



## **PLHA Formula Allocation 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](mailto:PLHA@hcd.ca.gov). Answers to questions received in this inbox will be answered via email.

There is a table of contents below in where questions are organized into subject categories:

### **Table of Contents**

|   |    |
|---|----|
| Application.....  | 2  |
| Resolutions .....   | 3  |
| The PLHA Plan .....   | 4  |
| Eligible Applicants .....   | 5  |
| Delegation of Allocation.....   | 6  |
| Types of Activities .....   | 8  |
| Homelessness Activities .....   | 10 |
| Five Percent Administrative Costs .....                                 | 11 |
| Affordable Owner-Occupied Workforce Housing.....                        | 11 |
| Application and Expenditure Deadlines and Commitment Requirements ..... | 12 |
| Program Income Reuse Plan .....   | 13 |
| Income and Rent Limits.....   | 14 |
| Accessory Dwelling Units .....  | 14 |

|   |    |
|---|----|
| Regional Housing Needs Allocation Requirements/Credit ..... | 15 |
| Reporting.....  | 15 |
| Other .....   | 15 |

**Application**

1. (New) If we applied for our 2019 allocation, when can we anticipate receiving our standard agreement?  
 Answer: The standard agreements are being reviewed and awardee will receive an email from our Contracts Unit once their standard agreement is ready for signatures.
2. (New) If I waited to apply for 2019 funds in 2021, what is the deadline to apply?  
 Answer: The deadline to apply is 11:59PM on December 31, 2021, through our application portal available on our PLHA webpage.
3. 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 of each year.
4. 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, etc.
5. 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.
6. Can the application be completed using Apple products?  
 Answer: No, because certain formulas used in Microsoft Excel do not transfer well to Apple products.
7. Is a public hearing required before submitting the PLHA application?  
 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.

8. 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.

## **Resolutions**

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

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

2. 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 [PLHA@hcd.ca.gov](mailto:PLHA@hcd.ca.gov).

3. 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.

4. 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.

5. 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: The printed name and title of the authorized representative and the

attesting officer are required in the signature blocks on the Resolution submitted to the Department, but are not required in the body of the Resolution. Please see the Resolution template that is included in the application form and posted on the PLHA website.

## **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 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. Once the COVID-19 emergency ends, all public hearings must adhere to the requirements of the Brown Act of 2003.

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, (not just PLHA activities), 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 our [HCD webpage](https://www.hcd.ca.gov/community-development/housing-element/index.shtml) at <https://www.hcd.ca.gov/community-development/housing-element/index.shtml>.

8. 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.

## **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 April 2021 and 2) the Competitive Non-Entitlement NOFA which is scheduled for release in May 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. In an Entitlement jurisdiction that is a City, if the County is awarded non-entitled funds, is the County allowed to spend those non-entitled funds in the entitled jurisdiction (City)?

Answer: A county, whether entitlement or non-entitlement, is permitted under Activity 10 to provide PLHA funding to any city within it, whether it's entitlement or non-entitlement, as long as it's for an Affordable housing development Project in which the city has made an equal or greater investment. It doesn't matter if the city is an entitlement or non-entitlement.

### **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 for the five years encompassed by the PLHA Plan. 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. A City plans to apply for the PLHA funds on behalf of another City, and the delegating City is requesting to have a clause added that allows either party to cancel with 180 days' notice. Is it permitted for either party to 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). The guidelines require 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 delegating jurisdictions, or would this apply to each city's allocation individually?

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 for that city and/or for the County. 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 clearly delineate which activities are eligible for recipients with incomes above 60% AMI?

Answer: Activities 1, 2, 3, 7, 8, 9,10 could all facilitate use by households with incomes above 60% AMI.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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% of AMI.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

### Homelessness Activities

16. (New) 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.

17. (New) 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.

18. (New) 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.

19. Are hotel vouchers for people experiencing homelessness an allowable expense of PLHA funds?

Answer: No.

20. 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.

21. 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.

22. 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.

### **Five Percent Administrative Costs**

1. 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.

2. 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) 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](mailto:PLHASGM@hcd.ca.gov).

2. 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.

3. 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.

4. (New) 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 | Budget Appropriation | Application Deadline | Expenditure Deadline |
|------------------|----------------------|----------------------|----------------------|
| Year 1           | 7/1/2019             | 6/30/2023            | 4/30/2024            |
| Year 2           | 7/1/2020             | 6/30/2024            | 4/30/2025            |
| Year 3           | 7/1/2021             | 6/30/2025            | 4/30/2026            |
| Year 4           | 7/1/2022             | 6/30/2026            | 4/30/2027            |
| Year 5           | 7/1/2023             | 6/30/2027            | 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.

### **Income and Rent Limits**

1. If the city loans the money to a project which has both 60% and below AMI and 80% to 120% AMI levels, can PLHA be used for both?

Answer: Yes, a project can have units restricted to no more than 60% AMI as well as 80-120% 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.

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 xxxx (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. 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.

### **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 required to be rented to an income-eligible household, but ADUs can be considered to support homeownership by an income eligible homeowner, too.

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 rental

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: Yes, monitoring activity would 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. Also, depending on the number of years the Local government requires the ADU to be rented to an income eligible household, there would need to be a deed restriction for that number of 5 years.

### **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.

### **Reporting**

1. When is the PLHA Annual Report due?  
Answer: Due by July 31<sup>st</sup> of each year.
2. When is the Housing Element APR due?  
Answer: By April 1<sup>st</sup> each year.

### **Other**

1. (New) Where may I find HCD habitability standards?  
Answer: The PLHA Guidelines don't require specific PLHA habitability standards, but we recommend the [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. 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.

5. 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.