



COUNTY OF HUMBOLDT

For the meeting of: 7/9/2024

File #: 24-1009

To: Board of Supervisors

From: Planning and Building Department

Agenda Section: Consent

Vote Requirement: 4/5th

SUBJECT:

Funding for Affordable Multifamily Housing from the Local Housing Trust Fund (LHTF) and American Rescue Plan Act (ARPA) Funds and Associated Supplemental Budget in the Amount of \$3,498,384 (4/5th Vote Required)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive report on the process for deciding how the LHTF and ARPA funds will be expended pursuant to Board Resolution 22 -64;
2. Authorize the Director of Planning and Building to approve a grant of \$504,000 and execute a loan agreement for \$504,000, and any documents necessary to accomplish the award to Life Plan Humboldt and Rural Communities Housing for affordable housing development;
3. Approve and authorize the Planning and Building Department's Housing Programs Division to advertise and distribute the attached request for proposal (RFP) after review by County Counsel and Risk Management to solicit proposals from qualified contractors and developers to build multi-family affordable housing;
4. Authorize staff to review the proposals in accordance with the criteria contained in the RFP, evaluate any proposals received and select the proposal that best meets the needs of the county;
5. Authorize the Director of Planning and Building to approve an award and execute a loan agreement up to \$3 million dollars and any documents necessary to accomplish the award; and
6. Adopt the Supplemental Budget in the amount of \$3,498,384 for the LHTF and ARPA funds in the newly formed Housing Fund (1115283) and the Permanent Local Housing Allocation (PLHA) (1100282-504) (4/5th Vote Required).

STRATEGIC PLAN:

This action supports the following areas of your Board's Strategic Plan.

Area of Focus: Housing for All

Strategic Plan Category: 4002 - Increase and prioritize housing development

DISCUSSION:

Executive Summary

In May 2022, the Board of Supervisors authorized the Planning and Building Department to utilize LHTF and ARPA funds to further the construction of affordable housing units and directed the department to return to the Board with the public process developed to do so. The Department was recently made aware of an existing commitment to fund affordable housing units on specific parcels within the McKinleyville Town Center. The Department proposes to fund the affordable housing development within the McKinleyville Town Center and use the remaining funds in the LHTF and ARPA, along with funds from Investment Partnership (HOME) Program Income and PLHA, to help fund additional affordable housing through an RFP process. This report describes the process and progress to date and recommends adoption of the supplemental budgets to support expending the funds.

Existing Commitments

Ordinance No. 2475 passed March 13, 2012, amended Humboldt County Code to implement the 2010 Housing Element Multifamily Rezoning Program (Attachment A). The ordinance incorporated in full the "July 22, 2011, Rezoning Understanding" on parcels 510-132-031 and 508-251-055 (now 510-251-060) in the McKinleyville Town Center. Incorporation of this Rezoning Understanding had the unusual effect of codifying the county's pursuit of LHTF, as well as two Housing and Community Development funds, for a predetermined purpose.

The paragraph from the Rezoning Understanding most relevant to this agenda item follows:

18.16 The County will pursue the use of Housing Income Trust Funds to help pay for the subdivision costs associated with the division of the multifamily zoned portions of the properties to facilitate the construction of affordable housing units.

Toward that goal, on May 24, 2022, your Board passed Resolution No. 22-64 (Attachment B) which had the following impacts:

1. Authorization to apply for LHTF monies, which were awarded in the amount of \$1,060,579, and to administer loans to eligible projects.
2. Commitment of matching ARPA funds in an amount up to \$1,500,000.
3. Directing the department to return to your Board with the public process used to determine disposition of these funds.
4. Restricting spending for the benefit of low-income housing.

Implementing ordinance 2475 somewhat obviates the public process, however application for and allocation of LHTF and ARPA funds has taken place with proper public noticing and in the public forum. The department widely publicized and then held a public meeting on March 29, 2024, to present to the community the funding opportunities available and to solicit input from the community on priorities for multifamily housing funds on hand and for future funding applications.

Funds for McKinleyville Town Center

Life Plan Humboldt and Rural Communities Housing are non-profit public benefit corporations that are coordinating acquisition and development of the aforementioned parcels within the McKinleyville Town Center. Together they have proposed a \$1,008,000 budget to cover acquisition and subdivision predevelopment costs and Affordable Housing Application Readiness for an affordable senior housing development. These activities help implement the Housing Element and Strategic Plan 1.1. The proposal is Attachment C.

Proposed activities in support of affordable housing units are eligible under LHTF and ARPA guidelines. These funds may not be used for market rate units. LHTF funding will be in the form of permanent financing in the amount of \$504,000 for a period of 55 years. ARPA funding will be in the form of a grant in the amount of \$504,000. Staff is recommending funding for this project.

Remaining LHTF & ARPA Funds - Release of RFP

McKinleyville Town Center will not use the entirety of the funding available. Remaining funds will be pooled with other awards the department has received that are also dedicated to creating multifamily housing. The sources of the other funds are the Permanent

Local Housing Allocation (PLHA) and Home Investment Partnership (HOME) Program Income.

Previous Board actions have paved the way to allocate the funding from these additional sources for a multi-family housing project.

- A. On July 14, 2020, your Board adopted Resolution 20-61 authorizing an application for PLHA monies for the purpose of multi-family housing. (Attachment D) The county has been granted these funds not to exceed \$2,066,693 over a five-year period. (Approximately \$865K has been used.)
- B. Accrued HOME program income in the amount of \$1.3 million must be at least 50% spent before the department will be eligible to apply for future HOME grants. Affordable housing is an eligible use of program income.

LHTF	\$535,525
ARPA	\$973,150
HOME	\$400,000
<u>PLHA</u>	<u>\$841,805</u>
	\$2,750,480

Combining these resources fulfills the purpose for which they were awarded and creates a meaningful contribution of \$2.75 million to a potential low-income, multi-family housing development, which will increase housing stock available to low-income residents.

The department has developed a draft RFP for multifamily housing projects to use these funds and requests authorization to advertise and circulate the RFP after it has been reviewed by County Counsel and Risk Management (Attachment E).

SOURCE OF FUNDING:

Local Housing Trust Fund state grant 1115283-505; American Rescue Plan Act 1115283; Permanent Local Housing Allocation (PLHA) 1100282-504 state grant; Home Investment Partnership Program Income (HOME) 1100282-201 federal grant

FINANCIAL IMPACT:

	Life Plan Humboldt	Housing RFP	Totals
LHTF 1115283-505			
Additional Appropriation	504,000	535,525	1,039,525
ARPA 1115283			
Additional Appropriation	504,000	973,150	1,477,150
HOME 1100282-201			
Budgeted Expenses		400,000	400,000
PLHA 1100282-504			
Budgeted Expenses		500,000	500,000
Additional Appropriation		341,805	341,805
Total Expenditures	1,008,000	2,750,480	3,758,480

One hundred percent of the funds loaned and granted will come from non-county sources. Salaries, benefits and indirect costs for staff to administer the loan and grant will be covered by LHTF funds up to 5% of the award, with any remaining costs covered by the ARPA funds. The Board previously authorized use of the ARPA funds for affordable housing on May 24, 2022.

In addition to the additional appropriation represented in the table requested in the amount of \$2,858,480, additional supplemental

budget is requested for \$21,054 in administration costs from the LHFT grant and \$22,850 in administration costs from ARPA funds, as well as, supplementing \$596,000 of housing funds allocated in previous years in the Housing fund, for a total supplemental budget request of \$3,498,384 in Fiscal Year 2024-25.

OTHER AGENCY INVOLVEMENT:

Numerous developers and non-profit organizations will be invited to submit proposals. The number and identity of other agencies involved in the execution of qualified projects will be determined at a later stage.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board may choose not to fund multifamily housing development at this time; however, the department does not recommend this option as it will not increase access to housing.

ATTACHMENTS:

- A. Ordinance 2475
- B. Resolution 22-64
- C. Life Plan Humboldt & Rural Communities Housing Proposal
- D. Resolution 20-61
- E. Request for Proposals for Multifamily Affordable Housing
- F. Supplemental Budgets for LHFT, ARPA and PLHA

PREVIOUS ACTION/REFERRAL:

Meeting of: May 24, 2022; July 14, 2020

File No.: 22-605; 20-828