

Attachment 3

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MONTEREY COUNTY

HOUSING AND COMMUNITY DEVELOPMENT

Erik V. Lundquist, AICP, Director

HOUSING, PLANNING, BUILDING, ENGINEERING, ENVIRONMENTAL SERVICES

1441 Schilling Place, South 2nd Floor
Salinas, California 93901-4527

(831)755-5025
www.co.monterey.ca.us

April 19, 2023

Mr. Louis Liss
Project Manager
Eden Housing
22645 Grand Street
Hayward, CA 94541

RE: Monterey County Regional Housing Trust Fund
Letter of Intent – Daphne Heights

Dear Mr. Liss:

On February 7 2023, the Monterey County Board of Supervisors approved an Exclusive Negotiating Agreement (ENA) for approximately 5-acres of County owned land located at 855 E. Laurel Dr., Salinas, estimated to be worth \$2,613,600. The Monterey County Housing Trust Fund (MCHTF) is prepared to enter a long-term ground lease for development of Daphne Heights upon the successful completion of the ENA. At the time of approval, the project had an estimated funding gap of \$2,565,069.

The MCHTF is issuing this Letter of Intent to EAH Housing for Eden Housing's Daphne Heights development. With this LOI, the MCRHTF commits to providing a long-term ground lease and loan of at least \$750,000 and up to \$1,500,000 to support this project contingent upon:

- The MCRHTF receiving an award from the California Local Housing Trust Fund (LHTF) Program.
- Eden Housing successfully fulfilling its obligations under the terms of the ENA.

The MCHTF support will be in the form of a loan with a negotiable term of up to 55-years with simple interest at a rate to be determined based on the project finances when analyzed as part of the formal application process.

Please contact me at MarshallD@co.monterey.ca.us or 831.755-5391 if you have any questions about this Letter of Intent.

Sincerely,

Darby Marshall

Darby Marshall
Housing Program Manager

*Before the Board of Supervisors in and for the
County of Monterey, State of California*

Resolution No.: 22-170

Resolution of the Board of Supervisors of the)
County of Monterey establishing and)
providing initial funding of the Monterey)
County Housing Trust Fund)

WHEREAS, the Board of Supervisors of the County of Monterey wishes to establish the Monterey County Housing Trust Fund (MCHTF) to help facilitate affordable housing development; and

WHEREAS, the County of Monterey initially committed \$500,000 to the Monterey Bay Economic Partnership (“MBEP”) to establish the Monterey Bay Housing Trust (“MBHT”); and

WHEREAS, the MBHT is limited to short-term, pre-development and acquisition loans and the need for developers in Monterey County is long-term construction and permanent financing; and

WHEREAS, the County and MBEP have determined there is a need to establish a new Local Housing Trust Fund to complement the MBHT; and

WHEREAS, the State of California, Department of Housing and Community Development issued a Notice of Funding Availability (“NOFA”) dated April 5, 2022 under the Local Housing Trust Fund (“LHTF”) Program; and

WHEREAS, State of California, Department of Housing and Community Development is authorized to provide up to \$57 million under the LHTF Program from the Veterans and affordable Housing Bond Act of 2018 (Proposition 1) (as described in Health and Safety Code Section 50842.2 et seq. (Chapter 365, Statutes of 2017 (SB3)) (“Program”); and

WHEREAS, the NOFA is an incentive to establish a LHTF to capitalize the opportunity to augment local funds with state funding; and

WHEREAS, the County of Monterey is eligible to apply for a New Local Housing Trust Fund and administer one or more eligible activities using Program Funds; and

WHEREAS, the County intends to submit a New Local Housing Trust Fund Application in the amount of \$1,608,230 no later than the deadline of May 25, 2022.

WHEREAS, the County has already allocated \$200,000 of Unit 001-3100-8542-HCD001 from FY2021/22 American Rescue Plan Act of 2021 to Fund 013, Balance Sheet Account 2690.

NOW, THEREFORE, based on the above recitals, findings and the administrative record, the Board of Supervisors of the County of Monterey resolve as follows:

- a. The Housing and Community Development Department shall establish by separate Resolution the Monterey County Housing Trust Fund Program Guidelines that provide that the purpose of the housing trust fund is to assist in the creation of affordable housing within the unincorporated area of the County of Monterey and that all funds will be expended only for eligible projects consistent with all program requirements, Standard Agreements, H&S Section 50842.2 and Local Housing Trust Fund Program Guidelines.
- b. The Housing and Community Development Department shall establish an account to serve as the Monterey County Housing Trust Fund upon award of Local Housing Trust Fund Program funding from the California Housing and Community Development Department. Upon award and adoption of the FY2022/23 Recommended Budget, assignments to Fund 013, Balance Sheet Account 2690 shall occur, as follows:
 1. Assign \$370,000 Fund 001 Balance Sheet Account 2099 recaptured from the Monterey Bay Housing Trust.
 2. Assign \$200,000 of Unit 001-3100-8542-HCD001 from the FY2022/23 General Fund Augmentation.
 3. Assign \$100,000 of Unit 009-3100-8544-HCD003 (Inclusionary Housing) in loan repayments.
 4. Assign \$125,000 of Unit 175-3100-8547-HCD006 (Castroville-Pajaro Redevelopment Housing Successor Agency).
 5. Assign \$13,230 of Available Fund Balance (Boronda Redevelopment Housing Successor Agency).

BE IT FURTHER RESOLVED, the Board of Supervisors of the County of Monterey resolve that upon award of Local Housing Trust Fund Program funding from the California Housing and Community Development Department and adoption of the FY2022/23 Recommended Budget, appropriate, assign and/or allocate to Fund 013, Balance Sheet Account 2690 shall occur, as follows:

1. Assign \$600,000 from 001-3100-HCD001-8542,
2. Allocate all loan principal and interest payments and inclusionary in-lieu fees deposited into Unit 009-3100-8544-HCD003 (Inclusionary Housing) for a period of four years beginning in FY2022/2023 towards the capital base of the MCLHTF.
3. Allocate all loan principal and interest payments deposited into Unit 175-3100-8547-HCD006 for a period of four years beginning in FY2022/2023 towards the capital base of the MCLHTF.

4. Allocate all potential future loan principal and interest payments deposited into Unit 176-3100-8548-HCD006 for a period of four years beginning in FY2022/2023 towards the capital base of the MCLHTF.

PASSED AND ADOPTED on this 17th day of May 2022, by roll call vote:

AYES: Supervisors Alejo, Phillips, Lopez, Askew and Adams

NOES: None

ABSENT: None

(Government Code 54953)

I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 82 for the meeting May 17, 2022.

Dated: May 20, 2022

File ID: RES 22-100

Agenda Item No.: 41

Valerie Ralph, Clerk of the Board of Supervisors
County of Monterey, State of California



Julian Lorenzana, Deputy

State of California
 Financial Information System for California (FI\$Cal)
GOVERNMENT AGENCY TAXPAYER ID FORM



2000 Evergreen Street, Suite 215
 Sacramento, CA 95815
 www.fiscal.ca.gov
 1-855-347-2250

The principal purpose of the information provided is to establish the unique identification of the government entity.

Instructions: You may submit one form for the principal government agency and all subsidiaries sharing the same TIN. Subsidiaries with a different TIN must submit a separate form. Fields marked with an asterisk (*) are required. Hover over fields to view help information. Please print the form to sign prior to submittal. You may email the form to: vendors@fiscal.ca.gov, or fax it to (916) 576-5200, or mail it to the address above.

Principal Government Agency Name*

Remit-To Address (Street or PO Box)*

City* State * Zip Code*+4

Government Type: City County Special District Federal Other (Specify)
 Federal Employer Identification Number (FEIN)*

List other subsidiary Departments, Divisions or Units under your principal agency's jurisdiction who share the same FEIN and receives payment from the State of California.

Dept/Division/Unit Name Complete Address

Dept/Division/Unit Name Complete Address

Dept/Division/Unit Name Complete Address

Dept/Division/Unit Name Complete Address

Contact Person* Title

Phone number* E-mail address

Signature* Date

Before the Board of Supervisors in and for the County of Monterey, State of California

Resolution No.

Adopting a Resolution of the Board of Supervisors of the County of Monterey authorizing a grant application to the California Local Housing Trust Fund Program

WHEREAS, the Department is authorized to provide up to \$57 million under the Local Housing Trust Fund ("LHTF") Program from the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) (as described in Health and Safety Code section 50842.2 ets eq. (Chapter 365, Statutes of 2017 (SB 3)) ("Program").

WHEREAS, the State of California (the "State"), Department of Housing and Community Development ("Department") issued a Notice of Funding Availability ("NOFA") dated 5/3/2021 under the LHTF Program;

WHEREAS, Applicant is an eligible Local or Regional Housing Trust Fund applying to the Program to administer one or more eligible activities using Program Funds.

WHEREAS, the Department may approve funding allocations for the LHTF Program, subject to the terms and conditions of H&S Code Section 50842.2, the LHTF Program Guidelines, NOFA Program requirements, the Standard Agreement and other related contracts between the Department and LHTF award recipients;

NOW, THEREFORE, based on the above recitals, findings, and the administrative record, be the Board of Supervisors of the County of Monterey resolve as follows:

- a. If Applicant receives an award of LHTF funds from the Department pursuant to the above referenced LHTF NOFA, it represents and certifies that it will use all such funds on Eligible Projects in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including, without limitation, all rules and laws regarding the LHTF Program, as well as any and all contracts Applicant may have with the Department ("Eligible Project").
b. That the Monterey County Housing Trust Fund meets the definition of a Regional Trust Fund contained in the LHTF Guidelines Section 101(dd) and demonstrated by Resolutions 22-170, 22-453, 22-454, 22-455, and 22-466 and the associated agreements (incorporated as Attachment 1 to this Resolution).
c. That the Monterey County Housing Trust Fund is hereby authorized to act as the manager in connection with the Department's funds to Eligible Projects pursuant to the above described Notice of Funding Availability in an amount not to exceed \$3,544,645 (the "LHTF Award"). NOTE: Dollar amount must include amount used for administrative costs, pursuant to Section 105(b) of the Guidelines.
d. Applicant hereby agrees to match on a dollar-for-dollar basis the LHTF Award pursuant to Guidelines Section 104. Applicant hereby agrees to utilize matching finds on a dollar-for-

dollar basis for the same Eligible Project for which Program Funds are used, as required by HSC Section 50843.5(c).

- e. Pursuant to Attachment 1 and the Applicant's certification in this resolution, the LHTF funds will be expended only for Eligible Projects and consistent with all program requirements.
- f. Nonprofit Housing Trust Funds and Native American Tribe Housing Trust Funds agree to use Program Funds only for Eligible Projects located in cities and counties that submitted an adopted Housing Element that was found by the Department to be in compliance and that have submitted their Housing Element Annual Progress Report (APR) for the current year or prior year by the application due date.
- g. Applicant shall be subject to the terms and conditions as specified in the Standard Agreement, H&S Section 50842.2 and LHTF Program Guidelines.
- h. The Director of Housing and Community Development is authorized to execute the LHTF Program Application, the LHTF Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the LHTF Award to Applicant, as the Department may deem appropriate.

PASSED AND ADOPTED upon motion of Supervisor _____, seconded by Supervisor _____ and carried this day of May 19, 2023, by the following vote, to wit:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

I, Valerie Ralph, Acting Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book _____ for the meeting on May 9, 2023.

Dated:

Valerie Ralph, Clerk of the Board of Supervisors
County of Monterey, State of California

By _____
Deputy

*Before the Board of Supervisors in and for the
County of Monterey, State of California*

Resolution No.: 22-170

Resolution of the Board of Supervisors of the)
County of Monterey establishing and)
providing initial funding of the Monterey)
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WHEREAS, the County intends to submit a New Local Housing Trust Fund Application in the amount of \$1,608,230 no later than the deadline of May 25, 2022.

WHEREAS, the County has already allocated \$200,000 of Unit 001-3100-8542-HCD001 from FY2021/22 American Rescue Plan Act of 2021 to Fund 013, Balance Sheet Account 2690.

NOW, THEREFORE, based on the above recitals, findings and the administrative record, the Board of Supervisors of the County of Monterey resolve as follows:

- a. The Housing and Community Development Department shall establish by separate Resolution the Monterey County Housing Trust Fund Program Guidelines that provide that the purpose of the housing trust fund is to assist in the creation of affordable housing within the unincorporated area of the County of Monterey and that all funds will be expended only for eligible projects consistent with all program requirements, Standard Agreements, H&S Section 50842.2 and Local Housing Trust Fund Program Guidelines.
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BE IT FURTHER RESOLVED, the Board of Supervisors of the County of Monterey resolve that upon award of Local Housing Trust Fund Program funding from the California Housing and Community Development Department and adoption of the FY2022/23 Recommended Budget, appropriate, assign and/or allocate to Fund 013, Balance Sheet Account 2690 shall occur, as follows:

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4. Allocate all potential future loan principal and interest payments deposited into Unit 176-3100-8548-HCD006 for a period of four years beginning in FY2022/2023 towards the capital base of the MCLHTF.

PASSED AND ADOPTED on this 17th day of May 2022, by roll call vote:

AYES: Supervisors Alejo, Phillips, Lopez, Askew and Adams

NOES: None

ABSENT: None

(Government Code 54953)

I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 82 for the meeting May 17, 2022.

Dated: May 20, 2022

File ID: RES 22-100

Agenda Item No.: 41

Valerie Ralph, Clerk of the Board of Supervisors
County of Monterey, State of California



Julian Lorenzana, Deputy



Monterey County Board of Supervisors

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066
www.co.monterey.ca.us

Board Order

A motion was made by Supervisor Wendy Root Askew, seconded by Supervisor Luis A. Alejo, as amended per the Errata memorandum,

Adopt Resolution No.: 22-453 ; Agreement No.: A-16086	Apply for Calendar 2021 PLHA Funding
Adopt Resolution No.: 22-454 ; Agreement No.: A-16087	PLHA Resolution to Apply on Behalf of Carmel
Adopt Resolution No.: 22-455 ; Agreement No.: A-16088	PLHA Resolution to Apply on Behalf of Soledad
Adopt Resolution No.: 22-466 ; Agreement No.: A-16102	PLHA Resolution to Apply on Behalf of Greenfield

- a. Authorize the County Administrative Officer or his designee to request the California Department of Housing and Community Development (HCD) approve Amendment 1 to the County’s Permanent Local Housing Allocation (PLHA) program Standard Agreement;
- b. Authorize the County Administrative Officer or his designee enter, execute, and deliver a State of California an amended Agreement (Standard Agreement as required by PLHA, subject to review and approval of the Office of the County Counsel as to form and legality;

PASSED AND ADOPTED on this 8th day of November 2022, by roll call vote:

AYES: Supervisors Alejo, Phillips, Lopez, Askew, and Adams
 NOES: None
 ABSENT: None
 (Government Code 54953)

I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 82 for the meeting November 8, 2022.

Revised Date: November 30, 2022
 File ID: RES 22-199
 Agenda Item No.: 26

Valerie Ralph, Clerk of the Board of Supervisors
 County of Monterey, State of California

Emmanuel H. Santos, Deputy

**CITY OF CARMEL-BY-THE-SEA
CITY COUNCIL**

RESOLUTION NO. 2022-099

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA AUTHORIZING THE COUNTY OF MONTEREY TO SUBMIT AN APPLICATION ON BEHALF OF THE CITY OF CARMEL-BY-THE-SEA FOR THE PERMANENT LOCAL HOUSING ALLOCATION (PLHA) PROGRAM, ADOPTING THE COUNTY OF MONTEREY'S 5-YEAR PLAN, AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH THE COUNTY OF MONTEREY FOR JOINT PARTICIPATION IN THE PLHA FUNDING PROGRAM FOR FISCAL YEARS 2019-2023 AND DELEGATING TO THE COUNTY OF MONTEREY ADMINISTRATION OF THE PLHA PROGRAM ON BEHALF OF THE CITY OF CARMEL-BY-THE-SEA

A necessary quorum and majority of the City Council of the City of Carmel-by-the-Sea hereby consents to, adopts, and ratifies the following resolution:

- A. WHEREAS the State of California (the "State"), Department of Housing and Community Development ("Department") is authorized to provide up to \$335 million under the SB 2 Permanent Local Housing Allocation Program Formula Component from the Building Homes and Jobs Trust Fund for assistance to Cities and Counties (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB 2))).
- B. WHEREAS the Department issued a Notice of Funding Availability ("NOFA") dated August 17, 2022, under the Permanent Local Housing Allocation (PLHA) Program.
- C. WHEREAS the City of Carmel-by-the-Sea is an eligible Local government that authorizes the County of Monterey to submit an application for program funds and administer one or more eligible activities on behalf of the City.
- D. WHEREAS the Department may approve funding allocations for PLHA Program, subject to the terms and conditions of the Guidelines, NOFA, Program requirements, the Standard Agreement, and other contracts between the Department and PLHA grant recipients.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Carmelby-the-Sea that:

- 1. Pursuant to Section 302(c)(4) of the Guidelines, the County of Monterey's 5-year PLHA Plan for funding allocations is incorporated by reference and attached to this resolution, and the City of Carmel-by-the-Sea hereby adopts this PLHA Plan and certifies compliance with all public notice, public comment, and public hearing requirements in accordance with the Guidelines.
- 2. The City of Carmel-by-the-Sea certifies that it has delegated authority to the County of Monterey to apply on its behalf and administer the PLHA grant award for the formula allocation of PLHA funds, pursuant to Guidelines Section 300(c) and 300(d), and the legally binding agreement between the City of Carmel-by-the-Sea and the County of Monterey is submitted with the PLHA application.

3. The City of Carmel-by-the-Sea certifies that its decision to delegate its authority to the County of Monterey to apply for its PLHA allocation was or will be accessible to the public and avoided or shall avoid any conflicts of interest.

PASSED AND ADOPTED by the City Council of the City of Carmel-by-the-Sea this 1st day of November, 2022, by the following vote:

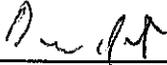
AYES: Council Members Baron, Ferlito, Theis, Richards, and Mayor Potter

NOES: None

ABSENT: None

ABSTAIN: None

APPROVED:



Dave Potter
Mayor

CERTIFICATE OF THE ATTESTING OFFICER

The undersigned City Clerk does hereby attest and certify that the forgoing Resolution is a true, full and correct copy of a resolution duly adopted at a meeting of the Carmel-by-the-Sea City Council which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and in full force and effect as of the date hereof.

ATTEST:



Nova Romero, MMC
City Clerk

AN AGREEMENT BETWEEN THE COUNTY OF MONTEREY and THE CITY OF
CARMEL-BY-THE-SEA, FOR JOINT PARTICIPATION IN THE
PERMANENT LOCAL HOUSING ALLOCATION FUNDING PROGRAM FOR
FISCAL YEARS 2019-2023, AND TO DELEGATE THE COUNTY OF
MONTEREY AS THE ADMINISTERING LOCAL GOVERNMENT FOR THE
PROGRAM

THIS AGREEMENT is made and entered into this 8th day of November, 2022, by and between the County of Monterey, a political subdivision of the State of California, hereinafter called "County"; and the City of Carmel-by-the-Sea, a municipal corporation of the State of California, located in the County of Monterey, hereinafter referred to as "City", jointly referred to as "Parties".

WITNESSETH

WHEREAS, the State of California Department of Housing and Community Development ("State") is authorized to provide up to \$335 million to Cities and Counties for assistance under the SB 2 Permanent Local Housing Allocation Program ("PLHA Program") Formula Component from the Building Homes and Jobs Trust Fund (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB2))).

WHEREAS, the State issued Permanent Local Housing Allocation Final Guidelines ("PLHA Program Guidelines") in October 2019.

WHEREAS, the State issued a Notice of Funding Availability ("NOFA") dated May 3, 2021, under the Permanent Local Housing Allocation ("PLHA") Formula Component.

WHEREAS, each of the Parties is eligible to apply for and administer Permanent Local Housing Allocation Formula component funds.

WHEREAS, Section 300(c) of the PLHA Program Guidelines allows a local government to delegate another local government to apply and administer on its behalf its formula allocation of Program funds, provided that the local governments enter into a legally binding agreement and the funds are expended for eligible activities consistent with Program requirements.

WHEREAS, City of Carmel-by-the-Sea desires to participate jointly with the County of Monterey in said Program.

WHEREAS, the County of Monterey desires to participate jointly with the City of Carmel-by-the-Sea in said Program, and whereas the County agrees to administer the receipt of formula allocation Program funds on behalf of both Parties and act as the Applicant to the State for the funding.

NOW THEREFORE, in consideration of the mutual promises, recitals, and other

provisions hereof, the Parties agree as follows:

SECTION I. GENERAL

- A. Responsible Officers.** The Director of Housing and Community Development of the County of Monterey (hereinafter referred to as ("Director") is hereby authorized to act as the applicant on behalf of the City of Carmel-by-the-Sea for the PLHA Program and to administer funding and activities under the Program. The City Administrator of the City of Carmel-by-the-Sea is hereby authorized to act as the responsible officer for the City under the Program.
- B. Full Cooperation.** Parties agree to fully cooperate and to assist each other in undertaking eligible programs or projects as defined in Section 301 of PLHA Program Guidelines, including but not limited to the development of affordable rental housing.
- C. Threshold Requirements for Participation.** Parties understand and agree to comply with State's threshold requirements for participation in the formula allocation program as follows:
- a. Housing Element compliance:** The County as Applicant and the delegating City have a Housing Element that has been adopted by the local government's governing body and subsequently determined to be in substantial compliance with state Housing Element Law pursuant to GC Section 65585.
 - b. Housing Element Annual Progress Report (APR) compliance:** The County as Applicant and the delegating City have submitted to the State the APR required by GC Section 65400 for the current or prior year.
- D. Term of Agreement-Automatic Renewal Provision.** The term of this Agreement shall be for a period encompassing five (5) years of formula allocations (2019-2023), made available in NOFAs issued by the State beginning in February 2020 and extending through 2024, and shall include the years stipulated in the State standard agreement. In addition, this Agreement provides for automatic renewal of participation in successive five-year periods, unless either of the Parties provides written notice of at least 60 days prior to the end of the term that it elects not to participate in a new five-year period. Before the end of the first five-year term, the County will notify the City of Carmel-by-the-Sea in writing of its right not to participate in the joint Program for a successive five-year term. This Agreement remains in effect until the PLHA Program funds received with respect to the five-year planning period are fully committed, expended, and all required reports have been submitted and the required reporting period has ended.
- E. Scope of Agreement.** This agreement covers the PLHA formula program funding administered by the State where each of the Parties is awarded and accepts funding from the State.

SECTION II. PREPARATION AND SUBMITTAL OF PLHA FUNDING APPLICATION AND PLAN

- A.** PLHA Application and Plan. Pursuant to the requirements listed in Section 302(c) of the PLHA Program Guidelines, the County shall prepare its own application requesting the formula funds, and a Plan which details how the allocated funds will be used for eligible activities, how investments will be prioritized to increase the supply of housing for households with incomes at or below 60% of Area Median Income, and how the Plan is consistent with the programs set forth in its Housing Element. The County will also provide evidence that the Plan was authorized and adopted by resolution by the Board of Supervisors of the County of Monterey and that the public had an adequate opportunity to review and comment on its content. The County will also prepare an application on behalf of the City of Carmel-by-the-Sea requesting the formula funds, and a Plan which details how the allocated funds will be used for eligible activities, how investments will be prioritized to increase the supply of housing for households with incomes at or below 60% of Area Median Income, and how the Plan is consistent with the programs set forth in the City of Carmel-by-the-Sea's Housing Element. The County will also provide evidence that the Plan was authorized and adopted by resolution by the Board of Supervisors of the County of Monterey and that the public had an adequate opportunity to review and comment on its content.
- B.** Application Submittal. The County agrees to commit sufficient resources to completing and submitting the PLHA Applications and Plans to State in time for the Parties to be eligible to receive funding beginning in 2019, dependent upon State's execution of a Standard Agreement with County.

SECTION III. PROGRAM ADMINISTRATION

- A.** Responsibilities of Parties. The Parties agree, in the delegation of the County as the administering local government for the PLHA Program, that the County shall be responsible for execution of the Standard Agreements with State and the proper performance of the PLHA Plans. County agrees to perform necessary administrative tasks such as, but not limited to, environmental clearance under CEQA or NEPA, establishment of loan underwriting policies and terms, execution and management of any loans made using PLHA funds, monitoring of programs and projects as needed to fulfill PLHA requirements, and submittal of annual reports to State on PLHA-funded activities. The City of Carmel-by-the-Sea agrees to fully cooperate with the County in all things required and appropriate to comply with the provisions of the Standard Agreement with State. During the first year of the five-year Plan term, the Parties agree to meet on a quarterly basis to discuss the plans for the use of PLHA funds and progress being made. Beginning in the second year of the five- year Plan term, through the end of the fifth year, Parties will agree to a meeting schedule which will provide adequate opportunity for communication and decision-making.
- B.** Program Administration Funding. In consideration of the County's agreement to

be the administering local government for the PLHA Program and its assumption of the responsibilities inherent in this role, the Parties agree that the allowable Program Administration for the funding, which is equal to a maximum of 5% of each year's allocation for each local government jurisdiction, shall be retained exclusively by the County of Monterey for these administrative purposes.

- C. Maintenance of Records. The County shall maintain records of activities for any projects undertaken pursuant to the PLHA Program, and said records shall be available for inspection by staff and/or auditors representing the City of Carmel-by-the-Sea, on reasonable notice during the normal business hours of County.

SECTION IV. USE OF PLHA FUNDS

- A. Joint Participation in Funding of Projects. The Parties agree it is in the best interest of the public that the allocations made available to each local government jurisdiction be combined into a pool of funds to be used throughout either jurisdiction, pursuant to the criteria described in Section IV. D. of this Agreement. The Parties agree this method will allow for more timely development of the housing units assisted by the funding, and therefore address the current shortage of affordable housing throughout both jurisdictions, which is of vital importance and a high priority to all Parties.
- B. Use of Funding During the First Five-Year Term. Given the importance of the existence of critical public infrastructure (water, sewer, storm drainage) to the development of multi-family housing, and due to the general lack of such infrastructure in much of the unincorporated areas of the County, the Parties agree that funding received during the first five-year term will be focused on projects in the City of Carmel-by-the-Sea where such infrastructure is typically available. County agrees to the use of its funding allocations for projects and the City understands that units developed within the City would count towards the City RHNA numbers.
- C. Projects Included in PLHA Plan. In order to develop the PLHA Plan, the Parties have agreed upon the need for multi-family, affordable housing units throughout the County. In accordance with this need, the Parties have shared the status of potential projects in the City of Carmel-by-the-Sea, which may be targeted for PLHA funding. These potential projects have been used to develop the unit count and affordability targeting required to be described in the PLHA Plan. Due to the preliminary nature of the potential projects, the Parties agree that these are subject to change.
- D. Project Assistance Criteria. As the Parties have agreed to combine their allocations into a pool of funds to be used throughout the County, the following criteria shall be considered by the County as funding decisions are made for the use of the PLHA funds.
 - a. Meeting PLHA Commitment Requirements: Pursuant to Section 300(e) of the PLHA Program Guidelines, the County shall consider how individual project

readiness and project funding needs will impact the County's ability to remain in compliance with the commitment requirements of PLHA.

- b. **Project Readiness:** Projects will be prioritized for funding within the following tiers of readiness:
 - i. **High Readiness:** Project Sponsor has site control, has been awarded any needed planning entitlements, has completed environmental review/clearance, and has developed a neighborhood outreach strategy.
 - ii. **Medium Readiness:** Project Sponsor has site control, planning entitlements and environmental clearance are under way, and is actively working on a neighborhood outreach strategy.
 - iii. **Low Readiness:** Project Sponsor is in negotiations for site control and has inquired of each jurisdiction what will be needed for planning entitlements and environmental review, as well as neighborhood outreach.
- c. **Project Funding Needs:** In addition to consideration of Project Readiness, projects with a demonstrated need for the PLHA funding to ensure or enhance project viability will be prioritized.
- d. **Targeting to the Lowest Income Households:** PLHA funds can be used for households at a variety of income levels, but are especially intended to be used to meet the housing needs of households at or below 60% of Area Median Income. Projects which have units targeted for affordability for these households will be prioritized for funding.

E. Minimum Project Assistance by Jurisdiction. Notwithstanding the criteria described above, the Parties agree to make every reasonable effort to ensure that during the five-year term of the agreement, a minimum of one project is funded in the City.

F. Funding Assistance in the Form of Loans. The Parties agree that any funding provided to a housing developer for a project will be provided in the form of a low interest deferred loan, with the loan amount and loan terms (including conditions for the payment of accrued interest and principal from residual receipts), delineated at the time the loan commitment is approved by the County Board of Supervisors. The loan shall be evidenced through a Promissory Note secured by a Deed of Trust in favor of the County of Monterey. A recorded Regulatory Agreement shall restrict occupancy and rents for a term of at least 55 years.

G. Use of Program Income. The Parties agree that program income generated as a result of the receipt of PLHA funds will be retained by the County and utilized to fund future PLHA-eligible activities. Program income will include payments from residual receipts, accrued interest, and any monitoring fees the County chooses to charge.

NOW THEREFORE, the Parties hereto have caused this Agreement to be executed and attested by their proper officer thereunder duly authorized and their official seals to be hereunto affixed, all as of the day first above written.

County Counsel Certification

The Office of the County Counsel hereby certifies that the terms and provisions of this Agreement are fully authorized under State and local laws, and that this Agreement provides full legal authority for the County to undertake all responsibilities as the delegated local government to administer the PLHA funding.

COUNTY OF MONTEREY

APPROVED AS TO FORM:

By: _____
Erik Lundquist
Director of Housing and Community Development

By: _____
Sean Collins
Deputy County Counsel,
County of Monterey

CITY OF CARMEL-BY-THE-SEA:

APPROVED AS TO FORM:

By: _____
Chip Rerig
City Administrator

By: _____
Brian Pierik
City Attorney, City of Carmel-by-the-Sea

**CITY OF GREENFIELD CITY COUNCIL
RESOLUTION NUMBER 2022-116**

AUTHORIZING THE DELEGATION FOR APPLICATION OF THE CITY OF GREENFIELD PERMANENT LOCAL HOUSING ALLOCATION PROGRAM TO AND ADOPTING THE COUNTY OF MONTEREY'S 5-YEAR PLHA PLAN AND AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH THE COUNTY OF MONTEREY FOR THE JOINT PARTICIPATION IN THE PERMANENT LOCAL HOUSING ALLOCATION FUNDING PROGRAM FOR THE FISCAL YEARS 2020-2025, AND TO DELEGATE THE COUNTY OF MONTEREY AS THE ADMINISTERING LOCAL GOVERNMENT FOR THE PROGRAM

A necessary quorum and majority of the City Council of the City of Greenfield hereby consents to, adopts, and ratifies the following resolution:

- A. **WHEREAS** the SB 2 Permanent Local Housing Allocation Program Formula Component from the Building Homes and Jobs Trust Fund for assistance to Cities and Counties (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB 2)).
- B. **WHEREAS** the State of California (the "State"), Department of Housing and Community Development ("Department") issued a Notice of Funding Availability ("NOFA") dated 8/17/2022 under the Permanent Local Housing Allocation (PLHA) Program.
- C. **WHEREAS** the City of Greenfield is an eligible Local government who has applied for program funds to administer one or more eligible activities, or a Local or Regional Housing Trust Fund to whom an eligible Local government delegated its PLHA formula allocation.
- D. **WHEREAS** the Department may approve funding allocations for PLHA Program, subject to the terms and conditions of the Guidelines, NOFA, Program requirements, the Standard Agreement, and other contracts between the Department and PLHA grant recipients.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the City Council of the City of Greenfield that:

1. Pursuant to Section 302(c)(4) of the Guidelines, Applicant's PLHA Plan for the 2019-2023 Allocations is attached to this resolution, and Applicant hereby adopts this PLHA Plan and certifies compliance with all public notice, public comment, and public hearing requirements in accordance with the Guidelines.
2. Applicant certifies that it has delegated authority to the County of Monterey to apply on its behalf and administer the PLHA grant award for the formula allocation of PLHA funds,

pursuant to Guidelines Section 300(c) and 300(d), and the legally binding agreement between the recipient of the PLHA funds and the Applicant is submitted with the PLHA application.

3. Applicant certifies that its decision delegating its authority to apply for its PLHA allocation was or will be accessible to the public and avoided or shall avoid any conflicts of interest.

PASSED AND ADOPTED by the City Council of the City of Greenfield at a regular meeting on this 15th day of, November 2022, by the following vote:

AYES, and all in favor, therefore, Council Members: Councilmembers Martinez, Tipton and White

NOES, Council Members: None

ABSENT, Council Members: Mayor Walker and Mayor Pro-tem Untalon



Lance Walker, Mayor

ATTEST:



Ann F. Rathbun, City Clerk

AN AGREEMENT BETWEEN THE COUNTY OF MONTEREY and THE CITY OF GREENFIELD, FOR JOINT PARTICIPATION IN THE PERMANENT LOCAL HOUSING ALLOCATION FUNDING PROGRAM FOR FISCAL YEARS 2019-2023, AND TO DELEGATE THE COUNTY OF MONTEREY AS THE ADMINISTERING LOCAL GOVERNMENT FOR THE PROGRAM

THIS AGREEMENT is made and entered into this 15th day of November, 2022, by and between the County of Monterey, a political subdivision of the State of California, hereinafter called "County"; and the City of Greenfield, a municipal corporation of the State of California, located in the County of Monterey, hereinafter referred to as "City", jointly referred to as "Parties".

WHEREAS, the State of California Department of Housing and Community Development ("State") is authorized to provide up to \$335 million to Cities and Counties for assistance under the SB 2 Permanent Local Housing Allocation Program ("PLHA Program") Formula Component from the Building Homes and Jobs Trust Fund (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB2))).

WHEREAS, the State issued Permanent Local Housing Allocation Final Guidelines ("PLHA Program Guidelines") in October 2019.

WHEREAS, the State issued a Notice of Funding Availability ("NOFA") dated May 3, 2021, under the Permanent Local Housing Allocation ("PLHA") Formula Component.

WHEREAS, each of the Parties is eligible to apply for and administer Permanent Local Housing Allocation Formula component funds.

WHEREAS, Section 300(c) of the PLHA Program Guidelines allows a local government to delegate another local government to apply and administer on its behalf its formula allocation of Program funds, provided that the local governments enter into a legally binding agreement and the funds are expended for eligible activities consistent with Program requirements.

WHEREAS, City of Greenfield desires to participate jointly with the County of Monterey in said Program.

WHEREAS, the County of Monterey desires to participate jointly with the City of Greenfield in said Program, and whereas the County agrees to administer the receipt of formula allocation Program funds on behalf of both Parties and act as the Applicant to the State for the funding.

NOW THEREFORE, in consideration of the mutual promises, recitals, and other

provisions hereof, the Parties agree as follows:

SECTION I. GENERAL

- A. Responsible Officers.** The Director of Housing and Community Development of the County of Monterey (hereinafter referred to as ("Director") is hereby authorized to act as the applicant on behalf of the City of Greenfield for the PLHA Program and to administer funding and activities under the Program. The City Administrator of the City of Greenfield is hereby authorized to act as the responsible officer for the City under the Program.
- B. Full Cooperation.** Parties agree to fully cooperate and to assist each other in undertaking eligible programs or projects as defined in Section 301 of PLHA Program Guidelines, including but not limited to the development of affordable rental housing.
- C. Threshold Requirements for Participation.** Parties understand and agree to comply with State's threshold requirements for participation in the formula allocation program as follows:
- a. Housing Element compliance:** The County as Applicant and the delegating City have a Housing Element that has been adopted by the local government's governing body and subsequently determined to be in substantial compliance with state Housing Element Law pursuant to GC Section 65585.
 - b. Housing Element Annual Progress Report (APR) compliance:** The County as Applicant and the delegating City have submitted to the State the APR required by GC Section 65400 for the current or prior year.
- D. Term of Agreement-Automatic Renewal Provision.** The term of this Agreement shall be for a period encompassing five (5) years of formula allocations (2019-2023), made available in NOFAs issued by the State beginning in February 2020 and extending through 2024, and shall include the years stipulated in the State standard agreement. In addition, this Agreement provides for automatic renewal of participation in successive five-year periods, unless either of the Parties provides written notice of at least 60 days prior to the end of the term that it elects not to participate in a new five-year period. Before the end of the first five-year term, the County will notify the City of Greenfield in writing of its right not to participate in the joint Program for a successive five-year term. This Agreement remains in effect until the PLHA Program funds received with respect to the five- year planning period are fully committed, expended, and all required reports have been submitted and the required reporting period has ended.
- E. Scope of Agreement.** This agreement covers the PLHA formula program funding administered by the State where each of the Parties is awarded and accepts funding from the State.

SECTION II. PREPARATION AND SUBMITTAL OF PLHA FUNDING APPLICATION AND PLAN

- A. PLHA Application and Plan. Pursuant to the requirements listed in Section 302(c) of the PLHA Program Guidelines, the County shall prepare its own application requesting the formula funds, and a Plan which details how the allocated funds will be used for eligible activities, how investments will be prioritized to increase the supply of housing for households with incomes at or below 60% of Area Median Income, and how the Plan is consistent with the programs set forth in its Housing Element. The County will also provide evidence that the Plan was authorized and adopted by resolution by the Board of Supervisors of the County of Monterey and that the public had an adequate opportunity to review and comment on its content. The County will also prepare an application on behalf of the City of Carmel-by-the-Sea requesting the formula funds, and a Plan which details how the allocated funds will be used for eligible activities, how investments will be prioritized to increase the supply of housing for households with incomes at or below 60% of Area Median Income, and how the Plan is consistent with the programs set forth in the City of Greenfield's Housing Element. The County will also provide evidence that the Plan was authorized and adopted by resolution by the Board of Supervisors of the County of Monterey and that the public had an adequate opportunity to review and comment on its content.
- B. Application Submittal. The County agrees to commit sufficient resources to completing and submitting the PLHA Applications and Plans to State in time for the Parties to be eligible to receive funding beginning in 2019, dependent upon State's execution of a Standard Agreement with County.

SECTION III. PROGRAM ADMINISTRATION

- A. Responsibilities of Parties. The Parties agree, in the delegation of the County as the administering local government for the PLHA Program, that the County shall be responsible for execution of the Standard Agreements with State and the proper performance of the PLHA Plans. County agrees to perform necessary administrative tasks such as, but not limited to, environmental clearance under CEQA or NEPA, establishment of loan underwriting policies and terms, execution and management of any loans made using PLHA funds, monitoring of programs and projects as needed to fulfill PLHA requirements, and submittal of annual reports to State on PLHA-funded activities. The City of Greenfield agrees to fully cooperate with the County in all things required and appropriate to comply with the provisions of the Standard Agreement with State. During the first year of the five-year Plan term, the Parties agree to meet on a quarterly basis to discuss the plans for the use of PLHA funds and progress being made. Beginning in the second year of the five- year Plan term, through the end of the fifth year, Parties will agree to a meeting schedule which will provide adequate opportunity for communication and decision-making.
- B. Program Administration Funding. In consideration of the County's agreement to

be the administering local government for the PLHA Program and its assumption of the responsibilities inherent in this role, the Parties agree that the allowable Program Administration for the funding, which is equal to a maximum of 5% of each year's allocation for each local government jurisdiction, shall be retained exclusively by the County of Monterey for these administrative purposes.

- C. Maintenance of Records. The County shall maintain records of activities for any projects undertaken pursuant to the PLHA Program, and said records shall be available for inspection by staff and/or auditors representing the City of Carmel-by-the-Sea, on reasonable notice during the normal business hours of County.

SECTION IV. USE OF PLHA FUNDS

- A. Joint Participation in Funding of Projects. The Parties agree it is in the best interest of the public that the allocations made available to each local government jurisdiction be combined into a pool of funds to be used throughout either jurisdiction, pursuant to the criteria described in Section IV. D. of this Agreement. The Parties agree this method will allow for more timely development of the housing units assisted by the funding, and therefore address the current shortage of affordable housing throughout both jurisdictions, which is of vital importance and a high priority to all Parties.
- B. Use of Funding During the First Five-Year Term. Given the importance of the existence of critical public infrastructure (water, sewer, storm drainage) to the development of multi-family housing, and due to the general lack of such infrastructure in much of the unincorporated areas of the County, the Parties agree that funding received during the first five-year term will be focused on projects in the City of Greenfield where such infrastructure is typically available. County agrees to the use of its funding allocations for projects and the City understands that units developed within the City would count towards the City RHNA numbers.
- C. Projects Included in PLHA Plan. In order to develop the PLHA Plan, the Parties have agreed upon the need for multi-family, affordable housing units throughout the County. In accordance with this need, the Parties have shared the status of potential projects in the City of Greenfield, which may be targeted for PLHA funding. These potential projects have been used to develop the unit count and affordability targeting required to be described in the PLHA Plan. Due to the preliminary nature of the potential projects, the Parties agree that these are subject to change.
- D. Project Assistance Criteria. As the Parties have agreed to combine their allocations into a pool of funds to be used throughout the County, the following criteria shall be considered by the County as funding decisions are made for the use of the PLHA funds.
 - a. Meeting PLHA Commitment Requirements: Pursuant to Section 300(e) of the PLHA Program Guidelines, the County shall consider how individual project

readiness and project funding needs will impact the County's ability to remain in compliance with the commitment requirements of PLHA.

- b. **Project Readiness:** Projects will be prioritized for funding within the following tiers of readiness:
 - i. **High Readiness:** Project Sponsor has site control, has been awarded any needed planning entitlements, has completed environmental review/clearance, and has developed a neighborhood outreach strategy.
 - ii. **Medium Readiness:** Project Sponsor has site control, planning entitlements and environmental clearance are under way, and is actively working on a neighborhood outreach strategy.
 - iii. **Low Readiness:** Project Sponsor is in negotiations for site control and has inquired of each jurisdiction what will be needed for planning entitlements and environmental review, as well as neighborhood outreach.
- c. **Project Funding Needs:** In addition to consideration of Project Readiness, projects with a demonstrated need for the PLHA funding to ensure or enhance project viability will be prioritized.
- d. **Targeting to the Lowest Income Households:** PLHA funds can be used for households at a variety of income levels, but are especially intended to be used to meet the housing needs of households at or below 60% of Area Median Income. Projects which have units targeted for affordability for these households will be prioritized for funding.

E. Minimum Project Assistance by Jurisdiction. Notwithstanding the criteria described above, the Parties agree to make every reasonable effort to ensure that during the five-year term of the agreement, a minimum of one project is funded in the City.

F. Funding Assistance in the Form of Loans. The Parties agree that any funding provided to a housing developer for a project will be provided in the form of a low interest deferred loan, with the loan amount and loan terms (including conditions for the payment of accrued interest and principal from residual receipts), delineated at the time the loan commitment is approved by the County Board of Supervisors. The loan shall be evidenced through a Promissory Note secured by a Deed of Trust in favor of the County of Monterey. A recorded Regulatory Agreement shall restrict occupancy and rents for a term of at least 55 years.

G. Use of Program Income. The Parties agree that program income generated as a result of the receipt of PLHA funds will be retained by the County and utilized to fund future PLHA-eligible activities. Program income will include payments from residual receipts, accrued interest, and any monitoring fees the County chooses to charge.

NOW THEREFORE, the Parties hereto have caused this Agreement to be executed and attested by their proper officer thereunder duly authorized and their official seals to be hereunto affixed, all as of the day first above written.

County Counsel Certification

The Office of the County Counsel hereby certifies that the terms and provisions of this Agreement are fully authorized under State and local laws, and that this Agreement provides full legal authority for the County to undertake all responsibilities as the delegated local government to administer the PLHA funding.

COUNTY OF MONTEREY

APPROVED AS TO FORM:

By: _____
Erik Lundquist
Director of Housing and Community Development

By: _____
Sean Collins
Deputy County Counsel,
County of Monterey

CITY OF GREENFIELD:

APPROVED AS TO FORM:

By: _____
Paul Wood
City Manager

By: _____
Jennifer Thompson
City Attorney, City of Greenfield

RESOLUTION NO. 5889

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLEDAD AUTHORIZING THE COUNTY OF MONTEREY TO SUBMIT AN APPLICATION ON BEHALF OF THE CITY OF SOLEDAD FOR THE PERMANENT LOCAL HOUSING ALLOCATION (PLHA) PROGRAM, ADOPTING THE COUNTY OF MONTEREY'S 5-YEAR PLAN, AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH THE COUNTY OF MONTEREY FOR JOINT PARTICIPATION IN THE PLHA FUNDING PROGRAM FOR FISCAL YEARS 2019-2023 AND DELEGATING TO THE COUNTY OF MONTEREY ADMINISTRATION OF THE PLHA PROGRAM ON BEHALF OF THE CITY OF SOLEDAD.

WHEREAS, the State of California (the "State"), Department of Housing and Community Development ("Department") is authorized to provide up to \$335 million under the SB 2 Permanent Local Housing Allocation Program Formula Component from the Building Homes and Jobs Trust Fund for assistance to Cities and Counties (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB 2))).

WHEREAS, the Department issued a Notice of Funding Availability ("NOFA") dated August 17, 2022, under the Permanent Local Housing Allocation (PLHA) Program.

WHEREAS, the City of Soledad is an eligible Local government that authorizes the County of Monterey to submit an application for program funds and administer one or more eligible activities on behalf of the City.

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

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the City of Soledad City Council **by the City Council adopt this resolution:**

1. Pursuant to Section 302(c)(4) of the Guidelines, the County of Monterey's 5-year PLHA Plan for funding allocations is incorporated by reference and attached to this resolution, and the City of Soledad hereby adopts this PLHA Plan and certifies compliance with all public notice, public comment, and public hearing requirements in accordance with the Guidelines.

2. The City of Soledad certifies that it has delegated authority to the County of Monterey to apply on its behalf and administer the PLHA grant award for the formula allocation of PLHA funds, pursuant to Guidelines Section 300(c) and 300(d), and the legally binding agreement between the City of Soledad and the County of Monterey is submitted with the PLHA application.

3. The City of Soledad certifies that its decision to delegate its authority to the County of Monterey to apply for its PLHA allocation was or will be accessible to the public and avoided or shall avoid any conflicts of interest.

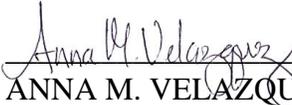
PASSED AND ADOPTED by the City Council of the City of Soledad this 2nd day of November 2022, by the following vote:

AYES, and in favor thereof Councilmembers: Benjamin Jimenez, Jr., Alejandro Chavez, Maria Corralejo, Mayor Pro Tem Marisela Lara, Mayor Anna M. Velazquez

NOES, Councilmembers: None

ABSENT, Councilmembers: None

ABSTAIN, Councilmembers: None


ANNA M. VELAZQUEZ, Mayor

ATTEST:


BRENT SLAMA, City Clerk

AN AGREEMENT BETWEEN THE COUNTY OF MONTEREY and THE CITY OF SOLEDAD, FOR JOINT PARTICIPATION IN THE PERMANENT LOCAL HOUSING ALLOCATION FUNDING PROGRAM FOR FISCAL YEARS 2019-2023, AND TO DELEGATE THE COUNTY OF MONTEREY AS THE ADMINISTERING LOCAL GOVERNMENT FOR THE PROGRAM

THIS AGREEMENT is made and entered into this 8th day of November, 2022, by and between the County of Monterey, a political subdivision of the State of California, hereinafter called "County"; and the City of Soledad, a municipal corporation of the State of California, located in the County of Monterey, hereinafter referred to as "City", jointly referred to as "Parties".

WITNESSETH

WHEREAS, the State of California Department of Housing and Community Development ("State") is authorized to provide up to \$335 million to Cities and Counties for assistance under the SB 2 Permanent Local Housing Allocation Program ("PLHA Program") Formula Component from the Building Homes and Jobs Trust Fund (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB2))).

WHEREAS, the State issued Permanent Local Housing Allocation Final Guidelines ("PLHA Program Guidelines") in October 2019.

WHEREAS, the State issued a Notice of Funding Availability ("NOFA") dated May 3, 2021, under the Permanent Local Housing Allocation ("PLHA") Formula Component.

WHEREAS, each of the Parties is eligible to apply for and administer Permanent Local Housing Allocation Formula component funds.

WHEREAS, Section 300(c) of the PLHA Program Guidelines allows a local government to delegate another local government to apply and administer on its behalf its formula allocation of Program funds, provided that the local governments enter into a legally binding agreement and the funds are expended for eligible activities consistent with Program requirements.

WHEREAS, City of Soledad desires to participate jointly with the County of Monterey in said Program.

WHEREAS, the County of Monterey desires to participate jointly with the City of Soledad in said Program, and whereas the County agrees to administer the receipt of formula allocation Program funds on behalf of both Parties and act as the Applicant to the State for the funding.

NOW THEREFORE, in consideration of the mutual promises, recitals, and other

provisions hereof, the Parties agree as follows:

SECTION I. GENERAL

- A. Responsible Officers.** The Director of Housing and Community Development of the County of Monterey (hereinafter referred to as ("Director") is hereby authorized to act as the applicant on behalf of the City of Soledad for the PLHA Program and to administer funding and activities under the Program. The City Administrator of the City of Soledad is hereby authorized to act as the responsible officer for the City under the Program.

- B. Full Cooperation.** Parties agree to fully cooperate and to assist each other in undertaking eligible programs or projects as defined in Section 301 of PLHA Program Guidelines, including but not limited to the development of affordable rental housing.

- C. Threshold Requirements for Participation.** Parties understand and agree to comply with State's threshold requirements for participation in the formula allocation program as follows:
 - a. Housing Element compliance:** The County as Applicant and the delegating City have a Housing Element that has been adopted by the local government's governing body and subsequently determined to be in substantial compliance with state Housing Element Law pursuant to GC Section 65585.

 - b. Housing Element Annual Progress Report (APR) compliance:** The County as Applicant and the delegating City have submitted to the State the APR required by GC Section 65400 for the current or prior year.

- D. Term of Agreement-Automatic Renewal Provision.** The term of this Agreement shall be for a period encompassing five (5) years of formula allocations (2019-2023), made available in NOFAs issued by the State beginning in February 2020 and extending through 2024, and shall include the years stipulated in the State standard agreement. In addition, this Agreement provides for automatic renewal of participation in successive five-year periods, unless either of the Parties provides written notice of at least 60 days prior to the end of the term that it elects not to participate in a new five-year period. Before the end of the first five-year term, the County will notify the City of Soledad in writing of its right not to participate in the joint Program for a successive five-year term. This Agreement remains in effect until the PLHA Program funds received with respect to the five- year planning period are fully committed, expended, and all required reports have been submitted and the required reporting period has ended.

- E. Scope of Agreement.** This agreement covers the PLHA formula program funding administered by the State where each of the Parties is awarded and accepts funding from the State.

SECTION II. PREPARATION AND SUBMITTAL OF PLHA FUNDING APPLICATION AND PLAN

- A.** PLHA Application and Plan. Pursuant to the requirements listed in Section 302(c) of the PLHA Program Guidelines, the County shall prepare its own application requesting the formula funds, and a Plan which details how the allocated funds will be used for eligible activities, how investments will be prioritized to increase the supply of housing for households with incomes at or below 60% of Area Median Income, and how the Plan is consistent with the programs set forth in its Housing Element. The County will also provide evidence that the Plan was authorized and adopted by resolution by the Board of Supervisors of the County of Monterey and that the public had an adequate opportunity to review and comment on its content. The County will also prepare an application on behalf of the City of Carmel-by-the-Sea requesting the formula funds, and a Plan which details how the allocated funds will be used for eligible activities, how investments will be prioritized to increase the supply of housing for households with incomes at or below 60% of Area Median Income, and how the Plan is consistent with the programs set forth in the City of Soledad's Housing Element. The County will also provide evidence that the Plan was authorized and adopted by resolution by the Board of Supervisors of the County of Monterey and that the public had an adequate opportunity to review and comment on its content.
- B.** Application Submittal. The County agrees to commit sufficient resources to completing and submitting the PLHA Applications and Plans to State in time for the Parties to be eligible to receive funding beginning in 2019, dependent upon State's execution of a Standard Agreement with County.

SECTION III. PROGRAM ADMINISTRATION

- A.** Responsibilities of Parties. The Parties agree, in the delegation of the County as the administering local government for the PLHA Program, that the County shall be responsible for execution of the Standard Agreements with State and the proper performance of the PLHA Plans. County agrees to perform necessary administrative tasks such as, but not limited to, environmental clearance under CEQA or NEPA, establishment of loan underwriting policies and terms, execution and management of any loans made using PLHA funds, monitoring of programs and projects as needed to fulfill PLHA requirements, and submittal of annual reports to State on PLHA-funded activities. The City of Soledad agrees to fully cooperate with the County in all things required and appropriate to comply with the provisions of the Standard Agreement with State. During the first year of the five-year Plan term, the Parties agree to meet on a quarterly basis to discuss the plans for the use of PLHA funds and progress being made. Beginning in the second year of the five- year Plan term, through the end of the fifth year, Parties will agree to a meeting schedule which will provide adequate opportunity for communication and decision-making.
- B.** Program Administration Funding. In consideration of the County's agreement to

be the administering local government for the PLHA Program and its assumption of the responsibilities inherent in this role, the Parties agree that the allowable Program Administration for the funding, which is equal to a maximum of 5% of each year's allocation for each local government jurisdiction, shall be retained exclusively by the County of Monterey for these administrative purposes.

- C. Maintenance of Records. The County shall maintain records of activities for any projects undertaken pursuant to the PLHA Program, and said records shall be available for inspection by staff and/or auditors representing the City of Carmel-by-the-Sea, on reasonable notice during the normal business hours of County.

SECTION IV. USE OF PLHA FUNDS

- A. Joint Participation in Funding of Projects. The Parties agree it is in the best interest of the public that the allocations made available to each local government jurisdiction be combined into a pool of funds to be used throughout either jurisdiction, pursuant to the criteria described in Section IV. D. of this Agreement. The Parties agree this method will allow for more timely development of the housing units assisted by the funding, and therefore address the current shortage of affordable housing throughout both jurisdictions, which is of vital importance and a high priority to all Parties.
- B. Use of Funding During the First Five-Year Term. Given the importance of the existence of critical public infrastructure (water, sewer, storm drainage) to the development of multi-family housing, and due to the general lack of such infrastructure in much of the unincorporated areas of the County, the Parties agree that funding received during the first five-year term will be focused on projects in the City of Soledad where such infrastructure is typically available. County agrees to the use of its funding allocations for projects and the City understands that units developed within the City would count towards the City RHNA numbers.
- C. Projects Included in PLHA Plan. In order to develop the PLHA Plan, the Parties have agreed upon the need for multi-family, affordable housing units throughout the County. In accordance with this need, the Parties have shared the status of potential projects in the City of Soledad, which may be targeted for PLHA funding. These potential projects have been used to develop the unit count and affordability targeting required to be described in the PLHA Plan. Due to the preliminary nature of the potential projects, the Parties agree that these are subject to change.
- D. Project Assistance Criteria. As the Parties have agreed to combine their allocations into a pool of funds to be used throughout the County, the following criteria shall be considered by the County as funding decisions are made for the use of the PLHA funds.
 - a. Meeting PLHA Commitment Requirements: Pursuant to Section 300(e) of the PLHA Program Guidelines, the County shall consider how individual project

readiness and project funding needs will impact the County's ability to remain in compliance with the commitment requirements of PLHA.

- b. Project Readiness: Projects will be prioritized for funding within the following tiers of readiness:
 - i. High Readiness: Project Sponsor has site control, has been awarded any needed planning entitlements, has completed environmental review/clearance, and has developed a neighborhood outreach strategy.
 - ii. Medium Readiness: Project Sponsor has site control, planning entitlements and environmental clearance are under way, and is actively working on a neighborhood outreach strategy.
 - iii. Low Readiness: Project Sponsor is in negotiations for site control and has inquired of each jurisdiction what will be needed for planning entitlements and environmental review, as well as neighborhood outreach.
- c. Project Funding Needs: In addition to consideration of Project Readiness, projects with a demonstrated need for the PLHA funding to ensure or enhance project viability will be prioritized.
- d. Targeting to the Lowest Income Households: PLHA funds can be used for households at a variety of income levels, but are especially intended to be used to meet the housing needs of households at or below 60% of Area Median Income. Projects which have units targeted for affordability for these households will be prioritized for funding.

E. Minimum Project Assistance by Jurisdiction. Notwithstanding the criteria described above, the Parties agree to make every reasonable effort to ensure that during the five-year term of the agreement, a minimum of one project is funded in the City.

F. Funding Assistance in the Form of Loans. The Parties agree that any funding provided to a housing developer for a project will be provided in the form of a low interest deferred loan, with the loan amount and loan terms (including conditions for the payment of accrued interest and principal from residual receipts), delineated at the time the loan commitment is approved by the County Board of Supervisors. The loan shall be evidenced through a Promissory Note secured by a Deed of Trust in favor of the County of Monterey. A recorded Regulatory Agreement shall restrict occupancy and rents for a term of at least 55 years.

G. Use of Program Income. The Parties agree that program income generated as a result of the receipt of PLHA funds will be retained by the County and utilized to fund future PLHA-eligible activities. Program income will include payments from residual receipts, accrued interest, and any monitoring fees the County chooses to charge.

NOW THEREFORE, the Parties hereto have caused this Agreement to be executed and attested by their proper officer thereunder duly authorized and their official seals to be hereunto affixed, all as of the day first above written.

County Counsel Certification

The Office of the County Counsel hereby certifies that the terms and provisions of this Agreement are fully authorized under State and local laws, and that this Agreement provides full legal authority for the County to undertake all responsibilities as the delegated local government to administer the PLHA funding.

COUNTY OF MONTEREY

APPROVED AS TO FORM:

By: _____
Erik Lundquist
Director of Housing and Community Development

By: _____
Sean Collins
Deputy County Counsel,
County of Monterey

CITY OF SOLEDAD:

APPROVED AS TO FORM:

By: _____
Brent Slama
City Manager

By: _____
Mike Rodriguez
City Attorney, City of Soledad

*Before the Board of Supervisors in and for the
County of Monterey, State of California*

Resolution No.: 22-170

Resolution of the Board of Supervisors of the)
County of Monterey establishing and)
providing initial funding of the Monterey)
County Housing Trust Fund)

WHEREAS, the Board of Supervisors of the County of Monterey wishes to establish the Monterey County Housing Trust Fund (MCHTF) to help facilitate affordable housing development; and

WHEREAS, the County of Monterey initially committed \$500,000 to the Monterey Bay Economic Partnership (“MBEP”) to establish the Monterey Bay Housing Trust (“MBHT”); and

WHEREAS, the MBHT is limited to short-term, pre-development and acquisition loans and the need for developers in Monterey County is long-term construction and permanent financing; and

WHEREAS, the County and MBEP have determined there is a need to establish a new Local Housing Trust Fund to complement the MBHT; and

WHEREAS, the State of California, Department of Housing and Community Development issued a Notice of Funding Availability (“NOFA”) dated April 5, 2022 under the Local Housing Trust Fund (“LHTF”) Program; and

WHEREAS, State of California, Department of Housing and Community Development is authorized to provide up to \$57 million under the LHTF Program from the Veterans and affordable Housing Bond Act of 2018 (Proposition 1) (as described in Health and Safety Code Section 50842.2 et seq. (Chapter 365, Statutes of 2017 (SB3)) (“Program”); and

WHEREAS, the NOFA is an incentive to establish a LHTF to capitalize the opportunity to augment local funds with state funding; and

WHEREAS, the County of Monterey is eligible to apply for a New Local Housing Trust Fund and administer one or more eligible activities using Program Funds; and

WHEREAS, the County intends to submit a New Local Housing Trust Fund Application in the amount of \$1,608,230 no later than the deadline of May 25, 2022.

WHEREAS, the County has already allocated \$200,000 of Unit 001-3100-8542-HCD001 from FY2021/22 American Rescue Plan Act of 2021 to Fund 013, Balance Sheet Account 2690.

NOW, THEREFORE, based on the above recitals, findings and the administrative record, the Board of Supervisors of the County of Monterey resolve as follows:

- a. The Housing and Community Development Department shall establish by separate Resolution the Monterey County Housing Trust Fund Program Guidelines that provide that the purpose of the housing trust fund is to assist in the creation of affordable housing within the unincorporated area of the County of Monterey and that all funds will be expended only for eligible projects consistent with all program requirements, Standard Agreements, H&S Section 50842.2 and Local Housing Trust Fund Program Guidelines.
- b. The Housing and Community Development Department shall establish an account to serve as the Monterey County Housing Trust Fund upon award of Local Housing Trust Fund Program funding from the California Housing and Community Development Department. Upon award and adoption of the FY2022/23 Recommended Budget, assignments to Fund 013, Balance Sheet Account 2690 shall occur, as follows:
 1. Assign \$370,000 Fund 001 Balance Sheet Account 2099 recaptured from the Monterey Bay Housing Trust.
 2. Assign \$200,000 of Unit 001-3100-8542-HCD001 from the FY2022/23 General Fund Augmentation.
 3. Assign \$100,000 of Unit 009-3100-8544-HCD003 (Inclusionary Housing) in loan repayments.
 4. Assign \$125,000 of Unit 175-3100-8547-HCD006 (Castroville-Pajaro Redevelopment Housing Successor Agency).
 5. Assign \$13,230 of Available Fund Balance (Boronda Redevelopment Housing Successor Agency).

BE IT FURTHER RESOLVED, the Board of Supervisors of the County of Monterey resolve that upon award of Local Housing Trust Fund Program funding from the California Housing and Community Development Department and adoption of the FY2022/23 Recommended Budget, appropriate, assign and/or allocate to Fund 013, Balance Sheet Account 2690 shall occur, as follows:

1. Assign \$600,000 from 001-3100-HCD001-8542,
2. Allocate all loan principal and interest payments and inclusionary in-lieu fees deposited into Unit 009-3100-8544-HCD003 (Inclusionary Housing) for a period of four years beginning in FY2022/2023 towards the capital base of the MCLHTF.
3. Allocate all loan principal and interest payments deposited into Unit 175-3100-8547-HCD006 for a period of four years beginning in FY2022/2023 towards the capital base of the MCLHTF.

4. Allocate all potential future loan principal and interest payments deposited into Unit 176-3100-8548-HCD006 for a period of four years beginning in FY2022/2023 towards the capital base of the MCLHTF.

PASSED AND ADOPTED on this 17th day of May 2022, by roll call vote:

AYES: Supervisors Alejo, Phillips, Lopez, Askew and Adams

NOES: None

ABSENT: None

(Government Code 54953)

I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 82 for the meeting May 17, 2022.

Dated: May 20, 2022

File ID: RES 22-100

Agenda Item No.: 41

Valerie Ralph, Clerk of the Board of Supervisors
County of Monterey, State of California



Julian Lorenzana, Deputy



Monterey County Board of Supervisors

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066
www.co.monterey.ca.us

Board Order

A motion was made by Supervisor Wendy Root Askew, seconded by Supervisor Luis A. Alejo, as amended per the Errata memorandum,

Adopt Resolution No.: 22-453 ; Agreement No.: A-16086	Apply for Calendar 2021 PLHA Funding
Adopt Resolution No.: 22-454 ; Agreement No.: A-16087	PLHA Resolution to Apply on Behalf of Carmel
Adopt Resolution No.: 22-455 ; Agreement No.: A-16088	PLHA Resolution to Apply on Behalf of Soledad
Adopt Resolution No.: 22-466 ; Agreement No.: A-16102	PLHA Resolution to Apply on Behalf of Greenfield

- a. Authorize the County Administrative Officer or his designee to request the California Department of Housing and Community Development (HCD) approve Amendment 1 to the County’s Permanent Local Housing Allocation (PLHA) program Standard Agreement;
- b. Authorize the County Administrative Officer or his designee enter, execute, and deliver a State of California an amended Agreement (Standard Agreement as required by PLHA, subject to review and approval of the Office of the County Counsel as to form and legality;

PASSED AND ADOPTED on this 8th day of November 2022, by roll call vote:

AYES: Supervisors Alejo, Phillips, Lopez, Askew, and Adams
 NOES: None
 ABSENT: None
 (Government Code 54953)

I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 82 for the meeting November 8, 2022.

Revised Date: November 30, 2022
 File ID: RES 22-199
 Agenda Item No.: 26

Valerie Ralph, Clerk of the Board of Supervisors
 County of Monterey, State of California

Emmanuel H. Santos, Deputy

**CITY OF CARMEL-BY-THE-SEA
CITY COUNCIL**

RESOLUTION NO. 2022-099

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA AUTHORIZING THE COUNTY OF MONTEREY TO SUBMIT AN APPLICATION ON BEHALF OF THE CITY OF CARMEL-BY-THE-SEA FOR THE PERMANENT LOCAL HOUSING ALLOCATION (PLHA) PROGRAM, ADOPTING THE COUNTY OF MONTEREY'S 5-YEAR PLAN, AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH THE COUNTY OF MONTEREY FOR JOINT PARTICIPATION IN THE PLHA FUNDING PROGRAM FOR FISCAL YEARS 2019-2023 AND DELEGATING TO THE COUNTY OF MONTEREY ADMINISTRATION OF THE PLHA PROGRAM ON BEHALF OF THE CITY OF CARMEL-BY-THE-SEA

A necessary quorum and majority of the City Council of the City of Carmel-by-the-Sea hereby consents to, adopts, and ratifies the following resolution:

- A. WHEREAS the State of California (the "State"), Department of Housing and Community Development ("Department") is authorized to provide up to \$335 million under the SB 2 Permanent Local Housing Allocation Program Formula Component from the Building Homes and Jobs Trust Fund for assistance to Cities and Counties (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB 2))).
- B. WHEREAS the Department issued a Notice of Funding Availability ("NOFA") dated August 17, 2022, under the Permanent Local Housing Allocation (PLHA) Program.
- C. WHEREAS the City of Carmel-by-the-Sea is an eligible Local government that authorizes the County of Monterey to submit an application for program funds and administer one or more eligible activities on behalf of the City.
- D. WHEREAS the Department may approve funding allocations for PLHA Program, subject to the terms and conditions of the Guidelines, NOFA, Program requirements, the Standard Agreement, and other contracts between the Department and PLHA grant recipients.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Carmelby-the-Sea that:

- 1. Pursuant to Section 302(c)(4) of the Guidelines, the County of Monterey's 5-year PLHA Plan for funding allocations is incorporated by reference and attached to this resolution, and the City of Carmel-by-the-Sea hereby adopts this PLHA Plan and certifies compliance with all public notice, public comment, and public hearing requirements in accordance with the Guidelines.
- 2. The City of Carmel-by-the-Sea certifies that it has delegated authority to the County of Monterey to apply on its behalf and administer the PLHA grant award for the formula allocation of PLHA funds, pursuant to Guidelines Section 300(c) and 300(d), and the legally binding agreement between the City of Carmel-by-the-Sea and the County of Monterey is submitted with the PLHA application.

3. The City of Carmel-by-the-Sea certifies that its decision to delegate its authority to the County of Monterey to apply for its PLHA allocation was or will be accessible to the public and avoided or shall avoid any conflicts of interest.

PASSED AND ADOPTED by the City Council of the City of Carmel-by-the-Sea this 1st day of November, 2022, by the following vote:

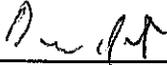
AYES: Council Members Baron, Ferlito, Theis, Richards, and Mayor Potter

NOES: None

ABSENT: None

ABSTAIN: None

APPROVED:



Dave Potter
Mayor

CERTIFICATE OF THE ATTESTING OFFICER

The undersigned City Clerk does hereby attest and certify that the forgoing Resolution is a true, full and correct copy of a resolution duly adopted at a meeting of the Carmel-by-the-Sea City Council which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and in full force and effect as of the date hereof.

ATTEST:



Nova Romero, MMC
City Clerk

AN AGREEMENT BETWEEN THE COUNTY OF MONTEREY and THE CITY OF
CARMEL-BY-THE-SEA, FOR JOINT PARTICIPATION IN THE
PERMANENT LOCAL HOUSING ALLOCATION FUNDING PROGRAM FOR
FISCAL YEARS 2019-2023, AND TO DELEGATE THE COUNTY OF
MONTEREY AS THE ADMINISTERING LOCAL GOVERNMENT FOR THE
PROGRAM

THIS AGREEMENT is made and entered into this 8th day of November, 2022, by and between the County of Monterey, a political subdivision of the State of California, hereinafter called "County"; and the City of Carmel-by-the-Sea, a municipal corporation of the State of California, located in the County of Monterey, hereinafter referred to as "City", jointly referred to as "Parties".

WITNESSETH

WHEREAS, the State of California Department of Housing and Community Development ("State") is authorized to provide up to \$335 million to Cities and Counties for assistance under the SB 2 Permanent Local Housing Allocation Program ("PLHA Program") Formula Component from the Building Homes and Jobs Trust Fund (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB2))).

WHEREAS, the State issued Permanent Local Housing Allocation Final Guidelines ("PLHA Program Guidelines") in October 2019.

WHEREAS, the State issued a Notice of Funding Availability ("NOFA") dated May 3, 2021, under the Permanent Local Housing Allocation ("PLHA") Formula Component.

WHEREAS, each of the Parties is eligible to apply for and administer Permanent Local Housing Allocation Formula component funds.

WHEREAS, Section 300(c) of the PLHA Program Guidelines allows a local government to delegate another local government to apply and administer on its behalf its formula allocation of Program funds, provided that the local governments enter into a legally binding agreement and the funds are expended for eligible activities consistent with Program requirements.

WHEREAS, City of Carmel-by-the-Sea desires to participate jointly with the County of Monterey in said Program.

WHEREAS, the County of Monterey desires to participate jointly with the City of Carmel-by-the-Sea in said Program, and whereas the County agrees to administer the receipt of formula allocation Program funds on behalf of both Parties and act as the Applicant to the State for the funding.

NOW THEREFORE, in consideration of the mutual promises, recitals, and other

provisions hereof, the Parties agree as follows:

SECTION I. GENERAL

- A. Responsible Officers.** The Director of Housing and Community Development of the County of Monterey (hereinafter referred to as ("Director") is hereby authorized to act as the applicant on behalf of the City of Carmel-by-the-Sea for the PLHA Program and to administer funding and activities under the Program. The City Administrator of the City of Carmel-by-the-Sea is hereby authorized to act as the responsible officer for the City under the Program.
- B. Full Cooperation.** Parties agree to fully cooperate and to assist each other in undertaking eligible programs or projects as defined in Section 301 of PLHA Program Guidelines, including but not limited to the development of affordable rental housing.
- C. Threshold Requirements for Participation.** Parties understand and agree to comply with State's threshold requirements for participation in the formula allocation program as follows:
- a. Housing Element compliance:** The County as Applicant and the delegating City have a Housing Element that has been adopted by the local government's governing body and subsequently determined to be in substantial compliance with state Housing Element Law pursuant to GC Section 65585.
 - b. Housing Element Annual Progress Report (APR) compliance:** The County as Applicant and the delegating City have submitted to the State the APR required by GC Section 65400 for the current or prior year.
- D. Term of Agreement-Automatic Renewal Provision.** The term of this Agreement shall be for a period encompassing five (5) years of formula allocations (2019-2023), made available in NOFAs issued by the State beginning in February 2020 and extending through 2024, and shall include the years stipulated in the State standard agreement. In addition, this Agreement provides for automatic renewal of participation in successive five-year periods, unless either of the Parties provides written notice of at least 60 days prior to the end of the term that it elects not to participate in a new five-year period. Before the end of the first five-year term, the County will notify the City of Carmel-by-the-Sea in writing of its right not to participate in the joint Program for a successive five-year term. This Agreement remains in effect until the PLHA Program funds received with respect to the five-year planning period are fully committed, expended, and all required reports have been submitted and the required reporting period has ended.
- E. Scope of Agreement.** This agreement covers the PLHA formula program funding administered by the State where each of the Parties is awarded and accepts funding from the State.

SECTION II. PREPARATION AND SUBMITTAL OF PLHA FUNDING APPLICATION AND PLAN

- A.** PLHA Application and Plan. Pursuant to the requirements listed in Section 302(c) of the PLHA Program Guidelines, the County shall prepare its own application requesting the formula funds, and a Plan which details how the allocated funds will be used for eligible activities, how investments will be prioritized to increase the supply of housing for households with incomes at or below 60% of Area Median Income, and how the Plan is consistent with the programs set forth in its Housing Element. The County will also provide evidence that the Plan was authorized and adopted by resolution by the Board of Supervisors of the County of Monterey and that the public had an adequate opportunity to review and comment on its content. The County will also prepare an application on behalf of the City of Carmel-by-the-Sea requesting the formula funds, and a Plan which details how the allocated funds will be used for eligible activities, how investments will be prioritized to increase the supply of housing for households with incomes at or below 60% of Area Median Income, and how the Plan is consistent with the programs set forth in the City of Carmel-by-the-Sea's Housing Element. The County will also provide evidence that the Plan was authorized and adopted by resolution by the Board of Supervisors of the County of Monterey and that the public had an adequate opportunity to review and comment on its content.
- B.** Application Submittal. The County agrees to commit sufficient resources to completing and submitting the PLHA Applications and Plans to State in time for the Parties to be eligible to receive funding beginning in 2019, dependent upon State's execution of a Standard Agreement with County.

SECTION III. PROGRAM ADMINISTRATION

- A.** Responsibilities of Parties. The Parties agree, in the delegation of the County as the administering local government for the PLHA Program, that the County shall be responsible for execution of the Standard Agreements with State and the proper performance of the PLHA Plans. County agrees to perform necessary administrative tasks such as, but not limited to, environmental clearance under CEQA or NEPA, establishment of loan underwriting policies and terms, execution and management of any loans made using PLHA funds, monitoring of programs and projects as needed to fulfill PLHA requirements, and submittal of annual reports to State on PLHA-funded activities. The City of Carmel-by-the-Sea agrees to fully cooperate with the County in all things required and appropriate to comply with the provisions of the Standard Agreement with State. During the first year of the five-year Plan term, the Parties agree to meet on a quarterly basis to discuss the plans for the use of PLHA funds and progress being made. Beginning in the second year of the five-year Plan term, through the end of the fifth year, Parties will agree to a meeting schedule which will provide adequate opportunity for communication and decision-making.
- B.** Program Administration Funding. In consideration of the County's agreement to

be the administering local government for the PLHA Program and its assumption of the responsibilities inherent in this role, the Parties agree that the allowable Program Administration for the funding, which is equal to a maximum of 5% of each year's allocation for each local government jurisdiction, shall be retained exclusively by the County of Monterey for these administrative purposes.

- C. Maintenance of Records. The County shall maintain records of activities for any projects undertaken pursuant to the PLHA Program, and said records shall be available for inspection by staff and/or auditors representing the City of Carmel-by-the-Sea, on reasonable notice during the normal business hours of County.

SECTION IV. USE OF PLHA FUNDS

- A. Joint Participation in Funding of Projects. The Parties agree it is in the best interest of the public that the allocations made available to each local government jurisdiction be combined into a pool of funds to be used throughout either jurisdiction, pursuant to the criteria described in Section IV. D. of this Agreement. The Parties agree this method will allow for more timely development of the housing units assisted by the funding, and therefore address the current shortage of affordable housing throughout both jurisdictions, which is of vital importance and a high priority to all Parties.
- B. Use of Funding During the First Five-Year Term. Given the importance of the existence of critical public infrastructure (water, sewer, storm drainage) to the development of multi-family housing, and due to the general lack of such infrastructure in much of the unincorporated areas of the County, the Parties agree that funding received during the first five-year term will be focused on projects in the City of Carmel-by-the-Sea where such infrastructure is typically available. County agrees to the use of its funding allocations for projects and the City understands that units developed within the City would count towards the City RHNA numbers.
- C. Projects Included in PLHA Plan. In order to develop the PLHA Plan, the Parties have agreed upon the need for multi-family, affordable housing units throughout the County. In accordance with this need, the Parties have shared the status of potential projects in the City of Carmel-by-the-Sea, which may be targeted for PLHA funding. These potential projects have been used to develop the unit count and affordability targeting required to be described in the PLHA Plan. Due to the preliminary nature of the potential projects, the Parties agree that these are subject to change.
- D. Project Assistance Criteria. As the Parties have agreed to combine their allocations into a pool of funds to be used throughout the County, the following criteria shall be considered by the County as funding decisions are made for the use of the PLHA funds.
 - a. Meeting PLHA Commitment Requirements: Pursuant to Section 300(e) of the PLHA Program Guidelines, the County shall consider how individual project

readiness and project funding needs will impact the County's ability to remain in compliance with the commitment requirements of PLHA.

- b. **Project Readiness:** Projects will be prioritized for funding within the following tiers of readiness:
 - i. **High Readiness:** Project Sponsor has site control, has been awarded any needed planning entitlements, has completed environmental review/clearance, and has developed a neighborhood outreach strategy.
 - ii. **Medium Readiness:** Project Sponsor has site control, planning entitlements and environmental clearance are under way, and is actively working on a neighborhood outreach strategy.
 - iii. **Low Readiness:** Project Sponsor is in negotiations for site control and has inquired of each jurisdiction what will be needed for planning entitlements and environmental review, as well as neighborhood outreach.
- c. **Project Funding Needs:** In addition to consideration of Project Readiness, projects with a demonstrated need for the PLHA funding to ensure or enhance project viability will be prioritized.
- d. **Targeting to the Lowest Income Households:** PLHA funds can be used for households at a variety of income levels, but are especially intended to be used to meet the housing needs of households at or below 60% of Area Median Income. Projects which have units targeted for affordability for these households will be prioritized for funding.

E. Minimum Project Assistance by Jurisdiction. Notwithstanding the criteria described above, the Parties agree to make every reasonable effort to ensure that during the five-year term of the agreement, a minimum of one project is funded in the City.

F. Funding Assistance in the Form of Loans. The Parties agree that any funding provided to a housing developer for a project will be provided in the form of a low interest deferred loan, with the loan amount and loan terms (including conditions for the payment of accrued interest and principal from residual receipts), delineated at the time the loan commitment is approved by the County Board of Supervisors. The loan shall be evidenced through a Promissory Note secured by a Deed of Trust in favor of the County of Monterey. A recorded Regulatory Agreement shall restrict occupancy and rents for a term of at least 55 years.

G. Use of Program Income. The Parties agree that program income generated as a result of the receipt of PLHA funds will be retained by the County and utilized to fund future PLHA-eligible activities. Program income will include payments from residual receipts, accrued interest, and any monitoring fees the County chooses to charge.

NOW THEREFORE, the Parties hereto have caused this Agreement to be executed and attested by their proper officer thereunder duly authorized and their official seals to be hereunto affixed, all as of the day first above written.

County Counsel Certification

The Office of the County Counsel hereby certifies that the terms and provisions of this Agreement are fully authorized under State and local laws, and that this Agreement provides full legal authority for the County to undertake all responsibilities as the delegated local government to administer the PLHA funding.

COUNTY OF MONTEREY

APPROVED AS TO FORM:

By: _____
Erik Lundquist
Director of Housing and Community Development

By: _____
Sean Collins
Deputy County Counsel,
County of Monterey

CITY OF CARMEL-BY-THE-SEA:

APPROVED AS TO FORM:

By: _____
Chip Rerig
City Administrator

By: _____
Brian Pierik
City Attorney, City of Carmel-by-the-Sea

**CITY OF GREENFIELD CITY COUNCIL
RESOLUTION NUMBER 2022-116**

AUTHORIZING THE DELEGATION FOR APPLICATION OF THE CITY OF GREENFIELD PERMANENT LOCAL HOUSING ALLOCATION PROGRAM TO AND ADOPTING THE COUNTY OF MONTEREY'S 5-YEAR PLHA PLAN AND AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH THE COUNTY OF MONTEREY FOR THE JOINT PARTICIPATION IN THE PERMANENT LOCAL HOUSING ALLOCATION FUNDING PROGRAM FOR THE FISCAL YEARS 2020-2025, AND TO DELEGATE THE COUNTY OF MONTEREY AS THE ADMINISTERING LOCAL GOVERNMENT FOR THE PROGRAM

A necessary quorum and majority of the City Council of the City of Greenfield hereby consents to, adopts, and ratifies the following resolution:

- A. **WHEREAS** the SB 2 Permanent Local Housing Allocation Program Formula Component from the Building Homes and Jobs Trust Fund for assistance to Cities and Counties (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB 2)).
- B. **WHEREAS** the State of California (the "State"), Department of Housing and Community Development ("Department") issued a Notice of Funding Availability ("NOFA") dated 8/17/2022 under the Permanent Local Housing Allocation (PLHA) Program.
- C. **WHEREAS** the City of Greenfield is an eligible Local government who has applied for program funds to administer one or more eligible activities, or a Local or Regional Housing Trust Fund to whom an eligible Local government delegated its PLHA formula allocation.
- D. **WHEREAS** the Department may approve funding allocations for PLHA Program, subject to the terms and conditions of the Guidelines, NOFA, Program requirements, the Standard Agreement, and other contracts between the Department and PLHA grant recipients.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the City Council of the City of Greenfield that:

1. Pursuant to Section 302(c)(4) of the Guidelines, Applicant's PLHA Plan for the 2019-2023 Allocations is attached to this resolution, and Applicant hereby adopts this PLHA Plan and certifies compliance with all public notice, public comment, and public hearing requirements in accordance with the Guidelines.
2. Applicant certifies that it has delegated authority to the County of Monterey to apply on its behalf and administer the PLHA grant award for the formula allocation of PLHA funds,

pursuant to Guidelines Section 300(c) and 300(d), and the legally binding agreement between the recipient of the PLHA funds and the Applicant is submitted with the PLHA application.

3. Applicant certifies that its decision delegating its authority to apply for its PLHA allocation was or will be accessible to the public and avoided or shall avoid any conflicts of interest.

PASSED AND ADOPTED by the City Council of the City of Greenfield at a regular meeting on this 15th day of, November 2022, by the following vote:

AYES, and all in favor, therefore, Council Members: Councilmembers Martinez, Tipton and White

NOES, Council Members: None

ABSENT, Council Members: Mayor Walker and Mayor Pro-tem Untalon



Lance Walker, Mayor

ATTEST:



Ann F. Rathbun, City Clerk

AN AGREEMENT BETWEEN THE COUNTY OF MONTEREY and THE CITY OF
GREENFIELD, FOR JOINT PARTICIPATION IN THE
PERMANENT LOCAL HOUSING ALLOCATION FUNDING PROGRAM FOR
FISCAL YEARS 2019-2023, AND TO DELEGATE THE COUNTY OF
MONTEREY AS THE ADMINISTERING LOCAL GOVERNMENT FOR THE
PROGRAM

THIS AGREEMENT is made and entered into this 15th day of November, 2022, by and between the County of Monterey, a political subdivision of the State of California, hereinafter called "County"; and the City of Greenfield, a municipal corporation of the State of California, located in the County of Monterey, hereinafter referred to as "City", jointly referred to as "Parties".

WHEREAS, the State of California Department of Housing and Community Development ("State") is authorized to provide up to \$335 million to Cities and Counties for assistance under the SB 2 Permanent Local Housing Allocation Program ("PLHA Program") Formula Component from the Building Homes and Jobs Trust Fund (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB2))).

WHEREAS, the State issued Permanent Local Housing Allocation Final Guidelines ("PLHA Program Guidelines") in October 2019.

WHEREAS, the State issued a Notice of Funding Availability ("NOFA") dated May 3, 2021, under the Permanent Local Housing Allocation ("PLHA") Formula Component.

WHEREAS, each of the Parties is eligible to apply for and administer Permanent Local Housing Allocation Formula component funds.

WHEREAS, Section 300(c) of the PLHA Program Guidelines allows a local government to delegate another local government to apply and administer on its behalf its formula allocation of Program funds, provided that the local governments enter into a legally binding agreement and the funds are expended for eligible activities consistent with Program requirements.

WHEREAS, City of Greenfield desires to participate jointly with the County of Monterey in said Program.

WHEREAS, the County of Monterey desires to participate jointly with the City of Greenfield in said Program, and whereas the County agrees to administer the receipt of formula allocation Program funds on behalf of both Parties and act as the Applicant to the State for the funding.

NOW THEREFORE, in consideration of the mutual promises, recitals, and other

provisions hereof, the Parties agree as follows:

SECTION I. GENERAL

- A. Responsible Officers.** The Director of Housing and Community Development of the County of Monterey (hereinafter referred to as ("Director") is hereby authorized to act as the applicant on behalf of the City of Greenfield for the PLHA Program and to administer funding and activities under the Program. The City Administrator of the City of Greenfield is hereby authorized to act as the responsible officer for the City under the Program.
- B. Full Cooperation.** Parties agree to fully cooperate and to assist each other in undertaking eligible programs or projects as defined in Section 301 of PLHA Program Guidelines, including but not limited to the development of affordable rental housing.
- C. Threshold Requirements for Participation.** Parties understand and agree to comply with State's threshold requirements for participation in the formula allocation program as follows:
- a. Housing Element compliance:** The County as Applicant and the delegating City have a Housing Element that has been adopted by the local government's governing body and subsequently determined to be in substantial compliance with state Housing Element Law pursuant to GC Section 65585.
 - b. Housing Element Annual Progress Report (APR) compliance:** The County as Applicant and the delegating City have submitted to the State the APR required by GC Section 65400 for the current or prior year.
- D. Term of Agreement-Automatic Renewal Provision.** The term of this Agreement shall be for a period encompassing five (5) years of formula allocations (2019-2023), made available in NOFAs issued by the State beginning in February 2020 and extending through 2024, and shall include the years stipulated in the State standard agreement. In addition, this Agreement provides for automatic renewal of participation in successive five-year periods, unless either of the Parties provides written notice of at least 60 days prior to the end of the term that it elects not to participate in a new five-year period. Before the end of the first five-year term, the County will notify the City of Greenfield in writing of its right not to participate in the joint Program for a successive five-year term. This Agreement remains in effect until the PLHA Program funds received with respect to the five- year planning period are fully committed, expended, and all required reports have been submitted and the required reporting period has ended.
- E. Scope of Agreement.** This agreement covers the PLHA formula program funding administered by the State where each of the Parties is awarded and accepts funding from the State.

SECTION II. PREPARATION AND SUBMITTAL OF PLHA FUNDING APPLICATION AND PLAN

- A. PLHA Application and Plan. Pursuant to the requirements listed in Section 302(c) of the PLHA Program Guidelines, the County shall prepare its own application requesting the formula funds, and a Plan which details how the allocated funds will be used for eligible activities, how investments will be prioritized to increase the supply of housing for households with incomes at or below 60% of Area Median Income, and how the Plan is consistent with the programs set forth in its Housing Element. The County will also provide evidence that the Plan was authorized and adopted by resolution by the Board of Supervisors of the County of Monterey and that the public had an adequate opportunity to review and comment on its content. The County will also prepare an application on behalf of the City of Carmel-by-the-Sea requesting the formula funds, and a Plan which details how the allocated funds will be used for eligible activities, how investments will be prioritized to increase the supply of housing for households with incomes at or below 60% of Area Median Income, and how the Plan is consistent with the programs set forth in the City of Greenfield's Housing Element. The County will also provide evidence that the Plan was authorized and adopted by resolution by the Board of Supervisors of the County of Monterey and that the public had an adequate opportunity to review and comment on its content.
- B. Application Submittal. The County agrees to commit sufficient resources to completing and submitting the PLHA Applications and Plans to State in time for the Parties to be eligible to receive funding beginning in 2019, dependent upon State's execution of a Standard Agreement with County.

SECTION III. PROGRAM ADMINISTRATION

- A. Responsibilities of Parties. The Parties agree, in the delegation of the County as the administering local government for the PLHA Program, that the County shall be responsible for execution of the Standard Agreements with State and the proper performance of the PLHA Plans. County agrees to perform necessary administrative tasks such as, but not limited to, environmental clearance under CEQA or NEPA, establishment of loan underwriting policies and terms, execution and management of any loans made using PLHA funds, monitoring of programs and projects as needed to fulfill PLHA requirements, and submittal of annual reports to State on PLHA-funded activities. The City of Greenfield agrees to fully cooperate with the County in all things required and appropriate to comply with the provisions of the Standard Agreement with State. During the first year of the five-year Plan term, the Parties agree to meet on a quarterly basis to discuss the plans for the use of PLHA funds and progress being made. Beginning in the second year of the five- year Plan term, through the end of the fifth year, Parties will agree to a meeting schedule which will provide adequate opportunity for communication and decision-making.
- B. Program Administration Funding. In consideration of the County's agreement to

be the administering local government for the PLHA Program and its assumption of the responsibilities inherent in this role, the Parties agree that the allowable Program Administration for the funding, which is equal to a maximum of 5% of each year's allocation for each local government jurisdiction, shall be retained exclusively by the County of Monterey for these administrative purposes.

- C. Maintenance of Records. The County shall maintain records of activities for any projects undertaken pursuant to the PLHA Program, and said records shall be available for inspection by staff and/or auditors representing the City of Carmel-by-the-Sea, on reasonable notice during the normal business hours of County.

SECTION IV. USE OF PLHA FUNDS

- A. Joint Participation in Funding of Projects. The Parties agree it is in the best interest of the public that the allocations made available to each local government jurisdiction be combined into a pool of funds to be used throughout either jurisdiction, pursuant to the criteria described in Section IV. D. of this Agreement. The Parties agree this method will allow for more timely development of the housing units assisted by the funding, and therefore address the current shortage of affordable housing throughout both jurisdictions, which is of vital importance and a high priority to all Parties.
- B. Use of Funding During the First Five-Year Term. Given the importance of the existence of critical public infrastructure (water, sewer, storm drainage) to the development of multi-family housing, and due to the general lack of such infrastructure in much of the unincorporated areas of the County, the Parties agree that funding received during the first five-year term will be focused on projects in the City of Greenfield where such infrastructure is typically available. County agrees to the use of its funding allocations for projects and the City understands that units developed within the City would count towards the City RHNA numbers.
- C. Projects Included in PLHA Plan. In order to develop the PLHA Plan, the Parties have agreed upon the need for multi-family, affordable housing units throughout the County. In accordance with this need, the Parties have shared the status of potential projects in the City of Greenfield, which may be targeted for PLHA funding. These potential projects have been used to develop the unit count and affordability targeting required to be described in the PLHA Plan. Due to the preliminary nature of the potential projects, the Parties agree that these are subject to change.
- D. Project Assistance Criteria. As the Parties have agreed to combine their allocations into a pool of funds to be used throughout the County, the following criteria shall be considered by the County as funding decisions are made for the use of the PLHA funds.
 - a. Meeting PLHA Commitment Requirements: Pursuant to Section 300(e) of the PLHA Program Guidelines, the County shall consider how individual project

readiness and project funding needs will impact the County's ability to remain in compliance with the commitment requirements of PLHA.

- b. **Project Readiness:** Projects will be prioritized for funding within the following tiers of readiness:
 - i. **High Readiness:** Project Sponsor has site control, has been awarded any needed planning entitlements, has completed environmental review/clearance, and has developed a neighborhood outreach strategy.
 - ii. **Medium Readiness:** Project Sponsor has site control, planning entitlements and environmental clearance are under way, and is actively working on a neighborhood outreach strategy.
 - iii. **Low Readiness:** Project Sponsor is in negotiations for site control and has inquired of each jurisdiction what will be needed for planning entitlements and environmental review, as well as neighborhood outreach.
- c. **Project Funding Needs:** In addition to consideration of Project Readiness, projects with a demonstrated need for the PLHA funding to ensure or enhance project viability will be prioritized.
- d. **Targeting to the Lowest Income Households:** PLHA funds can be used for households at a variety of income levels, but are especially intended to be used to meet the housing needs of households at or below 60% of Area Median Income. Projects which have units targeted for affordability for these households will be prioritized for funding.

E. Minimum Project Assistance by Jurisdiction. Notwithstanding the criteria described above, the Parties agree to make every reasonable effort to ensure that during the five-year term of the agreement, a minimum of one project is funded in the City.

F. Funding Assistance in the Form of Loans. The Parties agree that any funding provided to a housing developer for a project will be provided in the form of a low interest deferred loan, with the loan amount and loan terms (including conditions for the payment of accrued interest and principal from residual receipts), delineated at the time the loan commitment is approved by the County Board of Supervisors. The loan shall be evidenced through a Promissory Note secured by a Deed of Trust in favor of the County of Monterey. A recorded Regulatory Agreement shall restrict occupancy and rents for a term of at least 55 years.

G. Use of Program Income. The Parties agree that program income generated as a result of the receipt of PLHA funds will be retained by the County and utilized to fund future PLHA-eligible activities. Program income will include payments from residual receipts, accrued interest, and any monitoring fees the County chooses to charge.

NOW THEREFORE, the Parties hereto have caused this Agreement to be executed and attested by their proper officer thereunder duly authorized and their official seals to be hereunto affixed, all as of the day first above written.

County Counsel Certification

The Office of the County Counsel hereby certifies that the terms and provisions of this Agreement are fully authorized under State and local laws, and that this Agreement provides full legal authority for the County to undertake all responsibilities as the delegated local government to administer the PLHA funding.

COUNTY OF MONTEREY

APPROVED AS TO FORM:

By: _____
Erik Lundquist
Director of Housing and Community Development

By: _____
Sean Collins
Deputy County Counsel,
County of Monterey

CITY OF GREENFIELD:

APPROVED AS TO FORM:

By: _____
Paul Wood
City Manager

By: _____
Jennifer Thompson
City Attorney, City of Greenfield

RESOLUTION NO. 5889

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOLEDAD AUTHORIZING THE COUNTY OF MONTEREY TO SUBMIT AN APPLICATION ON BEHALF OF THE CITY OF SOLEDAD FOR THE PERMANENT LOCAL HOUSING ALLOCATION (PLHA) PROGRAM, ADOPTING THE COUNTY OF MONTEREY'S 5-YEAR PLAN, AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH THE COUNTY OF MONTEREY FOR JOINT PARTICIPATION IN THE PLHA FUNDING PROGRAM FOR FISCAL YEARS 2019-2023 AND DELEGATING TO THE COUNTY OF MONTEREY ADMINISTRATION OF THE PLHA PROGRAM ON BEHALF OF THE CITY OF SOLEDAD.

WHEREAS, the State of California (the "State"), Department of Housing and Community Development ("Department") is authorized to provide up to \$335 million under the SB 2 Permanent Local Housing Allocation Program Formula Component from the Building Homes and Jobs Trust Fund for assistance to Cities and Counties (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB 2))).

WHEREAS, the Department issued a Notice of Funding Availability ("NOFA") dated August 17, 2022, under the Permanent Local Housing Allocation (PLHA) Program.

WHEREAS, the City of Soledad is an eligible Local government that authorizes the County of Monterey to submit an application for program funds and administer one or more eligible activities on behalf of the City.

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

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the City of Soledad City Council **by the City Council adopt this resolution:**

1. Pursuant to Section 302(c)(4) of the Guidelines, the County of Monterey's 5-year PLHA Plan for funding allocations is incorporated by reference and attached to this resolution, and the City of Soledad hereby adopts this PLHA Plan and certifies compliance with all public notice, public comment, and public hearing requirements in accordance with the Guidelines.

2. The City of Soledad certifies that it has delegated authority to the County of Monterey to apply on its behalf and administer the PLHA grant award for the formula allocation of PLHA funds, pursuant to Guidelines Section 300(c) and 300(d), and the legally binding agreement between the City of Soledad and the County of Monterey is submitted with the PLHA application.

3. The City of Soledad certifies that its decision to delegate its authority to the County of Monterey to apply for its PLHA allocation was or will be accessible to the public and avoided or shall avoid any conflicts of interest.

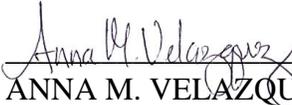
PASSED AND ADOPTED by the City Council of the City of Soledad this 2nd day of November 2022, by the following vote:

AYES, and in favor thereof Councilmembers: Benjamin Jimenez, Jr., Alejandro Chavez, Maria Corralejo, Mayor Pro Tem Marisela Lara, Mayor Anna M. Velazquez

NOES, Councilmembers: None

ABSENT, Councilmembers: None

ABSTAIN, Councilmembers: None


ANNA M. VELAZQUEZ, Mayor

ATTEST:


BRENT SLAMA, City Clerk

AN AGREEMENT BETWEEN THE COUNTY OF MONTEREY and THE CITY OF SOLEDAD, FOR JOINT PARTICIPATION IN THE PERMANENT LOCAL HOUSING ALLOCATION FUNDING PROGRAM FOR FISCAL YEARS 2019-2023, AND TO DELEGATE THE COUNTY OF MONTEREY AS THE ADMINISTERING LOCAL GOVERNMENT FOR THE PROGRAM

THIS AGREEMENT is made and entered into this 8th day of November, 2022, by and between the County of Monterey, a political subdivision of the State of California, hereinafter called "County"; and the City of Soledad, a municipal corporation of the State of California, located in the County of Monterey, hereinafter referred to as "City", jointly referred to as "Parties".

WITNESSETH

WHEREAS, the State of California Department of Housing and Community Development ("State") is authorized to provide up to \$335 million to Cities and Counties for assistance under the SB 2 Permanent Local Housing Allocation Program ("PLHA Program") Formula Component from the Building Homes and Jobs Trust Fund (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB2))).

WHEREAS, the State issued Permanent Local Housing Allocation Final Guidelines ("PLHA Program Guidelines") in October 2019.

WHEREAS, the State issued a Notice of Funding Availability ("NOFA") dated May 3, 2021, under the Permanent Local Housing Allocation ("PLHA") Formula Component.

WHEREAS, each of the Parties is eligible to apply for and administer Permanent Local Housing Allocation Formula component funds.

WHEREAS, Section 300(c) of the PLHA Program Guidelines allows a local government to delegate another local government to apply and administer on its behalf its formula allocation of Program funds, provided that the local governments enter into a legally binding agreement and the funds are expended for eligible activities consistent with Program requirements.

WHEREAS, City of Soledad desires to participate jointly with the County of Monterey in said Program.

WHEREAS, the County of Monterey desires to participate jointly with the City of Soledad in said Program, and whereas the County agrees to administer the receipt of formula allocation Program funds on behalf of both Parties and act as the Applicant to the State for the funding.

NOW THEREFORE, in consideration of the mutual promises, recitals, and other

provisions hereof, the Parties agree as follows:

SECTION I. GENERAL

- A. Responsible Officers.** The Director of Housing and Community Development of the County of Monterey (hereinafter referred to as ("Director") is hereby authorized to act as the applicant on behalf of the City of Soledad for the PLHA Program and to administer funding and activities under the Program. The City Administrator of the City of Soledad is hereby authorized to act as the responsible officer for the City under the Program.

- B. Full Cooperation.** Parties agree to fully cooperate and to assist each other in undertaking eligible programs or projects as defined in Section 301 of PLHA Program Guidelines, including but not limited to the development of affordable rental housing.

- C. Threshold Requirements for Participation.** Parties understand and agree to comply with State's threshold requirements for participation in the formula allocation program as follows:
 - a. Housing Element compliance:** The County as Applicant and the delegating City have a Housing Element that has been adopted by the local government's governing body and subsequently determined to be in substantial compliance with state Housing Element Law pursuant to GC Section 65585.

 - b. Housing Element Annual Progress Report (APR) compliance:** The County as Applicant and the delegating City have submitted to the State the APR required by GC Section 65400 for the current or prior year.

- D. Term of Agreement-Automatic Renewal Provision.** The term of this Agreement shall be for a period encompassing five (5) years of formula allocations (2019-2023), made available in NOFAs issued by the State beginning in February 2020 and extending through 2024, and shall include the years stipulated in the State standard agreement. In addition, this Agreement provides for automatic renewal of participation in successive five-year periods, unless either of the Parties provides written notice of at least 60 days prior to the end of the term that it elects not to participate in a new five-year period. Before the end of the first five-year term, the County will notify the City of Soledad in writing of its right not to participate in the joint Program for a successive five-year term. This Agreement remains in effect until the PLHA Program funds received with respect to the five- year planning period are fully committed, expended, and all required reports have been submitted and the required reporting period has ended.

- E. Scope of Agreement.** This agreement covers the PLHA formula program funding administered by the State where each of the Parties is awarded and accepts funding from the State.

SECTION II. PREPARATION AND SUBMITTAL OF PLHA FUNDING APPLICATION AND PLAN

- A.** PLHA Application and Plan. Pursuant to the requirements listed in Section 302(c) of the PLHA Program Guidelines, the County shall prepare its own application requesting the formula funds, and a Plan which details how the allocated funds will be used for eligible activities, how investments will be prioritized to increase the supply of housing for households with incomes at or below 60% of Area Median Income, and how the Plan is consistent with the programs set forth in its Housing Element. The County will also provide evidence that the Plan was authorized and adopted by resolution by the Board of Supervisors of the County of Monterey and that the public had an adequate opportunity to review and comment on its content. The County will also prepare an application on behalf of the City of Carmel-by-the-Sea requesting the formula funds, and a Plan which details how the allocated funds will be used for eligible activities, how investments will be prioritized to increase the supply of housing for households with incomes at or below 60% of Area Median Income, and how the Plan is consistent with the programs set forth in the City of Soledad's Housing Element. The County will also provide evidence that the Plan was authorized and adopted by resolution by the Board of Supervisors of the County of Monterey and that the public had an adequate opportunity to review and comment on its content.
- B.** Application Submittal. The County agrees to commit sufficient resources to completing and submitting the PLHA Applications and Plans to State in time for the Parties to be eligible to receive funding beginning in 2019, dependent upon State's execution of a Standard Agreement with County.

SECTION III. PROGRAM ADMINISTRATION

- A.** Responsibilities of Parties. The Parties agree, in the delegation of the County as the administering local government for the PLHA Program, that the County shall be responsible for execution of the Standard Agreements with State and the proper performance of the PLHA Plans. County agrees to perform necessary administrative tasks such as, but not limited to, environmental clearance under CEQA or NEPA, establishment of loan underwriting policies and terms, execution and management of any loans made using PLHA funds, monitoring of programs and projects as needed to fulfill PLHA requirements, and submittal of annual reports to State on PLHA-funded activities. The City of Soledad agrees to fully cooperate with the County in all things required and appropriate to comply with the provisions of the Standard Agreement with State. During the first year of the five-year Plan term, the Parties agree to meet on a quarterly basis to discuss the plans for the use of PLHA funds and progress being made. Beginning in the second year of the five- year Plan term, through the end of the fifth year, Parties will agree to a meeting schedule which will provide adequate opportunity for communication and decision-making.
- B.** Program Administration Funding. In consideration of the County's agreement to

be the administering local government for the PLHA Program and its assumption of the responsibilities inherent in this role, the Parties agree that the allowable Program Administration for the funding, which is equal to a maximum of 5% of each year's allocation for each local government jurisdiction, shall be retained exclusively by the County of Monterey for these administrative purposes.

- C. Maintenance of Records. The County shall maintain records of activities for any projects undertaken pursuant to the PLHA Program, and said records shall be available for inspection by staff and/or auditors representing the City of Carmel-by-the-Sea, on reasonable notice during the normal business hours of County.

SECTION IV. USE OF PLHA FUNDS

- A. Joint Participation in Funding of Projects. The Parties agree it is in the best interest of the public that the allocations made available to each local government jurisdiction be combined into a pool of funds to be used throughout either jurisdiction, pursuant to the criteria described in Section IV. D. of this Agreement. The Parties agree this method will allow for more timely development of the housing units assisted by the funding, and therefore address the current shortage of affordable housing throughout both jurisdictions, which is of vital importance and a high priority to all Parties.
- B. Use of Funding During the First Five-Year Term. Given the importance of the existence of critical public infrastructure (water, sewer, storm drainage) to the development of multi-family housing, and due to the general lack of such infrastructure in much of the unincorporated areas of the County, the Parties agree that funding received during the first five-year term will be focused on projects in the City of Soledad where such infrastructure is typically available. County agrees to the use of its funding allocations for projects and the City understands that units developed within the City would count towards the City RHNA numbers.
- C. Projects Included in PLHA Plan. In order to develop the PLHA Plan, the Parties have agreed upon the need for multi-family, affordable housing units throughout the County. In accordance with this need, the Parties have shared the status of potential projects in the City of Soledad, which may be targeted for PLHA funding. These potential projects have been used to develop the unit count and affordability targeting required to be described in the PLHA Plan. Due to the preliminary nature of the potential projects, the Parties agree that these are subject to change.
- D. Project Assistance Criteria. As the Parties have agreed to combine their allocations into a pool of funds to be used throughout the County, the following criteria shall be considered by the County as funding decisions are made for the use of the PLHA funds.
 - a. Meeting PLHA Commitment Requirements: Pursuant to Section 300(e) of the PLHA Program Guidelines, the County shall consider how individual project

readiness and project funding needs will impact the County's ability to remain in compliance with the commitment requirements of PLHA.

- b. Project Readiness: Projects will be prioritized for funding within the following tiers of readiness:
 - i. High Readiness: Project Sponsor has site control, has been awarded any needed planning entitlements, has completed environmental review/clearance, and has developed a neighborhood outreach strategy.
 - ii. Medium Readiness: Project Sponsor has site control, planning entitlements and environmental clearance are under way, and is actively working on a neighborhood outreach strategy.
 - iii. Low Readiness: Project Sponsor is in negotiations for site control and has inquired of each jurisdiction what will be needed for planning entitlements and environmental review, as well as neighborhood outreach.
- c. Project Funding Needs: In addition to consideration of Project Readiness, projects with a demonstrated need for the PLHA funding to ensure or enhance project viability will be prioritized.
- d. Targeting to the Lowest Income Households: PLHA funds can be used for households at a variety of income levels, but are especially intended to be used to meet the housing needs of households at or below 60% of Area Median Income. Projects which have units targeted for affordability for these households will be prioritized for funding.

E. Minimum Project Assistance by Jurisdiction. Notwithstanding the criteria described above, the Parties agree to make every reasonable effort to ensure that during the five-year term of the agreement, a minimum of one project is funded in the City.

F. Funding Assistance in the Form of Loans. The Parties agree that any funding provided to a housing developer for a project will be provided in the form of a low interest deferred loan, with the loan amount and loan terms (including conditions for the payment of accrued interest and principal from residual receipts), delineated at the time the loan commitment is approved by the County Board of Supervisors. The loan shall be evidenced through a Promissory Note secured by a Deed of Trust in favor of the County of Monterey. A recorded Regulatory Agreement shall restrict occupancy and rents for a term of at least 55 years.

G. Use of Program Income. The Parties agree that program income generated as a result of the receipt of PLHA funds will be retained by the County and utilized to fund future PLHA-eligible activities. Program income will include payments from residual receipts, accrued interest, and any monitoring fees the County chooses to charge.

NOW THEREFORE, the Parties hereto have caused this Agreement to be executed and attested by their proper officer thereunder duly authorized and their official seals to be hereunto affixed, all as of the day first above written.

County Counsel Certification

The Office of the County Counsel hereby certifies that the terms and provisions of this Agreement are fully authorized under State and local laws, and that this Agreement provides full legal authority for the County to undertake all responsibilities as the delegated local government to administer the PLHA funding.

COUNTY OF MONTEREY

APPROVED AS TO FORM:

By: _____
Erik Lundquist
Director of Housing and Community Development

By: _____
Sean Collins
Deputy County Counsel,
County of Monterey

CITY OF SOLEDAD:

APPROVED AS TO FORM:

By: _____
Brent Slama
City Manager

By: _____
Mike Rodriguez
City Attorney, City of Soledad

California Code of Regulations
Title 25, Division 1
Chapter 7
Subchapter 19
Commencing with Section 8300
Effective date: November 15, 2017

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Section 8300. Purpose and Scope.

- (a) These regulations provide uniform standards and program rules for multifamily rental housing developments assisted by the Department of Housing and Community Development.
- (b) When expressly incorporated by reference, some or all of the provisions of this Chapter shall apply to: the Joe Serna, Jr. Farmworker Housing Grant (JSJFWHG) Program (Chapter 7, subchapter 3, commencing with Section 7200); the Multifamily Housing Program (MHP) (Chapter 7, subchapter 4, commencing with Section 7300); and the HOME Investment Partnerships (HOME) Program (Chapter 7, subchapter 17, commencing with Section 8200). These regulations interpret and make specific the following statutes applicable to these programs: Health and Safety Code Division 31, Part 3.2, Chapter 2 (commencing with Section 50517.5), Chapter 6.7 (commencing with Section 50675), and Chapter 16 (commencing with Section 50896).
- (c) The 2017 adoptions and amendments to subchapter 19 shall be effective on November 15, 2017 and shall apply prospectively to all standard agreements between the Department and Sponsors that are executed or amended on or after the foregoing effective date and are governed by the authorities set forth in subsection (b). These agreements are subject to the standard contract format referenced in the California State Contracting Manual.

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(2), 50675.1(d), 50675.11 and 50896.3(b), Health and Safety Code. Reference: Sections 50517.5, 50675, 50896, 50896.1 and 50896.3, Health and Safety Code; and 24 CFR part 92.

Section 8301. Definitions.

The following definitions govern this subchapter.

- (a) "Assisted Unit" means a Unit that is subject to the Program's rent and/or occupancy restrictions as a result of the financial assistance provided by the Program, as specified in the Regulatory Agreement.
- (b) "CalHFA" means the California Housing Finance Agency.
- (c) "Commercial Space" means any nonresidential space located in or on the property of a Rental Housing Development that is, or is

proposed to be, rented or leased by the owner of the Project, the income from which shall be included in Operating Income.

- (d) "CPI" means the Consumer Price Index for All Urban Consumers, West Region, All Items, as published by the Bureau of Labor Statistics, United States Department of Labor.
- (e) "Debt Service Coverage Ratio" means the ratio of (1) Operating Income less the sum of Operating Expenses and required reserves to (2) debt service payments, excluding voluntary prepayments and non-mandatory debt service. In calculating Debt Service Coverage Ratio, the Department may include all Operating Income, and may exclude Operating Income that cannot be reasonably underwritten by lenders making amortized loans or that is approved by the Department to be deposited into a reserve account to defray projected operating deficits.
- (f) "Department" means the Department of Housing and Community Development.
- (g) "Developer Fee" means the same as the definition of that term in California Code of Regulations, Title 4, Section 10302.
- (h) "Distributions" means the amount of cash or other benefits received from the operation of a Rental Housing Development and available to be distributed pursuant to Section 8314 to the Sponsor or any party having a beneficial interest in the Sponsor or the Project, after payment of all due and outstanding obligations incurred in connection with the Rental Housing Development. Distributions do not include payments for: deferred Developer Fee up to the limit set forth in Section 8312, approved partnership and asset management fees, mandatory debt service, approved reserve accounts established to prevent tenant displacement resulting from the termination of rent subsidies, operations, maintenance, payments to approved reserve accounts, land lease payments to parties that do not have a beneficial interest in the Sponsor entity, or payments for property management or other services as set forth in the Regulatory Agreement for the Rental Housing Development. Distributions include releases to the Sponsor or any other party of reserve funds, where the use of these funds have not been approved by the Department for Project costs.
- (i) "Eligible Households" for MHP means "eligible household" as defined in Section 7301, for HOME this term means the same as "low income families" as defined in 24 CFR 92.2, and for JSJFWHG

this term means the same as “agricultural household” as defined in Section 7202.

- (j) “Native American Lands” means real property located within the geographic boundary of the State of California that meets both the following criteria: it is trust land for which the United States holds title to the tract or interest in trust for the benefit of one or more Indian tribes or individual Indians, or is restricted Indian land for which one or more tribes or individual Indians holds fee title to the tract or interest but can alienate or encumber it only with the approval of the United States; and the land may be leased for housing development and residential purposes under federal law.
- (k) "Operating Expenses" means the amount approved by the Department that is necessary to pay for the recurring expenses of the Project, such as utilities, maintenance, management, taxes, licenses, and Supportive Services Costs, but not including debt service or required reserve account deposits.
- (l) "Operating Income" means all income generated in connection with operation of the Rental Housing Development including rental income for Assisted Units and non-Assisted Units, rental income for Commercial Space or commercial use, laundry and equipment rental fees, rental subsidy payments, and interest on any accounts, other than approved reserve accounts, related to the Rental Housing Development. "Operating Income" does not include security and equipment deposits, payments to the Sponsor for Supportive Services not included in the Department-approved operating budget, cash contributed by the Sponsor, or tax benefits received by the Sponsor.
- (m) "Program" means the Department funding program or programs providing assistance to the Project.
- (n) "Project" means a Rental Housing Development, and includes the development, the construction or rehabilitation, and the operation thereof, and the financing structure and all agreements and documentation approved in connection therewith.
- (o) “Regulatory Agreement” means the written agreement between the Department and the Sponsor that will be recorded as a lien on the Rental Housing Development to control the use and maintenance of the Project, including restricting the rent and occupancy of the Assisted Units.

- (p) "Rental Housing Development" means a structure or set of structures which collectively contains 5 or more Units (except that HOME projects may contain fewer than 5 Units.). "Rental Housing Development" does not include any "health facility" as defined by Section 1250 of the Health and Safety Code or any "alcoholism or drug abuse recovery or treatment facility" as defined by Section 11834.02 of the Health and Safety Code.
- (q) "Restricted Unit" means any Assisted Unit and any Unit that is subject to Rent and occupancy restrictions that are comparable to those applicable to Assisted Units. Restricted Units include Units subject to a TCAC regulatory agreement, and all Units subject to similar long-term, low-income or occupancy restrictions imposed by other public agencies.
- (r) "Rural Area" means the same as defined in Section 50199.21 of the Health and Safety Code.
- (s) "Sponsor" means the legal entity or combination of legal entities with continuing control of the Rental Housing Development. Where the borrowing entity is or will be organized as a limited partnership, Sponsor includes the general partner or general partners who have effective control over the operation of the partnership, or, if the general partner is controlled by another entity, the controlling entity. Sponsor does not include the seller of the property to be developed as the Project, unless the seller will retain control of the Project for the period of time necessary to ensure Project feasibility as determined by the Department.
- (t) "Supportive Services" means social, health, educational, income support and employment services and benefits, coordination of community building and educational activities, individualized needs assessment, and individualized assistance with obtaining services and benefits.
- (u) "Supportive Services Costs" means the costs of providing tenants service coordination, case management, and direct resident and Supportive Services. It includes:
 - (1) the cost of providing tenants with information on and referral to social, health, educational, income support and employment services and benefits, coordination of community building and educational activities, individualized needs assessment, and individualized assistance with obtaining services and benefits;

- (2) salaries, benefits, contracted services, telecommunication expenses, travel costs, supplies, office expenses, staff training, maintenance of on-site equipment used in services programs, such as computer labs, incidental costs related to resident events, and other similar costs approved by the Department.
- (v) "TCAC" means the California Tax Credit Allocation Committee.
- (w) "Transitional Housing" means a Rental Housing Development operating under programmatic constraints that require the termination of assistance after a specified time or event, in no case less than 6 months after initial occupancy, and the re-renting of the Assisted Unit to another eligible participant.
- (x) "Unit" means a residential Unit that is used as a primary residence by its occupants, including efficiency Units, residential hotel units, and units used as Transitional Housing.

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(d), 50675.11, 50896.1(a) and 50896.3(b), Health and Safety Code. Reference: Sections 50517.5, 50675, 50675.1(c), 50675.2 and 50896.1(a), Health and Safety Code; and 24 CFR part 92.

Section 8302. Restrictions on Demolition.

- (a) Proposed projects involving new construction and requiring the demolition of existing residential Units are eligible only if the number of bedrooms in the new Project is at least equal to the total number of bedrooms in the demolished structures. The new Units may exist on separate parcels provided all parcels are part of the same Rental Housing Development meeting the requirements of Section 8303(b).
- (b) The Department may approve exceptions to subsection (a) where it determines that such exceptions will substantially improve the livability of the remaining units, or serve some other compelling public policy objective. For example, it may approve a reduction in the number of single room occupancy (SRO) units where necessary to add private cooking and bathing facilities, or a reduction in the number of bedrooms in public housing necessary to meet federal requirements.

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(d), 50675.11, 50896.1(a) and 50896.3(b), Health and Safety Code. Reference: Sections 50517.5(a)(1), 50517.5(d)(3), 50675.4, 50675.7 and 50896.1(a), Health and Safety Code; and 24 CFR Section 92.353(a).

Section 8303. Site Control Requirements and Scattered Site Projects.

- (a) At the time of application, a Sponsor must have site control of the of the proposed Project property, in the name of the Sponsor or an entity controlled by the Sponsor, by one of the following means:
 - (1) fee title, which, for tribal trust land, may be evidenced by a title status report or an attorney's opinion regarding chain of title and current title status;
 - (2) a leasehold interest on the Project property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit, prior to loan closing, compliance with all Program requirements, including compliance with Section 8316;
 - (3) an enforceable option to purchase or lease which shall extend through the anticipated date of the Program award as specified in the Notice of Funding Availability (NOFA);
 - (4) a disposition and development agreement with a public agency;
 - (5) an agreement with a public agency that gives the Sponsor exclusive rights to negotiate with that agency for acquisition of the site, provided that the major terms of the acquisition have been agreed to by both parties; or
 - (6) a land sales contract, or other enforceable agreement for the acquisition of the property.

- (b) If the Project has multiple contiguous or non-contiguous sites, the configuration of those sites must satisfy all provisions of the statutes governing the applicable Department funding program or programs, and meet the following additional requirements:
 - (1) all of the developments on the various sites must have a single owner and property manager at the time of the closing of the Department loan, with the exception of any non-residential condominium units;
 - (2) the debt and associated security instruments of all lenders senior to the Department must be the same for all sites, and multiple senior lenders shall not be allowed;

- (3) there must be a single annual report, schedule of rental income, and annual audit of project operations covering all sites;
- (4) the Department must be secured against all sites, with lien priority relative to local public agency lenders and use of cash flow available for residual receipt loan payments determined in accordance with Section 8314(a)(2)(A) and (B) of these regulations (with each lender's share of residual receipts proportionate to their share of total Department and local government assistance for the entire multi-site project); and
- (5) the Department must be named on applicable insurance policies subject to the Department's approval covering all sites, including but not limited to title insurance policies and other policies with coverage for hazard and liability insurance for the Rental Housing Development, including flood insurance, if applicable. The Department shall be named as a loss payee or an additional insured on all such policies. Such policies also shall provide for notice to the Department in the event of any lapse of coverage and in the event of any claim thereunder. Insurance must be obtained and maintained for the term of the Department's program loan.

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(d), 50675.11, 50896.1(a) and 50896.3(b), Health and Safety Code. Reference: Sections 50517.5(d)(4)(A), 50675.6, 50675.7(c)(3) and 50896.1(a), Health and Safety Code; 42 U.S.C. Section 5304(b); and 24 CFR Section 92.35(a).

Section 8304. Unit Standards.

- (a) Restricted Units shall not differ substantially in size or amenity level from non-Restricted Units with the same number of bedrooms, and Units shall not differ in size or amenity level on the basis of income-level restrictions. Restricted Units shall not be segregated from non-Restricted Units, and Units shall not be segregated from each other on the basis of income-level restrictions. Within these limits, Sponsors may change the designation of a particular Unit from Assisted to non-Assisted or from one income-restriction to another over time. For Projects involving rehabilitation or conversion, the Department may permit certain Units to be designated as exclusively market-rate Units where necessary for fiscal integrity and where all other Program requirements are satisfied.

- (b) For the full loan term, the number, size, type, and amenity level of Assisted Units shall not be fewer than the number nor different from the size, type and amenity level described in the Regulatory Agreement.
- (c) For projects assisted by MHP, the number of Assisted Units shall equal the number of Restricted Units to the extent allowed by the requirements of Article XXXIV of the California Constitution.

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(c), 50675.11, 50896.1(a) and 50896.3(b), Health and Safety Code.
Reference: Sections 50517.5(d)(4)(A), 50517.5(d)(5), 50517.5(e)(2), 50675.1(c), 50675.2(b), 50675.7, 50675.8 and 50896.1(a), Health and Safety Code; and 24 CFR Sections 92.252(e) and 92.504(c).

Section 8305. Tenant Selection.

- (a) Sponsors shall select only Eligible Households as tenants of vacant Assisted Units, using procedures approved by the Department that include:
 - (1) reasonable criteria for selection or rejection of tenant applications which shall not discriminate in violation of any federal, state or local law governing discrimination, or any other arbitrary factor;
 - (2) prohibition of local residency requirements;
 - (3) prohibition of local residency preferences, except where there is evidence satisfactory to the Department that the preference as applied will comply with fair housing law and:
 - (A) where accompanied by an equal preference for employment in the local area and applied to areas not smaller than municipal jurisdictions or recognized communities within unincorporated areas, or
 - (B) where a local ordinance grants a preference to neighborhood residents who have been or are about to be displaced;
 - (4) tenant selection procedures that include the following components, and that are available to prospective tenants upon request:
 - (A) selection of tenants based on order of application, lottery or other reasonable method approved by the

Department, including priority status under a local coordinated entry (also known as centralized or coordinated assessment, or coordinated access) system established pursuant to federal regulations governing the Continuum of Care program, 24 Code of Federal Regulations, Part 578 (June 6, 2017) hereby incorporated by reference;

- (B) does not encourage or require applicants to wait in a physical line;
 - (C) notification to tenant applicants of eligibility for residency and, based on turnover history for Units in the Rental Housing Development, the approximate date when a Unit may be available;
 - (D) notification of tenant applicants who are found ineligible to occupy an Assisted Unit of their ineligibility and the reason for the ineligibility, and of their right to appeal this determination;
 - (E) maintenance of a waiting list of applicant households eligible to occupy Assisted Units and Units designated for various tenant income levels, which shall be made available to prospective tenants upon request;
 - (F) targeting specific Special Needs Populations (“Special Needs Populations” has the same meaning as defined in Section 7301(s)) in accordance with the Regulatory Agreement and applicable laws; and
 - (G) affirmative fair housing marketing procedures as specified in the Affirmative Fair Housing Marketing Plan Compliance Regulations of the United States Department of Housing and Urban Development, 24 CFR part 200.620 (a)-(c), or similar affirmative fair marketing housing plan as approved by the Department.
- (b) Sponsors shall rent vacant units to households with no less than the number of people specified in the following schedule:

<i>Unit Size</i>	<i>Minimum Number of Persons in Household</i>
SRO	1
0-BR	1
1-BR	1
2-BR	2
3-BR	4
4-BR	6
5-BR	8

Exceptions:

- (1) Live-in aids may be allocated a separate bedroom.
- (2) A separate bedroom may be allocated as a reasonable accommodation for individuals with disabilities who have a need for such an accommodation.
- (3) For units covered under Housing Choice Vouchers or project-based Section 8 rental assistance contracts, Sponsors may defer to the local housing authority's determination of appropriate unit occupancy.

A Sponsor may assign tenant households to Units of sizes other than those indicated as appropriate in the table and exceptions listed above if the Sponsor reasonably determines that special circumstances warrant such an assignment and the reasons are documented in the tenant's file. The Sponsor's determination is subject to approval by the Department. Through the Project's tenant selection or management plan, a Sponsor may receive advance Department approval of additional categorical exceptions.

- (c) The Department may approve exceptions to the requirements of this section for Projects located on Native American Lands, based on the unique legal requirements applicable to Native American Lands.

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(d), 50675.11, 50896.1(a) and 50896.3(b), Health and Safety Code.
Reference: Sections 50517.5(a)(1), 50517.5(d)(3), 50517.5(d)(5), 50517.5(e)(2), 50675.1(c), 50675.8(a)(1) and 50896.1(a), Health and Safety Code; and 24 CFR Sections 92.303, 92.350 and 92.351.

Section 8306. Tenant Recertification.

- (a) The Sponsor shall annually recertify household size and income for Assisted Units.
- (b) If at the time of recertification, a tenant's household size has changed and no longer meets the occupancy standards pursuant to the previous section, the Sponsor may require the tenant household to move to the next available appropriately sized Unit.

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(c), 50675.11, 50896.1(a) and 50896.3(b), Health and Safety Code.
Reference: Sections 50517.5(a)(1), 50517.5(d)(3), 50517.5(d)(5), 50517.5(e)(2), 50675.1(c), 50675.8(a)(1) and 50896.1(a), Health and Safety Code, and 24 CFR Sections 92.303, 92.350 and 92.351.

Section 8307. Rental Agreement and Grievance Procedure.

- (a) All rental or occupancy agreements for Assisted Units are subject to Department approval and shall include:
 - (1) provisions requiring good cause for termination of tenancy. One or more of the following constitutes "good cause":
 - (A) failure by the tenant to maintain applicable eligibility requirements under the Program or other eligibility requirements as approved by the Department;
 - (B) material noncompliance by the tenant with the lease, including one or more substantial violations of the lease or habitual minor violations of the lease which:
 - 1. adversely affect the health and safety of any person or the right of any tenant to the quiet enjoyment of the leased premises and related Project facilities;
 - 2. substantially interfere with the management, maintenance, or operation of the Rental Housing Development; or
 - 3. result from the failure or refusal to pay, in a timely fashion, Rent or other permitted charges when due. Failure or refusal to pay in a timely fashion is a minor violation if payment is made during the 3-day notice period;

- (C) material failure by the tenant to carry out obligations under federal, state or local law;
 - (D) subletting by the tenant of all or any portion of the Assisted Unit;
 - (E) any other action or conduct of the tenant constituting significant problems which can be reasonably resolved only by eviction of the tenant, provided that the Sponsor has previously notified the tenant that the conduct or action in question would be considered cause for eviction. Examples of action or conduct in this category include the refusal of a tenant, after written notice, to accept reasonable rules or any reasonable changes in the lease or the refusal to recertify income or household size; or
 - (F) for Transitional Housing, the end of the maximum term prescribed for tenant occupancy by the Program operated in a particular Transitional Housing Project.
- (2) a provision requiring that the facts constituting the grounds for any eviction be set forth in the notice provided to the tenant pursuant to state law;
 - (3) notice of grievance procedures for hearing complaints of tenants and appeal of management action; and
 - (4) a requirement that the tenant annually recertify household income and size.
- (b) The Sponsor shall adopt an appeal and grievance procedure to resolve grievances filed by tenants and appeals of actions taken by Sponsors with respect to tenants' occupancy in the Rental Housing Development, and prospective tenants' applications for occupancy. The Sponsor's appeal and grievance procedure shall be subject to Department approval and, at a minimum, shall include the following:
 - (1) a requirement for delivery to each tenant and applicant of a written copy of the appeal and grievance procedure;

- (2) procedures for informal dispute resolution;
 - (3) a right to a hearing before an impartial body, which shall consist of one or more persons with the power to render a final decision on the appeal or grievance; and
 - (4) procedures for the conduct of an appeal or grievance hearing and the appointment of an impartial hearing body.
- (c) Neither utilization of, nor participation in any of the appeal and grievance procedures shall constitute a waiver of or affect the rights of the tenant, prospective tenant, or Sponsor to a trial de novo or judicial review in any judicial proceeding which may thereafter be brought in the matter.
 - (d) This section shall not be construed to pre-empt or supersede requirements established by local government which further limit good cause for eviction.
 - (e) For Projects located on Native American Lands, the Department may approve exemptions to the requirements of this section, based on the unique legal requirements applicable to Native American Lands.

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(d), 50675.11, 50896.1(a) and 50896.3(b), Health and Safety Code.
 Reference: Sections 50517.5(d)(3), 50517.5(d)(5), 50517.5(e)(2), 50675.8(a)(1), 50675.8(a)(2) and 50896.1(a), Health and Safety Code; and 24 CFR Sections 92.253 and 92.303.

Section 8308. Operating Reserves.

The Sponsor shall establish an operating reserve for the purpose of defraying operating shortfalls resulting from Department-approved Operating Expenses exceeding Operating Income beyond the rent-up period.

- a) Withdrawals from the operating reserve shall require prior written approval of the Department. Should the Department fail to take action on a request for an eligible withdrawal from the operating reserve within 30 days from documented receipt of the request, that request shall be deemed approved.
- b) The initial deposit to the operating reserve shall be funded from development funding sources in an amount determined by the Department, which shall be not less than the total of the following: 4 months of projected Operating Expenses (excluding the cost of on-site Supportive Services coordination), 4 months of required

replacement reserve deposits, and 4 months of non-contingent debt service. For projects with tax credits, the requirement shall be 3 months of these items. In setting the initial funding requirement, the Department shall consider factors including, but not limited to the projected level of Project cash flow, the adequacy of the operating budget, Project location, local market characteristics, the number of sites, and Project design.

- c) Sponsor shall fully replace any withdrawals from the Operating Reserve, up to the minimum initial deposit amount specified in subsection (b) above, as may be modified in accordance with subsection (d) or (e) below, using available cash flow prior to use of any cash flow to pay deferred Developer Fee, partnership management or similar fees, or Distributions.
- d) In the absence of some extraordinary occurrences, such as litigation affecting the project or construction defects, and upon occurrence of both of the following events, the Department shall reduce the required minimum balance: (i) operation at a debt service coverage ratio of 1.15 or greater for 5 years; and (ii) operation at an Operating Expense coverage ratio of 1.08, where Operating Expense ratio is defined to equal effective gross income, less required replacement reserve deposits and non-contingent debt service, divided by total Operating Expenses, not including the approved cost of Supportive Services coordination.
- e) The Department may agree with other financing sources to allocate authority regarding amounts deposited into or withdrawn from the Operating Reserve, where the Department determines that such arrangement would not jeopardize the fiscal integrity of the Project and the minimum reserve requirements would be maintained. For Projects subject to direct federal loan or grant programs, including the Native American Housing Assistance and Self Determination Act programs, or receiving a permanent loan from CalHFA, the Department may also defer to the operating reserve requirements of these agencies during the time such projects are regulated by a federal agency or CalHFA, and not require deposits in the amounts specified in subsection (b).
- f) Where all Project development funding sources are legally precluded from using their funds to capitalize the operating reserve as required by subsection (b), the Sponsor may fund this account out of Operating Income, provided that cash flow is sufficient to reasonably ensure that the required balance can be accumulated within six years of initial occupancy.

- g) In no event shall this reserve balance be used to fund limited partner exit costs, except for amounts in excess of the reserve balance required by the Department.

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(d), 50675.11, 50896.1(a) and 50896.3(b), Health and Safety Code. Reference: Sections 50517.5, 50675.5(b)(8) and 50896.1(a), Health and Safety Code.

Section 8309. Replacement Reserves.

The Sponsor shall establish a replacement reserve to repair or replace failed or damaged capital items and to cover extraordinary maintenance expenses, as approved by the Department. Extraordinary maintenance expenses are expenses for infrequent major repairs and replacements of building components too costly to be absorbed by the Project's annual operating budget. In no event shall this reserve be used to fund limited partner exit costs.

- (a) Withdrawals from the replacement reserve shall require prior written approval of the Department. Should the Department fail to take action on a request for an eligible withdrawal from the replacement reserve within 30 days of documented receipt of the request, that request shall be deemed approved.
- (b) The replacement reserve shall be funded from Operating Income, development sources or a combination of Operating Income and development sources.
 - (1) For new construction or conversion Projects, the initial amount of annual deposits to the replacement reserve account shall be equal to at least the lesser of 0.6% of estimated construction costs associated with structures in the Project, excluding construction contingency and general contractor profit, overhead and general requirements, or \$500 per unit. However, the Department may approve a different amount based on the results of a third-party reserve analysis, which it may require, or other reliable indicators of the need for replacement reserve funds over the initial 20 years of operation, or, in the case of transactions involving restructuring of existing Department loans, 20 years of operations after the restructuring.
 - (2) For rehabilitation Projects, the initial amount of annual deposits to the replacement reserve account shall be determined by the Department based on the results of a third-party physical needs assessment or other reliable indicators of the need for replacement reserve funds over

the initial 20 years of operation. In its initial underwriting, in the absence of an approved physical needs assessment or other reliable indicators of the need for replacement reserve funds, the Department may assume that the initial amount of annual deposits shall be \$500 per unit.

- (3) The Department may periodically adjust the amount of required deposits to the replacement reserve for a particular Project based on the results of reserve analysis or other reliable indicators of the need for replacement reserve funds over time.
- (4) The Department may agree with other financing sources to allocate authority regarding amounts deposited into or withdrawn from the replacement reserve, where the Department determines that such arrangement would not jeopardize the fiscal integrity of the Project and the minimum reserve requirements would be maintained. For Projects subject to direct federal loan or grant programs, including Native American Housing Assistance and Self Determination Act programs, or receiving a permanent loan from CalHFA, the Department may also defer to the replacement reserve requirements of these agencies during the time such projects are regulated by a federal agency or CalHFA.
- (5) If the Department requires a reserve analysis because the Department determines the reserve is inadequate due to annual replacement costs exceeding or being reasonably likely to exceed the amounts deposited to the reserve, or due to a request by the Sponsor to adjust the required reserve amount, the analysis must result in a due diligence report that examines the current physical conditions at property(ies), specifies repairs or replacements needed immediately, and budgets for the long-term capital repair and replacement needs during the life of an asset, such as the results of using the Capital Needs Assessment eTool, developed by the U.S. Department of Housing and Urban Development.

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(d), 50675.11, 50896.1(a) and 50896.3(b), Health and Safety Code.
Reference: Sections 50517.5(d)(1), 50675.5(b)(8) and 50896.1(a), Health and Safety Code.

Section 8310. Underwriting Standards.

In analyzing Project feasibility, the Department shall, at a minimum, utilize the following assumptions and criteria:

- (a) Residential vacancy rates shall be assumed to be 5%, unless a different figure is required by another funding source (including TCAC) or supported by compelling market evidence.
- (b) Vacancy rates for Commercial Space shall be assumed to be 50%, except the Department may use the vacancy loss assumption of the Project's senior lender or equity investor under either of the following circumstances:
 - (1) where the commercial income is guaranteed by the Sponsor through a long-term master lease and the amount of the Sponsor's annual master lease payment is both:
 - (A) less than one percent of the Sponsor's cash and cash equivalent current assets; and
 - (B) less than or equal to the projected commercial income, as evidenced by a market study or appraisal commissioned by the first lien lender or equity investor, and reflected in the final pro forma approved by the first lien lender or equity investor; or
 - (2) where the Commercial Space has been leased to a national or regional firm widely recognized by the general public, and the term of the lease extends at least five years past the projected date of construction completion.
- (c) Total Operating Expenses (not including property taxes or the approved costs of on-site service coordination) shall not be less than those specifically listed in California Code of Regulations, Title 4, Section 10327 as minimum Operating Expenses (without the reduction allowed by those regulations for bond-financed projects). The Department may project higher Operating Expenses where warranted by the experience of comparable properties and particular building characteristics, such as the nature of the tenant population or the level of rehabilitation. Prior to loan closing, the Department may approve total Operating Expenses that are less than those specified in Section 10327, *supra*, only if the Project has

an extraordinary design feature, such as its own electrical generation system, which results in a quantifiable operating cost savings as documented by a qualified third party.

- (d) All Operating Expenses, including property management fees, shall be within the normal market range, as periodically determined by the Department in surveys or based on costs observed in its portfolio.
- (e) The first year Debt Service Coverage Ratio shall not be:
 - (1) less than 1.10:1 or
 - (2) greater than 1.20:1, except where a higher first-year ratio is necessary to:
 - (A) project first-year cash flow after debt service and required reserve deposits equal to or less than 12 percent of operating expenses;
 - (B) meet the requirements of subsection (i);
 - (C) meet CalHFA's standard underwriting requirements or those of a direct federal lending program; or
 - (D) project a positive cash flow over 20 years, using the assumptions specified in subsection (i).

In applying the requirements of subsections (e)(1) and (e)(2), the annual MHP Program loan payment of 0.42% will be considered debt service.

The Department may modify the application of these requirements on a case-by-case basis for Projects receiving operating or rental subsidies structured to allow for breakeven operation, or for operation at a level of cash flow that differs from that resulting from application of these requirements in order to meet the cash flow obligations in this subsection.

- (f) Balloon payments are not allowed on senior debt, except where the Department's affordability covenant or regulatory agreement (collectively "Use Restriction") is recorded in a position that is senior to the debt with a balloon payment. Any such Use Restriction may include provisions that, upon foreclosure of the debt instrument securing such debt, allow the Use Restriction to be amended to delete any portion of the Use Restriction that is not

necessary to ensure the continued restriction of the project to the same affordability level for all occupants, rents or amounts charged pursuant thereto, reporting requirements not related to tenant occupancy and affordability, and level of operations and maintenance (collectively, the "Affordability Provisions"). The Sponsor may also include an executory provision in the original Use Restriction that immediately limits the effect of the Use Restriction to only those set forth in the Affordability Provisions. Furthermore, in the event project-based rental assistance is terminated, the Affordability Provisions may include a provision allowing rents to increase to the minimum extent required for fiscal integrity, as defined in Section 7301(g), but not in any event shall rents exceed 30% of 50% of area median income, as such area median income is determined by the U. S. Department of Housing and Urban Development, adjusted by bedroom count by TCAC pursuant to 26 U.S. Code Section 42(g)(2)(C) with the annually published TCAC Income Limits and Maximum Rents posted on the TCAC website.

- (g) Balloon payments are allowed on junior debt during the term of the Program loan only where the Department determines that the balloon payment will not jeopardize project feasibility.
- (h) Variable interest rate debt shall be underwritten at the ceiling interest rate, unless the Department determines that using a lower interest rate assumption will not jeopardize project feasibility.
- (i) The Project must demonstrate a positive cash flow for 15 years, using income and expenses increase rate assumptions specified in California Code of Regulations, Title 4, Section 10327. If projected Project income includes rental assistance or operating subsidy payments under a renewable contract, the Department may assume that this contract will be renewed, where the renewal of the rental assistance or operating subsidy is likely.
- (j) Where the Department is providing construction-period financing, the minimum budgeted construction contingency shall be 5 percent of construction costs for new construction projects and 10 percent of construction costs for rehabilitation and conversion projects.
- (k) Local public agency loans shall not have required payments exceeding 0.5% per year of the original principal loan amount.

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(d), 50675.11, 50896.1(a) and 50896.3(b), Health and Safety Code. Reference: Sections 50517.5(d)(2), 50517.5(e)(2), 50675.7(b)(3) and 50896.1(a), Health and Safety Code; and 24 CFR Section 92.252.

Section 8311. Limits on Development Costs.

- (a) Project development costs must be reasonable, as measured by the ratio of the project's total eligible basis to its total adjusted threshold basis limits, calculated at the time of application for Department funds. Both total eligible basis and total adjusted basis limits shall be computed in accordance with TCAC regulations and procedures set forth in Title 4, California Code of Regulations, Sections 10325 - 10327, except as follows:
 - (1) There shall not be an adjustment of threshold basis limits based on units that will be income and rent restricted at or below certain area median income levels, such as that in Title 4, California Code of Regulations, Section 10327(c)(5)(C) as in effect as of September 2016.
 - (2) Costs shall be deemed reasonable under this section if the ratio calculated pursuant to the above subsection (a) is less than 160 percent.
- (b) If the ratio calculated above in subsection (a) exceeds 170 percent, calculated based on actual development costs following completion of construction, the Sponsor shall incur up to 20 negative points which may, in the Department's discretion, be assessed, and which negative points shall reduce the Sponsor's score by the same amount for future applications to any of the Department's Notice of Funding Availability for any of the Department's programs, and may continue to be repeatedly assessed for any and all successive NOFAs for a period of up to three years following the date on which the Department determined that the cost exceeded the 170 percent limit.
- (c) Builder overhead, profit and general requirements shall be limited in accordance with California Code of Regulations, Title 4, Section 10327.
- (d) Property acquisition prices shall not exceed appraised value, except where the increment above appraised value is fully covered by junior public agency financing that carries no mandatory debt service.

- (e) Proposed Project sites shall not require site development work that is significantly more costly than that typical for other similar projects in the local market area, unless either:
 - (1) the proposed site acquisition cost together with the site development costs are less than the cost of a typical site together with typical site development costs in the Project's market area; or
 - (2) there are no other sites available in the market area with a lower combined cost.

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(d), 50675.11, 50896.1(a) and 50896.3(b), Health and Safety Code. Reference: Sections 50517.5(a)(1), 50517.5(c)(2), 50517.5(e)(2), 50675(a), 50675.4(b)(2), 50675.4(c)(1), 50675.5 and 50896.1(a), Health and Safety Code.

Section 8312. Developer Fee.

- (a) For Projects not utilizing low income housing tax credits, Developer Fee shall not exceed the amount calculated in accordance with subsections (1), (2) or (3) below. The per unit amounts will be adjusted in thousand dollar increments in accordance with changes in the CPI when, following the year 2016, the CPI has indicated the next full thousand dollar increment has been reached.
 - (1) For new construction Projects and Projects where the contract for the rehabilitation work equals or exceeds \$35,000 per Unit:
 - (A) For the first 30 Units, \$26,000 per Unit.
 - (B) For each Unit in excess of 30, \$10,500 per Unit.
 - (2) For other Projects involving acquisition and rehabilitation where the contract amount for the rehabilitation work, excluding contractor profit and overhead, equals or exceeds \$10,500 per Unit and is less than \$35,000 per Unit:
 - (A) For the first 30 Units, \$12,000 per Unit.
 - (B) For each Unit in excess of 30, \$5,500 per Unit.
 - (3) For all other Projects, \$2,000 per Unit.
- (b) For Projects utilizing 9% competitive low income housing tax credits, Developer Fee payments shall not exceed the amount that

may be included in project costs pursuant to California Code of Regulations, Title 4, Section 10327.

- (c) For Projects utilizing 4% percent tax credits, Developer Fee payments shall not exceed the lesser of \$3,500,000 or the sum of:
 - (1) the amount that could be included in project costs pursuant to Title 4, California Code of Regulations, Section 10327 if the project was receiving 9% competitive credits; plus
 - (2) any remaining deferred Developer Fee (payable exclusively from operating income) that is allowed in eligible basis under Title 4, California Code of Regulations, Section 10327 of the TCAC regulations.

(Subsection (c) limits Developer Fee paid from development funding sources.)

- (d) The dollar value of any capital contribution of funds or real property made by the Sponsor or an affiliate, as approved by the Department, for Project development costs shall increase the Developer Fee limit by the dollar value of the capital contribution.
- (e) The limits set forth in this section shall apply to each Project pursuant to the terms of a program standard agreement, as memorialized in Department loan or grant documents entered into pursuant thereto (the "Original Award"). For any future work performed for the benefit of the Project, to the extent such work was not captured, set forth, or otherwise contemplated in any of the legal documents memorializing terms related to the Original Award, the fees for such new developer work benefiting the Project shall be recalculated in accordance with this section, treating that new work as if it were a separate project.
- (f) For projects where less than 25 percent of total units are counted in the determination of maximum Department loan or grant amounts, the Department may defer to the limits on Developer Fees applicable to other public agency project funding sources, to the extent it deems necessary to attract sufficient applications to utilize available Department funding.

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(d), 50675.11, 50896.1(a) and 50896.3(b), Health and Safety Code.
Reference: Sections 50517.5(a)(1), 50517.5(c)(2), 50517.5(e)(2), 50675.5(b)(5), 50675.8(a)(5) and 50896.1(a), Health and Safety Code.

Section 8313. Program Compatibility.

- (a) Where the requirements of federal funding for a Project (including low income housing tax credits and direct federal loans but excluding federal loan guarantees) would cause a violation of the requirements to these regulations, the Department may modify these requirements as minimally necessary to ensure program compatibility.

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(d), 50896.1(a) and 50896.3(b), Health and Safety Code. Reference: Sections 50406(n), 50675.1(d), 50675.9, 50517.5(a)(1), 50517.5(a)(3), 50896.1(a) and 50896.3(b), Health and Safety Code.

Section 8313.1 Funding Source Surpluses.

- (a) If, upon completion of construction, permanent development funding sources exceed actual total development costs the following requirements apply to the resulting funding surplus:
 - (1) If there are local public agency lenders providing construction-period financing, and the Department is providing only permanent financing, the local lenders may reduce their loans by an amount not exceeding the contingency shown in the loan documents approved by the Department at construction loan closing.
 - (2) In other cases, or to the extent that the surplus exceeds the budgeted contingency, the Department loan amount shall be reduced by an amount not less than the surplus multiplied by the ratio of the Department's loan amount to total local government assistance, as defined in 8315(c)(3).
 - (3) As an alternative to (1) or (2), the Department may approve use of surplus funds to reduce tenant rents or for other direct tenant benefits.

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(d), 50896.1(a) and 50896.3(b), Health and Safety Code. Reference: Sections 50517.5(a)(1), 50517.5(c)(2), 50517.5(e)(2), 50675.5(b)(5), and 50896.1(a), Health and Safety Code.

Section 8313.2 Special Purpose Entity(ies).

- (a) The Department may permit the ultimate borrower or recipient of Department funds to be a special purpose entity formed and controlled by the Sponsor if and only if the Sponsor can demonstrate to the satisfaction of the Department all the following criteria:
 - (1) The Sponsor will remain as equally liable to the Department as the special purpose entity with respect to the specific performance of the obligations of the loan or grant documents. The Sponsor may be as equally liable to the Department as the special purpose entity with respect to the financial obligations of the loan or grant documents;
 - (2) The Sponsor shall not intentionally or in effect limit or abrogate its legal liability to the Department by utilizing the special purpose entity; and
 - (3) There shall be no more than two corporate entities between the Sponsor and the special purpose entity in the corporate control and organizational structure(s). For the purposes of this subsection, "corporate entity" may include a corporation, limited liability company, business trust, limited partnership, or general partnership. For the purposes of determining "control," the Sponsor must provide, at the very minimum, evidence satisfactory to the Department that the Sponsor (or Sponsors) through direct control of the corporate entities between the Sponsor and the special purpose entity, performs the substantial management duties on behalf of the special purpose entity that involves:
 - (A) renting, maintaining and repairing the low-income housing property (or if these duties are delegated to an agent, hiring and overseeing the agent's duties);
 - (B) acquiring, holding, assigning or disposing of property or any interest in property;
 - (C) borrowing money on behalf of the special purpose entity, encumbering the special purpose entity's assets, placing title in the name of a nominee to obtain financing, preparing items in whole or in part, in connection to refinancing, increasing, modifying or extending any obligation; and

- (D) determining the amount and timing of distributions to partners and establishing and maintaining all required reserves.

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(d), 50896.1(a) and 50896.3(b), Health and Safety Code. Reference: Sections 50517.5(a)(1), 50517.5(c)(2), 50517.5(e)(2), 50675.2(g) and 50896.1(a), Health and Safety Code.

Section 8314. Use of Operating Cash Flow.

- (a) Operating income remaining after payment of approved current and prior year operating expenses, reserve deposits and mandatory debt service shall be applied in the following priority order:

- (1) First, towards payment of any:

- (A) Approved deferred Developer Fee, pursuant to Section 8312;

- (B) Asset management, partnership management and similar fees, including fees paid to investors, in an amount not to exceed the sum of:

- 1. An amount for the current year, equal to \$30,000 for 2016 and increased at the rate of 3.5% for each subsequent year, plus
 - 2. Unpaid asset management, partnership management, and similar fees accrued for a period not to exceed three project fiscal years following the year during which they are earned, up to the difference between the limit for the year and the amount paid for that year; and

- (C) Supportive Services Costs that these regulations would allow to be paid as operating costs, but that other funding sources do not.

- (2) Second, 50 percent to the Sponsor as Distributions and 50 percent to the Department as payments on the Program loan.

- (A) If the terms of other public agencies' financing also require payments from remaining cash flow, the Department may agree to share what would otherwise be its 50 percent share of available cash flow with the

public agencies in amounts proportional to the agencies' respective assistance amounts (total local government assistance, as defined in Section 8315, and total Department loans and grants).

- (B) To be consistent with the terms of other public agency loans or leases, the Department may agree to set the percentage payable to the Sponsor at an amount less than 50 percent.
 - (C) For projects with income from project-based Section 8 or similar project-based rental assistance that is not underwritten by other Project lenders, the Department may reduce the Sponsor's share to an amount equivalent to the amount they would receive if one of the other lender's loan amount was based on an income stream that included the income from the rental assistance.
- (b) A Sponsor may not accumulate Distributions from year to year. A Sponsor may deposit all or a portion of permitted Distributions into a Project account for distribution in subsequent years. These future Distributions shall not reduce the otherwise permitted Distribution in those subsequent years.
 - (c) The limits on payments for Developer Fee pursuant to subsection (a)(1)(A) and for asset management, partnership management, and similar fees pursuant to subsection (a)(1)(B) shall not apply to payments of those fees made from Distributions.
 - (d) Payment of Distributions, deferred Developer Fee, asset management fees, partnership management fees and similar fees shall be permitted only after the Sponsor submits a complete annual report and operating budget, and the Department determines that the report and budget demonstrate compliance with all Program requirements for the applicable year. Circumstances under which no Distributions, deferred Developer Fee, asset management fees, or partnership management fees, and similar fees shall be paid include:
 - (1) when written notice of default has been issued by any entity with an equitable or beneficial interest in the Project;
 - (2) when the Department determines that the Sponsor has failed to comply with the Department's written notice of any reasonable requirement for proper maintenance or operation

of the Rental Housing Development or use of Project income;

- (3) if all currently required debt service, including mandatory payments on the Program loan, and Operating Expenses have not been paid;
 - (4) if the replacement reserve account, operating reserve account, or any other reserve accounts are not fully funded pursuant to Sections 8308 and 8309 and the Regulatory Agreement.
- (e) For 2017, the following limits shall apply to total Supportive Services Costs paid as Operating Expenses. These limits shall be increased each year after 2017 at the rate of 2.5 percent per year:
- (1) \$4,080 per unit per year for supportive housing restricted to individuals or families experiencing chronic homelessness, as defined consistent with Health and Safety Code Section 50675.14;
 - (2) \$3,060 per unit per year
 - (A) for supportive housing that is not restricted to individuals or families experiencing chronic homelessness as defined pursuant to Health and Safety Code Section 50675.14; and
 - (B) for units restricted to occupancy by Special Needs Populations under any Department programs (“Special Needs Population” has the same meaning as defined in Section 7301(s));
 - (3) \$1,051 per unit per year for other units where the Sponsor, their affiliate, or a service provider under contract to provide Supportive Services at the Project has both:
 - (A) qualified staff devoted exclusively to oversight and quality control of resident services in affordable housing, including the Project; and
 - (B) a system to track and report on tenant outcomes, such as changes in employment status and income;

- (4) \$250 per unit per year for other units, where the Sponsor, their affiliate, or a service provider under contract does not satisfy the requirements set forth in subsection (e)(3).
- (f) The following limits shall apply to Supportive Services Costs paid as Operating Expenses:
 - (1) The cost of staff supervision shall not exceed 10% of the cost of on-site staff salaries.
 - (2) Administrative overhead expenses, including accounting and human relations, shall not exceed 15% of the total Supportive Services Costs paid as Operating Expenses.
- (g) Sponsors paying Supportive Services Costs as Operating Expenses shall maintain onsite and available for Department inspection records of group activities (including calendars and sign-in sheets) and individualized services and referrals. The Department may also require annual reporting on these and related matters.
- (h) For supportive housing, as defined pursuant to Health and Safety Code Section 50675.14, and upon approval by the Department, Sponsors may establish a reserve to cover unexpected shortfalls in revenues to pay for resident services coordination and case management costs. This reserve may be funded through project cash flow available after funding Operating Expenses and other required reserves, or through development sources. The maximum balance shall not exceed three times the per-unit, per-year limits specified in subsection (e).

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(d), 50675.11, 50896.1(a) and 50896.3(b), Health and Safety Code.
Reference: Sections 50517.5(a)(1), 50517.5(c)(2), 50517.5(e)(2), 50675.8(a)(5), and 50896.1(a), Health and Safety Code.

Section 8315. Subordination Policy.

- (a) The Department may execute and cause to be recorded a subordination agreement subordinating the Department's lien so long as the subordination does not increase the Department's risk beyond that contemplated in the Program loan or grant commitment, as may be amended from time to time, and so long as the subordination would further the interest of the Program. However, and except for Projects assisted by the U.S. Department of Housing and Urban Development under the Section 811 or Section 202 programs, the Department shall not enter into a

subordination agreement or other agreement that contains any of the following:

- (1) Any limitation of, or condition on, the Department's exercise of its remedies including, but not limited to issuing a notice of default based on a breach under the Department's loan documents, including a default based solely on a breach of the senior lienholder's documents.
 - (2) An agreement that the senior lienholder's acceptance of a deed in lieu of foreclosure would result in the senior lienholder taking title to the Rental Housing Development free and clear of the Department's lien(s).
 - (3) An agreement permitting any modification or supplement of the senior lienholder's lien without the prior written consent of the Department except an agreement that permits a senior lienholder to make advances to: (i) cure a default under a lien with a higher priority than the Department's lien; (ii) pay delinquent taxes on the security property; (iii) pay delinquent hazard or liability insurance premiums for the security property; or (iv) to protect the health and safety of the tenants.
 - (4) An agreement that would require the Department to undertake additional obligations to any party.
- (b) The Department's lien(s) shall not be subordinated to the liens of a local governmental entity unless either:
- (1) the total local governmental assistance to the Project is more than twice the amount of the Department's total assistance to the Project (including both loans and grants); or
 - (2) the total local governmental assistance to the Project is more than the Department's total assistance to the Project (including both loans and grants) and the local government entity manages a portfolio of their own loans that includes over 10,000 rental units with rent and occupancy restrictions.
- (c) As used in this section:

- (1) "Department's lien" means a deed of trust, regulatory agreement, or other agreement securing payment or performance under an award of Program funds that has been recorded in the office of the recorder of the county in which the Rental Housing Development is located.
 - (2) "Lien of a local government entity" means a recorded deed of trust, regulatory agreement, reversion, or other recorded agreement securing payment or performance, or a covenant running with the land that affects the maintenance, use, operation, or occupancy of the Rental Housing Development. Except that covenants in favor of a community redevelopment agency or successor agency regarding the use, maintenance, operation, or transferability of a Rental Housing Development including rent limitations or income restrictions on tenants, or prohibiting discrimination, shall not constitute liens subject to the requirements of this section.
 - (3) "Total local government assistance" means the sum of the original principal amounts of loans and grants made by the local government entity plus other direct project costs paid for by the local governmental entity and approved by the Department including, but not limited to, costs of site preparation, demolition, environmental remediation, and land acquisition. The value of assistance in the form of land write-downs or donations shall be limited to the cost paid by the public agency to acquire the land, less any sales proceeds paid to the agency; or in the case of a leasehold, the cost paid by the public agency less the present value of projected lease payments.
- (d) The Department's lien(s) shall not be subordinated to the liens of a lender affiliated with an entity that has an ownership interest in the Project unless a covenant, regulatory agreement, or similar instrument is recorded senior to the lender's documents that includes the provisions specified in Section 8310(f).

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(d), 50675.11 and 50896.3(b), Health and Safety Code. Reference: Sections 50517.5(d)(4)(D), 50675(e), 50675.1(b), 50675.6(d), 50896, 50896.1 and 50896.3, Health and Safety Code.

Section 8316. Leasehold Security.

- (a) In any Project where the Sponsor proposes to control the Project land through a long-term ground lease, either:
 - (1) the Regulatory Agreement and other Program documents shall be recorded against both the Sponsor's interest in the Project and the fee interest in the land, and the lease shall have a term remaining at the time of recordation at least equal to the term of the Program loan or grant; or
 - (2) if the Regulatory agreement and other Program documents are not recorded against the Project's fee interest, the ground lease shall be subject to the Department's approval, must not be subject to any other mortgages, regulatory agreements, use restrictions, or equivalent instruments on the fee interest, and shall contain, or be amended to contain, provisions which:
 - (A) establish a remaining term of at least ninety (90) years from the date the Department documents are recorded, provided that the Department may accept a lesser term, not less than 65 years, when the lessor is a public agency;
 - (B) ensure the validity of the lien of the Program loan and/or grant documents on the lease;
 - (C) ensure that the lease permits the Project to satisfy all Program requirements and permit the Department to enforce the provisions of the Program loan and/or grant without restriction;
 - (D) expressly consent to the lessee's assignment of the lease to the Department without further consent of the lessor, and permit the Department, after acquisition of the leasehold property, to transfer or assign the lease to a third party without consent of the lessor.
 - (E) provide that the lessor does not have the right to terminate the lease or accelerate the rent upon lessee's breach without first giving the lessee and the Department reasonable notice and opportunity to cure within a reasonable period;

- (F) provide that no termination, modification or amendment to any terms of the lease shall be effective without the written consent of the Department, and any attempt to take such actions would be void without the Department's consent;
 - (G) require that, in the event of destruction of any improvements on the land, neither the lessor nor the lessee shall terminate the lease if and so long as the lessee or Department pursues reconstruction of the improvements with reasonable diligence;
 - (H) provide that the Department shall not have any liability for the performance of any of the obligations of lessee under the lease until the Department has acquired the leasehold interest, and then only in accordance with the terms of the lease and only with respect to obligations that accrue during the Department's ownership of the leasehold interest;
 - (I) provide that neither the lessor nor the lessee, in the event of bankruptcy by either, will take the benefit of any provisions in the United States Bankruptcy Code that would cause the termination of the lease or otherwise render it unenforceable in accordance with its terms;
 - (J) provide that the leasehold interest will not merge into the fee in the event that the lessee acquires the reversionary interest in the Project; and
 - (K) provide that acquisition of the leasehold property by the Department will not result in a termination of the leasehold; and upon such event, obligate the lessor to enter into a new lease having a term at least as long as the term remaining on the lease prior to acquisition by the Department and on substantially the same terms and conditions.
- (b) If any other regulatory agreement, use restriction, or equivalent instrument is recorded against the fee, the Department's Regulatory Agreement or covenant must also be recorded against the fee. This subsection shall not apply if the total local governmental assistance to the Project is more than the Department's total assistance to the Project (including both loans and grants) and the local government entity manages a portfolio of

their own loans that includes over 10,000 rental units with rent and occupancy restrictions. For the purposes of this subsection, the phrase “regulatory agreement, use restriction, or equivalent instrument” shall not be interpreted to include any instrument that does not relate in any way to affordability, or any affordability restriction that is not required as a condition of public financing.

- (c) Where the lessee and lessor are related or affiliated parties, the Program loan and/or grant documents shall be recorded against both the Sponsor’s interest in the Project and the fee interest in the land.
- (d) To the extent consistent with the statutes and regulations governing the Program, the Department may modify or waive the requirements of subparagraph (a)(2) where the lessor is a public agency that demonstrates that it is prohibited by law from meeting the requirements, or where the Project will be located on Native American Lands and there is a legal prohibition on meeting these requirements, and the Department determines that there remains adequate security for the Program loan.

Note: Authority cited: Sections 50406(n), 50517.5(a)(1), 50517.5(a)(3), 50675.1(d), 50675.11 and 50896.3(b), Health and Safety Code. Reference: Sections 50517.5(d)(4)(A), 50675.7, 50896.1 and 50896.3, Health and Safety Code.

Section 8317. Restructuring Transaction Fees.

- (a) To cover the Department’s costs of processing any specific Restructuring Transaction as defined in this section, the Department shall charge as authorized by subsections (f) and (n) of Section 50406 of the Health and Safety Code fees to cover the administrative costs incurred for the Department’s staff to negotiate and prepare the legal documents necessary to accomplish the subject Restructuring Transaction.
- (b) For the purposes of this section, the term “Restructuring Transaction” means one or more of the following:
 - (1) extension of the Department’s loan term (or terms, if there are multiple Department loans),
 - (2) change of ownership (excluding transfer of ownership between two entities controlled by the same parent entity),
 - (3) a new subordination of the Department’s loan or loans to a senior loan or loans, and/or investment of tax credit equity.

Other transactions, such as those limited to the placement of new junior public agency debt without required payments and assignments of limited partner interests, do not constitute a Restructuring Transaction.

- (c) The fees charged by this section shall be calculated on a case-by-case basis, and shall be based on the number of work hours necessary for Department staff, at the respective rate for each staff's classification, to negotiate and prepare final executable versions of all legal documents necessary to accomplish the subject Restructuring Transaction.
- (d) Notwithstanding subsection (c), the Department shall not be authorized under this section to charge an amount exceeding the amount that the Department charges for the same or similar restructuring activities that the Department performs under other programs administered by the Department in its Related Restructuring Programs, as defined by this section.
- (e) For the purposes of this section, the term "Related Restructuring Programs" shall include but not be limited to the restructuring activities authorized by Section 50560(a) of the Health and Safety Code, and shall include any fees set forth by the Department pursuant to the guidelines (published on the Department's website) adopted and authorized pursuant thereto under Health and Safety Code Section 50560.
- (f) The legal documents necessary to accomplish the subject Restructuring Transaction shall be subject to the provisions set forth in this subchapter.

Note: Authority cited: Section 50406, Health and Safety Code. Reference: Section 50406, Health and Safety Code.

Section 8318. Federal Loan Extensions.

- (a) The term of any existing federal program loan or regulatory agreement enforced by the Department may be extended, if allowed by the subject federal statute. Such extensions shall not be for a period of less than 10 years nor more than 55 years.

Note: Authority cited: Sections 50406(n) and 50896.3(b), Health and Safety Code. Reference: 24 CFR part 92.

**Before the Board of Supervisors in and for the
County of Monterey, State of California**

Resolution No.

Adopting a Resolution of the Board of)
Supervisors of the County of Monterey)
approve the required local match and ongoing)
funding for the Monterey County Housing)
Trust Fund)

WHEREAS, the County of Monterey established the Monterey County Housing Trust Fund (MCHTF) to help facilitate affordable housing development on May 17, 2022, and

WHEREAS, the County of Monterey initially capitalized the MCHTF with \$1,470,000 from the County General Fund; and

WHEREAS, the County of Monterey initially capitalized the MCHTF with \$138,230 from the repayment of locally funded housing down payment assistance and rehabilitation loans; and

WHEREAS, the County of Monterey initially capitalized the MCHTF with \$937,323 from the County's Permanent Local Housing Allocation (PLHA) grant; and

WHEREAS, the County of Monterey in November 2022, the County submitted grant applications on behalf of the cities of Carmel-by-the-Sea, Greenfield, and Soledad (the "Participating Cities") to the Permanent Local Housing Allocation program; and

WHEREAS, the Participating Cities also agreed that their PLHA funds would be subject to the same uses as County PLHA funds, including capitalizing the MCHTF.

WHEREAS, the State of California, Department of Housing and Community Development ("HCD") issued a Notice of Funding Availability ("NOFA") dated March 7, 2023 under the Local Housing Trust Fund ("LHTF") Program; and

WHEREAS, HCD is authorized to provide up to \$57 million under the LHTF Program from the Veterans and affordable Housing Bon Act of 2018 (Proposition 1) (as described in Health and Safety Code Section 50842.2 et seq. (Chapter 365, Statutes of 2017 (SB3)) ("Program"); and

WHEREAS, the County is eligible to apply for a Local or Regional Housing Trust Fund and administer one or more eligible activities using Program Funds; and

WHEREAS, the County will submit application to HCD to capitalize the Monterey County Local Housing Trust Fund and provide a match of \$3,544,645; and

WHEREAS, the County intends to submit an LHTF NOFA Application in the amount of \$3,544,645 no later than the deadline of May 17, 2023.

NOW, THEREFORE, based on the above recitals, findings and the administrative record, the Board of Supervisors of the County of Monterey resolve as follows:

- a. That the MCHTF qualifies as a Regional Housing Trust Fund as defined in Section 101(dd) of the Local Housing Trust Fund Program Final 2020 Guidelines as the County and Participating Cities have a total population of more than 250,000 and there are four jurisdictions participating in the MCHTF.
- b. That the County Director of Housing and Community Development is authorized to participate in the LHTF Application, Standard Agreement, or subsequent amendments or modifications on behalf of the County and represent and certify that the County will use all such funds on Eligible Projects in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including, without limitation, all rules and laws regarding the LHTF Program, as well as any and all contract the County may have with the Department (“Eligible Projects”) as outlined in the State Resolution; and
- c. That the Monterey County Board of Supervisors has assigns cash and land valued at \$3,544,645 to capitalize the MCHTF from the following sources and amounts:
 1. That the Monterey County Board of Supervisors assigns approximately 5-acres of land located at 855 E. Laurel Dr., Salinas with an approximate value of \$2,613,600 to the MCHTF for development of affordable housing and to the capital base of the MCHTF.
 2. That the Monterey County Board of Supervisors assign the County’s and Participating Cities Permanent Local Housing Allocation Activity 3 funds (Matching funds placed into a Regional Housing Trust Fund except those in the County’s PLHA Plan identified for Affordable Owner Workforce Housing) in the approximate amount of \$681,045 to the capital base of the MCHTF.
 3. That the Monterey County Board of Supervisors assigns \$250,000 in Unit 009-3100-8544-HCD003 (Inclusionary Housing) to the capital base of the MCHTF.
- d. That the Monterey County Board of Supervisors confirms that it will meet the ongoing funding requirements for LHTFs by assigning at least \$100,000 per year to the MCHTF from the following sources and amounts for a period of five years beginning July 1, 2023:
 1. That the Monterey County Board of Supervisors will allocate all loan principal and interest payments and inclusionary in-lieu fees, approximately \$30,000 annually, deposited into Unit 009-3100-8544-HCD003 (Inclusionary Housing) towards the capital base of the MCHTF.
 2. That the Monterey County Board of Supervisors will allocate all loan principal and interest payments, approximately \$5,000 annually, deposited into Unit 175-3100-8547-HCD006 towards the capital base of the MCHTF.
 3. That the Monterey County Board of Supervisors will allocate the County and Participating Cities PLHA allocation for Activity 3 funds (Matching funds placed into a Regional Housing Trust Fund except those in the County’s PLHA Plan identified for Affordable Owner Workforce Housing), in the approximate amount of \$313,273 annually, towards the capital base of the MCHTF.

- e. That the Monterey County Board of Supervisors adopts the State of California's Uniform Multifamily Regulations for the operation of the MCHTF.

PASSED AND ADOPTED upon motion of Supervisor _____, seconded by Supervisor _____ and carried this day of May 9, 2023, by the following vote, to wit:

AYES:
NOES:
ABSENT:

I, Valerie Ralph, Acting Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book _____ for the meeting on May 9, 2023.

Dated:

Valerie Ralph, Clerk of the Board of Supervisors
County of Monterey, State of California

By _____
Deputy

**Before the Board of Supervisors in and for the
County of Monterey, State of California**

Resolution No.

Adopting a Resolution of the Board of)
Supervisors of the County of Monterey)
approve the required local match and ongoing)
funding for the Monterey County Housing)
Trust Fund)

WHEREAS, the County of Monterey established the Monterey County Housing Trust Fund (MCHTF) to help facilitate affordable housing development on May 17, 2022, and

WHEREAS, the County of Monterey initially capitalized the MCHTF with \$1,470,000 from the County General Fund; and

WHEREAS, the County of Monterey initially capitalized the MCHTF with \$138,230 from the repayment of locally funded housing down payment assistance and rehabilitation loans; and

WHEREAS, the County of Monterey initially capitalized the MCHTF with \$937,323 from the County's Permanent Local Housing Allocation (PLHA) grant; and

WHEREAS, the County of Monterey in November 2022, the County submitted grant applications on behalf of the cities of Carmel-by-the-Sea, Greenfield, and Soledad (the "Participating Cities") to the Permanent Local Housing Allocation program; and

WHEREAS, the Participating Cities also agreed that their PLHA funds would be subject to the same uses as County PLHA funds, including capitalizing the MCHTF.

WHEREAS, the State of California, Department of Housing and Community Development ("HCD") issued a Notice of Funding Availability ("NOFA") dated March 7, 2023 under the Local Housing Trust Fund ("LHTF") Program; and

WHEREAS, HCD is authorized to provide up to \$57 million under the LHTF Program from the Veterans and affordable Housing Bon Act of 2018 (Proposition 1) (as described in Health and Safety Code Section 50842.2 et seq. (Chapter 365, Statutes of 2017 (SB3)) ("Program"); and

WHEREAS, the County is eligible to apply for a Local or Regional Housing Trust Fund and administer one or more eligible activities using Program Funds; and

WHEREAS, the County will submit application to HCD to capitalize the Monterey County Local Housing Trust Fund and provide a match of \$3,544,645; and

WHEREAS, the County intends to submit an LHTF NOFA Application in the amount of \$3,544,645 no later than the deadline of May 17, 2023.

NOW, THEREFORE, based on the above recitals, findings and the administrative record, the Board of Supervisors of the County of Monterey resolve as follows:

- a. That the MCHTF qualifies as a Regional Housing Trust Fund as defined in Section 101(dd) of the Local Housing Trust Fund Program Final 2020 Guidelines as the County and Participating Cities have a total population of more than 250,000 and there are four jurisdictions participating in the MCHTF.
- b. That the County Director of Housing and Community Development is authorized to participate in the LHTF Application, Standard Agreement, or subsequent amendments or modifications on behalf of the County and represent and certify that the County will use all such funds on Eligible Projects in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including, without limitation, all rules and laws regarding the LHTF Program, as well as any and all contract the County may have with the Department (“Eligible Projects”) as outlined in the State Resolution; and
- c. That the Monterey County Board of Supervisors has assigns cash and land valued at \$3,544,645 to capitalize the MCHTF from the following sources and amounts:
 1. That the Monterey County Board of Supervisors assigns approximately 5-acres of land located at 855 E. Laurel Dr., Salinas with an approximate value of \$2,613,600 to the MCHTF for development of affordable housing and to the capital base of the MCHTF.
 2. That the Monterey County Board of Supervisors assign the County’s and Participating Cities Permanent Local Housing Allocation Activity 3 funds (Matching funds placed into a Regional Housing Trust Fund except those in the County’s PLHA Plan identified for Affordable Owner Workforce Housing) in the approximate amount of \$681,045 to the capital base of the MCHTF.
 3. That the Monterey County Board of Supervisors assigns \$250,000 in Unit 009-3100-8544-HCD003 (Inclusionary Housing) to the capital base of the MCHTF.
- d. That the Monterey County Board of Supervisors confirms that it will meet the ongoing funding requirements for LHTFs by assigning at least \$100,000 per year to the MCHTF from the following sources and amounts for a period of five years beginning July 1, 2023:
 1. That the Monterey County Board of Supervisors will allocate all loan principal and interest payments and inclusionary in-lieu fees, approximately \$30,000 annually, deposited into Unit 009-3100-8544-HCD003 (Inclusionary Housing) towards the capital base of the MCHTF.
 2. That the Monterey County Board of Supervisors will allocate all loan principal and interest payments, approximately \$5,000 annually, deposited into Unit 175-3100-8547-HCD006 towards the capital base of the MCHTF.
 3. That the Monterey County Board of Supervisors will allocate the County and Participating Cities PLHA allocation for Activity 3 funds (Matching funds placed into a Regional Housing Trust Fund except those in the County’s PLHA Plan identified for Affordable Owner Workforce Housing), in the approximate amount of \$313,273 annually, towards the capital base of the MCHTF.

- e. That the Monterey County Board of Supervisors adopts the State of California's Uniform Multifamily Regulations for the operation of the MCHTF.

PASSED AND ADOPTED upon motion of Supervisor _____, seconded by Supervisor _____ and carried this day of May 9, 2023, by the following vote, to wit:

AYES:
NOES:
ABSENT:

I, Valerie Ralph, Acting Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book _____ for the meeting on May 9, 2023.

Dated:

Valerie Ralph, Clerk of the Board of Supervisors
County of Monterey, State of California

By _____
Deputy



MONTEREY COUNTY

HOUSING AND COMMUNITY DEVELOPMENT

Erik V. Lundquist, AICP, Director

HOUSING, PLANNING, BUILDING, ENGINEERING, ENVIRONMENTAL SERVICES

1441 Schilling Place, South 2nd Floor
Salinas, California 93901-4527

(831)755-5025
www.co.monterey.ca.us

April 19, 2023

Mr. Louis Liss
Project Manager
Eden Housing
22645 Grand Street
Hayward, CA 94541

RE: Monterey County Regional Housing Trust Fund
Letter of Intent – Daphne Heights

Dear Mr. Liss:

On February 7 2023, the Monterey County Board of Supervisors approved an Exclusive Negotiating Agreement (ENA) for approximately 5-acres of County owned land located at 855 E. Laurel Dr., Salinas, estimated to be worth \$2,613,600. The Monterey County Housing Trust Fund (MCHTF) is prepared to enter a long-term ground lease for development of Daphne Heights upon the successful completion of the ENA. At the time of approval, the project had an estimated funding gap of \$2,565,069.

The MCHTF is issuing this Letter of Intent to EAH Housing for Eden Housing's Daphne Heights development. With this LOI, the MCRHTF commits to providing a long-term ground lease and loan of at least \$750,000 and up to \$1,500,000 to support this project contingent upon:

- The MCRHTF receiving an award from the California Local Housing Trust Fund (LHTF) Program.
- Eden Housing successfully fulfilling its obligations under the terms of the ENA.

The MCHTF support will be in the form of a loan with a negotiable term of up to 55-years with simple interest at a rate to be determined based on the project finances when analyzed as part of the formal application process.

Please contact me at MarshallD@co.monterey.ca.us or 831.755-5391 if you have any questions about this Letter of Intent.

Sincerely,

Darby Marshall

Darby Marshall
Housing Program Manager



MONTEREY COUNTY

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