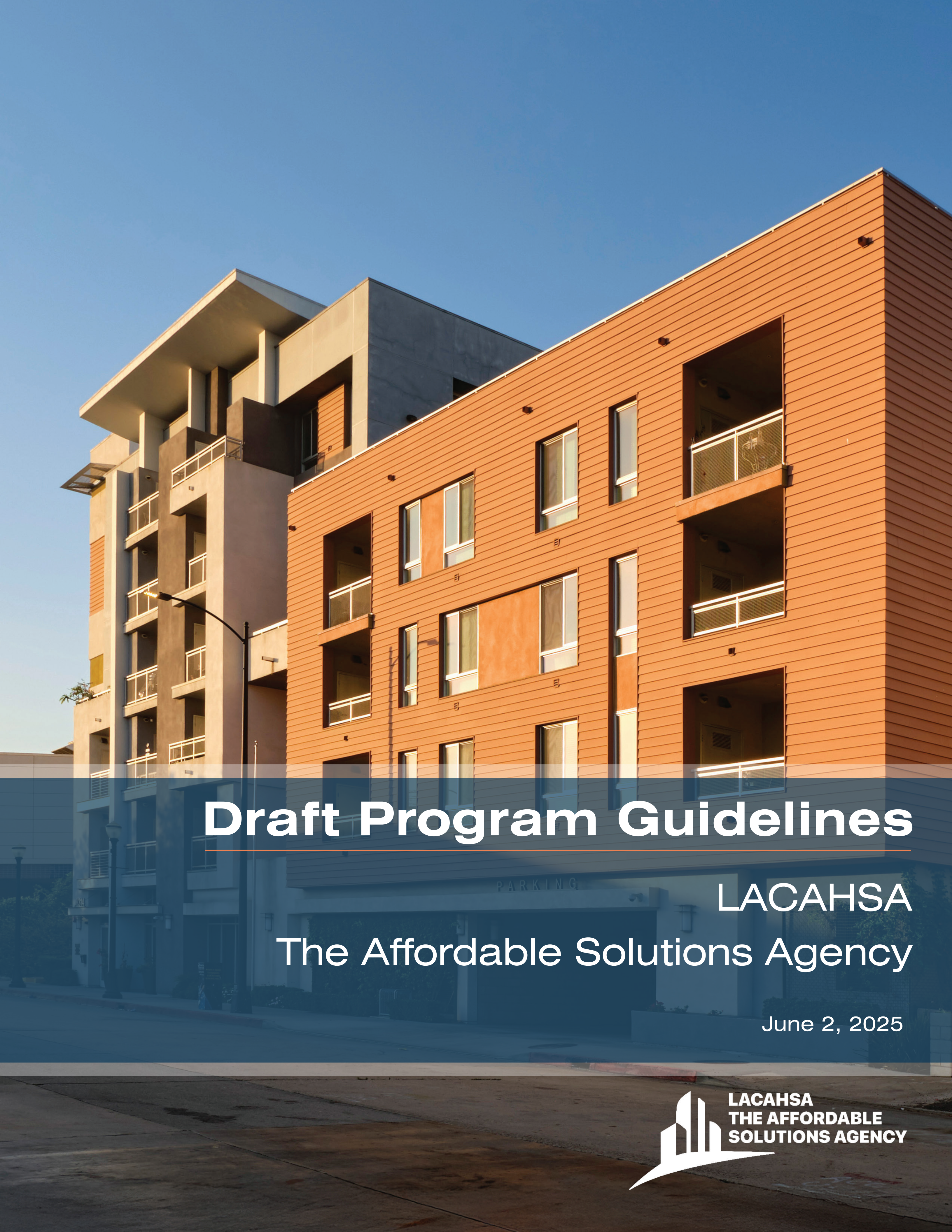

Draft Program Guidelines

LACAHSA

The Affordable Solutions Agency

June 2, 2025

LACAHSA
THE AFFORDABLE
SOLUTIONS AGENCY

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1. Program Overview

In 2022, the California Legislature passed Senate Bill 679, the Los Angeles County Regional Housing Finance Act ("SB 679" or "the Act"), which created the Los Angeles County Affordable Housing Solutions Agency ("LACAHSA" or "the Agency"). The Agency's purpose is to increase the supply of affordable housing in Los Angeles County by providing for significantly enhanced funding and technical assistance at a regional level for renter protections, affordable housing preservation, and new affordable housing production.

In 2024, Los Angeles County voters approved Measure A, a half-cent sales tax to fund homeless services and affordable housing development throughout the County. The tax replaces Measure H, a quarter-cent sales tax for homeless services approved by voters in 2017. The goal of Measure A is to significantly reduce and prevent homelessness in Los Angeles County. Measure A is expected to generate over $1 billion in revenue annually.

Just over one third (35.75 percent) of revenues generated by Measure A will be directed to LACAHSA for affordable housing production and preservation, renter protection and homelessness prevention, and technical assistance. LACAHSA, in turn, must pass through 70 percent of this funding to Eligible Jurisdictions.

Eligible Jurisdictions are the County of Los Angeles, the City of Los Angeles, the City of Long Beach, the City of Glendale, the City of Santa Clarita, and the Councils of Government (COGs) in Los Angeles County. COGs may pass through funding to their member cities, except to cities that are Eligible Jurisdictions that receive allocations directly from LACAHSA. COGs may also allocate funding to regional housing trusts as approved by the LACAHSA Board of Directors ("Board"). Finally Eligible Jurisdictions may opt for LACAHSA to administer their funding allocation in whole or in part, as outlined in these Program Guidelines ("Guidelines").

a. Purpose of the Guidelines

The purpose of these Guidelines is to describe the programmatic and administrative requirements of LACAHSA's funding program and to enable LACAHSA and the Eligible Jurisdictions to expend revenues as provided for in the approved annual expenditure plan.

Within each programmatic category, LACAHSA and the Eligible Jurisdictions are required to only expend funds on the Eligible Uses described in the Act. Furthermore, the Act charges the LACAHSA Board with approval of all allocations of revenues to projects and programs. To meet these requirements, these Guidelines set forth certain specific Eligible Uses within each category that the Board has pre-approved, but they also establish a mechanism for Eligible Jurisdictions to request the Board's approval of other uses that meet the goals of the Act. This dual approach is intended to enable the quick deployment of funding, while not stifling the creativity and innovation needed to address the homelessness crisis in Los Angeles County.

These Guidelines are meant to implement the goals and requirements contained in SB 679, Measure A, LACAHSA's Annual Expenditure Plan, and other documents adopted by the LACAHSA Board. Eligible Jurisdictions may develop additional guidelines and standards consistent with the purposes of this funding.

In instances where these Guidelines or additional guidance provided by LACAHSA conflicts with SB 679 or Measure A, the requirements in SB 679 and Measure A shall prevail.

b. Roles and Responsibilities

i. LACAHSA

The Los Angeles County Affordable Housing Solutions Agency was created by the California State Legislature in 2022 through the Los Angeles County Regional Housing Finance Act ("SB 679" or "the Act"). LACAHSA is responsible for, among other duties:

- Providing a portion of Measure A funds to Eligible Jurisdictions;
- Allocating a portion of Measure A funds directly to eligible programs and projects (through "At-Large Funding Allocations");
- Adopting an Annual Expenditure Plan to set forth the share of revenue and estimated funding amount to be spent on each funding category included in SB 679;
- Establishing and tracking performance metrics; and
- Approving the use of funds.

ii. Eligible Jurisdictions

Eligible Jurisdictions are public entities that are eligible to receive an allocation of Measure A funding directly from LACAHSA. Under SB 679, Eligible Jurisdictions are described as the County of Los Angeles on behalf of Unincorporated Communities, the City of Los Angeles, the City of Long Beach, the City of Glendale, the City of Santa Clarita, and the Councils of Government (COGs) in Los Angeles County. COGs may also choose to allocate all or some of their funding to regional housing trusts as approved by the LACAHSA Board of Directors. Eligible Jurisdictions are responsible for administering and expending Measure A funds in a manner consistent with the requirements included in Measure A, SB 679, the LACAHSA Annual Expenditure Plan, and these Program Guidelines.

Subrecipients

Subrecipients are public agencies and private nonprofit agencies that receive funding from LACAHSA and/or Eligible Jurisdictions to administer and implement programs. Subrecipients can include cities that receive funding from COGs, as well as nonprofits that receive funds from LACAHSA and Eligible Jurisdictions. Subrecipients must comply with the same program requirements as LACAHSA and the Eligible Jurisdictions.

Contractors

Contractors are for-profit or nonprofit entities that are paid by LACAHSA, Eligible Jurisdictions, or Subrecipients in return for specific goods and services, where payment is made as compensation for such goods and services.

c. Transitional Guidelines

LACAHSA is committed to a strategic, collaborative approach to expanding these critical services throughout Los Angeles County. To promote innovation and ongoing program and policy development, LACAHSA will adopt these Guidelines for its initial year of operations. This will allow time to refine program design in collaboration with Eligible Jurisdictions and community partners. The Board may elect to amend these Guidelines throughout the year and prior to the next fiscal year.

LACAHSA will use this transitional phase to:

- Test and refine program components;
- Collect feedback from community stakeholders;
- Develop shared tools to support standardized implementation of programs across the county in alignment with these Program Guidelines; and
- Engage with Eligible Jurisdictions and community-based organizations to inform final Program Guidelines for Fiscal Year 2026-27 and beyond.

2. Funding Process Overview

a. Annual Expenditure Plan

The LACAHSA Board is required to adopt an Annual Expenditure Plan by July 1 of each year. The Annual Expenditure Plan sets forth the share of revenue and estimated funding amount to be spent on each funding category included in SB 679, indicates the household income levels to be served within each category of expenditures, and estimates the number of affordable housing units to be built or preserved and the number of tenants to be protected. The Annual Expenditure Plan may also include a description of any specific project or program proposed to receive funding, including the location, amount of funding, and anticipated outcomes. The LACAHSA Board may revise and update the Annual Expenditure Plan throughout the fiscal year.

When taken together, SB 679 and Measure A require the following distribution of funding by programmatic use:

- 60 percent for Production, Preservation, & Ownership (PPO), of which 77.25 percent is set aside for new construction
- 30 percent for Renter Protection and Homelessness Prevention (RPHP)
- 5 percent for Technical Assistance (TA)
- 5 percent for LACAHSA's internal administration and operations

SB 679 and Measure A also dictate how LACAHSA funds are distributed between LACAHSA and the Eligible Jurisdictions:

- 15 percent of programmatic funds are allocated annually at the discretion of the LACAHSA Board
- Of the remaining programmatic funds:
  - 30 percent of programmatic funds are allocated to LACAHSA
  - 70 percent of programmatic funds are allocated to the Eligible Jurisdictions

b. Funding to Eligible Jurisdictions

iii. Allocation Notice

The Annual Expenditure Plan includes the allocations for each Eligible Jurisdiction and establishes an estimate of funds that LACAHSA will receive throughout the year. LACAHSA will make funds available to Eligible Jurisdictions in accordance with the actual revenues received. Once the County Auditor-Controller notifies LACAHSA that revenues have been placed in LACAHSA's account, LACAHSA will then determine the amount of funds that are available for each Eligible Jurisdiction. LACAHSA will then issue an Allocation Notice to each Eligible Jurisdiction.

iv. Memorandum of Understanding

Prior to receiving any portion of a funding allocation, each Eligible Jurisdiction will be required to execute a Memorandum of Understanding (MOU) with LACAHSA using the format provided by LACAHSA. Each MOU will be a binding commitment of the Eligible Jurisdiction to comply with all requirements of the Act and Measure A in the use of the funding and to comply with these Program Guidelines and all other policies and guidelines of the LACAHSA Board. As a condition of receiving funds, the Eligible Jurisdiction will affirm through execution of the MOU that it agrees to its proportional allocation and will not challenge the allocation amount.

v. Funding Requests

Once an Eligible Jurisdiction has executed an MOU with LACAHSA, it may make two types of funding requests: requests for Annual Allocations and requests to fund specific projects or programs. Funding Requests are submitted to LACAHSA using the Measure A Funding Request Form.

Funding can be provided in advance for certain costs, while funds for other costs may only be provided as reimbursement or once they are committed and all relevant legislative action is completed. More information regarding the disbursement process and requirements for advanced funds and reimbursement is included below in the section titled “Disbursement Process and Requirements”.

Annual Allocation

An Annual Allocation is a request to disburse funding directly to the Eligible Jurisdiction for the Eligible Jurisdiction to determine how to expend the funds within eligible uses. The requirements for Annual Allocations will vary based on the category of funds. An Annual Allocation may be for all or a portion of an Eligible Jurisdiction’s allocation of funds. In order to receive an Annual Allocation of funds, the Eligible Jurisdiction must meet the following conditions specified in SB 679:

- Condition 1: The Eligible Jurisdiction agrees to adopt and adhere to these Guidelines and any other policies adopted by LACAHSA for the use of funds;
- Condition 2: All funded projects comply with LACAHSA’s eligible uses and affordability requirements;
- Condition 3: The Eligible Jurisdiction agrees to obligate its funding within 12 months of receipt through administrative processes without being subject to additional legislative process (“obligate” funds means to commit funds to a project/activity; an obligation of funds is a legal liability to disburse funds immediately or at a later date. Once obligated, funds are then available to be spent on the project/activity.); and
- Condition 4: The Eligible Jurisdiction is in compliance with Affirmatively Furthering Fair Housing in California Housing Element guidelines.

Meeting Conditions for Annual Allocations

Eligible Jurisdictions may meet the statutory conditions to receive Annual Allocations as follows:

- Condition 1: The Eligible Jurisdiction will meet this condition by approving and executing the MOU.
- Condition 2: The Eligible Jurisdiction will have to show that its current project(s) are an approved eligible use, as documented in the Annual Expenditure Plan, via

submission of an annual budget in accordance with the schedule set forth by LACAHSA.

- Condition 3: The Eligible Jurisdiction will provide documentation of the legislative action committing the funds.
- Condition 4: The Eligible Jurisdiction will provide documentation that the activity is in alignment with its Housing Element and the corresponding sections in which the Eligible Jurisdiction indicates how it will affirmatively further fair housing. For COGs receiving an Annual Allocation of funds from LACAHSA, the COG must affirm that it will verify this compliance with each jurisdiction at the point of award and maintain this documentation in the grants management system prior to an activity taking place.

Program/Project-Specific Allocation Request

Program/Project-Specific requests are made to LACAHSA to carry out a program or project on behalf of an Eligible Jurisdiction. The requirement for a Program/Project-Specific request will be to show that the funds will be wholly used for an eligible use.

c. At-Large Funding Allocations

At-Large Funding Allocations are made by LACAHSA using the portion of programmatic funds that are administered directly by LACAHSA. As revenues are received, LACAHSA will issue a Notice of Funding Availability (NOFA), or similar, to advertise the availability of funds.

The Act specifies that LACAHSA must consider the following factors when making At-Large Funding Allocations:

- Whether the allocation affirmatively furthers fair housing;
- The allocation's effect on displacement indicators;
- The allocation's effect on rent-burdened populations; and
- Whether the allocation serves populations with disabilities.

3. Determination of Eligible Uses of Funding

LACAHSA funding may only be used for the eligible uses for the respective category of funding as set forth in Government Code section 64830. The LACAHSA Board will have sole authority to determine whether any particular use is an eligible use. There will be two mechanisms for the Board to do this.

a. Pre-Approved Eligible Use

The LACAHSA Board establishes, through adoption of the Annual Expenditure Plan and these Program Guidelines, the types of uses that are pre-approved as eligible uses.

b. Board-Approved Specific Eligible Use

If an Eligible Jurisdiction wants to allocate LACAHSA funds to a use that has not been pre-approved in the Annual Expenditure Plan and Program Guidelines, the Eligible Jurisdiction may submit its proposed use to LACAHSA in a funding request. The funding request should include a summary of the proposed activity and how it aligns with Measure A and the Act. The request will be submitted to the LACAHSA Board for consideration and approval. The Board will determine whether the proposed use is eligible and whether it will require an amendment to the Annual Expenditure Plan.

4. Production, Preservation, and Ownership (PPO)

a. Overview

To increase the number of affordable housing units throughout Los Angeles County, Measure A and SB 679 provide for affordable housing production, preservation, and ownership by Eligible Jurisdictions subject to the program requirements detailed in the sections that follow. Eligible Jurisdictions may invest PPO funds to create new affordable housing units and/or maintain the existing stock of affordable units provided that the projects or programs comply with each of the applicable program requirements enumerated in Measure A and the Act.

Eligible Jurisdictions are provided with the flexibility to deploy the tools that best respond to unique market conditions, organizational capacity, and individual risk tolerance, without the burden of additional layers of regulation. Through Technical Assistance and other publications, LACAHSA will share the tools and strategies being deployed for projects receiving funds directly from LACAHSA. Eligible Jurisdictions may use these tools and strategies or other appropriate resources to guide the local investment of PPO resources.

b. Program Requirements

vi. Dedicated Share for New Construction

Measure A Section 29B mandates that 60 percent of funding is used for PPO. Of this amount, 77.25 percent is mandated for construction of new affordable housing (PPO-New Construction), which includes new construction of affordable housing units, creation of new affordable housing units where there is no pre-existing residential use (e.g., conversion or adaptive reuse), and rent or operating subsidies that support new construction. The remaining 22.75 percent is a flexible category (PPO-Flexible) that may be spent on any eligible PPO program including construction, preservation (expansion of affordability for an existing residential unit), acquisition, rehabilitation, ownership, and rent and operating subsidies.

vii. Affordability

Measure A and the Act define affordability requirements at the portfolio and project levels, with separate requirements for new construction and preservation.

Portfolio Requirements

Pursuant to Government Code Section 64830(d)(1)(A)(ii)(I), an Eligible Jurisdiction's portfolio of units shall meet or exceed the following requirements when measured over any two-year period:

- 25 percent of all funded units shall be reserved for extremely low-income households, as defined in Health and Safety Code Section 50106 (extremely low-income households are defined as households with incomes at or below 30 percent of Area Median Income—AMI), and
- 25 percent of all funded units shall be reserved for very low-income households, as defined in Health and Safety Code Section 50105 (very low-income households are defined as households with incomes at or below 50 percent of AMI).

The Government Code further requires regular monitoring by the LACAHSA Citizens' Oversight Committee and the LACAHSA Board of Directors of units funded and constructed during that two-year period.

Project Requirements – New Construction

Pursuant to Government Code Section 64830(d)(1)(A)(ii), new construction projects must meet one of the following requirements:

1. Be 100 percent affordable, meaning all units are restricted to households that earn up to 80 percent of AMI, and, in addition:
    a. 10 percent of units must be reserved for extremely low-income households.
    b. 10 percent of units must be reserved for very low-income households.
2. A project may also include a subset of at least 50 units, or 50 percent of the total units, whichever is greater, in a larger development that includes units targeted up to 120 percent of AMI. In these projects, the following requirements apply:
    a. 10 percent of units must be reserved for extremely low-income households.
    b. 10 percent of units must be reserved for very low-income households.
    c. Measure A funds may only pay for units that are designated for extremely low- and very low-income households, and shall not be used in connection with any unit that is income restricted due to development incentives, density bonuses, or similar programs.

Project Requirements – Preservation

Affordable housing preservation programs may be used to acquire, rehabilitate, place affordability restrictions on, and preserve existing housing units, housing from the private market, and units in residential hotels, to prevent the loss of affordability and expand permanent affordability.

For projects preserving existing subsidized affordable housing or converting market-rate housing to affordable, Government Code Section 64830(d)(1)(B)(ii) requires that 100 percent occupancy by extremely low- or very low-income households shall be achieved over time through unit turnover. This allows for projects that are not currently subsidized to be converted to affordable housing over time, working towards occupancy of 100 percent of the project units as affordable to households earning 50 percent of AMI or below. This provision of Government Code Section 64830(d)(1)(B)(ii) effectively prohibits the use of Measure A funding for tenant evictions, even if the tenants are not income-qualified following the affordability conversion.

Additionally, existing residents of buildings acquired for the purpose of affordable housing preservation shall not be permanently displaced, even if the resident's household income exceeds the moderate-income limits.

Affordability Restrictions and Period of Affordability

Pursuant to Section 6.6 of the Affordable Housing Production, Preservation, and Ownership; Technical Assistance, Research and Policy; and Renter Protection and Homelessness Prevention Funding Memorandum of Understanding entered into by and between LACAHSA and the Eligible Jurisdiction, Eligible Jurisdictions shall record a restrictive covenant on each project. For rental new construction, acquisition, or rehabilitation projects, the minimum period of affordability shall be 55 years. For ownership housing, the minimum period of affordability shall be 45 years.

viii. Prevailing Wage and Project Labor Agreements

To encourage the development of local job opportunities and career pathways into the building and construction trades, including but not limited to apprenticeship and pre-apprenticeship programs, and consistent with Measure A Section 28B and SB 679 Section 64720.5(a), PPO projects involving construction or rehabilitation constitute a public work for which prevailing wages shall be paid for purposes of Chapter 1 (commencing with section 1720) of Part 7 of Division 2 of the Labor Code. Construction or rehabilitation contracts and subcontracts must include provisions requiring the payment of prevailing wages.

Additionally, Measure A Section 28C and SB 679 Section 64720.5(b) require projects with 40 units or more to comply with the City of Los Angeles Department of Public Works Project Labor Agreement 2020-2030 if the project is within the City of Los Angeles, or the Countywide Community Workforce Agreement executed by the Chief Executive Officer on June 7, 2023 if the project is elsewhere, or any successor to either agreement. Construction or rehabilitation contracts for projects with 40 units or more must include provisions requiring compliance with the applicable Project Labor Agreement based on the location of the project.

ix. Relocation and Unit Replacement

If demolition or rehabilitation of housing units is required as part of any PPO investment, relocation and unit replacement requirements apply.

Relocation

If existing residents are required to be relocated due to demolition or rehabilitation needs, the developer is required to provide relocation benefits to the occupants of those housing rental units subject to Government Code Chapter 16 (commencing with Section 7260) of Division 7 of Title 1. The developer shall comply with State and local government requirements for relocation assistance to displaced households.

If existing occupants who are lower income households are required to vacate their units due to demolition or rehabilitation needs, the developer shall provide a right of first refusal for a comparable unit available in the new or rehabilitated housing development that is affordable to the household at an affordable rent, as defined in Health and Safety Code Section 50053, or an affordable housing cost, as defined in Health and Safety Code Section 50052.5.

Unit Replacement

Any funded development or affordable housing grant on any property that includes a parcel or parcels that currently have residential uses, or within the five years preceding the grant have had residential uses that have been vacated or demolished, that are or were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of low- or very low-income, subject to any other form of rent or price control through a public entity's valid exercise of its police power, or occupied by low- or very low-income households, shall be subject to a policy requiring the replacement of all those units to be made available at affordable rent or affordable housing cost to, and occupied by, persons and families in the same or lower income category as those households in occupancy.

Replacement requirements shall be consistent with those set forth in paragraph (3) of subdivision (c) of Government Code Section 65915, provided that any dwelling unit that is or was, within the five-year period preceding the grant, subject to a form of rent or price control through a local government's valid exercise of its police power and that is or was occupied by persons or families above lower income shall be replaced with units made available at affordable rent or affordable housing cost to, and occupied by, low-income persons or families.

c. Approved Eligible Uses of Funding – Production, Preservation, and Ownership Products

x. Direct Project Investments

LACAHSA and Eligible Jurisdictions may use direct project investments to address financing gaps for affordable new construction and preservation projects. Examples of direct project investments include grants, loans, equity, interest rate subsidies, or other appropriate financing tools. Eligible Jurisdictions may determine the appropriate amount of project subsidy and the most advantageous financing tool based on the unique needs of the project. Eligible Jurisdictions are encouraged to use this dedicated funding with streamlined processes to move the backlog of entitled affordable housing deals in need of gap financing to the closing table, and to implement additional projects to realize production goals quickly. LACAHSA expects that Eligible Jurisdictions will make best efforts to align NOFA timelines, underwriting guidelines, award processes, and construction closing with other primary sources of funding (County, State, Federal) to promote efficiency and timeliness.

In some cases, these investments may fund up to 100 percent of the cost of new affordable housing construction provided the project is 100 percent affordable to households at or below 80 percent of AMI and includes 10 percent of units reserved for extremely low-income households and 10 percent of units reserved for very low-income households. Projects may also include a subset of at least 50 units, or 50 percent of the total units, whichever is greater, in a larger development that includes units targeted up to 120 percent of AMI. In these cases, Measure A funding may only pay for units that are designated for extremely low- and very low-income households.

xi. Rent & Operating Subsidies

Operating subsidies provide ongoing, annual payments to address expenses such as utilities, maintenance, taxes, management, as well as debt service payments.

Assisted units receiving an operating subsidy may only be occupied by households at or below 80 percent of AMI. Assisted units in a master leasing program OR receiving rental assistance may only be occupied by households at or below 30 percent of AMI.

New Construction

Rent and operating subsidies can be provided to a new construction property for up to 15 years, with renewable terms allowed so long as that property has established affordability covenants as defined in Section 4.b.ii of these Guidelines.

Existing Properties

Rent or operating subsidies for existing properties may be eligible under PPO-Flexible based on the existing or new affordability covenants placed on the property. Such projects must receive LACAHSA technical assistance and approval prior to obligation.

Assisting an existing property is eligible within the Flexible Production, Preservation, and Ownership category of PPO activities, as long as it is tied to the extension or deepening of affordability in the assisted units.

Types of rental and operating subsidies include the following eligible activities described below.

Rental Assistance & Operating Subsidy

Eligible Jurisdictions may utilize funding from the Flexible Production, Preservation and Ownership pool to provide rental assistance to extremely low-income households. Rental assistance may be used in conjunction with additional activities funded with Measure A resources or as a stand-alone activity.

Master Leasing

Master leasing is a housing strategy where an organization (such as a nonprofit or government agency) becomes the primary tenant by leasing homes within a building or an entire building from the owner. The master lessor then subleases these spaces to individuals who might otherwise face barriers to housing. Master leasing is eligible within the Flexible Production, Preservation, and Ownership category of PPO activities as long as it is tied to the extension or deepening of affordability in the master leased units.

xii. LACAHSA Mortgage

The LACAHSA Mortgage is intended to reduce costs and development finance timelines, develop an avenue to finance affordable housing without LIHTC, and deploy Measure A revenue quickly. Eligible Jurisdictions are encouraged to engage LACAHSA technical assistance early in the process if use of the LACAHSA Mortgage tool, or partnership with LACAHSA on the use of the tool, is contemplated for a project.

LACAHSA has the ability to incur debt and issue bonds and otherwise incur liabilities or obligations in accordance with Government Code 64720(d). The LACAHSA Mortgage is a financing tool to raise lower-cost capital through the bond market and provide tax-exempt debt financing for 100 percent affordable and mixed-income projects. There are two complementary financing tools that could be utilized to create this product, though these tools may also be used individually or in combination with other financing tools: A-Notes and B-Notes with Guarantee.

A-Notes constitute senior, construction to permanent debt with mandatory fixed monthly payments (hard-pay). The A-Note conforms to typical first mortgages for construction or permanent loans in structure with higher leverage and lower-cost due to its tax-exempt status.

B-Notes with Guarantee are subordinate, typically second position, construction to permanent residual receipts loans with a guarantee from the lender for payment of the interest that increases the ability to sell the bond to third-party investors at a low interest rate. The guarantee is a commitment that the lender will cover the difference between the payments made by the project and the coupon of the B-Note. It can take many forms such as an operating deficit reserve or a contingent loan.

In either case, Eligible Jurisdictions must work with bond counsel to ensure that projects qualify for tax-exempt bond financing and determine if the tax-exempt bond financing is exempt from the California volume cap for private-activity bonds.

xiii. Impact Fund

Impact funds offer below-market financial terms and greater flexibility than typical financing, by raising impact-driven investments that serve as first-loss capital. A public entity seeds a new impact fund by attracting mission-driven capital sources including philanthropy (such as through program-related investments, impact investors, and Community Reinvestment Act motivated funding). The fund may be held by a qualified Community Development Financial Institution or other financial institution pursuant to an agreement between the Eligible Jurisdiction specifying the parameters for investment and use of the fund. The focus of the impact fund will be on preserving existing subsidized affordable housing, as well as acquiring and preserving Naturally Occurring Affordable Housing. Eligible Jurisdictions may elect to participate in the impact fund through investment of first-loss capital or provision of predevelopment loans, residual receipts loans, or short-term financing to bridge the gap in time between a construction loan and a permanent loan for awarded projects.

xiv. Community Land Trusts

Grants, loans, or other financing provided to Community Land Trusts and other similarly structured nonprofit entities to acquire, rehabilitate, and preserve existing housing units are an eligible use of PPO funds not otherwise reserved for construction of new affordable housing.

xv. Social Housing

Social housing initiatives may be implemented by nonprofits or public agencies, ensuring a mission-driven approach to development and property management. A key component of social housing initiatives is the meaningful participation of residents in decision-making and governance, fostering a sense of agency and community. Where feasible and desirable, opportunities for resident ownership are also encouraged to further empower tenants.

Projects that include units serving households earning up to 120 percent of AMI are encouraged, provided the Eligible Jurisdiction only uses PPO funds to subsidize units designated up to 80 percent of AMI and ensures that PPO funds are not used in connection with any unit that is income restricted due to development incentives, density bonuses, or similar programs.

A wide range of approaches to the social housing concept are possible, including the preservation of small Naturally Occurring Affordable Housing, offering flexibility in addressing diverse community needs.

xvi. Ownership Products

Programs to enable low- or moderate-income households to become or remain homeowners, including, but not limited to, below market rate ownership programs, down payment assistance programs, residential rehabilitation loan programs, and grants or loans to assist in the acquisition, rehabilitation, or replacement of existing mobile homes located in a mobile home or manufactured home park, are eligible uses of PPO funds not otherwise reserved for construction of new affordable housing. Ownership products include a variety of financing structures to improve the affordability of existing ownership opportunities or to increase the production or preservation of affordable homeownership opportunities.

There are a variety of ways Eligible Jurisdictions may offer financing to improve the affordability of existing ownership opportunities or to increase the production or preservation of affordable ownership opportunities. Some of these include:

- **Community Land Trust Investment:** Community Land Trusts retain ownership of the underlying land and allow owners to enter into leasehold mortgages whereby the owner only purchases the home. Investments in Community Land

Trusts may include, but are not limited to, loan products for households to purchase homes through a Community Land Trust, interest rate subsidies, or direct investments into the Community Land Trust organization.

- **Soft Second Mortgages:** Capital to reduce the upfront cost of homeownership through a permanent loan, forgivable over a specific period of time, for income-qualified households to cover a portion of the down payment and/or closing costs for a home.
- **Interest Rate Subsidy:** Capital to reduce the upfront cost of homeownership through a payment on a portion of interest owed, such as an interest rate buy-down.
- **New Affordable Homeownership Products:** Loans for the construction or preservation of existing affordable accessory dwelling units (ADUs), mobile homes or manufactured homes, or other affordable homeownership products.
- **Foreclosure Prevention Assistance:** Programs, services, or resources designed to help homeowners who are at risk of losing their homes due to missed mortgage payments. Foreclosure assistance may include, but is not limited to, loan modification, emergency financial aid, or temporary mortgage assistance.
- **Limited or Shared Equity Cooperatives Investment:** Limited Equity Cooperatives (LECs) and Shared Equity Cooperatives (SECs) provide opportunities for households to purchase a share of a development as opposed to an individual home. Price growth is restricted based on a formula for equity growth, and shares in the building can be resold at prices that ensure continued affordability and modest equity growth. Investments in LECs and SECs may include, but are not limited to, construction subsidies or low-interest financing through the provision of loan products for residents to own shares in a cooperative housing corporation.

d. Annual Budget

Eligible Jurisdictions must create an annual allocation budget for their PPO funding to be approved by the Eligible Jurisdiction's governing body by October 1, 2025, for the FY25-26 time period. For subsequent fiscal years, an annual budget for PPO will be expected to be in place by May 1 of the preceding fiscal year. This budget will be a component of the first quarter report.

If the Eligible Jurisdiction is requesting PPO funds to be advanced to them, the annual budget shall provide an estimated disbursement schedule, which LACAHSA shall follow, based on the availability of program funds and in accordance with the reimbursement requirements set forth in these Guidelines.

During the course of the fiscal year, Eligible Jurisdictions may amend the annual budget based on changing needs and conditions. The revised budget and disbursement schedule shall be submitted to LACAHSA as amended.

e. Documentation Standards

Eligible Jurisdictions should maintain appropriate documentation evidencing compliance with SB 679, Measure A, the MOU, and the requirements contained in these Guidelines. The guidance below represents the minimum documentation standards. Depending on the Eligible Jurisdiction's unique project characteristics or program design, other documents not specified in this guidance may be appropriate; therefore, Eligible Jurisdictions are encouraged to retain all documentation related to Production, Preservation, and Ownership projects to support the reasonableness and eligibility of expenditures during LACAHSA monitoring and audit reviews.

i. PPO New Construction

Requirement	Guidance	Eligible Jurisdiction File
Use of PPO Funds	Eligible Jurisdictions must maintain accounting records demonstrating that at least 77.25% of Measure A PPO Funds are used for construction of new affordable housing.	**Documentation Required** • Accounting records
Applications for funding	The Eligible Jurisdiction's application documents (as may vary from jurisdiction to jurisdiction).	**Documentation Required** • Eligible Jurisdiction application documents • Copy of Tax Credit application binder (if project includes LIHTC) • Development sources and uses • Cash flow

Requirement	Guidance	Eligible Jurisdiction File
Eligible Jurisdiction's Project Underwriting	The Eligible Jurisdiction's project underwriting documents	**Documentation Required** • Underwriting guidelines / lending standards • Appraisals • Construction cost estimates • Subsidy layering review (as applicable) • Cost allocation for mixed income projects • Validation of other funding source firm commitments • Evaluation of developer capacity
Written Agreement	Written agreement containing appropriate grant or loan documents identifying the eligible project, passing down the SB 679 and Measure A requirements, and specifying the use of funds within the project budget.	**Documentation Required** • Copy of written agreement and grant/loan documents
Affordability Restriction	Restrictive covenant for at least 55 years containing at least the minimum unit mix and income targeting required pursuant to Government Code Section 64830(d)(1)(A)(ii).	**Documentation Required** • Copy of recorded restrictive covenant

Requirement	Guidance	Eligible Jurisdiction File
Affordability Requirements	Documentation of compliance with portfolio and project affordability requirements pursuant to 64830(d)(1)(A)(ii).	**Documentation Required** • Copy of recorded restrictive covenants • To demonstrate compliance with the portfolio rule, a table or inventory of restricted units including restricted unit mix by income level that corresponds with recorded restrictive covenants • To demonstrate compliance with the project rule, a copy of the full unit mix showing all units and their respective AMI restrictions • Cost allocation documentation for projects that have units targeted up to 120 percent of AMI
Relocation Documents	If demolition or rehabilitation of housing units is required as part of any PPO investment, relocation and unit replacement requirements apply. For projects that require residents to be relocated due to demolition or rehabilitation needs, the developer is required to provide relocation benefits.	**Documentation Required** • Evidence of relocation pursuant to Gov. Code 7260-7277 • Calculation of relocation assistance and justification for assistance amount

Requirement	Guidance	Eligible Jurisdiction File
Unit Replacement	Parcels with current residential uses or those with residential uses within five years preceding the project that have been vacated or demolished, or that were subject to a recorded covenant, ordinance, or law that restricts rents to affordable levels to levels affordable to persons and families of low- or very low-income, subject to any other form of rent or price control through a public entity's valid exercise of its police power, or occupied by low- or very low-income households, shall be subject to a policy requiring the replacement of all those units to be made available at affordable rent or affordable housing cost to, and occupied by, persons and families in the same or lower income category as those households in occupancy.	**Documentation Required** • Documentation of prior use of parcels (e.g., were there any residential uses requiring replacement?) • Evidence of unit replacement pursuant to Gov. Code 65915(c)(3)
Long-Term Compliance	For projects leased up and in their affordability period, documentation of compliance with unit mix and rent requirements specified in the restrictive covenant.	**Documentation Required** • A copy of the full unit mix showing all units and their respective AMI restrictions • A copy of the rent roll • Tenant Income Certifications • Copies of residential leases

ii. PPO Preservation

Requirement	Guidance	Eligible Jurisdiction File
Applications for funding	The Eligible Jurisdiction's application documents (as may vary from jurisdiction to jurisdiction).	**Documentation Required** • Eligible Jurisdiction application documents. • Copy of Tax Credit application binder (if project includes LIHTC) • Development sources and uses • Cash flow
Eligible Jurisdiction's Project Underwriting	The Eligible Jurisdiction's project underwriting documents	**Documentation Required** • Underwriting guidelines / lending standards • Appraisals • Construction cost estimates • Subsidy layering review (as applicable) • Cost allocation for mixed income projects • Validation of other funding source firm commitments • Evaluation of developer capacity
Written Agreement	Written agreement containing appropriate grant or loan documents identifying the eligible project, passing down the SB 679 and Measure A requirements, and specifying the use of funds within the project budget.	**Documentation Required** • Copy of written agreement and grant/loan documents
Affordability Restriction	Restrictive covenant for at least 55 years containing at least the minimum unit mix and income targeting required pursuant to Government Code Section 64830(d)(1)(A)(ii).	**Documentation Required** • Copy of recorded restrictive covenant

Requirement	Guidance	Eligible Jurisdiction File
Affordability Requirements	Documentation of compliance with portfolio and project affordability requirements pursuant to 64830(d)(1)(A)(ii).	**Documentation Required** • Copy of recorded restrictive covenants • To demonstrate compliance with the portfolio rule, a table or inventory of restricted units including restricted unit mix by income level that corresponds with recorded restrictive covenants • To demonstrate compliance with the project rule, a copy of the full unit mix showing all units and their respective AMI restrictions • Cost allocation documentation for projects that have units targeted up to 120 percent of AMI
Relocation Documents	If demolition or rehabilitation of housing units is required as part of any PPO investment, relocation and unit replacement requirements apply. For projects that require residents to be relocated due to demolition or rehabilitation needs, the developer is required to provide relocation benefits.	**Documentation Required** • Evidence of relocation pursuant to Gov. Code 7260-7277 • Calculation of relocation assistance and justification for assistance amount

Requirement	Guidance	Eligible Jurisdiction File
Unit Replacement	Parcels with current residential uses or those with residential uses within five years preceding the project have had residential uses that have been vacated or demolished, or that were subject to a recorded covenant, ordinance, or law that restricts rents to affordable levels to levels affordable to persons and families of low- or very low-income, subject to any other form of rent or price control through a public entity's valid exercise of its police power, or occupied by low- or very low-income households, shall be subject to a policy requiring the replacement of all those units to be made available at affordable rent or affordable housing cost to, and occupied by, persons and families in the same or lower income category as those households in occupancy.	**Documentation Required** • Documentation of prior use of parcels (e.g., were there any residential uses requiring replacement?) • Evidence of unit replacement pursuant to Gov. Code 65915(c)(3)
Long-Term Compliance	For projects leased up and in their affordability period, documentation of compliance with unit mix and rent requirements specified in the restrictive covenant.	**Documentation Required** • A copy of the full unit mix showing all units and their respective AMI restrictions • A copy of the rent roll • Tenant Income Certifications • Copies of residential leases

iii. PPO Ownership

Requirement	Guidance	Eligible Jurisdiction File
Ownership Program Guidelines	The Eligible Jurisdiction's program guidelines to provide assistance enabling low- or moderate-income households to become or remain homeowners.	**Documentation Required** • Program Guidelines • Underwriting / assistance calculation methodology

Requirement	Guidance	Eligible Jurisdiction File
Written Agreement	Written agreement containing appropriate grant or loan documents identifying the eligible project, passing down the SB 679 and Measure A requirements, and specifying the use of funds.	**Documentation Required** • Copy of written agreement and grant/loan documents
Eligible Jurisdiction's Application	The Eligible Jurisdiction's application documents (as may vary from jurisdiction to jurisdiction).	**Documentation Required** • Application documents • Income determination
Affordability Restriction	Restrictive covenant for at least 45 years.	**Documentation Required** • Copy of recorded restrictive covenant
Long-Term Compliance	Verification of compliance with 45-year restrictive covenant.	**Documentation Required** • Annual verification of ownership

5. Renter Protection & Homelessness Prevention (RPHP)

a. Overview

SB 679 requires that a minimum of 30 percent of LACAHSA annual funding be used for Renter Protection and Homelessness Prevention (RPHP), which include activities to address housing instability, reduce evictions, and prevent people from falling into homelessness.

The goal of RPHP is to address housing crises and stabilize households who are at risk of eviction and/or homelessness, by providing a comprehensive combination of renter protection and homelessness prevention services within an integrated, accessible, countywide approach. Eligible uses of RPHP funds include:

- Marketing, Assessment and Eligibility Determination;
- Legal Services and Tenant Education;
- Emergency Rental Assistance;
- Flexible Financial Assistance; and
- Short-Term Income Support.

xvii. LACAHSA's Integrated RPHP Service Model

An integrated approach for Los Angeles County is essential for maximizing the impact of resources, creating equitable access to services, ensuring effective outcomes in reducing homelessness, and to:

- Make access and services consistent for households across the region;
- Facilitate more efficient referrals and resource coordination;
- Target resources to households most likely to become homeless or experience housing instability without assistance;
- Promote regional alignment and reduce duplication; and
- Enable consistent data collection to support program evaluation and equity analyses.

To support this approach across the region, LACAHSA will develop an RPHP Integrated Service Model and provide the option for Eligible Jurisdictions to participate or opt-in to this model.

This Integrated Service Model will build on and enhance coordination between existing RPHP programs to deliver standardized, comprehensive RPHP services throughout Los Angeles County. It will be a networked model with shared tools and administrative functions as well as streamlined contracting, reporting, and compliance. The Integrated Service Model will be designed in collaboration with participating Eligible Jurisdictions and administered by LACAHSA.

For Eligible Jurisdictions that choose to participate or opt-in to the Integrated Service Model, LACAHSA will provide a 15 percent funding match to expand service levels within the Eligible Jurisdiction and support the Eligible Jurisdiction's participation in collaborative planning and evaluation activities.

Additionally, a portion of LACAHSA Technical Assistance funds will be dedicated to support the development of this Integrated Service Model, including providing funding for planning, collaboration, evaluation, and infrastructure to enable integration and effective service delivery.

The Integrated Service Model will include a combination of all eligible RPHP uses:

- Marketing, Assessment and Eligibility Determination
- Legal Services and Tenant Education
- Emergency Rental Assistance
- Flexible Financial Assistance
- Short-Term Income Support

As the Integrated Service Model develops, LACAHSA will make every effort to coordinate with non-LACAHSA funded RPHP programs throughout the county and use the infrastructure of the Integrated Service Model to support systemwide integration.

In the future, Eligible Jurisdictions and other countywide stakeholders may contribute additional resources to the Integrated Service Model or align other non-LACAHSA funded services with the Integrated Service Model. For example, if an Eligible Jurisdiction operates an existing prevention program and would like to bring it under “the umbrella” of the Integrated Service Model, it may do so and use the shared tools and systems developed for the Integrated Service Model.

As another example, if a philanthropic organization would like to fund a certain type of prevention program in a certain area, they could contribute funds to the Integrated Service Model, which would enhance service levels for that jurisdiction, and benefit from the shared tools and systems of the Integrated Service Model. LACAHSA funds may or may not be provided to support or incentivize integration of non-LACAHSA funded programs.

Participation in the Integrated Service Model will include technial assistance and capacity building support for collaborative planning and evaluation activities such as:

- Participating Eligible Jurisdictions can provide guidance to LACAHSA on specific needs within their jurisidction and the corrresponding distribution of resources across the RPHP eligible uses
- Stakeholder engagement to solicit feedback on the design and operation of countywide, integrated approach
- Development of potential models for countywide approaches and shared tools to support integration
- Identification of streamlined approaches to contracting and compliance
- Development of shared data and administrative systems, such as standardized data collection and screening tools and/or shared administrative services such as fiscal agent services
- Conduct system evaluation activities to review performance
- Countywide learning collaboratives or other stakeholder engagement activities to share data and best practices and support continuous improvement

b. Program Requirements

xviii. Implementation

Eligible Jurisdictions have two choices for administering the RPHP funds allocated to them under LACAHSA’s Annual Expenditure Plan:

Integrated Service Model

Eligible Jurisdictions may elect to have LACAHSA administer all or a portion of their RPHP allocation in partnership with that Eligible Jurisdiction. LACAHSA will use those funds to ensure that eligible services are provided in the Eligible Jurisdiction's area utilizing LACAHSA's Integrated Service Model.

To support Eligible Jurisdiction participation in this Integrated Service Model, LACAHSA, contingent upon Board approval, will:

- Offer a 15 percent match on the portion of RPHP funds left with LACAHSA to administer utilizing the Integrated Service Model.
- Offer additional technical assistance funds to support the participation of Eligible Jurisdictions in collaborative planning, operation, and evaluation activities as a member of the Integrated Service Model.
- Offer back-end support that reduces ongoing monitoring and data requirements.
- Assume compliance liability for program eligibility verification.

Self-Administration

Eligible Jurisdictions may administer all or a portion of their funding themselves, to directly carry out RPHP programs outside of the Integrated Service Model.

All programs funded with RPHP resources administered by the Eligible Jurisdiction must meet all the requirements contained in Measure A, SB 679, and these Program Guidelines. This may include the required use of any future data systems, shared tools, or processes developed for the Integrated Service Model and determined by LACAHSA to promote an accessible and equitable RPHP countywide approach and accountability.

xix. Annual Budget

Eligible Jurisdictions must create an annual budget for their RPHP funding to be approved by the Eligible Jurisdiction's governing body by October 1, 2025, for the FY25-26 time period. For subsequent fiscal years, an annual budget for RPHP will be expected to be in place by May 1 of the preceding fiscal year. This budget will be a component of the first quarter report.

If the Eligible Jurisdiction is requesting RPHP funds to be advanced to them, the annual budget shall provide an estimated disbursement schedule, which LACAHSA shall follow, based on the availability of program funds.

During the course of the fiscal year, Eligible Jurisdictions may amend the annual budget based on changing needs and conditions. The revised budget and disbursement schedule shall be submitted to LACAHSA as amended.

xx. Overarching Requirements

RPHP provides funding for five primary eligible uses, as defined in the LACAHSA Annual Expenditure Plan.

1. Marketing, Assessment and Eligibility Determination
2. Legal Services and Tenant Education
3. Emergency Rental Assistance
4. Flexible Financial Assistance
5. Short-Term Income Support

For Eligible Jurisdictions participating in the Integrated Service Model, LACAHSA will partner with the Eligible Jurisdiction to determine the appropriate combination of eligible services to be provided given the needs of the jurisdiction and available resources. For Eligible Jurisdictions not participating in the Integrated Service Model, they may choose to design a locally tailored RPHP program offering a combination of eligible services. Regardless of participation in the Integrated Service Model, all RPHP activities conducted by Eligible Jurisdictions must adhere to the Program Guidelines, including:

- Utilization of required data systems, shared tools, or processes.
- Services must incorporate Marketing, Assessment, and Eligibility Determination to ensure that all households are served consistently and equitably across the county.
- Eligible Jurisdictions must spend at least 50 percent of their allocation on Emergency Rental Assistance, Flexible Financial Assistance, and/or Short-Term Income Support.

Jurisdictions that choose not to participate in the integrated RPHP service model may develop their own tools and workflows, but must ensure they meet the standards established by Measure A and SB 679. All alternative approaches will be subject to LACAHSA review and approval to ensure alignment with RPHP program goals.

xxi. Limits on Financial Support

Households may receive up to $15,000 in combined financial assistance within a 24-month period. The period of assistance to a household begins on the first day any RPHP assistance payment is made, whether directly to a household or to a landlord or third-party vendor on the household’s behalf.

Eligible Jurisdictions must spend at least 50 percent of their RPHP allocation on Emergency Income Support, Flexible Financial Assistance and/or Income Support.

xxii. Reporting Requirements

SB 679 requires that data must be collected related specifically to displacement and displacement risk, rents, and evictions in the region. Annual aggregate reporting on households served and expenditures will be required, including, but not limited to:

- Household composition and demographics
- Eligibility including income, housing status and qualifying event/crisis(es)
- Prioritization factors
- Expenditure categories, payees, and amounts
- Time in program
- Destination at end of program

To ensure consistent tracking and oversight across the region, LACAHSA will identify or develop a centralized database that all Eligible Jurisdictions will be required to use for collecting and reporting household-level program data once the database is available. The database will also support a duplication of benefits check, helping to ensure that households do not receive overlapping or redundant assistance. If an Eligible Jurisdiction wishes to use an alternative database, they must first obtain prior approval from LACAHSA.

Programmatic reporting for RPHP activities shall be submitted on a quarterly basis as part of the overall reporting requirement.

xxiii. Assessment and Stabilization Services

The primary focus of RPHP resources is to help households maintain or regain housing through legal services and financial assistance. To support the equitable and effective provision of these services, Eligible Jurisdictions are required to assess household needs, target services to those most at risk of eviction or homelessness, and provide households with limited supportive services to ensure that their needs are addressed and to increase the likelihood of housing stability.

xxiv. Grievance and Appeals

Participating and eligible households have the right to grieve any service that they believe was not properly delivered and to appeal any decision resulting in a denial or limitation of service. Eligible Jurisdictions that do not opt-in to LACAHSA's Integrated Service Model will be required to develop their own process.

c. Approved Eligible Uses of Funding

LACAHSA's Annual Expenditure Plan identifies Board-approved eligible uses for RPHP funds. This section outlines the eligible uses and requirements regarding household eligibility criteria and duration of assistance.

Eligible Jurisdictions can choose to deliver a combination of eligible activities. Eligible Jurisdictions are encouraged to fund Emergency Rental Assistance and Flexible Financial Assistance together. If Legal Services are funded separately from Emergency Rental Assistance, Eligible Jurisdiction's must ensure that participants requiring both Legal Services and financial assistance are connected to the services they need. Additionally, all programs are expected to include Marketing, Assessment, and Eligibility Determination.

For each eligible activity, LACAHSA and Eligible Jurisdictions may provide services directly, through partnerships with contracted service providers, and in partnership with LACAHSA and other Eligible Jurisdictions on countywide or regional initiatives.

As needed, additional uses for RPHP funding may be raised to the LACAHSA's Chief Programs Officer for consideration and escalated to LACAHSA's General Counsel or the LACAHSA Board if not an existing eligible use.

xxv. Marketing, Assessment, and Eligibility Determination

Marketing, Assessment, and Eligibility Determination activities involve identifying individuals and families at risk of losing their housing, assessing their needs, and determining their eligibility to receive assistance.

Household Eligibility Criteria	SB 679 requires that LACAHSA allocate funds to programs and strategies that serve the populations most impacted by housing instability and homelessness. Any household facing a housing crisis with income at or below 80 percent of AMI must be assessed, but whether the household is eligible and prioritized for services will depend on the service they are seeking. See below for eligibility for specific RPHP services.
Eligible Activities	Marketing – Marketing involves efforts to ensure that the target population for services is aware of the services and able to apply for and access them at the appropriate time. Marketing may include advertising, attending community events, visiting sites where low-income households facing a housing crisis may be found, and other efforts to ensure that the services are well publicized.

	<u>Assessment</u> – Assessment involves gathering applications from potential participants, assessing their likely eligibility, and prioritizing among applicants to determine the order and level at which eligible households are offered assistance based on level of need or vulnerability. Assessment activities include establishing and operating application and assessment mechanisms, such as electronic portals for receiving and reviewing applications, assessment and prioritization tools, and providing assistance to potentially eligible households to gather documents and apply for assistance. <u>Eligibility Determination</u> – Eligibility determination is the process of reviewing an assessment, confirming priority, establishing eligibility for support, and enrolling a household. Eligibility determination may include time spent meeting with potential participants and/or reviewing documents to verify eligibility for assistance, assisting households to gather additional needed documents to prove eligibility and document payment needs, and enrolling households in the program.

xxvi. Legal Services and Tenant Education

Legal Services and Tenant Education activities include providing legal representation and other legal services to renters facing eviction or at risk of homelessness, as well as conducting outreach and education to inform tenants of their rights and the resources available to them.

Household Eligibility Criteria	To be eligible to receive Legal Services and Tenant Education, a person/household must meet the following criteria: • Live in Los Angeles County, and • Have an annual income at or below 80 percent of AMI, and • Be a renter (whether or not there is a written lease in the person's name), and • Be subject to an unlawful detainer (eviction lawsuit) or have a reasonable fear of displacement or eviction based on actions of a landlord or other party that may violate the law. Excluded from this definition, and therefore ineligible to receive Legal Services and Tenant Education, are the following: • Anyone currently experiencing homelessness

	• Mortgage holders
Eligible Activities	Eligible Legal Services and Tenant Education activities include, but are not limited to, the following: • Legal representation and advocacy to support housing stability • Right-to-counsel legal services • Tenant outreach and education • Limited payments associated with court appearances (e.g. court filing fees) • Mediation Services, including negotiating payment plans • Evaluation of underlying issues affecting the client's legal situation • Efforts to address the client's full context such as family dynamics and health Financial assistance on behalf of a household is not an eligible expense under Legal Services and Tenant Education. Eligible Jurisdictions are strongly encouraged to pair Emergency Rental Assistance and Flexible Financial Assistance with Legal Services and Tenant Education services as needed.
Duration and Amount of Assistance	Households may receive total support not to exceed $15,000 from any combination of eligible activities, within a 24-month period.

xxvii. Emergency Rental Assistance

Emergency Rental Assistance involves providing financial assistance for rental expenses to support the stabilization of households at risk of experiencing homelessness for a maximum of six months.

Household Eligibility Criteria	To be eligible to receive Emergency Rental Assistance, a person/household must meet the following criteria: • Have an annual income at or below 50 percent of AMI, and • Have experienced an event in the previous 12 months that has affected their ability to pay rent—such as an increase in rent, extraordinary expenditures (such as a medical event, birth, or

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death), or a decrease in income from job loss, reduction in hours, loss of an income earner, or a cut in benefits, and

Are experiencing one of the following

Are behind on rent or unable to pay future rent, or
Are staying in an overcrowded or doubled-up situation, or
Are exiting an institution without stable housing, or
Are experiencing housing instability due to domestic violence or family conflict.

Excluded from this definition, and therefore ineligible to receive Emergency Rental Assistance, are the following:

Anyone currently experiencing homelessness
Mortgage holders

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<tr>
<td>Eligible Activities</td>
<td>
Eligible Emergency Rental Assistance expenses include the following:

Security Deposits
Rental Assistance (Up to 6 months)
Rental Arrears (Up to 6 months)
Utility Deposits
Utility Assistance (Up to 6 months)
Utility Arrears
Application Fees
Moving Expenses
Relocation Expenses (to cover costs beyond what is legally required of landlords according to local or state law)

Eligible Jurisdictions may also use RPHP funds to provide housing-focused case management services to support housing stability for households receiving RPHP financial assistance, for the full duration of their assistance period. Eligible housing stabilization services may include, but are not limited to, the following:

Preparation of a housing stability plan
Regular home visits
Information and referrals to community resources
Monthly meetings with the household during the time of services
Assistance with budgeting and money management

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	• Support with accessing County programs and other mainstream benefits and services offered by partner agencies
Duration and Amount of Assistance	Households may receive up to six months of Emergency Rental Assistance support, not to exceed $15,000 in total from any combination of eligible activities, within a 24-month period.
Prioritization	Eligible Jurisdictions providing Emergency Rental Assistance must prioritize households most likely to become homeless without assistance. Programs not using the LACAHSA Integrated Service Model must use a prioritization method that is consistent with research and has been approved by LACAHSA.

xxviii. Flexible Financial Assistance

Flexible Financial Assistance includes an array of financial assistance to support the stabilization of households at risk of experiencing homelessness for a maximum of six months. Flexible Financial Assistance may be offered in conjunction with Emergency Rental Assistance and is designed to be used for a wider range of expenses that can reasonably be expected to increase housing stability.

Household Eligibility Criteria	To be eligible to receive Flexible Financial Assistance, a person/household must meet the following criteria:
	• Have an annual income at or below 50 percent of AMI, and
	• Have experienced an event in the previous 12 months that has affected their ability to pay rent—such as an increase in rent, extraordinary expenditures (such as a medical event, birth, or death), or a decrease in income from job loss, reduction in hours, loss of an income earner, or a cut in benefits, and
	• Are experiencing one of the following
	    o Are behind on rent or unable to pay future rent, or
	    o Are staying in an overcrowded or doubled-up situation, or
	    o Are exiting an institution without stable housing, or
	    o Are experiencing housing instability due to domestic violence or family conflict.

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<tr><td></td><td>Excluded from this definition, and therefore ineligible to receive Flexible Financial Assistance, are the following:
Anyone currently experiencing homelessness
Mortgage holders</td></tr>
<tr><td>Eligible Activities</td><td>Eligible Flexible Financial Assistance expenses include, but are not limited to, the following:
Security Deposits
Utility Deposits
Utility Assistance (Up to 6 months)
Utility Arrears
Move-in expenses
Essential Furniture and Cleaning
Moving Expenses
Relocation Expenses (to cover costs beyond what is legally required of landlords according to local or state law)
Housing Stability Expenses:
Document Fees
Employment-Related Expenses
Transportation-Related Expenses, including automobile repairs, public transportation costs, and rideshare service costs
Healthcare Costs, including medical bills
Dependent Care
Short-Term Vocational Training</td></tr>
<tr><td>Duration and Amount of Assistance</td><td>Households may receive up to six months of Flexible Financial Assistance support, not to exceed $15,000 in total from any combination of eligible activities, within a 24-month period.</td></tr>
<tr><td>Prioritization</td><td>Eligible Jurisdictions providing Flexible Financial Assistance must prioritize households most likely to become homeless without assistance. Programs not using the LACAHSA Integrated Service Model must use a prioritization method that is consistent with research and has been approved by LACAHSA.</td></tr>
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xxix. Short-Term Income Support

Short-Term Income Support involves providing monthly financial assistance directly to households at risk of experiencing homelessness for a maximum of six months. Income Support aims to alleviate financial stress by providing payments to eligible households to help meet their basic needs.

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<tr><td>Household Eligibility Criteria</td><td>To be eligible to receive Short-Term Income Support, a person/household must meet the following criteria:

Have an annual income at or below 50 percent of AMI, and
Have experienced an event in the previous 12 months that has affected their ability to pay rent—such as an increase in rent, extraordinary expenditures (such as a medical event, birth, or death), or a decrease in income from job loss, reduction in hours, loss of an income earner, or a cut in benefits, and
Are experiencing one of the following

Are behind on rent or unable to pay future rent, or
Are staying in an overcrowded or doubled-up situation, or
Are exiting an institution without stable housing, or
Are experiencing housing instability due to domestic violence or family conflict.

Excluded from this definition, and therefore ineligible to receive Short-Term Income Support, are the following:

Anyone currently experiencing homelessness
Mortgage holders
</td></tr>
<tr><td>Eligible Activities</td><td>Short-Term Income Support payments are made directly to eligible households to help meet their basic needs.

Eligible Jurisdictions may also use RPHP funds to provide housing-focused case management services to support housing stability for households receiving RPHP financial assistance, for the full duration of their assistance period. Eligible housing stabilization services may include, but are not limited to, the following:

Preparation of a housing stability plan
Regular home visits
Information and referrals to community resources
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</table>

	• Monthly meetings with the household during the time of services • Assistance with budgeting and money management • Support with accessing County programs and other mainstream benefits and services offered by partner agencies
Duration and Amount of Assistance	Households may receive up to six months of Short-Term Income Support, and monthly Income Support payments should not exceed the greater of 50 percent of a person/household's rent or $1,000 per month. Additionally, total financial assistance to a person/household must not exceed $15,000 from any combination of eligible activities within a 24-month period.
Prioritization	Eligible Jurisdictions providing Short-Term Income Support must prioritize households who have or anticipate having income from employment/benefits, are currently at or below 50 percent of AMI, and are currently working toward an increase in income through employment, education, or eligibility for benefits.

d. Documentation Standards

Eligible Jurisdictions are required to collect and retain certain documents as evidence that expenses and beneficiaries meet the eligibility criteria contained in these Guidelines.

xxx. Documentation Standards for Eligible Activities

Financial Assistance	Guidance	Participant File
Security Deposit	Maximum allowable fee is double the deposit, along with the additional deposits such as keys, remote, mailbox, etc. Maximum of one (1) security deposit in a 24-month period.	**Documentation Required** • Copy of W9 • Proof of Ownership • Lease Agreement
Future Rental Assistance	Future Rental Assistance is limited to six (6) months of rent payment within 24 months.	**Documentation Required** • Housing and Habitability Inspection • Lease/Rental Agreement • W9 and Proof of Ownership • Receipt(s) for ongoing assistance

Rental Arrears	For any amount up to $15,000 incurred during the past 24 months. May include any late fees accrued.	**Documentation Required** ● Statement of Bill that includes the cost of each month paid
Utility Deposit	Eligible utilities include gas, electricity, water, and trash. Maximum of one (1) utility deposit per 24-month period.	**Documentation Required** ● Copy of bill or receipt of the payment
Utility Assistance	Utility assistance is limited to six (6) months per a 24-month period. Eligible utilities include gas, electricity, water, and trash. Total utility assistance includes the first month's rent.	**Documentation Required** ● Copy of Bill for each utility for each month paid.
Utility Arrears	Three (3) months of arrears per utility within a 24-month period. Eligible utilities include gas, electricity, water, and trash. Including any late and reconnection fees.	**Documentation Required** ● Statement or Bill that includes the cost of each month paid
Move-In Expenses	<u>**Application Fee:**</u> Eligible cost includes application fees, background checks, and credit check result fees.	**Documentation Required** ● Receipt
Essential Furnishing and Cleaning	**Appliances:** Lamp, fan, microwave, refrigerator, & stove. **Bedding:** Mattress, box spring, & frame. **Furnishings:** Basic bedroom & living room items including sofa, futon, love seat, dresser, coffee table, nightstand, & dining set. ADA compliant essentials (i.e. shower chair, bars, ramp, and other necessary housing modifications). **Linen:** Bath towels, dish cloth, comforter, sheets, bathmat, pillow, & shower curtain.	**Documentation Required** ● Copy of all receipts for all items purchased. If gift cards are used, receipts must be provided if they include the items purchased. ● Invoice from cleaning service provider

	Kitchen: Bakeware, cookware, dinnerware, flatware, & glassware. **Cleaning Supplies:** Trash can, trash bags, broom & pan, cleaner, cleaning towels, vacuum, mop & pail, laundry detergent, sponges, toilet paper, & dishwashing liquid soap. **Cleaning Services:** Organization, general cleaning, etc. To assist participants with landlord requests for unit maintenance.	
Relocation and Moving Expenses	**Storage Fees:** Equivalent to three (3) months of storage fees/ arrears in a 24-month period. **Moving Expenses:** Cost of rental van & moving services. Limited to one (1) moving event in a 24-month period.	**Documentation Required** **Storage Fees:** ● Copy of bill that reflects the monthly fee. A billing statement would be necessary if assistance for multiple months is provided in a single payment. **Moving Expenses:** ● Receipt & Detail Statement Bill, if provided.
Housing Stability Expenses	<u>**Document Fee:**</u> Documentation acquisition fees such as for birth certificates, document court filing fees, identification, tenant screening report, and other documents needed for employment or housing. <u>**Employment:**</u> Expenses associated with gaining or maintaining employment. Eligible	**Documentation Required** **Document Fee:** ● Receipt **Employment:** ● Receipt **Transportation:** ● Receipt of any automobile repairs or transportation

	items include, but are not limited to: uniforms, tools, driver's license fees, license/certification costs required for employment, financial literacy class, credit counseling, and short- term vocational training leading to employment or housing stability where other funding is not available. **Transportation:** **Automobile Repair:** Automobile repairs & registration are allowable only if these costs are related to employment, housing search, or reunification. **Public Transportation:** Public Transportation is an eligible cost if it is related to employment or housing search. Providers are encouraged to use transportation on an as needed basis, including using tokens or replenishing TAP cards with limited funds as needed. **Ride Share Service:** Ride Share services are an allowable cost only if related to employment or housing search. **Healthcare Costs:** Medical Bills **Dependent Care:** Temporary support **Short Term Vocational Training:** Training leading to employment or housing stability where other funding is not available.	passes/tokens purchased. • Invoice from Ride Share service. **Healthcare Costs:** • Itemized medical bill or invoice in the name of the household member • Documentation showing the expense is not covered by insurance/public benefits • Proof that the medical issue impacts housing stability **Dependent Care:** • Invoice or statement from licensed child or dependent care provider • Proof of the household's need for dependent care to access work/training • Documentation of the relationship to the dependent (e.g., birth certificate, custody documents) • Verification that no other subsidy (e.g., childcare vouchers) is available **Short Term Vocational Training:** • Enrollment letter from training provider • Invoice from the training provider • Statement of training length and certification or credential to be earned

xxxi. Income Documentation Standards

Income calculations shall include a verification of the beneficiary household's gross wages and salaries to estimate the household's income for the next 12 months. Wages and salaries include both earnings from an employer as well as self-employment earnings from a "gig economy" job such as driving for Uber or Lyft.

Acceptable Types of Documentation	**Documentation Standards**
Copy of most recent paystub	• Obtain copy(ies) of most recent pay stub(s) from participant. • Include copy(ies) in participant file.
OR	

Written verification of income	• Mail, fax or email written verification of income request directly to the employer(s).
	• Obtain signed and dated verification of income from employer(s). At a minimum, written verification should include the following:
	  ○ Name of employer and participant name
	  ○ Pay amount and frequency
	  ○ Average hours worked per week
	  ○ Amount of any additional compensation
	  ○ Contact information for authorized employer representative
	  ○ Signed and dated by authorized employer representative
	• Include verification of income in participant file.

OR *(if written third party documentation cannot be obtained)*	

Oral verification of income	• Contact the employer(s) by phone or in person to obtain oral verification of income.
	• Document oral verification of income. At a minimum, oral verification should include the following:
	  ○ Name of employer and participant name
	  ○ Date of hire
	  ○ Pay amount and frequency
	  ○ Average hours worked per week
	  ○ Amount of any additional compensation
	  ○ Contact information for authorized employer representative
	  ○ Signed and dated by Program staff who obtained oral verification
	• Include Verification of Income in participant file.

OR *(if written documentation or oral third-party verification cannot be obtained)*	

Self-declaration of income	• Obtain signed and dated original self-declaration of income from participant. At a minimum, self-declaration should include the following: ○ Source of income ○ Income amount and frequency ○ Signed and dated by Participant • Document attempt to obtain third party verification (written or oral) and sign self-declaration of income. • Include self-declaration of income in participant file.

xxxii. Beneficiary Eligibility Documentation Standards

To document that a household meets the eligibility requirements for RPHP assistance, the Eligible Jurisdiction should maintain the following documentation.

Requirement	Guidance	Suggested Documentation
Household Size	LACAHSA uses the definition of a household as set forth in 24 CFR Part 5.	• Signed, completed intake form completed by household
Resident of Los Angeles County	Demonstrate that the household currently resides in Los Angeles County	• Lease, utility bill, school records, or other documentation demonstrating that the household resides in Los Angeles County in the housing unit for which they are receiving assistance

Requirement	Guidance	Suggested Documentation
At-Risk of Homelessness	Maintain documentation that the household is at-risk of homeless	• Documentation or self-certification indicating event that affected ability to pay rent such as record of job loss, rent increase, or medical event. • Tenant ledger showing tenant is behind in rent. • Certification that household is overcrowded or in doubled-up situation. • Documentation showing household is exiting an institution. • Third party or self-certification indicating housing instability due to domestic violence or family conflict.

6. Technical Assistance (TA)

a. Overview

SB 679 requires LACAHSA to allocate funding for Technical Assistance (TA). LACAHSA directly administers a portion of the TA funding and allocates a portion to Eligible Jurisdictions. LACAHSA's Annual Expenditure Plan identifies eligible program types for TA funds. For each program type, LACAHSA and Eligible Jurisdictions may provide services directly or through contracted service providers. SB 679 also requires that LACAHSA set aside programmatic funds specifically to provide TA to cities with a population under 50,000 and create a bench of consultants able to provide TA to those cities.

As needed, additional uses of TA funding may be raised to the LACAHSA's Chief Engagement and Intergovernmental Officer for consideration and escalated to LACAHSA's General Counsel or the LACAHSA Board if required.

b. Approved Eligible Uses of Funding

xxxiii. Local Agency TA Grants

Local Agency TA Grants - At Large

LACAHSA will administer a Local Agency TA Grant program that will allow Eligible Jurisdictions and their member jurisdictions to apply directly to LACAHSA for TA funds. TA grants may be used to supplement an Eligible Jurisdiction's allocation of TA funds or provide direct funding to member cities and their Housing or Community Development Departments. TA funds may also be used to develop supporting materials and trainings for Eligible Jurisdictions.

Local Agency TA Grants - Small Cities

LACAHSA, in collaboration with the COGs, will administer a Small Cities TA Grant program for cities with populations under 50,000. Eligible cities will apply directly to LACAHSA and/or the COG for technical assistance funds. The TA grants will provide direct funding to member cities and their Housing or Community Development Departments.

Application and Funding Process

Eligible Jurisdictions may apply for direct TA from LACAHSA at any point during the program year. Upon receipt of the application, LACAHSA will review the requested TA needs and meet with the Eligible Jurisdiction to determine if LACAHSA can provide the assistance or identify an alternative approach to support the Eligible Jurisdiction.

Upon submission of an application, small cities that apply for a Small Cities TA Grant will be immediately provided with a limited amount of on-call TA from a TA provider contracted by LACAHSA and matched to the city based on the TA topic(s) identified in the city's application.

xxxiv. Direct TA Programming

LACAHSA may provide direct TA to Eligible Jurisdictions and their member jurisdictions to engage in coordination and capacity building. Direct TA may be delivered through technical workshops, training sessions, education on best practices, and regulatory compliance support. LACAHSA may hire dedicated staff to lead programming and coordination efforts and/or engage with outside experts including academics, practitioners, and third-party consultants.

Specific eligible uses of LACAHSA's Direct TA funding include but are not limited to:

- Full-time staff dedicated to regional coordination, such as an Ombuds role; and
- Training and capacity building workshops for Eligible Jurisdictions related to core program services including NOFA administration, loan underwriting, risk analysis, and asset management.

Needs Assessment

As part of LACAHSA's Direct TA Programming, LACAHSA will assign a TA provider to conduct a needs assessment with each new funding recipient to review their proposed activities and structure. The assigned TA team will provide a written needs assessment to LACAHSA identifying potential resources that could benefit each recipient. The needs assessment will be conducted within the first three months of the program year of the funding allocation.

xxxv. Program Design, Administration, Monitoring, and Evaluation

LACAHSA and Eligible Jurisdictions may use TA funds to develop internal staff capacity and administrative infrastructure required to design, operate, monitor, and evaluate related programs. TA may be provided by agency staff, third-party experts, and/or consultants. Eligible uses include but are not limited to:

- Dedicated staff for policy analysis, program development and administration, monitoring, and/or evaluation;
- IT infrastructure, data, and software subscriptions necessary for research, policy analysis, program administration, monitoring and evaluation; and
- Staff attendance at conferences, workshops, or educations training programs focused on program-related technical skills.

xxxvi. Professional Services Support

LACAHSA and Eligible Jurisdictions may use TA funds to contract additional professional services related to program implementation, monitoring, and evaluation. Eligible uses include but are not limited to:

- Program design and NOFA Administration;
- Real estate and land acquisition support;
- Underwriting, closing, and asset management support;
- Program monitoring, auditing, and evaluation;
- Legal counsel;
- Data and policy analysis;
- Public outreach and engagement; and
- Accounting and financial management.

c. Annual Budget

Eligible Jurisdictions must create an annual budget for their TA funding to be approved by the Eligible Jurisdiction's governing body by October 1, 2025, for the FY25-26 time period. For subsequent fiscal years, an annual budget for TA will be expected to be in place by May 1 of the preceding fiscal year. This budget will be a component of the first quarter report.

If the Eligible Jurisdiction is requesting TA funds to be advanced to them, the annual budget shall provide an estimated disbursement schedule, which LACAHSA shall follow, based on the availability of program funds.

During the course of the fiscal year, Eligible Jurisdictions may amend the annual budget based on changing needs and conditions. The revised budget and disbursement schedule shall be submitted to LACAHSA as amended.

d. Documentation Standards

Eligible Jurisdictions must maintain adequate documentation to show that TA activities were used to support the implementation and effectiveness of Measure A funded activities, and costs were incurred in accordance with the annual budget.

To document cost eligibility, the Eligible Jurisdiction should maintain documentation to show the associated costs can clearly be allocated to the delivery of TA.

7. Funding Administration and Management

a. Annual Budget

To enable LACAHSA to plan for effective cash management, timely disbursement of funding, and programmatic coordination with Eligible Jurisdictions, all Eligible Jurisdictions must maintain a current annual budget.

The budget must establish the proposed activities for the corresponding fiscal year. The budget shall be approved by the Eligible Jurisdiction's governing body by October 1, 2025, for the FY25-26 time period. For subsequent fiscal years, an annual budget will be expected to be in place by May 1 of the preceding fiscal year. This budget will be a component of the first quarter report.

If the Eligible Jurisdiction is requesting funds to be advanced to them, the annual budget shall provide an estimated disbursement schedule, which LACAHSA shall follow, based on the availability of program funds.

During the course of the fiscal year, Eligible Jurisdictions may amend the annual budget based on changing needs and conditions. The revised budget and disbursement schedule shall be submitted to LACAHSA as amended.

b. Activity Delivery and Program Administration Costs

To ensure sufficient resources are available for administration and program implementation and oversight activities, while also maximizing the amount of funds that go directly to program beneficiaries, the LACAHSA Board has established the following budget guidance for Activity Delivery Costs and Program Administration Costs.

xxxvii. Activity Delivery Costs (ADCs)

PPO and RPHP activities have a 25 percent cap on Activity Delivery Costs (ADCs), meaning Eligible Jurisdictions and Subrecipients can spend up to 25 percent of their PPO and RPHP program budgets on these costs. One hundred percent of ADCs must be passed on to the subrecipient or the entity that is directly carrying out the activity.

Eligible Jurisdictions/Subrecipients can request a waiver of this cap based on unique program circumstances by submitting a request to LACAHSA. The decision whether or not to grant a waiver is at the discretion of LACAHSA.

ADCs include staff and overhead costs incurred for administering and implementing a specific program or project. ADCs include the cost of staff directly carrying out a program/project activity as well as equipment and supplies that are necessary for successful completion of the activity.

ADCs are a type of direct cost. Direct costs are a broader category encompassing all expenses directly related to a program or project, while ADCs are a more specific type of direct cost related to the actual delivery of the activity. For example:

- In an Emergency Rental Assistance program: ADCs include the cost of buying paper for Emergency Rental Assistance program applications and staff time reviewing and approving applications, whereas direct costs that are not ADCs include the Emergency Rental Assistance payments made on behalf of an eligible program participant.
- In a New Construction program: ADCs include the cost of staff travel to a job site of a new construction activity to monitor progress before making progress payments, whereas direct costs that are not ADCs include the progress payment made to the contractor for completed work.

Budget allocations for ADCs must be held by the entity that is responsible for program or project delivery. This may be LACAHSA, an Eligible Jurisdiction, or a Subrecipient.

xxxviii. Program Administration Costs

Program Administration costs have a cap of 10 percent, meaning Eligible Jurisdictions can spend up to 10 percent of their total allocation on these costs. If LACAHSA or an Eligible Jurisdiction enters into an agreement with a Subrecipient to administer any program, the Eligible Jurisdiction/LACAHSA must pass through at least 50 percent of their Program Administration cost allocation to their subrecipients or the entity that is directly carrying out the activity for the proportional budget awarded to the subrecipient.

Program Administration costs include costs for staff-time and overhead costs for planning, general management, oversight, coordination, and implementation of the program as a whole. These are costs that cannot be directly attributed to a single project or activity.

xxxix. Indirect Costs

Indirect costs are not allowed. All such costs should be included in the Eligible Jurisdiction/Subrecipient's ADCs and Program Administration costs.

xl. Documentation Standards

Eligible Jurisdictions must maintain adequate documentation to show that ADC and Program Administration funds were used to support the implementation and effectiveness of Measure A funded activities and costs were incurred in accordance with the annual budget

To document cost eligibility, the Eligible Jurisdiction should maintain documentation to show the associated costs can clearly be allocated to the oversight and implementation of Measure A funds.

c. Funding Obligation and Expenditure Timeline

Under SB 679, Eligible Jurisdictions must obligate funding within 12 months of receipt of funds from LACAHSA. Funding obligations must be made through administrative processes without being subject to additional legislative processes. Once funds are obligated to a specific project, they must be expended within 3 years of the obligation date, unless an extension is authorized by LACAHSA.

xli. PPO Funds

If PPO funds have not been expended within 3 years of the obligation date, the Eligible Jurisdiction must submit evidence to LACAHSA that it has made adequate progress towards completing the project. If LACAHSA determines that the Eligible Jurisdiction has made adequate progress, LACAHSA shall authorize an additional 24 months to grant entitlements to the remainder of the project.

If LACAHSA determines that the Eligible Jurisdiction has not made adequate progress, the funds shall be transferred to LACAHSA and/or funding distributions to that Eligible Jurisdiction may be suspended. LACAHSA shall hold the funds until the Eligible Jurisdiction submits a satisfactory plan to LACAHSA to move forward with the project or allocate funds to another qualified project. "Adequate progress" means the project has received the land use approvals or entitlements necessary for at least 75 percent of the project's units.

xlii. RPHP and TA Funds

If RPHP and TA funds have not been expended within 12 months of the obligation date, the Eligible Jurisdiction must submit evidence to LACAHSA that it has made adequate progress towards completing the project. If LACAHSA determines that the Eligible Jurisdiction has made adequate progress, LACAHSA shall authorize an additional 12 months to complete the project. Such extensions can be granted annually for a period of up to 5 years from the date of obligation.

If LACAHSA determines that the Eligible Jurisdiction has not made adequate progress, the funds shall be transferred to LACAHSA and/or funding distributions to that Eligible Jurisdiction may be suspended. LACAHSA shall hold the funds until the Eligible Jurisdiction submits a satisfactory plan to LACAHSA to move forward with the project or allocate funds to another qualified project. “Adequate progress” means the project is operational and there is an established budget documenting the anticipated period of performance.

d. Subrecipient Agreements

LACAHSA and Eligible Jurisdictions are entitled to make use of Subrecipients to administer and implement their programs. A Subrecipient is a public agency or a nonprofit organization receiving funds from LACAHSA or an Eligible Jurisdiction to carry out an activity on behalf of the recipient (e.g., a COG passing through funds to a city, or a city passing through funds to a nonprofit organization). Subrecipients must comply with the same program requirements as LACAHSA or the Eligible Jurisdiction. For each activity undertaken by a Subrecipient, a Subrecipient Agreement must be executed between the recipient and the Subrecipient that incorporates the program requirements contained in these Program Guidelines and in LACAHSA’s Annual Expenditure Plan.

e. Contractor Procurement and Agreements

LACAHSA, Eligible Jurisdictions, and Subrecipients are entitled to make use of Contractors to carry out program activities. Contractors are for-profit or nonprofit entities that are paid in return for specific goods and services, where payment is made as compensation for such goods and services. When procuring Contractors, LACAHSA, Eligible Jurisdictions, and Subrecipients must follow their own established procurement policies and procedures.

Before disbursing funds to any Contractor procured to provide goods or services under this program, LACAHSA, Eligible Jurisdictions, and Subrecipients must enter into a written agreement with the Contractor. The written agreement should include any requirements included in these Guidelines (for example, related to prevailing wages and project labor agreements for construction projects) as well as any relevant terms and conditions required by State and local laws.

f. Disbursement Process and Requirements

To ensure funds are dispersed to Eligible Jurisdictions and Subrecipients in a way that facilitates the efficient and effective implementation of programs, LACAHSA will make advance payments and reimburse costs based on the requirements listed in this section.

xliii. Advance Payments

Eligible Jurisdictions and Subrecipients can receive advance payments for the following types of costs: RPHP, Shallow Subsidy, Master Leasing, Technical Assistance and Administration. Funding disbursements shall be made in accordance with the annual budget provided by the Eligible Jurisdiction.

Advance Payment Request Process

To request advance payments, Eligible Jurisdictions/Subrecipients must submit as part of the annual budget a funds disbursement schedule, which outlines the high-level funding use and anticipated monthly expenditures for advanced funds. LACAHSA will review the budget and funds disbursement schedule and will submit any questions and requests for additional information to the Eligible Jurisdiction/Subrecipient in writing. If approved, LACAHSA will notify the Eligible Jurisdiction/Subrecipient in writing.

LACAHSA may deny advance funding requests by Eligible Jurisdictions/Subrecipients who do not adhere to documentation requirements and/or are otherwise deemed at risk. If an advance payment request is denied, LACAHSA will provide their rationale and the steps the Eligible Jurisdiction/Subrecipient can take to address the reasons for denial.

Advance Payment Management and Reporting

Once approved, advance payments will then be dispersed to the Eligible Jurisdiction/Subrecipient by LACAHSA in accordance with the funds disbursement schedule in the annual budget.

Advance payment funds must be held by the Eligible Jurisdiction/Subrecipient in a separate interest-bearing account and all interest must be tracked and documented as Program Income until expenditure. Program Income can only be used to pay costs for approved eligible uses.

Eligible Jurisdictions/Subrecipients that receive advance payments are required to report to LACAHSA on the expenditure of advance funds and all interest earned, as part of the quarterly reporting described below. LACAHSA reserves the right to request additional reports, increase the frequency of reporting, and/or terminate advance payments at any time for Eligible Jurisdictions/Subrecipients who do not adhere to documentation requirements and/or are otherwise deemed by LACAHSA to be at risk.

If advance payments to an Eligible Jurisdiction/Subrecipient are terminated by LACAHSA, LACAHSA will provide the rationale for the decision and the steps the Eligible Jurisdiction/Subrecipient can take to address the reasons for termination. In these cases, the Eligible Jurisdiction/Subrecipient may only receive funding via reimbursement until the issues leading to the termination have been addressed.

xliv. Reimbursement Requests

Eligible Jurisdictions may request reimbursement for all eligible costs as costs are incurred or when the obligation requirements are met and there is a demonstrated commitment of when the funds will be expended. A demonstrated commitment means all legislative action supporting the funds expenditure is completed AND there is an anticipated date for when costs will be expended. All requests for reimbursement must be submitted during the fiscal year in which the cost was incurred.

To request reimbursement, Jurisdictions must submit the following to LACAHSA:

1. A signed requisition by an authorized representative that itemizes eligible costs by program and activity and includes a description of each itemized cost and a reference to the corresponding supporting documentation.
2. Supporting documentation providing evidence that the cost was incurred, or there is a demonstrated commitment for expenditure.

Funds provided in advance of expenditure must be held by the Eligible Jurisdiction/Subrecipient in a separate interest-bearing account, and all interest must be tracked and documented as Program Income until expenditure. Program Income can only be used to pay costs for approved eligible uses.

Reimbursement requests should not include performance data, which are only to be submitted as part of the quarterly reports described below.

LACAHSA will review all reimbursement requests within 15 business days of receipt. If any revisions to the request and/or additional information or documentation are needed, LACAHSA will submit a request in writing to the Eligible Jurisdiction/Subrecipient. LACAHSA will review additional information submitted by Eligible Jurisdictions/Subrecipients within 5 business days of receipt. Upon approval of a reimbursement request for payment, LACAHSA will inform the Eligible Jurisdiction/Subrecipient it was approved and process the payment.

g. Program Income

Any revenue generated by program funding by LACAHSA, Eligible Jurisdictions, or Subrecipients (i.e. interest earned on construction loans, interest earned on advance payment deposits, etc.) qualifies as Program Income. Program Income must be tracked until expenditure and can only be used to pay costs for eligible uses approved by LACAHSA Board.

Program Income generated by the Eligible Jurisdiction (either through interest earned from funds disbursed to the Eligible Jurisdiction OR through programmatic activity) shall remain with the Eligible Jurisdiction. Eligible Jurisdictions may elect to allow Subrecipients to maintain and use Program Income OR return Program Income to the Eligible Jurisdiction as it is earned.

h. Reporting

Eligible Jurisdictions are required to periodically submit financial and programmatic reports to LACAHSA as outlined below. Eligible Jurisdictions are responsible for gathering all required information from their Subrecipients and Contractors and reporting it to LACAHSA as part of the web-based reporting process. When reporting to LACAHSA, Eligible Jurisdictions must use the most current reporting tools provided by LACAHSA.

Eligible Jurisdictions must submit financial programmatic performance reports to LACAHSA each quarter according to the schedule below. If the reporting deadline falls on a weekend or holiday, reports will be due on the following business day.

Report	Reporting Period	Due Date
First quarter report	July 1 – September 30	November 14 (45 days after quarter end)
Second quarter report	October 1 – December 31	February 14 (45 days after quarter end)
Third quarter report	January 1 – March 31	May 15 (45 days after quarter end)
Fourth quarter (Annual) report	April 1 – June 30	July 30 (30 days after quarter end)

Reports submitted at the end of the first and third quarters will consist of a high-level summary of activities. Reports submitted at the end of the second and fourth quarters will require greater detail on program activities and accomplishments. The fourth quarter report will also serve as the Eligible Jurisdiction's annual report to LACAHSA, and as such will include an annual summary of programmatic activities and accomplishments.

Reports will require sufficient detail for LACAHSA to track and report on the performance metrics adopted by the LACAHSA Board, which are included in the Annual Expenditure Plan.

i. Monitoring

LACAHSA is responsible for ensuring that funding recipients comply with all regulations and requirements governing the administrative, programmatic, and financial management of LACAHSA funds. Monitoring is the primary tool that LACAHSA uses to ensure that programs and activities are being carried out in accordance with funding requirements. Monitoring is a review of program or project performance and compliance. There are several types of monitoring:

- **Administrative and Financial monitoring** ensures that Eligible Jurisdictions and Subrecipients are administering a program properly (i.e., tracking funds, using proper methods of recordkeeping, and managing finances appropriately).
- **Program monitoring** reviews the operations and management of Eligible Jurisdictions and Subrecipients for efficiency, effectiveness, compliance, etc. This kind of monitoring focuses on overall program performance.
- **Project monitoring** ensures that projects are in compliance with all relevant standards and requirements. This kind of monitoring focuses on the compliance of an individual project, including compliance with labor standards when applicable.

xlv. Year One and Every Five Years: Monitoring all Recipients

During the first year of program funding, LACAHSA will monitor all entities that receive funding from LACAHSA (this includes Eligible Jurisdictions and LACAHSA's subrecipients; Eligible Jurisdictions will be responsible for monitoring their subrecipients). Subsequently, at least once every five years monitoring will include a review of revenues allocated to all recipients.

xlvi. Recipient Risk Assessment and Monitoring Plan

After Year One and outside the requirement to monitor all recipients at least once every five years, monitoring is dependent on the risk designation of each funding recipient. High risk recipients will be subject to monitoring by LACAHSA at least annually, and more frequently if determined by LACAHSA to be necessary.

Risk Assessment

LACAHSA will complete a risk assessment at the beginning of each program year to determine which recipients are considered low and high risk. The risk assessment will be developed utilizing any sources of information that assist in providing a clear and timely picture of each recipient's progress and level of compliance with program requirements. This may include but is not limited to financial and performance reports, annual audits, requests for funding, and program/project scopes of work and budgets.

The risk factors that will be assessed may include the following:

1. Project Complexity, including size of the budget, use of funds, and if there will be program income.
2. Recipient Organization, including experience with similar programs and/or projects, and staff experience and capacity.
3. Recipient Track Record, including monitoring record and / or complaints, timeliness and accuracy of reports, and whether they have met performance objectives.
4. Financial, including audit findings.

As part of the risk assessment, LACAHSA will assess and record a risk score for each risk factor based on the information on hand; and will sum the risk scores for each factor to determine the Total Risk Score for each recipient.

Monitoring Plan

Recipients with the highest total risk scores will be subject to monitoring. Following the risk assessment, LACAHSA will develop a monitoring plan to define monitoring strategies and timelines for each high-risk recipient.

xlvii. Recipient Monitoring Process

The monitoring process will be determined by LACAHSA and will consist of the following steps:

1. **Notice.** LACAHSA will submit a written notice to the recipient/subrecipient of their intent to monitor. The letter will describe the scope of the monitoring and request documentation needed by LACAHSA to complete monitoring. The letter will be sent with sufficient notice for the recipient/subrecipient to prepare.
2. **Monitoring.** LACAHSA will review documentation provided by the recipient/subrecipient and will send questions and conduct interviews with recipient/subrecipient staff as needed.
3. **Preliminary Report.** Based on the document review and interviews, LACAHSA will draft a preliminary monitoring report outlining the initial findings, including findings that will require additional consultation with recipient/subrecipient staff.
4. **Exit Conference.** LACAHSA will meet with the recipient/subrecipient to discuss the preliminary findings and get clarification on findings that need additional information.
5. **Monitoring Report.** After the Exit Conference, LACAHSA will draft a Monitoring Report that includes findings and concerns, and that identifies the conditions

contributing to the finding or concern, and the corrective actions to be undertaken by the recipient/subrecipient.

6. **Corrective Actions and Clearance Letter.** Recipients/subrecipients take corrective actions to resolve findings in the Monitoring Report. Upon completion of all corrective actions to the satisfaction of LACAHSA, LACAHSA issues a Monitoring Review Clearance Letter to formally close the monitoring.

xlviii. Project Monitoring

LACAHSA is responsible for monitoring housing production and preservation projects that are directly funded by LACAHSA through the at-large funding allocation process. Monitoring will generally include the following:

- During the construction/rehabilitation phase, LACAHSA will monitor contractors for compliance with labor standards and other State and local requirements; review contractor invoices; and conduct progress and final inspections of all construction/rehabilitation work.
- During the affordability/compliance period, LACAHSA will conduct annual compliance monitoring to ensure projects continue to meet all program requirements, including occupancy and affordability requirements.

xlix. LACAHSA Administration Monitoring

In addition to monitoring activities undertaken by recipients/subrecipients and projects on an annual basis, at least every three (3) years LACAHSA will monitor its own administration of the program to ensure compliance with program regulations. This monitoring includes reviewing LACAHSA's policies and procedures covering program administration and project-specific requirements (such as labor standards), reviewing files to verify adequate implementation of the relevant policies and procedures, and identifying and implementing changes to LACAHSA's program administration as needed.

j. Audit and Record Retention

All records pertaining to LACAHSA funds must be retained for a minimum of five (5) years after all terms of an MOU, Subrecipient Agreement, or Contractor Agreement are fulfilled, unless a longer period of records retention is stipulated.

LACAHSA and Eligible Jurisdictions must provide citizens, public agencies, and other interested parties with reasonable access to records, consistent with applicable state and local laws regarding privacy and obligations of confidentiality. LACAHSA or its designated representative will have the right during normal business hours to review and to copy any records and supporting documentation pertaining to LACAHSA funding and interview any employees who might reasonably have information related to such records.

LACAHSA will be subject to an annual audit and conduct an audit annually of each Eligible Jurisdiction that receives funding. The audit will be completed within six months after the end of the fiscal year being audited and will comply with any standards adopted by the LACAHSA Board.

k. Remedies for Non-Performance

It is the intent of LACAHSA to cultivate positive partnerships with high-performing Eligible Jurisdictions and Subrecipients. LACAHSA has a responsibility to address problems with Jurisdictions and Subrecipients directly and fairly. There are three (3) progressive approaches to addressing Eligible Jurisdictions and Subrecipients that are determined to be high risk, including early intervention, intervention for more serious or persistent problems, and finally, the imposition of sanctions.

- Early intervention involves any combination of the following measures:
  - The development of strategies with the Eligible Jurisdiction/Subrecipient that include additional training and technical assistance; or
  - Requiring more frequent or more thorough reporting by the Eligible Jurisdiction/Subrecipient; or
  - Conducting more frequent monitoring.
- Intervention for more serious or persistent problems involves:
  - Placing restrictions on the Eligible Jurisdiction/Subrecipient's payment requests; or
  - Incorporating additional restrictions in the MOU/Subrecipient Agreement, such as requiring approval prior to purchasing goods or providing services to clients.
- Imposition of sanctions for non-compliant Eligible Jurisdiction/Subrecipients involves:
  - Suspension of ongoing funding distributions
  - Disallowance of ineligible costs incurred; or
  - Termination of MOU/Agreement.

Additionally, if an Eligible Jurisdiction is found to be out of compliance with affordability targets at the end of a two-year period, LACAHSA may take any of the following actions:

- Limit the funding for the Eligible Jurisdiction to extremely low- and very low-income housing units only until compliance is reestablished.

- Require the funding allocated to the Eligible Jurisdiction to be administered by LACAHSA instead of the Jurisdiction.
- Increase funding incentives as needed to meet project and programmatic targets.

l. Nondiscrimination

Eligible Jurisdictions and Subrecipients must adopt and follow a nondiscrimination policy that complies with all relevant local, state, and federal laws, and which at minimum ensures that no person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any program or activity funded in whole or in part with LACAHSA funds on the basis of their religion or religious affiliation, age, race, color, creed, gender, sexual orientation, marital status, familial status (children), physical or mental disability, national origin, or ancestry, or other arbitrary cause.

m. Procurement

At a minimum, Eligible Jurisdictions must procure contractors in accordance with LACAHSA's procurement policy. Eligible Jurisdictions may choose to procure subrecipients, allocate funding via a Notice of Funding Availability or directly award all or a share of the allocation to carry out specific activities.

n. Conflict of Interest

At a minimum, Eligible Jurisdictions must enusre compliance with LACAHSA's Conflict of Interest Policy.