

PLHA Draft Application

Draft 302(c)(4) Plan

Eligible Applicant Type	<i>Entitlement</i>
Local Government Recipient of PLHA Formula Allocation	<i>City of Modesto</i>
Approximate 5-year Allocation	<i>\$5,818,482</i>
Year One Allocation	<i>\$969,747</i>
§302(c)(4)(A) Describe the manner in which allocated funds will be used for eligible activities.	
<p>Over the next 5 years, the City of Modesto will use the PLHA funds to expand and enhance the access to and number of affordable housing units within the City of Modesto through the following eligible activities. The funding will be used as gap financing for the development of new affordable housing projects and permanent supportive Housing Units within the City limits of Modesto.</p> <p>Application Request for five-year period:</p> <ul style="list-style-type: none"> • \$3,903,233 - 301(a)(1) - The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low-, very low-, low-, or moderate-income households. <ul style="list-style-type: none"> ○ Over the course of the 5 years, It is projected that the city will create a minimum of 35 units with 10 units dedicated to 60% AMI. • \$1,672,814 - 301(a)(6) - Assisting persons who are experiencing or at risk of homelessness, including, but not limited to, providing new construction, rehabilitation, and preservation of permanent and transitional housing <ul style="list-style-type: none"> ○ Over the course of 5-years, it is projected that the city will create a minimum of 15 units. • \$242,435 Program Administration <p>Annual Allocations are approximately \$969,747 with the allowable amount of \$48,487 for administration.</p> <ul style="list-style-type: none"> • \$644,882 - 301(a)(1) - The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low-, very low-, low-, or moderate-income households. <ul style="list-style-type: none"> • This first-year allocation will result in a minimum of 7 units under 120% AMI with a minimum of 2 units being available to individuals at or below 60% AMI. • \$276,378 - 301(a)(6) - Assisting persons who are experiencing or At risk of homelessness, including, but not limited to, providing new construction, rehabilitation, and preservation of permanent and transitional housing. <ul style="list-style-type: none"> ○ The first-year allocation will result in a minimum of 3 units. • \$48,487 Program Administration 	
§302(c)(4)(B) Provide a description of the way the Local government will prioritize investments that increase the supply of housing for households with incomes at or below 60 percent of Area Median Income (AMI).	
<p>The City will partner with local affordable housing developers by competitively awarding PLHA funds through the issuance of Request for Proposals (RFP). The City will prioritize investments that increase the supply of housing for households with incomes from 60% to 120% of the AMI. When issuing RFPs for affordable housing projects under this category, the City may award bonus points for project proposals intended to serve households below 60% AMI.</p>	
§301(a)(1) The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low-, very low-, low-, or moderate-income households, including necessary Operating subsidies.	
§302(c)(4)(E)(i) Provide a description of how allocated funds will be used for each proposed Affordable Rental Housing Activity.	
<p>PLHA funds in this category will be allocated for the predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low-, very low-, low-, or moderate-income households. This allocation will be made available to affordable housing developers through a competitive Notice of Funding Availability (NOFA) process and/or over the counter application process. Each NOFA will seek development proposals that include new affordable housing units for households with incomes at or below 120% of AMI with an emphasis on developments that serve individuals at or below 60% AMI. The City works closely with the local Continuum of Care (CoC), affordable</p>	

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housing developers, and general community to increase affordable housing units across the housing continuum. The City also gives priority to projects that leverage several sources of funding for the maximum benefit to the community. The City has over 30 years of successfully producing, overseeing, and monitoring affordable housing projects that assist individuals and households at or below 120% AMI.

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

The City solicits projects through a NOFA process that creates a consistent standard for all projects awarded funding. The areas of focus are Application Completeness, Project Design and Capacity, Urgency and Persistence of Need, Project Implementation Readiness, Past Performance, Financial Management, General Regulatory Compliance, Budget, Fund Development, and leveraging. These areas allow staff and oversight authorities the ability to assess each application to the funding requirements for any project.

This funding will be allocated to projects based on local needs assessed through the City's 2020-2024 Consolidated Plan Needs Assessment, the CoC and City Application Review committee. Applications for funding are currently under review by staff. The scoring is designed to be reviewed with a heavier weight being applied to those projects that can demonstrate its ability to perform and complete projects and assist households within 24 months of funding commitments.

Selected projects will demonstrate that they have the capacity to secure other sources of funding. Reviewed projects are presented to the City's Citizen Housing and Community Development Committee (CH&CDC) and then presented to City Council for approval. All projects will be secured by the loan agreement, promissory note, Deed of Trust and Regulatory Agreement. City staff is well training in on-going project and long-term monitoring to ensure that projects comply throughout the life project and ongoing affordability period. The City will issue a NOFA annually to ensure an ongoing project pipeline.

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

§302(c)(6)(E)(i) Provide a description of how allocated funds will be used for the proposed Activity.

PLHA funds in this category will be to allocated to assisting persons who are experiencing or at risk of homelessness, for the new construction, rehabilitation, and preservation of permanent and transitional housing. This allocation will be made available to affordable housing developers through a competitive Notice of Funding Availability (NOFA) process and/or over the counter application process. Each NOFA will seek development proposals that include new affordable housing units for households with incomes at or below 60% of AMI. The City has over 30 years' experience with these types of developments. The City works closely with the local CoC, affordable housing developers, and general community to increase units across the continuum. The City also gives priority to projects that leverage several sources of funding for the maximum benefit to the community. The City staff is experienced in successfully collaborating with local developers to complete projects on time and within the scope of the funding regulations. In recent years, the focus as a City has been focused on the development of permanent supportive housing units. The City has found that this is an effective method to address the homelessness. These units assist vulnerable populations with stable housing and the services to help strengthen the abilities and capacities of these households to thrive at their best within the community. The City, with its current review of the NOFA, is aware of several proposed projects that will increase the City's affordable housing stock for this subpopulation.

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§302(c)(4/6)(C) Provide a description of how the Plan is consistent with the programs set forth in the Local Government's Housing Element.

The proposed plan directs 100% of the City's PLHA funding to the development of new affordable housing and permanent supportive housing units. Use of PLHA funds for this unmet housing need is consistent with the City's Adopted 2015-2023 Certified Housing Element Chapter 6 policy 1.1 *Establish and/or support programs to supply below-market housing for extremely low-, very low-, low- and moderate-income households, as well as market-rate housing.*

Regional Housing Needs Allocation (RHNA) – Background and Local Requirements

Table 1 illustrates RHNA allocations imposed during the 2014-2023 Housing Element Cycle for the City of Modesto for Very-low, Low-, Moderate, and Above-Moderate income levels. The City will offer PLHA funds to assist in building units in an effort to address the local RHNA housing allocations.

Table 1. City of Mdesto Regiona Housing Needs Allocation 2014-2023

Effective Date December 31, 2019	Very-Low Income	Low Income	Moderate Income	Above Moderate Income	Total
RHNA Allocation (Units)	1546	991	1100	2724	6361
Progress (Permitted Units)	232	61	276	584	1153
Remaining Units	1314	930	824	2140	5208

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302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Affordable Rental Housing Activity	Approximately \$644,882 (annually)
§301(a)(6) Percentage of Funds Allocated for the new construction, rehabilitation, and preservation of permanent and transitional housing.	Approximately \$276,378 (annually)
302(c)(4/6)(E)(ii) Area Median Income Level Served	30% to 120% AMI
302(c)(4/6)(E)(ii) Unmet share of the RHNA at the AMI Level	3,068 (VL, L, Mod)
302(c)(4)(E)(ii) Projected Number of Households Served	7 (annually)
302(c)(6)(E)(ii) Projected Number of Households Served	3 (annually)
302(c)(4/6)(E)(ii) Period of Affordability for the Proposed Affordable Rental Housing Activity (55 years required for rental housing projects)	55 years

HCD Local 2019 Income Limits for this Program

Stanislaus County Area Median Income: \$64,800	Extremely Low	13650	16910	21330	25750	30170	34590	39010	42800
	Very Low Income	22700	25950	29200	32400	35000	37600	40200	42800
	Low Income	36300	41500	46700	51850	56000	60150	64300	68450
	Median Income	45350	51850	58300	64800	70000	75150	80350	85550
	Moderate Income	54450	62200	70000	77750	83950	90200	96400	102650

Source: CA HCD Income Limits