

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM: 3.18
(ID # 14427)**

MEETING DATE:
Tuesday, June 22, 2021

FROM: HOUSING, HOMELESSNESS PREVENTION AND WORKFORCE SOLUTIONS:

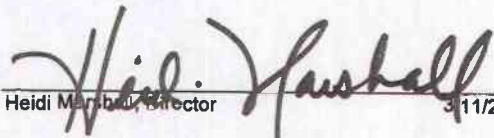
SUBJECT: HOUSING, HOMELESSNESS PREVENTION AND WORKFORCE SOLUTIONS (HHPWS): Adopt Resolution No. 2021-034, A Resolution of the Board of Supervisors of the County of Riverside Approving the County of Riverside's Permanent Local Housing Allocation First Time Home Buyer ("PLHA FTHB") Down Payment Assistance Program and Authorizing the Director, Assistant Director, and/or Deputy Director of Housing, Homelessness Prevention and Workforce Solutions to Administer the PLHA FTHB Down Payment Assistance Program on Behalf of the County of Riverside; All Districts [\$0]; CEQA Exempt

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from California Environmental Quality Act ("CEQA") pursuant to state CEQA Guidelines Section 15061 (b)(3);
2. Adopt Resolution No. 2021-034, A Resolution of the Board of Supervisors of the County of Riverside Approving the County of Riverside's Permanent Local Housing Allocation First Time Home Buyer ("PLHA FTHB") Down Payment Assistance Program and Authorizing the Director, Assistant Director, and/or Deputy Director of Housing, Homelessness Prevention and Workforce Solutions to Administer the PLHA FTHB Down Payment Assistance Program on Behalf of the County of Riverside;

Continued on Page 2

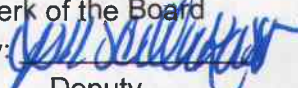
ACTION: Policy


Heidi Marshall, Director 6/11/2021

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Jeffries and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez, and Hewitt
Nays: None
Absent: None
Date: June 22, 2021
xc: HHPWS

Kecia R. Harper
Clerk of the Board
By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

RECOMMENDED MOTION: That the Board of Supervisors:

3. Approve the attached PLHA FTHB Down Payment Assistance Program Lender's Manual ("Lender's Manual") and PLHA FTHB Down Payment Assistance Program General Information Guide ("General Information Guide");
4. Authorize the Director, Assistant Director, and/or Deputy Director of Housing, Homelessness Prevention and Workforce Solutions ("HHPWS") to make administrative revisions and amendments to the Lender's Manual and General Information Guide, subject to approval as to form by County Counsel;
5. Authorizing the Director, Assistant Director, and/or Deputy Director of HHPWS to take all necessary steps to implement the Program including, but not limited to, approving expenditures of funding approved by the Board, drafting, negotiating, and executing, subsequent essential and relevant documents, including but not limited, to PLHA FTHB Program loan documents for qualified low income borrowers in a not to exceed amount of \$75,000 per household, and loan applications, loan agreements, promissory notes, deeds of trust, regulatory agreements, and other agreements, subject to approval as to form by County Counsel; and
6. Direct HHPWS staff to file a Notice of Exemption with the County Clerk within five (5) business days of approval.

Continued on Page 3

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: 100% State Permanent Local Housing Allocation (PLHA) Funds			Budget Adjustment:	Yes
			For Fiscal Year:	2020/21

C.E.O. RECOMMENDATION: Approve.

BACKGROUND:

In 2017, Governor Brown signed a 15-bill housing package aimed at addressing the State's housing shortage and high housing costs. Specifically, Senate Bill ("SB") 2 (Chapter 364, Statutes of 2017) included the Building Homes and Jobs Act, which established a \$75 recording fee on real estate documents to increase the supply of affordable homes in California.

SB 2 established the Building Homes and Jobs Trust Fund ("Fund") and authorizes California Department of Housing and Community Development ("HCD") to allocate 70 percent of monies collected and deposited in the Fund, beginning in calendar year 2019, to local governments for eligible housing and homelessness activities. Because the number of real estate transactions recorded in each county will vary from year to year, the revenues collected will fluctuate. Formula grants to entitlement and non-entitlement jurisdictions are based on the formula prescribed under federal law for the Community Development Block Grant ("CDBG"). The 5-year estimates (below) were provided by HCD prior to the COVID-19 Global Pandemic. Staff anticipates that the number of real estate transactions will decrease over the next year, and in turn less funds will be received from the Fund.

The Permanent Local Housing Allocation ("PLHA") Program was designed to provide a permanent source of funding to all local governments in California to help cities and counties implement plans to increase the affordable housing stock.

On February 26, 2020, HCD issued the availability of approximately \$195 million in grant funding for the PLHA program Entitlement and Non-entitlement Local government formula component Notice of Funding Availability funded from moneys deposited in the Fund in calendar year 2019.

On June 30, 2020, in Minute Order 3.21, the Board of Supervisors adopted Resolution 2020-146, which authorized the Director of HHPWS to apply for and accept PLHA Program funds. The County of Riverside as an Entitlement Local Government was allocated \$3,996,171. Entitlement Local Governments are metropolitan cities and urban counties that received a CDBG grant for fiscal year 2017 pursuant to the federal formula specified in Title 42 United

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

States Code Section 5306. The County's PLHA entitlement allocation includes funding from cities participating in the County's HUD CPD program for fiscal year 2017, therefore the following cities are considered "Cooperating Cities" and PLHA funds can be invested in the following the cities: Banning, Beaumont, Blythe, Coachella, Canyon Lake, Desert Hot Springs, Eastvale, Indian Wells, Jurupa Valley, La Quinta, Murrieta, Norco, San Jacinto, and Wildomar.

County staff also engaged cities in Riverside County entitled to their own PLHA allocation for an opportunity to pool and leverage all allocations under one application to HCD and the following Cities elected to participate:

	2019	
Local Government	Allocation	Estimated 5-Year Allocation
Moreno Valley	1,029,809	6,178,854
Lake Elsinore	248,527	1,491,162
Indio	455,962	2,735,772
Cathedral City	283,223	1,699,338
Palm Springs	192,237	1,153,422
Temecula	273,393	1,640,358
Hemet	402,536	2,415,216
Sub-Total	2,885,687	17,314,122
 County of Riverside	 3,996,171	 23,977,026
	6,881,858	41,291,148

The County of Riverside is responsible for applying for the PLHA grant funds on behalf of all of the cities that decide to participate including, but not limited to, reporting requirements, loan servicing, long term affordability compliance and administering the funds. Pooling PLHA grant funds will allow cities access to more funding than they would otherwise have access to increase the affordable housing stock, with the stipulation that each city will receive no less than what it is allocated.

The County in the PLHA application submitted to HCD indicated that 20% of the PLHA funds would be allocated towards a down payment assistance program and 80% of the funds towards development of new affordable housing units.

The County administers another down payment assistant program funded with County HUD HOME funds also known as the HOME First Time Homebuyer Program ("FTHB"), and staff regularly conducts training for mortgage lenders applying for certification to participate in the County's HOME FTHB Program. Lenders that participate in the County's HOME FTHB program will also be eligible to participate in the PLHA FTHB program.

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

To facilitate implementation and administration of the PLHA FTHB Down Payment Assistance Program, increase program efficiency, and save administrative costs, staff recommends that the Board delegate to the Director, Assistant Director, and/or Deputy Director of Housing, Homelessness Prevention and Workforce Solutions the authority to: (i) approve, issue, and modify loans to qualified low income households in an amount not exceeding \$75,000, in accordance with the PLHA FTHB Program guidelines, Lender's Manual, and General Information Packet, and (ii) draft, negotiate, approve and execute essential and relevant documents, including but not limited to Lender Participation Agreements and PLHA FTHB program loan documents for qualified low income borrowers such as loan applications, loan agreements, promissory notes, deeds of trust, regulatory agreements, and other agreements, subject to the satisfaction of certain conditions precedent for the benefit of the County, and further subject to approval as to form by County Counsel. The aforementioned will result in increased access to much needed affordable housing within the County.

CEQA

Pursuant to the California Environmental Quality Act ("CEQA"), the the program was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines Section 15061(b)(3), General Rule or "Common Sense" exemption. It can be seen with certainty that there is no possibility that the approval of PLHA FTHB Down Payment Assistance Program will not lead to any direct or reasonably indirect physical environmental impacts. Any activities or projects arising out of the PLHA FTHB Down Payment Assistance Program will be subject to separate CEQA review prior to taking any choice limiting or discretionary action in connection with such projects or activities. A Notice of Exemption will be filed by HHPWS staff with the County Clerk within 5 business days of approval of this item.

Impact on Residents and Businesses

The PHLA funds will have a positive impact on residents and businesses as it will provide needed affordable housing. The program is also expected to create jobs in the real estate market for agents, appraisers, escrow officers and lenders.

SUPPLEMENTAL:

Additional Fiscal Information

No impact upon the County's General Fund; the County's PLHA FTHB Down Payment Assistance Program will be fully grant funded and allocated through the California Department of Housing and Community Development, including allocations from Delegating Cities, for Allocation Years 2019, 2020, 2021, 2022 and 2023.

ATTACHMENTS:

- Resolution No. 2021-034
- Lender's Manual
- General Information Guide

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

- Notice of Exemption
- PLHA 2020 Application
- PLHA Final Guidelines


Steven Atkeson

6/14/2021


Gregory J. Priamos, Director County Counsel

6/4/2021

BOARD OF SUPERVISORS

COUNTY OF RIVERSIDE

RESOLUTION NO. 2021-034

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE APPROVING THE COUNTY OF RIVERSIDE’S PERMANENT LOCAL HOUSING ALLOCATION FIRST TIME HOME BUYER (“PLHA FTHB”) DOWN PAYMENT ASSISTANCE PROGRAM AND AUTHORIZING THE DIRECTOR, ASSISTANT DIRECTOR, AND/OR DEPUTY DIRECTOR OF HOUSING, HOMELESSNESS PREVENTION AND WORKFORCE SOLUTIONS TO ADMINISTER THE PLHA FTHB DOWN PAYMENT ASSISTANCE PROGRAM ON BEHALF OF THE COUNTY OF RIVERSIDE

WHEREAS, the State of California (the “State”), Department of Housing and Community Development (“HCD”) issued a Notice of Funding Availability (“NOFA”), dated February 26, 2020, to provide approximately \$195,000,000 under the Permanent Local Housing Allocation (“PLHA”) Program through its Entitlement and Non-entitlement Local Government Formula Component from the Building Homes and Jobs Trust Fund for assistance to Local Governments pursuant to Health and Safety Code section 50470 et seq. and Senate Bill (“SB”) 2 (Chapter 364, Statutes of 2017); and

WHEREAS, the PLHA Program provides a permanent source of funding to all Local Governments in the State to help implement plans to increase the affordable housing stock; and

WHEREAS, the County of Riverside (“County”) is an eligible Local Government that applied for the PLHA Program to administer one or more eligible activities; and

WHEREAS, the Board of Supervisors of the County of Riverside adopted Resolution 2020-146 on June 30, 2020, authorizing the Director of Housing, Homelessness Prevention and Workforce Solutions (“HHPWS”) to apply for and accept PLHA Program funds from HCD on behalf of the County and the Cities of Moreno Valley, Lake Elsinore, Indio, Cathedral City, Palm Springs, Temecula and Hemet (collectively, “Delegating Cities”);

WHEREAS, the County in its PLHA Formula Allocation 2020 Application (“PLHA Application”) to HCD indicated that 20% of its PLHA Program funds would be set aside to fund a down payment assistance program (“PLHA FTHB”);

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the Board of Supervisors of the County of Riverside, State of California, (“Board”), in regular

RESOLUTION NO. 2021-034

Housing, Homelessness Prevention and Workforce Solutions

FORM APPROVED COUNTY COUNSEL
BY: AMBIT P. PHILLON
DATE: 6/11/2021

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1 session assembled on June 22, 2021, at 9:30 a.m. or soon thereafter, in the meeting room of the
2 Board located on the 1st floor of the County Administrative Center, 4080 Lemon Street,
3 Riverside, California, that this Board does hereby determine and declare as follows that:

- 4
5 1. The above recitals are true and correct and incorporated as though set forth herein.
- 6
7 2. The Board authorizes the Director, Assistant Director, and/or Deputy Director of
8 Housing, Homelessness Prevention and Workforce Solutions (“HHPWS”) to administer
9 the County of Riverside’s Permanent Local Housing Allocation First Time Home Buyer
10 Down Payment Assistance (“PLHA FTHB”) Program which shall be funded with PLHA
11 funds, subject to the PLHA FTHB Program guidelines as set forth in its PLHA
12 Application, the PLHA FTHB Program Lender’s Manual, and further subject to HCD’s
13 PLHA Final Guidelines.
- 14
15 3. The Board approves the attached PLHA FTHB Down Payment Assistance Program
16 Lender’s Manual (“Lender’s Manual”) and the PLHA FTHB Down Payment Assistance
17 Program General Information Guide (“General Information Guide”).
- 18
19 4. The Board authorizes the Director, Assistant Director, and/or Deputy Director of
20 HHPWS to make administrative revisions and amendments to the Lender’s Manual and
21 General Information Guide, subject to approval as to form by County Counsel.
- 22
23 5. The Board authorizes the Director, Assistant Director, and/or Deputy Director of
24 HHPWS to approve, issue, and modify PLHA FTHB Down Payment Assistance loans
25 and disburse PLHA Program loan funds to qualified low income borrowers in a
26 maximum cumulative total amount not to exceed \$75,000 per household, in accordance
27 with the PLHA Final Guidelines and Lender’s Manual, subject to approval as to form by
28 County Counsel.

RESOLUTION NO. 2021-034
Housing, Homelessness Prevention and Workforce Solutions

2 **RESOLUTION 2021-034**

3 **A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF**
4 **RIVERSIDE APPROVING THE COUNTY OF RIVERSIDE'S PERMANENT LOCAL**
5 **HOUSING ALLOCATION FIRST TIME HOME BUYER ("PLHA FTHB") DOWN**
6 **PAYMENT ASSISTANCE PROGRAM AND AUTHORIZING THE DIRECTOR,**
7 **ASSISTANT DIRECTOR, AND OR DEPUTY DIRECTOR OF HOUSING**
8 **HOMELESSNESS PREVENTION AND WORKGORCE SOLUTIONS TO ADMINISTER**
9 **THE PLHA FTHB DOWN PAYMENT ASSISTANCE PROGRAM ON BEHALF OF THE**
10 **COUNTY OF RIVERSIDE.**

11 ADOPTED by Riverside County Board of Supervisors on June 22, 2021.

12 **ROLL CALL:**

13 **Ayes:** Jeffries, Spiegel, Washington, Perez and Hewitt
14 **Nays:** None
15 **Absent:** None

16 The foregoing is certified to be a true copy of a resolution duly adopted by said Board of
17 Supervisors on the date therein set forth.

18 **KECIA R. HARPER, Clerk of said Board**

19 By:  _____
20 Deputy

**RIVERSIDE COUNTY
HOUSING, HOMELESSNESS PREVENTION AND WORKFORCE
SOLUTIONS
PERMANENT LOCAL HOUSING ALLOCATION FIRST TIME HOME
BUYER DOWN PAYMENT ASSISTANCE PROGRAM
LENDER'S MANUAL**



This Manual provides the policies and procedures for the implementation of Riverside County's Permanent Local Housing Allocation First Time Home Buyer Down Payment Assistance Program, as established by Riverside County Board of Supervisors. In addition to these guidelines, the Permanent Local Housing Allocation First Time Home Buyer Down Payment Assistance Program will be administered according to the rules and regulations of the program. In the event of a conflict between this Manual and the PLHA rules, the PLHA rules shall take precedence. The policies and procedures contained within this Manual are intended to implement the Permanent Local Housing Allocation First Time Home Buyer Down Payment Assistance Program established by the Board of Supervisors.

Updated as of: 06/03/2021

JUN 22 2021 3.18

**HOUSING, HOMELESSNESS PREVENTION AND WORKFORCE SOLUTIONS
PERMANENT LOCAL HOUSING ALLOCATION FIRST TIME HOME BUYER DOWN PAYMENT
ASSISTANCE PROGRAM**

POLICIES AND PROCEDURES HANDBOOK

Prepared by:

Riverside County
Housing, Homelessness Prevention and Workforce Solutions
951-343-5469

June 2021

Mailing Address:
Riverside County
Housing, Homelessness Prevention and Workforce Solutions
5555 Arlington Avenue
Riverside, CA 92504

www.rchomelink.com
<https://rivcoeda.org/Departments/Housing>

**RIVERSIDE COUNTY
HOUSING, HOMELESSNESS PREVENTION AND WORKFORCE SOLUTIONS
PERMANENT LOCAL HOUSING ALLOCATION FIRST TIME HOME BUYER DOWN PAYMENT
PROGRAM
LENDER'S MANUAL**

Table of Contents

A.	INTRODUCTION.....	1
B.	GENERAL ELIGIBILITY REQUIREMENTS	1
	a. Eligible Properties.....	1
	b. Characteristics of the Home Buyer	4
	c. Determination of Adjusted Gross Income.....	4
	d. Assets.....	5
C.	GENERAL LOAN REQUIREMENTS	5
	a. First Loan Requirements.....	5
	b. Affordability Period	6
	c. Home Buyer Education.....	6
	d. Types of Down Payment Assistance.....	6
	e. Minimum and Maximum Assistance	6
	f. Notifications.....	6
	g. Confidentiality	7
	h. Resales	7
	i. Subordination.....	7
	j. Payoff Demands.....	8
	k. Refinancing.....	8
	l. Title Insurance	8
	m. Property Maintenance Requirements	8
	n. Loss Payee	8
	o. Auditing and Monitoring	8
	p. Conflict of Interest	9
D.	PARTICIPATING LENDERS.....	9
	a. Requirement.....	9
	b. Selection	9
	c. Brokers.....	10
	d. Removal	10
	e. Authorized Lender Staff	10
E.	PROCESSING PROCEDURES	11
	a. Pre-Qualification Phase	11
	b. Reservation Phase	12
	c. Request for Funding Phase	13
	d. Closing Phase.....	14
	e. Resubmission of Denied Applications	15
	f. Changes in Information.....	15

APPENDICES17

 Appendix A - Income and Property Value Limits..... 18

 Appendix B - Participating Jurisdictions..... 19

 Appendix C - Calculating Annual Income 20

 Appendix D - First Time Home Buyer Program Definitions 21

A. INTRODUCTION

a. Purpose

- i. The Riverside County Housing, Homelessness Prevention and Workforce Solutions (HHPWS) Department is offering a Permanent Local Housing Allocation First Time Home Buyer Down Payment Program (PLHA FTHB). The primary objective of the Permanent Local Housing Allocation First Time Home Buyer Down Payment Program is to provide housing inventory on a continuing basis, which will be available for purchase by first time homebuyers of low and very low income. The Program will be available to anyone who has not owned a home in the last three years and has an annual income that is no greater than 80% of the area median income as published by the U.S. Department of Housing and Urban Development (HUD).
- ii. This Program will provide down payment assistance as a silent-second loan to lower income first time home buyers in the amount of up to twenty percent (20%) of the purchase price. The maximum amount of assistance is the gap financing limit such that the housing payment to income ratio is between the range of twenty-five percent (25%) and thirty-five percent (35%). The total of amount of down payment assistance cannot exceed \$75,000. The first loan must be a fully amortized, fixed rate; thirty-year mortgage obtained through an PLHA FTHB participating lender and the HHPWS Assistance will be secured by a deed of trust recorded in second position to the first mortgage. The maximum DTI (back-end ratio) shall be no more than 45% of the borrower's gross monthly income.
- iii. All buyers participating in this Program shall agree to the terms and conditions of an Affordability Period. The Affordability Period provides that if the property is no longer maintained as the principal residence of the buyer or is sold prior to the end of the Affordability Period, all County funds invested in the property must be repaid. Properties that remain affordable to program participants throughout the Affordability Period will have the Agency's investment converted to a grant. This program is available to homes being purchased within the unincorporated areas of Riverside County and the cooperating cities listed in Appendix B.

b. PLHA Program

- i. The Permanent Local Housing Allocation (PLHA) Program is a California state-funded, large scale grant program intended to increase the affordable housing stock in California. Funds may be allocated by formula or by through a competitive grant program to participating cities and local governments.
- ii. Riverside County is a designated participating jurisdiction under the PLHA Program. The County receives an annual formula allocation for use in the unincorporated county as well as cooperating cities listed in Appendix B. The PLHA FTHB Program is one of the activities that the County is funding with PLHA funds. The County also issues periodic Notices of Funding Availability (NOFA's) to solicit applications under the PLHA Program. Due to the use of PLHA funds to operate the PLHA FTHB Program, several federal requirements apply to this program, as explained in this manual.

B. GENERAL ELIGIBILITY REQUIREMENTS

a. Eligible Properties

- i. Location. The PLHA FTHB Program is only available within the County of Riverside and participating cities within Riverside County.
- ii. Price Limits. To be eligible for the PLHA FTHB Program, the maximum property value shall not exceed the published maximum sales price limit for the current fiscal year. If any improvements

are included in the purchase transaction, both the after-rehab value of the home and the actual purchase price cannot exceed this limit.

iii. Type of Home. The PLHA FTHB program may be used to purchase any new or resale single family home, condominium/town home or a new manufactured home that meets all the following minimum criteria:

1. Traditional or private party sales Real Estate Owned (REO) or foreclosed properties and short sales are acceptable; however, PLHA FTHB applications for short sales may only be submitted upon full approval from seller's lender(s).
2. The home is permanently fixed to a permanent foundation system of supports that can transfer all design loads to the ground, meets the Manufactured Home Construction and Safety Standards, connected to permanent utility hook-ups and located on land that is owned or leased and
3. A manufactured home in a mobile home park, must meet the Riverside County permit standards, and the manufactured home has received an installation acceptance permit. The manufactured home must be new (never occupied); and have a lease for a minimum term of the required affordability period
4. The home has a minimum of two bedrooms; and
5. The home is currently occupied by the Seller or vacant. **If a vacant property was previously occupied by tenants, the tenant must have been given 90 days written notice to vacate at least 90 days prior to the initial offer to purchase or the property is ineligible. Tenant occupied properties are always ineligible unless the tenant is purchasing the unit in which they reside.**
6. In addition, the following additional criteria apply to newly constructed homes:
 - a. The value of a newly constructed home shall be established by an appraisal prepared by a qualified appraiser on Fannie Mae Form 1004. Whenever possible comparative properties should include homes located outside of the subject tract. Master Endorsements of Value will not be accepted.
 - b. The home must be in sound condition and suitable for occupancy upon purchase as determined by HHPWS. The purchaser must reside in the home as his or her **principal** residence within sixty (60) days of purchase and the home shall not be used as a business, rental nor as a vacation (second) home.
7. In-ground Pools and Spas. Single-Family homes with in-ground pools or spas shall be ineligible for the PLHA FTHB Program.

iv. Home Condition. A home shall not be eligible for purchase under this program unless it is in standard condition and suitable for occupancy upon purchase. Under no circumstances shall a home be modified or altered to qualify a home that is otherwise an ineligible property after submittal of a PLHA FTHB application to HHPWS. The following procedures will be used to determine if the home meets these requirements:

1. *Existing Homes*
 - a. All purchasers of existing homes must obtain a home inspection report prepared according to industry standards. Any deficient items affecting habitability of the home noted in the home inspection and the purchase agreement shall be corrected prior to the close of escrow. If the home inspection report indicates

that the home has serious deficiencies, the HHPWS may inspect the home to determine if it is suitable for occupancy upon purchase based on health and safety standards. All PLHA assisted housing must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401. PLHA assisted new construction or rehabilitation must meet, as applicable, one of the three model codes: Uniform Building Code (ICBO), National Building Code (BOCA), Standard (Southern Building Code (SBCCI); or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR 200.925 or 200.926. When FHA financing is involved in a PLHA assisted property HHPWS can rely on a Minimum Property Standards (MPS) inspection performed by a qualified person. Any home, which does not meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances to ensure the home is decent, safe, and sanitary, will be disqualified from purchase under this program.

- b. **Inspection Process.** Home Inspections are to be performed by qualified Home Inspection Professionals in accordance with industry standards. Home Inspectors who are members of the California Real Estate Inspectors Association, the American Society of Home Inspectors or the International Conference of Building Officials will be presumed to be qualified. Typically, Home Inspections are 7 to 15 pages in length, and utilize a checklist with explanations of any items that need work or are not in standard condition. It is strongly advised that the home buyer accompany the Home Inspector during the inspection. The Home Inspector will provide guidance on maintenance requirements and will explain any items that need work.
- c. **Repair Requirements.** HHPWS will review the Home Inspection Report and will prepare a list of required repairs. A copy of the Home Inspection Report and list of required repairs is sent to the lender. The lender and buyer need to ensure that the home meets their requirements *and that the repairs have been completed to their satisfaction.* HHPWS will only review the Inspection Report for safety and habitability concerns, not cosmetic items.
- d. **Lender Certification.** The Lender is required to certify that any HHPWS required repairs have been completed pursuant to the Home Inspection Report prior to close of escrow. The Lender is also responsible for ensuring that the repairs have been completed to the buyer's satisfaction. The Lender needs to satisfy itself that the repairs have been done before making this certification. In order to make this certification, the Lender will need to provide HHPWS with a signed letter from a licensed contractor or the original home inspector on company letterhead, itemizing repairs that have been done.

2. *New Homes*

- a. All newly constructed homes shall receive a Certificate of Occupancy. Certificate of Occupancy must be submitted prior to the request for funding. In addition, the Seller must agree to have all operating systems and fixtures (plumbing, electricity, etc.), as well as floor coverings and similar items, installed and fully operational prior to the request for funding. Newly constructed homes shall be subject to an HHPWS inspection to confirm that they comply with building codes and standard building practices.

- v. The HHPWS will perform inspections on all resale homes no earlier than 90 days before the commitment of PLHA assistance to verify that homes purchased through the Program meet HQS and are in standard condition and suitable for occupancy.
- vi. **Occupancy Standard.** One of the purposes of the PLHA FTHB Program is to address persistent conditions of housing overcrowding in the County. Therefore, the County is requiring that all homes have a minimum of two bedrooms in order to be eligible for this Program. In addition, The Housing Quality under 24 CFR 982.401 (1) states that “The dwelling unit must have at least one bedroom or living/sleeping room for each two persons. Children of opposite sex, other than very young children, may not be required to occupy the same bedroom or living/sleeping room.”

b. Characteristics of the Home Buyer

- i. **Income Limits.** In order to be eligible for this program, the purchasers’ annual income shall not exceed 80% of the area median income, as determined by HUD, adjusted for household size. In addition, family assets, excluding personal property, funds in restricted retirement accounts, and funds to be used for the home purchase, shall not exceed 3 times the household’s monthly gross income as determined by using HUD income guidelines for the PLHA program. The income and assets of all persons residing in the home must be included in the calculation to determine income eligibility. The current income limits are shown in Appendix A. See item c below for instructions on calculating annual income.
- ii. **Co-owners.** Co-owners are only permitted if they will occupy the home as their principal residence and qualify as first-time buyers. The income of all co-owners will be included in determining if the household qualifies as low income, as noted in 1 above, as well as appendices A and C. Non occupying co-signers are not permitted.
- iii. **Minimum Buyer Investment.** PLHA FTHB requires no minimum buyer down payment out of pocket. The buyer shall provide from their own funds a minimum investment of the amount required by the first mortgage. The buyers’ contribution may be used toward the down payment or closing costs, at their discretion and in accordance with the requirements of the first mortgage.
- iv. **Prior Home Ownership Criteria.** In order to qualify as a first-time home buyer, the purchaser and purchaser’s spouse cannot have had ownership interest in improved-upon, residential real property for the previous three years from the date of application to the PLHA FTHB Program nor have any mortgage or real estate related tax deductions. The purchaser and their spouse must attest that they have not had ownership interest in improved-upon, residential real property during the past 3 years nor filed any mortgage or real estate related tax deductions and provide last three years tax returns for review. If tax returns show evidence of mortgage or real estate related deductions, documentation must be provided evidencing that the deductions are not related to improved-upon residential real property and acceptable documentation must also be provided establishing the value of the property. Asset “income” from the property must be imputed using the HUD passbook rate and added into household’s total qualifying income. Also, the household’s total assets (including property) must be equal to or less than 3 times the household’s monthly gross income as determined by using HUD income guidelines for the PLHA program. If the total assets exceed the program’s limit, the assets must be spent down accordingly. Assets (including property) disposed of for less than fair market value during the most recent 2-year period are counted as if the household still owned the asset. Displaced homemakers and single parents, as defined by Appendix D, must also meet the first-time buyer requirement.
- v. For the purposes of determining home ownership, a dwelling unit that was not permanently affixed to a permanent foundation (i.e. a mobile home) shall be not included in the three-year requirement.

c. Determination of Annual Gross Income

- i. The PLHA FTHB Program is limited to buyers with an annual income that is eighty percent (80%) or less of the area median income, as determined by HUD. Annual income is the gross amount of income anticipated to be received by all household members over the age of 18 years who is receiving income and will reside in the home during the twelve months following the effective date of the determination. Anticipated income is generally determined by annualizing current income for the next twelve months. Current income is determined by examination of income source documents for the last two months (e.g., wage statement, interest statement, unemployment compensation statement). The annual income for purposes of qualifying for the PLHA FTHB Program includes all income and may be higher than the income amount utilized by the lender to underwrite the first mortgage. Non-taxable income, such as social security, should not be grossed up for the purposes of PLHA FTHB qualifying income.
- ii. Annual income includes anticipated income from assets. Please see Appendix A for an explanation of how to determine income from assets. The current passbook rate established by HUD is found on our FTHB forms.
- iii. For a detailed explanation of how to calculate various types of income, please see Appendix C.

d. Assets

- i. In addition to income, family assets (excluding personal property, funds in restricted retirement accounts, and funds to be used for the home purchase) shall not exceed 3 times the household's monthly gross income as determined by using HUD income guidelines for the PLHA program. The homebuyer shall expend any amount that exceeds 3 times the household's monthly gross income for down payment or closing costs towards purchase of the home. See Appendix C for a detailed explanation of the items to be included and excluded from assets.

C. GENERAL LOAN REQUIREMENTS

The following minimum requirements shall apply to all purchases receiving assistance through the PLHA FTHB Program.

a. First Loan Requirements

- i. The purchaser shall apply for a first mortgage from a participating lender and provide a minimum investment of the amount required by the applicable federal state. The first mortgage must be a fully amortized, fixed rate, thirty-year term FHA 203(b), Fannie Mae, Freddie Mac, VA, or USDA mortgage. The purchaser must accept the highest first mortgage amount (principal amount at going interest rate) for which they can qualify. Lenders should provide buyers with the best possible interest rate available at the time their loan rate is locked. In general, the participating lender shall be responsible for determining the buyers' creditworthiness and qualifications for obtaining the first mortgage. However, the following minimum criteria must be satisfied:
 1. The buyer shall provide a minimum investment of the amount required by the first mortgage. This minimum investment may be applied to the down payment and/or closing costs, at the discretion of the borrower and in accordance with the requirements of the first mortgage. The lender shall verify that the buyer has sufficient funds to meet this requirement. In cases where a borrower has saved cash at home, the lender shall document these savings in accordance with standard underwriting practices.
 2. The first loan amount shall be the maximum amount for which the borrower can qualify, based on their income, debts, and current interest rates. The total monthly payment (PITI: principal, interest, taxes, insurance PMI, and HOA, if applicable) shall not be less than 25% nor more than 35% of the borrower's gross monthly income for a 30-year loan.

3. The lender for the first loan must establish an impound account for the loan to pay property related expenses such as payment of property taxes and insurance.
 4. The maximum debt-to-income ratio shall be no more than 45 percent of the borrower's gross monthly income. Co-signed, deferred and secured loans shall be included in the determination of the debt-to-income ratio unless paid or refinanced by a joint responsible party prior to/or at close of escrow.
 5. Applicants are encouraged to apply for the Mortgage Credit Certificate (MCC) Program, if MCC funds are available, to the Riverside County Housing, Homelessness Prevention and Workforce Solutions Department. Award of down payment assistance based on the borrower's eligibility and qualifying property location is not contingent upon approval of MCC application.
- ii. The participating lender may only assess those usual and customary fees and charges that would be assessed for a buyer with the same type of first mortgage who is not participating in the PLHA FTHB Program. No additional lender fees may be charged for processing of a loan in conjunction with the PLHA FTHB Program.

b. Affordability Period

- i. In exchange for receiving funds to assist in the purchase of a home, the purchaser must sign PLHA FTHB loan documents, including a Loan Agreement, Promissory Note, Borrower Disclosure Statement, Subordinate Deed of Trust, and Covenant Agreement which will provide that, upon sale, transfer, lease or any other disposition, including refinancing or incurring of additional debt secured by the home, within 30 years of purchase, the principal amount of the PLHA FTHB Assistance is repaid to the HHPWS. After the Affordability Period, the HHPWS Assistance is converted to a grant and these obligations are forgiven.

c. Home Buyer Education

- i. In order to be eligible for participation in the PLHA FTHB Program, prospective purchasers must complete the minimum requirements of 8 hour in-person education in a Community Home Buyer's Education Seminar by a HUD approved provider, as approved by the HHPWS. Buyers should complete this requirement as soon as possible in the purchase process. Participating lenders may contact HHPWS for the names of agencies offering approved Community Home Buyer's Seminars. On-line homebuyer education is not acceptable, and certificates expire after one (1) year.

d. Types of Down Payment Assistance

- i. The PLHA FTHB financial assistance is provided as down payment assistance. Buyer must make a minimum contribution necessary to comply with any applicable federal or state requirements. In addition, the buyer needs to satisfy the requirements of the first mortgage, which may require the borrower to pay a minimum down payment and certain other costs. PLHA FTHB requires no minimum buyer down payment out of pocket and the maximum buyer down payment must not exceed the assistance amount requested.

e. Minimum and Maximum Assistance

- i. The minimum amount of assistance that may be provided is \$1,500 per home purchase. The maximum amount of assistance is the gap financing limit such that the housing payment to income ratio is between the range of twenty-five percent (25%) and thirty-five percent (35%) with an

absolute maximum amount of \$75,000 for down-payment assistance or 20% of the purchase price—the lesser of the two.

f. Notifications

i. The following notifications are required for participation in this program:

1. *Homeownership Notice to Sellers and Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards (PLHA-3)*. This notice shall be provided to the Sellers at the time a purchase offer is initiated or at the earliest possible date following acceptance of the purchase offer. The Seller and Buyer shall complete and sign this notice. Compliance with this requirement shall be demonstrated by submission of a fully executed Form PLHA-3 at the time the Lender submits a request for reservation of funds. This Notice will be used to determine if the home is eligible for purchase under the PLTA FTHB Program. For properties constructed prior to 1979, this notice will also provide the Seller's disclosure and Buyer's acknowledgment of any possible Lead Based Paint Hazards.
2. *Lead-Based Paint Hazard Notice*. The purchasers of all homes constructed prior to 1979 shall be provided with a Lead-Based Paint Hazard Notice and the publication "Protect Your Family from Lead in Your Home" (available at <https://www.epa.gov/lead/protect-your-family-lead-your-home-english>). The Notice shall be provided to the purchasers prior to close of escrow and shall be signed by the purchasers. A copy of this signed notice shall be provided to HHPWS with the closing package.
3. *Borrower Disclosure Statement*. This notice discloses to the purchasers the terms of the PLHA FTHB Assistance. This form is to be signed and notarized at the settlement appointment and submitted to HHPWS with the closing package.
4. *Voluntary Acquisition – Informational Notice (PLHA-6)*. This notice shall be provided to the buyer at the time a purchase offer is initiated or at the earliest possible date following acceptance of the purchase offer. The Seller and Buyer shall complete and sign this notice. This form is provided as an informational notice to comply with the Uniform Relocation Act (URA).

g. Confidentiality

- i. PLHA FTHB Applications are subject to confidentiality requirements and will only be discussed with representatives of the buyer including their lender, real estate agent, escrow agent, and home inspector. PLHA FTHB applications will not be discussed with seller representatives or other outside interests. Items containing confidential information (i.e. tax returns, pay stubs, employment verification) should not be faxed.

h. Resales

- i. Sale, transfer and/or conveyance of the property during the Affordability Period shall trigger repayment of the PLHA FTHB Assistance, as detailed in the loan documents.

i. Subordination

- i. The PLHA FTHB Assistance shall be recorded in second position to the first mortgage on the property. The PLHA FTHB Assistance shall remain in second position and will not be subordinated to any additional debt. Notwithstanding the above, the PLHA FTHB assistance will subordinate to CalHFA financing or any other loans provided by the County of Riverside. In those instances, the PLHA FTHB shall be recorded in the third position. Under the Riverside County Subordination Program, refinancing for PLHA FTHB loans provided with PLHA funds is

only permitted with prior authorization of the HHPWS and only for purposes of reducing the monthly carrying costs to the borrower or to alleviate financial hardship due to medical condition, death of spouse, loss of employment, or natural disaster. HHPWS must be held in the same position as it held prior to subordination and the new first mortgage debt must include a minimum 1% reduction in the interest rate paid by the homeowner. HHPWS will not agree to subordinate the FTHB Assistance to any other indebtedness with the following exceptions: (1) the first mortgage obtained concurrently with the FTHB Assistance to purchase the home; and (2) limited refinancing.

j. Payoff Demands

- i. Assistance to homebuyers is structured as silent second loans, with all payments of principal and interest deferred until sale, transfer, or cash-out refinancing. If the housing is sold or otherwise transferred during the required affordability period, or if the property is no longer the assisted household's primary residence, the County will recapture PLHA funds from the net proceeds of the sale of the property. The net proceeds of the sale shall be determined as the sales price minus senior loan repayment, closing costs and the actual value of any documented capital improvements. Recaptured funds will be recycled through the County's Permanent Local Housing Allocation in order to assist other PLHA eligible activities.

k. Refinancing

- i. Subordination for refinancing is only permitted with the prior authorization of the HHPWS and for purposes of reducing the carrying costs of the borrower and a 1% or more reduction in the interest rate. The Agency shall not authorize refinancing for any of the following purposes: (1) to remove equity from the property; (2) to consolidate debts; (3) to consolidate the first mortgage with any junior liens or obligations; and/or (4) to increase the principal indebtedness amount of the first mortgage.

l. Title Insurance

- i. The lender will order the title insurance for the property, listing the County of Riverside as an "additional-insured".

m. Property Maintenance Requirement

- i. *Maintenance.* The borrower shall agree to maintain the home in standard condition for the term of the HHPWS assistance. To this end, the purchaser shall be required to obtain a one-year home warranty as part of the home purchase. For newly constructed homes, the builder shall warranty the home for a minimum of one year from date of purchase. In the absence of a written warranty from the builder, the buyer shall obtain a one-year home warranty from an independent company.
- ii. *Hazard Insurance.* The purchaser shall obtain and maintain, for the term of the County's assistance, a hazard insurance policy for the property, listing the County of Riverside as "additional-insured." The hazard insurance policy shall be of a sufficient amount to cover the County's interest in the home. Full insurance for the amount of the first and second loans, or a Guaranteed Replacement Cost policy, is acceptable.
- iii. *Flood Insurance.* Properties located in a flood hazard zone shall obtain flood insurance listing the County of Riverside as "additional-insured."

n. Loss Payee

- i. The County shall be listed on the hazard insurance, flood insurance, and title insurance as the loss payee in the following manner:

- ii. County of Riverside, its successors, and assignees
Arlington Avenue, Riverside, CA 92504, Attn: FTHB Program

o. Auditing/Monitoring

- i. All participating lenders shall maintain complete files for each Program participant for at least seven (7) years. The County will maintain records for each Program participant for the term of Affordability, plus three (3) years.
- ii. The County may conduct random audits of lender files to ascertain compliance with the PLHA FTHB Program. This may include review of participant files, and review of lender information to document compliance with all lender requirements. In addition to participant files, participating lenders shall maintain records of affirmative marketing efforts, Community Reinvestment Act (CRA) compliance, bi-lingual (Spanish speaking) staffing, and efforts to provide assistance with minimal inconvenience to the borrower.
- iii. The County may also conduct surveys of program participants to obtain their input on the program, the processing of their application, and their level of satisfaction with the results. The results of any such surveys will be shared with the Participating Lenders. Complaints about particular individuals or lenders will be investigated and, if necessary, corrective action may be taken.

p. Conflict of Interest

- i. PLHA FTHB assistance shall not be provided to any person or the immediate family of any person who is in a decision-making position relative to any aspect of the PLHA FTHB Program or the associated first mortgage. This includes, but is not limited to, employees and immediate family members of employees of the Riverside County Housing, Homelessness Prevention and Workforce Solutions and participating lenders.

D. PARTICIPATING LENDERS

a. Requirement

- i. The County will only accept PLHA FTHB Applications from approved Participating Lenders who have entered into a Lender Participation Agreement with the County for this Program and attended required lender training.

b. Selection

- i. The County shall establish minimum criteria for the selection of participating lenders for the FTHB Program. All selected lenders shall enter into a lender participation agreement with the County and shall agree to abide by the County's procedures for all borrowers participating in the FTHB Program. The minimum lender criteria for the First Time Home Buyer Program are as follows:
 - 1. Participating lenders be direct lenders with the ability to originate and service loans. Loan brokers are not eligible for approval as a participating lender. See "Brokers" section below for instances where brokers may participate.
 - 2. Participating lenders are encouraged to provide staff personnel with the ability to communicate in Spanish.
 - 3. Participating lenders shall provide application assistance with minimal inconvenience to the borrower. Application assistance shall be provided at a time and place convenient to

the borrower. This may include evenings and weekends and travel throughout the County.

4. Participating lenders shall demonstrate a commitment to Community Reinvestment Act (CRA) and affirmative marketing requirements, and outreach to minority and low-income communities. Lenders shall agree to proactively market the Program to low income and minority people. All advertising to the general public shall be complimented with advertising targeted to these groups, including, but not limited to, minority newspaper, television, and radio advertisements. The County will monitor all marketing efforts and will require periodic updates on the marketing efforts of participating lenders.
5. Participating lenders shall have demonstrable experience in first time homebuyer program.
6. The selection of participating lenders shall be at the sole discretion of the County of Riverside. The County reserves the right to limit the number of approved participating lenders.

c. Brokers

- i. Mortgage Brokers are not eligible for designation as participating lenders in the FTHB Program. Participating Lenders may enter into arrangements with brokers to process PLHA FTHB Applications. However, the Participating Lender shall remain responsible for all submittals to the County and for verifying that all aspects of the purchase meet the PLHA FTHB Program requirements.

d. Removal

- i. The Housing, Homelessness Prevention and Workforce Solutions Department may suspend or remove participating lenders from the Permanent Local Housing Allocation First Time Home Buyer Down Payment Assistance Program accordance with the terms of the Lender Participation Agreement. Lenders may be suspended or removed from the Program based on, but not limited to, the following violations:
 1. Failure to follow the PLHA FTHB Program Guidelines, as described in this Manual and periodic Lender Bulletins.
 2. Failure to submit all outstanding documentation within ten (10) days of loan closing.
 3. Withholding information that would result in applicant or property disqualification from the program.
 4. Negligent or fraudulent misstatements or actions regarding the Program.
 5. Failure to conduct reasonable verification of applicant qualifications for the Program.
 6. Failure to maintain complete applicant records for minimum of (7) years after loan closing.

e. Authorized Lender Staff

- i. Staff members of participating lenders that have completed the annual PLHA FTHB Lender Training Session are authorized to sign all PLHA FTHB forms and to make submissions to the Program. HHPWS will maintain the list of Lender Training Participants indicating that they have completed the necessary training to participate in the PLHA FTHB Program.

- ii. Staff that has not completed the training may only participate in the Program under the supervision of a staff member who has attended the lender training. Staff that has not completed the training are not authorized to sign the form or to make submissions to the Program.

E. PROCESSING PROCEDURES

PLHA FTHB Applications will be processed by the County on a first-come, first-served basis, in chronological order as received from participating lenders. The County will maintain a running balance of funds available, and once funds are exhausted, the County will stop accepting applications and notify the participating lenders that the Program is out of funds. It is the participating lender's responsibility to verify the availability of funds prior to loan application submitted. The following procedures are to be followed for PLHA FTHB applications.

The Permanent Local Housing Allocation First Time Home Buyer Down Payment Assistance Program (PLHA FTHB) will not accept any forms with whiteout. This includes the required County PLHA FTHB forms and all subsequent items that are requested to fund the PLHA FTHB loan. If any changes need to be made to forms, please lineout and initial the change.

Please note, any document submitted during the Reservation Phase that is incomplete or contains whiteout will cause the file to be returned to the lender without being processed. This procedure is in place to maintain the validity of all documents submitted to the County and allow other homebuyers with complete paperwork to move into the Reservation Phase.

a. Pre-Qualification Phase

- i. Potential buyer contacts participating lender.
- ii. Participating lender screens the buyer for program eligibility (income & first-time buyer status).
- iii. Participating lender takes a loan application and pre-qualifies buyer for the maximum first loan that they can afford given their income, debts, and prevailing interest rates.
- iv. Lender provides buyer with a pre-qualification letter that states:
 1. the maximum home price that the buyer can afford, based on the maximum first loan amount plus the maximum FTHB Program assistance (a maximum gap finance limit such that the housing payment to income ratio is between the range of twenty-five percent (25%) and thirty-five percent (35%) with an absolute minimum of \$1,500 and an absolute maximum amount of \$75,000 or 20% of purchase price, the lesser of the two;
 2. the locations where the buyer may not purchase;
 3. that the buyer shall provide a Homeownership Notice to the Sellers (Form PLHA-3) by attaching this form to the Purchase Offer as an Addendum and request that the Seller(s) sign this form when they accept the purchase offer or at the earliest possible date following acceptance of the purchase offer; and
 4. Any conditions imposed by the lender.
- v. Buyer attends an HHPWS-approved 8-hour Home Buyer Education seminar by a HUD approved provider and receives a Certificate of Completion. The buyer is encouraged to complete this requirement as soon as possible in the home purchase process. A copy of the Certificate of Completion certifying that the buyer has completed this requirement is needed for the Request for Funding Phase (Phase II).

- vi. Buyer locates a home and enters into a purchase agreement. Buyer provides Homeownership Notice to Sellers (PLHA-3) as an addendum to the purchase contract for the Seller to sign at acceptance of purchase offer.

b. Reservation Phase

- i. Lender submits a request for reservation of funds to the HHPWS. Incomplete applications will not be accepted. All items must be included in initial submittal - faxes will not be accepted for the Reservation Phase. Reservations that are missing any required items will not be processed and will be returned to the Lender. Request must include all the following (*see Forms Section of the PLHA FTHB website for complete checklist*).
 - *PHLA FTHB Cover Letter indicating mortgage company name and address, contact person, phone and fax numbers, email address, name of applicant, location (address) of home and any other information regarding the loan terms and/or homebuyers.*
 - *First Time Home Buyer Assistance Reservation (PLHA-1) with wet signature(s)*
 - *Certification of Applicant (PLHA-2) with wet signature(s)*
 - *Homeownership Notice to Sellers and Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards (PLHA-3) with borrower's wet initials (copy of seller's signature is acceptable)*
 - *PHLA FTHB Program Financing Worksheet (PHLA FTHB-4) with wet signature(s)*
 - *Income Affidavit (PHLA-5) – (if applicable) with wet signature(s)*
 - *Copy of income source documents for the last two months (e.g., wage statement, interest statement, unemployment compensation statement) for all household members*
 - *Copy of conventional loan 1008 or FHA loan FLUTS (FHA Loan Underwriting Transmittal Summary, Form 92900-LT) either form signed and dated by the underwriter.*
 - *Copy of Signed Sales Agreement, including all counter offers and Transfer Disclosure Statements (do not submit PLHA FTHB file on short sale until seller's lender has fully accepted the offer)*
 - *Copy of Escrow Instructions Including Vesting Amendment*
 - *Copy of Complete Preliminary Report less than 90 days old Including Plat Map*
 - *Copy of Completed Loan Application signed by lender and borrower*
 - *Copy of Home Inspection for existing homes (Home Inspector must be a member of either the California*
Real Estate Inspectors Association, the American Society of Home Inspectors or the International
Conference of Building Officials)
 - *Copy of the Loan Estimate (LE) or the Closing Disclosure (CD) Signed by Borrower(s)*
 - *Copy of Standard Flood Hazard Determination (FEMA Form 81-93) or copy of FEMA website determination.*
 - *Last three (3) years of federal tax returns (all pages and schedules) .*
 - ***PLEASE NOTE: For each year of tax returns submitted the statement "This is a true and exact copy of the tax returns submitted to the IRS" must be added to each tax return with the applicant's wet signature next to the statement.***
- ii. HHPWS will review the Reservation and within **ten (10) county working days** will issue or reject the reservation. Reservation review period of 10 days is waived if property is greater than 50 (fifty) years old in which case the minimum review period is 20 days. Reservation requests will be processed on a first come, first served basis. The reservation may be rejected for the following reasons:
 1. Buyer or home does not meet the Program Requirements;
 2. Reservation package is incomplete; or
 3. HHPWS does not have sufficient funds to provide the requested amount of assistance.

- iii. A written Funding Reservation will be issued within **ten (10) county working days** of receipt of a complete Reservation Request. The Funding Reservation will be conditioned upon certain items, as follows:
 - iv. Transaction must be completed within sixty (60) days of the Funding Reservation. Requests for extensions of time shall be submitted in writing at least ten working days prior to expiration of the Funding Reservation and shall include the reason for the extension. HHPWS will evaluate the request for reasonableness and will approve or deny the extension in writing.
 - v. For existing homes, a copy of the home inspection shall be submitted as soon as it is available and shall demonstrate that the home will be ready for occupancy upon closing.
 1. Written proof that any items listed in the Home Inspection or purchase agreement that were to be completed prior to occupancy has been completed.
 2. Appraisal establishing property value (not purchase price). Property value shall be at least the purchase price and if any improvements are included in the purchase transaction, property after-rehab value shall be no more than the program limit.
 3. Any other items needed to verify applicant or property eligibility for the Program.
 - vi. Lender processes first loan and establishes a closing date.
- c. **Request for Funding Phase**
- i. Unless specifically requested by HHPWS, faxes and emails will not be accepted for the Request for Funding Phase documents. Upon final loan approval, at least fifteen (15) working days prior to scheduled funding, Lender submits the following:
 - *Cover Letter*
 - *Voluntary Acquisition – Informational Notice (PLHA-6)*
 - *Copy of Appraisal establishing property value*
 - *Outstanding items noted in written Funding Reservation letter*
 - *Copy of Certificate of Completion of 8-hour Home Buyer Education Class from HUD approved homebuyer Education Provider (On-Line classes are not acceptable, and certificates expire after 1 year)*
 - *Written Proof that items listed on the HHPWS repair request letter have been repaired or replaced as requested (This must be in the form of a signed letter by a licensed contractor or the original inspector, itemizing the items which were repaired)*
 - *Written request from the escrow officer for deposit of FTHB funds in a font size 10 or larger. **The County requires a minimum of ten (10) county working days, excluding holidays, to process a claim and wire funds to escrow. This time period begins when the Confirmation letter is issued.***
 - *To process the funding request, the wire instructions must include all the following:*
 - *bank name*
 - *bank address*
 - *ABA/routing number*
 - *account number*
 - *escrow number*
 - *title number*
 - *HHPWS assistance amount*
 - *client vesting (or a copy of the Vesting Amendment)*

- *Certificate of Occupancy for new homes*
 - *HCD form 433 (a) for manufactured homes*
 - *Lead based paint inspection report for homes built prior to 1978 with wet signature(s)*
- ii. The Riverside County Housing, Homelessness Prevention and Workforce Solutions Department reviews these items within **five (5) county working days**. If all items have been satisfied, HHPWS will issue a confirmation letter to the Lender and Escrow Company approving the assistance and designating the date that funds will be deposited into escrow. HHPWS will also prepare the loan documents and forward them to escrow to be signed by the borrower(s).

d. Closing Phase

- ii. Attend settlement appointment and sign all loan closing documents, including all legal documents prepared by HHPWS. HHPWS documents to be signed at closing are as follows:
1. Loan Agreement
 2. Borrower Disclosure Statement
 3. Promissory Note
 4. Subordinate Deed of Trust
 5. Itemization of Amount Financed
 6. Covenant Agreement
 7. Escrow Officer Checklist (signed by the Escrow Officer)
- iii. Escrow submits the signed Permanent Local Housing Allocation First Time Home Buyer Down Payment Assistance Program Disclosure (Form PLHA-7), Promissory Note, and Escrow Officer Checklist and proof of property insurance to HHPWS as soon as they are executed.
- iv. Escrow submits a copy of the Estimated Settlement Closing Statement with signed loan documents.
- v. Escrow submits evidence of insurance referencing the PLHA FTHB loan number and listing "Riverside County Housing, Homelessness Prevention and Workforce Solutions" as additional insured
- vi. HHPWS reviews Estimated Settlement Closing Statement and executed loan documents and issues funding approval via email to Escrow.
- vii. Loans are funded and home purchase closes.
- viii. Escrow submits a copy of the FINAL Settlement Closing Statement
- ix. Title Company provides HHPWS with a copy of the Title Insurance Policy insuring the County's interest in the property.
- x. FAILURE TO SUBMIT CLOSING DOCUMENTS WITHIN THIRTY (30) DAYS OF CLOSING WILL RESULT IN SUSPENSION OF LENDER, INCLUDING ALL BRANCHES, FROM THE PLHA FTHB PROGRAM. CLOSING DOCUMENTS INCLUDE, FINAL ESCROW SETTLEMENT STATEMENT, TITLE POLICY, AND THE HHPWS LOAN DOCS. HHPWS WILL NOT ACCEPT FUNDING RESERVATION REQUESTS FROM SUSPENDED LENDERS.

- xi. Escrow/Title Company closes out the PLHA FTHB File and records a Request for Notice.

e. Resubmission of Denied Applications.

The County will only process resubmissions of denied applications if it can be demonstrated that the reasons for denial were based on inaccurate or missing information. Back-up documentation to support all such resubmissions shall be submitted, and the Application will be processed as indicated above. For example, if an application was denied for not being a first-time home buyer, the resubmission shall include evidence that the buyer did not have any ownership interest in their principal residence. Examples of such evidence may include, but are not limited to, a chain of title, copies of deeds, copies of divorce papers or other legal documents showing ownership of property.

f. Changes in Information.

- i. In some cases, there may be changes in information between the date the Reservation Request is submitted and the date of the closing. All such changes shall be handled in the following manner:
 - 1. Change in Home Being Purchased. In order to change the home being purchased, the following shall be completed listing the new address and re-submitted to the County.
 - 2. Change After Reservation and Before Request for Funding
 - a. Cover letter from Lender describing change and why it occurred;
 - b. New Reservation (Form PLHA-1), completed in full and listing new address and relevant information;
 - c. New Homeownership Notice to Sellers (Form PLHA-3) completed and fully signed;
 - d. Copy of New Signed Sales Agreement or equivalent; and
 - e. Copy of New Escrow Instructions.
 - f. New Financing Worksheet (Form PLHA-4), fully completed and signed;
 - g. Copy of new Home Inspection Report;
 - h. Written proof that items listed in the Home Inspection that affect habitability of the unit have been corrected; and
 - i. Copy of new appraisal.
 - 3. HHPWS will evaluate these materials and determine if the property and buyer meet all the Program Requirements. This determination of approval or denial of the change will be provided to the Lender in writing. Denial may occur if the home is not located in a participating location, if the home value exceeds the program limit, if the home is determined to not be in standard condition, if the home is occupied by a tenant or has been vacant for less than 60 days, if there is an increase in the amount of assistance required and this amount exceeds the program limits or if the County has insufficient funds to

increase the amount of assistance, or if there are any other changes which affect eligibility of the buyer or property.

4. Changes in Income. The initial income determination is valid for six months. A re-verification of income will be required if more than six months elapse from date of income determination. Any changes in income that increase the household income must be re-submitted for an eligibility determination. This includes the addition of additional household members age 18 and older or increases in the income of any household member. Changes in income shall be immediately reported by submitting a new, fully signed, Certification of Applicant (Form PLHA-2) and a copy of current income source documents for the last two months (if applicable).
5. Marriage and/or the Addition of New Adult Household Members. The addition of any new adults to the household shall be immediately reported by submitting a new, fully signed, Certification of Applicant (Form PLHA-2), three years tax returns, as well as income source documents for the last two months for the new family members. All new adult household members must meet the first-time home buyer requirement, and the income of all adult household members shall be included in determining income eligibility.
6. Homeownership Interest. If the applicants or their spouse acquire an ownership interest in improved-upon residential real property at any time prior to closing escrow, the household no longer meets the first-time buyer requirement and is ineligible for the Program. The Application and Reservation are automatically denied if this should occur.
7. Increase in Price. If the price of the home increases, or the amount of assistance needed changes, the County must be notified immediately. Revised forms noting the changes shall be submitted as soon as possible. The home may become ineligible if the home value as established by the appraisal exceeds the maximum value limitation. In addition, any increase in the amount of assistance needed must comply with the maximum assistance amounts and is dependent upon availability of sufficient Program funds.
8. Decrease in Price. If the price of the home decreases, the amount of County assistance will decrease. The HHPWS shall be notified no later than the Request for Funding. The Lender shall note the decrease on the Request for Funding Cover Sheet and shall include the new price in the Lender's Certification.

g. APPENDICES

- A. INCOME AND PROPERTY VALUE LIMITS
- B. PARTICIPATING JURISDICTIONS
- C. CALCULATING ANNUAL INCOME
- D. FIRST TIME HOME BUYER PROGRAM DEFINITIONS

**APPENDIX A
INCOME AND PROPERTY VALUE LIMITS**

Maximum Annual Household Income Adjusted for Family Size Effective July 1, 2021	
Household Size	Maximum Annual Income
1	\$44,240
2	\$50,560
3	\$56,880
4	\$63,200
5	\$68,320
6	\$73,360
7	\$78,400
8	\$83,440

MAXIMUM PROPERTY VALUE

The PLHA affordable homeownership limits are provided by HUD for new and existing homes. If any improvements are included in the purchase transaction, the purchase price and estimated after-rehab value established by the appraisal shall not exceed the current fiscal year's PLHA FTHB maximum purchase price limit. The PLHA FTHB maximum purchase price limits:

New Construction Single-Family Residence	\$408,500
Existing Single-Family Residence	\$408,500
New/Existing Condominium or Townhouse	\$323,000
New Manufactured Home	\$217,550

ASSETS

In addition to income, family assets (excluding personal property, funds in restricted retirement accounts, and funds to be used for the home purchase) shall not exceed 3 times the household's monthly gross income as determined by using HUD income guidelines for the PLHA program. For example, a family of four shall have a maximum of \$12,900 in assets, excluding personal property (such as automobiles and furniture), funds in restricted retirement accounts, and funds to be used in the home purchase. This is calculated by taking the income limit for a household of four, \$51,600, dividing by 12 months, then multiplying by 3. See Appendix C for a detailed explanation of how to calculate income and the items to be included and excluded from assets.

APPENDIX B
PARTICIPATING JURISDICTIONS

The Riverside County Permanent Local Housing Allocation First Time Home Buyer Down Payment Assistance Program may be utilized to purchase a home in the following locations:

All Unincorporated Areas of Riverside County
(see below for a discussion of unincorporated areas)
and within the City limits of the following jurisdictions:

Banning	La Quinta
Beaumont	Lake Elsinore
Blythe	Moreno Valley
Canyon Lake	Murrieta
Cathedral City	Norco
Coachella	Palm Springs
Desert Hot Springs	San Jacinto
Eastvale	Temecula
Hemet	Wildomar
Indio	
Jurupa Valley	

Please note that the following cities are **not eligible** for the PLHA FTHB Program and assistance **cannot** be given to purchasers of homes located within the City Limits of these cities:

Calimesa	Palm Desert
Corona	Perris
Indian Wells	Rancho Mirage
Menifee	Riverside

Unincorporated Areas

These are areas that are outside of the city limits of an incorporated city. Unincorporated areas are under the political jurisdiction of the County of Riverside. Unincorporated areas frequently have mailing addresses of the nearest city; however, this does not indicate that they are within the boundaries of that city. In general, the County will rely on the Transportation and Land Management Agency (TLMA) mapping tool in determining if a property is within the boundaries of a city. (https://gis.countyofriverside.us/Html5Viewer/?viewer=MMC_Public) If there is a dispute concerning a specific property, the County will contact the nearest city for the precise city boundaries. All unincorporated areas are eligible for the PLHA FTHB Program.

Please note that unincorporated communities frequently have community names. Occasionally, a city will annex part of an unincorporated community and the community will continue to use its common name.

**APPENDIX C
CALCULATING ANNUAL INCOME**

- 1) Annual income is the gross amount of income anticipated to be received by all persons residing in the home following the effective date of the determination. Anticipated income is generally determined by annualizing current income for the next 12 months. Current income is determined by examination of income source documents for the last two months (e.g., wage statement, interest statement, unemployment compensation statement). Annual income includes anticipated income from assets. The following chart generally describes how to calculate various types of income. A more detailed explanation is provided in the subsequent paragraphs.

Source of Income	Guidance for Calculation
Earned Income	Use current circumstances to anticipate future earnings. Include all family members age 18 or older, including income of a temporarily absent spouse or other usual family member. Make sure to use annual figures. If wages are paid hourly, assume 2080 hours for full time employment.
Income from Assets (interest earning bank accounts, stocks and bonds, CDs, IRAs, Keogh accounts, not improved-upon residential real property, etc.)	If over \$5,000, use the greater of the actual or the imputed income based on the passbook rate established by HUD. Assets disposed of for less than fair market value are counted for two years. The current HUD Passbook rate is listed on our FTHB forms.
Contributions and gifts	Include as income if contributions are made on a regular basis.
Alimony and child support	Include.
Income from a business	Generally, this is gross income less expenses.
Insurance settlements, inheritances, proceeds from sale of personal property and other lump sum payments	Generally, these are assets and not income.
Income from welfare assistance	Count the basic welfare grant, and in states with separate "welfare rents", the maximum allowed for shelter and utilities.
Periodic payments, such as social security, pensions, etc.	Make sure to calculate the annual value of periodic payments. Lump sum payments are treated as assets.

- 2) The following income is to be included when calculating annual income:
- a) All wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services (before any payroll deductions);

- b) Net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness cannot be used as deductions in determining net income; however, an allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the Family;
 - c) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness cannot be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the Family. Where the Family has Net Family Assets in excess of \$5,000, Annual Income includes the greater of the actual income derived from Net Family Assets or a percentage of the value based on the current passbook savings rate, as determined by HUD;
 - d) All gross periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment (except social security);
 - e) Payments in lieu of earnings, such as unemployment, worker's compensation and severance pay (but see paragraph (3c) under Income Exclusions);
 - f) Welfare Assistance. If the Welfare Assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the Welfare Assistance agency in accordance with the actual cost of shelter and utilities, the amount of Welfare Assistance income to be included as income consist of:
 - i) The amount of the allowance or grant exclusive of the amount specially designated for shelter or utilities; plus
 - ii) The maximum amount that the Welfare Assistance agency could in fact allow the Family for shelter and utilities. If the Family's Welfare Assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph is the amount resulting from one application of the percentage;
 - g) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling. Alimony and child support amounts awarded as part of a divorce or separation agreement are included as income unless the applicant (1) documents that the income is not being provided, and (2) takes all reasonable legal actions to collect amounts due;
 - h) All regular pay, special pay, and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the Family, spouse, of other person whose dependents are residing in the unit (but see paragraph (g) under Income Exclusions);
- 3) The following income is to be excluded when calculating income:
- a) Income from employment of children (including foster children) under the age of 18 years;
 - b) Payments received for the care of foster children;
 - c) Lump-sum additions to Family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (but see paragraph (e) of Income Inclusion);
 - d) Amounts received by the Family that are specifically for, or in reimbursement of, the cost of Medical Expenses for any Family member;
 - e) Income of a live-in aide;

- f) Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the Government to a veteran, for use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses of the student. Any amount of such scholarships or payments to a veteran not used for the above purchases that is available for subsistence are to be included in income;
- g) The special pay to a Family member serving in the Armed Forces who is exposed to hostile fire;
- h) Amounts received under training programs funded by HUD;
- i) Amounts received by a Disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self Sufficiency (PASS); or
- j) Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and that are made solely to allow participation in a specific program;
- k) Temporary, non-recurring, or sporadic income (including gifts);
- l) Reparation payments from foreign governments in connection with the Holocaust;
- m) Earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household or spouse).
- n) Adoption assistance payments in excess of \$480 per adopted child.
- o) Lump sum payments of SSI and Social Security benefits; or
- p) Amounts specifically excluded by other Federal Statute for consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the 1937 Act, including:
 - i) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977;
 - ii) Payments to volunteers under the Domestic Volunteer Act of 1973 (employment through VISTA Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender's incarceration alternatives, and senior companions);
 - iii) Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626 (a));
 - iv) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 259e);
 - v) Payments of allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624 (f));
 - vi) Payments received under programs funded in whole or in part under the Workforce Investment Act;
 - vii) Income derived from the disposition of funds of the Grand River Band of Ottawa Indians;
 - viii) The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission, or the Court of Claims (25 U.S.C. 1407-1408), or from funds held in trust for an Indian tribe by the Secretary of Interior (25 U.S.C. 117);
 - ix) Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student-assistance programs (20 U.S.C. 1087 uu);

- x) Payments received from program funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056 (f));
 - xi) Any earned income tax credit;
 - xii) Payments received after January 1, 1989 from the Agent Orange Settlement Funds or any other funds established pursuant to the settlement in Re Agent Orange product liability litigation, MDL No. 381 (E.D.N.Y.);
 - xiii) The value of any childcare provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 USC 9858q); and
 - xiv) Payments received under the Maine Indian Claims Settlement Act of 1980.
- 4) Income from assets is to be included when determining total income. Asset income is counted if assets are more than \$5,000 by using the greater of the actual income from assets, or the total assets times the passbook rate.
- 5) Assets include the following items:
- a) Amounts in savings and checking accounts.
 - b) Stocks, bonds, savings certificates, money market funds and other investment accounts.
 - c) Equity in real property or other capital investments. Equity is the estimated current market value of the assets less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset.
 - d) The cash value of trusts that are available to the household.
 - e) IRA, Keogh, and similar retirement savings accounts, even though withdrawal will result in a penalty.
 - f) Contributions to company retirement/pension funds that can be withdrawn without retiring or terminating employment.
 - g) Assets which, although owned by more than one person, allow unrestricted access by the applicant.
 - h) Lump sum receipts such as inheritances, capital gains, lottery winnings, insurance settlements, and other claims.
 - i) Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
 - j) Cash value of insurance policies.
 - k) Assets disposed of for less than fair market value for two years preceding the income determination.
- 6) Assets do not include the following items:
- a) Necessary personal property, except as noted in 5. i. above.
 - b) Interest in Indian trust lands.
 - c) Assets that are part of an active business or farming operation. Note: Rental properties are considered personal assets held as an investment rather than business assets unless real estate is the applicant's main occupation.
 - d) Assets not accessible to the family and which provide any income to the family.
 - e) Vehicles especially equipped for the handicapped.
 - f) Equity in owner-occupied cooperatives and manufactured homes in which the family lives.

APPENDIX D

PERMANENT LOCAL HOUSING ALLOCATION FIRST TIME HOME BUYER DOWN PAYMENT ASSISTANCE PROGRAM DEFINITIONS

Abstract or Title Search, Title Examination, Title Insurance Binder. These charges cover the costs of the search and examination of records of previous ownership, transfers, etc., to determine whether the seller can convey clear title to the property, and to disclose any matters on record that could adversely affect the buyer or the lender. Examples of title problems are unpaid mortgages, judgment or tax liens, conveyances of mineral rights, leases, and power line easements or road right-of-ways that could limit use and enjoyment of the real estate. In some areas, a title insurance binder is called a commitment to insure.

Additional Settlement Charges. The lender or the title insurance company may require that a surveyor conduct a property survey to determine the exact location of the home and the lot line, as well as easements and rights of way. This is a protection to the buyer as well. Usually the buyer pays the surveyor's fees, but sometimes this may be handled by the seller.

Amortization. The gradual repayment of a mortgage with equal monthly payments over the life of the loan.

Annual Assessments - Recurring. This reserve item covers assessments that may be imposed by subdivisions or municipalities for special improvements (such as sidewalks, sewers, or paving) or fees (such as homeowners' association fees).

Annual Income. Gross amount of income anticipated to be received by all persons residing in the home during the 12 months following the effective date of the determination. Anticipated income is generally determined by annualizing current income for the next 12 months. See Appendix D for income to be included and excluded from the annual income calculation.

Appraisal Fee. The fee charged for the preparation of an appraisal of property value.

Appraisal. An estimate of property value prepared in accordance with accepted practices and standards by an independent appraiser who is licensed by the State of California. The appraiser inspects the house and the neighborhood and considers sales prices of comparable houses and other factors in determining the value. The appraisal report may contain photos and other information of value to you. It will provide the factual data upon which the appraiser based the appraised value.

Assumption Fee. This fee is charged for processing papers for cases in which the buyer takes over the payments on the prior loan of the seller.

Attorney's Fees. You may be required to pay for legal services provided to the lender in connection with the settlement, such as examination of the title binder or sales contract. Occasionally this fee can be shared with the seller, if so stipulated in the sales contract. If a lawyer's involvement is required by the lender, the fee will appear on this part of the form. The buyer and seller may each retain an attorney to check the various documents and to represent them at all stages of the transaction, including settlement. Where this service is not required and is paid for outside of closing, the person conducting settlement is not obligated to record the fee on the settlement form.

California Housing Finance Agency (CalHFA). California Housing Finance Agency (CalHFA) assists first-time homebuyers by providing financing and programs that create safe, decent, and affordable housing opportunities for individuals within specified income ranges. CalHFA was chartered as the State's affordable housing bank to make below market-rate loans through the sale of tax-exempt bonds. A completely self-supporting State agency, bonds are repaid by revenues generated through mortgage loans, not taxpayer dollars.

City/County Property Taxes - Recurring. The lender may require a regular monthly payment to the reserve account for property taxes.

Closing Costs. Fees and expenses, in addition to the down payment, that are required to complete a real estate transaction. Closing costs may be non-recurring or recurring. Non-recurring costs are only paid once and include but are not limited to items such as loan origination fees, points, title fees, recording fees, transfer taxes. Recurring costs are paid at closing and

will be incurred again after purchase. Examples of recurring costs are property taxes, hazard insurance, interest, mortgage insurance and mortgage insurance premiums, and annual assessments. Currently ADDI closing cost assistance is not available.

Closing. The final step in transferring ownership of a property from seller to buyer.

Credit Report Fee. This fee covers the cost of the credit report, which shows how you have handled other credit transactions. The lender uses this report in conjunction with information you submitted with the application regarding your income, outstanding bills, and employment, to determine whether you are an acceptable credit risk and to help determine how much money to lend you. When credit reporting problems are encountered, you have protection under the Fair Credit Laws.

Deed. A legal document conveying title to a property.

Displaced homemaker. An individual who, (1) is an adult; (2) has not worked full-time, full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family; and (3) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment. Displaced homemakers are no longer exceptions to the first-time buyer requirement.

Document Preparation. There may be a separate document fee that covers preparation of final legal papers, such as a mortgage, deed of trust, note, or deed. You should check with the settlement agent to see that these services, if charged for, are not also covered under some other service fees.

Eligible Property. A property to be used as the buyers' principal residence which is located in a participating location and has an appraised property value that does not exceed the property value limit established by the PLHA FTHB Program.

Equity. The owner's value or interest in a property. Equity is computed as the difference between the market value of a property and the owner's indebtedness incurred against the property.

Escrow. The placement of money or documents with a third party for safekeeping pending the fulfillment or performance of a specific act or condition.

Existing Home. Any residence that has been previously occupied for residential purposes.

FHA Mortgage. A mortgage loan insured by the Federal Housing Administration.

Fannie Mae. A nickname for the Federal National Mortgage Association (FNMA), a tax paying corporation created by Congress to support the secondary mortgage insured by FHA or guaranteed by VA, as well as conventional home mortgages.

First Mortgage. A mortgage, the proceeds of which are used to purchase the property, issued by a participating lender, and recorded in first position on the deed.

First-Time Home Buyer. An individual or an individual and his or her spouse who have not had ownership interest improved-upon residential real property nor claimed any mortgage or real estate related tax deductions during the three-year period before the purchase of a home with PLHA assistance, except that the following persons shall not be excluded from consideration as a first-time Home Buyer:

A person who owns or owned a mobile home which is not permanently affixed to a permanent foundation in accordance with local or other applicable regulations.

Freddie Mac. A nickname for the Federal Home Loan Mortgage Corporation (FHLMC), a federally controlled and operated corporation to support the secondary mortgage market. Freddie Mac purchases and sells conventional home mortgages.

Government Recording and Transfer Charges. These fees may be paid either by borrower or seller, depending upon your contract when you buy the home or accept the loan commitment. The borrower usually pays the fees for legally recording the new deed and mortgage. These fees collected when property changes hands or when a mortgage loan is made, may be quite large and are set by State and/or local governments. City, county and/or State tax stamps may have to be purchased as

well.

Hazard Insurance Premium - Recurring. This premium prepayment is for insurance protection for you and the lender against loss due to fire, windstorm, and natural hazards. This coverage may be included in a homeowner's policy which insures against additional risks which may include personal liability and theft. Lenders often require payment of the first year's premium at settlement. Hazard insurance or homeowner's policy may not protect you against loss caused by flooding. If your mortgage is federally insured and your property is within a special flood hazard area identified by FEMA, you may be required by Federal law to carry flood insurance on your home. Such insurance may be purchased in participating communities under the National Flood Insurance Act.

Hazard Insurance - Recurring. The lender determines the amount of money that must be placed in the reserve in order to pay the next insurance premium when due.

Home. A one-unit dwelling, including a single-family home, condominium or manufactured home on a permanent foundation that will be the buyers' permanent residence.

HOA. A **homeowners' association** (abbrev. **HOA**) is the legal entity created by a real estate developer for the purpose of developing, managing, and selling a community of homes. It is given the authority to enforce the covenants, conditions, and restrictions (CC&Rs) and to manage the common amenities of the development. It allows the developer to legally exit responsibility of the community typically by transferring ownership of the association to the homeowners after selling off a predetermined number of lots. Most homeowners' associations are non-profit corporations, and are subject to state statutes that govern non-profit corporations and homeowners' associations.

Home Buyer Education. A course or class designed to prepare persons for homeownership. Topic covered include the home buying process, obtaining a loan, and responsibilities associated with homeownership, including, but not limited to, maintenance and payment obligations.

Home Inspection Report. A pre-purchase inspection prepared by a qualified home inspector which documents the condition and working order of the home and all fixtures included in the home purchase agreement. The inspection and report shall be prepared in accordance with industry standards. The report shall list any and all conditions which impair the habitability of the unit. The Home Inspection Report is used to determine that the home is in standard condition and will comply with Housing Quality Standards upon occupancy.

Home Warranty. A warranty provided by an independent company that provides for the repair of specified items in a home during the warranty period, usually for a small deductible.

Homeownership. Ownership in fee simple title or a 99-year leasehold interest in real estate. The ownership interest may be subject only to mortgages, deeds of trust, or other liens or instruments securing debt on the property; resale restrictions imposed through this Program; or any other restrictions or encumbrances that so not impair the good and marketable nature of title to the ownership interest.

Household. One or more persons occupying a housing unit.

Housing Quality Standard. A minimum standard of habitability established by the Public Housing Authority.

HUD. The United States Department of Housing and Urban Development, a federal governmental agency established to implement certain federal housing and community development programs.

Impound Account. That portion of a mortgagor's monthly payment held in trust by the lender to pay for taxes, hazard insurance, mortgage insurance, lease payments, and other recurring items, as they become due. Also referred to as an escrow payment.

Interest - Recurring. Lenders usually require that borrowers pay at settlement the interest that accrues on the mortgage from the date of settlement to the beginning of the period covered by the first monthly payment. For example, suppose your settlement takes place on April 16 and your first regular monthly payment will be due June 1 to cover interest charges for the month of May. On the settlement date, the lender will collect interest for the period from April 16 to May 1. If you

borrowed \$60,000 at 12 percent interest, the interest item would be \$303.30.

Items Required by Lender to Be Paid in Advance. You may be required to prepay certain items, such as interest, mortgage insurance premium and hazard insurance premium, at the time of settlement.

Lender's Inspection Fee. This charge covers inspections, often of newly constructed housing made by personnel of the lending institution or an outside inspector.

Lender's Title Insurance. A one-time premium may be charged at settlement for a lender's title policy which protects the lender against loss due to problems or defects in connection with the title. The insurance is usually written for the amount of the mortgage loan and covers losses due to defects or problems not identified by title search and examination. The borrower may pay all, a part of, or none of this cost depending on the terms of the sales contract or local custom.

Lien. A legal claim against a property that must be paid when property is sold.

Loan Origination Fee. The charge assessed by a lender for processing a mortgage.

Loan-to-Value Ratio. The ratio of the mortgage loan principal (amount borrowed) to the property's appraised value (selling price).

Mortgage. A lien on real estate given by the buyer as security for money borrowed from a lender.

Mortgagee. The lender of money or the receiver of the mortgage document.

Mortgagor. The borrower of money of the giver of a mortgage document.

Mortgage Insurance Premium - Recurring. Mortgage insurance protects the lender from loss due to payment default by the borrower. The lender may require you to pay your first premium or a lump sum premium covering the life of the loan in advance, on the day of settlement. The premium may cover a specific number of months, a year in advance or the total amount. With this insurance protection, the lender is willing to make a larger loan, thus reducing your down payment requirements. This type of insurance should not be confused with mortgage life, credit life, or disability insurance designed to pay off a mortgage in the event of physical disability or death of the borrower.

Mortgage Insurance - Recurring. The lender may require that part of the total annual premium be placed in the reserve account at settlement. The portion to be placed in reserve may be negotiable.

Mortgage Insurer Application Fee. This fee covers processing the application for private mortgage insurance which may be required on certain loans. It may cover both the appraisal and application fee.

New Home. A residence that has received a certificate of occupancy but has never been previously occupied for residential purposes by any person. Also referred to as newly constructed.

Non-recurring Closing Costs. One-time fees and expenses paid at the time of closing. Non-recurring costs are paid in full at the time of closing.

Notary Fee. This fee is charged for the cost of having a licensed person affix his or her name and seal to various documents authenticating the execution of these documents by the parties.

Note. A written promise to pay a certain amount of money.

Owner's Title Insurance. This charge is for owner's title insurance protection and protects you against losses due to title defects. In some areas it is customary for the seller to provide the buyer with an owner's policy and for the seller to pay for this policy. In other areas, if the buyer desires an owner's policy, he or she must pay for it.

Pest and Other Inspections. This fee is to cover inspections for termite or other pest infestation of the home. This may be important if the sales contract included a promise by the seller to transfer the property free from pests or pest-caused damage.

Be sure that the inspection shows that the property complies with the sales contract before you complete the settlement. If it does not, you may wish to require a bond or other financial assurance that the work will be completed. This fee can be paid either by the borrower or seller depending upon the terms of the sales contract. Lenders vary in their requirements as to such an inspection.

Point. One percent of the loan amount.

Principal and Interest Payment (P&I). - A periodic (usually monthly) payment that includes the interest charges for the period plus an amount applied to amortization of principal balance.

Principal, Interest, Taxes, and Insurance Payment (PITI). The periodic payment that includes a principal and interest payment plus a contribution to the escrow account set up by the lender to pay insurance premiums and property taxes on the mortgage property.

Principal Residence. The primary dwelling unit in which a family resides. The residence can be a single-family property, a 2-4-unit property, a condominium, a manufactured home on a permanent foundation or a cooperative unit.

Professional Property Inspection. A pre-purchase inspection that is conducted to determine the condition of a property prior to purchase. See also Home Inspection Report.

Property Value. The total value of a property as established in an appraisal by a qualified appraiser. The purchase price of eligible FTHB homes shall not exceed the current fiscal year's purchase price limit for that type of housing. If any improvements are included in the purchase transaction, both the after-rehab value of the home and the actual purchase price cannot exceed the purchase price limit.

Reserves Deposited with Lenders. Reserves (sometimes called "escrow" or "impound" accounts) are funds held in an account by the lender to assure future payment for such recurring items as real estate taxes and hazard insurance.

Settlement or Closing Fee. This fee is paid to the settlement agent. Responsibility for payment of this fee should be negotiated between the seller and buyer at the time the sales contract is signed.

Single parent. An individual who is (1) unmarried or legally separated from a spouse and (2) has one or minor children for whom the individual has custody or joint custody, or (3) is pregnant. Single parents are no longer exceptions to the first-time buyer requirement.

Survey. The lender or the title insurance company may require that a surveyor conduct a property survey to determine the exact location of the home and the lot line, as well as easements and rights of way. This is a protection to the buyer as well. Usually the buyer pays the surveyor's fees, but sometimes this may be handled by the seller.

Title. The accumulation of all rights in a property, often used interchangeably with the word ownership. Also refers to the document that is evidence of ownership.

Title Charges. Title charges may cover a variety of services performed by title companies and others and include fees directly related to the transfer of title (title examination, title search, document preparation) and fees for title insurance, legal charges, which include fees for lenders, seller's or buyer's attorney or the attorney preparing title work and fees for settlement agents and notaries. Due to the great diversity in practice from area to area, your settlement may not include all these items or may include others not listed. Ask your settlement agent to explain how these fees relate to services performed on your behalf.

Title Insurance. The total cost of owner's and lender's title insurance is shown here. The borrower may pay all, a part or none of this cost depending on the terms of the sales contract or local custom.

Title Search. A check of title records to identify liens, encumbrances, and ownership rights to the property.

VA Mortgage. A mortgage loan guaranteed by the Veterans Administration, an agency of the federal government that provides services for eligible veterans.

**RIVERSIDE COUNTY DEPARTMENT OF HOUSING, HOMELESSNESS
PREVENTION AND WORKFORCE SOLUTIONS**

**PERMANENT LOCAL HOUSING ALLOCATION FIRST TIME HOME
BUYER DOWN PAYMENT ASSISTANCE PROGRAM**

GENERAL INFORMATION GUIDE



This brochure is intended to provide a general overview of the Riverside County Permanent Local Housing Allocation First Time Home Buyer Down Payment Assistance Program for prospective first-time home buyers, real estate agents and other interested persons. After reviewing this material, if you feel that you qualify for the program, please contact a participating lender. A list of participating lenders is included with this information packet.

July 1, 2021 – June 30, 2022

This information does not constitute full program guidelines and is subject to change without notice.

For more information. If you would like to apply for the Permanent Local Housing Allocation (PLHA) First Time Home Buyer (FTHB) Program, please contact one of the participating lenders. They will review your qualifications and assist in applying for the program.

If you have any questions or need additional information about the PLHA FTHB Program, please contact:

Riverside County
Housing, Homelessness Prevention and Workforce Solutions
Permanent Local Housing Allocation First Time Home Buyer Down Payment Assistance Program

PH: 951-343-5469
FAX: (951) 352-4852

Located at:
5555 Arlington Avenue
Riverside, California 92504

<https://rivcoeda.org/Departments/Housing>
www.rchomelink.com

**RIVERSIDE COUNTY DEPARTMENT OF HOUSING, HOMELESSNESS
PREVENTION AND WORKFORCE SOLUTIONS
PERMANENT LOCAL HOUSING ALLOCATION FIRST TIME HOME BUYER
DOWN PAYMENT ASSISTANCE PROGRAM
INFORMATION GUIDE**

What is the Permanent Local Housing Allocation First Time Home Buyer Down Payment Assistance Program (PLHA FTHB)? The Riverside County PLHA FTHB Program is designed to provide assistance to lower income persons in the purchase of their first home. The Program is administered by the Department of Housing, Homelessness Prevention and Workforce Solutions (HHPWS). Assistance may be provided for the down payment in the purchase of a home. The amount of assistance available depends upon the buyer's qualifications and the price of the home. In general, a buyer may only receive what they need, up to 20% of the purchase price of the home. The maximum down payment cannot exceed \$75,000.

Who qualifies for the PLHA FTHB Program? The four basic qualifications for the PLHA FTHB Program are (1) the buyer must be a first time homebuyer; (2) the buyer's annual income must be eighty percent (80%) or less of the area median income as determined by the Department of Housing and Community Development (HCD); (3) the home being purchased must be located in a qualifying location and the purchase price must be within the program price limit. Priority is given to Housing Authority Section 8 Voucher Program participants who participate in the Family Self Sufficiency (FSS) Program.

What is a first-time homebuyer? In order to qualify as a first-time home buyer, the purchaser and purchaser's spouse cannot have had ownership interest in improved-upon, residential real property nor claimed mortgage or real estate related tax deductions for the previous three years from the date of application to the PLHA FTHB program. The purchaser and their spouse must attest that they have not owned improved-upon, residential real property during the past 3 years and provide the last three years tax returns for review for any mortgage or real estate related deductions. If tax returns show evidence of mortgage or real estate related deductions, documentation must be provided evidencing that the deductions are not related to improved-upon, residential real property and acceptable documentation must also be provided establishing the value of the property. Asset "income" from the property must be imputed using the HUD passbook rate and added into the household's total qualifying income. Also, the household's total assets (including property) must be equal to or less than PLHA FTHB annual income limit based on household size for the current fiscal year. If the total assets exceed the program's annual income limit for their household size, the assets must be spent down accordingly. Assets (including property) disposed of for less than fair market value during the most recent 2-year period are counted as if the household still owned the asset. Displaced homemakers and single parents, as defined by Appendix D, must also meet the first-time buyer requirement. For the purposes of determining home ownership, a dwelling unit that was not permanently affixed to a permanent foundation (i.e. a mobile home) shall be not included in the three-year requirement.

What are the qualifying incomes? In order to be eligible for this program, the buyers' annual income shall not exceed 80% of the area median income, as determined by HUD, adjusted for family size. In addition, assets shall not exceed these limits. Currently, the income limits are as follows:

Maximum Annual Household Income Adjusted for Family Size Effective July 1, 2021	
Household Size	Maximum Annual Income
1	\$44,240
2	\$50,560
3	\$56,880
4	\$63,200
5	\$68,320
6	\$73,360
7	\$78,400
8	\$83,440

What are the other buyer requirements? The buyer must have enough income and creditworthiness to qualify for a first mortgage through one of the participating lenders. In addition, the buyer must accept the highest loan-to-value ratio first loan for which they qualify. In order to be eligible for participation in the PLHA FTHB Program, prospective purchasers must complete eight (8) hours of education in a Home Buyer's Seminar through a HUD-approved homebuyer education provider..

What is the maximum home price? The maximum home purchase price under this program is currently \$408,500 for a new home, \$408,500 for a resale home, \$323,000 for a new or existing condominium or townhouse and \$217,550 for a new manufactured home. The appraised value of the property cannot exceed these limits. The down payment assistance will be based on a percentage of the home sales price which shall be justified by an appraisal.

What are the qualifying locations? This Program may be utilized to purchase a home in the following locations: (1) all unincorporated areas of Riverside County, such as Cabazon, Glen Avon, Highgrove, Mira Loma, Mead Valley, Mecca, North Shore, Nuevo, Pedley, Quail Valley, Romoland, Thermal, Thousand Palms, Valle Vista or (2) within the City Limits of the following jurisdictions: Banning, Beaumont, Blythe, Canyon Lake, Cathedral City, Coachella, Desert Hot Springs, Eastvale, Hemet, Indian Hills, Indio, Jurupa Valley, La Quinta, Lake Elsinore, Moreno Valley, Murrieta, Norco, Palm Springs, San Jacinto, Temecula, and Wildomar.

Please note that the following cities are **not eligible** for the PLHA FTHB Program and assistance **cannot** be given to purchasers of homes located within the City Limits of these cities: Calimesa, Corona, Menifee, Palm Desert, Perris, Rancho Mirage, and Riverside.

What kinds of properties are eligible? The PLHA FTHB program may be used to purchase any new or resale home that is: (1) permanently fixed to a permanent foundation, (2) has a minimum of two bedrooms, and (3) is currently occupied by the Seller or vacant (tenant occupied homes are not eligible unless the tenant is the purchaser of that property). Homes with in-ground pools or spas are not eligible. The home must be in sound condition and meet the Housing Quality Standard as determined by HHPWS. The purchaser must reside in the home as his or her principal residence within sixty (60) days of purchase and the home shall not be used as a business nor as a vacation (second) home.

A home shall not be eligible for purchase under this program unless it is in standard condition and suitable for occupancy upon purchase. The County will require that a Home Inspection be performed for all existing homes, and repairs may be required. The County will not make nor pay for repairs to homes at any time. The borrower shall agree to maintain the home in standard condition for the term of the HHPWS assistance. To this end, the purchaser shall be required to obtain a one-year home warranty as part of the home purchase.

What is the process to apply for the PLHA FTHB Program?

- (1) If you are a first-time homebuyer and/or Section 8 Family Self Sufficiency Program participant whose income is within the Program limits, the first step is to contact a participating lender for eligibility screening. The lender will take a loan application and simultaneously pre-qualify you for a first loan and the PLHA FTHB Program. The lender will determine the maximum home price that you can afford and will also determine whether you are eligible for assistance under the County of Riverside PLHA Program.
- (2) After the lender has determined if you are eligible for the program, you will need to attend an eight-hour Homebuyer Education class by a HUD approved provider. The lender will provide the names and phone numbers of approved homebuyer education providers, and you will need to call one of the providers to schedule a class. There may be a minimal charge to attend this class, please inquire with providers for details. A list is also provided here: <https://rivcoeda.org/Portals/0/FTHB/FTHB%20Documents/Homebuyer%20Education%20Providers%202019.pdf>
- (3) Once you are pre-qualified for the program and have a maximum home price, you may locate a home to purchase. If you are interested in an existing home, it is recommended that you contact a realtor to assist you in locating a home to purchase. Note: homes must be located in PLHA FTHB eligible locations.
- (4) Once you have located a home, you will need to make a purchase offer and start escrow. Your real estate representative or new home salesperson and your lender can assist in this process. You must provide a Homeownership Notice (PLHA-3) to the sellers as an addendum to the purchase contract (your lender can provide you with a copy of this Notice). Once your purchase offer is accepted and escrow begins, your lender will assist you in completing the application materials for the PLHA FTHB Program.
- (5) During escrow your lender will process your loan application for the first mortgage and PLHA FTHB second mortgage. You will be required to sign forms authorizing the lender to submit a PLHA Reservation on your behalf and disclosing your current income from all sources. Prior to the close of escrow, you will sign loan documents and both the first and second mortgages will be funded.
- (6) When escrow closes, you will become a homeowner and will be responsible for

maintaining the property in sound condition. You will begin making monthly payments on your first mortgage. The PLHA FTHB second mortgage will not require payments until you sell your property or a cash out refinance on the first mortgage. After the 30-year affordability period, the PLHA assistance is converted to a grant with no repayment of funds.

What are the first loan terms? The purchaser shall apply for a first mortgage from a participating lender. The first loan must be a fully amortized, fixed rate, thirty-year mortgage and the HHPWS Down Payment Assistance will be a deed recorded in second position to the first mortgage. The purchaser must accept the highest first mortgage amount (principal amount at going interest rate) for which they can qualify. Loan terms and qualifications (interest rate, creditworthiness, etc.) in addition to those specified above will be determined by the participating lender.

What costs can be paid by PLHA FTHB Program? The PLHA FTHB financial assistance can be provided as down payment assistance. The amount of assistance available depends upon the buyer's qualifications. The PLHA FTHB assistance absolute maximum is the lesser of \$75,000 or 20% of the home's sales price.

Closing cost assistance is not available currently.

What are the terms of the Down Payment Assistance? The minimum amount of assistance that may be provided is \$1,500 per home purchase. The maximum amount of assistance is 20% of the purchase price of the home not to exceed \$75,000. However, this assistance amount may be further reduced if the buyer does not need the full amount to purchase a home. The PLHA FTHB assistance is recorded as a second mortgage on your home. This deferred second mortgage does not require any monthly payments and is not interest bearing. In exchange for receiving funds to assist in the purchase of a home, the purchaser must agree to a thirty (30) year affordability period. If the home is sold during the term of the affordability period, the full amount of the assistance must be repaid.

Is there a deadline to apply for this program? The County will accept reservations as long as funds are available. It is anticipated that additional funds will be allocated to the PLHA FTHB in the future, depending upon fund availability.

Who are the Approved Lenders? There are typically nine to twenty participating lenders, with multiple branches throughout the County and elsewhere in Southern California, who participate in the Riverside County programs. The current list of participating lenders and branch offices may be found at <https://rivcoeda.org/First-Time-Home-Buyer-Program/First-Time-Home-Buyer-Program/Approved-Lenders> . Purchasers must use one of these lenders and are encouraged to compare prices and loan terms among these lenders.

How were the Approved Lenders selected for the PLHA FTHB Program? The County of Riverside Department of Housing, Homelessness Prevention and Workforce Solutions published a Request for Qualifications (RFQ) for qualified lenders. The RFQ was published in a newspaper of general circulation, and invitations were mailed to lenders participating in other homebuyer assistance programs administered by HHPWS as well as lenders requesting to be

placed on the mailing list. All lenders were invited to submit materials detailing their qualifications for the program. All submittals that were received prior to the deadline were evaluated and ranked according to the criteria in the RFQ. Lenders that demonstrated in their submittals that they met all the program requirements were selected as participating lenders.

Permanent Local Housing Allocation (PLHA) Formula Allocation

2020 Application



**State of California
Governor, Gavin Newsom**

**Lourdes Castro Ramírez, Secretary
Business, Consumer Services and Housing Agency**

**Douglas R. McCauley, Acting Director
Department of Housing and Community Development**

Program Design and Implementation, PLHA Program
2020 West El Camino Avenue, Suite 150, Sacramento, CA 95833
PLHA Program Email: PLHA@hcd.ca.gov

Final Filing Date: April 27, 2020 through July 27, 2020 at 5 P.M. PST

JUN 22 2021 3.18

Instructions

Rev. 5/20/20

When opening this file, a yellow banner at the top may appear with a button that says "Enable Content". It is essential that you click this box so that the macros are enabled. Enabling macros is necessary for full worksheet functionality. Macros do not work with Microsoft's Excel version for Apple Mac.

HCD will only accept applications through a postal carrier service such as U.S. Postal Service, UPS, FedEx or other carrier services that provide date stamp verification confirming delivery to HCD's office. A complete original application and an electronic copy on a USB flash drive with all applicable information must be received by HCD via postal carrier no later than 5:00 p.m. on:

Monday, July 27, 2020

Applications must be on the Department's forms and cannot be altered or modified by the Applicant. Excel forms must be in Excel format and unprotected, not a .pdf document. For application errors please fill out the Application Support worksheet and email the entire workbook to Application Support for application errors at AppSupport@hcd.ca.gov.

General Instructions (Additional instructions and guidance are given throughout the Supplemental Application in "red" text and in cell comments).

Guideline references are made with "\$" and the corresponding guideline section number.

"Yellow" cells are for Sponsor input. Failure to provide the required attachments and documentation may disqualify your application from consideration or may negatively impact your point score.

Required attachments are indicated in "orange" throughout the Supplemental Application. Failure to provide the required attachments and documentation may disqualify your application from consideration or may negatively impact your point score. Electronically attached files must use the naming convention in the Supplemental Application. For Example: "App1 Payee Data" for Sponsor 1 Payee Data Record/STD. 204.

Threshold items are indicated in "blue" cells.

"Red" shaded cells indicate the Sponsor has failed to meet a requirement of the program. Point cells in the Scoring worksheet shaded in "red" indicate that the Sponsor has failed to meet the minimum points required.

Sponsor must complete the following worksheets in the PLHA Formula Allocation Application.

Formula Allocation Application

302(c)(4) Plan

Legislative Contacts

Checklist

Binder Tab #	Threshold Requirement	Electronic File Name	Document Description	Included?
1	X	App1 Resolution	PLHA webpage for Resolution Document	Included
2	X	App1 Signature Block	Signature Block - upload in Microsoft Word Document	Included
3	X	App1 TIN	Taxpayer Identification Number Document	Included
4	X	Applicant Agreement	Legally binding agreement between Delegating and Administering Local Governments	Included
5		Plan Adoption	§302(c)(4)(D) Evidence that the Plan was authorized and adopted by resolution by the Local jurisdiction and that the public had an adequate opportunity to review and comment on its content.	Included

Disclosure of Application (California Public Records Act Statutes of 1968 Chapter 1473): Information provided in the application will become a public record available for review by the public, pursuant to the California Public Records Act Statutes of 1968 Chapter 1473. As such, any materials provided will be disclosable to any person making a request under this Act. The Department cautions Applicants to use discretion in providing information not specifically requested, including but not limited to, bank accounts, personal phone numbers and home addresses. By providing this information to the Department, the Applicant is waiving any claim of confidentiality and consents to the disclosure of submitted material upon request."

Local Government Formula Allocation				Rev. 5/20/20										
Eligible Applicant Type:	Entitlement													
Local Government Recipient of PLHA Formula Allocation:	Riverside County													
Approximate PLHA Formula Allocation Amount:	\$3,998,171	Allowable Local Admin (5%):	\$199,808											
<p>Instructions: If the Local Government Recipient of the PLHA Formula Allocation delegated its PLHA formula allocation to a Local Housing Trust Fund or to another Local Government, the Applicant (for which information is required below) is the Local Housing Trust Fund or administering Local Government. The PLHA award will be made to the Applicant (upon meeting threshold requirements) and the Applicant is responsible for meeting all program requirements throughout the term of the Standard Agreement.</p> <p>The 302(c)(4) Plan template worksheet requires first choosing one or more of the Eligible Activities listed below. If "Yes" is clicked, the 302(c)(4) Plan worksheet opens a series of questions about what precise activities are planned. Some specific activities, such as providing downpayment assistance to lower-income households for acquisition of an affordable home could be included under either Activity 2 or 9. Please only choose one of those Activities; don't list the downpayment assistance under both Activities.</p> <p>If the PLHA funds are used for the same Activity but for different Area Median Income (AMI) level, select the same Activity twice (or more times) and the different AMI level the Activity will serve. Please enter the percentage of funds allocated to the Activity in only the first Activity listing to avoid double counting the funding allocation.</p>														
Eligible Applicants §300														
<p>§300(a) and (b) Eligible Applicants for the entitlement and Non-entitlement formula component described in Section §100(b)(1) and (2) are limited to the metropolitan cities and urban counties allocated a grant for the federal fiscal year 2017 pursuant to the federal CDBG formula specified in 42 USC, Section §5306 and Non-entitlement local governments.</p>														
Applicant:	County of Riverside													
Address:	5555 Arlington Avenue													
City:	Riverside	State:	CA	Zip: 92504										
County:	Riverside													
<p>§300(d) Is Applicant delegated by another Local government to administer on its behalf its formula allocation of program funds? Yes</p> <p>§300(d) If Applicant answered "Yes" above, has the Applicant attached the legally binding agreement required by §300 (c) and (d)? Yes</p>														
File Name:	App1 Resolution	PLHA webpage for Resolution Document	Attached and on USB?	Yes										
File Name:	App1 Signature Block	Signature Block - upload in Microsoft Word Document	Attached and on USB?	Yes										
File Name:	App1 TIN	Taxpayer Identification Number Document	Attached and on USB?	Yes										
File Name:	Applicant Agreement	Legally binding agreement between Delegating and Administering Local Governments	Attached and on USB?	Yes										
Eligible Activities, §301														
§301(a) Eligible activities are limited to the following:				Included?										
§301(a)(1) The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to Extremely low-, Very low-, Low-, or Moderate-income households, including necessary operating subsidies.				<input checked="" type="checkbox"/> YES										
§301(a)(2) The predevelopment, development, acquisition, rehabilitation, and preservation of affordable rental and ownership housing, including Accessory Dwelling Units (ADUs), that meets the needs of a growing workforce earning up to 120 percent of AMI, or 150 percent of AMI in high-cost areas. ADUs shall be available for occupancy for a term of no less than 30 days.				<input type="checkbox"/> YES										
§301(a)(3) Matching portions of funds placed into Local or Regional Housing Trust Funds.				<input type="checkbox"/> YES										
§301(a)(4) Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176.				<input type="checkbox"/> YES										
§301(a)(5) Capitalized Reserves for services connected to the preservation and creation of new permanent supportive housing.				<input type="checkbox"/> YES										
§301(a)(6) Assisting persons who are experiencing or At-risk of homelessness, including, but not limited to, providing rapid re-housing, rental assistance, supportive/case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers and emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing.				<input type="checkbox"/> YES										
§301(a)(7) Accessibility modifications in Lower-income Owner-occupied housing.				<input type="checkbox"/> YES										
§301(a)(8) Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.				<input type="checkbox"/> YES										
§301(a)(9) Homeownership opportunities, including but not limited to, down payment assistance.				<input checked="" type="checkbox"/> YES										
§301(a)(10) Fiscal incentives made by a county to a city within the county to incentivize approval of one or more affordable housing Projects, or matching funds invested by a county in an affordable housing development Project in a city within the county, provided that the city has made an equal or greater investment in the Project. The county fiscal incentives shall be in the form of a grant or low-interest loan to an affordable housing Project. Matching funds investments by both the county and the city also shall be a grant or low-interest deferred loan to the affordable housing Project.				<input type="checkbox"/> YES										
Threshold Requirements, §302														
§302(a) Housing Element compliance: Applicant or Delegating Local Government's Housing Element was adopted by the Local Government's governing body by the application deadline and subsequently determined to be in substantial compliance with state Housing Element Law pursuant to Government Code Section 65585.				Yes										
§302(b) Applicant or Delegating Local Government has submitted the current or prior year's Annual Progress Report to the Department of Housing and Community Development pursuant to Government Code Section 65400.				Yes										
§302(c)(2) Applicant certifies that submission of the application was authorized by the governing board of the Applicant.				Yes										
§302(c)(3) Applicant certifies that, if the Local Government proposes allocation of funds for any activity to another entity, the Local government's selection process had no conflicts of interest and was accessible to the public.				Yes										
§302(c)(4) Does the application include a Plan in accordance with §302(c)(4)?				Yes										
§302(c)(4)(D) Applicant certifies that the Plan was authorized and adopted by resolution by the Local Government and that the public had an adequate opportunity to review and comment on its content.				Yes										
§302(c)(5) Applicant certifies that the Plan submitted is for a term of five years. Local Governments agree to inform the Department of changes made to the Plan in each succeeding year of the term of the Plan.				Yes										
§302(c)(6) Applicant certifies that it will ensure compliance with §302(c)(6) if funds are used for the acquisition, construction, or rehabilitation of for-sale housing projects or units within for-sale housing projects.				Yes										
§302(c)(7) Applicant certifies that it will ensure that the PLHA assistance is in the form of a low-interest, deferred loan to the Sponsor of the Project, if funds are used for the development of an Affordable Rental Housing Development. The loan shall be evidenced through a Promissory Note secured by a Deed of Trust.				Yes										
§302(c)(8) Has Applicant attached a program income reuse plan describing how repaid loans will be reused for eligible activities specified in Section 301?				Yes										
Administration														
Applicant agrees to adhere to §500, Accounting Records.				Yes										
Applicant agrees to adhere to §501, Audits/Monitoring of PLHA Files.				Yes										
Applicant agrees to adhere to §502, Cancellation/Termination.				Yes										
Applicant agrees to adhere to §503, Reporting.				Yes										
Certifications														
On behalf of the entity identified below, I certify that: The information, statements and attachments included in this application are, to the best of my knowledge and belief, true and correct and I possess the legal authority to submit this application on behalf of the entity identified in the signature block.														
<table border="0" style="width: 100%;"> <tr> <td style="width: 40%;"></td> <td style="width: 20%;"></td> <td style="width: 20%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>Authorized Representative Printed Name</td> <td>Title</td> <td>Signature</td> <td colspan="2">Date</td> </tr> </table>										Authorized Representative Printed Name	Title	Signature	Date	
Authorized Representative Printed Name	Title	Signature	Date											
Entity name:	County of Riverside	Phone Number:	951-343-5473											
Entity Address:	5555 Arlington Avenue	City:	Riverside	State: CA Zip: 92504										

§302(c)(4) Plan

Rev. 5/20/20

§302(c)(4)(A) Describe the manner in which allocated funds will be used for eligible activities.

The County of Riverside intends to use PLHA funds for 2 activities: 1) allocate 20% of the funds towards a downpayment assistance program to provide loans to qualified low- and moderate-income households to purchase affordable homes; and 2) allocate 80% of the funds for gap financing new construction or rehabilitation of affordable multifamily rental housing units.

§302(c)(4)(B) Provide a description of the way the Local government will prioritize investments that increase the supply of housing for households with incomes at or below 60 percent of Area Median Income (AMI).

The County of Riverside is proposing to allocate 80% of PLHA funds to finance affordable rental developments and will require each development to restrict no more than 49 percent of the total units for households with incomes at or below 80 percent of AMI of which 20% of the restricted units will be reserved for households with incomes at or below 50 percent of AMI, thereby increasing the supply of housing for households with incomes at or below 60 percent of AMI.

§302(c)(4)(C) Provide a description of how the Plan is consistent with the programs set forth in the Local Government's Housing Element.

The Plan is consistent with the programs set forth in the County of Riverside's Housing Element as well as the County's 5 Year Consolidated Plan. Pursuant to California Government Code Section 65583(c)(2), the County's Eight-Year Action Plan as part of its Housing Element includes policies and programs to assist in the development of housing to meet the needs of very low-, low- and moderate-income households. The Action Plan provides the following policies: 1) Encourage housing developers to produce affordable units by providing assistance and incentives for projects that include new affordable units available to lower/moderate income households or special needs housing (Policy 1.1); and 2) Support programs that offer low- and moderate-income households the opportunity for homeownership (Policy 3.4).

Activities Detail (Activities Detail (Must Make a Selection on Formula Allocation Application worksheet under Eligible Activities, §301))

§301(a)(1) The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low-, low-, or moderate-income households, including necessary Operating subsidies.

§302(c)(4)(E)(i) Provide a description of how allocated funds will be used for each proposed Affordable Rental Housing Activity.

The County of Riverside will allocate 80% of the PLHA funds for the rehabilitation and construction of affordable housing units for rent. The County will accept applications over the counter and give priority to applications that can demonstrate that all other funding has been secured and can start construction within 12 months. An application fee of \$1,000 will be charged for each PLHA funding application to help defray cost associated with reviewing PLHA applications. For all rental multifamily construction projects, the County will charge \$100 per unit for the life of the affordability period to help offset the costs associated with monitoring the projects.

Complete the table below for each proposed Affordable Rental Housing Activity to be funded with 2019-2023 PLHA allocations. If a single Activity will be assisting households at more than one level of Area Median Income, please list the Activity as many times as needed to capture all of the AMI levels that will be assisted, but only show the percentage of annual funding allocated to the Activity one time (to avoid double counting).

Funding Allocation Year	2019	2019	2020	2020	2021	2021	2022	2022	2023	2023							
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Affordable Rental Housing Activity	80.00%		80.00%		80.00%		80.00%		80.00%								
§302(c)(4)(E)(ii) Area Median Income Level Served	80%	50%	80%	50%	80%	50%	80%	50%	80%	50%							TOTAL
§302(c)(4)(E)(ii) Unmet share of the RHNA at the AMI Level	1580	2272	1580	2272	1580	2272	814	1255	814	1255							15694
§302(c)(4)(E)(ii) Projected Number of Households Served	160	40	160	40	160	40	160	40	160	40							1000
§302(c)(4)(E)(iv) Period of Affordability for the Proposed Affordable Rental Housing Activity (55 years required for rental housing projects)	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years

§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity.

The County will accept applications over the counter and give priority to applications that can demonstrate that all other funding has been secured and can start construction within 12 months. The County will actively work with participating cities in developing a pipeline of projects. Currently the County is aware of 42 projects in different stages of planning throughout the County.

§301(a)(2) The predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing, including Accessory Dwelling Units (ADUs), that meets the needs of a growing workforce earning up to 120 percent of AMI, or 150 percent of AMI in high-cost areas. ADUs shall be available for occupancy for a term of no less than 30 days.

§301(a)(3) Matching portions of funds placed into Local or Regional Housing Trust Funds.

§301(a)(4) Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176.

§301(a)(5) Capitalized Reserves for Services connected to the preservation and creation of new permanent supportive housing.

§301(a)(6) Assisting persons who are experiencing or At risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, supportive/case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers and emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing.

§301(a)(7) Accessibility modifications in Lower-income Owner-occupied housing.

§301(a)(8) Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.

§301(a)(9) Homeownership opportunities, including, but not limited to, down payment assistance.

§302(c)(4)(E)(i) Provide a description of how allocated funds will be used for the proposed Activity.

	Percentage of Funds Allocated for Affordable Owner-occupied Workforce Housing (AOWH)	0%
--	---	----

The County of Riverside will allocate 20% of the PLHA funds for direct homeownership assistance to eligible households by providing down payment assistance on a first-come, first-served basis to persons not exceeding 80 percent of the HUD-adjusted area median income. The program will provide down payment assistance as a silent-second loan in the amount of up to twenty percent (20%) of the purchase price and is provided on a first-come, first served basis. If the property is no longer maintained as the principal residence of the buyer or is sold prior to the end of the thirty (30) year affordability period, all PLHA direct subsidy funds must be repaid. Otherwise, the loan is converted to a grant after the affordability period.

Complete the table below for each proposed Activity to be funded with 2019-2023 PLHA allocations. If a single Activity will be assisting households at more than one level of Area Median Income, please list the Activity as many times as needed to capture all of the AMI levels that will be assisted, but only show the percentage of annual funding allocated to the Activity one time (to avoid double counting).

Funding Allocation Year	2019	2020	2021	2022	2023															
Type of Homeowner Assistance	Home Buyer Assistance	Home Buyer Assistance	Home Buyer Assistance	Home Buyer Assistance	Home Buyer Assistance															
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Activity	20.00%	20.00%	20.00%	20.00%	20.00%															
§302(c)(4)(E)(ii) Area Median Income Level Served	80%	80%	80%	80%	80%															TOTAL
§302(c)(4)(E)(iii) Unmet share of the RHNA at AMI Level	1580	1580	1580	814	814															6368
§302(c)(4)(E)(iii) Projected Number of Households Served	25	25	25	25	25															125
§302(c)(4)(E)(iv) Period of Affordability for the Proposed Activity	30 Years	30 Years	30 Years	30 Years	30 Years															

§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity.

The County currently operates a down payment assistance program funded with HUD HOME funds and we plan to mirror the proposed PLHA funded program after the HOME funded first time home buyer program. We will work with all participating cities to help us market the program and we will ask all cities to post program information on their websites. Also, we have found it beneficial to work closely with our approved lenders to help us market our other homebuyer programs.

§301(a)(10) Fiscal incentives made by a county to a city within the county to incentivize approval of one or more affordable housing Projects, or matching funds invested by a county in an affordable housing development Project in a city within the county, provided that the city has made an equal or greater investment in the Project. The county fiscal incentives shall be in the form of a grant or low-interest loan to an affordable housing Project. Matching funds investments by both the county and the city also shall be a grant or low-interest deferred loan to the affordable housing Project.

File Name:	Plan Adoption	§302(c)(4)(D) Evidence that the Plan was authorized and adopted by resolution by the Local jurisdiction and that the public had an adequate opportunity to review and comment on its content.	Attached and on USB?	Yes
-------------------	---------------	--	----------------------	-----

Permanent Local Housing Allocation Final Guidelines



**Gavin Newsom, Governor
State of California**

**Alexis Podesta, Secretary
Business, Consumer Services and Housing Agency**

**Douglas R. McCauley, Acting Director
California Department of Housing and Community Development**

2020 West El Camino Avenue, Suite 150
Sacramento, CA 95833

October 2019

The matters set forth herein are regulatory mandates, and are adopted in accordance with the authorities set forth below:

Quasi-legislative regulations ... have the dignity of statutes ... [and]... delegation of legislative authority includes the power to elaborate the meaning of key statutory terms...

Ramirez v. Yosemite Water Co., 20 Cal. 4th 785, 800 (1999)

In consultation with stakeholders, the California Department of Housing and Community Development (Department) may adopt Guidelines to implement this Section, including determining allocation methodologies. Any guideline, rule, policy, or standard of general application employed by the Department in implementing this chapter shall not be subject to the requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Title 2 Government Code, Part 1 of Division 3).

NOTE: Authority Cited: Health and Safety Code Section 50470, subdivision (d).

The Department reserves the right, at its sole discretion, to suspend or amend the provisions of these Guidelines, including, but not limited to, grant award amounts.

INTRODUCTION

Chapter 364, Statutes of 2017 (SB 2, Atkins) was part of a 15-bill housing package aimed at addressing the state's housing shortage and high housing costs. Specifically, it establishes a permanent source of funding intended to increase the affordable housing stock in California. The revenue from SB 2 will vary from year to year, as revenue is dependent on real estate transactions with fluctuating activity. The legislation directs the California Department of Housing and Community Development (Department) to use 70 percent of the revenue collected, beginning in calendar year 2019, to provide financial assistance to local governments for eligible housing-related projects and programs to assist in addressing the unmet housing needs of their local communities. This program is hereafter referred to as the Permanent Local Housing Allocation (PLHA) program.

Guidelines for the PLHA program are organized into five Articles as follows:

Article I. General provisions: This article includes information on the purpose of the Guidelines, program objectives, and definitions used throughout the document.

Article II. Program funding: This article describes allocation formulas and methodologies, and award amounts.

Article III. Formula allocation component: This article describes the requirements for Applicants to apply for funds under the formula allocation of the PLHA program.

Article IV. Competitive allocation component: This article describes requirements and uses for PLHA competitive allocation funds.

Article V. Administration: This article describes administrative functions such as terms, non-performance remedies, and reporting and monitoring requirements.

**Permanent Local Housing Allocation (PLHA) Program:
2019 Guidelines**

Table of Contents

ARTICLE I. GENERAL PROVISIONS	5
Section 100. Purpose and Scope	5
Section 101. Definitions	5
ARTICLE II. PROGRAM FUNDING	9
Section 200. Allocations	9
Section 201. Award Amounts	10
ARTICLE III. FORMULA ALLOCATION COMPONENT	11
Section 300. Eligible Applicants	11
Section 301. Eligible Activities	12
Section 302. Threshold Requirements	13
Section 303. Application Review	16
Section 304. Deadlines and Funding Requirements	17
ARTICLE IV. COMPETITIVE ALLOCATION COMPONENT	17
Section 400. Eligible Applicants	17
Section 401. Eligible Activities	18
Section 402. Threshold Requirements	18
Section 403. Selection Criteria	20
Section 404. Application Review	22
Section 405. Deadlines and Funding Requirements	23
ARTICLE V. ADMINISTRATION	23
Section 500. Accounting Records	23
Section 501. Audits/Monitoring of Project Files	24
Section 502. Cancellation and Termination	25
Section 503. Reporting	26

ARTICLE I. GENERAL PROVISIONS

Section 100. Purpose and Scope

- (a) These Guidelines (hereinafter "Guidelines") implement, interpret, and make specific Chapter 364, Statutes of 2017 (SB 2, Atkins - hereinafter "SB 2") as authorized by Health and Safety Code (HSC) Section 50470, which created the Building Homes and Jobs Trust Fund and the PLHA program. The principal goal of this program is to make funding available to eligible local governments in California for housing-related projects and programs that assist in addressing the unmet housing needs of their local communities. Twenty percent of the funding in the Building Homes and Jobs Trust Fund is required to be expended for Affordable Owner-Occupied Workforce Housing, and the program prioritizes investments that increase the supply of housing to households that are at or below 60 percent of the Area Median Income (AMI), adjusted for household size.
- (b) These Guidelines establish terms, conditions, and procedures for local governments to submit applications to the Department for funds from the PLHA program's three components, as listed below:
 - (1) Entitlement formula component per HSC 50470(b)(2)(B)(i)(I)
 - (2) Non-entitlement formula component per HSC 50470(b)(2)(B)(i)(II)
 - (3) Non-entitlement competitive grant program component per HSC 50470(b)(2)(B)(i)(I) (eligible Applicants are the same as for component 2 above)
- (c) The non-entitlement competitive grant program component prioritizes assistance to persons experiencing or At risk of homelessness.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(A), subdivision (b)(2)(B)(i) and subdivision (b)(2)(B)(ii)(I-V).

Section 101. Definitions

All terms not defined below shall, unless their context suggests otherwise, be interpreted in accordance with the meanings of terms described in HSC Section 50470.

- (a) "Accessory dwelling unit" (ADU) means a dwelling unit which is attached, detached or located within the living area of the existing dwelling or residential dwelling unit and which provides complete independent living facilities for one or more persons pursuant to Government Code (GC) Section 65852.2 and 65852.22. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling. An Accessory dwelling unit also includes the following: an efficiency unit, as defined in Section 17958.1 of the HSC, or a manufactured home, as

defined in Section 18007 of the HSC.

(b) "Activity" means any single eligible undertaking carried out as part of an Applicant's allocation(s) under the Program.

(c) "Affordable" means a housing unit that satisfies at least one of the following criteria:

1. If the unit is being rented to low-income, Very low-income or Extremely low-income households, it complies with the Multifamily Housing Program guidelines Section 7312 and the Section 7301 definition of "Affordable Rent"; or
2. If the unit is being sold, it is offered at an "Affordable housing cost", as published in the Fannie Mae Selling Guide, Part B, Debt to Income Ratios, as updated annually (<https://www.fanniemae.com/content/guide/selling/b3/6/02.html#DTI.20Ratios>), and it complies with the income limits stated in the definitions of Moderate-Income and Lower-Income in this section; or
3. If the unit is being rented to Moderate-Income households, it is available at a gross rent, including a utility allowance, that does not exceed 30 percent of the applicable income eligibility level, and complies with the definition of Moderate-Income in these guidelines

(d) "Affordable Owner-Occupied Workforce Housing" (AOWH) means owner-occupied housing per HSC Section 50092.1 that is affordable to persons and families of low or moderate income, as that term is defined in HSC Section 50093, except in High-cost areas where Moderate-income shall include households earning up to 150 percent of AMI.

(e) "Annual Progress Report" (APR) means the Housing Element APR required by GC Section 65400 on the prior year's activities and due to the Department April 1 of each year.

(f) "Annual Report" means a form issued by the Department and completed by a Local government awarded PLHA funds on which the Local government documents the uses and expenditures of any allocated funds and outcomes achieved.

(g) "Applicant" means an eligible Local government applying for the program to administer one or more eligible activities. Applicant also means a Local or Regional Housing Trust Fund delegated by an eligible Local government to apply for the program and administer its allocation in accordance with all program rules.

- (h) "Area Median Income" or "AMI" means the most recent applicable county median family income published by the Department, available at the following link:
<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>
- (i) "At risk of homelessness" means the same as defined in Title 24 Section 578.3 of the Code of Federal Regulations and also includes any household receiving rental assistance funded by the California Emergency Solutions and Housing (CESH) program or the California Homeless Emergency Aid Program (HEAP).
- (j) "Capitalized Reserve for Services" means the reserve funded by the Local government pursuant to Section 301(a)(5) to address project supportive service budget deficits attributable to shortfalls in service funding sources.
- (k) "Comprehensive Housing Affordability Strategy" or "CHAS" means annual data compiled by the United States Census Bureau for the U.S. Department of Housing and Urban Development (HUD) to document the extent of housing problems and housing needs, particularly for low-income households.
- (l) "Community Development Block Grant" or "CDBG" means the program created pursuant to Title I of the Housing and Community Development Act of 1974, 42 U.S.C. 5301 et seq., as amended.
- (m) "Department" means the California Department of Housing and Community Development.
- (n) "Extremely Low Income" has the meaning set forth in HSC Section 50106, which is a maximum of 30 percent of AMI. Grantees shall utilize income limits issued by the Department at the following link:
<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.
- (o) "Fund" means the Building Homes and Jobs Trust Fund pursuant to HSC Section 50470.
- (p) "High-cost area" means those counties defined as high cost by the Federal Housing Finance Agency (at: <https://www.fhfa.gov/DataTools/>) and those counties for which HUD adjusted the Very low income and low-income rents due to high costs (at: https://www.huduser.gov/portal/pdrdatas_landing.html), as published by the Department in the annual PLHA Notice of Funding Availability.
- (q) "Local government" means any city, including a charter city, any county, including a charter county, or a city and county, including a charter city and county.

- (r) "Local Housing Trust Fund" or "Regional Housing Trust Fund" means a public, joint public and private fund or charitable nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code, which was established by legislation, ordinance, resolution (including nonprofit articles of incorporation), or a public-private partnership organized to receive specific revenue to address local or regional housing needs.
- (s) "Low or Lower Income" has the meaning set forth in HSC Section 50079.5, which is a maximum of 80 percent of AMI. Grantees shall utilize income limits issued by the Department at the following link:
<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.
- (t) "Moderate-Income" has the meaning set forth in HSC Section 50093, which is a maximum of 120 percent AMI, or in High-cost areas, 150 percent of AMI. Grantees shall utilize income limits issued by the Department at the following link:
<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.
- (u) "Non-entitlement local government" means a Local government in an area which is not a metropolitan city or part of an urban county, a Local government that, as of September 1, 2017, was an incorporated city with a population of less than 50,000 or a county with an unincorporated area population of less than 200,000 persons which had not entered into a three-year Urban County Cooperation Agreement, or a Local government that was not otherwise entitled to receive CDBG funds directly from HUD.
- (v) "Operating subsidies" means payments to owners of affordable housing developments that make the housing more affordable by covering a portion of the ongoing costs of operating the development. Such payments would have the same effect as rental assistance.
- (w) "Owner-occupied" means a dwelling which is occupied by the owner and includes a single family dwelling or a dwelling unit in a stock cooperative, as defined by Business and Professions Code (BPC), Section 11003.2, a community apartment project, as defined by BPC Section 11004, or a condominium project, as defined by subdivision (c) of BPC Section 11004. 5.
- (x) "Plan" means the document submitted by the Applicant to the Department as part of a complete application in which the Applicant proposes to use allocated funds for at least one eligible Activity. The Plan shall have a term of five years. In succeeding years, the Local government is required to obtain the approval of the Department for any amendments made to the Plan, as set forth in Section 302(c)(5).
- (y) "Permanent Local Housing Allocation Program", "Program", or "PLHA" means the program developed to annually allocate 70 percent of the moneys deposited into the Fund pursuant to HSC Section 50470(b)(2)(B)(i).

(z) "Permanent supportive housing" has the same meaning as in HSC Section 50675.14, that is, housing with no limit on the length of stay, that is occupied by the target population, and that is linked to onsite or offsite services that assist the supportive housing residents in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community. Permanent supportive housing may include associated facilities if used to provide services to housing residents. Permanent supportive housing does not include "health facility" as defined by HSC Section 1250 or any "alcoholism or drug abuse recovery or treatment facility" as defined by HSC Section 11834.02 or "Community care facility" as defined in HSC Section 1502, "Mental health rehabilitation centers" as defined in Section 5675 of the Welfare and Institutions Code (WIC), or other residential treatment programs.

(aa) "Regional Housing Needs Allocation" or "RHNA" means the share of the regional housing need represented by persons at all income levels within the area significantly affected by the general plan of the city or county allocated to an Applicant Local government pursuant to GC Section 65584(b).

(bb) "Sponsor" means the legal entity or combination of legal entities with continuing control of a 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 rental housing Project, unless the seller will retain control of the Project for the period necessary to ensure Project feasibility as determined by the Department.

(cc) "Very Low Income" has the meaning set forth in HSC Section 50105, which is a maximum of 50 percent of AMI. Grantees shall utilize income limits issued by the Department at the following link:
<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470.5 and 50470, subdivision (b)(2).

ARTICLE II. PROGRAM FUNDING

Section 200. Allocations

(a) SB 2 created a dedicated revenue source for affordable housing and directed the Department to make available 70 percent of the moneys in the Building Homes and Jobs Trust Fund, collected on and after January 1, 2019, to Local governments through the following allocations:

- (1) Ninety percent of the moneys available shall be allocated based on the formula used under Federal law to allocate CDBG funds within California. This is the formula specified in Title 42 United States Code (USC), Section 5306.
- (A) The amount of funds awarded to each Local government eligible for the entitlement formula component shall be determined by the 90 percent of PLHA funds available pursuant to this paragraph (1) and the percentage of funds received by the entitlement Local government in the CDBG federal fiscal year 2017 allocation process performed by HUD.
- (B) Through the formula specified in paragraph (1), the percentage of funds allocated to Non-entitlement local governments shall be distributed to Non-entitlement local governments through a competitive grant program.
- (2) Ten percent of the moneys available shall be allocated equitably among Non-entitlement local governments. The equitable allocation awarded to each Local government eligible for the Non-entitlement formula component shall be based on the sum of: (1) 50 percent of the funding available for the Non-entitlement formula component divided by the number of local governments eligible for the Non-entitlement formula component and (2) 50 percent of the funding allocated in proportion to each Non-entitlement local government's share of the total most severe housing need in California's Non-entitlement local governments, based upon the most recent HUD Comprehensive Housing Affordability Strategy.
- (b) After funds are appropriated by the Legislature as part of the budget act, the Department will issue one or more Notices of Funding Availability (NOFA). Local governments shall submit an application under the NOFA pertaining to the specific allocation for which the Local government is eligible.
- (c) It is recommended that Local governments that were urban counties in accordance with the distribution of funds pursuant to the formula specified in 42 USC, Section 5306 for the federal fiscal year 2017 provide a proportional share of their allocations to Local governments within their county with which they had a three-year Urban County Cooperation Agreement as of September 1, 2017, provided that these Local governments meet the threshold requirements of the PLHA and expend sub-allocated funds for eligible activities within the deadlines of the Standard Agreement governing the sub-allocation.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B).

Section 201. Award Amounts

- (a) The formula allocation amounts derived pursuant to the formulas in Section 200 will be announced in the NOFA.

- (b) The maximum application amount and the minimum application amount for the competitive allocation will be stated in the NOFA.
- (c) An Applicant may apply for its formula allocation from the current and two prior NOFAs for which it did not receive an award, provided that the award meets the requirements of Section 304(a).

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B).

ARTICLE III. FORMULA ALLOCATION COMPONENT

Section 300. Eligible Applicants

- (a) Eligible Applicants for the entitlement formula component described in Section 100(b)(1) are limited to the metropolitan cities and urban counties allocated a grant for the federal fiscal year 2017 pursuant to the federal CDBG formula specified in 42 USC, Section 5306.
- (b) Eligible Applicants for the non-entitlement formula component described in Section 100(b)(2) and the competitive grant program component described in Section 100(b)(3) are limited to the Non-entitlement local governments.
- (c) A Local government may delegate another Local government to submit an application 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 and consistent with Program requirements. The delegating Local government shall be identified in the application. The administering Local government shall be responsible for all Program requirements.
- (d) A Local government may delegate a Local or Regional Housing Trust Fund to submit an application and administer on its behalf its formula allocation of Program funds, provided that the Local government enters into a legally binding agreement with the Local or Regional Housing Trust Fund and the funds are expended for eligible Activities and consistent with Program requirements. The delegating Local government shall be identified in the application. The Local or Regional Housing Trust Fund shall be responsible for all Program requirements.
- (e) An Applicant shall not be eligible to receive a new allocation of PLHA funds if it has an uncommitted amount of formula PLHA funds greater than the following:
 - (1) Four times the pending annual allocation if the pending annual allocation is \$125,000 or less;
 - (2) \$500,000 if the pending annual allocation is greater than \$125,000 and less than \$500,000;

- (3) The amount of the pending annual allocation if the pending allocation is \$500,000 or more.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B).

Section 301. Eligible Activities

(a) Eligible Activities are limited to one or more of the following:

- (1) The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is Affordable to Extremely low-, Very low-, Low-, or Moderate-income households, including necessary Operating subsidies.
- (2) The predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing, including Accessory dwelling units (ADUs), that meets the needs of a growing workforce earning up to 120 percent of AMI, or 150 percent of AMI in high-cost areas. ADUs shall be available for occupancy for a term of no less than 30 days.
- (3) Matching portions of funds placed into Local or Regional Housing Trust Funds.
- (4) Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176.
- (5) Capitalized Reserves for Services connected to the preservation and creation of new Permanent supportive housing.
- (6) Assisting persons who are experiencing or At risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, supportive/case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers and emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing.
 - (A) This Activity may include subawards to Administrative Entities as defined in HSC Section 50490(a)(1-3) that were awarded CESH program or HEAP funds for rental assistance to continue assistance to these households.
 - (B) Applicants must provide rapid rehousing, rental assistance, navigation centers, emergency shelter, and transitional housing activities in a manner consistent with the Housing First practices described in 25 CCR, Section 8409, subdivision (b)(1)-(6) and in compliance with WIC Section 8255(b)(8). An Applicant allocated funds for the new construction, rehabilitation, and preservation of Permanent supportive housing shall incorporate the core

components of Housing First, as provided in WIC Section 8255, subdivision (b).

- (7) Accessibility modifications in Lower-income Owner-occupied housing.
 - (8) Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.
 - (9) Homeownership opportunities, including, but not limited to, down payment assistance.
 - (10) Fiscal incentives made by a county to a city within the county to incentivize approval of one or more Affordable housing Projects, or matching funds invested by a county in an Affordable housing development Project in a city within the county, provided that the city has made an equal or greater investment in the Project. The county fiscal incentives shall be in the form of a grant or low-interest loan to an Affordable housing Project. Matching funds investments by both the county and the city also shall be a grant or low-interest deferred loan to the Affordable housing Project.
- (b) A Local government that receives an allocation shall use no more than 5 percent of the allocation for costs related to the administration of the Activity(ies) for which the allocation was made. Staff and overhead costs directly related to carrying out the eligible activities described in Section 301 are “activity costs” and not subject to the cap on “administrative costs.” A Local government may share any funds available for administrative costs with entities that are administering its allocation.
 - (c) Two or more Local governments that receive PLHA allocations may expend those moneys on an eligible jointly funded project as provided for in Section 50470 (b)(2)(B)(ii)(IV). An eligible jointly funded project must be an eligible Activity pursuant to Section 301(a) and be located within the boundaries of one of the Local governments.
 - (d) Entitlement Local governments may use the flow of PLHA funds to incentivize private lender loans and to guarantee payments for some or all public agency bond financings for activities consistent with the uses identified in Section 301 “Eligible Activities”. This loan guarantee Activity must be identified and fully explained in the Applicant’s “Plan”.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivisions (b)(2)(B)(ii)(IV), (b)(2)(D)(i-x), and (b)(3).

Section 302. Threshold Requirements

Applicants must meet all the following threshold requirements for participation in the formula allocation:

- (a) **Housing Element compliance:** The Applicant and any delegating Local government, if applicable, must have a Housing Element that has been adopted by the Local

government's governing body by the application deadline and subsequently determined to be in substantial compliance with state Housing Element Law pursuant to GC Section 65585. A Local government's current Housing Element compliance status can be obtained by referencing the Department's website at <http://www.hcd.ca.gov/community-development/housing-element>.

- (b) **APR on the Housing Element submitted to the Department:** The Applicant and any delegating Local government, if applicable, must submit to the Department the APR required by GC Section 65400 for the current or prior year by the application deadline date.
- (1) Please be advised that the Department will not accept other reports in lieu of the APR. Housing Authority Financial Reports, Redevelopment Reports, and other similar reports will not be accepted as meeting this requirement. If uncertain of the status of the report submittal for a Local government, please contact the Department for more information.
- (c) Submit, by the deadline specified in the NOFA, on a form made available by the Department, a complete application which shall meet the following minimum requirements:
- (1) Application requests an allocation pursuant to Section 200 in order to carry out one or more of the eligible activities described in Section 301. Except for a jointly funded project as described in Section 301(c), any activities must be carried out within the jurisdiction of the Applicant Local government.
 - (2) Submission of the application is authorized by the governing boards of the Applicant.
 - (3) Certification in the resolution that, if the Local government proposes allocation of funds for any Activity to another entity, the Local government's selection process shall avoid conflicts of interest and shall be accessible to the public. For the purposes of this paragraph, "entity" means a housing developer or program operator; "entity" does not mean an administering Local government to whom a Local government delegates its PLHA formula allocation, pursuant to Section 300(d).
 - (4) A Plan detailing:
 - (A) The manner in which allocated funds will be used for eligible Activities.
 - (B) A description of the way the Local government will prioritize investments that increase the supply of housing for households with incomes at or below 60 percent of AMI. Programs targeted at households at or below 60 percent of AMI will be deemed to meet this requirement.

- (C) A description of how the Plan is consistent with the programs set forth in the Local government's Housing Element.
- (D) Evidence that the Plan was authorized and adopted by resolution by the Local government and that the public had an adequate opportunity to review and comment on its content.
- (E) The following for each proposed Activity:
 - (i) A description of each proposed Activity, pursuant to Section 301, and the percentage of funding allocated to it. The description shall specifically include the percentage of funds, if any, directed to AOWH.
 - (ii) The projected number of households to be served at each income level and a comparison to the unmet share of the RHNA at each income level.
 - (iii) A description of major steps/actions and a proposed schedule required for the implementation and completion of the Activity.
 - (iv) The period of affordability and level of affordability for each Activity. Rental Projects are required to have affordability periods of at least 55 years.
- (5) The Plan submitted in response to the NOFA shall be for a term of five years. Local governments shall obtain approval of the Department for amendments made to the Plan in each succeeding year of the term of the Plan. Reallocations of more than 10 percent of funds among Activities require amendment of the Plan, with approval granted by the governing body at a publicly noticed public meeting.
- (6) A certification that, if funds are used for the acquisition, construction, or rehabilitation of for-sale housing projects or units within for-sale housing projects, the grantee shall record a deed restriction against the property that will ensure compliance with one of the following requirements if the property is no longer the primary residence of the homeowner due to sale, transfer or lease, unless it is in conflict with the requirements of another public funding source or law:
 - (A) The PLHA loan and any interest thereon shall be repaid to the Local government's PLHA account. The Local government shall reuse the repayments consistent with Section 301; or
 - (B) The initial owner and any subsequent owner shall sell the home at an Affordable housing cost to a qualified Lower-Income or Moderate-Income household; or
 - (C) The homeowner and the Local government shall share the equity in the unit pursuant to an equity-sharing agreement. The grantee shall reuse the proceeds

of the equity-sharing agreement consistent with this section.

- (7) A certification that, if funds are used for the development of an Affordable Rental Housing Development, the Local government shall make the PLHA assistance in the form of a low-interest, deferred loan to the Sponsor of the Project. The loan shall be evidenced through a Promissory Note secured by a Deed of Trust, and a Regulatory Agreement shall restrict occupancy and rents in accordance with the Local government-approved underwriting of the Project for a term of at least 55 years.
- (8) A Program income reuse plan describing how repaid loans will be reused for eligible activities specified in Section 301.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii).

Section 303. Application Review

- (a) Applicants must submit a complete application by the deadline stated in the NOFA in order to be eligible for funding. Application forms provided by the Department will be available upon release of the NOFA and will require Applicants to submit the forms and other documents to demonstrate that the Local government has met threshold requirements.
- (b) The Department may request additional information to complete its review.
- (c) Applications recommended for funding are subject to conditions specified by the Department. Applicants will receive an official letter of award after the Department approves funding recommendations.
- (d) The Department may issue an Over-the-Counter formula allocation NOFA after completing the NOFA process so that Local governments who were not able to submit formula allocation applications by the application deadline will have another opportunity to do so.
- (e) If funding proposed in Local government Plans for AOWH activities is lower than 20 percent of the moneys available in the Fund, the Department may require Local governments to use a specific percentage of their annual formula allocations in some future year for AOWH activities as part of the annual funding process.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(A).

Section 304. Deadlines and Funding Requirements

- (a) The initial PLHA application, including the Plan, must be submitted within 48 months of the budget appropriation (for example, the budget appropriation for 2019 is July 1, 2019, so the application deadline is June 30, 2023).
- (b) Funds allocated to Local governments that do not submit a complete application by the deadline stated in subsection (a) will revert to the Housing Rehabilitation Loan Fund for the Multifamily Housing Program or for Department-administered technical assistance to Local governments.
- (c) A Local government may petition the Department to return any funds allocated to it to be used for the Multifamily Housing Program.
- (d) Except for predevelopment expenses for construction projects funded by PLHA and costs to develop and prepare the Plan and the PLHA application, no costs incurred more than one year prior to commitment by the Local government may be paid from PLHA funds. Reimbursement of expenses to prepare the Plan and the PLHA application are subject to the cap on administrative fees.
- (e) After the Standard Agreement and attachments have been finalized, the Local government will follow provided instructions for signing all required documents. The Local government must submit all supporting materials and a signed Standard Agreement within the timeline provided in the instruction.
- (f) After the Standard Agreement has been executed by the state, the Local government may submit a request for 100 percent of the funds allocated to be used for eligible expenditures for the Activity(ies) that received the award, and subject to the terms and conditions of the Standard Agreement.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(i) and subdivision (b)(2)(B)(ii)(VI).

ARTICLE IV. COMPETITIVE ALLOCATION COMPONENT

Section 400. Eligible Applicants

- (a) Eligible Applicants for the non-entitlement competitive allocation described in Section 100(b)(3) are limited to Non-entitlement local governments. For development of Rental Housing Projects, the Sponsor must be a co-Applicant.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(i)(I).

Section 401. Eligible Activities

- (a) Eligible Activities are limited to the following and must take place within the jurisdiction of the Applicant Local government:
- (1) Development of new multifamily rental housing that is Affordable to households at or below 60 percent of AMI or substantial rehabilitation of multifamily rental housing that will be Affordable to households at or below 60 percent of AMI, but which is not currently restricted as Affordable housing; or
 - (2) Assistance to persons who are experiencing or At risk of homelessness, including, but not limited to, through rapid rehousing, or rental assistance, supportive services and case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers, or new construction, rehabilitation, or preservation of permanent or transitional rental housing.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(i)(I)(ia), (b)(2)(B)(i)(I)(ib) and subdivision (b)(2)(B)(ii)(V).

Section 402. Threshold Requirements

Applicants must meet all the following threshold requirements for participation in the competitive allocation:

- (a) **Housing Element compliance:** The Applicant must have a Housing Element that has been adopted by the jurisdiction's governing body by the application deadline date and subsequently determined to be in substantial compliance with state Housing Element Law pursuant to GC Section 65585. A Local government's current Housing Element compliance status can be obtained by referencing the Department's website at <http://www.hcd.ca.gov/community-development/housing-element>.
- (b) **APR on the Housing Element submitted to the Department:** The Applicant must submit to the Department the APR required by GC Section 65400 for the current or prior year by the application deadline date.
- (1) Please be advised that the Department will not accept other reports in lieu of the APR. Housing Authority Financial Reports, Redevelopment Reports, and other similar reports will not be accepted as meeting this requirement. If uncertain of the status of the report submittal for a Local government, please contact the Department for more information.
- (c) Submit by the deadline specified in the NOFA, on a form made available by the Department, a complete application which shall meet the following minimum requirements:
- (1) Application requests a grant pursuant to Section 100(b)(3) in order to carry out one

or both of the eligible Activities set forth in Section 401.

- (2) Submission of the application is authorized by the governing board of the Applicant and by the developer co-applicant, if any.
- (3) Certification in the resolution that, if the Local government proposes allocation of funds for any Activity to another entity, the selection process shall avoid conflicts of interest, and shall be accessible to the public.
- (4) Demonstration of readiness, including site control for development Projects, land use entitlements, environmental review and commitments of other funding and resources required, as further set forth in the NOFA;
- (5) Underwriting requirements:
 - (A) Uniform Multifamily Regulations Subchapter 19 of Title 25, Division 1, Chapter 7 (commencing with Section 8300), as amended from time to time, and the Multifamily Housing Program Guidelines (commencing with Section 7300), as amended from time to time, are hereby incorporated by reference into this subchapter and shall apply to Rental Housing Developments receiving assistance under the PLHA competitive allocation. In the event of a conflict between the provisions of Subchapter 19 and these Guidelines, the provisions of these Guidelines shall prevail.
 - (i) Section 8312(c) of the Uniform Multifamily Regulations is hereby amended to read:
 - (c) For Projects utilizing 4 percent tax credits, Developer Fee payments shall not exceed the amount that may be included in Project costs pursuant to 4 CCR, Section 10327. In addition, the Developer Fee paid from development funding sources shall not exceed the following:
 - (1) For acquisition and/or rehabilitation Projects, or adaptive reuse Projects, the lesser of the amount of Developer Fee in Project costs or \$2,000,000.
 - (2) For new construction Projects, the base limit shall be the lesser of the amount that may be included in Project costs or \$2,200,000. To arrive at the final limit on Developer Fee paid from development funding sources, the base limit shall then be multiplied by a ratio that is the average of (i) the difference between 2 and the Project's high-cost ratio, as calculated pursuant to 4 CCR, Section 10317(i)(6) or successor language and (ii) 100 percent.
 - (ii) Section 8312(d) of the Uniform Multifamily Regulations shall not apply.
 - (iii) Section 8314(a)(1)(A) of the Uniform Multifamily Regulations is amended to read:
 - (A) Approved deferred Developer Fee, pursuant to Section 8312, provided that the aggregate of the Developer Fee paid from sources and paid as deferred shall not exceed \$3,500,000.

(B) Period of affordability: All assisted rental units shall be restricted for not less than 55 years.

(C) All development Projects shall demonstrate fiscal integrity.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii).

Section 403. Selection Criteria

(a) Applications submitted within a competitive funding round shall be evaluated using the following criteria. Total available points shall equal 100.

1. Priority Points – 25 points

A. Population - 5 points

(i) If the Applicant is a county that has a population of 200,000 or less within the unincorporated areas of the county, the Applicant shall receive all points.

B. Prior Award – 5 points

(i) If the Applicant did not receive an award based on the formula specified in 42 USC, Section 5306 in 2016, the Applicant shall receive all points.

And either C (i) or C (ii) or C (iii) below:

C. Activity

(i) Assistance for Homeless Persons through Program Activities – 15 points

(a) Applications to assist persons experiencing or At risk of homelessness, including, but not limited to, through programs providing rapid rehousing, or rental assistance, or operating assistance to navigation centers shall receive all points.

Or

(ii) Assistance to Homeless Persons through Development of Navigation Centers– 15 points

(a) Applications for construction of navigation centers shall receive all points.

Or

(iii) Assistance for Homeless Persons through Rental Projects – 15 points

- (a) Applications for the new construction, rehabilitation, or preservation of permanent or transitional rental housing in which all or at least 10 percent of the units are restricted to occupancy by tenants who are homeless or At risk of homelessness shall receive all points.

2. Evaluation Criteria – 75 points

Precise scoring for these factors will be set forth in the NOFA.

A. Community Need – 30 points

- (i) Applicants will receive up to a maximum of 30 points based on the rate of households experiencing the most severe housing need according to the most recent HUD CHAS dataset in the Applicant Local government. Applicants will receive points in proportion to this percentage.

B. Applicant Administrative Experience – 15 points

- (i) Applicants with prior experience administering local, state or federal affordable housing or community development programs or who have entered into a contract with an entity with prior experience in the implementation of local, state or federal affordable housing or community development programs will receive up to 15 points.

C. Demonstrated Capacity – 30 points

- (i) Capacity points will be based on:

- (a) Sponsor experience in Affordable Rental Housing Development and ownership (Up to 30 points) or
- (b) Navigation center development experience (for development of these facilities) (Up to 30 points) or
- (c) Program Operator experience (for non-development Activities) (Up to 30 points)

- (b) Where applications requesting funds for more than one eligible Activity pursuant to Section 401 are permitted by the NOFA, each Activity will receive a separate score for each rating factor, and have an individual Activity total. It is possible that one Activity may score highly enough to receive an award, and the other Activity does not.

- (c) In the event of tied point scores and insufficient funding for both applications, the Department shall rank the tied applications as follows:

- (1) If one of the tied applications is for an Affordable Rental Housing Development and the other is for a program Activity or development of a navigation center, the

- Affordable Rental Housing Development application will be selected for funding;
- (2) If one of the tied applications is for a navigation center and the other is for a program Activity, the navigation center will be selected for funding;
 - (3) If both of the tied applications are for Affordable Rental Housing Developments, the Project with the lowest weighted average affordability of Restricted Units will be selected;
 - (4) If both of the tied applications are for navigation centers, the facility that provides overnight shelter to the greatest number of people will be selected;
 - (5) If both of the tied applications are for programs, the Local government with the highest rate of households experiencing the most severe housing need according to the most recent HUD CHAS dataset will be selected.
- (d) In the event there are insufficient funds to fulfill the entire funding request for the next highest scored application (Application A), the Department will determine whether Application A is feasible without the full funding request. If Application A is not feasible without full funding, the Department may offer the remaining funds to the application whose score is immediately below Application A. If the remaining funds are insufficient to fulfill the funding request for that application (Application B), the Department will again determine whether this application is feasible without the full funding request. If Application B is not feasible without the full funding request, the Department will perform the same analysis for the application whose score is immediately below Application B.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(i)(I)(ia) and subdivision (b)(2)(B)(ii)(V).

Section 404. Application Review

- (a) Applicants must submit a complete application by the deadline stated in the NOFA in order to be eligible for funding. Application forms provided by the Department will be available upon release of the NOFA and will require Applicants to submit the forms and other documents to demonstrate that the Local government has met threshold requirements. The application will require submission of documentation adequate to demonstrate that the application has earned the appropriate number of points.
- (b) The Department may request additional information to complete its review, provided that the new information would not affect scoring.
- (c) Applications recommended for funding are subject to conditions specified by the Department. Applicants will receive an official letter of award after the Department approves funding recommendations.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii).

Section 405. Deadlines and Funding Requirements

- (a) Applicants will be required to enter into a state Standard Agreement (Standard Agreement) that will set forth conditions for funding and milestones that are required to be met.
- (b) After the Standard Agreement and attachments have been finalized, the Local government will follow provided instructions for signing all required documents. The Local government must submit all supporting materials and a signed Standard Agreement within the timeline provided in the instructions or risk forfeiting the grant award.
- (c) Except for predevelopment expenses for construction projects funded by PLHA and the costs to develop and prepare the PLHA application, no costs incurred more than one year prior to commitment by the Local government may be paid from PLHA funds. Reimbursement of expenses to prepare the PLHA application is subject to the cap on administrative fees.
- (d) Grant funds shall not be disbursed until:
 - (1) the Department authorizes loan closing, in the case of development projects; or
 - (2) all general and special conditions have been complied with, in the case of other Activities.
- (e) If funds are used for the development of an Affordable Rental Housing Development, the Local government shall make the PLHA assistance in the form of a low-interest, deferred loan to the Sponsor of the project. The loan shall be evidenced through a Promissory Note secured by a Deed of Trust, and a Regulatory Agreement shall restrict occupancy and rents in accordance with the Department-approved underwriting of the project for at least 55 years.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii)(VI).

ARTICLE V. ADMINISTRATION

Section 500. Accounting Records

- (a) The grantee shall establish a separate ledger account for receipts and expenditures of grant funds and maintain expenditure details in accordance with the approved work plan, budget, and schedule. Separate bank accounts are not required.
- (b) The grantee shall maintain documentation of its financial records for expenditures incurred during the course of the PLHA Activity in accordance with generally accepted accounting principles. Such records shall be kept for at least five years after the close-out report is submitted to the Department.

- (c) The Department or its designated representative shall have the right to review and copy any records and supporting documentation pertaining to the PLHA grant.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii)(III) and subdivision (b)(2)(B)(IV) and subdivision (b)(3).

Section 501. Audits/Monitoring of Project Files

- (a) Grantee shall maintain PLHA files which, at a minimum, should include the following information and reports:
 - 1) Project/Activity description
 - 2) Land/site Information
 - 3) Planning & zoning history (as appropriate)
 - 4) Records of public hearings and public comments
 - 5) Relocation needs (as appropriate)
 - 6) Contracts, loan and grant agreements, Standard Agreement
 - 7) Environmental records & reports/findings (as appropriate)
 - 8) Design/engineering reports & plans (as appropriate)
 - 9) Description of targeted beneficiaries, services to be provided, household incomes, special needs
 - 10) PLHA Activity costs, invoices, purchase orders, sources and uses of funds for PLHA Activities, terms & conditions of financings, draws and all supporting documentation, change orders (as appropriate)
 - 11) Activity schedule and amendments
 - 12) History of Plan amendments
 - 13) Procurement policy used for PLHA Activity(ies)
- (b) The grantee shall maintain such records for possible audit for a minimum of three years after the close-out report is submitted, unless a longer period of records retention is stipulated in the Standard Agreement.
- (c) The grantee shall be responsible for monitoring Rental Housing Developments that received PLHA funds for the term of the loan, including, but not limited to, the Projects' compliance with the occupancy and rent requirements set forth in the Regulatory Agreement, compliance with reserve requirements, and the compliance with habitability standards.
- (d) The grantee shall be responsible for monitoring AOWH loans to assure that the homes remain Owner-occupied.
- (e) If requested by the Department, the grantee shall obtain a report from a qualified,

licensed third party that certifies to the amounts of disbursement and identifies the specific Activities for which the disbursements were made. Such a report is permitted to be a component of the A-133 audit.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii)(IV) and subdivision (b)(3).

Section 502. Cancellation and Termination

- (a) In the event that it is determined, at the sole discretion of the Department, that the grantee is not meeting the terms and conditions of the Standard Agreement, the Department shall issue a notice to stop work. Immediately upon receiving the written notice to stop work, the grantee shall cease all work under the Standard Agreement. The Department has the sole discretion to determine the grantee's compliance with the terms and conditions after issuance of a stop work order, and to deliver a written notice to the grantee to resume work under this Standard Agreement.
- (b) The Department shall terminate the Standard Agreement if the grantee is not in compliance with the Guidelines or the terms and conditions of the Standard Agreement. At least 30 days prior to the effective date of the termination of the Standard Agreement, the Department shall provide written notice to the grantee of its intent to cancel the funding allocation. The notice shall specify the reason for early termination and may permit the grantee or the Department to cure any deficiency(ies) prior to the early termination date. The grantee will submit requested documents to the Department within 30 days of the early termination notice.
- (c) Failure to meet reporting requirements will result in notice to the grantee that it must satisfactorily cure any deficiencies within three months of the notice or it will forfeit the following year's PLHA formula allocation and be ineligible for a competitive award. The Local government will forfeit subsequent PLHA formula allocations and be ineligible for a competitive award until the Department determines that the Local government has met reporting requirements.
- (d) The Department may, as it deems appropriate or necessary, request the repayment of funds from a Local government or offset future years' funds, or pursue any other remedies available to it by law for failure to comply with the Guidelines and/or the terms and conditions of the Standard Agreement.
- (e) Co-Applicants may be adversely impacted by a notice to stop work and/or termination if one grantee is deemed by the Department to not meet the terms and conditions of the Standard Agreement, or fails to meet the reporting requirements outlined in Section 503.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii)(IV) and subdivision (b)(3).

Section 503. Reporting

- (a) The Department shall provide grantees with reporting formats and instructions.
- (b) Annual Reports are required from all grantees pursuant to HSC Section 50470(b)(2)(B)(ii)(III) each year by July 31 for the term of the Standard Agreement. The Annual Report shall document the uses and expenditures of all awarded allocations and outcomes achieved. This report must be signed by both the Local government's PLHA administrator and the Local government's City Manager (or his/her designee), or Chief Executive Officer (or his/her designee) or Chief Financial Officer (or his/her designee). The Annual Report must describe any proposed amendment(s) to the approved Activity and schedule.
- (c) Upon expenditure of all allocated funds and completion of the Activities funded by PLHA, the grantee shall submit a close-out report, which will be part of the Annual Report.
- (d) The Department may request additional information as needed to meet other applicable reporting or audit requirements.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii)(III) and subdivision (b)(2)(B)(ii)(IV).



COPY
to be filed by Housing Staff

Notice of Exemption

To:
Office of Planning and Research
For U.S Mail:
P.O. Box 3044
Sacramento, CA 95812-3044

Street Address:
1400 Tenth St.
Sacramento, CA 95814

From:
Public
Agency:
Riverside
Address:
5555 Arlington Avenue
Riverside, CA 92504
Contact:
Susan Guarino, Development Specialist
Phone:
951-343-5433

County Clerk
County of: Riverside
2724 Gateway Drive
P.O. Box 751
Address: Riverside, CA 92502-0751

Lead Agency (if different from above):
Address: _____
Contact: _____
Phone: _____

SUBJECT: Filing of Notice of Exemption in Compliance with California Health and Safety Code Sections 50675.1.1 and 50675.1.2 and State CEQA Guidelines Section 15061 (b)(3) (Common sense exemption).

- 1) RESOLUTION NO. 2021-034: A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE APPROVING THE COUNTY OF RIVERSIDE'S PERMANENT LOCAL HOUSING ALLOCATION FIRST TIME HOME BUYER ("PLHA FTHB") DOWN PAYMENT ASSISTANCE PROGRAM AND AUTHORIZING THE DIRECTOR, ASSISTANT DIRECTOR, AND/OR DEPUTY DIRECTOR OF HOUSING, HOMELESSNESS PREVENTION AND WORKFORCE SOLUTIONS TO ADMINISTER THE PLHA FTHB DOWN PAYMENT ASSISTANCE PROGRAM ON BEHALF OF THE COUNTY OF RIVERSIDE

Project Title: _____

Project Location: 1) No specific address. All Riverside County.

Project Description:
The Department of Housing, Homelessness Prevention and Workforce Solutions is proposing to create a new down payment assistance program funded with Permanent Local Housing Allocation (PLHA) Program funds awarded by the California Department of Housing and Community Development (HCD).

To facilitate implementation and administration of the PLHA down payment assistance program, increase program efficiency, and save administrative costs, staff is requesting that the Board delegate to the Director, Assistant Deputy Director and Deputy Director of Housing, Homelessness Prevention and Workforce Solutions, or Designee, the authority to: (i) approve, issue, and modify loans to qualified households in an amount not exceeding \$75,000, in accordance with the PLHA down payment assistance program guidelines, and (ii) draft, negotiate, approve and execute essential and relevant documents, including but not limited to Lender Participation Agreements and PLHA down payment assistance program loan documents for qualified borrowers such as loan applications, loan agreements, promissory notes, deeds of trust, security agreements, and other agreements, subject to the satisfaction of certain conditions precedent for the benefit of the County, and further subject to approval by County Counsel. The aforementioned will result in increased access to much needed affordable housing within the County.

2021-034

Project Sponsor: Housing, Homelessness Prevention and Workforce Solutions of the County of Riverside

This is to advise that the Housing, Homelessness Prevention and Workforce Solutions of the County of Riverside Board of Commissioners approved the above project on

Lead agency or Responsible Agency

June 2, 2021 and has made the following determinations regarding the above described project:

JUN 22 2021 3.18

Exempt Status: California Health and Safety Code Sections 50675.1.1 and 50675.1.2 and State CEQA Guidelines Section 15061 (b)(3) (Common sense exemption).

Reasons Why Project is Exempt: The Projects have been evaluated and determined to be exempt from the California

Environmental Quality Act (CEQA) pursuant to California Health and Safety Code Sections 15061 (b)(3) (Common sense exemption). The proposed projects as described above are exempt pursuant to State CEQA Guidelines Section 15061 (b)(3) (Common sense exemption) because it can be seen with certainty that that there is no possibility that the activity in question may have a significant effect on the environment.

Signature: J Garcia Title: Juan Garcia, Principal Development Specialist
Date: 10/2/2021 Date received for filing: _____