



Lake County Regional Housing Trust Fund

Administrative Guidelines

TABLE OF CONTENTS

Lake County Regional Housing Trust Fund Overview	3
Definitions	4
Establishment of Lake County Regional Housing Trust Fund	5
Distribution and Use of Lake County Regional Housing Trust Fund Assets	6
Annual Evaluation and Reporting	7

LAKE COUNTY REGIONAL HOUSING TRUST FUND ADMINISTRATIVE GUIDELINES

I. LAKE COUNTY REGIONAL HOUSING TRUST FUND OVERVIEW

A. Purpose

The purpose of the Lake County Regional Housing Trust Fund (LCRHTF) is to combine funding from different sources to help achieve the County's General Plan goals, including those in the Housing Element, the Regional Housing Needs Assessment (RHNA) and the Housing Action and Implementation Plan, to develop and preserve affordable housing in Lake County. To achieve this purpose, LCRHTF resources shall be used to provide loans, and in certain instances grants, to qualified developers, public entities, groups, and individuals to undertake activities that create, maintain, or expand the County's affordable housing stock.

B. Funding Sources

Inflow of resources to the LCRHTF may come from a variety of sources, which may include but are not limited to the following:

1. Annual contributions from the parties as outlined in the Memorandum of Understanding (MOU) between the County of Lake, City of Lakeport, and City of Clearlake authorizing formation of the Lake County Regional Housing Trust Fund (LCRHTF).
2. State non-entitlement Community Development Block Grant (CDBG) funds- Housing and Community Development Allocation.
3. State non-entitlement HOME Program Income- payments of loan principal and interest due to the County from borrowers of previous HOME-funded housing loans.
4. Permanent Local Housing Allocation funds.
5. Proceeds obtained from the sale of County or City owned residential properties.
6. Payments of principal and interest due to the LCRHTF from borrowers of previous LCRHTF housing loans.
7. Donations and contributions from third-party benefactors.

C. Administration of County of Lake Housing Trust Fund

The Lake County Regional Housing Trust Fund shall be a special revenue fund type or other fund type, and category as determined appropriate by the Deputy County Administrative Officer Budget and Finance for the County of Lake as the financial entity. In accordance with County of Lake Code and financial management and budget policies, the County of Lake's Deputy County Administrative Officer Budget and Finance, or designee, in coordination with the LCRHTF Administrator shall be responsible for the disbursement of LCRHTF funds and collection of LCRHTF revenues, maintaining financial records for the LCRHTF, and maintaining and managing separate account(s) for the LCRHTF.

D. Lake County Regional Housing Trust Fund Administrative Board

The Lake County Regional Housing Trust Fund will have an Administrative Board that is responsible for adopting and amending the Administrative.

The composition of this Administrative Board will be as follows:

County of Lake - County Administrative Officer or designee

County of Lake - Director of Community Development or designee

City of Lakeport - City Manager or designee

City of Clearlake - City Manager or designee

E. Lake County Regional Housing Trust Fund Board of Trustees

The Board of Trustees will be comprised of 7 members as follows: County of Lake - County Administrative Officer or designee, County of Lake – Community Development Director or designee, Lakeport – City Manager or designee, Clearlake – City Manager or designee, Tribal representative, Lake County Continuum of Care representative, Public representative with a background in publicly funded housing programs and experience with the Tax Credit Allocation Committee.

II. DEFINITIONS

A. **Affordable Housing:** housing that is affordable to households with gross incomes determined to be at or below the limit for “low-income,” as defined by the U.S. Department of Housing and Urban Development (HUD). See B3 below.

B. **Area Median Income or “AMI:”** established for metropolitan areas or non-metropolitan counties by the U.S. Department of Housing and Urban Development, 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. For current income limits, please refer to this web address: <https://www.huduser.gov/portal/datasets/il.html>. Income designations, along with descriptions, are below.

1. **Extremely-Low Income Household:** a household having an income not exceeding thirty percent (30%) of AMI adjusted for household size and as defined by the U.S. Department of Housing and Urban Development.
2. **Very Low-Income Household:** A household having an income not exceeding fifty (50%) percent of AMI adjusted for household size and as defined by the U.S. Department of Housing and Urban Development.
3. **Low-Income Household:** a household having an income not exceeding eighty (80%) percent of the AMI adjusted for household size and as defined by the U.S. Department of Housing and Urban Development.
4. **Moderate-income Household:** a household having an income not exceeding one hundred twenty percent (120%) of the AMI adjusted for household size and as defined by the U.S. Department of Housing and Urban Development. Households with income between 80% and 120% of AMI are considered “moderate income.”

III. Establishment of County of Lake County Regional Housing Trust Fund

On 12/10/2024, the Lake County Board of Supervisors passed Resolution **XX** to establish the Lake County Regional Housing Trust Fund to serve as a mechanism in support of Lake County housing activities as part of a strategy to achieve housing goals as outlined in the Housing Action and Implementation Plan, the Housing Element, and the Regional Housing Needs Assessment.

A. Notices of Funding Availability

The Lake County Regional Housing Trust Fund shall release a Notice of Funding Availability (NOFA) when funds have reached the threshold amount determined by the LCRHTF Board of Trustees. At a minimum, the NOFA will outline eligible activities, amount of funding available, evaluation criteria, and any community objectives for that funding period.

B. Project Selection

Except for loan applications for activities described in section IV.A. Parts 6 and 7 below, applications for LCRHTF assistance will only be accepted during specified funding cycles. However, except for pre-development proposals, all applications, regardless of whether received through an RFP, or through an open Notice of Funding Availability (funding cycle), shall be subject to an Evaluation Process. The total funding cycle should be completed in approximately 4 months. The purpose of the funding cycles is to enhance the LCRHTF's ability to choose projects that will maximize the use of LCRHTF resources and ability to meet its housing goals. The LCRHTF shall be under no obligation to fund projects. Projects rejected during one funding cycle may be resubmitted and reconsidered in a later funding cycle.

C. Department Administration and Monitoring

Excluding any specific activity delivery or administration funding through the U.S. Department of Housing and Urban Development and the State Department of Housing and Community Development, specifically related to Federal and State funding sources the County of Lake may, in each fiscal year, spend up to 10% of the combined value of land and loans and grants receivable for program administration.

D. Committed Use of LCRHTF

All resources remaining in the LCRHTF at the end of any fiscal year shall remain LCRHTF and classified as committed fund balance or other classification as determined appropriate by the County of Lake's Deputy County Administrative Officer Budget and Finance.

IV. DISTRIBUTION AND USE OF LAKE COUNTY REGIONAL HOUSING TRUST FUND ASSETS

In accordance with all County codes, regulations, policies, and any other relevant state or federal statutes and regulations, distributions may be made to private or public, for-profit, or not-for-profit entities in the form of funding awards. Such awards will usually be in the form of below market long-term loans. In specific situations, and as described in Notices of Funding Availability, a limited number of grants may be available. Distributions may also be made to individuals in the form of below market loans, and in limited circumstances, grants.

A. Project Types

Types of projects in which LCRHTF funding will be awarded include, but may not be limited to, the following:

1. Rehabilitation and new construction costs
2. Acquisition and related costs such as appraisals, financing costs, and transactions costs (including land for the project).
3. Conversion of market rate units to affordable housing units.
4. Preservation of existing affordable housing.
5. Construction of accessory dwelling units.
6. First time homebuyer loans; Single-family housing rehabilitation loans; and
7. Predevelopment assistance, including site development, architectural and engineering design, permits, and related impact fees.

B. Project Restrictions:

1. Funds may not be used to pay for activities currently funded by another funding source.
2. Projects must be in the pre-development phase within the first fourteen (14) months. Failure of an applicant to be in the predevelopment phase of its project within twenty-four (24) months will result in termination of the loan commitment.
3. All projects must adhere to the Lake County Regional Housing Trust Fund Loan Procedures and Underwriting Policies.

C. Funding Priorities

Priority in all distributions shall be given first to housing projects that guarantee the perpetual affordability of such housing, and second, to housing projects that guarantee a term of affordability of greater than 15 years together with eventual recapture of the LCRHTF investment.

D. LCRHTF Income Group Priorities

Subject to Board of Trustees amendment and future community objectives, and excluding State and Federal funding sources, the following income group priorities shall serve as guidelines for Notices of Funding Availability:

1. Extremely low-income (below 30% of area median income): Target 30% of LCRHTF funds.
2. Very low-income (30% to 50% of area median income): Target 25% of LCRHTF funds.
3. Low-income (50% to 80% of area median income): Target 15% of LCRHTF funds.
4. Moderate-income (80% to 120% of area median income): Target 15% of LCRHTF funds.

5. Contingency: Target 15% of LCRHTF funds. These funds can be allocated to provide for any of the identified categories above.

E. Project Evaluation Criteria

1. Project Need and Alignment with LCRHTF Housing Priorities
2. Project Readiness and Financial Feasibility
3. Area Median Income Group Priorities
4. Long-Term Affordability
5. Applicant Track Record
6. Development Budget and Project Leverage
7. Energy Efficiency and Green Building Practices
8. Project Design and Impact

V. ANNUAL EVALUATION AND REPORTING

After the end of each fiscal year or as soon as reasonably expected thereafter, the Administrator will report to the Board of Supervisors on the status and performance of the LCRHTF. The report shall include:

A. Annual Evaluation

1. A general evaluation of the use of the LCRHTF and its effectiveness at meeting stated objectives and General Plan Housing Element goals; and
2. The degree to which funded projects have helped meet the County's housing needs.

B. Performance Report

1. A summary statement of all LCRHTF activity, including a summary of uses;
2. The total amount of state, federal and private funds leveraged;
3. The number of units assisted with LCRHTF funds, by household income categories;
4. The per unit expenditure amount for the LCRHTF and by project; and
The monthly rent of LCRHTF-assisted units or the sales prices of homeownership units.