



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

PLHA Formula Allocation 2021 NOFA Q&A

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

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

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

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

Table of Contents

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

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

Application

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

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

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

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

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

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

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

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

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

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

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

11. Can the application be completed using Apple products?

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

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

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

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

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

(New) Returning Applicants

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

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

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

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

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

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

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

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

Eligible Applicants

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

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

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

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

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

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

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

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

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

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

Resolutions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Delegation of Allocation

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

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

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

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

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

Types of Activities

1. Can you clarify Rapid Rehousing activities?

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

2. Can you clarify activities under Supportive Services?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18. Can PLHA be used to continue existing services?

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

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

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

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

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

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

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

Answer: Default prevention is not an eligible activity.

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

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

The PLHA Plan

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

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

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

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

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

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

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

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

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

number and affordability of the units?

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

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

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

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

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

Five Percent Administrative Costs

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

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

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

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

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

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

Affordable Owner-Occupied Workforce Housing

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

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

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

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

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

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

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

Application and Expenditure Deadlines and Commitment Requirements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Program Income Reuse Plan

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

Area Median Income Limits

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

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

Accessory Dwelling Units

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

Regional Housing Needs Allocation Requirements/Credit

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

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

Reporting

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

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

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

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

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

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

4. When is the PLHA Annual Report due?

Answer: Due by July 31st of each year.

5. When is the Housing Element APR due?

Answer: By April 1st each year.

Other

1. Where may I find HCD habitability standards?

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

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

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

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

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

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

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

4. Which rent guidelines will this program follow?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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