



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 7/7/2020

To: The Sonoma County Board of Supervisors and Board of Commissioners of the Community Development Commission

Department or Agency Name(s): Community Development Commission

Staff Name and Phone Number: Tina Rivera, 565-7901

Vote Requirement: Majority

Supervisory District(s): All

Title:

Authorization to enter into grant agreement and prepare program guidelines for the State Permanent Local Housing Allocation (PLHA)

Recommended Action:

1. Approve a resolution granting the Executive Director of the Sonoma County Community Development Commission authority to enter into grant agreements with the State Department of Housing and Community Development (HCD) for \$899,393 in 2020 funding for the Permanent Local Housing Allocation, and an estimated \$5,396,358 over five years.
2. Approve draft outline of Permanent Local Housing Allocation Program (PLHA) and authorize the Community Development Commission to prepare final program guidelines and to issue Requests for Proposals for Loans from Permanent Local Housing Allocation Program (PLHA)

Executive Summary:

The California Department of Housing and Community Development (Department) is announcing the availability of approximately \$195 million in funding for the Permanent Local Housing Allocation (PLHA) program. The PLHA program is funded from funds deposited in the Building Homes and Jobs Trust Fund (Fund) in calendar year 2019. Sonoma County has been allocated \$899,393 in formula funds in 2020, and an estimated \$5,396,358 over the next five years. Though the State Department issued the Notice of Funding Availability (NOFA) for the 2019-2020 fiscal year, the County will not be receiving or booking the first round of funds until 2020-21. An application for these funds must be submitted by July 27, 2020.

Discussion:

As part of a 15-bill housing package, Senate Bill (SB) 2 was signed into law to address California's housing shortage and high housing costs. SB-2 established a permanent funding source to increase California's affordable housing stock. The bill allocates 70 percent of the revenue deposited in the Building Homes and Jobs Trust Fund, which began in Calendar Year 2019 for the Permanent Local Housing Allocation (PLHA) program.

The principal goal of this program is to make funding available to assist California's local governments in addressing the unmet housing needs of their local communities. Twenty percent of the funding in the Building Homes and Jobs Trust Fund is required to be expended for Affordable Owner-Occupied Workforce Housing, and the balance of the program prioritizes investments that increase the supply of housing to households that

are at or below 60 percent of the Area Median Income (AMI), adjusted for household size.

Funding will help cities and counties:

- Increase the supply of housing for households at or below 60% of area median income;
- Increase assistance to affordable owner-occupied workforce housing (AOWH);
- Assist persons experiencing or at risk of homelessness;
- Facilitate housing affordability, particularly for lower- and moderate-income households;
- Promote projects and programs to meet the local government's unmet share of regional housing needs allocation, and;
- Ensure geographic equity in the distribution of the funds.

Background

On February 26, 2020, the California Department of Housing and Community Development (Department) released Notice of Funding Availability for approximately \$195 million for the Permanent Local Housing Allocation (PLHA) program. This funding provides grants for housing-related projects and programs that assist in addressing the unmet housing needs of local communities.

Eligible Activities include the following:

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.
2. The predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing, including Accessory Dwelling Units (ADUs), that meets the needs of a growing workforce earning up to 120-percent of AMI, or 150-percent of AMI in high-cost areas. ADUs shall be available for occupancy for a term of no less than 30 days.
3. Matching portions of funds placed into Local or Regional Housing Trust Funds.
4. Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176.
5. Capitalized Reserves for Services connected to the preservation and creation of new permanent supportive housing.
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.
 - A. This activity may include subawards to administrative entities as defined in HSC Section 50490 (a)(1-3) that were awarded CESH program or HEAP funds for rental assistance to continue assistance to these households.

- B. Applicants must provide rapid rehousing, rental assistance, navigation centers, emergency shelter, and transitional housing activities in a manner consistent with the Housing First practices described in 25 CCR, Section 8409, subdivision (b)(1)-(6) and in compliance with WIC Section 8225(b)(8). An applicant allocated funds for the new construction, rehabilitation, and preservation of permanent supportive housing shall incorporate the core components of Housing First, as provided in WIC Section 8255, subdivision (b).
- 7. Accessibility modifications in lower-income owner-occupied housing.
- 8. Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.
- 9. Homeownership opportunities, including, but not limited to, down payment assistance.
- 10. Fiscal incentives made by a county to a city within the county to incentivize approval of one or more affordable housing projects, or matching funds invested by a county in an affordable housing development project in a city within the county, provided that the city has made an equal or greater investment in the project. The county fiscal incentives shall be in the form of a grant or low-interest loan to an affordable housing project. Matching funds investments by both the county and the city also shall be a grant or low-interest deferred loan to the affordable housing project.

Draft Outline Plan

To receive the funds, the Commission must adopt and submit a plan that describes how the County's annual allocation will be used over the next five years. The Commission will use the annual County Fund for Housing Notice of Funding Availability process to solicit projects to be funded and follow the guidance in the Commission's loan policies, making any addendums or modifications needed to comply with the Department of Housing and Community Development Program Guidelines.

Key elements of the Draft Outline Plan for PLHA Assistance include:

- 1. The PLHA would provide Low-interest, deferred loans for the development of affordable housing and grants for first time homebuyer assistance and homeless services.
- 2. Twenty percent of funds will be available for Affordable Owner-Occupied Workforce Housing.
- 3. The balance of the funds will be made available to developments that must be affordable to households that are extremely low-, very low-, or moderately low-income (at or below 60% of median income).
- 4. Loan amounts: \$100,000 minimum.
- 5. 55-year affordability term.

Approval of the Draft Plan outline will allow the Community Development Commission to proceed with the preparation of a Notice of Funding Availability and development and creation of the final plan for public review and adoption by your board at a later date.

Prior Board Actions:

N/A

FISCAL SUMMARY

| Expenditures | FY 19-20 Adopted | FY20-21 Projected | FY 21-22 Projected |
|------------------------------------|-----------------------------|------------------------------|-------------------------------|
| Budgeted Expenses | | \$899,393 | \$899,393 |
| Additional Appropriation Requested | | | |
| Total Expenditures | | \$899,393 | \$899,393 |
| Funding Sources | | | |
| General Fund/WA GF | | | |
| State/Federal | | \$899,393 | \$899,393 |
| Fees/Other | | | |
| Use of Fund Balance | | | |
| Contingencies | | | |
| Total Sources | | \$899,393 | \$899,393 |

Narrative Explanation of Fiscal Impacts:

The State funds are for a 2019-2020 grant, but the department will not be receiving or booking the funds until 2020-21. Awards are expected to be announced between August and October of 2020. Funds will supplement and leverage other funding sources that are used to advance development of affordable rental units and deepen affordability of rental and homeownership opportunities. Funding allocation is anticipated to be approximately \$899,393 annually, but may fluctuate due to increases or decreases in the revenue source. Appropriations will be requested during the 1st quarter Consolidated Budget Adjustments.

| Staffing Impacts: | | | |
|--|--|-------------------------------|-------------------------------|
| Position Title (Payroll Classification) | Monthly Salary Range (A-I Step) | Additions (Number) | Deletions (Number) |
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Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

1. Resolution

Related Items "On File" with the Clerk of the Board:

N/A