

Local Housing Trust Fund (LHTF) Program Application

Rev. 5/2024

2024 Notice of Funding Availability



**State of California
Governor Gavin Newsom**

**Tomiquia Moss, Secretary
Business, Consumer Services and Housing Agency**

**Gustavo Velasquez, Director
Department of Housing and Community Development**

651 Bannon Street, Sacramento, CA 95811

[Website for Local Housing Trust Fund](#)

Program Email: LHTF@hcd.ca.gov

NOFA Release: July 9th , 2024

Project and Applicant Information

Rev. 5/2024

§101(p) "Local Housing Trust Fund" definition

§101(dd) "Regional Housing Trust Fund" definition.

§102 Eligible Applicants

Applicant Type: (a) City

Applicant Information

Applicant Name:	City of Laguna Beach				Organization Type:	Local Public Entity	
Address:	505 Forest Avenue	City:	Laguna Beach	County:	Orange	State:	CA
Auth Rep Name:	Dave Kiff	Title:	City Manager		Auth Rep. Email:	dkiff@lagunabeachcity.net	
Address:	505 Forest Avenue	City:	Laguna Beach	State:	CA	Zip Code:	92651
Contact Name:	Jennifer Savage	Title:	Senior Management Analy		Contact Email:	jsavage@lagunabeachcity.net	
Address:	505 Forest Avenue	City:	Laguna Beach	State:	CA	Zip Code:	92651

Trust Fund Information

Full Trust Fund Name:	Laguna Beach Local Housing Trust Fund				Date Established:	4/9/24	
Trust Fund Address:	505 Forest Avenue	City:	Laguna Beach	State:	CA	Zip Code:	92651
Trust Fund Type:	(b) New Local Housing Trust Fund (NOT a Regional Housing Trust Fund)						

(b) The minimum application request shall be \$500,000 with a max request of \$5 million. Amount of LHTF Program Funds Requested: **\$2,500,000**

Proposed Activity Timeline - provide a timeline of implementation of your Project(s) (§101(g), (1)(2)(3)&(4))

Project Type and Activity	Name of Project	When will you issue commitments?	When will you issue a NOFA/RFQ?	When will loan closing occur?	When do you anticipate disbursement of LHTF funds?	Amount of Matching Funds designated to project:	Amount of Program Funds designated to project:
Rental new construction	31729 & 31735 Coast Highway	5/30/2024	4/10/2024			\$1,500,000	\$1,500,000
Rental new construction	340 St. Ann's	5/30/2024	4/10/2024			\$2,500,000	\$2,500,000

Certifications

On behalf of the entity identified below, I certify that: The information, statements and attachments included in this application are, to the best of my knowledge and belief, true and correct and I			
Dave Kiff	City Manager	<i>Dave Kiff</i>	9/11/2024
Authorized Representative Printed Name	Title	Signature (Please Type Name)	Date

<u>§102 Eligible Applicants</u>			<u>§103 Funding Amount Minimums and Maximums</u>		
Applicant Type:	(a) City		(b) New Local Housing Trust Fund (NOT a Regional Housing Trust Fund)		
Amount Requested:			\$2,500,000		
(a)(1)(A) How was the Housing Trust Fund established? The Housing Trust Fund utilizes a public, or joint public and private, fund established by legislation, ordinance, resolution, or a public-private partnership, to receive specific revenue to address local housing needs. From the dropdown list please select the documentation that establishes the HTF. Please highlight the sections in your documentation that outline the requirements below. - Language establishing the Local Housing Trust Fund - Identify the specific revenue given to the Local Housing Trust Fund - Identify the language that states the Housing Trust Fund addresses the local housing needs - NOTE: For public RHTFs only, RHTF must include Resolution or Ordinance from each Local government entity that is a member of the RHTF			Resolution		
(a)(1)(B) Does the Housing Trust Fund meet the minimum Ongoing Revenue requirements? The Trust Fund is funded from Ongoing Revenues as required by the definition in §101 from Dedicated Sources of funding such as taxes, fees, loan repayments, or public or private contributions. Please see requirements in Section 101(z).			Yes: The new HTF meet the Ongoing Revenues requirement of annual operating costs for a min. of 5yrs after Program award date		
(a)(2) Does the city or county have a Housing Element that was adopted by the city or county's governing body and determined by HCD to be in compliance with state Housing Element law pursuant to GC §65585?			Yes		
(a)(3) The city or county has submitted to HCD the Annual Progress Report required by GC Code §65400 for the current or prior year?			Yes		
(4) A Local Housing Trust Fund or Regional Housing Trust Fund that was created, funded, and operated by a combination of two or more cities or counties, agrees to utilize Program Funds only for Eligible Projects located in cities or counties that have, at the time of application, an adopted Housing Element meeting the requirements of subparagraph (2) above, and for which the Annual Progress Report was submitted for the current or prior year by the application deadline date, as required by subparagraph (3) above?			N/A		
<u>§102(d): Previous Awardees</u>					
Enter the dollar amount of Program Funds that have been committed from all previous LHTF awards (leave blank if not previously awarded)			Total Awarded		
			Total Committed		
Matching Funds Committed					
New Applicants (no previous LHTF award) provide the amount of local Matching Funds that have been committed (leave blank if previously awarded)			\$2,500,000		
<u>§104 Matching Funds Requirements</u>					
Name of Matching Funds	Select Type of Matching Fund	Specify Source of Funds	Matching Fund Amount	Required Documentation for Matching Funds	
<i>Example-</i> Public Contribution	<i>Example-</i> Residential Local Impact Fee	<i>Example-</i> Residential local impact fees	\$3,000,000	Match_Fund_1	Uploaded to HCD?
<i>Example-</i> Land Donation	<i>Example-</i> Public Contribution	<i>Example-</i> The public contribution will be from foreclosed land.	\$5,000,000	Match_Fund_2	Uploaded to HCD?
Housing In-Lieu Fees	Residential In-Lieu Fees	Inclusionary Housing In-Lieu Fees, Loan Repayments	\$447,000	Match_Fund_1	Proof of Deposit(s)
Housing Fund	Tax	General Funds, TOT, Property Tax	\$950,000	Match_Fund_2	Proof of Deposit(s)
Parking Fund	Tax	Revenue from parking meters, lots, and permits	\$1,103,000	Match_Fund_3	Proof of Deposit(s)
Total Matching Funds			\$2,500,000		
<u>Ongoing Revenue</u>					
Name of Ongoing Revenue	Select Type of Ongoing Revenue	Specify Source of Funds	Annual average amount deposited into the HTF	Required documentation for Ongoing Revenue NOTE: Executed documentation only; no drafts	
<i>Example:</i> Loan Repayments	Loan Repayments	Developer Loan	\$50,000	Ongoing_Rev_1	Uploaded to HCD?
<i>Example:</i> Taxes	Taxes	Residential local impact fees	\$40,000	Ongoing_Rev_2	Uploaded to HCD?
Housing Fund	Taxes	TOT, Property Tax	\$500,000	Ongoing_Rev_1	Resolution
Total Ongoing Revenues			\$500,000		
New Housing Trust Fund Only : Complete the average annual projected Operating Costs for the five years after Program Award NOTE: If using "Other," please delete "Other: (Describe)" and provide a brief description.					
Salaries and Benefits:	Insurance:	Utilities	Phone/Internet	Marketing	Mailing Fees
Recording Fees	Supplies	Real Property Taxes	Rent	Property Maintenance	Interest on Loans
Other:	City will cover operating costs	Other: (Describe)	Other: (Describe)	Other: (Describe)	Other: (Describe)
Total Average Operating Costs			\$0		
<u>§105 Eligible Uses of Funds</u>					
105(a): How will Program Funds be used by the Grantee? Note: Please reference the 2023 LHTF NOFA (II.G.2. Rating and Ranking) for details regarding scoring					
105(a)	105(b)	105(c)	105(d)	105(e)	Total Program Funds accounted for:
What is the simple interest rate for Program Funded Loan(s)	Will Program Funds be used toward administrative expenses? (5% Maximum)	Enter percentage of Program Funds designated to serving households no higher than 30% Area Median Income	Enter percentage of Program Funds designated to serving households no higher than 120% Area Median Income	Enter percentage of Program Funds designated to serving households no higher than 80% Area Median Income	
3%	Yes	30%	0%	65%	100%
Minimum Amount of Matching Funds		\$750,000	\$0	\$1,625,000	
NOFA Section II(G)(1)(f) Loan Guidelines and Underwriting Standard and Procedures					

Applicant has adopted the Uniform Multifamily Regulations (UMRs) as their loan guidelines, underwriting standards, and procedures.
The UMRs can be found on our website at <https://hcd.ca.gov/grants-funding/already-have-funding/uniform-multifamily-regulations/docs/uniform-multifamily-regulations-2017.pdf>

Yes

Certification & Legal Status

Legal Disclosure

For purposes of the following questions, and with the exceptions noted below, the term "applicant" shall include the applicant and joint applicant, and any subsidiary of the applicant or joint applicant if the subsidiary is involved in (for example, as a guarantor) or will be benefited by the application or the project.

In addition to each of these entities themselves, the term "applicant" shall also include the direct and indirect holders of more than ten percent (10%) of the ownership interests in the entity, as well as the officers, directors, principals and senior executives of the entity if the entity is a corporation, the general and limited partners of the entity if the entity is a partnership, and the members or managers of the entity if the entity is a limited liability company. For projects using tax-exempt bonds, it shall also include the individual who will be executing the bond purchase agreement.

The following questions must be responded to for each entity and person qualifying as an "applicant," or "joint applicant" as defined above.

Explain all positive responses on a separate sheet and include with this questionnaire in the application.

Exceptions: Public entity applicants without an ownership interest in the proposed project, including but not limited to cities, counties, and joint powers authorities with 100 or more members, are not required to respond to this questionnaire.

Members of the boards of directors of non-profit corporations, including officers of the boards, are also not required to respond. However, chief executive officers (Executive Directors, Chief Executive Officers, Presidents or their equivalent), and chief financial officers (Treasurers, Chief Financial Officers, or their equivalent) must respond.

Civil Matters

1. Has the applicant filed a bankruptcy or receivership case or had a bankruptcy or receivership action commenced against it, defaulted on a loan or been foreclosed against in <i>past ten years</i> ?	No
2. Is the applicant currently a party to, or been notified that it may become a party to, any civil litigation that may materially and adversely affect (a) the financial condition of the applicant's business, or (b) the project that is the subject of the application?	No
3. Have there been any administrative or civil settlements, decisions, or judgments against the applicant within the past ten years that materially and adversely affected (a) the financial condition of the applicant's business, or (b) the project that is the subject of the application?	No
4. Is the applicant currently subject to, or been notified that it may become subject to, any civil or administrative proceeding, examination, or investigation by a local, state or federal licensing or accreditation agency, a local, state or federal taxing authority, or a local, state or federal regulatory or enforcement agency?	No
5. In the past ten years, has the applicant been subject to any civil or administrative proceeding, examination, or investigation by a local, state or federal licensing or accreditation agency, a local, state or federal taxing authority, or a local, state or federal regulatory or enforcement agency that resulted in a settlement, decision, or judgment?	No

Criminal Matters

6. Is the applicant currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, felony charges against the applicant?	No
7. Is the applicant currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, misdemeanor charges against the applicant for matters relating to the conduct of the applicant's business?	No
8. Is the applicant currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, criminal charges (whether felony or misdemeanor) against the applicant for any financial or fraud related crime?	No
9. Is the applicant currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, that could materially affect the financial condition of the applicant's business?	No
10. Within the past ten years, has the applicant been convicted of any felony?	No
11. Within the past ten years, has the applicant been convicted of any misdemeanor related to the conduct of the applicant's business?	No
12. Within the past ten years, has the applicant been convicted of any misdemeanor for any financial or fraud related crime?	No

Please provide a letter of explanation if you responded "Yes" to any of the questions above.

Dave Kiff		City Manager		<i>Dave Kiff</i>		9/11/24
Printed Name		Title of Signatory		Signature (Please Type Name)		Date

Application Score - 100 points max §106(f)										Rev. 5/2024	80
(1) Non-Residential Matching Funds - 15 points max											15
Matching Funds (sources other than residential Local Impact Fees or In Lieu Fees)		\$2,053,000	Total Matching Funds		\$2,500,000	% of Matching Funds				82.12%	
(2) Deeper Income Targeting - 20 points max											20
Does Applicant commit to expend no more than 18% of its Program Funds and Matching Funds on Moderate-Income (MI) households?		Yes	If yes, select MI exp. %	0%	Program + Matching Funds - Admin Exp.		\$4,750,000	Max MI exp. (per commitment)		\$0	
(3) Readiness - 15 points max											15
Has Applicant completed a first phase funding process for multifamily rental projects and announced on its website the status of each project, including those projects that were approved to submit a final application upon award of Program Funds by HCD §106(f)(3)?		Yes		Direct link (website address) to page showing project status:							
Project Name	31729 & 31735 Coast Highway		Pre-approved Amount	\$ 3,000,000	Direct link to website	https://www.lagunabeachcity.net/live-here/housing-resources (scroll to bottom of page)					
Project Name	340 St. Ann's		Pre-approved Amount	\$ 5,000,000	Direct link to website	https://www.lagunabeachcity.net/live-here/housing-resources (scroll to bottom of page)					
Project Name			Pre-approved Amount		Direct link to website						
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Project Name			Pre-approved Amount		Direct link to website						
Project Name			Pre-approved Amount		Direct link to website						
Total Amount of pre-approved First Phase Funding		\$8,000,000	Total Program Funds Requested		\$2,500,000	First Phase Funding vs. Requested (times)				3	
(4) Increasing the Supply of Lower-Income (LI) Rental Housing - 20 points max											20
How will the Applicant use the HCD Program Funds and Matching Funds - for permanent or construction financing?		Construction	(A) Program Funds + Matching Funds - Admin Exp.	\$4,750,000	(B) Percentage of Program Funds and Matching Funds Applicant commits to use for new construction of rental housing developments Affordable to and restricted to households with average incomes of no more than 60% of AMI?	Funding for Permanent OR Construction financing for 60% AMI or less	100%	(C) Amount Applicant commits based on (B) %	\$4,750,000		
(5) Community Need - 15 points max (NOTE: this section will be scored by HCD using CHAS data (Comprehensive Housing Affordability Strategy): https://www.huduser.gov/portal/datasets/cp.html#2006-2016-datacollapse											0
HCD will provide the percentage of Lower-Income Households paying more than 50 percent of their household income for rent or owner expenses. Applicant does not complete this field.											
(6) Regional Housing Trust Fund Applicants - 5 points											0
A Regional Housing Trust Fund meeting the description herein receive all points in this category: A Regional Housing Trust Fund is one that includes six jurisdictions (in counties with total populations of 250,000 or less) or eight jurisdictions (in counties with more than 250,000), or that meets the minimum threshold (two jurisdictions with more than one million people, or three jurisdictions in counties with total populations of 250,000 or less, or four jurisdictions in counties with more than 250,000), and includes more than 66% of the population of the county or counties.											
List the jurisdictions that your trust fund serves: City of, County of, or Town of				Of those served, which Jurisdictions will be served with this application.			Are you serving the unincorporated county only, or the entire county including all incorporated areas?				
List the appropriate representatives from the areas that the Applicant serves.											
Congressperson Name(s) (First and last name)		District #	State Senator Name(s) (First and last name)		District #	State Assembly Member Name(s) (First and last name)			District #		
(7) Performance - Applicant has committed at least 40 percent of the Program Funds previously awarded to the Applicant - 10 points											0
New Applicant (not previously awarded) has committed at least 40 percent of the local Matching Funds - 10 points											10
Tie Breaker											
Tie Breaker, if needed. Readiness: The extent to which the application identifies specific multifamily rental projects for which the trust fund has issued Letters of Intent (LOIs) to developers for construction or permanent financing, (which includes dollar amounts). Explain below.											
Project Name	31729 & 31735 S. Coast Highway		Funding Source	Laguna Beach LHFT	Commitment Amount	\$ 3,000,000	Loan Type	Construction			
Project Name	340 St. Ann's		Funding Source	Laguna Beach LHFT	Commitment Amount	\$ 5,000,000	Loan Type	Construction			
Project Name			Funding Source		Commitment Amount		Loan Type				
Project Name			Funding Source		Commitment Amount		Loan Type				
Project Name			Funding Source		Commitment Amount		Loan Type				
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Project Name			Funding Source		Commitment Amount		Loan Type				
Project Name			Funding Source		Commitment Amount		Loan Type				
						<i>Commitment vs. Request</i>	320%				

LOCAL HOUSING TRUST FUND (LHTF) Document Checklist

Use this document to properly name your attachments before uploading them with your application submission.
You must confirm below that you have completed this step.

Threshold Requirement?	What You'll Name Your Document:	Document Description	Included?
§102(d) Eligible Applicants: Previous Awardees			
Yes	Award_Commitment	Previously awarded applicants only. Documentation evidencing the commitment of at least 40% of the previously awarded LHTF funds.	N/A
Yes	LHTF_AR	Previously awarded applicants only. §106(e) Submit evidence that the most recently required LHTF Annual Report was submitted to HCD State Grants Management (e.g. include a copy of the email submission)	N/A
New Applicants (no previous LHTF award)			
No	MF_Commitment	New Applicants only. Documentation evidencing the commitment of at least 40% of the local Matching Funds.	Included
Application Information			
Yes	HTF	§102(a),(b),(c): Legislation, Ordinance, Resolution, or public-private partnership agreement creating the HTF. RHTF must include Resolution or Ordinance from each Local government entity that is a member of the RHTF (public RHTFs only).	Included
Yes (if applicable)	OrgDoc1, OrgDoc2, etc.	§106(e) Organizational Documents (Articles of Incorporation, Bylaws, Amendments, Certificate of Good Standing, etc.)	N/A
Yes (if applicable)	Org_Chart	§106(e) Organizational Chart	Included
Yes (if applicable)	Gov_TIN_Form	§106(e) Government Agency Taxpayer ID Form	Included
Yes (if applicable)	STD_204	§106(e) STD-204 Payee Data Record	N/A
Yes (if applicable)	Sig_Block	501(c)(3) nonprofit corporation only §106(e) - Signature Block, upload as a Microsoft Word document	N/A
Yes (if applicable)	Fin_Statements	501(c)(3) nonprofit corporation only §106(e) - Audited financial statements (2 years)	N/A
Yes (if applicable)	501c3_Determination	501(c)(3) nonprofit corporation only §106(e) - IRS determination letter regarding 501(c)(3) status (this letter must address the name of the 501(c)(3), which must match the name of the HTF)	N/A
Yes	App_Reso	§106(e) Application Resolution Note: Only one Application Resolution may be submitted and must be from the Applicant. Additionally, Attachment 1 must be an attachment to the Resolution prior to approval by the governing body and must be included with your submission.	Included
Yes	Guidelines_107d	§107(d) Loan guidelines and underwriting standards and procedures	N/A (Adopting HCD UMRs)
Yes (if applicable)	Cert_LOE	Letter of Explanation for any applicable items on "Certification & Legal" tab of the application	N/A
Matching Funds and Ongoing Revenue			
Yes	Match_Fund_1, Match_Fund_2, etc.	§104 Required Documentation for Matching Funds	Included
Yes (if applicable)	Binding_Agreement	§104(b) Fully executed commitment letter or a fully executed contract to provide Matching Funds , specifying the source(s) of the Matching Funds, the amount of Matching Funds from each source, the date upon which the funds will be deposited into the LHTF or RHTF account, and remedies for not depositing the Matching Funds on/by that date.	N/A
Yes	Ongoing_Rev_1, Ongoing_Rev_2, etc.	§102(a),(b),(c) Required Documentation for Ongoing Revenues	Included
§106 Application Scoring			
No	Readiness_1, Readiness_2, etc.	§106(f)(3) Readiness List	Included
No	LOI_1, LOI_2, etc.	§106(g)(1) Letter(s) of Intent	Included

**I have reviewed the Document Checklist and have named my documents according to the instructions.
I will upload all required documents to the LHTF submission portal.**

Yes

Application Development Team (ADT) Support Form

Rev. 5/2024

Please complete the "yellow" cells in the form below and **email a copy to: LHTF@hcd.ca.gov**
A member of the LHTF Team will respond to your request ASAP.

Full Name:	Jennifer Savage	Date Requested:		Application Version Date:	
Organization:	City of Laguna Beach	Email:	jsavage@lagunabeachcity.net	Contact Phone:	(949) 715-1141

Justification:

Issue #	Program Name	Tab	Section	Cell#	Update/Comment	Urgency	ADT Status	Status Date
1	LHTF							
2	LHTF							
3	LHTF							
4	LHTF							
5	LHTF							
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24	LHTF							
25	LHTF							

RESOLUTION NO. 24.026

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA BEACH, CALIFORNIA, ESTABLISHING THE CITY OF LAGUNA BEACH LOCAL HOUSING TRUST FUND, ADOPTING THE UNIFORM MULTIFAMILY REGULATIONS, AUTHORIZING THE CITY MANAGER TO APPLY FOR AND EXECUTE AGREEMENTS FOR GRANTS RELATED TO THE LAGUNA BEACH LOCAL HOUSING TRUST FUND, AND AUTHORIZING THE CITY MANAGER TO ISSUE A NOTICE OF FUNDING AVAILABILITY OF EXISTING HOUSING IN-LIEU FUNDS AND HOUSING FUNDS AND ANTICIPATED LOCAL HOUSING TRUST FUNDS

WHEREAS, there exists within the City of Laguna Beach (City) a shortage of decent, safe, and affordable housing such that it is adverse to the health, well-being, and prosperity of the City's residents; and

WHEREAS, residents with lower household incomes are more likely to be impacted by this shortage, leading to difficulty in finding safe and affordable housing options within the City; and

WHEREAS, residents with lower household incomes are more likely to be cost-burdened by housing expenses, sometimes paying 30-50% or more of their income on housing; and

WHEREAS, cost-burdened households have fewer financial resources to expend on other necessities such as healthy food, education, and medical expenses; and

WHEREAS, the establishment of a City of Laguna Beach Local Housing Trust Fund (LHTF) would create an opportunity to address the need for decent, safe, and affordable housing within the City through community supported, housing-related programs and activities; and

WHEREAS, an LHTF can help the City address identified housing needs and fulfill housing programs outlined within the Housing Element; and

WHEREAS, the City's Housing In-Lieu Fund and Housing Fund are to be used specifically to fund the development and preservation of lower income housing units; and

WHEREAS, the City of Laguna Beach will act as the settlor and manifests an intention to create a trust; and

WHEREAS, the Housing In-Lieu Fund and Housing Fund, which are ongoing revenues as defined by HCD’s LHTF Final 2020 Guidelines, as detailed in Exhibit A, can be the trust property, and can be used as dedicated sources for matching funds of any LHTF grant; and

WHEREAS, the LHTF will be used for eligible uses of funds as stated in Section 105 of HCD’s LHTF 2020 Guidelines as may be amended from time to time; and

WHEREAS, the City of Laguna Beach will act as the trustee of the City of Laguna Beach LHTF; and

WHEREAS, the beneficiaries of the City of Laguna Beach LHTF will be at the discretion of the trustee and based on eligible uses of funds as stated in Section 105 of HCD’s LHTF 2020 Guidelines as may be amended from time to time; and

WHEREAS, the City Council can allocate funding into the LHTF to be used as eligible funds for grant matching; and

WHEREAS, the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Section 15378, in that establishing an LHTF does not meet CEQA's definition of a “project,” because the action does not have the potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment, and because the action constitutes an administrative and fiscal activity of the government which does not involve any commitment to any specific project that may result in direct or indirect physical changes in the environment, and furthermore any use of LHTF funds will result in its own CEQA analysis.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA BEACH DOES RESOLVE:

SECTION 1. Findings. The above recitals are declared to be true and correct and are incorporated into this resolution as findings of the City Council.

SECTION 2. CEQA Analysis. The proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Section 15378, in that establishing an LHTF does not meet CEQA's definition of a “project,” because the action does not have the potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment, and because the action constitutes an administrative and fiscal activity of the government which does not involve any commitment to any specific project that may result in direct or indirect physical changes in the environment, and furthermore any use of LHTF funds will result in its own CEQA analysis.

SECTION 3. Local Housing Trust Fund City Fund. City staff are authorized to create a City Fund to be designated as the City of LHTF. Proceeds in this fund shall be used to address the need for decent, safe, and affordable housing within the City.

SECTION 4. Program Guidelines. The revenue held within the LHTF shall be expended according to adopted Program Guidelines, as detailed in Exhibit B. Program Guidelines may be updated by the Community Development Director or their designee as necessary to address changing local housing needs or Multiple Program Guidelines may be adopted to direct expenditures according to the parameters of funding sources. Development of Program Guidelines shall occur through an accessible, community-supported process.

SECTION 5. Underwriting Guidelines. The Laguna Beach LHTF hereby adopts the Uniform Multifamily Regulations, and is attached hereto as Exhibit C.

SECTION 6. Administration of Funds. The Community Development Director or their designee shall serve as the Administrator of the LHTF. The responsibilities of the Administrator shall include each of the following:

- a. Maintaining all records related to the LHTF.

- b. Assisting prospective applicants/recipients requesting LHTF support.
- c. Coordinating formal agreements with recipients of LHTF.
- d. Monitoring the use of LHTF funds, including oversight of Fund distributions and recipient agreements.
- e. Facilitating community input for the development of new or updated Program Guidelines.
- f. Providing an Annual Report to the City Council on LHTF activities.

The Finance Division provides financial management, accounting and reporting services for the Fund.

SECTION 7. Funding. The LHTF shall be funded upon City Council authorization from the Housing In-Lieu Fund and Housing Fund as needed for applications requiring matching funds. The LHTF remains eligible to receive allocations from additional sources as they become available.

SECTION 8. Compliance with Probate Code. The City of Laguna Beach LHTF was created in compliance with Sections 15200 et. seq. of the California Probate Code as:

- A. The City of Laguna Beach will act as the settlor and manifests an intention to create a trust.
- B. The City's Housing In-Lieu Fund and Housing Fund will be the trust property and shall be used as dedicated sources for matching funds of any LHTF grant.
- C. The LHTF trust will be used for eligible uses of funds as stated in Section 105 of HCD's LHTF 2020 Guidelines as may be amended from time to time.
- D. The City of Laguna Beach will act as the trustee of the City of Laguna Beach LHTF.
- E. The beneficiaries of the City of Laguna Beach LHTF will be at the discretion of the trustee and based on eligible uses of funds as stated in Section 105 of

HCD's LHTF 2020 Guidelines as may be amended from time to time.

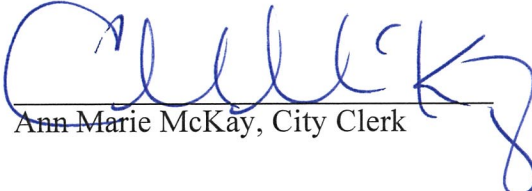
SECTION 9. Notice of Funding Availability. The City Manager or their designee are authorized to issue a NOFA to solicit proposals for the use of existing Housing In-Lieu Funds and Housing Funds and anticipated LHTFs.

ADOPTED this 9th day of April, 2024.



Sue Kempf, Mayor

ATTEST:



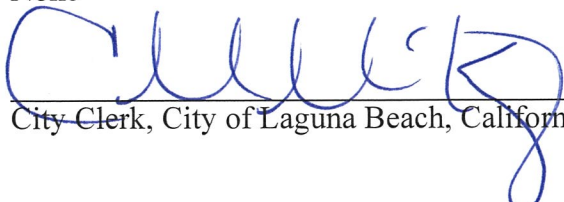
Ann Marie McKay, City Clerk

I, Ann Marie McKay, City Clerk of the City of Laguna Beach, certify that the foregoing Resolution No. 24.026 was duly adopted at a regular meeting of the City Council of said City held on April 9, 2024, by the following vote:

AYES: COUNCILMEMBERS: Orgill, Weiss, Whalen, Rounaghi, Kempf

NOES: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: None



City Clerk, City of Laguna Beach, California

Local Housing Trust Fund Program

Final 2020 Guidelines



**State of California
Gavin Newsom, Governor**

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

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

2020 West El Camino Avenue, Suite 670
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LHTF email: LHTF@hcd.ca.gov

April 2020

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

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

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

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INTRODUCTION

Health and Safety Code (HSC) Section 50843.5 authorizes the California Department of Housing and Community Development (Department) to provide matching grants to Local Housing Trust Funds established by cities and counties, Native American Tribes, and/or incorporated 501(c)(3) nonprofit organizations. Funds may be used for construction loans and/or permanent financing loans to pay for predevelopment costs, acquisition costs, and other costs associated with development or rehabilitation of Affordable rental housing projects, Emergency Shelters, Permanent Supportive Housing, Transitional Housing, or Affordable homebuyer/homeowner projects, including assistance to income-eligible households to purchase for-sale units. Funds may also be used for the construction, conversion, repair, reconstruction or rehabilitation of Accessory Dwelling Units or Junior Accessory Dwelling Units.

The Department's objective is to expand sources of funding for housing, and to expand the supply of Affordable housing through the creation of new Local Housing Trust Funds, and to support the on-going operation of existing Local Housing Trust Funds.

A Notice of Funding Availability (NOFA) will be released as funds are available.

Section 100. Purpose and scope

- (a) These Guidelines implement, interpret, and make specific Health and Safety Code (HSC) Sections 50842.1, 50842.2, 50843.5 and Section 54006(f), which govern the Local Housing Trust Fund Program (LHTF or LHTF Program). The principal goal of the LHTF Program is to expand sources of funding for housing through the creation of new Local Housing Trust Funds and to support existing Local Housing Trust Funds. Under the LHTF Program, the California Department of Housing and Community Development (Department) provides matching grants to eligible Applicants that have a Local Housing Trust Fund. LHTF Program Funds shall be used to make construction loans and/or permanent financing loans to pay for predevelopment costs, acquisition costs, and other costs associated with development or rehabilitation of Affordable rental housing projects, Emergency Shelters, Permanent Supportive Housing, Transitional Housing, and Affordable homebuyer/homeowner projects, including assistance to income-eligible households to purchase for-sale units. Funds may also be used for the construction, conversion, repair, reconstruction, or rehabilitation of Accessory Dwelling Units (ADUs) or Junior Accessory Dwelling Units (JADUs).
- (b) Proposition 1 of 2018 granted the Department authority to implement the LHTF Program through Guidelines.
- (c) These Guidelines establish terms, conditions, and procedures for Applicants to submit applications to the Department for grants from the LHTF Program and for funds awarded under the LHTF Program.

Note: Authority cited: HSC Section 54014 subdivision (b). Reference cited: HSC Sections 50842.2 and 50843.5.

Section 101. Definitions

The following definitions govern the use of the terms below in this subchapter:

- (a) “Accessory Dwelling Unit (ADU) means a dwelling unit, which is attached, detached, or located within the living area of the existing dwelling or residential dwelling unit and provides complete independent living facilities for one or more persons pursuant to Government Code (GC) Section 65852.2 and 65852.22. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling is situated. An ADU also includes an efficiency unit, as defined in HSC Section 17958.1, or a manufactured home, as defined in HSC Section 18007. ADUs must be restricted to occupancy by households with incomes of no more than 120 percent of AMI at an Affordable rent for a minimum of 10 years.

- (b) “Affordable” means a housing unit that satisfies at least one of the following criteria:
- (1) If the unit is being rented to Lower-Income, Very Low-Income or Extremely Low-Income Households, it complies with Section 7312(a) of the Multifamily Housing Program guidelines;
 - (2) If the unit is being sold, it is offered at an “Affordable housing cost”, as defined in HSC Section 50052.5; or
 - (3) If the unit is being rented to Moderate-Income Households, it is available at a gross rent, including a utility allowance, that does not exceed 30 percent of the applicable income-eligibility level, and complies with the definition of Moderate-Income in these guidelines.
- (c) “Applicant” means one of the following:
- (1) A local government or local governments which have created a Local or Regional Housing Trust Fund to receive specific revenue to address local housing needs.
 - (2) A Native American Tribe or Tribes which have created a Local or Regional Housing Trust Fund to receive specific revenue to address local housing needs.
 - (3) A nonprofit Local or Regional Housing Trust Fund incorporated under Section 501(c)(3) of the Internal Revenue Code to receive specific public, or public and private, sources of revenue to address local housing needs.
- (d) “Area Median Income” or “AMI” means the most recent applicable county median family income published by the Department, available at the [HCD website](http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml), <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.
- (e) “Dedicated Source” means taxes, fees, and loan repayments consistent with Section 104(c), and/or public or private contributions that will provide Ongoing Revenues to the Local Housing Trust Fund sufficient to meet the requirements of the LHTF Program. Dedicated Source does not include lines of credit or loans obtained by the Trust Fund.
- (f) “Department” means the California Department of Housing and Community Development.
- (g) “Eligible Project” means any of the following:
- (1) Rental housing projects including Permanent Supportive Housing. The affordability of all units assisted by Program Funds shall be income and rent restricted for not less than 55 years;

- (2) Emergency Shelters and Transitional Housing, with a required minimum term of 15 years;
 - (3) Homeownership Projects or Units Within a Homeownership Project, consisting of homebuyer assistance and rehabilitation of homes owned by income-eligible owner-occupants. Homebuyer and owner-occupied rehabilitation activities may include construction, conversion, or rehabilitation of ADUs or JADUs, as defined in this section; or
 - (4) Construction, conversion, or rehabilitation of ADUs or JADUs without an Eligible Homeownership Project, consisting of a loan to a homeowner to build, convert, or rehabilitate an ADU or JADU, as defined in this section.
- (h) “Emergency Shelter” means the same as in 24 CFR 576.2.
 - (i) “Existing Local Housing Trust Fund” is a Local Housing Trust Fund organized, funded, and operated more than 12 months prior to the date the Notice of Funding Availability (NOFA) is issued.
 - (j) “Extremely Low Income” has the meaning set forth in HSC Section 50106, which is a maximum of 30 percent of AMI. Grantees shall utilize income limits issued by the Department available on the [HCD website](http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml), <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.
 - (k) “First-time Homebuyer” means an individual, or individuals, or an individual and his or her spouse, who are in the process of buying a dwelling with the intent to occupy the home as a principal place of residence, and who have not owned a home during the three-year period before the purchase of a home with Program Funds, except that the following individual or individuals may not be excluded from consideration as a First-time Homebuyer under this definition:
 - (1) A displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive twelve-month period, and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment, and worked primarily without remuneration to care for his or her home and family;
 - (2) A single parent who, while married, owned a home with his or her spouse or resided in a home owned by his or her spouse. A single parent is an individual who is unmarried or legally separated from his or her spouse, and has one or more minor children for whom the individual has custody or joint custody, or is pregnant; or

- (3) An individual or individuals who owns or owned, as a principal residence during the three-year period before the purchase of a home with Program Funds, a dwelling unit whose structure is:
- (A) Not permanently affixed to a permanent foundation in accordance with local or state regulations; or
 - (B) Not in compliance with state, local, or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.
- (l) “Grantee” means an entity that has received an award of LHTF Program Funds.
- (m) “Homeownership Project or Units Within a Homeownership Project” means Eligible Projects that use Program Funds to assist First-time Homebuyers in the acquisition or construction of dwellings, or to assist in rehabilitation of owner-occupied housing units in which the homeowner has an ownership interest sufficient to comply with HSC Section 50843.5(d)(3), including the construction, conversion, repair, reconstruction or rehabilitation of ADUs or JADUs. Homeowner transactions shall comply with the resale requirements set forth in HSC Section 50843.5(d)(3) for a period of 30 years from the date that Program Funds are used to acquire, construct, or rehabilitate the property.
- (n) “Junior Accessory Dwelling Units” (“JADUs”) shall have the same meaning as defined by GC Section 65852.22(g)(1). JADUs must be restricted to occupancy by households with incomes of no more than 120 percent of AMI at an Affordable Rent for a minimum of 10 years.
- (o) “Legally-Binding Commitment” means a fully-executed commitment letter or a fully-executed contract to provide Matching Funds, specifying the source(s) of the Matching Funds, the amount of Matching Funds from each source, the date upon which the funds will be deposited into the Local Housing Trust Fund or Regional Housing Trust Fund account, and remedies for not depositing the Matching Funds on that date.
- (p) “Local Housing Trust Fund” is a public, joint public and private, or charitable nonprofit organization organized under Section 501(c)(3) of the Internal Revenue Code, which was established by legislation, ordinance, resolution (including nonprofit articles of incorporation), or a public-private partnership organized to receive specific public, or public and private, revenue to address local housing needs. The key characteristic of a Local Housing Trust Fund is that it receives Ongoing Revenues from Dedicated Sources of funding sufficient to permit the Local Housing Trust Fund to comply with the requirements of the Program.
- (q) “Local Impact Fees” are impact fees, mitigation fees, or capital facility fees imposed on development projects by municipalities, county agencies, or other jurisdictions such as utility districts, school districts, water agencies, and resource conservation districts. Local Impact Fees may include fees for residential or

commercial development (in lieu of building affordable housing), parks and recreation, schools, traffic, street and signals, law enforcement facilities, fire facilities, library facilities, water facilities, waste water treatment, waste water collection, drainage facilities, community development, general facilities, public facilities, governmental facilities, environmental facilities, and facilities assessments.

- (r) “Lower-Income Households” has the meaning set forth in HSC Section 50079.5, which states that Lower-Income Households are persons and families with a maximum income of 80 percent of AMI. Grantees shall utilize income limits issued by the Department available at the [HCD website](http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml), <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.
- (s) “Matching Funds” shall mean available funds meeting the requirements of Section 104.
- (t) “Moderate-Income Households” has the meaning set forth in Health & Safety Code Section 50093, which states that Moderate-Income Households are persons and families with a maximum income of 120 percent of AMI. Grantees shall utilize income limits issued by the Department available at the [HCD website](http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml), <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.
- (u) “Native American Lands” means real property located within the State of California, which is trust land for which the United States holds title to the tract, or interest in trust, for the benefit of one or more Native American Tribes or individual Native Americans, or is restricted Native American land for which one or more Native American Tribes or individual Native Americans holds fee title to the tract or interest, but can alienate or encumber it only with the approval of the United States. Native American Lands may be leased for housing development and residential purposes under federal law.
- (v) “Native American Tribe or Tribes” means any duly constituted governing body of a Native American reservation or rancheria, or a tribally designated housing entity, as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5.
- (w) “New Local Housing Trust Fund” is a Local Housing Trust Fund that was organized, funded, and operated no more than 12 months prior to the Round 1 NOFA release date, or, for Round 2 and beyond, no more than 12 months prior to the NOFA release date, or created since the last NOFA was issued (whichever is longer). If a trust fund has ever previously received an award, it will not be considered “new”. If a “New Local Housing Trust Fund” submits an application within the time frames required, and passes threshold for that funding round but does not score highly enough to receive an award, it shall be permitted to apply in the next funding round as a “New Local Housing Trust Fund.” This exception

will be true even if timing between NOFAs would otherwise cause a “New Local Housing Trust Fund” to be timed out and no longer considered “new” based on the date of its creation. If the trust fund still does not score highly enough the second time, it will no longer be able to apply as a “new” trust fund in any subsequent funding rounds.

- (x) “NOFA” means a Notice of Funding Availability issued by the Department to announce the availability of Program Funds, the terms and conditions of awards, and requirements for the submittal of applications.
- (y) “On Deposit” means that the local Matching Funds are deposited in the Local Housing Trust Fund. The Department shall not disburse Program Funds until the Matching Funds required for the Eligible Project are On Deposit. In the event that a Trust Fund has sufficient Matching Funds in its account at the NOFA application deadline, but also has Legally-Binding Commitments to deposit additional sufficient Matching Funds prior to disbursement of any Program Funds, the Department may permit the Trust Fund to deploy the original Matching Funds, pending the Department’s approval of the Legally-Binding Commitments to deposit additional sufficient Matching Funds. In no event shall any Program Funds be disbursed until the Matching Funds required for the Eligible Project are On Deposit.
- (z) “Ongoing Revenues” means the following:
 - (1) For an Existing Housing Trust Fund, it means a public or private source, or sources, of revenue totaling at least an average of \$100,000 per year for three years after the date of the Program award; and
 - (2) For a New Housing Trust Fund, it means sufficient public or private sources of revenue to pay for the Trust Fund’s operating costs for a minimum of five years after the date of the Program award.
 - (3) Ongoing Revenues may not include one-time donations, such as land donations or large bequests.
- (aa) “Permanent Supportive Housing” has the same meaning as in HSC Section 50675.14: housing, with no limit on the length of stay, that is occupied by the target population, and that is linked to onsite or offsite services that assist the supportive housing residents in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community. Permanent Supportive Housing may include associated facilities if used to provide services to housing residents. Permanent Supportive Housing does not include “health facility” as defined by HSC Section 1250, or any “alcoholism or drug abuse recovery or treatment facility” as defined by HSC Section 11834.02, or “community care facility” as defined in HSC Section 1502, or “mental health rehabilitation centers” as defined in Section 5675 of the Welfare and Institutions Code (WIC), or other residential treatment programs.

- (bb) “Program” or “LHTF Program” means the Local Housing Trust Fund Program authorized by HSC Section 50843.5, as implemented in these Guidelines.
- (cc) “Program Funds” means the funds provided by the Department to a Local Housing Trust Fund pursuant to these Guidelines.
- (dd) “Regional Housing Trust Fund” means a Trust Fund serving two or more jurisdictions if the combined population is more than 1 million people; serving three or more jurisdictions in counties with total populations of 250,000 or less; and serving four or more jurisdictions in counties with total populations of more than 250,000.
- (ee) “Transitional Housing” means the same as in 24 CFR 578.3.
- (ff) “Very Low Income” has the meaning set forth in HSC Section 50105, which is 50 percent of AMI. Grantees shall utilize income limits issued by the Department for Very Low-Income Households for each county available at the [HCD website](http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml), <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.

Note: Authority cited: HSC Section 54014 subdivision(b). Reference cited: Health and Safety Code Sections 50052.5, 50053, 50079.5, 50081, 50093, 50105, 50106, 50843.5 and 53545.9(c).

Section 102. Eligible Applicants

The following entities shall be eligible to apply for Program Funds:

- (a) A city, county, or city and county that has created, funded, and operated an Existing Local Housing Trust Fund, or that has created and funded a New Local Housing Trust Fund.
 - (1) The trust fund shall have the following characteristics:
 - (A) It shall utilize a public, or joint public and private, fund established by legislation, ordinance, resolution, or a public-private partnership, to receive specific revenue to address local housing needs.
 - (B) It shall be funded from Ongoing Revenues as required by the definition in Section 101 from Dedicated Sources of funding such as taxes, fees, loan repayments, or public or private contributions.
 - (2) The city or county shall have, at the time of application, a Housing Element that was adopted by the city or county’s governing body and subsequently determined by the Department to be in compliance with state Housing Element law pursuant to GC Section 65585.

- (3) The city or county shall have submitted to the Department the Annual Progress Report required by GC Code Section 65400 for the current or prior year by the application deadline date.
 - (4) A Local Housing Trust Fund or Regional Housing Trust Fund that was created, funded, and operated by a combination of two or more cities or counties shall, in its application, agree to utilize Program Funds only for Eligible Projects located in cities or counties that have, at the time of application, an adopted Housing Element meeting the requirements of subparagraph (2) above, and for which the Annual Progress Report was submitted for the current or prior year by the application deadline date, as required by subparagraph (3) above.
- (b) A charitable nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code that is an Existing Local Housing Trust Fund or a New Local Housing Trust Fund.
- (1) The trust fund shall have the following characteristics:
 - (A) It shall consist of a public, or joint public and private, fund established by legislation, ordinance, resolution, or a public-private partnership, to receive specific revenue to address local housing needs.
 - (B) It shall be funded from Ongoing Revenues as required by the definition in Section 101 from Dedicated Sources of funding such as taxes, fees, loan repayments, or public or private contributions.
 - (2) The charitable nonprofit organization shall, in its application, agree to utilize Program Funds only for Eligible Projects located in cities and counties that have, at the time of application, an adopted Housing Element that the Department has determined, pursuant to Section 65585 of the GC, to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the GC.
 - (3) The charitable nonprofit organization shall, in its application, agree to utilize Program Funds only for Eligible Projects located in cities and counties that have submitted to the Department the Annual Progress Report required by GC Code 65400 for the current year or prior year by the application deadline date.
- (c) A Native American Tribe or Tribes that has or have created, funded, and operated an Existing Local Housing Trust Fund, or that has created and funded a New Local Housing Trust Fund.
- (1) The trust fund shall have the following characteristics:

- (A) It shall utilize a public, or joint public and private, fund established by legislation, ordinance, resolution, or a public-private partnership, to receive specific revenue to address local housing needs.
 - (B) It shall be funded from Ongoing Revenues as required by the definition in Section 101 from Dedicated Sources of funding such as taxes, fees, loan repayments, or public or private contributions.
- (2) The Native American Tribe or Tribes shall, in its application, agree to utilize Program Funds only for Eligible Projects either (A) located on Native American Lands or (B) located in cities and counties that have, at the time of application, an adopted Housing Element that the Department has determined, pursuant to Section 65585 of the GC, to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the GC.
- (3) The Native American Tribe or Tribes shall, in its application, agree to utilize Program Funds only for Eligible Projects either (A) located on Native American Lands or (B) in cities and counties that have submitted to the Department the Annual Progress Report required by GC Code 65400 for the current year or prior year by the application deadline date.
- (d) An Applicant shall not be eligible to submit an application for funding if the Applicant has not committed at least 40 percent of the Program Funds previously awarded to the Applicant.

Note: Authority cited: HSC Section 54014 subdivision(b). Reference: HSC Sections 50843.5 and 53545.9(c).

Section 103. Funding amount minimums and maximums

- (a) The minimum application request by an Applicant that is an Existing Local Housing Trust Fund shall be \$1 million.
- (b) The minimum application request by an Applicant that is a New Local Housing Trust Fund, but which is not a Regional Housing Trust Fund, shall be \$500,000.
- (c) The minimum application request by an Applicant that is a New Local Housing Trust Fund, which is also a Regional Housing Trust Fund, and which is utilizing Permanent Local Housing Allocation funds as Matching Funds, shall be \$750,000;
- (d) The maximum application request for all Applicants shall be \$5 million.

Note: Authority cited: HSC Section 54014 subdivision(b). Reference: HSC Sections 50843.5(c) and 53545.9(c).

Section 104. Matching Funds requirements

- (a) All Program Funds provided pursuant to this section shall be matched on a dollar for dollar basis with dedicated sources of funding, such as taxes, fees, or loan repayments, or public or private contributions by the Applicant. Lines of credit and loans received by the Local Housing Trust Fund are not eligible sources of Matching Funds.
- (b) An application for LHTF funds shall not be considered unless the application contains required documentation of the deposit in the Local Housing Trust Fund of the local Matching Funds, and the identity of the source of Matching Funds, or evidence of a legally binding commitment to deposit the required Matching Funds, and the identity of the source of Matching Funds.
- (c) Funds restricted for housing use by state or federal law (such as funds from the Home Investment Partnerships Program (“HOME”), the Community Development Block Grant Program (“CDBG”), redevelopment agency low- and moderate-income housing fund set-aside (“LMIHF”) funds, or state housing programs administered by the Department), shall not be considered Matching Funds. However, Permanent Local Housing Allocation (PLHA) Program funds may be considered Matching Funds for Regional Housing Trust Funds.
- (d) Matching Funds shall be On Deposit prior to disbursement of Program Funds.
- (e) Matching Funds must be utilized on a dollar-for-dollar basis for the same Eligible Project for which Program Funds are used, as required by HSC Section 50843.5(c).

Note: Authority cited: HSC Section 54014 subdivision(b). Reference: HSC Sections 50843.5 and 53545.9(c).

Section 105. Eligible uses of funds

- (a) Program Funds shall be used by the Grantee to provide construction loans and/or deferred payment permanent financing loans at simple interest rates of no higher than 3 percent per annum, for payment of predevelopment costs, acquisition, construction, or rehabilitation of Eligible Projects.
- (b) Administrative expenses of up to 5 percent of Program Funds and up to 5 percent of Matching Funds are allowed.
- (c) At least 30 percent of the Program Funds, after deducting administrative expense, and the Matching Funds shall be expended on assistance to Extremely Low-Income Households. To comply with this requirement, dwelling units or shelter beds must be Affordable to, and restricted for, Extremely Low-Income Households with household income of no more than 30 percent of AMI.

- (d) No more than 20 percent of the Program Funds, after deducting administrative expense, and the Matching Funds shall be expended on assistance to Moderate-Income Households. To comply with this requirement, dwelling units must be Affordable to, and restricted for, Moderate-Income Households with household income of no more than 120 percent of AMI.
- (e) The remaining Program Funds and Matching Funds shall be expended on assistance to Lower-Income Households. To comply with this requirement, dwelling units must be Affordable to, and restricted for, Lower-Income Households with household income of no more than 80 percent of AMI.

Note: Authority cited: HSC Section 54014 subdivision (b). Reference: HSC Sections 50843.5 and 53545.9(c).

Section 106. Application process

- (a) The Department shall periodically issue a NOFA that specifies, among other things, the amount of funds available, the terms and conditions of the award of Program Funds, and the application deadline.
- (b) For New Local Housing Trust Funds, the Department shall set aside a percentage of the funding made available by each NOFA.
- (c) Applications shall be on forms made available by the Department.
- (d) Applicants must meet the requirements of HSC Section 50843.5 and Section 102 of these Guidelines.
- (e) Only complete applications submitted on or before the application deadline stated in the NOFA shall be considered for funding. In order to be considered “complete”, an application must have all of the information requested and provide adequate documentation and information for the Department to determine the Local Housing Trust Fund's eligibility for funding pursuant to HSC Section 50843.5(b) and these Guidelines, and the eligibility of the Project pursuant to HSC Section 50843.5(d) and these Guidelines. The Applicant shall bear the burden of demonstrating compliance with these requirements. If the total amount of funding requested by all Applicants under a NOFA is less than the amount of funding available under the NOFA, the Department may allow an Applicant to submit additional or corrected information to amend an application and make it complete. Such amendments may not include a request for a higher funding amount.
- (f) In the event that the amount of funding requested in complete and eligible applications exceeds the funds available, applications shall be evaluated and funded using criteria published in the NOFA, as follows:

- (1) Non-Residential Matching Funds: The extent to which the Applicant provides Matching Funds from sources other than residential local impact fees or in lieu fees.
 - (2) Deeper Income Targeting: The extent to which the Applicant commits to expend less than 20 percent of its Program Funds and Matching Funds to serve Moderate-Income Households.
 - (3) Readiness: The extent to which the applicant has completed a first phase funding process for multifamily rental projects and announced on its website the status of each project, including those projects that were approved to submit a final application upon award of Program Funds.
 - (4) Increasing the Supply of Lower-Income Rental Housing: The extent to which the Applicant commits to use Program Funds and Matching Funds for the new construction of rental housing developments Affordable and restricted to households with average incomes of no more than 60 percent of AMI.
 - (5) Community Need: The percentage of the following factor in the jurisdictions to be served will be compared to the percentage in jurisdictions to be served by other Applicants:
 - (A) Lower-Income Households paying more than 50 percent of their household income for rent or owner expenses.
 - (6) Regional Housing Trust Fund Applicants: Applicants that include six jurisdictions (in counties with total populations of 250,000 or less) or eight jurisdictions (in counties with more than 250,000), or that meet the minimum threshold (two jurisdictions with more than one million people, or three jurisdictions in counties with total populations of 250,000 or less, or four jurisdictions in counties with more than 250,000), and include more than 66 percent of the population of the county or counties.
 - (7) Performance: The extent to which Applicants exceed the minimum 40 percent commitment threshold stated in Section 102(d).
- (g) Tie Breaker, if needed:
- (1) Readiness: The extent to which the application identifies specific multifamily rental projects for which the trust fund has issued Letters of Intent (LOIs) to developers for construction or permanent financing.

Note: Authority cited: HSC Section 54014 subdivision (b). Reference: HSC Sections 50843.5 and 53545.9(c).

Section 107. Protection of Program Funds

- (a) In order to protect the Program Funds awarded to a Grantee, the Grantee shall provide the Program Funds in the form of a loan evidenced by a promissory note, the repayment of which shall be secured either by a deed of trust recorded against the title to the real property, or a security interest in the manufactured home being assisted with Program Funds. The promissory note shall contain a special provision that repayment shall be made to the Department in the event that the Grantee is no longer in operation. For Emergency Shelter or Transitional Housing Projects, the loan may be forgivable upon satisfaction of the 15-year minimum regulatory period.
- (b) Multifamily rental projects assisted with Program Funds are required to have a recorded Regulatory Agreement setting forth requirements for household income levels and rent restrictions for not less than 55 years for all units assisted by Program Funds.
- (c) Where Program Funds are provided in the form of a construction loan, the Grantee and the housing developer shall enter into a development loan agreement setting forth the terms and conditions required to be met prior to closing escrow, which shall include, but not be limited to, requirements for escrow, title insurance, property insurance, compliance with environmental remediation requirements, and other borrower responsibilities.
- (d) The Grantee shall submit documentation of its loan guidelines and underwriting standards and procedures for review by the Department as part of its Program application.
- (e) The Department shall have the right to request copies of documentation of the activities of the Local Housing Trust Fund at any time prior to or after disbursement of Program Funds.
- (f) Where Program Funds are used for a Homeownership Project or units within a Homeownership Project, the Grantee shall record a deed restriction in compliance with Health and Safety Code Section 50843.5(d)(3), unless such a deed restriction would conflict with the requirements of law or another public funding source.
- (g) Where Program Funds are used to develop or rehabilitate an ADU or JADU apart from home buyer acquisition or rehabilitation of an owner-occupied dwelling, the Grantee shall record a deed restriction in compliance with Health and Safety Code Section 50843.5(d)(3) requiring that the ADU or JADU be restricted to occupancy by households with incomes of no more than 120 percent of AMI at an Affordable Rent for a minimum of 10 years.
- (h) Where Program Funds are used to develop or rehabilitate a structure as an Emergency Shelter or Transitional Housing, the Grantee shall record a

Regulatory Agreement with a minimum term of 15 years. Upon satisfactory completion of this regulatory period, the LHTF Program loan is forgivable.

- (i) Program Funds shall be disbursed only in amounts necessary to fund Eligible Projects identified to receive a loan from the LHTF within a reasonable period of time, as determined by the Department.

Note: Authority cited: HSC Section 54014 subdivision (b). Reference: Sections 50843.5 and 53545.9(c), Health and Safety Code.

Section 108. Program Grantee responsibilities

- (a) Grantees are responsible for administering and implementing the Eligible Projects as proposed in their application.
- (b) Grantees must continue the operation of the Local Housing Trust Fund for at least five years after the Program Funds award date.
- (c) Grantees shall have held, or shall hold, a public hearing to discuss and describe the Eligible Project(s) that will be funded. Nonprofit grantees shall hold one public meeting per year that is open to the public, and a public notice of the meeting shall be posted on the nonprofit's website at least 10 days prior to the meeting. This meeting shall be for the purpose of discussing the criteria that will be used to select projects to be funded.

Note: Authority cited: HSC Section 54014 subdivision (b). Reference: Sections 50843.5 and 53545.9(c), Health and Safety Code.

Section 109. Encumbrance deadline and application repayment

- (a) Any Program Funds not encumbered by a Grantee by a loan commitment to the developer of an Eligible Project within 60 months of the date of the executed state Standard Agreement shall be disencumbered by the Department, and any Program Funds advanced to a Grantee shall promptly be returned to the Department.
- (b) Repayments, interest, and fees (except for rental project monitoring fees not exceeding the limits stated in Section 113(b) of the Portfolio Restructuring Guidelines), derived from loans of Program Funds received by a Grantee, shall be retained by the Grantee in the Local Housing Trust Fund to be used for the purposes set forth in these Guidelines.
- (c) If a Grantee ceases operations, or Ongoing Revenues cease less than five years from the date of the Program award, all unencumbered Program Funds shall be disencumbered by the Department, and any Program Funds advanced to a

Grantee shall promptly be returned to the Department, and all current and future loan repayments, interest and fees shall be remitted to the Department.

Note: Authority cited: HSC Section 54014 subdivision (b). Reference: Sections 50843.5 and 53545.9(c), Health and Safety Code.

Section 110. Legal documents

Upon the award of Program Funds, the Department shall enter into a Standard Agreement with the Grantee constituting a conditional commitment of funds. The Standard Agreement shall require the Grantee to comply with the requirements and provisions of these Guidelines and HSC Section 50843.5 and shall, in addition, contain the following:

- (a) Encumbrance deadlines; project completion deadlines; and agreement termination date.
- (b) Grantee contract coordinator.
- (c) Disbursement conditions and documentation.
- (d) Remedies.
- (e) Insurance and inspection requirements.
- (f) Record retention and reporting requirements.
- (g) Prevailing wage requirements as applicable.

Note: Authority cited: HSC Section 54014 subdivision (b). Reference: Sections 50843.5 and 53545.9(c), Health and Safety Code.

Section 111. Cancellation and termination

- (a) In the event that it is determined, at the sole discretion of the Department, that the Grantee is not meeting the terms and conditions of the Standard Agreement, the Department shall issue a notice to stop work. Immediately upon receiving the written notice to stop work, the Grantee shall cease all work under the Standard Agreement. The Department has the sole discretion to determine the Grantee's compliance with the terms and conditions after issuance of a stop work order, and to deliver a written notice to the Grantee to resume work under this Standard Agreement.
- (b) The Department shall terminate the Standard Agreement if the Grantee is not in compliance with these Guidelines or the terms and conditions of the Standard Agreement. At least 30 days prior to the effective date of the termination of the

Standard Agreement, the Department shall provide written notice to the Grantee of its intent to cancel the funding allocation. The notice shall specify the reason for early termination and may permit the Grantee or the Department to cure any deficiency(ies) prior to the early termination date. The Grantee will submit requested documents to the Department within 30 days of the early termination notice.

- (c) Failure to meet reporting requirements will result in notice to the Grantee that it must satisfactorily cure any deficiencies within three months of the notice, or it will be ineligible for any additional LHTF award.
- (d) The Department may, as it deems appropriate or necessary, request the repayment of funds from a Grantee, or pursue any other remedies available to it by law for failure to comply with these Guidelines and/or the terms and conditions of the Standard Agreement.

NOTE: Authority cited: HSC Section 54014 subdivision (b). Reference: HSC Sections 50843.5 and 53545.9(c).

Section 112. Reporting

Not later than July 31 of each year a Grantee shall provide to the Department an annual report, in a format specified by the Department, including, but not limited to, the following information:

- (a) A narrative summary of the Local Housing Trust Fund activities including:
 - (1) Work undertaken or completed in the reporting period, including the number, type and unit count of Eligible Projects receiving Program Funds.
 - (2) Activities planned to be undertaken in the next reporting period.
 - (3) Description of problems encountered in Program implementation; and a description of the solution and when it will be implemented.
 - (4) Description of how problems may impact the ability to complete or fulfill obligations under the Standard Agreement.
- (b) Financial summary including:
 - (1) Amount of Program Funds (by Eligible Project and by activity type) available at the beginning of the reporting period, the amount drawn down to date, amount expended on Eligible Projects restricted to Extremely Low Income Households, amount expended on Eligible Projects restricted to Moderate-Income Households, and the remaining balance.

- (2) Documentation of Matching Funds, including the amount by source, expended on each Eligible Project during the reporting period.
 - (3) If requested by the Department, the Grantee shall obtain a report from a qualified, licensed third party that certifies to the amounts of disbursement and identifies the specific Eligible Projects for which the disbursements were made. Such a report is permitted to be a component of the 2 CFR Part 200.512 Single Audit report.
- (c) A spreadsheet listing Eligible Projects assisted during the reporting period by unit, including the project name, type of housing (such as multifamily rental housing, homeless shelter, homebuyer new construction project), number of units, income level restricted in each unit, bedroom count of each unit, and amount of Program Funds expended per unit.

Note: Authority cited: HSC Section 54014 subdivision (b). Reference: HSC Sections 50843.5 and 53545.9(c).

City of Laguna Beach
Local Housing Trust Fund Administrative Guidelines

Statement of Purpose

The purpose of the Laguna Beach Local Housing Trust Fund, (LBLHTF) is to assist in the creation and preservation of affordable housing in the City of Laguna Beach for the benefit of lower income households (extremely low, very, and low).

Definitions

1. “Area median income” or “AMI” is established for metropolitan areas or non metropolitan counties by the U.S. Department of Housing and Urban Development (HUD), pursuant to 42 U. S. C. Chapter 1437 et seq., to establish local income classification levels. These classifications are also used in California housing law with respect to income eligibility limits.
2. “Affordable Housing” for purposes of these Guidelines shall mean rental housing that is affordable to low and/or very-low income households.
3. “Extremely low income household” shall mean a household having an income not exceeding thirty (30) percent of AMI adjusted for household size.
4. “Very low income household” shall mean a household having an income not exceeding fifty (50) percent of AMI adjusted for household size.
5. “Low income household” shall mean a household having an income not exceeding eighty (80) percent of the AMI adjusted for household size.
6. “Moderate income household” shall mean a household having an income between eighty (80) percent to one-hundred-twenty (120) percent of the AMI adjusted for household size.

Local Housing Trust Fund Established

1. On April 9, 2024, the Laguna Beach City Council established a LHTF with a special revenue account under the name of the “Laguna Beach Local Housing Trust Fund”.
2. Funds from revenue accounts including, but not limited to, the Inclusionary Housing In-Lieu Fee Fund and the Housing Fund, and funds from awarded from the State’s LHTF grant program, shall be deposited to and allocated directly into the LHTF. Other private and public funding may also be deposited, from time to time, for use as part of the LHTF.
3. The LBLHTF may accept donations from individuals or organizations. Such donations may be designated for a specific project or purpose, so long as it is not in conflict with these guidelines, or with the guidelines of the Local Housing Trust Fund Program (Housing and Safety Code (HSC) Section 50843.5), as may be updated and amended.

4. All monies remaining in the LBLHTF at the end of any fiscal year, whether or not expended, remain LBLHTF property. All repayments of principal and interest from an LBLHTF loan remain LBLHTF property.
5. Loans and grants shall be made through a legally binding commitment from the City of Laguna Beach and shall be used for creation and preservation of affordable housing.
6. Dedicated ongoing funding source – On an ongoing basis, for a period of no less than 5 years, the City of Laguna Beach has committed a share of its property tax and/or transit occupancy tax revenue to the LBLHTF. See City Council Resolutions [Reso No. 23-035](#) and [Reso No. 23-045](#). Estimated at \$500,000/year for a period of five years, these funds will be deposited each year and used to offset costs of operating the LBLHTF.
7. Conditioned on an award from the State of California Local Housing Trust Fund Program, the City of Laguna Beach will commit to funding commensurate with administration of the housing grant funding conditions of approval.

Administrator

1. The Community Development Director of the City of Laguna Beach shall serve as the Administrator of the Affordable Housing Trust Fund. The responsibilities of the Administrator or designee shall include:
 - a. Maintaining all records of the LBLHTF.
 - b. Annually soliciting funding opportunities, including publication of Notices of Funding Availability.
 - c. Reviewing proposals or requests for funds, and issuing awards based on the priorities established in the *Distribution and Use of LHTF Assets* section.
 - d. Assisting prospective applicants requesting LBLHTF support in the preparation and presentation of their applications.
 - e. Monitoring the use of monies distributed to successful applicants to assure ongoing compliance with the purposes of the LBLHTF and the conditions under which these monies were granted or loaned.
 - f. Reporting annually to the Laguna Beach City Council regarding the operation and activity of the LBLHTF.
 - g. Submittal of any required reports or documentation to the Local Housing Trust Fund from the California Department of Housing and Community Development Department.
2. The Finance Division provides financial management and accounting services for the Fund such as:
 - a. Disbursing and collecting LBLHTF monies.
 - b. Maintaining and managing a separate account or accounts for LBLHTF monies.
 - c. Maintaining financial records for the LBLHTF.

Distribution and Use of LHTF Assets

1. Distributions may be made to private or public, profit or non-for-profit entities.
2. The types of investments the fund may make must be development, construction and permanent loans or other similar disbursements deemed necessary and appropriate to fulfill the purposes of the LBLHTF, if in compliance with Health and Safety Code (HSC) section 50843.5.
 - a. LBLHTF funds used to provide construction loans and/or deferred payment permanent financing loans shall be at simple interest rates of no higher than 3 percent per annum, for payment of predevelopment costs, acquisition, or construction of Eligible Projects, as defined by the Local Housing Trust Fund Program Final 2020 Guidelines¹ or as amended from time to time.
3. Organizations or individuals bestowing a gift or grant to the LBLHTF may specify how such a gift or grant may be used. If the gift or grant has not been used for such purpose within a reasonable amount of time, or a time period specified as a condition of the gift or grant, the gift or grant shall be returned upon the request of the donor. Such requests must be in compliance with Health and Safety Code (HSC) section 50843.5.
4. Types of projects in which the LBLHTF shall invest include:
 - a. Creation of new affordable units through new construction.
 - b. Preservation of existing affordable housing, including conversion of market rate units to affordable housing units.
 - c. Rent subsidy programs.
 - d. Predevelopment loans/grants to assist non-profit and for-profit developers with project feasibility studies, site acquisition and preliminary design studies for potential affordable housing projects.
 - e. Construction, conversion, or rehabilitation of Accessory Dwelling Units (ADUs) or Junior ADUs as defined in the municipal code.
 - f. Administrative costs for the LBLHTF for up to 5% of the LBLHTF.
 - g. Assistance for single family and multifamily rehabilitation/improvement programs.
 - h. Additional projects and/or programs as appropriate including but not limited to grants not identified above.
5. **Priority** in all disbursements shall be given to housing projects that, listed in order of priority:
 - a. Provide rent subsidies to extremely-low, very-low, or low income households for qualifying artists, qualifying seniors, and/or qualifying local workforce.
 - b. Provide forgivable loans to facilitate the construction of Accessory Dwelling Units or Junior Accessory Dwelling Units to extremely-low, very-low, or low income households for qualifying artists, qualifying seniors, and/or qualifying local workforce.

¹ <https://www.hcd.ca.gov/grants-and-funding/programs-active/local-housing-trust-fund>

- c. Provide perpetual affordability of housing to extremely-low, very-low, or low income households for qualifying artists, qualifying seniors, and/or qualifying local workforce.
 - d. New construction on land owned by the City of Laguna Beach and that provide a right of first refusal (ROFR) after the initial tax credit compliance has been met.
 - e. Housing projects that guarantee a term of affordability of at least 55 years together with full repayment of the LBLHTF investment.
 - f. New construction or rehabilitation projects that provide a majority of units that are permanent supportive housing units.
6. The following categories identify income groups that the LBLHTF will serve. The Laguna Beach Local Housing Trust Fund percentages shown are minimum target amounts or maximum allowed amounts of funding that will be expended in each category. Administrative costs shall be deducted from these calculations.
- a. Extremely low-income (at or below 30% of AMI): At least 30% of LBLHTF funds.
 - b. Lower income (no more than 60% of AMI): Up to 70% of LBLHTF funds.
 - c. Each project and each LBLHTF loan must serve these affordability restrictions on its own.
7. Loan and Underwriting Guidelines for the LBLHTF are contained in the State's Uniform Multifamily Regulations².

Oversight

1. To provide oversight to the LBLHTF, the Community Development Director or designee shall present the annual report to the Housing and Human Services Committee and the City Council.
2. Prior to presenting the annual report to the City Council, the Community Development Director or designee shall present the draft annual report to the Housing and Human Services Committee for feedback from the Committee. The annual report shall be presented at a regular meeting of the Committee.
3. The Community Development Director or designee shall present the annual report to the City Council at a regular meeting of the City Council and may be placed on the Consent Calendar.
4. The Community Development Director or designee may involve the Housing and Human Services Committee by presenting programs at a Housing and Human Services Committee meeting for feedback on programs funded by the LBLHTF.

² <https://www.hcd.ca.gov/grants-and-funding/uniform-multifamily-regulations>

Annual Report

1. The Community Development Director or designee shall prepare and submit an annual report regarding the activities undertaken with funds from the LBLHTF in the previous year.
2. The Annual Report will be publicly accessible on the City's website.
3. The Annual Report may use the format or template provided by the State's Department of Housing and Community Development for Local Housing Trust Fund grant reporting³.
4. The Annual Report shall summarize the use of LBLHTF funds consistent with LBLHTF policies and priorities.
5. The Annual Report shall include at least the following:
 - a. A summary of the projects funded by the LBLHTF over the past year;
 - b. Financial status of the LBLHTF;
 - c. Administrative and non-project expenses made in the prior year; and,
 - d. A review of the prior year's funding priorities and accomplishments.

See the State's Uniform Multifamily Regulations⁴ (UMRs) for the City of Laguna Beach's LHTF Loan and Underwriting Guidelines and Procedures.

³ <https://www.hcd.ca.gov/grants-and-funding/programs-active/local-housing-trust-fund>

⁴ <https://www.hcd.ca.gov/grants-and-funding/uniform-multifamily-regulations>

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

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Section 8300. Purpose and Scope.

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

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

Section 8301. Definitions.

The following definitions govern this subchapter.

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

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

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

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

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

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

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

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

Section 8302. Restrictions on Demolition.

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

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

Section 8303. Site Control Requirements and Scattered Site Projects.

- (a) At the time of application, a Sponsor must have site control of the of the proposed Project property, in the name of the Sponsor or an entity controlled by the Sponsor, by one of the following means:
- (1) fee title, which, for tribal trust land, may be evidenced by a title status report or an attorney's opinion regarding chain of title and current title status;
 - (2) a leasehold interest on the Project property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit, prior to loan closing, compliance with all Program requirements, including compliance with Section 8316;
 - (3) an enforceable option to purchase or lease which shall extend through the anticipated date of the Program award as specified in the Notice of Funding Availability (NOFA);
 - (4) a disposition and development agreement with a public agency;
 - (5) an agreement with a public agency that gives the Sponsor exclusive rights to negotiate with that agency for acquisition of the site, provided that the major terms of the acquisition have been agreed to by both parties; or
 - (6) a land sales contract, or other enforceable agreement for the acquisition of the property.
- (b) If the Project has multiple contiguous or non-contiguous sites, the configuration of those sites must satisfy all provisions of the statutes governing the applicable Department funding program or programs, and meet the following additional requirements:
- (1) all of the developments on the various sites must have a single owner and property manager at the time of the closing of the Department loan, with the exception of any non-residential condominium units;
 - (2) the debt and associated security instruments of all lenders senior to the Department must be the same for all sites, and multiple senior lenders shall not be allowed;

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

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

Section 8304. Unit Standards.

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

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

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

Section 8305. Tenant Selection.

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

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

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

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

Exceptions:

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

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

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

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

Section 8306. Tenant Recertification.

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

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

Section 8307. Rental Agreement and Grievance Procedure.

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

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

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

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

Section 8308. Operating Reserves.

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

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

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

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

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

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

Section 8309. Replacement Reserves.

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

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

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

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

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

Section 8310. Underwriting Standards.

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

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

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

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

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

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

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

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

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

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

Section 8311. Limits on Development Costs.

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

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

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

Section 8312. Developer Fee.

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

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

- (c) For Projects utilizing 4% percent tax credits, Developer Fee payments shall not exceed the lesser of \$3,500,000 or the sum of:
- (1) the amount that could be included in project costs pursuant to Title 4, California Code of Regulations, Section 10327 if the project was receiving 9% competitive credits; plus
 - (2) any remaining deferred Developer Fee (payable exclusively from operating income) that is allowed in eligible basis under Title 4, California Code of Regulations, Section 10327 of the TCAC regulations.
- (Subsection (c) limits Developer Fee paid from development funding sources.)
- (d) The dollar value of any capital contribution of funds or real property made by the Sponsor or an affiliate, as approved by the Department, for Project development costs shall increase the Developer Fee limit by the dollar value of the capital contribution.
- (e) The limits set forth in this section shall apply to each Project pursuant to the terms of a program standard agreement, as memorialized in Department loan or grant documents entered into pursuant thereto (the "Original Award"). For any future work performed for the benefit of the Project, to the extent such work was not captured, set forth, or otherwise contemplated in any of the legal documents memorializing terms related to the Original Award, the fees for such new developer work benefiting the Project shall be recalculated in accordance with this section, treating that new work as if it were a separate project.
- (f) For projects where less than 25 percent of total units are counted in the determination of maximum Department loan or grant amounts, the Department may defer to the limits on Developer Fees applicable to other public agency project funding sources, to the extent it deems necessary to attract sufficient applications to utilize available Department funding.

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

Section 8313. Program Compatibility.

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

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

Section 8313.1 Funding Source Surpluses.

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

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

Section 8313.2 Special Purpose Entity(ies).

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

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

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

Section 8314. Use of Operating Cash Flow.

- (a) Operating income remaining after payment of approved current and prior year operating expenses, reserve deposits and mandatory debt service shall be applied in the following priority order:
 - (1) First, towards payment of any:
 - (A) Approved deferred Developer Fee, pursuant to Section 8312;
 - (B) Asset management, partnership management and similar fees, including fees paid to investors, in an amount not to exceed the sum of:
 - 1. An amount for the current year, equal to \$30,000 for 2016 and increased at the rate of 3.5% for each subsequent year, plus
 - 2. Unpaid asset management, partnership management, and similar fees accrued for a period not to exceed three project fiscal years following the year during which they are earned, up to the difference between the limit for the year and the amount paid for that year; and
 - (C) Supportive Services Costs that these regulations would allow to be paid as operating costs, but that other funding sources do not.
 - (2) Second, 50 percent to the Sponsor as Distributions and 50 percent to the Department as payments on the Program loan.
 - (A) If the terms of other public agencies' financing also require payments from remaining cash flow, the Department may agree to share what would otherwise be its 50 percent share of available cash flow with the

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

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

of the Rental Housing Development or use of Project income;

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

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

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

Section 8315. Subordination Policy.

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

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

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

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

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

Section 8316. Leasehold Security.

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

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

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

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

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

Section 8317. Restructuring Transaction Fees.

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

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

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

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

Section 8318. Federal Loan Extensions.

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

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

DRAFT

RESOLUTION NO. 24.XXX

**AUTHORIZING RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF LAGUNA BEACH, CALIFORNIA, FOR THE
LAGUNA BEACH LOCAL HOUSING TRUST FUND**

All or a necessary quorum and majority of the City Council of the City of Laguna Beach, California (“Applicant”) hereby consents to, adopts and ratifies the following resolution:

WHEREAS, the State of California (the “State”) Department of Housing and Community Development (“Department”) is authorized to provide up to \$53 million under the Local Housing Trust Fund (“LHTF”) Program from the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) (as described in Health and Safety Code (“HSC”) section 50842.2 et seq. (Chapter 365, Statutes of 2017 (SB 3)) (“Program”); and

WHEREAS, the Department issued a Notice of Funding Availability (“NOFA”) dated July 9, 2024, under the LHTF Program; and

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

WHEREAS, the Department may approve funding allocations for the LHTF Program, subject to the terms and conditions of HSC section 50842.2, the LHTF Program Guidelines (“Guidelines”), NOFA, Program requirements, the Standard Agreement and other related contracts between the Department and LHTF award recipients.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA BEACH DOES RESOLVE:

SECTION 1. If Applicant receives an award of LHTF funds from the Department pursuant to the above referenced LHTF NOFA, it represents and certifies that it will use all such funds on Eligible Projects in a manner consistent and in compliance with all applicable state and

federal statutes, rules, regulations, and laws, including, without limitation, all rules and laws regarding the LHTF Program, as well as any and all contracts Applicant may have with the Department (“Eligible Project”).

SECTION 2. That the City of Laguna Beach Community Development Director or Housing Program Coordinator is hereby authorized to act as the manager in connection with the Department's funds to Eligible Projects pursuant to the above-described Notice of Funding Availability in an amount not to exceed \$2,500,000 (the "LHTF Award").

SECTION 3. Applicant hereby agrees to match on a dollar-for-dollar basis the LHTF Award pursuant to Guidelines Section 104. Applicant hereby agrees to utilize matching funds on a dollar-for-dollar basis for the same Eligible Project for which Program Funds are used, as required by HSC section 50843.5(c).

SECTION 4. Pursuant to Attachment 1 and the Applicant’s certification in this resolution, the LHTF funds will be expended only for Eligible Projects and consistent with all program requirements.

SECTION 6. Applicant shall be subject to the terms and conditions as specified in the Standard Agreement, HCS section 50842.2 and LHTF Program Guidelines

SECTION 7. Community Development Director or Housing Program Coordinator are authorized to execute the LHTF Program Application, the LHTF Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the LHTF Award to Applicant, as the Department may deem appropriate.

ADOPTED this ____ day of _____, 2024.

Sue Kempf, Mayor

ATTEST:

Ann Marie McKay, City Clerk

I, Ann Marie McKay, City Clerk of the City of Laguna Beach, certify that the foregoing Resolution No. 24.XXX was duly adopted at a regular meeting of the City Council of said City held on _____, 2024, by the following vote:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

City Clerk, City of Laguna Beach, California

ATTACHMENT 1

Summary of Use of Program Funds and Matching Funds

Affordable Housing Projects. The City anticipates the Program Funds and Matching Funds to be used to fund two specific projects for which the City has issued letters of intent. Each project has committed to spending at least 30% of the Local Housing Trust Fund funds for extremely low-income households. Funds not used for extremely low-income households will be used for lower-income households with household income of no more than 80 percent AMI.

The City anticipates using 100% of funds for affordable housing projects, specifically the provision of construction loans and/or permanent financing, of which a maximum of 5% may be used for administrative costs by the project.

Project	Applicant	AMI Levels Served	Funding Amounts Requested	Preliminary Funding Amount	Status
31729 & 31725 Coast Highway	West Development Ventures / Fullerton Consulting Partners	30% - 60%	\$3,000,000	\$3,000,000	Conceptual
340 St. Ann's	Related California	Low, Very Low, Extremely Low	\$5,000,000	\$5,000,000	Application forthcoming
Total Requested			\$8,000,000*	\$8,000,000*	

*Represents more than 3 times the \$2,500,000 requested by the City of Laguna Beach from HCD's Local Housing Trust Fund program.

Beginning and Ending Balances Fiscal Year 2024-25

All Funds¹

	Estimated Beginning Balance July 1, 2024	Estimated Revenues	Transfers In (Out)	Estimated Expenditures	Estimated Ending Balance June 30, 2025
<u>Operating and Capital Project Funds</u>					
General	\$1,070,000	\$93,757,300	(\$175,000) ²	94,617,900	\$34,400 ¹⁰
Measure LL	\$322,999	3,660,000		3,865,900	117,099
Open Space	\$1,038,357			20,000	1,018,357
Capital Improvement	\$484,492	8,985,500	(613,400) ³	8,450,000	406,592
Parking	\$8,335,579	10,302,000	(3,928,900) ⁴	8,997,800	5,710,879
Parking in Lieu	\$992				992
Park in Lieu	\$86,644		(86,600) ⁵		44
Art in Lieu	\$177,635				177,635
Drainage	\$81,675				81,675
Housing in Lieu	\$769,696				769,696
Gas Tax	\$67,233	1,886,300	700,000 ⁶	2,500,000	153,533
Street Lighting and Utility	\$437,539	2,344,000	(1,000,000) ⁷	1,091,100	690,439
Wastewater	\$5,307,953	20,122,600		15,607,200	9,823,353
Disaster Contingency	\$6,910,914	100,000			7,010,914
Housing	\$1,150,000	80,000		20,000	1,210,000
Wildfire Mitigation & Fire Safety	\$67,646		1,000,000 ⁸	1,058,800	8,846
Transportation Infrastructure	\$744,161	10,000			754,161
South Laguna Fund	\$18,550,715	1,450,000		4,466,100	15,534,615
Transit	\$2,000	3,250,800	3,103,900 ⁹	6,354,700	2,000
Total	45,606,229	145,948,500	(1,000,000)	147,049,500	43,505,229
<u>Internal Service Funds</u>					
Insurance	2,632,399	15,618,950		14,315,200	3,936,149
Vehicle Replacement	1,428,918	2,966,800	300,000	3,867,300	828,418
Total	\$4,061,317	\$18,585,750	\$300,000	\$18,182,500	\$4,764,567

¹Includes all operating, capital project and internal service funds. Excludes trust and agency, carryover, and special assessment district funds.

²Includes a transfer in of \$525,000 from the Parking Fund, a \$300,000 transfer in from the Pension Reserve, and a Transfer out \$1 million to maintain the 20% General Fund Reserve.

³Includes a transfer out of \$700,000 to the Gas Tax Fund.

⁴Includes a transfer out of \$525,000 to the General Fund, a transfer out of \$3,103,900 to the Transit Fund, and a transfer out of \$300,000 to the Vehicle Replacement Fund.

⁵Includes a transfer in of \$700,000 from the Capital Improvement Fund.

⁶Transfer out of \$1 million to the Wildfire Mitigation and Fire Safety Fund.

⁷Includes a transfer in of \$1 million from the Street Lighting and Utility Fund.

⁸Includes a transfer in from the Parking Fund of \$3,103,900.

⁹The City Council approved a goal of a 20% General Fund Operating Reserve equal to \$17,100,000 which is not shown in this fund balance, and a reserve of \$900,000 to offset future pension cost increases are not shown in this fund balance.

Beginning and Ending Balances Fiscal Year 2024-25

All Funds¹

	Estimated Beginning Balance July 1, 2024	Estimated Revenues	Transfers In (Out)	Estimated Expenditures	Estimated Ending Balance June 30, 2025
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Parking in Lieu	\$992				992
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Art in Lieu	\$177,635				177,635
Drainage	\$81,675				81,675
Housing in Lieu	\$769,696				769,696
Gas Tax	\$67,233	1,886,300	700,000 ⁶	2,500,000	153,533
Street Lighting and Utility	\$437,539	2,344,000	(1,000,000) ⁷	1,091,100	690,439
Wastewater	\$5,307,953	20,122,600		15,607,200	9,823,353
Disaster Contingency	\$6,910,914	100,000			7,010,914
Housing	\$1,150,000	80,000		20,000	1,210,000
Wildfire Mitigation & Fire Safety	\$67,646		1,000,000 ⁸	1,058,800	8,846
Transportation Infrastructure	\$744,161	10,000			754,161
South Laguna Fund	\$18,550,715	1,450,000		4,466,100	15,534,615
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Vehicle Replacement	1,428,918	2,966,800	300,000	3,867,300	828,418
Total	\$4,061,317	\$18,585,750	\$300,000	\$18,182,500	\$4,764,567

¹Includes all operating, capital project and internal service funds. Excludes trust and agency, carryover, and special assessment district funds.

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⁵Includes a transfer in of \$700,000 from the Capital Improvement Fund.

⁶Transfer out of \$1 million to the Wildfire Mitigation and Fire Safety Fund.

⁷Includes a transfer in of \$1 million from the Street Lighting and Utility Fund.

⁸Includes a transfer in from the Parking Fund of \$3,103,900.

⁹The City Council approved a goal of a 20% General Fund Operating Reserve equal to \$17,100,000 which is not shown in this fund balance, and a reserve of \$900,000 to offset future pension cost increases are not shown in this fund balance.

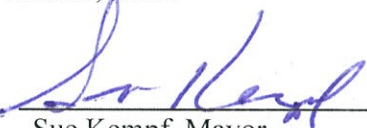
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RESOLUTION NO. 22.042
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
LAGUNA BEACH, CALIFORNIA, ADOPTING THE REVISED CITY
BUDGET FOR THE 2022-23 FISCAL YEAR

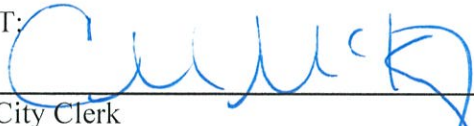
The City Council of the City of Laguna Beach does hereby RESOLVE and ORDER as follows:

Section 1: The budget for the City of Laguna Beach for 2022-23 fiscal year as submitted to the City Council on April 21, 2022, is hereby adopted with the modifications delineated in Exhibits A, B, and C which are attached to this Resolution and made a part hereof.

ADOPTED this 21st day of June, 2022.



Sue Kempf, Mayor

ATTEST: 

City Clerk

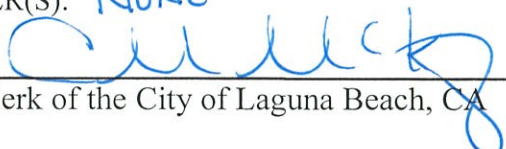
I, Ann Marie McKay, City Clerk of the City of Laguna Beach, California, do hereby certify that the foregoing Resolution No. 22.042 was duly adopted at a Regular Meeting of the City Council of said City held on June 21, 2022, by the following vote:

AYES: COUNCILMEMBER(S): Blake, Iseman, Weiss, Whalen, Kempf

NOES: COUNCILMEMBER(S): NONE

ABSENT: COUNCILMEMBER(S): NONE

ABSTAIN: COUNCILMEMBER(S): NONE



City Clerk of the City of Laguna Beach, CA

Exhibit A

GENERAL FUND

1. Appropriate \$9,600 in *one-time* funding to be used to develop a monitor-training program that will provide information to locals and visitors of sensitive habitats in Laguna Beach. The program will focus efforts at the mouth of Aliso Creek and support existing monitoring staff and circulate educational outreach materials, data collection, and data analysis. Request from the Bluebelt Coalition and Orange County Coastkeeper.
2. Appropriate \$19,000 in *ongoing* funding for weekly live performances by local musicians and the installation of a temporary mural at the stage.
3. Transfer \$250,000 from the General Fund to the Housing Fund. Transient Occupancy Tax revenue generated from future short-term lodging units above the current 127 units will be transferred to the Housing Fund.
4. Decrease the estimated Community Development Fee revenue for Real Property Reports by \$100,000 to account for revisions made to the Community Development Fees at the Budget Workshop.
5. Appropriate \$10,000 in *one-time* funding for Community Assistance Grant adding \$5,000 to the amount awarded to the Laguna Beach Cultural Arts Center, \$2,500 to the amount to the Laguna Beach Cultural Arts Center, and \$2,500 to the amount awarded to the Seaside Legal Services.

CAPITAL IMPROVEMENT FUND

1. Appropriate \$100,000 in *one-time* funding for the design phase of a project to renovate the City Hall Lobby Area.

PARKING FUND

1. Appropriate \$93,000 in *ongoing* funding for a Parking Services Officer and increase the number of authorized employees by one.
2. Increase the transfer from the Parking Fund to the Transit Fund by \$38,000 to cover the cost to purchase 200 OCTA Route 89 bus passes for Laguna Beach Residents on El Toro Road.

WILDFIRE MITIGATION AND FIRE SAFETY

1. Appropriate \$145,000 in *one-time* funding to expand the Outdoor Warning System in the Bluebird Canyon neighborhood. Multiple small speakers will be mounted on streetlights on Morningside Drive and Bluebird Canyon Drive. Locations would be selected for maximum coverage.
2. Appropriate \$140,000 in *one-time* funding to expand the Outdoor Warning System to improve reach in neighborhoods within the City's Very High Fire Hazard Severity Zone.

Exhibit A

TRANSIT FUND

1. Appropriate \$38,000 in *one-time* funding to purchase 200 OCTA Route 89 bus passes for Laguna Beach Residents on El Toro Road, buying 50 at a times at the most. Increase the transfer from the Parking Fund to the Transit Fund by \$38,000 to cover the cost of the program.

VEHICLE REPLACEMENT FUND

1. Appropriate \$210,000 in *one-time* funding to replace three Police Department Patrol Vehicles and appropriate \$75,000 for a new vehicle for the Fire Chief..

Beginning and Ending Balances

Fiscal Year 2022-23

All Funds¹

	Estimated Beginning Balance July 1, 2022	Estimated Revenues	Transfers In (Out)	Estimated Expenditures	Estimated Ending Balance June 30, 2023
<u>Operating and Capital Project Funds</u>					
General	\$511,415	81,484,700	(725,000) ²	81,128,640	\$142,475 ⁹
Measure LL	672,207	2,918,000	(1,000,000) ³	2,077,000	513,207 ¹⁰
Open Space	473,128			20,000	453,128
Capital Improvement	2,282,465	7,924,000	(250,000)	9,649,600	306,865
Parking	4,352,361	10,970,400	(2,557,500) ⁴	6,171,800	6,593,461
Parking in Lieu	970				970
Park in Lieu	260,111			100,000	160,111
Art in Lieu	81,325				81,325
Drainage	79,885				79,885
Housing in Lieu	371,900				371,900 ¹¹
Gas Tax	121,269	1,852,000	250,000 ⁵	2,150,000	73,269
Street Lighting and Utility	798,022	2,025,000	(1,000,000) ⁶	1,267,500	555,522
Wastewater	790,379	15,077,000		14,254,800	1,612,579
Disaster Contingency	6,761,647	100,000			6,861,647
Housing			250,000		250,000
Wildfire Mitigation & Fire Safety	2,554,847		2,000,000	4,487,200	67,647
Transportation Infrastructure	98,328	1,000			99,328
Transit	2,000	2,779,800	1,732,500	4,512,300	2,000
Total	\$20,212,259	\$125,131,900	(\$1,300,000)	\$125,818,840	\$18,225,319
<u>Internal Service Funds</u>					
Insurance	1,033,023	12,711,500	694,660 ⁷	12,353,300	2,085,883
Vehicle Replacement	1,277,407	1,653,400	434,460 ⁸	1,842,000	1,523,267
Total	\$2,310,430	\$14,364,900	\$1,129,120	\$14,195,300	\$3,609,150

¹Includes all operating, capital project and internal service funds. Excludes trust and agency, and special assessment district funds.

²Includes a transfer in of \$525,000 from the Parking Authority Fund, a transfer out of \$250,000 to the Housing Fund, and a transfer out of \$1,000,000 to the maintain the 20% General Fund Operating Reserve.

³Includes a transfer out of \$1,000,000 to the Wildfire Mitigation & Fire Safety Fund.

⁴Includes a transfer out of \$525,000 to the General Fund, a transfer out of \$1,732,500 to the Transit Fund, and a transfer out of \$300,000 to the Vehicle Replacement Fund.

⁵Includes a transfer in of \$250,000 from the Capital Improvement Fund.

⁶Includes a transfer out of \$1,000,000 to the Wildfire Mitigation & Fire Safety Fund.

⁷Includes a transfer in of \$694,660 from the principal payment of the Side Fund Loan to be reserved for compensated absences.

⁸Includes a transfer in of \$300,000 from the Parking Fund, and a transfer in of \$134,460 from the principal payment of the Side Fund Loan.

⁹The City Council approved a goal of a 20% General Fund Operating Reserve equal \$14.7 million which is not shown in this fund balance. A reserve of \$1.2 million to offset future pension cost increases are not shown in this fund balance.

¹⁰A Measure LL reserve of \$200,000 is not shown in this fund balance.

¹¹A reserve for loan agreement of \$371,000 is not shown in this fund balance.

**City of Laguna Beach
Capital Outlay Requests Budget FY 2022-23**

<u>Division</u>	<u>Fund</u>	<u>Dept</u>	<u>Div</u>	<u>Obj</u>	<u>Description</u>	<u>Proposed Fiscal Year 2022-23</u>
<u>Admin Services</u>						
Information Technology	110	17	1603	5408	(A) Computer Replacements all Departments	250,000
Finance	110	17	1701	5408	(R) One Folding Machine	4,000
					Admin Services	254,000
<u>Police Department</u>						
Support Services	110	20	2101	5622	(A) TruNarc Handheld Narcotics Analyzer	30,000
Support Services	110	20	2101	5622	(A) Two (2) Secured Grainger Steel Ley Cabinet	6,500
Field Services	110	20	2102	5622	(A) sixty Handgun Lights and Switches	19,000
Field Services	110	20	2102	5622	(A) Shotgun "red dot" optics for less-than lethal shotguns	10,000
Support Services	110	20	2101	5622	(R) Cell Phone Extraction Software	10,000
					Police Department	75,500
<u>Fire Department</u>						
Fire Operations	110	24	2401	5305	(R) Replacement Self Contained Breathing Apparatus	225,000
Fire Operations	110	24	2401	5408	(R) Six (6) Thermal Imaging Cameras	60,000
Fire Operations	110	24	2401	5408	(R) Replace 200 feet of Fire Hose	40,000
Fire Operations	110	24	2401	5408	(R) Twelve (12) sets of front-line protective turnouts	50,000
					Fire Department	375,000
<u>Marine Safety</u>						
Marine Safety	110	26	2601	5408	(R) Three Enclosed Lifeguard Towers	100,000
Marine Safety	110	26	2601	5622	(R) Four 800 MHz Motorola Radios	24,000
Marine Safety	110	26	2601	5622	(R) Replace two (2) remote observations cameras	12,000
Marine Safety	110	26	2601	5622	(R) Twelve (12) emergency medical bags	6,000
Marine Safety	110	26	2601	5622	(R) Two Lucas 3 Chest Compression Systems	37,000
Marine Safety	110	26	2601	5622	(R) Replacement Uniforms	15,000
					Marine Safety	194,000
<u>Public Works</u>						
Engineering	110	30	3101	5408	(R) Replacement four computers	
Recreation	110	30	3202	5408	(R) Alta Laguna Soccer Goals	8,000
Landscape Maintenance	110	30	3108	5408	(A) Tractor to maintain Riddle and Alta Laguna	32,000
					Public Works	40,000
<u>Community Development</u>						
Building Safety	110	40	4104	5408	(R) Four 800 MHz Motorola Radios and training	40,000
					Public Works	40,000
Total General Fund						978,500
<u>Waterwaster</u>						
Operations	137	37	3301	5408	(R) Replacement 6" portable pumps	85,000
Total Water Quality / Sewer Fund						85,000
<u>Transit</u>						
Transit Neighborhood	310	30	3404	5408	Replace Transit Radio System Base Station and Antenna	25,000
Total Transit						25,000
Total Request for Capital Outlay						1,088,500

Notes:

(A) = Additional Equipment (New Equipment)

(R) = Replacement Equipment

City of Laguna Beach
Vehicle Replacement Requests Budget FY22-23

Attachment 3

Division	Fund	Dept	Div	Obj	Description	<u>Proposed Fiscal Year 2022-23</u>
<u>Police Department</u>						
Field Services	110	20	2101	5510	(A) Patrol Vehicles (3)	210,000
					Police Department	<u>210,000</u>
<u>Fire Department</u>						
Fire Operations	110	24	2401	5510	(R) Utility Rescue (replace #F05.01)	75,000
Fire Operations	110	24	2401	5510	(R) Utility Truck (replace #F09.02)	75,000
Fire Operations	110	24	2401	5510	(A) Fire Chief Vehicle	75,000
Fire Prevention	110	24	2501	5510	(R) Fire Engine (replace #F05.03)	950,000
					Fire Department	<u>1,175,000</u>
<u>Marine Safety</u>						
Marine Safety	110	26	2601	5510	(R) One (1) Utility Truck	70,000
Marine Safety	110	26	2601	5510	(R) Two (2) Rescue Toyota 4 Runner Vehicles	172,000
					Marine Safety	<u>242,000</u>
<u>Public Works</u>						
Building & Parks	110	30	3104	5510	(R) Trucks: One (1) Ford F350	60,000
Park and Sign Maint	310	30	3501	5510	(R) Ford Transit Connect	60,000
					Public Works	<u>120,000</u>
<u>Water Quality</u>						
Wastewater	137	37		5510	(R) Trucks: One (1) Ford F350	55,000
					Water Quality	<u>55,000</u>
<u>Transit</u>						
Transit Operations	310	30	3403	5510	(R) Toyota Prius (replace #167)	40,000
					Transit	<u>40,000</u>
Total Request for Vehicles						<u>1,842,000</u>

Notes:

(A) = Additional Equipment (New Equipment)
(R) = Replacement Equipment

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RESOLUTION NO. 23.045

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA BEACH, CALIFORNIA, TO RESTRICT FUNDING IN THE DISASTER CONTINGENCY FUND, TRANSFER TRANSIENT OCCUPANCY TAX REVENUE IN EXCESS OF BUDGET ESTIMATES TO THE HOUSING FUND, TRANSFER MID-YEAR BUDGET SAVINGS UP TO \$300,000 TO THE OPEN SPACE FUND, AND A CONTRIBUTION TOWARD THE POTENTIAL PURCHASE OF THE SOUTH LAGUNA COMMUNITY GARDEN

WHEREAS, the City Council recognizes the importance of maintaining adequate funds for the Housing Fund, the Open Space Fund, and the Disaster Contingency Fund; and

WHEREAS, prudent financial planning and responsible budgeting are crucial in ensuring the City's fiscal stability and resilience; and

WHEREAS, the City Council desires to allocate City revenues in a manner that balances the needs of the community and recognizes certain prior City Council actions; and

WHEREAS, the City Council desires that City staff prepare the annual budget and mid-year budget adjustments consistent with this resolution unless and until modified by the City Council;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA BEACH DOES RESOLVE:

SECTION 1. DISASTER CONTINGENCY FUND

1. The Disaster Contingency Fund is to be used exclusively for (a) the repair of public facilities and (b) the emergency protection of public and private property and lives during natural or manmade disasters, including but not limited to landslides, mudslides, fires, floods, earthquakes, tsunamis, nuclear accidents, terrorist attacks, or armed conflict. Through the annual budget process, the City Council shall appropriate money to the Disaster Contingency Fund. Any expenditure from the Disaster Contingency Fund shall require four affirmative votes of the Councilmembers. Within 36 months following the expenditure of money from the Disaster Contingency Fund, the City Council shall use its best efforts to replenish the Disaster Contingency Fund to at least its preexisting amount, in accordance with and subject to the annual budget process.

2. It is the goal of the City Council that the amount of the Disaster Contingency Fund ultimately be equal to ten percent (10%) of the General Fund budget of the City in each fiscal year.

1 To achieve this goal, investment earnings on amounts in the Disaster Contingency Fund will remain
2 in the Fund until the balance equals ten percent (10%) of the General Fund budget.

3 **SECTION 2. TRANSIENT OCCUPANCY TAX REVENUE TRANSFER TO THE**
4 **HOUSING FUND**

5 The City Council adopts its budget in June of each year with an estimate of the property tax
6 revenues to be received for the upcoming fiscal year. In July of each year, the County Assessor
7 provides the City with the actual percentage increase in assessed valuation for that fiscal year. If
8 based on the information provided by the County Assessor the property tax revenues to be received
9 by the City surpasses the property tax revenues included in the Adopted Budget, then following the
10 receipt of the information from the County Assessor, an amount equal to the lesser of the amount of
11 increased property tax revenues or \$500,000 of transient occupancy tax revenue shall be transferred
12 to the Housing Fund.

13 **SECTION 3. TRANSIENT OCCUPANCY TAX REVENUE FROM CERTAIN**
14 **SHORT-TERM LODGING UNITS**

15 All transient occupancy tax revenue from short-term lodging units approved on or after July
16 2022 shall be directed and deposited into the Housing Fund.

17 **SECTION 4. OPEN SPACE FUND MID-YEAR ALLOCATION**

18 The amount of \$300,000 shall be transferred from the General Fund to the Open Space Fund
19 as part of the mid-year financial update if funding is available. Any transferred funds shall be
20 expended for the future purchase and maintenance of open space and for programs that are designed
21 to protect and enhance open space, including coastal resources.

22 **SECTION 5. CONTRIBUTION OF \$500,000 FOR THE POTENTIAL PURCHASE**
23 **OF THE SOUTH LAGUNA COMMUNITY GARDEN**

24 The City shall contribute \$500,000 toward the potential purchase of the lot currently used as
25 the South Laguna Community Garden if the remainder of the ultimately negotiated purchase price
26 is raised by the South Laguna Community Garden Park Organization. This commitment shall expire
27 on June 30, 2026, if not exercised or terminated by that date.

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SECTION 6. IMPLEMENTATION AND REVIEW

The City Manager is hereby authorized to take any necessary actions to implement and enforce the provisions of this Resolution. The City Council shall review the effectiveness and impact of these funding restrictions and allocations on an annual basis and may make additional adjustments as deemed necessary or appropriate.

SECTION 7. REPEAL OF CONFLICTING RESOLUTIONS

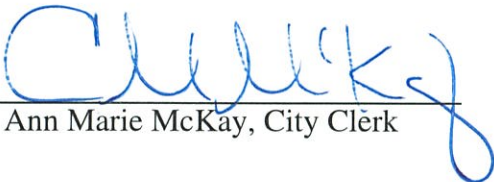
All Resolutions or parts of Resolutions in conflict with this Resolution are hereby repealed to the extent of such conflict and no further.

ADOPTED THIS 11th day of July, 2023.



Bob Whalen, Mayor

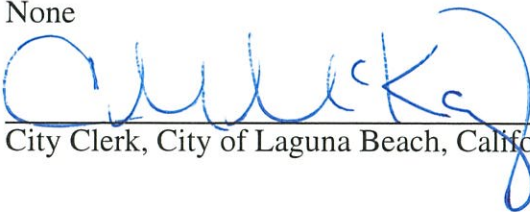
ATTEST:



Ann Marie McKay, City Clerk

I, Ann Marie McKay, City Clerk of the City of Laguna Beach, certify that the foregoing Resolution No. 23.045 was duly adopted at a regular meeting of the City Council of said City held on July 11, 2023, by the following vote:

- AYES: COUNCILMEMBERS: Orgill, Rounaghi, Weiss, Kempf, Whalen
- NOES: COUNCILMEMBERS: None
- ABSENT: COUNCILMEMBERS: None



City Clerk, City of Laguna Beach, California

Beginning and Ending Balances Fiscal Year 2024-25

All Funds¹

	Estimated Beginning Balance July 1, 2024	Estimated Revenues	Transfers In (Out)	Estimated Expenditures	Estimated Ending Balance June 30, 2025
<u>Operating and Capital Project Funds</u>					
General	\$1,070,000	\$93,757,300	(\$175,000) ²	94,617,900	\$34,400 ¹⁰
Measure LL	\$322,999	3,660,000		3,865,900	117,099
Open Space	\$1,038,357			20,000	1,018,357
Capital Improvement	\$484,492	8,985,500	(613,400) ³	8,450,000	406,592
Parking	\$8,335,579	10,302,000	(3,928,900) ⁴	8,997,800	5,710,879
Parking in Lieu	\$992				992
Park in Lieu	\$86,644		(86,600) ⁵		44
Art in Lieu	\$177,635				177,635
Drainage	\$81,675				81,675
Housing in Lieu	\$769,696				769,696
Gas Tax	\$67,233	1,886,300	700,000 ⁶	2,500,000	153,533
Street Lighting and Utility	\$437,539	2,344,000	(1,000,000) ⁷	1,091,100	690,439
Wastewater	\$5,307,953	20,122,600		15,607,200	9,823,353
Disaster Contingency	\$6,910,914	100,000			7,010,914
Housing	\$1,150,000	80,000		20,000	1,210,000
Wildfire Mitigation & Fire Safety	\$67,646		1,000,000 ⁸	1,058,800	8,846
Transportation Infrastructure	\$744,161	10,000			754,161
South Laguna Fund	\$18,550,715	1,450,000		4,466,100	15,534,615
Transit	\$2,000	3,250,800	3,103,900 ⁹	6,354,700	2,000
Total	45,606,229	145,948,500	(1,000,000)	147,049,500	43,505,229
<u>Internal Service Funds</u>					
Insurance	2,632,399	15,618,950		14,315,200	3,936,149
Vehicle Replacement	1,428,918	2,966,800	300,000	3,867,300	828,418
Total	\$4,061,317	\$18,585,750	\$300,000	\$18,182,500	\$4,764,567

¹⁾Includes all operating, capital project and internal service funds. Excludes trust and agency, carryover, and special assessment district funds.

²⁾Includes a transfer in of \$525,000 from the Parking Fund, a \$300,000 transfer in from the Pension Reserve, and a Transfer out \$1 million to maintain the 20% General Fund Reserve.

³⁾Includes a transfer out of \$700,000 to the Gas Tax Fund.

⁴⁾Includes a transfer out of \$525,000 to the General Fund, a transfer out of \$3,103,900 to the Transit Fund, and a transfer out of \$300,000 to the Vehicle Replacement Fund.

⁵⁾Includes a transfer in of \$700,000 from the Capital Improvement Fund.

⁶⁾Transfer out of \$1 million to the Wildfire Mitigation and Fire Safety Fund.

⁷⁾Includes a transfer in of \$1 million from the Street Lighting and Utility Fund.

⁸⁾Includes a transfer in from the Parking Fund of \$3,103,900.

⁹⁾The City Council approved a goal of a 20% General Fund Operating Reserve equal to \$17,100,000 which is not shown in this fund balance, and a reserve of \$900,000 to offset future pension cost increases are not shown in this fund balance.

12. CONSIDERATION TO ESTABLISH A LOCAL HOUSING TRUST FUND

Presentation and Discussion: Staff summarized the report and responded to Councilmembers' questions and comments. Councilmembers discussed the sources of funding for a Local Housing Trust Fund and the need to continue to look for funding opportunities.

Public Testimony: Joe Hanauer, Cody Engle, Barbara McMurray, and Jacquie Schaeffgen explained why they supported a Local Housing Trust Fund.

Moved by Councilmember Bob Whalen, seconded by Councilmember George Weiss, and carried unanimously 5/0 to:

- (1) Adopt **Resolution #24.026** titled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA BEACH, CALIFORNIA, ESTABLISHING THE CITY OF LAGUNA BEACH LOCAL HOUSING TRUST FUND, ADOPTING THE UNIFORM MULTIFAMILY REGULATIONS, AUTHORIZING THE CITY MANAGER TO APPLY FOR AND EXECUTE AGREEMENTS FOR GRANTS RELATED TO THE LAGUNA BEACH LOCAL HOUSING TRUST FUND, AND AUTHORIZING THE CITY MANAGER TO ISSUE A NOTICE OF FUNDING AVAILABILITY OF EXISTING HOUSING IN-LIEU FUNDS AND HOUSING FUNDS AND ANTICIPATED LOCAL HOUSING TRUST FUNDS" to:
 - a. Establish the Laguna Beach Local Housing Trust Fund;
 - b. Adopt administrative guidelines;
 - c. Adopt the Uniform Multifamily Regulations;
 - d. Authorize the City Manager to apply for and execute agreements for grants up to \$2.5 million, related to the Laguna Beach Local Housing Trust Fund;
- (2) Authorize the City Manager to issue a revised Notice of Funding Availability of existing Housing In-Lieu Funds and Housing Funds, and of anticipated Local Housing Trust Fund funding, removing references to the Ti Amo property land contribution and artist uses;
- (3) Direct staff to return to City Council on May 14, 2024, with results of the Notice of Funding Availability and a request to issue letters of intent; and
- (4) Authorize inclusion of the Parking Fund as a source of temporary funding for the necessary balance, to be refunded to the Fund as soon as possible, and revert back to the Fund if the grants are not awarded by the State.

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RESOLUTION NO. 23.035

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA BEACH, CALIFORNIA, ADOPTING THE REVISED CITY BUDGET FOR THE 2023-24 FISCAL YEAR

The City Council of the City of Laguna Beach does hereby RESOLVE and ORDER as follows:

SECTION 1. The budget for the City of Laguna Beach for 2023-24 Fiscal Year as submitted to the City Council on May 16, 2023 is hereby adopted with the modifications delineated in Exhibits A, B, and C, which are attached to this Resolution and made a part hereof; and

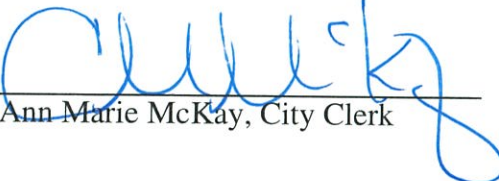
SECTION 2. All appropriations in the Capital Improvement Budget for projects currently underway and remaining unexpended as of June 30, 2023 are hereby appropriated to the 2023-24 Fiscal Year.

ADOPTED this 13th day of June, 2023.



Bob Whalen, Mayor

ATTEST:



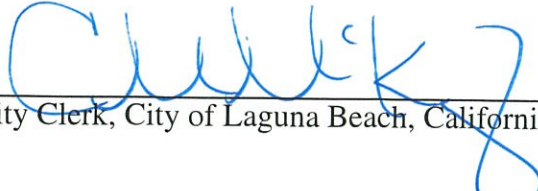
Ann Marie McKay, City Clerk

I, Ann Marie McKay, City Clerk of the City of Laguna Beach, certify that the foregoing Resolution No. 23.035 was duly adopted at a regular meeting of the City Council of said City held on June 13, 2023, by the following vote:

AYES: COUNCILMEMBERS: Orgill, Rounaghi, Weiss, Kempf, Whalen

NOES: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: None



City Clerk, City of Laguna Beach, California

Exhibit A

GENERAL FUND

1. Based on additional information received subsequent to the release of the Proposed Budget, the Property Tax Revenue Estimate has been adjusted from 3% to 6% adding \$1.2 million in ongoing revenue.
2. Transfer \$500,000 of transient occupancy tax revenue to the Housing Fund, contingent on the City meeting the property tax growth figure of 6%. This estimate will be confirmed in July when the property tax information from the Orange County Assessor is released.
3. Appropriate \$25,000 in one-time funding for the Heritage Committee for the committee's rebranding and outreach work to encourage volunteerism. Funding will go towards projects such as the replacement of brass plaques around the City.
4. Appropriate \$700,000 in one-time funding for cybersecurity improvements, to replace the Computer Aided Dispatch/Records Management System (CAD/RMS) that services the safety departments, and for Emergency Operations Center infrastructure, contingent on the City meeting the property tax growth figure of 6%. Additional funding is needed for the purchase of a new CAD/RMS system. The vendor selected by the City in December 2020 was unable to complete the project due to company downsizing, making it necessary for the selection of a new software system.
5. Appropriate \$70,000 in ongoing funding to match the increase in estimated revenues for the Public Provider Intergovernmental Transfer Program (IGT) for Ground Emergency Medical Transportation Services (ambulance program). It is important to note that this item was inadvertently omitted from the Proposed Budget. The program was developed by the Department of Health Care Services with the aim of providing enhanced reimbursements to eligible providers, including the City of Laguna Beach's Ambulance Service. By maintaining participation in the IGT, the City will receive additional Federal funds to offset previously unreimbursed costs associated with providing transportation services to Medi-Cal plan members during each Fiscal Year.
6. Appropriate \$40,000 in ongoing funding to the City Manager's Communication Office budget for contractual services for Nixle, a Text Messaging Community Notification Service. This item was inadvertently omitted from the Proposed Budget.

Exhibit A

7. Appropriate \$134,000 in ongoing funding for part-time salaries and operation costs with a matching increase in estimated contribution revenues from the Three Arch Bay Association for lifeguard services at Three Arch Bay Beach during the summer months, Memorial Day, and spring break. On April 18, 2023, the City Council authorized the City Manager to execute a service agreement with the Three Arch Bay Association to provide lifeguard services on Three Arch Bay Beach and receive an annual service fee of \$134,000. Due to the timing of the approved agreement, it was not included in the Proposed Budget.

Beginning and Ending Balances

Fiscal Year 2023-24

All Funds¹

	Estimated Beginning Balance July 1, 2023	Estimated Revenues	Transfers In (Out)	Estimated Expenditures	Estimated Ending Balance June 30, 2024
<u>Operating and Capital Project Funds</u>					
General	\$659,063	\$89,974,700	(\$1,175,000) ²	89,455,950	\$2,813 ⁶
Measure LL	\$554,284	3,670,000	(\$1,000,000) ³	3,184,900	39,384
Open Space	\$758,357			20,000	738,357
Capital Improvement	\$328,401	8,936,000		8,864,600	399,801
Parking	\$8,676,411	10,316,900	(3,480,000) ⁴	7,475,800	8,037,511
Parking in Lieu	\$980				980
Park in Lieu	\$33,490				33,490
Art in Lieu	\$106,038				106,038
Drainage	\$80,689				80,689
Housing in Lieu	\$445,035				445,035
Gas Tax	\$1,590	1,863,000		1,800,000	64,590
Street Lighting and Utility	\$510,138	2,300,000	(1,000,000) ⁵	1,789,100	21,038
Wastewater	\$1,616,173	16,556,000		12,955,700	5,216,473
Disaster Contingency	\$6,828,716	100,000			6,928,716
Housing	\$450,000		500,000		950,000
Wildfire Mitigation & Fire Safety	\$67,647		2,000,000	2,000,000	67,647
Transportation Infrastructure	\$18,657	10,000			28,657
South Laguna Fund	\$20,808,235	1,950,000		4,251,900	18,506,335
Transit	\$2,000	2,953,000	2,655,000	5,608,000	2,000
Total	41,945,904	138,629,600	(1,500,000)	137,405,950	41,669,554
<u>Internal Service Funds</u>					
Insurance	1,484,827	13,291,500		12,132,300	2,644,027
Vehicle Replacement	430,439	1,872,000	300,000	1,232,000	1,370,439
Total	\$1,915,266	\$15,163,500	\$300,000	\$13,364,300	\$4,014,466

¹Includes all operating, capital project and internal service funds. Excludes trust and agency, carryover, and special assessment district funds.

²Includes a transfers in of \$525,000 from the Parking Fund, a Transfer out of \$500,000 to the Housing Fund, and a Transfer out \$1.2 million to maintain the 20% General Fund Reserve.

³Transfer out of \$1 million to the Wildfire Mitigation and Fire Safety Fund.

⁴Includes a transfer out of \$525,000 to the General Fund, a transfer out of \$2,655,000 to the Transit Fund, and a transfer out of \$300,000 to the Vehicle Replacement Fund.

⁵Transfer out of \$1 million to the Wildfire Mitigation and Fire Safety Fund.

⁶The City Council approved a goal of a 20% General Fund Operating Reserve equal \$16,100,000 which is not shown in this fund balance. and a reserve of \$1,200,000 to offset future pension cost increases are not shown in this fund balance.

City of Laguna Beach
Capital Outlay Requests Budget FISCAL YEAR 2023-24

Division	Fund	Dept	Div	Obj	Description	Proposed Fiscal Year 2023-24
Admin Services						
Information Technology	110	17	1603	5408	(A) Computer Replacements all Departments	250,000
Finance	110	17	1701	5408	(R) Replacement of City Phone System	165,000
Admin Services						415,000
Fire Department						
Fire Operations	110	24	2401	5305	(R) Replace Wildfire VHF Radios	100,000
Fire Operations	110	24	2401	5408	(R) Storing of Narcotics on Fire Apparatus	15,000
Fire Operations	110	24	2401	5408	(R) Replacement of Rescue Airbags	20,000
Fire Operations	110	24	2401	5408	(R) Replacement of 2 VHF and 2 Multi-Band 800MHz Radios	20,000
Fire Operations	110	24	2401	5408	(R) Two Portable 800 MHz Radios Ambulance Program	20,000
Fire Operations	110	24	2401	5408	(R) Furniture & Equipment EOC at Community and Rec	100,000
Fire Department						275,000
Marine Safety						
Marine Safety	110	26	2601	5408	(R) Replace Automated External Deliberators	30,000
Marine Safety						30,000
Transit and Community Services						
Community Services	110			5408	(A) Furniture and Equipment at Community and Rec Center	111,000
Community Services	110			5408	(A) Multipurpose Room at Community Center to Zoom	75,000
Community Services						186,000
Community Development						
Building Safety	110	40	4104	5408	(R) 800 MHz Radios for Code Enforcement and Building	40,000
Community Development						40,000
Total General Fund						946,000
Measure LL						
Building and Facilities	113	30	3104	5622	(A) Installation of Trash Cans	135,000
Building and Facilities	113	30	3104	5622	(A) Neighborhood Improvement Signage	25,000
Building and Facilities	113	30	3104	5622	(A) Alta Laguna Park Gate	25,000
Measure LL Fund						185,000
Wastewater						
Operations	137	37	3301	5408	(R) Computer Replacement	3,600
Total Water Quality / Sewer Fund						3,600
South Laguna						
Marine Safety	130	26	2601	5408	(R) Uniform Replacement and Safety Equipment	10,000
Marine Safety	130	26	2601	5408	(A) Communication Equipment for Noisy Environments	10,000
Marine Safety	130	26	2601	5408	(A) Observation Camera at Totuava Beach	20,000
Parking Mgmt. and Ops	136	51	3502	5408	(A) Installation of parking sensors at Aliso Beach	145,000
South Laguna						185,000
Total Request for Capital Outlay						1,319,600

Notes:

(A) = Additional Equipment (New Equipment)
(R) = Replacement Equipment

EXHIBIT C

City of Laguna Beach
 Vehicle Replacement Requests Budget FY23-24

Division	Fund	Dept	Div	Obj	Description	Proposed Fiscal Year 2023-24
<u>Finance and Technology</u>						
Information Technology Services	110	17	1603	5510	(A) One Vehicle for IT Staff	32,000
					Finance and Technology	<u>32,000</u>
<u>Fire Department</u>						
Fire Operations	110	24	2401	5510	(R) Fire Engine	950,000
Fire Prevention	110	24	2501	5510	(A) Two Trucks: Ford Ranger	100,000
					Fire Department	<u>1,050,000</u>
<u>Public Works Department</u>						
Building & Facilities Division	110	30	3104	5510	(A) One Utility Truck	50,000
					Public Works Department	<u>50,000</u>
<u>Community Development</u>						
Building Safety Division	110	40	4104	5510	(A) Two Vehicles for Code Enforcement	100,000
					Community Development	<u>100,000</u>
Total Request for Vehicles						<u>\$1,232,000</u>

Notes:

(A) = Additional Equipment (New Equipment)
 (R) = Replacement Equipment

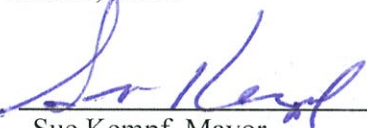
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RESOLUTION NO. 22.042
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
LAGUNA BEACH, CALIFORNIA, ADOPTING THE REVISED CITY
BUDGET FOR THE 2022-23 FISCAL YEAR

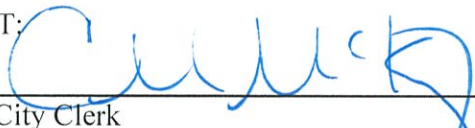
The City Council of the City of Laguna Beach does hereby RESOLVE and ORDER as follows:

Section 1: The budget for the City of Laguna Beach for 2022-23 fiscal year as submitted to the City Council on April 21, 2022, is hereby adopted with the modifications delineated in Exhibits A, B, and C which are attached to this Resolution and made a part hereof.

ADOPTED this 21st day of June, 2022.



Sue Kempf, Mayor

ATTEST: 

City Clerk

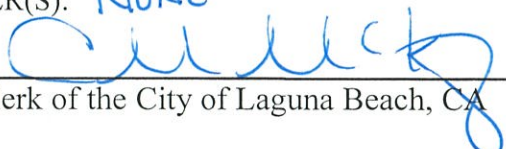
I, Ann Marie McKay, City Clerk of the City of Laguna Beach, California, do hereby certify that the foregoing Resolution No. 22.042 was duly adopted at a Regular Meeting of the City Council of said City held on June 21, 2022, by the following vote:

AYES: COUNCILMEMBER(S): Blake, Iseman, Weiss, Whalen, Kempf

NOES: COUNCILMEMBER(S): NONE

ABSENT: COUNCILMEMBER(S): NONE

ABSTAIN: COUNCILMEMBER(S): NONE



City Clerk of the City of Laguna Beach, CA

Exhibit A

GENERAL FUND

1. Appropriate \$9,600 in *one-time* funding to be used to develop a monitor-training program that will provide information to locals and visitors of sensitive habitats in Laguna Beach. The program will focus efforts at the mouth of Aliso Creek and support existing monitoring staff and circulate educational outreach materials, data collection, and data analysis. Request from the Bluebelt Coalition and Orange County Coastkeeper.
2. Appropriate \$19,000 in *ongoing* funding for weekly live performances by local musicians and the installation of a temporary mural at the stage.
3. Transfer \$250,000 from the General Fund to the Housing Fund. Transient Occupancy Tax revenue generated from future short-term lodging units above the current 127 units will be transferred to the Housing Fund.
4. Decrease the estimated Community Development Fee revenue for Real Property Reports by \$100,000 to account for revisions made to the Community Development Fees at the Budget Workshop.
5. Appropriate \$10,000 in *one-time* funding for Community Assistance Grant adding \$5,000 to the amount awarded to the Laguna Beach Cultural Arts Center, \$2,500 to the amount to the Laguna Beach Cultural Arts Center, and \$2,500 to the amount awarded to the Seaside Legal Services.

CAPITAL IMPROVEMENT FUND

1. Appropriate \$100,000 in *one-time* funding for the design phase of a project to renovate the City Hall Lobby Area.

PARKING FUND

1. Appropriate \$93,000 in *ongoing* funding for a Parking Services Officer and increase the number of authorized employees by one.
2. Increase the transfer from the Parking Fund to the Transit Fund by \$38,000 to cover the cost to purchase 200 OCTA Route 89 bus passes for Laguna Beach Residents on El Toro Road.

WILDFIRE MITIGATION AND FIRE SAFETY

1. Appropriate \$145,000 in *one-time* funding to expand the Outdoor Warning System in the Bluebird Canyon neighborhood. Multiple small speakers will be mounted on streetlights on Morningside Drive and Bluebird Canyon Drive. Locations would be selected for maximum coverage.
2. Appropriate \$140,000 in *one-time* funding to expand the Outdoor Warning System to improve reach in neighborhoods within the City's Very High Fire Hazard Severity Zone.

Exhibit A

TRANSIT FUND

1. Appropriate \$38,000 in *one-time* funding to purchase 200 OCTA Route 89 bus passes for Laguna Beach Residents on El Toro Road, buying 50 at a times at the most. Increase the transfer from the Parking Fund to the Transit Fund by \$38,000 to cover the cost of the program.

VEHICLE REPLACEMENT FUND

1. Appropriate \$210,000 in *one-time* funding to replace three Police Department Patrol Vehicles and appropriate \$75,000 for a new vehicle for the Fire Chief..

Beginning and Ending Balances

Fiscal Year 2022-23

All Funds¹

	Estimated Beginning Balance July 1, 2022	Estimated Revenues	Transfers In (Out)	Estimated Expenditures	Estimated Ending Balance June 30, 2023
<u>Operating and Capital Project Funds</u>					
General	\$511,415	81,484,700	(725,000) ²	81,128,640	\$142,475 ⁹
Measure LL	672,207	2,918,000	(1,000,000) ³	2,077,000	513,207 ¹⁰
Open Space	473,128			20,000	453,128
Capital Improvement	2,282,465	7,924,000	(250,000)	9,649,600	306,865
Parking	4,352,361	10,970,400	(2,557,500) ⁴	6,171,800	6,593,461
Parking in Lieu	970				970
Park in Lieu	260,111			100,000	160,111
Art in Lieu	81,325				81,325
Drainage	79,885				79,885
Housing in Lieu	371,900				371,900 ¹¹
Gas Tax	121,269	1,852,000	250,000 ⁵	2,150,000	73,269
Street Lighting and Utility	798,022	2,025,000	(1,000,000) ⁶	1,267,500	555,522
Wastewater	790,379	15,077,000		14,254,800	1,612,579
Disaster Contingency	6,761,647	100,000			6,861,647
Housing			250,000		250,000
Wildfire Mitigation & Fire Safety	2,554,847		2,000,000	4,487,200	67,647
Transportation Infrastructure	98,328	1,000			99,328
Transit	2,000	2,779,800	1,732,500	4,512,300	2,000
Total	\$20,212,259	\$125,131,900	(\$1,300,000)	\$125,818,840	\$18,225,319
<u>Internal Service Funds</u>					
Insurance	1,033,023	12,711,500	694,660 ⁷	12,353,300	2,085,883
Vehicle Replacement	1,277,407	1,653,400	434,460 ⁸	1,842,000	1,523,267
Total	\$2,310,430	\$14,364,900	\$1,129,120	\$14,195,300	\$3,609,150

¹Includes all operating, capital project and internal service funds. Excludes trust and agency, and special assessment district funds.

²Includes a transfer in of \$525,000 from the Parking Authority Fund, a transfer out of \$250,000 to the Housing Fund, and a transfer out of \$1,000,000 to the maintain the 20% General Fund Operating Reserve.

³Includes a transfer out of \$1,000,000 to the Wildfire Mitigation & Fire Safety Fund.

⁴Includes a transfer out of \$525,000 to the General Fund, a transfer out of \$1,732,500 to the Transit Fund, and a transfer out of \$300,000 to the Vehicle Replacement Fund.

⁵Includes a transfer in of \$250,000 from the Capital Improvement Fund.

⁶Includes a transfer out of \$1,000,000 to the Wildfire Mitigation & Fire Safety Fund.

⁷Includes a transfer in of \$694,660 from the principal payment of the Side Fund Loan to be reserved for compensated absences.

⁸Includes a transfer in of \$300,000 from the Parking Fund, and a transfer in of \$134,460 from the principal payment of the Side Fund Loan.

⁹The City Council approved a goal of a 20% General Fund Operating Reserve equal \$14.7 million which is not shown in this fund balance. A reserve of \$1.2 million to offset future pension cost increases are not shown in this fund balance.

¹⁰A Measure LL reserve of \$200,000 is not shown in this fund balance.

¹¹A reserve for loan agreement of \$371,000 is not shown in this fund balance.

**City of Laguna Beach
Capital Outlay Requests Budget FY 2022-23**

Division	Fund	Dept	Div	Obj	Description	Proposed Fiscal Year 2022-23
<u>Admin Services</u>						
Information Technology	110	17	1603	5408	(A) Computer Replacements all Departments	250,000
Finance	110	17	1701	5408	(R) One Folding Machine	4,000
					Admin Services	254,000
<u>Police Department</u>						
Support Services	110	20	2101	5622	(A) TruNarc Handheld Narcotics Analyzer	30,000
Support Services	110	20	2101	5622	(A) Two (2) Secured Grainger Steel Ley Cabinet	6,500
Field Services	110	20	2102	5622	(A) sixty Handgun Lights and Switches	19,000
Field Services	110	20	2102	5622	(A) Shotgun "red dot" optics for less-than lethal shotguns	10,000
Support Services	110	20	2101	5622	(R) Cell Phone Extraction Software	10,000
					Police Department	75,500
<u>Fire Department</u>						
Fire Operations	110	24	2401	5305	(R) Replacement Self Contained Breathing Apparatus	225,000
Fire Operations	110	24	2401	5408	(R) Six (6) Thermal Imaging Cameras	60,000
Fire Operations	110	24	2401	5408	(R) Replace 200 feet of Fire Hose	40,000
Fire Operations	110	24	2401	5408	(R) Twelve (12) sets of front-line protective turnouts	50,000
					Fire Department	375,000
<u>Marine Safety</u>						
Marine Safety	110	26	2601	5408	(R) Three Enclosed Lifeguard Towers	100,000
Marine Safety	110	26	2601	5622	(R) Four 800 MHz Motorola Radios	24,000
Marine Safety	110	26	2601	5622	(R) Replace two (2) remote observations cameras	12,000
Marine Safety	110	26	2601	5622	(R) Twelve (12) emergency medical bags	6,000
Marine Safety	110	26	2601	5622	(R) Two Lucas 3 Chest Compression Systems	37,000
Marine Safety	110	26	2601	5622	(R) Replacement Uniforms	15,000
					Marine Safety	194,000
<u>Public Works</u>						
Engineering	110	30	3101	5408	(R) Replacement four computers	
Recreation	110	30	3202	5408	(R) Alta Laguna Soccer Goals	8,000
Landscape Maintenance	110	30	3108	5408	(A) Tractor to maintain Riddle and Alta Laguna	32,000
					Public Works	40,000
<u>Community Development</u>						
Building Safety	110	40	4104	5408	(R) Four 800 MHz Motorola Radios and training	40,000
					Public Works	40,000
Total General Fund						978,500
<u>Waterwaster</u>						
Operations	137	37	3301	5408	(R) Replacement 6" portable pumps	85,000
Total Water Quality / Sewer Fund						85,000
<u>Transit</u>						
Transit Neighborhood	310	30	3404	5408	Replace Transit Radio System Base Station and Antenna	25,000
Total Transit						25,000
Total Request for Capital Outlay						1,088,500

Notes:

(A) = Additional Equipment (New Equipment)

(R) = Replacement Equipment

City of Laguna Beach
Vehicle Replacement Requests Budget FY22-23

Attachment 3

Division	Fund	Dept	Div	Obj	Description	<u>Proposed Fiscal Year 2022-23</u>
<u>Police Department</u>						
Field Services	110	20	2101	5510	(A) Patrol Vehicles (3)	210,000
Police Department						<u>210,000</u>
<u>Fire Department</u>						
Fire Operations	110	24	2401	5510	(R) Utility Rescue (replace #F05.01)	75,000
Fire Operations	110	24	2401	5510	(R) Utility Truck (replace #F09.02)	75,000
Fire Operations	110	24	2401	5510	(A) Fire Chief Vehicle	75,000
Fire Prevention	110	24	2501	5510	(R) Fire Engine (replace #F05.03)	950,000
Fire Department						<u>1,175,000</u>
<u>Marine Safety</u>						
Marine Safety	110	26	2601	5510	(R) One (1) Utility Truck	70,000
Marine Safety	110	26	2601	5510	(R) Two (2) Rescue Toyota 4 Runner Vehicles	172,000
Marine Safety						<u>242,000</u>
<u>Public Works</u>						
Building & Parks	110	30	3104	5510	(R) Trucks: One (1) Ford F350	60,000
Park and Sign Maint	310	30	3501	5510	(R) Ford Transit Connect	60,000
Public Works						<u>120,000</u>
<u>Water Quality</u>						
Wastewater	137	37		5510	(R) Trucks: One (1) Ford F350	55,000
Water Quality						<u>55,000</u>
<u>Transit</u>						
Transit Operations	310	30	3403	5510	(R) Toyota Prius (replace #167)	40,000
Transit						<u>40,000</u>
Total Request for Vehicles						<u><u>1,842,000</u></u>

Notes:

(A) = Additional Equipment (New Equipment)
(R) = Replacement Equipment

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RESOLUTION NO. 23.045

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA BEACH, CALIFORNIA, TO RESTRICT FUNDING IN THE DISASTER CONTINGENCY FUND, TRANSFER TRANSIENT OCCUPANCY TAX REVENUE IN EXCESS OF BUDGET ESTIMATES TO THE HOUSING FUND, TRANSFER MID-YEAR BUDGET SAVINGS UP TO \$300,000 TO THE OPEN SPACE FUND, AND A CONTRIBUTION TOWARD THE POTENTIAL PURCHASE OF THE SOUTH LAGUNA COMMUNITY GARDEN

WHEREAS, the City Council recognizes the importance of maintaining adequate funds for the Housing Fund, the Open Space Fund, and the Disaster Contingency Fund; and

WHEREAS, prudent financial planning and responsible budgeting are crucial in ensuring the City's fiscal stability and resilience; and

WHEREAS, the City Council desires to allocate City revenues in a manner that balances the needs of the community and recognizes certain prior City Council actions; and

WHEREAS, the City Council desires that City staff prepare the annual budget and mid-year budget adjustments consistent with this resolution unless and until modified by the City Council;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA BEACH DOES RESOLVE:

SECTION 1. DISASTER CONTINGENCY FUND

1. The Disaster Contingency Fund is to be used exclusively for (a) the repair of public facilities and (b) the emergency protection of public and private property and lives during natural or manmade disasters, including but not limited to landslides, mudslides, fires, floods, earthquakes, tsunamis, nuclear accidents, terrorist attacks, or armed conflict. Through the annual budget process, the City Council shall appropriate money to the Disaster Contingency Fund. Any expenditure from the Disaster Contingency Fund shall require four affirmative votes of the Councilmembers. Within 36 months following the expenditure of money from the Disaster Contingency Fund, the City Council shall use its best efforts to replenish the Disaster Contingency Fund to at least its preexisting amount, in accordance with and subject to the annual budget process.

2. It is the goal of the City Council that the amount of the Disaster Contingency Fund ultimately be equal to ten percent (10%) of the General Fund budget of the City in each fiscal year.

1 To achieve this goal, investment earnings on amounts in the Disaster Contingency Fund will remain
2 in the Fund until the balance equals ten percent (10%) of the General Fund budget.

3 **SECTION 2. TRANSIENT OCCUPANCY TAX REVENUE TRANSFER TO THE**
4 **HOUSING FUND**

5 The City Council adopts its budget in June of each year with an estimate of the property tax
6 revenues to be received for the upcoming fiscal year. In July of each year, the County Assessor
7 provides the City with the actual percentage increase in assessed valuation for that fiscal year. If
8 based on the information provided by the County Assessor the property tax revenues to be received
9 by the City surpasses the property tax revenues included in the Adopted Budget, then following the
10 receipt of the information from the County Assessor, an amount equal to the lesser of the amount of
11 increased property tax revenues or \$500,000 of transient occupancy tax revenue shall be transferred
12 to the Housing Fund.

13 **SECTION 3. TRANSIENT OCCUPANCY TAX REVENUE FROM CERTAIN**
14 **SHORT-TERM LODGING UNITS**

15 All transient occupancy tax revenue from short-term lodging units approved on or after July
16 2022 shall be directed and deposited into the Housing Fund.

17 **SECTION 4. OPEN SPACE FUND MID-YEAR ALLOCATION**

18 The amount of \$300,000 shall be transferred from the General Fund to the Open Space Fund
19 as part of the mid-year financial update if funding is available. Any transferred funds shall be
20 expended for the future purchase and maintenance of open space and for programs that are designed
21 to protect and enhance open space, including coastal resources.

22 **SECTION 5. CONTRIBUTION OF \$500,000 FOR THE POTENTIAL PURCHASE**
23 **OF THE SOUTH LAGUNA COMMUNITY GARDEN**

24 The City shall contribute \$500,000 toward the potential purchase of the lot currently used as
25 the South Laguna Community Garden if the remainder of the ultimately negotiated purchase price
26 is raised by the South Laguna Community Garden Park Organization. This commitment shall expire
27 on June 30, 2026, if not exercised or terminated by that date.

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SECTION 6. IMPLEMENTATION AND REVIEW

The City Manager is hereby authorized to take any necessary actions to implement and enforce the provisions of this Resolution. The City Council shall review the effectiveness and impact of these funding restrictions and allocations on an annual basis and may make additional adjustments as deemed necessary or appropriate.

SECTION 7. REPEAL OF CONFLICTING RESOLUTIONS

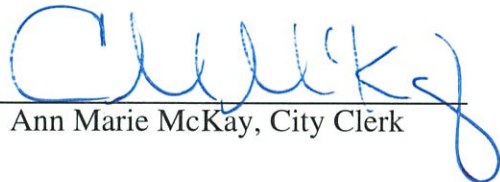
All Resolutions or parts of Resolutions in conflict with this Resolution are hereby repealed to the extent of such conflict and no further.

ADOPTED THIS 11th day of July, 2023.



Bob Whalen, Mayor

ATTEST:




Ann Marie McKay, City Clerk

I, Ann Marie McKay, City Clerk of the City of Laguna Beach, certify that the foregoing Resolution No. 23.045 was duly adopted at a regular meeting of the City Council of said City held on July 11, 2023, by the following vote:

AYES: COUNCILMEMBERS: Orgill, Rounaghi, Weiss, Kempf, Whalen

NOES: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: None



City Clerk, City of Laguna Beach, California

Readiness List

Project	Applicant	AMI Levels Served	Funding Amounts Requested	Preliminary Funding Amount	Status
31729 & 31725 Coast Highway	West Development Ventures / Fullerton Consulting Partners	30% - 60%	\$3,000,000	\$3,000,000	Conceptual
340 St. Ann's	Related California	Low, Very Low, Extremely Low	\$5,000,000	\$5,000,000	Application forthcoming
		Total	\$8,000,000*	\$8,000,000*	

*Represents more than 3 times the \$2,500,000 requested by the City of Laguna Beach from HCD's Local Housing Trust Fund program.



HOUSING ELEMENT +

LOCAL HOUSING TRUST FUND -

City Council Actions

On April 9, 2024, the City Council authorized staff to pursue establishing a local housing trust fund. On May 14, 2024, City Council provided authorization to issue letters of intent to two potential projects. The potential projects could be awarded funds if the City is awarded a grant through the State's Local Housing Trust Fund (LHTF) program.

California Department of Housing and Community Development

Information about the LHTF program is available on the California Department of Housing and Community Development (HCD) [website](#).

Pipeline Projects for the Local Housing Trust Fund

Project	Applicant	AMI Levels Served	Funding Amounts Requested	Preliminary Funding Amount	Status
31729 & 31735 Coast Highway	West Development Ventures / Fullerton Consulting Partners	30% - 60%	\$3,000,000	\$3,000,000	Conceptual
340 St. Ann's	Related California	Low, Very Low, Extremely Low	\$5,000,000	\$5,000,000	Conceptual
		Total	\$8,000,000*	\$8,000,000*	

*Represents **more than 3 times** the \$2,500,000 requested by the City of Laguna Beach from HCD's Local Housing Trust Fund program.

Request for Taxpayer Identification Number and Certification

**Give Form to the
requester. Do not
send to the IRS.**

▶ Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type.
See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. City of Laguna Beach	
2 Business name/disregarded entity name, if different from above	
3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input checked="" type="checkbox"/> Other (see instructions) ▶ Government	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <i>(Applies to accounts maintained outside the U.S.)</i>
5 Address (number, street, and apt. or suite no.) See instructions. 505 Forest Avenue	Requester's name and address (optional)
6 City, state, and ZIP code Laguna Beach, CA 92651	
7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number	
	-
	-
or	
Employer identification number	
9 5	- 6 0 0 0 7 2 9

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ▶	Date ▶ 11/2/2022
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.



May 30, 2024

Mike Kelly
West Development Ventures
mikek@westdv.com

Jeff Fullerton
Fullerton Consulting Partners
jeff@fullertonllc.com

Re: Non-Binding Letter of Intent

Dear Mr. Kelly and Mr. Fullerton,

The City of Laguna Beach (“City”) has reviewed West Development Ventures and Fullerton Consulting Partners’ proposal dated May 6, 2024 submitted in response to the City’s Notice of Funding Availability for Affordable Housing Projects dated April 10, 2024. The proposal requested a \$3,000,000 subsidy from the City’s Local Housing Trust Fund in connection with a proposed 24-unit affordable housing project (“Proposed Project”) at certain City-owned real property located at 31729 and 31725 Coast Highway, Laguna Beach, CA (“City Property”).

On May 14, 2024, the City Council authorized the City Manager to issue this non-binding letter of intent to express the City’s preliminary interest in awarding funds to the Proposed Project in an amount not to exceed \$3,000,000.¹ Please note, this letter is solely a non-binding expression of the City’s preliminary interest in supporting the Proposed Project. This letter does not create a binding commitment on the City to: (i) sell the City Property to any particular party; or (ii) award funds to the Proposed Project. At the City’s sole and absolute discretion, the City may decide to award less funds, or no funds, to the Proposed Project. Nothing in this letter creates a legally binding obligation on the City.

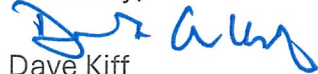
¹ If the City ultimately decides to award funds to the Proposed Project, it is anticipated that the City’s loan would be in the form of a construction and/or permanent financing loan. The loan would likely have a 55-year term, incur 3% simple interest annually, and be payable from the Proposed Project’s residual receipts. As noted above, this letter does not commit the City to awarding any funds to the Proposed Project. If the City ultimately decides to award funds to the Proposed Project, it is anticipated that the parties would negotiate and execute a promissory note secured by a deed of trust, affordable housing regulatory agreement, and any other agreements that the City deems necessary. The City’s future decision to award funds would also be subject to applicable state law requirements, including HCD’s LHTF Guidelines—which, among other things, include a requirement that at least 30% of funds expended under the LHTF program be used to provide assistance to extremely low income households.

As you may know, the City is in process of applying for \$2,500,000 in matching grant funds from the California Department of Housing and Community Development's ("HCD") under its Local Housing Trust Fund grant program. The City anticipates submitting its Local Housing Trust Fund application to HCD in June 2024. The City's decision on whether to ultimately award any funds to the Proposed Project will be made by the City Council at a later date. Staff anticipates that the Council's determination will be influenced by whether HCD approves the City's application or awards the City less than the \$2,500,000 requested.

In the event that the Proposed Project proceeds, West Development Ventures and Fullerton Consulting Partners, at its sole cost and expense, will be responsible for securing any and all permits, entitlements, discretionary approvals, and environmental reviews that may be required for the Proposed Project by the City or any other federal, state, or local governmental entity having jurisdiction over the Proposed Project or the Property. This letter does not obligate the City or any department thereof to approve any application or request or to take any other action in connection with any planning approval, permit, entitlement or environmental review associated with the Proposed Project. Nothing herein guarantees that the Proposed Project will proceed.

The City is excited about this opportunity and looks forward to working with you. Should you have any questions or require additional information, please contact Jennifer Savage, Housing Program Coordinator, at (949) 715.1141 or by email at jsavage@lagunabeachcity.net.

Sincerely,



Dave Kiff

City Manager



May 30, 2024

Randy Mai
Related California
Randy.Mai@related.com

Re: Non-Binding Letter of Intent

Dear Mr. Mai,

The City of Laguna Beach (“City”) has reviewed Related California’s proposal dated May 7, 2024 submitted in response to the City’s Notice of Funding Availability for Affordable Housing Projects dated April 10, 2024. The proposal requested a \$5,000,000 subsidy from the City’s Local Housing Trust Fund in connection with a proposed 72-unit affordable housing project (“Proposed Project”) at 340 St. Ann’s, Laguna Beach, CA (“Property”).

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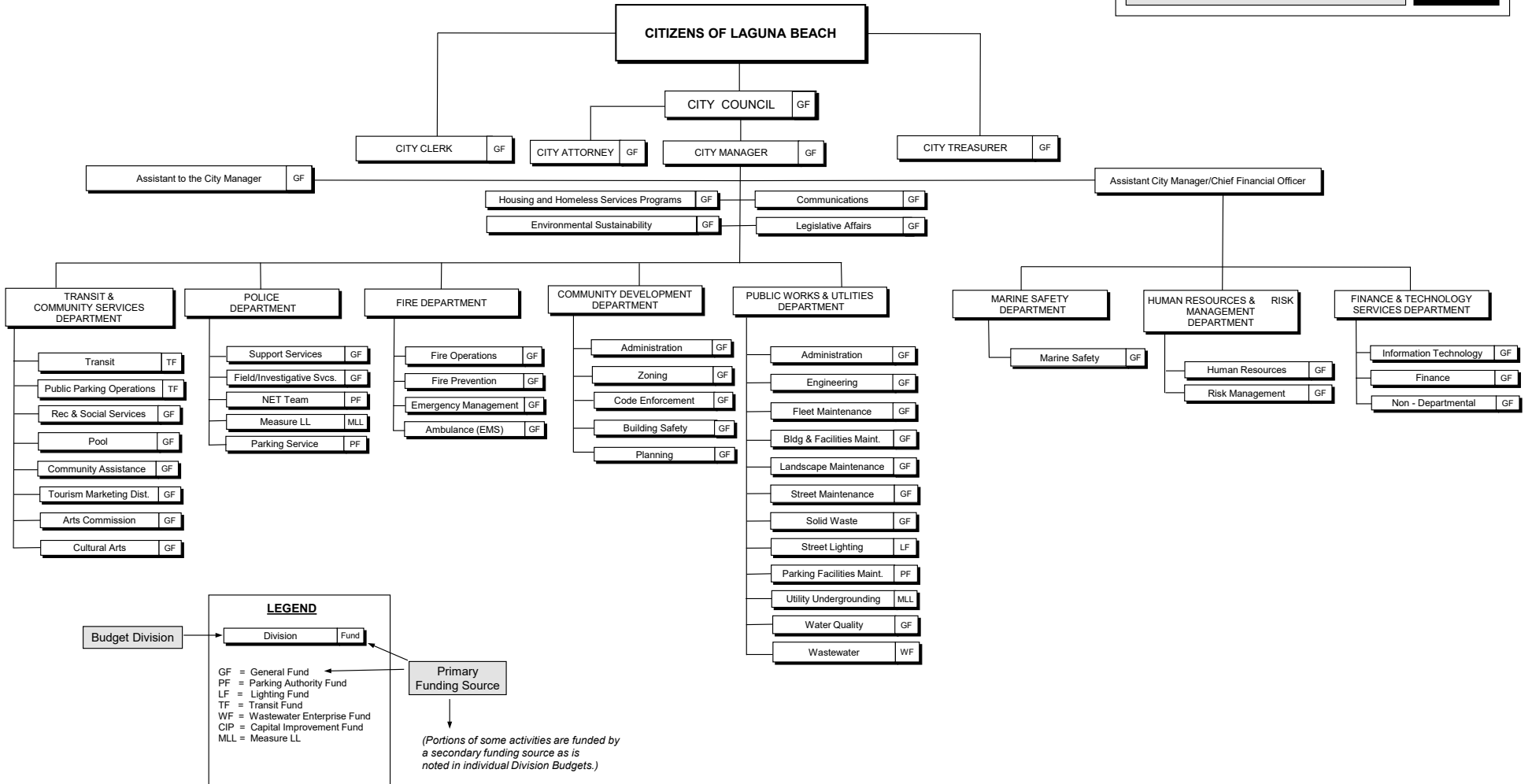


Dave Kiff
City Manager

**City of Laguna Beach
2024-25 Budget Structure**

**Organization Chart
Expenditure Budget**

All Divisions





May 30, 2024

Mike Kelly
West Development Ventures
mikek@westdv.com

Jeff Fullerton
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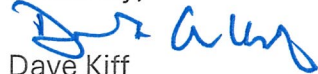
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