



# **CITY OF UKIAH HOUSING TRUST FUND**

## **Administrative Guidelines**

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*Department of Community Development  
Housing Division*

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**CITY OF UKIAH**  
**HOUSING TRUST FUND ADMINISTRATIVE GUIDELINES**

**I. UKIAH HOUSING TRUST FUND OVERVIEW**

**A. Purpose**

The purpose of the Ukiah Housing Trust Fund (UHTF) is to combine funding from different sources to help achieve the City's General Plan goals, including those in the Housing Element, to develop and preserve affordable housing in the City of Ukiah. To achieve this purpose, UHTF 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 City's affordable housing stock.

**B. Funding Sources**

Inflow of resources to the UHTF may come from a variety of sources, which may include the following:

1. State non-entitlement Community Development Block Grant (CDBG) funds- Housing and Community Development Allocation.
2. State non-entitlement CDBG Program Income- payments of loan principal and interest due to the City from borrowers of previous CDBG-funded housing loans.
3. State non-entitlement Home Investment Partnerships Program (HOME) funds.
4. State non-entitlement HOME Program Income- payments of loan principal and interest due to the City from borrowers of previous HOME-funded housing loans.
5. Proceeds obtained from the sale of City-owned residential properties.
6. Payments of principal and interest due to the City from borrowers of previous UHTF housing loans.
7. Donations and contributions from third-party benefactors.
8. Funds from other sources authorized by the City Council, the former City of Ukiah Redevelopment Agency, and the voters.

**C. Management of Ukiah Housing Trust Fund**

The Ukiah Housing Trust Fund shall be a special revenue fund type or other fund type and category as determined appropriate by the City's Finance Director. Its activities are implemented by the Housing Division of the City's Community Development Department. The Community Development Director shall serve as Administrator of the UHTF. In accordance with Ukiah City Code and financial management and budget policies, the City's Finance Director, or designee, in coordination with the UHTF Administrator shall be responsible for the disbursement of UHTF funds and collection of UHTF revenues, maintaining financial records for the UHTF, and maintaining and managing a separate account or accounts for the UHTF.

**D. Affordable Housing Advisory Committee**

The City of Ukiah's Affordable Housing Advisory Committee (AHAC) provides a way for residents who have special experience or interest in affordable housing to participate in the City's decision-making process by making recommendations to Staff on housing issues. Appointed by the UHTF Administrator in conjunction with the City Manager's Office, the AHAC shall include at least five (5) but no more than nine (9) individuals. Committee members must reside within the 95482 zip code and/or have experience

developing affordable housing within the City and be able to attend a minimum number of meetings.

## 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>.<sup>1</sup> 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.<sup>2</sup>
  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.”<sup>3</sup>

## III. Establishment of Ukiah Housing Trust Fund

By a unanimous vote on October 18, 2017, the Ukiah City Council established a special revenue fund type under the name of “Ukiah Housing Trust Fund” to serve as a mechanism in support of City housing activities as part of a strategy to work with the development community in producing much needed affordable housing for low- and moderate-income Ukiah residents.

### A. Notices of Funding Availability

When the accumulated total of all non-Federal funds reaches \$250,000 or greater, excluding any funds set aside for the Community Development Department's administration and monitoring activities, the Housing Division of the Community Development Department shall release a Notice of Funding Availability (NOFA). At a minimum, the NOFA will outline eligible activities, amount of funding available, evaluation criteria, and any community objectives for that funding period.

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<sup>1</sup> City of Ukiah falls within the Mendocino County non-metropolitan area.

<sup>2</sup> Most HUD-sponsored programs have income limits at 80% AMI.

<sup>3</sup> Up to 120% AMI was the income limit for affordable housing built with redevelopment funds.

## **B. Project Selection**

Except for loan applications for activities described in section IV.A. Parts 6 and 7 below, applications for UHTF 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. There will be a maximum of two (2) such funding cycles annually. The total funding cycle should be completed in approximately 4 months. The purpose of the funding cycles is to enhance the City's ability to choose projects that will maximize the use of UHTF resources and the City's ability to meet its General Plan housing goals. The City 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 not affiliated with the former Ukiah Redevelopment Agency, the City of Ukiah Department of Community Development's Housing Division may, in each fiscal year, spend up to the greater of \$200,000 or 2%, of the combined value of land and loans and grants receivable for program administration and to monitor and preserve the affordability of units with affordability covenants.<sup>4</sup>

## **D. Committed Use of UHTF**

All resources remaining in the UHTF at the end of any fiscal year, whether or not expended by the City, shall remain UHTF and classified as committed fund balance or other classification as determined appropriate by the Finance Director.

# **IV. DISTRIBUTION AND USE OF UKIAH HOUSING TRUST FUND ASSETS**

In accordance with all City 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 UHTF funding will be awarded includes, but may not be limited to, the following:

1. Creation of new affordable units;
2. Purchase of vacant and underutilized land (land assembly) for the purpose of facilitating future affordable housing production;
3. Assistance with multi-family housing rehabilitation projects;
4. Conversion of market rate units to affordable housing units;
5. Preservation of existing affordable housing;
6. Construction of accessory dwelling units;
7. First time homebuyer loans;

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<sup>4</sup> This section on administration and monitoring is taken from requirements for redevelopment housing successor agencies outlined in SB 341.

8. Single-family housing rehabilitation loans; and
9. Predevelopment assistance to non-profit and for-profit developers with project feasibility and preliminary design studies for potential affordable housing projects.

**B. 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 UHTF investment.

**C. UHTF Income Group Priorities**

Subject to City Council 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 UHTF funds.
2. Very low-income (30% to 50% of area median income): Target 25% of UHTF funds.
3. Low-income (50% to 80% of area median income): Target 15% of UHTF funds.
4. Moderate-income (80% to 120% of area median income): Target 15% of UHTF funds.
5. Contingency: Target 15% of UHTF funds. These funds can be allocated to provide for any of the identified categories above.

**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 City Council on the status and performance of the UHTF. The report shall include:

**A. Annual Evaluation**

1. A general evaluation of the use of the UHTF 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 City's housing needs.

**B. Performance Report**

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