

# Program Guidelines

LACAHSA  
The Affordable Solutions Agency

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# 1. Program Overview

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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, the Burbank-Glendale-Pasadena Regional Housing Trust, and the Councils of Government (COGs) in Los Angeles County. The Cities of Palmdale and Lancaster elected to receive their funding through the North Los Angeles County Transportation Coalition JPA (NCTC). 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”). LACAHSa is required to spend its 30 percent allocation in Eligible Jurisdictions and may pass all or some of those funds through directly to Eligible Jurisdictions to administer or may administer programs itself. 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 and Measure A. Furthermore,

the Act charges the LACAHSAs 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, LACAHSAs Annual Expenditure Plan, and other documents adopted by the LACAHSAs Board. Eligible Jurisdictions may develop additional guidelines and standards consistent with the purposes of this funding.

Unless explicitly noted within these Guidelines, LACAHSAs must follow the same requirements as established for Eligible Jurisdictions.

In instances where these Guidelines or additional guidance provided by LACAHSAs conflict with SB 679 or Measure A, the requirements in SB 679 and Measure A shall prevail. In instances where these Guidelines conflict with LACAHSAs Annual Expenditure Plan, the requirements in these Guidelines shall prevail. The requirements in these Guidelines apply to Measure A revenues collected on or after July 1, 2026. Measure A funds collected during fiscal year 2025-26 remain subject to the Transitional Program Guidelines adopted by the LACAHSAs Board in September 2025.

LACAHSAs is committed to a strategic, collaborative approach. To promote innovation and ongoing program and policy development, LACAHSAs will continue to refine program design in collaboration with Eligible Jurisdictions and community partners. As part of this commitment, the Board will review these Guidelines annually and make amendments to them as needed.

## **b. Roles and Responsibilities**

### **LACAHSAs**

The Los Angeles County Affordable Housing Solutions Agency (“LACAHSAs”) was created by the California State Legislature in 2022 through the Los Angeles County Regional Housing Finance Act (“SB 679” or “the Act”). LACAHSAs 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.

### **Eligible Jurisdictions**

Eligible Jurisdictions are public entities that are eligible to receive an allocation of Measure A funding directly from LACAHSAs. 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 LACAHSAs 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 LACAHSAs Annual Expenditure Plan, and these Program Guidelines.

### *Subrecipients*

Subrecipients are public agencies and private nonprofit agencies that receive funding from LACAHSAs 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 LACAHSAs and Eligible Jurisdictions. Subrecipients must comply with the same program requirements as LACAHSAs and the Eligible Jurisdictions.

Eligible Jurisdictions are responsible for ensuring that all subrecipients have the capacity and ability to manage and carry out the activities awarded to them.

Eligible Jurisdictions may elect to enter into agreements with subrecipients to directly administer all or a portion of their allocation on their behalf. The Eligible Jurisdiction must establish this relationship in accordance with their own processes and requirements.

### *Contractors*

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

## **2. Funding Process Overview**

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### **a. Annual Expenditure Plan**

The LACAHSAs 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 amounts

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 LACAHSAs 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 LACAHSAs internal administration and operations

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

- 15 percent of funds are allocated annually at the discretion of the LACAHSAs Board
- Of the remaining 85 percent of programmatic funds:
  - 30 percent of programmatic funds are allocated to LACAHSAs
  - 70 percent of programmatic funds are allocated to the Eligible Jurisdictions

## **b. Funding to Eligible Jurisdictions**

The Annual Expenditure Plan establishes an estimate of funds that LACAHSAs will receive throughout the year and includes the projected allocations by programmatic use (PPO, RPHP, TA) for each Eligible Jurisdiction based on the estimate. LACAHSAs will make funds available to Eligible Jurisdictions in accordance with the actual revenues received. Once the County Auditor-Controller notifies LACAHSAs that revenues have been placed in LACAHSAs account (which takes place on a monthly basis), LACAHSAs will then determine the amount of funds that are available by programmatic use for each Eligible Jurisdiction based on the proportional allocation defined in the Annual Expenditure Plan.

### **Conditions for Receiving Funds**

Prior to receiving funds, Eligible Jurisdictions must meet certain conditions specified in SB 679.

### *Memorandum of Understanding*

SB 679 specifies that, prior to receiving any portion of a funding allocation, an Eligible Jurisdiction must agree to adopt and adhere to Agency guidelines. Eligible Jurisdictions will meet this condition by executing a Memorandum of Understanding (MOU) with LACAHSAs using the format provided by LACAHSAs. Each MOU will be a binding commitment from 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 LACAHSAs Board. The term of the MOU is a period of one year (subject to up to four one-year renewals) and will be the administering agreement for all funds allocated during the program year.

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.

### *Affirmatively Furthering Fair Housing*

SB 679 specifies that, prior to receiving any portion of a funding allocation, an Eligible Jurisdiction must be in compliance with Affirmatively Furthering Fair Housing in California guidelines. For purposes of this requirement, an Eligible Jurisdiction will be deemed in compliance with Affirmatively Furthering Fair Housing in California guidelines if the County or city has adopted a housing element that complies with the affirmatively furthering fair housing requirements of the Housing Element law. If the Eligible Jurisdiction does not have a Housing Element that the Department of Housing and Community Development (“HCD”) has determined to be in compliance with the Housing Element Law, then it will need to document one of the following as applicable: (i) it has adopted a Housing Element that affirmatively furthers fair housing and is waiting for approval from HCD; (ii) it has received comments from HCD that do not modify the affirmatively furthering fair housing provisions; (iii) it has received comments from HCD addressing its affirmatively furthering fair housing provisions and is implementing such comments; (iv) it continues to affirmatively further fair housing under an existing housing element while pursuing a housing element update; or (v) that it can otherwise document that it affirmatively furthers fair housing under State law.

For COGs receiving funds from LACAHSAs, the COG must 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.

### *Annual Budget and Legislative Approval for Use of Funds*

It is the intent of LACAHSAs that funding is allocated and expended expeditiously to achieve the performance goals set forth by LACAHSAs. To achieve this objective, LACAHSAs requires all Eligible Jurisdictions to submit an Annual Budget specifying the proposed use of funds.

To meet this condition, Eligible Jurisdictions will have to submit an Annual Budget to LACAHSa that outlines the proposed uses of funds for the corresponding fiscal year, in alignment with the Annual Expenditure Plan, and will have to provide documentation of the legislative action approving the Eligible Jurisdiction's Annual Budget.

The legislative action approving the Annual Budget must authorize staff of the Eligible Jurisdiction to allocate LACAHSa funding to eligible uses through administrative processes only. After receiving funds from LACAHSa, an Eligible Jurisdiction must have no further legislative action to allocate the funds to proposed activities, but SB 679 recognizes that the projects themselves may require additional legislative actions prior to completion, such as entitlements or contracts. Meeting this condition also does not prevent a re-allocation to other proposed activities, provided that the Eligible Jurisdiction follows the required processes as established in these Guidelines.

#### *Project Set-Up in Grant Management Portal*

SB 679 specifies that, prior to receiving any portion of a funding allocation, an Eligible Jurisdiction's funded projects must comply with LACAHSa's eligible uses and affordability requirements. To meet this condition, Eligible Jurisdictions will enter each Measure A-funded project in LACAHSa's grant management portal (this action is referred to as "Project Set-Up"). Through the Project Set-Up process, Eligible Jurisdictions will be required to provide adequate detail to demonstrate that the proposed uses of funds are eligible, including a description and budget for the proposed project.

For PPO, once a project is set up in Neighborly, the funding for that project is considered obligated. This marks the start of the expenditure timeline for those funds (see more details on this in section 6.e., "Obligation and Expenditure Timelines").

#### **Disbursements**

Once all the above conditions for receiving funding have been met, an Eligible Jurisdiction may make disbursement requests for funding included in the approved project budgets. The amount of funding disbursed to an Eligible Jurisdiction cannot exceed the lesser of the following:

- The amount of Measure A revenues received to date and allocated by programmatic use to the Eligible Jurisdiction by LACAHSa based on the proportional allocations included in the Annual Expenditure Plan, or
- The total amount in the Eligible Jurisdiction's approved project budgets (i.e. the budgets created and approved during Project Set-Up).

More information regarding the disbursement process and requirements is included in the section below titled “Disbursement Process and Requirements.”

### **c. At-Large Funding Allocations**

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

The Act specifies that LACAHSAs must at a minimum 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.

Additional considerations for the allocation of Countywide funding will be established by the Investment Review Committee in collaboration with LACAHSAs staff.

## **3. Determination of Eligible Uses of Funding**

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LACAHSAs funding may only be used for the eligible uses in the respective category of funding as set forth in Government Code section 64830 and Measure A. The LACAHSAs 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 LACAHSAs 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 LACAHSAs 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 LACAHSAs 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 LACAHSAs Board or its designated body for consideration and approval. The Board or its designee will determine whether the proposed use is eligible and whether it will require an amendment to the Annual Expenditure Plan.

Such requests will be reviewed and considered as they are received and prioritized for review by the Board or its designee during the next scheduled meeting or session.

## 4. Production, Preservation, and Ownership (PPO)

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### **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 (PPO) 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, LACAHSAs will share the tools and strategies being deployed for projects receiving funds directly from LACAHSAs. Eligible Jurisdictions may use these tools and strategies or other appropriate resources to guide the local investment of PPO resources.

### **b. Program Requirements**

#### **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 (inclusive of renter and owner housing), creation of new affordable housing units where there is no pre-existing residential use (e.g., conversion of hotel/motel or adaptive reuse of commercial property), 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 or deepening of affordability for an existing residential unit), acquisition, rehabilitation, ownership, and rent and operating subsidies.

#### *Definition of New Construction*

For a project to qualify as “new construction”, the PPO funding must be provided to support the construction or development of new affordable residential units, even if the funding does not directly pay for construction costs. The PPO funding must generally be part of the project’s financing stack or be in the form of operating or rental subsidies that will enable

the project to be financially feasible and therefore effectuates development of the project. This may include costs related to the acquisition of newly constructed units. Units with a residential Temporary Certificate of Occupancy (TCO) or Certificate of Occupancy (CofO) as of the date an application for funding is received by LACAHSAs or an Eligible Jurisdiction, do not qualify as new construction units. Any “New Construction” project assisted with LACAHSAs resources (either receiving funds for construction or as a forward commitment) must be built pursuant to LACAHSAs labor standard requirements for Project Labor Agreements (PLAs) and prevailing wages.

#### *Forward Commitment of PPO Funding*

Projects that receive a forward commitment of PPO funds may qualify as “new construction” if they meet the criteria listed above. A forward commitment is a pledge that a funder will honor an obligation in the future if certain conditions are met by the prospective recipient of funds.

#### **Affordability**

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

#### *Portfolio Requirements*

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

- 25 percent of all funded and constructed 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 the Area Median Income—AMI), and
- 25 percent of all funded and constructed 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). LACAHSAs and Eligible Jurisdictions may meet the very low-income unit requirement by targeting deeper affordability, meaning some or all of the units reserved for very low-income households may be reserved for extremely low-income households.

Compliance with this requirement will be monitored regularly by LACAHSAs and the Citizen’s Oversight Committee in compliance with Government Code Section 64830(d)(1)(A)(ii)(I).

### *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, and
  - b. 10 percent of units must be reserved for very low- or extremely low-income households.
2. In a project that includes units restricted to households that earn up to 120 percent of AMI, the following requirements apply:
  - a. 10 percent of units must be reserved for extremely low-income households.
  - b. At least 50 units, or 50 percent of the total units, whichever is greater, must be reserved for very low- or extremely 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 solely due to development incentives, density bonuses, or similar programs. The Eligible Jurisdiction is responsible for reporting and identifying the units that are eligible for Measure A assistance.
3. In a project that includes units for households that earn above 120 percent of AMI, 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- or extremely low-income households.
  - c. Measure A funds may only pay for units that are designated for extremely low-, very low-, and low-income households that earn up to 80 percent of AMI, and shall not be used in connection with any unit that is income restricted solely due to development incentives, density bonuses, or similar programs. The Eligible Jurisdiction is responsible for reporting and identifying the units that are eligible for Measure A assistance.

### *Project Requirements – Preservation*

Affordable housing preservation programs may be used for four activities:

- Acquire existing housing units;
- Rehabilitate existing housing units;

- Place affordability restrictions on existing units (through the provision of financing); or
- Preserve existing affordable housing units through the extension of affordability restrictions.

#### Acquisition by Eligible Jurisdiction or Governmental Entity

Solely for preservation projects in which the Eligible Jurisdiction or another governmental entity is acquiring existing subsidized affordable housing or market-rate housing to convert to affordable housing, 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 extremely low- and very low-income households. 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.

This applies to any project in which a governmental entity holds an ownership interest, including a minimal share held in its capacity as a managing general partner or member.

#### Other Preservation Activities, Including Privately-Owned Preservation Projects

If preserving affordable housing through an action other than acquiring a housing unit(s) by an Eligible Jurisdiction or another government entity (e.g., if the project is and will continue to be owned by a private entity), the Measure A assistance must be limited to units designated for households at or below 120 percent of AMI, except that 10 percent of units must be reserved for extremely low-income households and 10 percent of units must be reserved for very low- or extremely low-income households.

#### *Achieving Occupancy Requirements for Preservation Projects*

LACAHSAs recognize that occupancy by extremely low- and very low-income households over time may not be financially feasible if Government Code Section 64830(d)(1)(B)(ii) is narrowly interpreted to mean that each time a unit turns over, the unit must then immediately be occupied by an extremely low- or very low-income household.

Further, Measure A funds cannot permanently displace existing residents of buildings acquired, rehabilitated, or otherwise assisted for the purpose of affordable housing preservation, even if the resident's household income exceeds 120 percent of AMI.

As such, the following minimum standards are adopted as part of these Program Guidelines to facilitate a range of fiscally sustainable preservation projects:

#### [Acquisition by Eligible Jurisdiction or Governmental Entity](#)

This applies to any project in which a governmental entity holds an ownership interest, including a minimal share held in its capacity as a managing general partner or member.

When a preservation project is acquired by an Eligible Jurisdiction or another governmental entity, the following process must be used to achieve the occupancy requirements:

1. For an investment without must-pay debt service or debt service underwritten to accommodate extremely low- and very low-income households, a minimum 55-year restrictive covenant shall be recorded immediately upon execution of the written agreement providing Measure A funds for the preservation project. The period of affordability shall commence on the date of recordation in the Official Records of the County of Los Angeles. Every time a unit turns over, the unit must be rented to an extremely low- or very low-income household.
2. For a financed investment, a minimum 55-year restrictive covenant shall be recorded immediately upon execution of the written agreement providing Measure A funds for the preservation project. The 55-year period of affordability shall commence on the date upon which at least 25 percent of the units are occupied by extremely low-income households and at least 25 percent of the units are occupied by very low- or extremely low-income households. The project owner may determine the pace of conversion of units occupied by households earning more than 50 percent of AMI to units occupied by extremely low- or very low-income households over time through unit turnover, except that 30 years subsequent to the recordation of the restrictive covenant, 100 percent of the project units shall be occupied by extremely low- and very low-income households.

#### [Other Preservation Activities, Including Privately-Owned Preservation Projects](#)

If preserving affordable housing through an action other than acquiring a housing unit(s) by an Eligible Jurisdiction or another government entity (e.g., if the project is

and will continue to be owned by a private entity), the affordability period shall commence on the date upon which at least 75 percent of the units are occupied by households earning at or below 120 percent of AMI. The project owner may determine the pace of conversion of units occupied by households earning more than 50 percent of AMI to units occupied by extremely low- and very low-income households over time through unit turnover. Full affordability must be achieved 30 years subsequent to the recordation of the restrictive covenant, except that for Minor Rehabilitation projects (defined as rehabilitation projects where the average amount of Measure A assistance per Measure A restricted unit in the project is \$150,000 or less) full affordability must be achieved prior to the midpoint of the term of the restrictive covenant.

### *Affordable Rents*

For PPO-New Construction and PPO-Flexible preservation projects, the restrictive covenant recorded in Official Records of the County of Los Angeles shall describe the income targeting requirements in sufficient detail to demonstrate compliance with Government Code Section 64830(d)(1)(A)(ii). The restrictive covenant shall also establish the affordable rent levels selected by the developer and approved by the Eligible Jurisdiction, consistent with the following standards:

- a. If the project is otherwise restricted by one other affordable housing funding source's published rent schedule, the restrictive covenant shall specify the use of the same rent schedule for Measure A units; or
- b. If the project is otherwise restricted by more than one other affordable housing funding source's published rent schedule, the restrictive covenant shall specify the use of one of the other schedule(s) for Measure A units, to be selected by the developer and approved by the Eligible Jurisdiction; or
- c. If the project is not otherwise restricted by another affordable housing funding source's published rent schedule, the developer may select from any of the following, subject to approval by the Eligible Jurisdiction:
  - a. Multifamily Tax Subsidy Projects (MTSP) rents published by HUD; or
  - b. Department of Housing and Community Development State Income Limits and Rents calculated pursuant to Health and Safety Code Sections 50052.5 and 50053.

### *Rental Affordability Restrictions and Period of Affordability for New Construction and Preservation Projects*

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 LACAHSAs and the Eligible Jurisdiction, Eligible Jurisdictions shall record a restrictive covenant on each project.

#### New Construction and Substantial Rehabilitation Projects

For rental new construction and substantial rehabilitation projects, the minimum period of affordability shall be 55 years.

“Substantial Rehabilitation” means a rehabilitation where either:

- 1) The required repairs and improvements involve replacing two or more major building components (as defined by HUD), or
- 2) Rehabilitation costs exceed the greater of:
  - a) 15% of the property's replacement cost (fair market value - exclusive of soft costs) after completion of all required repairs, replacements, and improvements;
  - b) \$6,500 per dwelling unit (adjusted by HUD's authorized high cost percentage); or
  - c) 20% of the mortgage proceeds applied to rehabilitation expenses.

#### Light Rehabilitation Projects

For light rehabilitation projects, the minimum period of affordability shall be 35 years.

“Light rehabilitation” means a rehabilitation that does not qualify as a Substantial Rehabilitation, but where the costs of required repairs do not exceed the thresholds set forth for Substantial Rehabilitation.

For projects that do not achieve permanent affordability, LACAHSAs encourages that the grant and loan agreements should require all best efforts by the owner to extend affordability permanently at the end of the covenant, including the tenant opportunity to purchase and community opportunity to purchase/right of first refusal. When providing standalone rental assistance, operating subsidy, or master leasing assistance for existing properties, the Eligible Jurisdiction must deepen affordability or establish an affordability period of at least 5 years after the conclusion of assistance.

### *Project Requirements – Homeownership*

All homeownership assistance may only be provided to households who intend to purchase homes that will be used as their primary residence or for homes that are currently used as the primary residence by an eligible household.

Pursuant to Government Code Section 64830(d)(1)(B), programs to enable 80 percent AMI or 120 percent AMI 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 rehabilitation or replacement of existing mobile homes or manufactured homes are eligible uses of PPO funds.

For programs that enable 80 percent AMI or 120 percent AMI households to become or remain homeowners, Eligible Jurisdictions shall record a restrictive covenant on each homeownership unit. Either a resale or a recapture provision shall be used within the restrictive covenant to promote long-term affordability. The Eligible Jurisdiction may use either a resale provision or a recapture provision, but not both. If an Eligible Jurisdiction uses an alternative approach to expand or deepen affordability through homeownership activities, they may submit a waiver request to LACAHSa to utilize that approach.

When establishing a restrictive covenant, Eligible Jurisdictions are encouraged to explore existing models within the region that balance long-term affordability with homeowner equity such as the CalHome program.

If the Eligible Jurisdiction uses resale restrictions, the resale requirements must ensure that during the affordability period (a number of years determined by the Eligible Jurisdiction), the housing is subsequently purchased only by a buyer who earns less than 120 percent of AMI, and who will use the property as their principal residence. The resale requirement must also ensure that the price at resale provides the original homebuyer a fair return on investment (including the homeowner's investment and any capital improvement) and ensures that the housing will remain affordable to a reasonable range of buyers earning less than 120 percent of AMI.

If the Eligible Jurisdiction uses recapture restrictions, the recapture requirements must ensure that the Eligible Jurisdiction recoups all or a portion of the Measure A assistance to the homebuyers if the housing is sold during the affordability period (a number of years determined by the Eligible Jurisdiction). The recapture requirement is triggered by the sale (voluntary or involuntary) of the housing unit. The amount recaptured by the Eligible Jurisdiction cannot exceed the net proceeds from the sale, if any. The net proceeds are the sales price minus superior loan repayment (other than Measure A funds) and any closing

costs. Recapture provisions may permit the subsequent homebuyer to assume Measure A assistance (subject to the recapture requirements) if the subsequent homebuyer earns less than 120 percent of AMI. Eligible Jurisdictions are encouraged to structure recapture provisions based on their own program design and local market conditions. Some common options include:

1. Recapturing the entire amount of direct Measure A assistance to the original homebuyer, with or without interest.
2. Reducing the amount of direct Measure A assistance to the original homebuyer that will be recaptured on a pro-rata basis for the time the original homebuyer has owned and occupied the housing measured against the duration of the Eligible Jurisdiction's affordability period.
3. Sharing the net proceeds after the homeowner recovers their downpayment and any capital improvement investments made since the purchase. Such provisions must clearly specify the methodology used to calculate the equity sharing formula. The net proceeds are the sales price minus loan repayment (other than Measure A funds) and closing costs.

### **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. As established by the enabling legislation, prevailing wage applies to all PPO activities involving construction or rehabilitation, including homeownership activities.

Additionally, Measure A Section 28C and SB 679 Section 64720.5(b) require projects in buildings 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](#) 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.

Additionally, as required by Measure A Section 29C, at a minimum, 80 percent of all units produced by an Eligible Jurisdiction must meet the applicable Project Labor Agreement

requirements. Compliance with this requirement will be measured over the full expenditure period, not at the end of each fiscal year (i.e., an Eligible Jurisdiction must meet this requirement over the full 3-year expenditure timeline).

If a project does not involve construction or rehabilitation, but only involves an activity such as downpayment assistance or rent/operating subsidy (awarded after a project has been placed in service--i.e., generally the date that the property is ready for occupancy), prevailing wage and PLA requirements do not apply.

Eligible Jurisdictions should consult with legal counsel regarding their prevailing wage and PLA obligations, particularly on projects that are already under construction.

#### *Applicability of Labor Requirements to Projects Currently Under Construction*

The California Department of Industrial Relations (DIR), Division of Labor Standards Enforcement (DLSE) is responsible for administering and enforcing the Prevailing Wage Laws, including for projects receiving LACAHSAs funding. For projects currently under construction without any Agency dollars as part of the overall project financing, and for which LACAHSAs PPO funds would replace the construction loan upon completion or provide funds during construction for gaps, the following guidance applies regarding prevailing wage and PLA requirements: Eligible Jurisdictions are responsible for ensuring that prevailing wages and PLAs have already been applied to the project for which LACAHSAs PPO funds are being allocated. LACAHSAs PPO funds cannot be applied to a project currently under construction if that project is not already using prevailing wages and complying with PLA requirements.

#### *Labor Requirements for Projects Assisted with Forward Commitments*

SB 679 and Measure A do not limit the prevailing wage and PLA requirements described above to direct construction funding. As such, even if funding is structured as a forward commitment (see definition above), such as a rental subsidy or operating deficit reserve, or a permanent loan, and not allocated to direct construction costs, LACAHSAs and Eligible Jurisdictions must legally require prevailing wage and PLA requirements on all construction work (including work already completed) as a condition of receiving Measure A funding.

### **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.

### **Restrictions on Homelessness Services and Temporary Housing**

Per SB 679, the Agency's purpose is to increase the supply and/or preservation of permanent affordable housing, and it cannot provide homelessness services. LACAHSAs may fund permanent supportive housing, but funding for the supportive services must come from other non-LACAHSAs sources. LACAHSAs funding may be used to convert temporary housing to permanent units, but LACAHSAs cannot fund temporary or transitional housing.

### c. Approved Eligible Uses of Funding

LACAHSA's Annual Expenditure Plan identifies the categories of Board-approved eligible PPO uses. Within each category, LACAHSA has identified a variety of financial tools that can be deployed alone or in combination to create and preserve affordable homes. LACAHSA and the Eligible Jurisdictions have the flexibility to deploy the tools that best respond to their unique market conditions, organizational capacity, and individual risk tolerance.

#### Direct Project Investments

LACAHSA and Eligible Jurisdictions may use direct project investments to address financing gaps for affordable new construction and preservation projects. 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.

Direct project investments may include the rehabilitation of existing units or the development of Accessory Dwelling Units or similar developments to existing housing units under the PPO-Flexible category.

Examples of direct project investments include the tools listed below, which are commonly used for the development and preservation of affordable and mixed-income projects. Eligible Jurisdictions may determine the appropriate amount of project subsidy and the most advantageous financing tool(s) based on the unique needs of a project.

- **Predevelopment Loan:** Low-cost debt that is available for costs associated with a project's acquisition (inclusive of land, or sites with existing structures) and predevelopment for a short term (1 to 5 years). Predevelopment or acquisition funds allow affordable housing developers to compete with market-rate developers for preservation and development opportunities.
- **Senior Construction Loan:** Senior construction debt for new construction and substantial rehabilitation projects with the potential to convert to senior permanent financing, with mandatory fixed monthly payments (hard-pay). The loan conforms to typical first mortgages for construction loans in structure with higher leverage and lower cost due to its tax-exempt status.
- **Senior Permanent Loan:** Long-term, senior permanent debt for stabilized new construction and substantial rehabilitation projects, with mandatory fixed monthly

payments (hard-pay). The loan conforms to typical first mortgages for permanent loans in structure with higher leverage and lower cost due to its tax-exempt status.

- **Subordinate B-Note Loan:** Subordinate debt with a mandatory fixed monthly (hard-pay) payment, often with below-market interest rates. Debt service payments come from the project's residual income and can include both interest and principal payments. The outstanding loan balance is due when the loan term ends or from a Capital Event, defined as when the property is sold or refinanced. For these loans, the loan-to-value ratio (LTV) is higher, meaning the loan amount is a larger percentage of the property's value. Most properties, especially deeply affordable ones, do not have sufficient residual income to cover payments, making hard-pay subordinate loans uncommon.
- **Residual Receipts Loans:** Subordinate, soft-pay construction-to-permanent debt with below-market interest rates. Payments on the debt are made only if there is surplus project cash flow, with any unpaid interest deferred and accruing. The outstanding loan balance is due when the loan term ends or when the property is sold or refinanced. In most cases, residual receipts loans are underwritten with the expectation that the loan will not be fully repaid at maturity, rather extended, and resubordinated in exchange for continued affordability. Residual receipts loans are the most common existing tool for gap financing currently.
- **Light Rehab Preservation Loan:** Senior financing with a term of up to 15 years for Light Rehabilitation to preserve existing subsidized affordable housing or NOAH units that are at risk of conversion to market-rate units.
- **Matching Grant:** Last-in gap financing for projects after Subordinate B-Note or Residual Receipts Loan (as applicable) is maximized. Matching funds from the Sponsor are required and can be from any source and in any form other than a loan.
- **Preferred Equity:** Preferred equity is prioritized before common equity in the cashflow distribution when the loan term ends or when the property is sold or refinanced. Preferred equity increases the chance for the equity holder to benefit from the project's income and earn more from property sales or refinancing than residual receipts loans. In exchange for reduced risk, preferred equity investors expect smaller returns.
- **Equity Investment:** Non-profit affordable housing developers are limited in their ability to quickly raise equity and acquire larger portfolios of land or affordable buildings. The fund would cover a portion of the equity investment needed to acquire a building or site. It can work in place of or in addition to an Acquisition Strike Loan.

## Rental Subsidy & Operating Deficit Reserve

To encourage deep affordability targeting and creation of permanent supportive housing units, among other purposes, rental subsidy and operating deficit reserves are an eligible use of PPO funds to provide ongoing, annual payments to address expenses such as utilities, maintenance, taxes, management, as well as debt service payments.

As part of a rental subsidy program, the Eligible Jurisdiction may request a waiver from LACAHSAs to authorize the provision of LACAHSAs-funded reasonable housing stabilization services for any extremely low-income household for the duration of LACAHSAs-funded assistance.

### *New Construction*

Rental subsidy and operating deficit reserves can be provided to a new construction property for up to 20 years, with renewable terms allowed so long as that property has established affordability covenants as defined in Section 4.b. of these Guidelines and the property passes annual habitability inspections.

### *Existing Properties*

Rental subsidy or operating deficit reserves can be provided to existing properties for up to 20 years using PPO-Flexible funds based on the existing or new affordability covenants placed on the property. Assisting an existing property is an eligible use of PPO-Flexible funds so long as assistance is tied to the extension or deepening of affordability in the assisted units. Such projects must receive LACAHSAs technical assistance and approval prior to being awarded LACAHSAs funds.

### *Affordability Restrictions*

Rental subsidies—including rental subsidy, master leasing, and shallow rent subsidies—that provide direct rental assistance are limited to extremely low-income households (those at or below 30 percent of AMI). Operating deficit reserves that support a building's operations if all other operating reserves are exhausted. Operating deficit reserves are not tied to rental incomes, can be used for low-income households (those at or below 80 percent of AMI).

If, through the course of time, a household's income exceeds 30 percent of AMI (for rental subsidies) or 80 percent of AMI (for operating deficit reserves), the household can no longer be assisted with rental subsidies or operating deficit reserves, respectively. However, in accordance with LACAHSAs's enabling legislation, the household cannot be evicted. Eligible Jurisdictions may structure rental subsidy or operating deficit reserve activities to allow for assistance to float to another unit if a unit is no longer income qualified.

After 20 years, if LACAHSAs or an Eligible Jurisdiction is unable to renew a rental subsidy contract, an adjustment of rents may be permitted, as allowed by regulatory agreements and not to exceed 80% AMI as a maximum rent adjustment. LACAHSAs or an Eligible Jurisdiction may work with the project developer/ owner to reduce the number of units reserved for extremely low-income and very low-income households to ensure the project is viable in the long-term. However, there is a minimum requirement that 10 percent of units be reserved for extremely low-income households and 10 percent of units be reserved for very low- or extremely low-income households that must remain throughout the required affordability period. The following additional requirements apply in these cases:

- For 5 years after the rental subsidies expire on units reserved for extremely low-income and very low-income households, those units must continue to be reserved for extremely low-income and very low-income households.
- After the 5-year period, any units that previously received rental subsidies and, as a result, were reserved for extremely low- or very low-income households, must be reserved for households earning no more than 80 percent of AMI for the duration of the required affordability period.

Rent increases will only be permitted based on the following conditions:

- After the transition reserve is fully expended, if applicable
- A completed analysis by LACAHSAs that demonstrates inadequacy of alternative solutions (i.e. alternate rental subsidy availability, waiving of fees, reinvestment of public subsidy, allowance to cross-subsidize across the developer's portfolio, prioritization of other LACAHSAs funds or other programs to alleviate the risks);
- When possible, increasing rents only as units become available to new tenants;
- If rents must be increased on occupied units, begin with units that serve the highest income tenants; and
- Rent increases are approved in a manner which creates the least increase in average affordability across an entire project's unit mix and prioritizes the stability of existing tenants.

Rental subsidy and operating deficit reserves may come in multiple forms, including, but not limited to the tools described below.

**Rental Subsidy:** Rental subsidy provided through a lease agreement to cover the rental payment gap between 30% of a resident's income, which the resident pays to the lessor, and the fair market rent, or another target rent, which the lessor pays to the owner.

**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 PPO-Flexible category, as long as it is tied to the extension or deepening of affordability in the master leased units. Any master lease agreement must contain an option for purchase by the Eligible Jurisdiction or LACAHSAs unless otherwise waived by LACAHSAs.

**Shallow Rent Subsidy:** An ongoing monthly payment for a set share of units within a building to reduce the cost burden of lower income residents.

**Operating Deficit Reserve:** Reserve funding to cover operating shortfalls in affordable housing projects to the extent rental income is insufficient to meet stabilized operating costs.

Standalone rental subsidy or operating deficit reserve assistance must be tied to the extension or deepening of affordability in the assisted units. This may include an extended affordability period for assisted units at the conclusion of the period of assistance. At a minimum, the affordability period must be extended by at least 5 years.

### Impact Fund

Impact funds offer below-market financial terms and greater flexibility than typical financing, by raising impact-driven investments. A public entity seeds a new impact fund serving as first-loss capital and attracting mission-driven capital sources including philanthropy through program-related investments (PRI) or Mission Related Investments (MRI), impact investors, and Community Reinvestment Act (CRA)-motivated financial institutions. The fund may be held by LACAHSAs, an Eligible Jurisdiction, or 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 may be on preserving existing subsidized affordable housing, as well as acquiring and preserving Naturally Occurring Affordable Housing (NOAH). Eligible Jurisdictions can also elect to participate in a LACAHSAs-led impact fund through investment of first-loss capital or provision of residual receipts loans to awarded projects.

Financing tools that may be utilized by an impact fund include the following:

**Mini-Permanent Loan:** Low-cost debt with mandatory fixed monthly payments (hard-pay) used to cover immediate acquisition and rehabilitation requirements for a medium term (less than 5 to 7 years).

**Predevelopment/Acquisition Loan:** Low-cost debt that is available for costs associated with a project's acquisition (inclusive of land, or sites with existing structures) and

predevelopment for a short term (1 to 5 years). Predevelopment or acquisition funds allow affordable housing developers to compete with market-rate developers for preservation and development opportunities.

### **Community Land Trusts**

Grants, loans, or other financing provided to Community Land Trusts (CLT) 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. Investment of Measure A PPO-Flexible funds in projects owned by Community Land Trusts that permanently own the land insulates those housing units from economic pressures of market appreciation by separating land ownership from home ownership and effectively reducing the initial purchase price of homes within the Community Land Trust. Long term renewable ground leases and legally binding resale restrictions capping the resale price of the home ensure that Community Land Trust units remain affordable for future homebuyers.

Community Land Trusts offer a pathway to homeownership and wealth building for low- and moderate-income families, reducing the risks of foreclosure and providing greater housing stability compared to the private market. By preserving affordable housing options and preventing displacement in neighborhoods experiencing rising property values and gentrification pressures, Community Land Trusts contribute to more diverse and inclusive communities.

Eligible Jurisdictions can facilitate the mission of Community Land Trusts by providing funds for land acquisition, rehabilitation, and new construction, and offering technical assistance to support Community Land Trust formation and expansion. Eligible Jurisdictions should work closely with the Community Land Trust to ensure it has adequate capacity to manage and operate the program.

### **Social Housing**

Social housing initiatives may be implemented by nonprofits, Community Land Trusts, 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. Social housing initiatives can either be new construction or preservation activities.

LACAHSAs define social housing according to the following five criteria:

1. The housing units are owned and managed by a public agency, a local public authority, a limited-equity housing cooperative, local community land trust, or a mission-driven nonprofit entity solely for the benefit of residents and households unable to afford market rent.
2. Each social housing development contains housing units that accommodate a mix of household income ranges, including acutely low, extremely low, very low, and low-, and moderate-income households unable to afford market rent.
3. Residents of the housing units enjoy full protection against termination without just cause or for any discriminatory, retaliatory, or other arbitrary reason, and shall be afforded due process prior to being subject to eviction procedures and remedy, if eviction proceeds, including relocation and right of return.
4. The housing units are protected for the duration of their useful life, and the land associated with the housing units is protected permanently, from being sold or transferred to any private person or for-profit entity or a public-private partnership. Land and housing shall be removed from the speculative market through mechanisms such as community land trusts, public land ownership, deed-restricted covenant in perpetuity, or 99+ year ground lease.
5. Residents have the right to participate directly and meaningfully in decision-making affecting the operation and management of the housing units in which they reside.

Projects that include units serving homeowner households earning up to 120 percent of AMI are encouraged as part of social housing activities. Social housing rental activities are limited to serving units designated up to 80 percent of AMI that are not already income restricted due to development incentives, density bonuses, or similar programs.

A wide range of approaches to the social housing concept are possible, including but not limited to new construction, preservation, and the preservation of small Naturally Occurring Affordable Housing (NOAH). Social housing initiatives offer flexibility to address diverse community needs. For example, an organization implementing Social Housing and NOAH could implement an acquisition and rehabilitation program to take units from the private market, impose an affordability covenant, and thereby increase the amount of income-restricted affordable housing, especially in neighborhoods with a high risk of gentrification or displacement. Project types could range from existing multi-family buildings of 2-20 units, inclusive of any units to be added such as Accessory Dwelling Units (ADU), or mobile home parks of any size. Upon completion, all units would be covered under a restrictive covenant as affordable, with no existing residents being displaced.

Entities engaging in NOAH could include public entities, housing authorities, Community Land Trusts, Limited Equity Housing Cooperatives, and nonprofit housing entities. NOAH

programs may be supported through technical assistance for site identification, including establishing and maintaining a centralized, real-time database of at-risk properties.

Beyond increasing the number of income-restricted affordable housing units, social housing concepts and NOAH provide pathways for resident-run housing, including conversion to ownership structures such as cooperatives, Limited Equity Housing Cooperatives, redevelopment of public housing sites, and tenancy in common, helping families remain in their communities and helping seniors age in place where they have roots.

### Homeownership 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. Homeownership 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 Community Land Trust organizations.

**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.

**Foreclosure 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.

**Down Payment Assistance:** Down Payment Assistance provides financial assistance to eligible homebuyers to offset a portion of the upfront equity contribution required at the time of home purchase. Funds may be structured as grants, deferred-payment loans, or forgivable loans and can be used for down payment and/or closing costs.

**d. 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 PPO projects to support the reasonableness and eligibility of expenditures during LACAHSAs monitoring and audit reviews.

**PPO New Construction**

Requirement	Guidance	Eligible Jurisdiction File
<b>Use of PPO Funds</b>	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.	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>Accounting records</li> </ul>
<b>Applications for funding</b>	The Eligible Jurisdiction’s application documents (as may vary from jurisdiction to jurisdiction).	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>Eligible Jurisdiction application documents (at a minimum the schedule of performance)</li> <li>Development sources and uses</li> <li>Cash flow projections</li> </ul>

Requirement	Guidance	Eligible Jurisdiction File
<b>Eligible Jurisdiction's Project Underwriting</b>	The Eligible Jurisdiction's project underwriting documents	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>• Underwriting guidelines / lending standards</li> <li>• Appraisals</li> <li>• Construction cost estimates</li> <li>• Subsidy layering review (as applicable)</li> <li>• Cost allocation for mixed income projects</li> <li>• Validation of other funding source firm commitments</li> <li>• Evaluation of developer capacity</li> </ul>
<b>Written Agreement</b>	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.	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>• Copy of written agreement and grant/loan documents</li> </ul>
<b>Affordability Restriction</b>	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).	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>• Copy of recorded restrictive covenant</li> </ul>

Requirement	Guidance	Eligible Jurisdiction File
<p><b>Compliance with Prevailing Wage and Project Labor Agreement Requirements</b></p>	<p>A written certification of compliance with the Project Labor Agreement requirements of Measure A Section 28C and SB 679 Section 64720.5(b), which 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.</p>	<ul style="list-style-type: none"> <li>• Developer’s certification of compliance with PLA requirements.</li> </ul>
<p><b>Affordability Requirements</b></p>	<p>Documentation of compliance with portfolio and project affordability requirements pursuant to 64830(d)(1)(A)(ii).</p>	<p><b>Documentation Required</b></p> <ul style="list-style-type: none"> <li>• Copy of recorded restrictive covenants</li> <li>• 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</li> <li>• To demonstrate compliance with the project rule, a copy of the full unit mix showing all units and their respective AMI restrictions</li> <li>• Cost allocation documentation for projects that include units targeted up to 120 percent of AMI</li> </ul>

Requirement	Guidance	Eligible Jurisdiction File
<b>Relocation Documents</b>	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.	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>• Evidence of relocation pursuant to Gov. Code 7260-7277</li> <li>• Calculation of relocation assistance and justification for assistance amount</li> </ul>
<b>Unit Replacement</b>	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.	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>• Documentation of prior use of parcels (e.g., were there any residential uses requiring replacement?)</li> <li>• Evidence of unit replacement pursuant to Gov. Code 65915(c)(3)</li> </ul>
<b>Long-Term Compliance</b>	For projects leased up and in their affordability period, documentation of compliance with unit mix and rent requirements specified in the restrictive covenant.	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>• A copy of the full unit mix showing all units and their respective AMI restrictions</li> <li>• A copy of the rent roll</li> <li>• Tenant Income Certifications</li> <li>• Copies of residential leases</li> </ul>

## PPO Preservation

Requirement	Guidance	Eligible Jurisdiction File
<b>Applications for funding</b>	The Eligible Jurisdiction’s application documents (as may vary from jurisdiction to jurisdiction).	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>• Eligible Jurisdiction application documents (at a minimum the schedule of performance)</li> <li>• Development sources and uses</li> <li>• Cash flow statements</li> <li>• Cash flow projections</li> </ul>
<b>Eligible Jurisdiction’s Project Underwriting</b>	The Eligible Jurisdiction’s project underwriting documents	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>• Underwriting guidelines / lending standards</li> <li>• Construction cost estimates</li> <li>• Subsidy layering review (as applicable)</li> <li>• Cost allocation for mixed income projects</li> <li>• Validation of other funding source firm commitments</li> <li>• Evaluation of developer capacity</li> </ul>
<b>Written Agreement</b>	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.	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>• Copy of written agreement and grant/loan documents</li> </ul>
<b>Affordability Restriction</b>	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).	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>• Copy of recorded restrictive covenant</li> </ul>

Requirement	Guidance	Eligible Jurisdiction File
<b>Affordability Requirements</b>	<p>Documentation of compliance with portfolio and project affordability requirements pursuant to 64830(d)(1)(A)(ii).</p>	<p><b>Documentation Required</b></p> <ul style="list-style-type: none"> <li>• Copy of recorded restrictive covenants</li> <li>• 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</li> <li>• To demonstrate compliance with the project rule, a copy of the full unit mix showing all units and their respective AMI restrictions</li> <li>• Cost allocation documentation for projects that have units targeted up to 120 percent of AMI</li> </ul>
<b>Relocation Documents</b>	<p>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.</p>	<p><b>Documentation Required</b></p> <ul style="list-style-type: none"> <li>• Evidence of relocation pursuant to Gov. Code 7260-7277</li> <li>• Calculation of relocation assistance and justification for assistance amount</li> </ul>

Requirement	Guidance	Eligible Jurisdiction File
<b>Unit Replacement</b>	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.	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>• Documentation of prior use of parcels (e.g., were there any residential uses requiring replacement?)</li> <li>• Evidence of unit replacement pursuant to Gov. Code 65915(c)(3)</li> </ul>
<b>Long-Term Compliance</b>	For projects leased up and in their affordability period, documentation of compliance with unit mix and rent requirements specified in the restrictive covenant.	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>• A copy of the full unit mix showing all units and their respective AMI restrictions</li> <li>• A copy of the rent roll</li> <li>• Tenant Income Certifications</li> <li>• Copies of residential leases</li> </ul>

### PPO Ownership

Requirement	Guidance	Eligible Jurisdiction File
<b>Ownership Program Guidelines</b>	The Eligible Jurisdiction's program guidelines to provide assistance enabling low- or moderate-income households to become or remain homeowners.	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>• Program Guidelines</li> <li>• Underwriting / assistance calculation methodology</li> </ul>

Requirement	Guidance	Eligible Jurisdiction File
<b>Written Agreement</b>	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.	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>• Copy of written agreement and grant/loan documents</li> </ul>
<b>Eligible Jurisdiction's Application</b>	The Eligible Jurisdiction's application documents (as may vary from jurisdiction to jurisdiction).	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>• Application documents</li> <li>• Income determination</li> </ul>
<b>Affordability Restriction</b>	Restrictive covenant as established by Eligible Jurisdiction	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>• Copy of recorded restrictive covenant</li> </ul>
<b>Long-Term Compliance</b>	Verification of compliance with restrictive covenant.	<b>Documentation Required</b> <ul style="list-style-type: none"> <li>• Annual verification of ownership</li> </ul>

## 5. Renter Protection & Homelessness Prevention (RPHP)

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### a. Overview

LACAHSAs Renter Protection and Homelessness Prevention (RPHP) activities aim to address housing instability, reduce evictions and displacement, and prevent people from falling into homelessness. In accordance with SB679, LACAHSAs is required to use a minimum of 30 percent of annual funding for RPHP.

RPHP achieves this by providing a comprehensive combination of renter protection and homelessness prevention services within an integrated, accessible, countywide approach.

Eligible uses of RPHP funds include:

- Legal Services and Renter Education;
- Emergency Rental and Flexible Financial Assistance;
- Temporary Rental Assistance; and
- Short-Term Income Support.

RPHP assistance is intended to be temporary, short-term, and delivered to individuals and families who are currently housed in order to prevent the loss of housing or to resolve a housing crisis in a timely manner. RPHP funds are not intended to provide supports or services to people experiencing homelessness, nor to provide permanent housing assistance

(longer than six months). Other Measure A funds are available to Eligible Jurisdictions to support homeless services and permanent affordable housing solutions, including funds administered by Los Angeles County Department of Homeless Services and Housing, Local Solutions Funds, and LACAHSAs PPO Flex funds.

### **RPHP Integrated Service Model (ISM)**

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.

LACAHSAs Integrated Service Model establishes a LACAHSAs-funded and supported coordinated service delivery framework through which renter protection and homelessness prevention services are delivered in partnership with Eligible Jurisdictions across all of LA County. Eligible Jurisdictions have flexible options to join the ISM, which include a combination of LACAHSAs-administered funds and self-administered funds (as described below) through which services will be delivered collaboratively countywide and within Eligible Jurisdictions. An Eligible Jurisdiction’s participation in the ISM will be determined case by case through a joint decision-making process between LACAHSAs and the Eligible Jurisdiction.

## **b. Program Requirements**

### **Implementation**

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

#### *LACAHSAs-Administered*

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

The details regarding LACAHSAs administration of an Eligible Jurisdiction’s RPHP allocation will be determined case by case through a collaborative decision-making process between LACAHSAs and the Eligible Jurisdiction.

Eligible Jurisdictions shall identify what funds they elect to include in the Integrated Service Model during the submission of their annual budget.

If an Eligible Jurisdiction elects to opt-in to the Integrated Service Model at a later time, they must receive written authorization from LACAHSa to do so.

### *Self-Administration*

Eligible Jurisdictions may administer all or a portion of their funding themselves, to directly carry out RPHP programs. This may include passing through their allocation to another Eligible Jurisdiction to administer on their behalf, subject to the applicable terms of the MOU.

Whether Eligible Jurisdictions choose LACAHSa-administration, self-administration, or a combination, LACAHSa program staff are available to all Eligible Jurisdictions for consultation and planning regarding the use of LACAHSa funds, development of budgets and spending plans, programmatic technical assistance, and to foster cross-jurisdictional partnerships.

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.

Options for participating in the ISM are available to self-administering Eligible Jurisdictions and will be determined case by case through a collaborative decision-making process between LACAHSa and the Eligible Jurisdiction.

### **Definition of Eligible Renter and Prohibited Uses**

RPHP provides renter protection and homelessness prevention services. Assistance is intended to be temporary, short-term, and delivered to individuals and families who are currently housed in order to prevent the loss of housing or to resolve temporary housing crises in a timely manner.

For the purposes of RPHP funding, an eligible renter household includes any household that is lower income<sup>1</sup> and currently resides in rental housing, whether with a written lease, verbal agreement, or other informal arrangement conferring rights of tenancy. It also includes households temporarily staying in another housing setting who do not have sufficient resources or support networks to maintain stable housing or to prevent housing loss and/or homelessness.

RPHP funds are not intended to provide support and services to people experiencing homelessness or to households that own a home or have a mortgage. Homeless services not eligible for RPHP funding are as follows: coordinated entry and access point services,

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<sup>1</sup> Per [Section 50079.5](#) of the California Health and Safety Code.

outreach, intake, case management, housing navigation, safe parking, emergency shelter, congregate shelter, interim housing, transitional housing, rental subsidies greater than six months, or income support programs (e.g., Universal Basic Income (UBI) or Guaranteed Basic Income (GBI)), or other homeless-targeted programs serving an individual or family who lacks a fixed, regular, and adequate nighttime residence.

### Overarching Requirements

RPHP provides funding for four primary eligible uses, as defined in the LACAHSAs Annual Expenditure Plan. Eligible Jurisdictions are encouraged to offer an integrated and comprehensive combination of eligible activities:

1. Legal Services and Renter Education
2. Emergency Rental and Flexible Financial Assistance
3. Temporary Rental Assistance
4. Short-Term Income Support

Households may receive either Emergency Rental and Flexible Financial Assistance **OR** Temporary Rental Assistance, but cannot receive both during the same 24-month period of assistance. Households receiving Emergency Rental and Flexible Financial Assistance or Temporary Rental Assistance may also receive Short-Term Income Support, but assistance cannot be provided concurrently. Households may also receive Short-Term Income Support independently (i.e. without also having received Emergency Rental and Flexible Financial Assistance or Temporary Rental Assistance) based on the needs identified in the intake and assessment of the household.

All RPHP activities conducted by Eligible Jurisdictions must adhere to these Program Guidelines, including but not limited to:

- Utilization of required data systems, shared tools, or processes (once they are developed).
- Services must incorporate Marketing, Assessment, Eligibility, and Referral to ensure that all households are served consistently and equitably across the county.
- Eligible Jurisdictions must spend at least 20 percent of their allocation on Legal Services and Renter Education and at least 40 percent of their allocation on Emergency Rental and Flexible Financial Assistance.

### Limits on Financial Assistance

Households may receive up to \$36,000 in combined financial assistance within a 24-month period. After reaching either the assistance limit of \$36,000 or time limit of 24 months, a household must wait at least 6 months before receiving additional assistance.

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 property owner or third-party vendor on the household's behalf. To ensure adequate and appropriate levels of assistance can be made available to as many households as possible, LACAHSAs encourage Eligible Jurisdictions to customize the amount of assistance to households based on factors such as household size, income level, and ability to cover a portion of costs.

Expenditures of RPHP funds to provide housing-focused case management services or other staffing costs to provide financial assistance do not count towards the \$36,000 limit on combined financial assistance.

Financial assistance cannot be concurrently provided between two or more eligible activities at the same time. For example, a household receiving Emergency Rental and Flexible Financial Assistance from January to June (up to six months of rental assistance) cannot also be receiving Short-Term Income Support for the same period. If the Eligible Jurisdiction determines the household requires continued assistance in the form of Short-Term Income Support, that assistance could begin in July (when Emergency Rental and Flexible Financial Assistance concludes).

Eligible Jurisdictions are encouraged to work with households to determine the least amount of assistance necessary to resolve the housing crisis, allowing households to return for reassessment and/or additional assistance if the crisis is not resolved.

### **Tax Implications of Financial Assistance for Participants**

Eligible Jurisdictions operating financial assistance programs must have a clear understanding of what the income/benefits and tax implications are for their participants who receive financial assistance, must offer individual assessments for people regarding the potential impacts, and must make any potential consequences clear to participants prior to enrollment.

To support Eligible Jurisdictions in providing appropriate guidance, LACAHSAs will provide TA resources to support in this communication and guidance.

### **Minimum Expenditure Levels for Legal Services and Renter Education and Emergency Rental and Flexible Financial Assistance**

Eligible Jurisdictions must spend at least 20 percent of their RPHP allocation on Legal Services and Renter Education (inclusive of eviction defense, other legal services, and renter education activities) and at least 40 percent of their RPHP allocation on Emergency Rental and Flexible Financial Assistance (inclusive of financial assistance to households and staff

costs to provide financial assistance). If an Eligible Jurisdiction has made a documented, commensurate investment in legal services or financial assistance, they may request a waiver from this requirement in the format provided by LACAHSAs.

For example, if an Eligible Jurisdiction has an RPHP allocation of \$1,000,000, the expenditure levels would be:

Category	Amount
Legal Services and Renter Education	\$200,000 (Minimum 20%)
Emergency Rental and Flexible Financial Assistance	\$400,000 (Minimum 40%)
Jurisdictional Discretion (may consist of any of the eligible categories)	\$275,000
Administration (12.5%)	\$125,000
Jurisdiction Award	\$1,000,000

If an Eligible Jurisdiction receives an annual RPHP allocation below \$250,000, the minimum expenditure levels are automatically waived.

### Reporting Requirements

SB 679 and Measure A have requirements for data collection and reporting. Data must be collected related to risk of homelessness and reductions in homelessness, 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(s)/crisis(es)
- Expenditure categories, payees, and amounts
- Duration and amount of assistance
- Housing Outcomes
- Geographic Distribution

To ensure consistent tracking and oversight across the region, LACAHSAs has identified shared data collection standards that all Eligible Jurisdictions and community partners will

be required to use for collecting and reporting household-level program data once the database and/or shared data collection methods are available. LACAHSAs will work to ensure that any database and/or shared data collection methods align and/or integrate with existing tools utilized by Eligible Jurisdictions and protect Personally Identifiable Information (PII) of all participants. If an Eligible Jurisdiction wishes to use an alternative database and/or data collection method, they must first obtain prior approval from LACAHSAs.

All RPHP funded entities providing direct financial assistance to eligible households or on their behalf must complete a verification of benefits check to ensure households are not receiving similar assistance elsewhere and that people experiencing homelessness are not receiving this assistance while accessing existing homeless programs such as the Time Limited Subsidy. LACAHSAs will set forth requirements that should be embedded in local processes depending on the type of administration a funded entity has chosen for themselves.

For purposes of Measure A funding, Duplication of Benefits refers to any household that receives Measure A funding from multiple sources for the same time period OR receives Measure A funding from multiple sources that results in the household exceeding the time period and financial limits set forth in these Guidelines.

Programmatic reporting for RPHP activities shall be submitted on a regular basis as part of the overall reporting requirement. To ensure that reporting is not duplicative of existing requirements, reporting to LACAHSAs will be aligned, to the maximum extent feasible, with existing reporting requirements.

### **Targeting, Assessment, and Prioritization**

Eligible Jurisdictions are required to target, engage, assess, and prioritize households and target services to those most at risk of eviction or homelessness. Joining the ISM offers options for methods of engagement, assessment and prioritization to support a consistent countywide approach.

Eligible Jurisdictions are encouraged to use standardize targeting, assessment, eligibility and referral method for all services (Legal Services, Emergency Rental and Flexible Financial Assistance, Temporary Rental Assistance, and Short-Term Income Support) in order to ensure that households are assessed and prioritized equitably, have access to any service or combination of services for which they qualify, and receive the appropriate services that offer the most successful housing stability outcome.

Assessment and targeting tools and processes should be low-barrier and consider populations who have higher risk factors, which may include formerly homeless individuals,

older adults, people with disabilities, families with minor children that are not yet school-age, families where the head of household is young, undocumented individuals, people living in impacted zip codes, and those on fixed-incomes.

Eligible Jurisdictions are strongly encouraged to work with households to determine the least amount of assistance necessary to resolve the housing crisis, allowing households to return for reassessment and/or additional assistance if the crisis is not resolved.

Eligible Jurisdictions opting out of the ISM are encouraged to work with LACAHSAs for shared tools and will be required to maintain a separate targeting, assessment, and prioritization plan outlining their efforts to ensure compliance with these expectations.

### **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 participate in LACAHSAs Integrated Service Model will maintain its own grievance and appeals policy. Grievance and appeals processes should be as accessible and supportive as possible, which may include: accounting for the fear and barriers that households may experience when reporting harm or unfair treatment; making the process available in multiple languages; offering the option to have an advocate present at any interview or hearing; and offering the option to file anonymously, through an advocate, or via a third-party system.

### **c. Approved Eligible Uses of Funding**

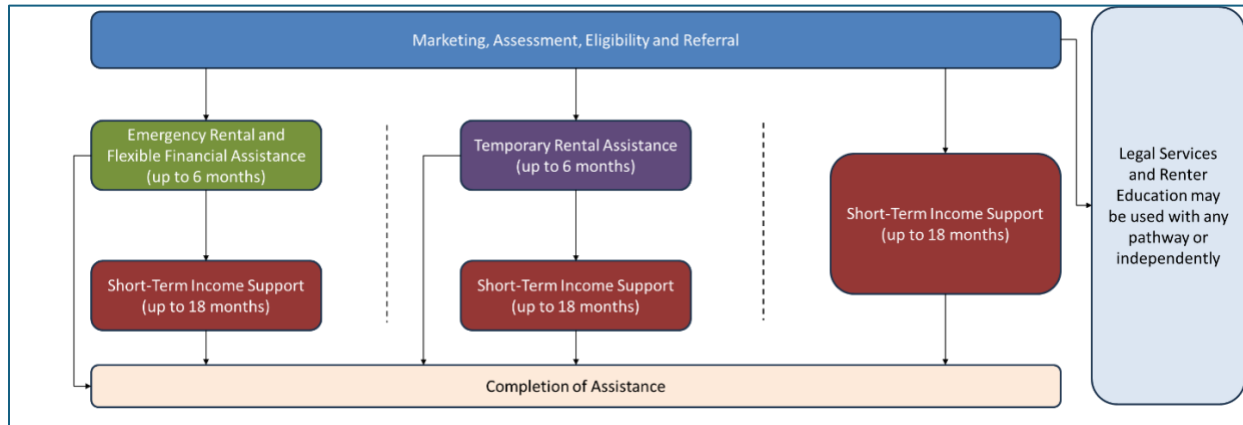
LACAHSAs Annual Expenditure Plan identifies Board-approved eligible uses for RPHP funds. This section outlines the eligible uses and requirements regarding household eligibility criteria and the duration and amount of assistance.

Eligible Jurisdictions are encouraged to offer a comprehensive combination of activities allowable within the eligible uses in order to offer flexibility and choice to households seeking assistance. Eligible Jurisdictions may choose to deliver any combination of eligible activities; however, all programs are expected to include Marketing, Assessment, Eligibility, and Referral services.

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

As needed, inquiries regarding additional eligible uses for RPHP funding may be raised to the LACAHSAs Chief Programs Officer for assistance and consideration.

The pathways of assistance are summarized in the chart below:



### Legal Services and Renter Education

Legal Services and Renter Education offers legal representation, advocacy, outreach, and education to households at risk of losing their housing.

<p><b>Household Eligibility Criteria</b></p>	<p>To be eligible to receive Legal Services and Renter Education assistance, a person/household must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• Live in Los Angeles County; and</li> <li>• Have an annual income at or below 80 percent of AMI (Eligible Jurisdictions are encouraged to prioritize assistance to households at or below 50 percent of AMI; as described in Documentation Standards section, renter outreach and education does not require individual household income verification);</li> <li>• Be a renter (as defined above in the section titled “Definition of Eligible Renter and Prohibited Uses”); and</li> <li>• Have experienced an emergency, crisis, or unexpected event within the previous 12 months that puts the household at risk of losing their housing, such as:             <ul style="list-style-type: none"> <li>○ Action of landlord or property management</li> <li>○ Unlawful detainer (eviction lawsuit)</li> <li>○ Threat of displacement or housing instability</li> <li>○ Loss of income</li> <li>○ Loss or delay of public income benefits</li> <li>○ Medical emergency</li> <li>○ Change of household (birth, death, loss of income earner)</li> <li>○ Natural disaster</li> <li>○ Sudden increase in critical expenses</li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>○ Other emergency that threatens housing stability</li> </ul>
<p><b>Eligible Activities</b></p>	<p>Eligible Legal Services and Renter Education activities include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Renter outreach and education</li> <li>• Evaluation of underlying issues affecting the client’s legal situation</li> <li>• Holistic legal representation and advocacy for issues that directly impact a household’s ability to remain housed: <ul style="list-style-type: none"> <li>○ Housing issues such as pre-leasing, obtaining vital documents, reasonable accommodations, habitability, pre-eviction and eviction defense</li> <li>○ Clearing evictions, tickets, warrants, or criminal records</li> <li>○ Application for or appealing the denial of public benefits</li> <li>○ Other housing-related legal issues such as domestic violence, consumer finance, immigration, and issues affecting family composition (divorce, child support, restraining orders, health concerns)</li> </ul> </li> <li>• Mediation Services, including negotiating payment plans</li> <li>• Pre-eviction and eviction defense services, which may include: <ul style="list-style-type: none"> <li>○ Limited payments associated with court appearances and legal settlement funds to eligible households. The amount of limited payments and settlement funds to be determined case by case by legal services providers. Legal settlement funds shall only be permitted if the overall amount of Legal Services and Renter Education funds exceeds the minimum floor by at least the same percentage but in no case can the legal settlement funds be more than 15% of the total Legal Services and Renter Education funding.</li> </ul> </li> <li>• Right-to-counsel legal services</li> </ul> <p>Emergency Rental and Flexible Financial Assistance, Temporary Rental Assistance, and Short-Term Income Support are not eligible expenses under Legal Services and Renter Education. Eligible Jurisdictions are strongly encouraged to pair rental and financial assistance with Legal Services and Renter Education services.</p> <p>Eligible Jurisdictions may also use Legal Services and Renter Education funds to provide housing-focused case management services to support</p>

	<p>housing stability for households receiving Legal Services and Renter Education. Eligible Jurisdictions that provide multiple types of assistance are encouraged to use the same case management staff across all categories of assistance, rather than staff case management separately for each type of assistance program. Eligible housing-focused case management services may include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Ongoing assessment and housing stability support</li> <li>• Preparation of a housing stability plan</li> <li>• Support with accessing legal services and/or financial assistance, including completing assistance requests and following up on receipt of assistance and outcomes for households</li> <li>• Providing information and referrals to community resources, and support with accessing County programs and other mainstream benefits and services offered by partner agencies</li> </ul>
<b>Duration and Amount of Assistance</b>	Not applicable

**Emergency Rental and Flexible Financial Assistance**

Emergency Rental and Flexible Financial Assistance provides financial assistance for a variety of housing-related expenses to support the stabilization of households experiencing an immediate housing crisis and at risk of losing their housing.

<b>Eligible Activities</b>	<p>Eligible Emergency Rental and Flexible Financial Assistance expenses include the following:</p> <ul style="list-style-type: none"> <li>• Security Deposits and Other Required Deposits</li> <li>• Rental Assistance (up to 6 months)</li> <li>• Rental Arrears (no time limit for how far back arrears can be paid)</li> <li>• Utility Deposits</li> <li>• Utility Assistance</li> <li>• Utility Arrears</li> <li>• Move-in Expenses</li> <li>• Essential Furniture and Cleaning</li> <li>• Moving Expenses</li> </ul>
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- Relocation Expenses (to cover costs beyond what is legally required of property owners according to local or state law)
- Housing Stability Expenses:
  - Document Fees
  - Employment-Related Expenses
  - Transportation-Related Expenses, including vehicle repairs, public transportation costs, and rideshare service costs
  - Healthcare Costs, including medical bills
  - Food
  - Dependent Care
  - Short-Term Vocational Training

Households currently enrolled or exiting a permanent or time limited subsidy (TLS) program such as rapid rehousing, shallow subsidies, or other TLS, including Temporary Rental Assistance programs funded by RPHP, are not eligible for Emergency Rental and Flexible Financial Assistance.

The only exception to this requirement is if a household is enrolled in an income-based subsidy program (such as Housing Choice Voucher or Permanent Supportive Housing). These households may receive financial assistance for rental arrears. Staff supporting households with Emergency Rental and Flexible Financial Assistance should make every effort to engage public housing authorities, landlords, property management, utility companies, and other vendors to establish appropriate rent or payment adjustments and reasonable payment plans.

Eligible Jurisdictions may also use Emergency Rental and Flexible Financial Assistance funds to provide housing-focused case management services to support housing stability for households receiving Emergency Rental and Flexible Financial Assistance, for the full duration of their assistance period (i.e. up to 24 months from the first financial assistance payment). Eligible Jurisdictions that provide multiple types of financial assistance are encouraged to use the same case management staff across all categories of assistance, rather than staff case management separately for each type of assistance program. Eligible housing-focused case management services may include, but are not limited to, the following:

	<ul style="list-style-type: none"> <li>• Ongoing assessment and housing stability support</li> <li>• Preparation of a housing stability plan</li> <li>• Support with accessing financial assistance, including completing financial assistance requests and following up on receipt of assistance and outcomes for households</li> <li>• Providing information and referrals to community resources, and support with accessing County programs and other mainstream benefits and services offered by partner agencies</li> </ul>
<p><b>Household Eligibility Criteria</b></p>	<p>To be eligible to receive Emergency Rental and Flexible Financial Assistance, a person/household must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• Live in Los Angeles County; and</li> <li>• Have an annual income at or below 80 percent of AMI (Eligible Jurisdictions are encouraged to prioritize assistance to households at or below 50 percent of AMI);</li> <li>• Be a renter (as defined above in the section titled “Definition of Eligible Renter and Prohibited Uses”); and</li> <li>• Have experienced an emergency, crisis, or unexpected event within the previous 12 months that puts the household at risk of losing their housing, such as: <ul style="list-style-type: none"> <li>○ Action of landlord or property management</li> <li>○ Unlawful detainer (eviction lawsuit)</li> <li>○ Threat of displacement or housing instability</li> <li>○ Loss of income</li> <li>○ Loss or delay of public income benefits</li> <li>○ Medical emergency</li> <li>○ Change of household (birth, death, loss of income earner)</li> <li>○ Natural disaster</li> <li>○ Sudden increase in critical expenses</li> <li>○ Other emergency that threatens housing stability</li> </ul> </li> </ul>

<p><b>Duration and Amount of Assistance</b></p>	<p>Households may receive up to 6 months of Emergency Rental and Flexible Financial Assistance. Total financial assistance to a person/household must not exceed \$36,000 from any combination of eligible financial assistance activities within a 24-month period. After reaching either the assistance limit of \$36,000 or time limit of 24 months, a household must wait at least 6 months before receiving additional assistance.</p> <p>Households are not eligible for Emergency Rental and Flexible Financial Assistance if they are already receiving Temporary Rental Assistance.</p> <p>Emergency Rental and Flexible Financial Assistance payments can only be authorized for one month at a time (excluding arrears payments) to ensure that households continue to reside in the assisted housing unit.</p>
<p><b>Prioritization</b></p>	<p>To support the equitable and effective provision of Emergency Rental and Flexible Financial Assistance, Eligible Jurisdictions are required to assess household needs and target assistance to those most at risk of eviction or homelessness.</p>

**Temporary Rental Assistance**

Temporary Rental Assistance provides rental assistance for households at risk of losing their housing OR who have a housing crisis which the household cannot resolve independently.

<p><b>Eligible Activities</b></p>	<p>Eligible Temporary Rental Assistance expenses include the following:</p> <ul style="list-style-type: none"> <li>• Rental Assistance (up to 6 months)</li> <li>• Utility Assistance (up to 6 months)</li> </ul> <p>For households that require security deposit or move-in assistance, the program is encouraged to leverage other resources, such as the County HAP program.</p> <p>Temporary Rental Assistance can be used to provide step-down assistance to households exiting time-limited or permanent subsidy programs.</p> <p>Eligible Jurisdictions may also use Temporary Rental Assistance funds to provide housing-focused case management services to support housing stability for households receiving Temporary Rental Assistance, for the full duration of their assistance period (i.e. up to 24 months from the first</p>
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	<p>financial assistance payment). Eligible Jurisdictions that provide multiple types of financial assistance are encouraged to use the same case management staff across all categories of assistance, rather than staff case management separately for each type of assistance program. Eligible housing-focused case management services may include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Ongoing assessment and housing stability support</li> <li>• Preparation of a housing stability plan</li> <li>• Support with accessing financial assistance, including completing financial assistance requests and following up on receipt of assistance and outcomes for households</li> <li>• Providing information and referrals to community resources, and support with accessing County programs and other mainstream benefits and services offered by partner agencies</li> </ul> <p>Case management assistance cannot be used to provide housing navigation or housing search services.</p>
<p><b>Household Eligibility Criteria</b></p>	<p>To be eligible for Temporary Rental Assistance, a household must:</p> <ul style="list-style-type: none"> <li>• Live in Los Angeles County; and</li> <li>• Have an annual income at or below 80 percent of AMI (Eligible Jurisdictions are encouraged to prioritize assistance to households at or below 50 percent of AMI); and</li> <li>• Be a renter (as defined above in the section titled “Definition of Eligible Renter and Prohibited Uses”) or have a rental unit identified; and</li> <li>• Have a documented housing crisis which the household cannot resolve without Temporary Rental Assistance.</li> </ul>
<p><b>Duration and Amount of Assistance</b></p>	<p>Households may receive up to 6 months of Temporary Rental Assistance. Total financial assistance to a person/household must not exceed \$36,000 from any combination of eligible financial assistance activities within a 24-month period. After reaching either the assistance limit of \$36,000 or time limit of 24 months, a household must wait at least 6 months before receiving additional assistance.</p> <p>Households are not eligible for Temporary Rental Assistance if they are already receiving Emergency Rental and Flexible Financial Assistance.</p>

	Temporary Rental Assistance payments can only be authorized for one month at a time to ensure that households continue to reside in the assisted housing unit.
<b>Prioritization</b>	To support the equitable and effective provision of Temporary Rental Assistance, Eligible Jurisdictions are required to assess household needs and target assistance to those most at risk of eviction or homelessness.

**Short-Term Income Support**

Short-Term Income Support involves providing direct income assistance for households at risk of losing their housing.

<b>Eligible Activities</b>	<p>Short-Term Income Support payments are made directly to eligible households.</p> <p>Short-Term Income Support provides financial assistance to help eligible households meet their basic needs during temporary periods of financial instability.</p> <p>Eligible Jurisdictions may also use Short-Term Income Support funds to provide housing-focused case management services to support housing stability for households receiving Short-Term Income Support, for the full duration of their assistance period (i.e. up to 18 months from the first financial assistance payment). Eligible Jurisdictions that provide multiple types of financial assistance are encouraged to use the same case management staff across all categories of assistance, rather than staff case management separately for each type of assistance program. Eligible housing-focused case management services may include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Ongoing assessment and housing stability support</li> <li>• Preparation of a housing stability plan</li> <li>• Support with accessing financial assistance, including completing financial assistance requests and following up on receipt of assistance and outcomes for households</li> <li>• Providing information and referrals to community resources, and support with accessing County programs and other mainstream benefits and services offered by partner agencies.</li> </ul>
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	Case management assistance cannot be used to provide housing navigation or housing search services.
<b>Household Eligibility Criteria</b>	<p>To be eligible for Short-Term Income Support, a household must:</p> <ul style="list-style-type: none"> <li>• Live in Los Angeles County; and</li> <li>• Have an annual income at or below 80 percent of AMI (Eligible Jurisdictions are encouraged to prioritize assistance to households at or below 50 percent of AMI); and</li> <li>• Be a renter (as defined above in the section titled “Definition of Eligible Renter and Prohibited Uses”) or have a rental unit identified; and</li> <li>• Have a documented housing crisis which the household cannot resolve without Short-Term Income Support.</li> </ul>
<b>Duration and Amount of Assistance</b>	<p>Households may receive up to 18 months of Short-Term Income Support. Total financial assistance to a person/household must not exceed \$36,000 from any combination of eligible financial assistance activities within a 24-month period. After reaching either the assistance limit of \$36,000 or time limit of 24 months, a household must wait at least 6 months before receiving additional assistance.</p> <p>Monthly Short-Term Income Assistance to a household cannot exceed \$2,000 per month.</p> <p>Short-Term Income Support programs may be structured for periods up to 18 months, but payments can only be authorized for one month at a time to ensure that households are still located in Los Angeles County and eligible for assistance.</p>
<b>Prioritization</b>	As the income support payments are intended to be short-term, Eligible Jurisdictions are encouraged to 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 and Guidance**

Eligible Jurisdictions and Subrecipients must ensure that eligibility is determined for households assisted and that funds are spent in accordance with Measure A, SB679, and these Program Guidelines.

No RPHP program or activity may request or maintain documentation related to assisted household immigration status.

Eligible Jurisdictions and Subrecipients may utilize their own documentation requirements and review standards, provided they include policies and procedures covering all of the following elements:

1. Collect and review documentation to determine that households meet all eligibility criteria for assistance, including:

*Legal Services and Renter Education and Emergency Rental and Flexible Financial Assistance*<sup>2</sup>

- a. Live in Los Angeles County; and
- b. Have an annual income at or below 80 percent of AMI (Eligible Jurisdictions are encouraged to prioritize assistance to households at or below 50 percent of AMI); and
- c. Be a renter (as defined above in the section titled “Definition of Eligible Renter and Prohibited Uses”); and
- d. Have experienced an emergency, crisis, or unexpected event within the previous 12 months that puts the household at risk of losing their housing, such as:
  - i. Action of landlord or property management
  - ii. Unlawful detainer (eviction lawsuit)
  - iii. Threat of displacement or housing instability
  - iv. Loss of income
  - v. Loss or delay of public benefits
  - vi. Medical emergency
  - vii. Change of household (birth, death, loss of income earner)
  - viii. Natural disaster
  - ix. Sudden increase of critical expenses

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<sup>2</sup> When conducting workshops or other educational activities under the Legal Services and Renter Education activity, Eligible Jurisdictions do not need to collect individual income or other eligibility documentation for all participants. Eligible Jurisdictions must maintain documentation to show how the activities were marketed in a fashion to encourage participation by eligible, low-income households.

- x. Other emergency that threatens housing stability

*Temporary Rental Assistance and Short-Term Income Support*

- a. Live in Los Angeles County; and
  - b. Have an annual income at or below 80 percent of AMI (Eligible Jurisdictions are encouraged to prioritize assistance to households at or below 50 percent of AMI); and
  - c. Be a renter (as defined above in the section titled “Definition of Eligible Renter and Prohibited Uses”) OR have a rental unit identified; and
  - d. Have a documented housing crisis which the household cannot resolve without Short-Term Income Support.
2. Policies must include the ability for a household to complete an affidavit of zero income if the household has no income.
  3. Verify and document amounts owed by the renter for all expenditures covering anticipated costs or previous costs incurred by the renter. (This means, for example, that for past rent due or utilities, there is a document that shows how much is owed, by whom it is owed, and to whom it is owed.)
  4. Verify and ensure that payments of any type of financial assistance are made to parties eligible to receive them and have measures in place to ensure that the party receiving the funds is the intended party and that funds are applied to the cost they are intended for. (This means, for example, in the case of rental assistance, that a property owner or property management agency is verified as the legal owner of the property or a representative of the owner, and that communication with the property owner or property manager makes it clear that the funds are to be applied to the specific eligible renter’s rent.)
  5. Adopt and follow policies and practices in place to prevent and detect fraud, waste, and abuse and to avoid actual, or appearances of, conflicts of interest.
  6. Conduct a Duplication of Benefits check before providing financial assistance to ensure that assistance does not duplicate benefits available from other federal, state, or local sources.

Such policies shall not be used to refuse assistance to an otherwise eligible household. For example, if an eligible household is living with another household to whom they pay rent, but there is no lease between the parties, the program should document the relationship,

the right to occupy of the second household, and a past pattern of payment in order to serve the household.

Programs that do not have currently conforming policies must either update their policies or adopt documentation policies that cover the above conditions and needs. Examples of conforming policies already in use in Los Angeles County include:

- [LAHSA Scope of Required Services \(SRS\) for Homeless Prevention Services](#)
- [Pasadena Partnership Homeless Prevention](#)

## 6. Technical Assistance (TA)

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### a. Overview

SB 679 requires LACAHSAs to allocate funding for Technical Assistance (TA). LACAHSAs directly administer a portion of the TA funding and allocate a portion to Eligible Jurisdictions.

TA funding supports the implementation and effectiveness of Measure A funded activities. LACAHSAs will pursue a three-pronged investment strategy to deploy TA tools and resources:

1. **Capacity-Building:** Build institutional, operational, and knowledge skills within Eligible Jurisdictions, small cities, and partners to design, manage, and adapt programs independently.
2. **Effective Implementation:** Accelerate near-term affordable housing production, renter protection, and homelessness prevention outcomes by removing barriers to program execution.
3. **Seeding Innovation:** Support pilots that break new ground that demonstrably increases housing production, protect renters, and prevent people from experiencing homelessness—with an initial focus on supporting social housing.

LACAHSAs's Annual Expenditure Plan identifies eligible uses of TA funds. For each eligible use, LACAHSAs and Eligible Jurisdictions may provide services directly or through contracted service providers. SB 679 also requires that LACAHSAs 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 LACAHSAs's Chief Engagement and Intergovernmental Officer for consideration and escalated to LACAHSAs's General Counsel or the LACAHSAs Board if required.

## **b. Approved Eligible Uses of Funding**

### **Grants**

LACAHSAs will administer a grant program that will allow Eligible Jurisdictions member jurisdictions, and nonprofits to apply directly for TA funds. TA grants could 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. LACAHSAs and Eligible Jurisdictions may also provide technical assistance grants to other critical stakeholders (such as nonprofits) who are needed to successfully implement programs, including service providers, community land trusts, and/or affordable housing developers.

As mandated by SB 679, LACAHSAs will administer a grant program for cities with populations under 50,000. The TA grants will provide direct funding to member cities and their Housing or Community Development Departments. This grant funding could also flow through Councils of Government or Housing Trusts.

### *Application and Funding Process*

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

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

### **Policy Development**

LACAHSAs may support development of housing and renter protection policies for municipalities who express interest in adopting policy changes but may lack staff capacity. LACAHSAs may offer support through a bench of consultants and/or develop centralized resources that jurisdictions can share.

Examples of model ordinances may include but are not limited to:

- streamlining entitlements for affordable housing,
- adopting single stair reform,
- enhancing tenant protections and eviction prevention,
- opting-in to SB 10, and
- regulating short-term vacation rentals and enforcement.

Importantly, LACAHSAs will collaborate with Eligible Jurisdictions and their member jurisdictions to develop housing policy tools requested by local leaders.

### **Training and Professional Services Support**

LACAHSAs and Eligible Jurisdictions may provide direct TA to Eligible Jurisdictions and their member jurisdictions to engage in capacity building, effective implementation, and seeding innovation. This includes coordination of activities. Direct TA may be delivered through technical workshops, training sessions, education on best practices, and regulatory compliance support. LACAHSAs may hire dedicated staff to lead programming and coordination efforts and/or engage with outside experts including academics, practitioners, and third-party consultants. Capacity building programs may also include investing in training for service providers, affordable housing developers, and other program delivery partners, who may need upskilling to fully participate.

Specific eligible uses include but are not limited to:

- Full-time staff dedicated to regional coordination, such as an Ombuds role;
- Training and capacity building workshops for Eligible Jurisdictions related to core program services including NOFA administration, loan underwriting, risk analysis, and asset management; and
- Training for service providers, affordable housing developers, or other program delivery partners who may need upskilling to fully participate.

LACAHSAs and Eligible Jurisdictions may use TA funds to contract additional professional services directly related to policy design and 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, learning, and evaluation;
- Legal counsel;
- Data and policy analysis;
- Public outreach and engagement; and
- Accounting and financial management.

Professional services are not an eligible use to the extent that the services are rendered for the Eligible Jurisdiction's general needs or otherwise not directly related to a LACAHSAs program. TA funds cannot be treated as general fund revenues. For example, the TA funds cannot pay for general counsel to attend an Eligible Jurisdiction's board meeting, but TA

funds may be used to pay legal counsel's costs of preparing project loan transactional documents or drafting model ordinances to streamline housing production for member cities.

### **Program Design, Research, and Evaluation**

LACAHSAs 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;
- Staff attendance at conferences, workshops, or education training programs focused on program-related technical skills; and
- Development of cohorts of Eligible Jurisdictions and/or small cities interested in developing new internal capacities such as developing housing on public land, seeding Community Land Trusts, and/or piloting social housing.

Technical assistance resources may be used to also support capacity building related to program implementation and design at the activity level. For example, technical assistance resources may be used to support residents to establish and maintain decision-making authority within a social housing project.

### **c. 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. Documentation may include:

- Invoices and Receipts: Documentation of payments for associated TA costs such as receipts for trainings or travel for participation in a capacity building activity.
- Contracts and Agreements: Any service contracts or agreements related to TA support (e.g., accounting services, IT support).
- General Ledger Entries: Accounting entries reflecting expenses and corresponding allocations.

- Budget and Expense Reports: Reconciliations that link costs to the approved budget.
- Supporting Correspondence: Emails or memos that justify expenditures or approvals.

For staff costs, the Eligible Jurisdiction or subawardee must maintain adequate documentation showing that the staff provided direct support to LACAHSAs funded activities. This can be achieved through timesheets or self-certification reporting.

- Timesheets or personnel activity reports showing hours worked on TA tasks, including the employee's role and pay rates.
- Alternatively, Eligible Jurisdictions may report time spent supporting TA activities through self-certification reporting. At a minimum, each employee's name, title, and wage rate should be included along with the total hours or % of time to be allocated for the period. The self-certification must include certification that the hours reported are true and accurate by the supporting employee and their supervisor. Self-certification must be signed and dated by the employee and supervisor to be complete.

For Eligible Jurisdictions/Subrecipients who do not adhere to documentation requirements and/or are otherwise deemed by LACAHSAs to be at risk, LACAHSAs reserves the right to implement additional documentation requirements, such as a requirement that timesheets be used to document staff costs. If such measures are implemented, LACAHSAs will provide their rationale for the decision and the steps the Eligible Jurisdiction/Subrecipient can take to address the reasons for the additional requirements.

## 7. Funding Administration and Management

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### a. Program Administration and Activity Delivery 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 LACAHSAs Board has established the following budget guidance for Program Administration Costs and Activity Delivery Costs.

#### Program Administration Costs

Program Administration costs have a cap of 12.5 percent, meaning Eligible Jurisdictions can spend up to 12.5 percent of their total allocation on these costs. If LACAHSAs or an Eligible Jurisdiction enters into an agreement with a Subrecipient to administer any project or activity, the Eligible Jurisdiction/LACAHSAs must pass through at least 50 percent of the associated Program Administration cost allocation to their subrecipients or the entity that is directly carrying out the activity. The amount that must be passed through to subrecipients

is based on the budget awarded to the subrecipient (i.e., for a \$100,000 subrecipient budget, the subrecipient must be allowed to bill at least \$6,250 for Program Administration costs).

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. Program administration also includes coordination activities with other regional initiatives. These costs may include but are not limited to:

- a. Executive oversight staff salaries and benefits
- b. Financial management, accounting, and audit preparation
- c. Grant reporting and documentation requirements
- d. Information technology systems supporting program operations, data collection and reporting
- e. General office expenses

If an activity is funded with multiple sources of funding, Program Administration costs may be used to support the implementation of the entire project but CANNOT be used to support specific activities such as reporting, reimbursement documentation, or monitoring activities associated with the other funding source(s) being used for the project.

### **Indirect Costs**

Indirect costs as allocated by an indirect cost rate are not allowed. All such costs should be included in the Eligible Jurisdiction/Subrecipient's Program Administration costs.

### **Activity Delivery Costs (ADCs)**

There is no definitive cap or set aside for Activity Delivery Costs for PPO, TA, or RPHP Legal Services and Renter Education activities. All other RPHP components have an ADC cap of 25 percent. If an Eligible Jurisdiction anticipates that a project will exceed the 25 percent cap, it may submit a waiver request to LACAHSAs that includes a justification of why the cap will be exceeded.

### *RPHP*

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 expenses related to administering and implementing a specific program or project.

RPHP staffing costs must be reasonable, allowable, and proportional to the level of effort required to carry out program activities. Personnel expenses should reflect actual time dedicated to the program and be allocable to the specific activities supported by this funding. It is expected that the majority of program funds be directed toward direct financial

assistance to eligible households. Administrative and staffing costs should be kept to a minimum and should not detract from RPHP's primary purpose of providing meaningful financial support to eligible households. Eligible Jurisdictions and community partners are encouraged to maximize the proportion of funds reaching participants directly, ensuring that overhead and personnel expenses remain a modest share of the overall program budget.

### *PPO*

PPO funds can be used to fund necessary soft costs associated with a proposed project/activity. There is no cap on the amount of soft costs in PPO.

### **Documentation Standards**

Eligible Jurisdictions must maintain adequate documentation to show that Program Administration and Activity Delivery funds were used to support the implementation and effectiveness of Measure A funded activities and costs were incurred in accordance with the annual budget and project budget. Below are some examples of documentation.

For Eligible Jurisdictions/Subrecipients who do not adhere to documentation requirements and/or are otherwise deemed by LACAHSAs to be at risk, LACAHSAs reserves the right to implement additional documentation requirements, such as a requirement that timesheets be used. If such measures are implemented, LACAHSAs will provide their rationale for the decision and the steps the Eligible Jurisdiction/Subrecipient can take to address the reasons for the additional requirements.

### *Documentation Standards for Program Administration Costs*

To support Program Administration Costs, Eligible Jurisdictions and their subrecipients and contractors should maintain clear, detailed, and organized records that may include, but are not limited to:

- Invoices and Receipts: Documentation of payments for office supplies, utilities, rent, and other overhead costs.
- Contracts and Agreements: Any service contracts or agreements related to administrative support (e.g., accounting services, IT support).
- General Ledger Entries: Accounting entries reflecting administrative expenses and corresponding allocations.
- Budget and Expense Reports: Reconciliations that link administrative costs to the approved project budget.
- Supporting Correspondence: Emails or memos that justify administrative expenditures or approvals.
- Payroll Records:

- Timesheets or personnel activity reports showing hours worked on administrative tasks, including the employee's role and pay rates.
- Alternatively, Eligible Jurisdictions may report time spent supporting Program Administration through self-certification reporting. At a minimum, each employee's name, title, and wage rate should be included along with the total hours or percentage of time to be allocated for the period. The self-certification must include certification that the hours reported are true and accurate by the supporting employee and their supervisor. Self-certification must be signed and dated by the employee and supervisor to be complete.

These documents ensure that program administration costs are reasonable, allowable, and allocable to the program.

#### *Documentation Standards for Activity Delivery Costs*

Documentation of Activity Delivery Costs should be robust to verify that funds were used appropriately for program activities. Typical required records include:

- Participant Records: Attendance sheets, case management notes, sign-in logs, or beneficiary tracking documents to verify who received services.
- Invoices and Receipts: Proof of purchases for materials, supplies, equipment, or contracted services used directly to support or communicate with households.
- Travel Documentation: Travel authorizations, itineraries, mileage logs, and expense receipts for travel related to program activities.
- Program Reports: Progress reports, deliverables, or outputs that demonstrate activity completion.
- Subrecipient Monitoring: Documentation of subrecipient agreements, invoices, and monitoring activities if funds are passed through to partners.
- Payroll Records:
  - Timesheets or personnel activity reports showing hours worked on program-related tasks, including the employee's role and pay rates.
  - Alternatively, Eligible Jurisdictions may report time spent implementing program activities through self-certification reporting. At a minimum, each employee's name, title, and wage rate should be included along with the total hours or percentage of time to be allocated for the period. The self-certification must include certification that the hours reported are true and accurate by the supporting employee and their supervisor. Self-certification must be signed and dated by the employee and supervisor to be complete.

Both program administration and activity delivery costs require documentation that clearly supports the nature, amount, and purpose of expenditures. Maintaining comprehensive records ensures compliance with funding requirements, facilitates audits, and enhances financial accountability.

## **b. Annual Budget**

To ensure compliance with the SB 679 requirement that funds be allocated by Eligible Jurisdictions within 12 months through administrative processes without being subject to additional legislative processes, all Eligible Jurisdictions must submit an annual budget to LACAHSAs together with documentation of the legislative action approving the Eligible Jurisdiction's use of funds.

The budget must outline the proposed uses of funds for the corresponding fiscal year, should align with the projected allocations in the Annual Expenditure Plan, and must comply with the investment minimums and Program Administration Costs cap in these Guidelines. However, specific projects/activities and their associated amounts of ADCs/soft costs do not need to be identified in the budget document, as those will be entered into the LACAHSAs grant management system separately (see the Project Set-Up section below for more details).

When developing and submitting Annual Budgets for PPO, RPHP, and TA programs, Eligible Jurisdictions should include the full projected allocation amount from the adopted Annual Expenditure Plan. To help Eligible Jurisdictions plan for the risk that Measure A revenues will be less than the projected amount included in the Expenditure Plan, Eligible Jurisdictions may categorize up to 5% of their budget as unprogrammed funds to serve as a contingency allowance.

Annual Budgets shall be submitted by the Eligible Jurisdiction to LACAHSAs, along with the required documentation of legislative approval, via the grants management portal, by May 1 of the preceding fiscal year or 60 days after the LACAHSAs Board approves both the Annual Expenditure Plan and Program Guidelines, whichever is later. LACAHSAs will confirm the budget provides adequate detail and documentation within 15 business days of receipt. If any revisions to and/or additional information or documentation are needed, LACAHSAs will submit a request in writing to the Eligible Jurisdiction. LACAHSAs will review additional information submitted by Eligible Jurisdiction within 15 business days of receipt.

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

LACAHSAs program staff are available to all Eligible Jurisdictions for consultation and planning regarding the development of budgets and spending plans. Eligible Jurisdictions are encouraged to contact LACAHSAs staff as needed to support preparation of budget submissions.

### **c. Project Set-up in Grant Management Portal**

To ensure compliance with the SB 679 requirement that an Eligible Jurisdiction’s funded projects comply with LACAHSAs eligible uses and affordability requirements, Eligible Jurisdictions will set-up each Measure A-funded project in LACAHSAs grant management portal prior to drawing funds for that project (this action is referred to as “Project Set-Up”).

When setting up a project in the grant management portal, Eligible Jurisdictions must provide adequate detail to demonstrate that the proposed uses meet an eligible activity and align with the enabling legislation and these Guidelines. This includes providing a detailed description of the project and the proposed uses of funds, including the ADCs or soft costs associated with the project.

Eligible Jurisdictions may set up a new project in Neighborly at any time during the fiscal year. Once a project is set up by an Eligible Jurisdiction in the grant management portal, LACAHSAs will confirm the project provides adequate detail within 15 business days. If any revisions to and/or additional information are needed, LACAHSAs will submit a request in writing to the Eligible Jurisdiction. LACAHSAs will review additional information submitted by Eligible Jurisdiction within 15 business days of receipt.

For PPO, once a project is set up in Neighborly, the funding for that project is considered obligated. This marks the start of the expenditure timeline for those funds (see more details on this in section 6.e., “Obligation and Expenditure Timelines”).

### **d. Disbursement Process and Requirements**

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

#### **Conditions for Receiving Payments**

Prior to an Eligible Jurisdiction receiving any payment, all conditions for receiving funds must be met, including (see also section 2.b):

- Signed MOU
- Adopted Housing Element, or alternative option for compliance with AFFH

- Approved Annual Budget with documented legislative body action approving the use of funds
- Project set-up in grant management portal

Additionally, Eligible Jurisdictions will be required to submit a Form W-9 to LACAHSa and be set up as a payee with LACAHSa prior to receipt of payments. Payee onboarding instructions will be provided to each Eligible Jurisdiction. All Eligible Jurisdictions must be in good standing and cannot be a debarred entity at the Federal, State or local level.

Once all the above conditions for receiving funding have been met, an Eligible Jurisdiction may make requests for funding included in the approved project budgets.

### **Funding Requests**

Eligible Jurisdictions and Subrecipients can request payments of Measure A funds that are received by LACAHSa. Payments to Eligible Jurisdictions can be made for up to the lesser of the following amounts:

- The amount of Measure A revenues received to date and allocated by programmatic use to the Eligible Jurisdiction by LACAHSa based on the proportional allocations included in the Annual Expenditure Plan, or
- The total amount in the Eligible Jurisdiction's approved project budgets (i.e. the budgets created and approved during Project Set-Up).

### *Funding Request Process*

Eligible Jurisdictions and Subrecipients make funding requests through LACAHSa's grant management portal. LACAHSa will review all funding requests within 15 business days of receipt. If any additional information is needed, LACAHSa will submit a request in writing to the Eligible Jurisdiction. LACAHSa will review additional information submitted by Eligible Jurisdiction within 15 business days of receipt. If approved, LACAHSa will disburse funds to the Eligible Jurisdiction/Subrecipient.

### *Payment Management and Reporting*

Payments made by LACAHSa to Eligible Jurisdictions and Subrecipients 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 (see section 6.f. for more details on Program Income).

Eligible Jurisdictions/Subrecipients are required to report to LACAHSAs on the expenditure of funds and all interest earned as part of the reporting described below (see section 6.g. for more details on Reporting).

For Eligible Jurisdictions/Subrecipients who do not adhere to reporting or documentation requirements and/or are otherwise deemed by LACAHSAs to be at risk, LACAHSAs reserves the right to request additional documentation/reports, increase the frequency of reporting, and/or limit the Eligible Jurisdiction/Subrecipient to receiving funding as a reimbursement. If such measures are implemented, LACAHSAs will provide their rationale for the decision and the steps the Eligible Jurisdiction/Subrecipient can take to address the reasons for the additional requirements.

#### *Self-Lending against Future Measure A Payments*

Due to the requirements in SB679 and Measure A related to the proportional allocation of Measure A funds to each programmatic category (PPO, RPHP, TA), Eligible Jurisdictions cannot use funding from one programmatic category to pay for costs associated with another category (i.e., a jurisdiction cannot draw from currently available RPHP or TA funds to pay for a PPO project).

However, to provide additional flexibility to Eligible Jurisdictions that would like to expend funds prior to Measure A revenues being received by LACAHSAs and disbursed to the Eligible Jurisdiction, an Eligible Jurisdiction may use their own funds from other sources to cover expenditures totaling up to 95% of the total projected annual allocation of LACAHSAs funds included in the Expenditure Plan (this maximum amount is subject to revision by LACAHSAs on an annual basis). Subsequently, as Measure A revenues are received by LACAHSAs and disbursed to the Eligible Jurisdiction, the jurisdiction may use those Measure A revenues to reimburse themselves for funds advanced from other sources.

When undertaking this type of interfund lending, if actual Measure A revenues are less than the amount loaned from other sources, the Eligible Jurisdiction may use future year allocations to cover any shortfall, provided that the purpose for which the funds were used continues to be an eligible use in the subsequent year.

### **e. Obligation and Expenditure Timelines**

#### **PPO Funds**

Once a PPO project is set-up in LACAHSAs's grants management portal, the funding associated with that project is considered obligated and must be expended within 3 years of the date the project is set up in the system (the "project set-up" date), unless an extension is authorized by LACAHSAs. If PPO funds have not been obligated within one year of allocation

or expended within 3 years of the project set-up date, the Eligible Jurisdiction must submit evidence to LACAHSAs that it has made adequate progress towards completing the project. If LACAHSAs determine that the Eligible Jurisdiction has made adequate progress, LACAHSAs shall authorize up to an additional 24 months to grant entitlements to the remainder of the project.

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

If PPO funds are committed to a project that ultimately does not proceed due to factors outside of the Eligible Jurisdiction's control (for example, additional financing commitments cannot be secured), those funds may be available to be obligated to a new project. In this scenario, the 3-year expenditure clock is restarted based on the date the new project is set-up in Neighborly.

### **RPHP Funds**

RPHP funds must be expended within 24 months of the beginning of the fiscal year (i.e. FY26-27 RPHP and TA funds must be spent by the end of FY27-28), unless an extension is authorized by LACAHSAs. If RPHP funds have not been expended within 24 months of the FY start date, the Eligible Jurisdiction must submit evidence to LACAHSAs that it has made adequate progress towards completing Measure A-funded projects/activities. If LACAHSAs determine that the Eligible Jurisdiction has made adequate progress, LACAHSAs shall authorize an additional 12 months to complete the projects/activities. Such extensions can be granted annually for a period of up to 5 years from the FY start date.

If LACAHSAs determine that the Eligible Jurisdiction has not made adequate progress, the funds shall be transferred back to LACAHSAs and/or funding distributions to that Eligible Jurisdiction may be suspended. LACAHSAs shall hold the funds until the Eligible Jurisdiction submits a satisfactory plan to LACAHSAs to move forward with expending funds. "Adequate progress" means there is an established budget documenting the anticipated period of performance.

### *Re-Allocation of Legal Services Funds*

If during the course of the program year, LACAHSAs identifies that an Eligible Jurisdiction may be at risk of not meeting their necessary legal services expenditure amount, LACAHSAs will provide technical assistance and support to the jurisdiction to reconcile this gap. LACAHSAs may require the Eligible Jurisdiction to develop a corrective action plan. Technical assistance may include procurement support, connections to qualified providers, outreach strategy development, or adjustments to program design. Eligible Jurisdictions must participate in good faith in technical assistance and corrective action activities as a condition of continued program compliance. Early monitoring is intended to resolve implementation barriers and reduce the need for end-of-year fund reallocation.

At the conclusion of the 24-month period to expend funding, an Eligible Jurisdiction may request to re-allocate unexpended legal services funds within the RPHP category, even if the proposed re-allocation results in expenditures that are less than any minimum expenditure levels.

Prior to granting re-allocation, LACAHSAs will provide a 12-month expenditure extension for unexpended legal services funds and develop an Action Plan to address the unexpended balance. During this extension, the Eligible Jurisdiction will be responsible for providing an expenditure strategy to LACAHSAs. If requested, LACAHSAs will provide technical assistance to assist with the development of this strategy.

If at the conclusion of the 12-month extension, the Eligible Jurisdiction has remaining unexpended legal services funds, the Eligible Jurisdiction shall submit a waiver requesting these funds to be re-allocated. The waiver shall consist of documentation of the following information:

- Estimated number of individuals assisted in accordance with LACAHSAs performance metrics 4b and 4c and a comparison to the annual proportional estimate of metrics 4b and 4c for the Eligible Jurisdiction based on their RPHP expenditure allocation
- Efforts made to expend legal services resources
- Verifiable data showing a lack of need of eviction defense and renter education activities within the jurisdiction
- Disparity Analysis evaluating disparities in eviction risk, legal access or renter education across geographic boundaries, income groups, racial and ethnic communities and other protected classes

If the waiver adequately addresses these topics, funds may be re-allocated within the RPHP category. If the waiver does not provide an adequate response, LACAHSAs will provide

additional technical assistance and programmatic support to the Eligible Jurisdiction to establish pathways to expend remaining legal services funds.

### **TA Funds**

TA funds must be expended within 24 months of the beginning of the fiscal year (i.e. FY26-27 RPHP and TA funds must be spent by the end of FY27-28), unless an extension is authorized by LACAHSAs. If TA funds have not been expended within 24 months of the FY start date, the Eligible Jurisdiction must submit evidence to LACAHSAs that it has made adequate progress towards completing Measure A-funded projects/activities. If LACAHSAs determines that the Eligible Jurisdiction has made adequate progress, LACAHSAs shall authorize an additional 12 months to complete projects/activities. Such extensions can be granted annually for a period of up to 5 years from the FY start date.

If LACAHSAs determines that the Eligible Jurisdiction has not made adequate progress, the funds shall be transferred back to LACAHSAs and/or funding distributions to that Eligible Jurisdiction may be suspended. LACAHSAs shall hold the funds until the Eligible Jurisdiction submits a satisfactory plan to LACAHSAs to move forward with expending funds. "Adequate progress" means the there is an established budget documenting the anticipated period of performance.

### **f. Program Income**

Any revenue generated by program funding by LACAHSAs, Eligible Jurisdictions, or Subrecipients (i.e. interest earned on construction loans, interest earned on 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 LACAHSAs Board.

The receipt and expenditure of Program Income shall be reported as part of quarterly financial reporting.

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 for eligible activities OR return Program Income to the Eligible Jurisdiction as it is earned for allocation to eligible activities.

### **g. Reporting**

Eligible Jurisdictions are required to periodically submit financial and programmatic reports to LACAHSAs as outlined below. Eligible Jurisdictions are responsible for gathering all required information from their Subrecipients and Contractors and reporting it to LACAHSAs as part of

the web-based reporting process. When reporting to LACAHSAs, Eligible Jurisdictions must use the most current reporting tools provided by LACAHSAs.

Eligible Jurisdictions are required to report financial data on a quarterly basis and performance data on a biannual basis, as shown in the schedule below. If the reporting deadline falls on a weekend or holiday, reports will be due on the following business day.

<b>Report</b>	<b>Reporting Period</b>	<b>Report Type</b>	<b>Due Date</b>
First quarter report	July 1 – September 30	Financial	November 14 (45 days after quarter end)
Second quarter report	July 1 – December 31	Programmatic and Financial	February 14 (45 days after quarter end)
Third quarter report	October 1 – March 31	Financial	May 15 (45 days after quarter end)
Fourth quarter (Annual report)	January 1 – June 30	Programmatic and Financial	July 30 (30 days after quarter end)

The fourth quarter report will also serve as the Eligible Jurisdiction’s annual report to LACAHSAs, and as such will include an annual summary of programmatic activities and accomplishments.

Reports will require sufficient detail for LACAHSAs to track and report on the performance metrics adopted by the LACAHSAs Board, which are included in the Annual Expenditure Plan. Reports will need to be reviewed and certified by someone other than the person who prepared the report and who has oversight and/or supervisory responsibilities over the program and/or staff implementing the program. For example, the certifying individual can be a city manager, department or division director, COG or Trust CEO or executive director, etc.

For Eligible Jurisdictions who do not adhere to reporting requirements and/or are otherwise deemed by LACAHSAs to be at risk, LACAHSAs reserves the right to request additional reports or increase the frequency of reporting. If such measures are implemented, LACAHSAs will provide their rationale for the decision and the steps the Eligible Jurisdiction can take to address the reasons for the additional requirements.

## **h. Procurement**

Eligible Jurisdictions must ensure their funds are used to procure contractors and vendors in accordance with their own established procurement policies and procedures. If an Eligible Jurisdiction does not have an established procurement policy, it must develop said policy prior to awarding LACAHSAs funds to subawardees.

Any procurement and subaward shall be reported as part of the Eligible Jurisdiction's quarterly reporting.

### **Subrecipient Agreements**

LACAHSAs 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 LACAHSAs 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 LACAHSAs or the Eligible Jurisdiction.

For each activity undertaken by a Subrecipient, a Subrecipient Agreement must be executed between the Eligible Jurisdiction or LACAHSAs and the Subrecipient that incorporates the program requirements contained in these Program Guidelines and in LACAHSAs's Annual Expenditure Plan.

### **Contractor Agreements**

LACAHSAs, 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, LACAHSAs, 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, LACAHSAs, 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.

## **i. Monitoring**

LACAHSAs is responsible for ensuring that funding recipients comply with all regulations and requirements governing the administrative, programmatic, and financial management of LACAHSAs funds. Monitoring is the primary tool that LACAHSAs 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.

### **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.

### **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.

### **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. **Monitoring Conference.** LACAHSa will meet with the recipient/subrecipient to discuss the preliminary findings and get clarification on findings that need additional information.
5. **Final Monitoring Report.** After the Monitoring Conference, LACAHSa will prepare 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 LACAHSAs, LACAHSAs issue a Monitoring Review Clearance Letter to formally close the monitoring.

### **Project Monitoring**

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

- During the construction/rehabilitation phase, LACAHSAs 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, LACAHSAs will conduct annual compliance monitoring to ensure projects continue to meet all program requirements, including occupancy and affordability requirements.

### **LACAHSAs Administration Monitoring**

In addition to monitoring activities undertaken by recipients/subrecipients and projects on an annual basis, at least every three (3) years LACAHSAs will monitor its own administration of the program to ensure compliance with program regulations. This monitoring includes reviewing LACAHSAs'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 LACAHSAs's program administration as needed.

### **j. Audit and Record Retention**

All records pertaining to LACAHSAs 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.

LACAHSAs 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. LACAHSAs or its designated representative will have the right during normal business hours to review and to copy any records and supporting documentation pertaining to LACAHSAs funding and interview any employees who might reasonably have information related to such records.

LACAHSAs will be subject to an annual audit and each Eligible Jurisdiction and Subrecipient that receives funding will contract for an annual audit. The audit of each Eligible Jurisdiction and Subrecipient that receives funding will be completed within six months after the end of

the fiscal year being audited and will comply with any standards adopted by the LACAHS Board.

#### **k. Remedies for Non-Performance**

It is the intent of LACAHS to cultivate positive partnerships with high-performing Eligible Jurisdictions and Subrecipients. LACAHS has a responsibility to address problems with Eligible 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 may include, as appropriate:
  - 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, pursuant to Government Code 64830.5(a)(2)(A)(iii), if an Eligible Jurisdiction is found to be out of compliance with affordability targets at the end of a two-year period, LACAHS 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 LACAHS instead of the Jurisdiction.
- Increase funding incentives as needed to meet project and programmatic targets.

## **I. 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 LACAHSAs 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, ancestry, immigration status, or other arbitrary cause.

## **m. Preventing Fraud, Waste, and Abuse**

LACAHSAs is committed to maintaining a culture of honesty and preventing fraud, financial abuse and/or waste of public funds or assets. Eligible Jurisdictions and Subrecipients must adopt and follow policies and procedures to prevent and detect fraud, waste, and abuse, including but not limited to the following:

- Clearly defining fraud, waste, and abuse in organizational policies.
- Providing whistleblower information in easily accessible locations.
- Training staff to prevent, detect, and report fraud.
- Maintaining strong financial management systems with robust internal controls.
- Routinely monitoring, evaluating, and improving internal controls when necessary.

## **n. Anti-Lobbying**

Eligible Jurisdictions and Subrecipients must adopt and follow an anti-lobbying policy that prohibits the use of Measure A funds for payment to any person for influencing or attempting to influence an officer or employee of any agency, an elected representative or their employees, or an officer or employee of a legislative body, in connection with the awarding, extension, continuation, renewal, amendment, or modification of any contract, grant, or loan involving Measure A funds.

## **o. Conflict of Interest**

Eligible Jurisdictions and Subrecipients must maintain a written code of conduct governing the performance of their employees, agents, consultants, officers, or elected officials or appointed officials who exercise or have exercised any functions or responsibilities related to Measure A-funded programs, or who are in a position to participate in a decision-making process or gain inside information with regard to these activities. Codes of conduct should be written so as to avoid actual, or appearances of, conflicts of interest. Such conflicts would arise when any of the following parties has a personal financial interest in, or may personally financially benefit from a Measure A-assisted activity, or has a personal financial interest in

any contract, subcontract, or agreement with respect to the Measure A-assisted activity, or the proceeds from such activity:

- An employee, agent, consultant, officer, or elected official or appointed official of the Eligible Jurisdiction or Subrecipient;
- A person with whom they have business or immediate family ties (immediate family ties include, by blood, marriage or adoption: the spouse, parent/stepparent, child/stepchild, brother/stepbrother, sister/stepsister, grandparent, grandchild, and in-laws);
- An organization which employs, has recently employed, or is about to employ, any of the above.

Relationships among public agencies, or the officials or employees of public agencies, are not considered conflicts of interest. For example, a member of a COG's board of directors who is also a city council member, does not have a conflict of interest under these guidelines.