or below 60 percent AMI, including homeless persons, will be deemed to meet the requirement to prioritize investments to increase the supply of housing for households at or below 60 percent AMI.
25	302 (c) (5) – Threshold Requirements	<p>Remove the requirement that the local government inform the Department of changes to the Plan.</p> <p>Any amendments to the Plan should be determined by the local jurisdiction to have a threshold requirement (similar to CDBG and HOME) where the City has a limit under which it can change an activity without triggering an amendment and public comment process. As a local jurisdiction, we do not want to go through a lengthy administrative process to reallocate funds from one activity to another midway through the fiscal year when we find that the activity is not</p>	In an effort to reduce the burden of amending the Plan, the Department amended the guidelines to specify that the Plan may show percentages of the funding allocated to each proposed activity. Funding changes of 10 percent or less, or Plans that do not require significant changes will not trigger a Plan amendment. A public comment period is not required when the Plan requires an amendment. A publicly-noticed governing body meeting (i.e., city council meeting) is sufficient for an Applicant(s) to discuss and approve any amendments to the Plan.

successful compared to another activity. Instead, allow for the insertion of a “substantial amendment” concept similar to our federal entitlement grants for CDBG, HOME and ESG by building upon the existing federal regulations below:

§ 91.505 Amendments to the consolidated plan.

- (a) Amendments to the plan. The jurisdiction shall amend its approved plan whenever it makes one of the following decisions:
- (1) To make a change in its allocation priorities or a change in the method of distribution of funds;
 - (2) To carry out an activity, using funds from any program covered by the consolidated plan (including program income, reimbursements, repayment, recaptures, or reallocations from HUD), not previously described in the action plan; or
 - (3) To change the purpose, scope, location, or beneficiaries of an activity.
- (b) Criteria for substantial amendment. The jurisdiction shall identify in its citizen participation plan the criteria it will use for determining what constitutes a substantial amendment. It is these substantial amendments that are subject to a citizen participation process, in accordance with the jurisdiction's citizen participation plan. (See §§ 91.105 and 91.115.)

*Judson Brown City of Santa Ana
Housing Division Manager
Community Development Agency*

		<p>Allow for a process to reallocate funds or change the plan via a process such as the Federal funding regulations for CDBG where a jurisdiction has a limit under which it can change an activity without triggering an amendment and additional public comment process (a non-substantial amendment process).</p> <p><i>Julia Bidwell – Director of Housing and Community Development, Orange County Community Resources</i></p> <p><i>Grace Stepter – City of Anaheim, Department of Community and Economic Development</i></p> <p>The Department should develop a clear and simple process to define what funding changes would constitute an amendment to the funding plan large enough to ask for permission from HCD before they occur. The Department should also allow entitlement jurisdictions significant latitude to change uses from the original five-year plans if the uses are defined as eligible –</p> <p><i>Jacky Morales-Ferrand, Director, City of San Jose – Department of Housing</i></p>	
26	302 (c)(4) – Threshold Requirements	<p>The PLHA Draft Guidelines are not clear that an entitlement agency may allocate funding to a Sub-recipient without a competitive process. Can that be clarified in the guidelines?</p> <p><i>Emily Cantu , Housing Services Director City of Vacaville</i></p>	<p>The guidelines have been amended to remove the term “Subrecipient”, instead simply requiring Local governments to follow a subgrantee selection process that avoids conflicts of interest and is accessible to the public.</p>

27	303 (e) – Application Review	<p>Clarify that the 20% for Affordable Ownership Workforce Housing is a target by the State of California through the enabling legislation and is calculated across the program, not jurisdiction by jurisdiction. The current guidelines do not make that entirely clear and jurisdictions may think that the 20% AOWH requirement must be included in their five-year Plan and implementation of the PLHA Program funds.</p> <p><i>Judson Brown City of Santa Ana Housing Division Manager Community Development Agency</i></p> <p><i>Julia Bidwell – Director of Housing and Community Development, Orange County Community Resources</i></p> <p>Since HCD may require local governments to modify their application to provide AOWH targeted assistance, than the reallocation process, should be simplified to match CDBG reallocation process –</p> <p><i>Grace Stepter – City of Anaheim, Department of Community and Economic Development</i></p>	<p>Section 50470 (b)(2)(A) of the HSC requires that twenty percent of all moneys collected and deposited in the Building Homes and Jobs Trust Fund on and after January 1, 2019, be expended for the Affordable Owner-occupied Workforce Housing (AOWH). The requirement to use PLHA funds for AOWH, is stated in section 100(a), and set forth in sections 302(c)(4)(C)(i) and (303)(e) of the guidelines. However, there is no stated requirement for Local governments to use their allocations for AOWH activities. If, after two or three years, the Department finds that local governments are not expending a sufficient amount of PLHA funds on AOWH activities, the Department may require a specified percentage of all Local government formula allocations to be used for AOWH in some future year. If this occurs, Local governments will not have to amend their Plans to reflect this required allocation to AOWH.</p>
28	304 (a) – Deadlines and Funding Requirements	<p>Annual extensions of the Standard Agreements should be simple and rapid, with predictable timing at a given time of the year and short turnaround times from the State.</p> <p><i>Jacky Morales-Ferrand, Director City of San Jose – Department of Housing</i></p>	<p>The Department will strive to execute all Standard Agreements in a timely manner; however, timelines may fluctuate depending upon volume and competing priorities. Extensions and amendments should not be necessary.</p>
29	304 (c) – Deadlines and	<p>Funds not Encumbered nor Expended Eden respectfully requests that these funds be rolled back into the program so that they may be used within</p>	<p>Section 50470 (b)(2)(B)(ii)(VI) of the HSC requires a Local government to have a documented plan to expend the PLHA funds within five years, and the Department to revert those funds that are</p>

	Funding Requirements	<p>the program for the original intention as outlined in SB2.</p> <p><i>Andy Madeira – Eden Housing SVP of Real Estate Development</i></p>	<p>not expended within five years of allocation to the Housing Rehabilitation Loan Fund to be used for Multifamily Housing Program or for technical assistance for Local governments. An exemption to this requirement would require statutory change.</p>
30	304 (d)– Deadlines and Funding Requirements	<p>Requiring a Standard Agreement to be executed before reimbursable work can begin will slow down progress. A jurisdiction should be able to have confidence in the State’s Award Letter as a threshold to begin work on addressing our housing deficiencies and then be reimbursed for such work. Partnership and collaboration between Counties and Cities and the State should be more emphasized here – <i>Jennifer Halferty, District 1 Supervisor, Mono County</i></p> <p>No costs incurred prior to the execution date of the Standard Agreement As the Standard Agreement can take some time to be executed, we request consideration of approval of costs to be incurred as of the award date – <i>Andy Madeira – Eden Housing SVP of Real Estate Development</i></p> <p>CSAC believes that costs incurred prior to the execution date of the Standard Agreement should be reimbursable in order to allow counties to be reimbursed for funding they spend after they receive their award letters from HCD – <i>Christopher Lee, California State Association of Counties</i></p>	<p>The Department amended the PLHA guidelines to clarify that except for predevelopment expenses for construction projects funded by PLHA and costs for developing and preparing the Plan and the PLHA application, no costs incurred more than one year prior to commitment by the Local government may be paid from program funds.</p>

Article IV Competitive Allocation Component

31	401 – Eligible Activities	<p>While we understand the prioritization of new affordable multifamily rental housing and assistance to persons who are experiencing or at risk of homelessness, we encourage HCD to consider broadening eligible activities for the competitive component to the full list of eligible uses in Health and Safety Code Section 50470(b)(2)(D)—either in the current funding round or in future years—to allow non-entitlement jurisdictions similar flexibility as entitlement jurisdictions. Some of the additional statutorily-eligible uses could support the eligible activities in Section 401, for instance, capital reserves for services connected to new permanent supportive housing</p> <p><i>Christopher Lee, California State Association of Counties</i></p>	<p>Non-entitlement jurisdictions are permitted the same list of eligible activities in the formula allocation. The competitive allocation has a limited list of eligible activities because the statute only allows priority points for activities that assist persons who are homeless or at risk of homelessness. Due to the very small amount of funding available for the competitive allocation, there will only be a few awards made. After prioritizing programs and projects that assist homeless persons, the Department expects it to be hard for other activities to score highly enough to receive an award, meaning that those jurisdictions will have spent time and money preparing applications that have no real hope of succeeding. However, the Department will monitor the outcomes of this provision over time and will modify it if there isn't a robust number and variety of applications submitted.</p>
32	403 – Selection Criteria	<p>Readiness in competitive grants requires "commitment of other funding." This has become an issue for TCAC and HOME and CDBG projects.</p> <p><i>C.J. Freeland - Housing, Community and Economic Development (HCED) Program, County of El Dorado</i></p>	<p>Readiness is a strong predictor of projects that actually get built and are successful, and commitment of other funding required for the project is one of the most critical factors.</p>
33	403 – Selection Criteria	<p>i. Community Need - While we are not deeply familiar with the CHAS dataset, we would like to understand how this data set was selected and if it was compared to other potential data sets with respect to accuracy and types of housing problems incorporated.</p>	<p>i. The Comprehensive Housing Affordability Strategy (CHAS) dataset measures the extent of housing problems and housing needs, particularly for low income households. The primary purpose of the CHAS dataset is to demonstrate the number of households in need of housing assistance. The Department elected to use the CHAS dataset because the readily available data provides information necessary to calculate the number households with most severe housing needs in a jurisdiction.</p>

		<ul style="list-style-type: none"> ii. At least 20 points should also be awarded for amount and depth of community engagement, prioritizing engagement of residents under 60% AMI, in developing the spending Plan and demonstration that the Plan reflects community input received. iii. Points should also be awarded for projects. iv. We are concerned that the large share of points awarded for capacity and experience (currently 45 of 100 points) will systematically disadvantage smaller and more isolated rural jurisdictions. HCD should consider adjusting these points or adding points for jurisdictions that take advantage of TA resources. v. At least 20 points should be added for Plans which demonstrate that they affirmatively further fair housing; housing element goals and programs; and are part of a broader set of initiatives, policies, and investments to meet the housing needs for quality affordable housing and fair housing choice of the 	<ul style="list-style-type: none"> ii. A Plan is not required for the competitive allocation so there can't be points for components of the Plan. Community input is required, however, as part of the application process. iii. Statute only allows awarding points to activities that assist homeless or at risk of homelessness. Therefore, only projects in which at least 10 percent of the units are restricted to homeless or at-risk will receive points. iv. Applicant administrative experience has a very low bar (having ANY experience administering local, state or federal affordable housing or community development programs), so it's unlikely that a small rural jurisdiction will not receive some points in this category. Many small rural jurisdictions do have experience due to the HOME and CDBG programs. Also, if the jurisdiction has no experience, the jurisdiction can hire an administrative subcontractor to get these points. Developer capacity is critical in assuring that rental projects get developed, and that they comply with all requirements and have fiscal integrity. Therefore, capacity is heavily weighted in points. Small, rural jurisdictions will not be disadvantaged by this, as it is the developer's experience which is being evaluated under the Capacity factor, not the jurisdiction's. v. A Plan is not required for the competitive allocation. However, as mentioned in response to the same comment made concerning the formula allocation, the guidelines have been amended to require that the Plan demonstrate consistency with the programs included in the jurisdiction's Housing Element.
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		community and create opportunity in disadvantaged areas. <i>Ashley Werner – Senior Attorney, Leadership Counsel for Justice and Accountability</i>	
Article V Administration			
34	503 – Reporting	There is no long-term monitoring and compliance requirement for the entitlement component of the PLHA program. <i>Susan Veazey, SHRA</i>	For Affordable rental housing projects, the affordability period is 55 years, However, for other types of projects, the Department recommends that jurisdictions, as the lender, impose their own compliance requirements. The Department will monitor the non-entitlement competitive component activities.
35	503(b) – Reporting	Remove the requirement that the Annual Report be signed by the jurisdiction’s Chief Financial Officer. <ul style="list-style-type: none"> • This should be the “City Manager or his/her designee / Chief Executive Officer / or Chief Financial Officer”. Our Chief Financial Officer (e.g. Executive Director of our Finance and Management Services Agency) does not sign these types of Annual Reports or certifications to HUD for our entitlement programs. <i>Judson Brown City of Santa Ana Housing Division Manager Community Development Agency</i> <i>Julia Bidwell – Director of Housing and Community Development, Orange County Community Resources</i> <i>Grace Stepter – City of Anaheim, Department of Community and Economic Development</i>	The Department amended Section 503 (b) of the PLHA guidelines to clarify that a City Manager or his/her designee, Chief Executive Officer or his/her designee, or Chief Financial Officer or his/her designee may sign the Annual Report.
36	503(c) – Reporting	Reporting on housing finance is complicated and combining Regional Housing Need Allocation and PLHA reporting requirement is not a good idea. <i>Susan Veazey, SHRA</i>	The Department amended the guidelines to clarify that the Annual Progress Report required for Housing Elements will not be combined with the PLHA Annual Report.

37	503(c) – Reporting	<p>I heard from HCD staff on the webinar that the Housing Policy Division doesn't have room to add PLHA Annual Reporting to the Annual Progress Report, but it seems like in the end finding a solution to add this would actually save tax payers and staff a lot of resources if these two annual reporting requirements could be combined.</p> <p><i>Jennifer Halferty, District 1 Supervisor, Mono County</i></p> <p>CSAC is supportive of allowing annual reporting for PLHA to be submitted as part of the Annual Progress Report in order to prevent counties from having to duplicate work – <i>Christopher Lee, California State Association of Counties</i></p>	<p>The PLHA annual report submittal requirement follows the budget year cycle,, whereas the Housing Element Annual Progress Report submittal requirement follows the calendar year cycle. Therefore, it is not possible to synchronize the deadline dates for the PLHA annual report and the Housing Element Annual Progress Report.</p>
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