



# COUNTY OF HUMBOLDT

For the meeting of: 7/14/2020

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File #: 20-828

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**To:** Board of Supervisors

**From:** Planning and Building Department

**Agenda Section:** Public Hearing

**SUBJECT:**

Consider and Adopt the Permanent Local Housing Allocation (“PLHA”) 5-Year Plan and Resolution authorizing the Submittal of a Department of Housing and Community Development (“HCD”) Grant Application for the 2019 Permanent Local Housing Allocation

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Open the public hearing and receive the staff report and testimony by the public;
2. Close the public hearing;
3. Direct that \$146,000 of the PLHA Year 2019 funds be set aside for an eligible homelessness solutions activity(ies) to be recommended by the Housing Trust Fund and Homelessness Solutions Committee (“Committee”);
4. Adopt the resolution (Resolution 20-\_\_) in Attachment 1, which does the following:
  - a. Authorizing and adopting the Permanent Local Housing Allocation 5-Year Plan;
  - b. Authorizing an application to be submitted to the Department of Housing and Community Development (“HCD”) for the 2019 Permanent Local Housing Allocation (“PLHA”) Funding Allocation Year 2019 for up to \$344,448; and
  - c. Authorizing and directing the Planning and Building Department Director to execute in the name of the County of Humboldt the application, the Standard Agreement, and all other documents required by HCD for participation in the PLHA Program, and any amendments.

**SOURCE OF FUNDING:**

The cost to submit this grant application is included in budgeted salary allocations for budget unit 1100282; and the Permanent Local Housing Allocation Year 2019 funds.

**DISCUSSION:**

**Background.** On February 26, 2020, The State of California Department of Housing and Community

Development (HCD) released a Notice of Funding Availability (NOFA) for the Permanent Local Housing Allocation (PLHA). Funding for this NOFA is provided by the 2017 Building Homes and Jobs Trust Fund Act (“Fund”). It authorizes HCD to allocate 70 percent of monies collected and deposited in the Fund, beginning in calendar year 2019, to local governments for eligible housing and homelessness activities. The intent of the bill is to provide a permanent, on-going source of funding to local governments for housing-related projects and programs that assist in addressing the unmet housing needs of their local communities.

The funding available in this NOFA is for a five-year period based on the anticipated revenue and formula allocation. PLHA funding is allocated non-competitively to entitlement and non-entitlement jurisdictions. The formula allocates \$344,448 to Humboldt county for Funding Allocation Year 2019 and an estimated \$2,066,693 over five years. Actual funding in future years will vary based on the amount of total receipts into the PLHA fund.

There is a statutory requirement that 20 percent of the Fund must be expended for affordable owner-occupied workforce housing, and 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. Twenty percent of Humboldt county’s 2019 allocation is \$68,900, and for the 5-year estimate is \$413,338.

PLHA Five-Year Plan. In order to be eligible for funding, jurisdictions must meet the threshold requirements. The requirements include preparation and adoption of a 5-year plan on how the County proposes to spend the funds and authorization to submit the application. The other threshold requirements include a compliant Housing Element and the submission of the most recent Housing Element Annual Progress Report.

Prior to adoption of the 5-Year Plan, the public must have been provided adequate opportunity to review and comment on the Plan. To meet this requirement on July 2, 2020 the County published the draft 5-Year Plan (Attachment 2) on the County’s website. Prior to publication the availability of the Plan was noticed in the Times Standard and was emailed to the Humboldt Housing and Homeless Coalition (“HHHC”) subscriber list and to the Housing Trust Fund and Homelessness Solutions Committee (“HTFHSC” or “Committee”). All written comments received on the draft Plan are included in Attachment 4. The PLHA Guidelines do allow for amendments and reallocations of funds in succeeding years with HCD approval (Section 302(c)(5)).

PLHA funds can be utilized for a broad range of housing activities. Attachment 2 contains a complete list of eligible activities pursuant to Section 301(a) of the PLHA Guidelines. On January 14, 2020 and April 28, 2020, the Board discussed potential housing activities. The most recent discussion concluded with the Board of Supervisors directing staff to:

- Explore the interest of the other cities in Humboldt county for increased collaboration on housing development by establishing a regional housing trust fund.
- Set aside approximately half of the first-year allocation, less the statutorily required 20% for owner occupied housing, for the Housing Trust Fund and Homelessness Solutions Committee to

fund a homelessness solutions activity/project, and for staff to work with the Committee to put the money to work for a PLHA eligible expense.

Since the April 28<sup>th</sup> meeting, County staff has discussed establishing a regional housing trust fund with the other cities. While the PLHA provides a financial incentive for regional collaboration, at this time, cities' and the County's Housing Elements would not be able to take credit for housing developed cooperatively in one another's jurisdictions, so there is little incentive to combine efforts in production of affordable housing.

With respect to the second point, Planning staff has been in ongoing discussions with the Committee. The Committee is most interested in using funds to support a hygiene activity, e.g., extending hours of public restrooms with expanded cleaning and maintenance; increasing the availability of sanitation facilities, from hand washing stations, portable toilets, and showers; providing laundry vouchers was also discussed. At this time, it is unknown if a hygiene activity alone would meet PLHA activity eligibility requirements. Staff will continue to support the Committee's efforts to make use of the set aside (see below discussion), and to obtain technical assistance from HCD as needed.

Staff recommends the Board authorize the Planning Director to submit an application to HCD for the PLHA Funding Allocation on or before July 27, 2020. Staff recommends the following three activities and allocations as described in the Five-year plan (Attachment 3):

1. 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. PLHA funds used for services to address homelessness must provide services in a manner consistent with Housing First practices. This portion of PLHA funds will be set aside for the HTFHSC to recommend a homelessness solutions activity to the Board at a future date. Based on the Board's discussion at the April 28, 2020 meeting, staff recommends \$144,668 be allocated for this activity. These funds are 7 percent of the 5-year estimated total and are planned to be expended in year one. The PLHA 5-year plan template only allows budgeting in increments of 10 percent; in the plan (Attachment 3) this activity is budgeted 10% of the five-year estimated total. Your board may recommend allocating \$144,668 specifically or may recommend 10 percent as is written in Attachment 3. The PLHA program allows the reallocation of up to 10% of the total budget between activities without a formal 5-year Plan amendment.

The Committee's Bylaws and Policies and Procedures Manual will need to be certified by the Board before the Committee will be able to solicit and recommend proposals for funding. Proposals will need to meet PLHA program requirements to be recommended for funding. Administration of homelessness service programs is outside the expertise of the Planning and Building Department. Therefore, Planning staff will coordinate and seek assistance from the Department of Health and Human Services for this activity. Planning staff consulted with an ad hoc subcommittee of the Committee, and it was expressed that the funding amount and activity as outlined was satisfactory.

2. Homeownership opportunities, including, but not limited to, down payment assistance. These funds could be used to augment the County’s existing First Time Home Buyer (“FTHB”) program. The County has operated a FTHB program, with funding from three sources for the last 16 years. The demand for FTHB loans is high; the County’s waiting list has been closed since 2017 and there are now 45 families and individuals waiting to apply for loan funding. FTHB funds provide a subordinated, deferred, low-interest loan to families that have not owned a house. This activity will be conducted in years one and two and will account for 20% of the five-year total thus meeting the statutory set aside requirement for affordable owner-occupied workforce housing.
3. 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. Development Assistance for rental housing for low income persons, those earning 60% or less of AMI. Whenever possible these funds will be deployed as loans subject to a recorded affordability covenants to ensure long term affordability and/or will be stacked as match for other funding sources. This activity will be conducted in plan years four and five and will constitute 70 percent of the total PLHA budget. Staff estimates this funding could provide soft financing for a 24-unit multifamily project.

The Board may amend the PLHA five-year plan at any time during the five-year grant period. Amendments may revise the activities included in the plan for funding and the funding amounts for each activity.

FINANCIAL IMPACT:

This action solicits grant funds from the State of California to provide services to individuals experiencing homelessness. Funding will also stabilize neighborhoods, increases rental housing and increases homeownership for lower income citizens of Humboldt County. It will not affect the General Fund, because all costs associated with the activities will be provided by the grant.

STRATEGIC FRAMEWORK:

This action supports your Board’s Strategic Framework by seeking outside funding sources to benefit Humboldt County needs , protecting vulnerable populations and creating opportunities for improved safety and health.

OTHER AGENCY INVOLVEMENT:

Department of Health and Human Services and the Housing Trust Fund and Homelessness Solutions Committee.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

1. Your Board could choose not to apply to the PLHA program this year. If the Board chooses not to apply this year the 2019 allocation will be banked, and the County could apply next year or at any time until 2023.
2. Your Board could choose to modify the allocations in the 5-Year Plan (Attachment 3) based on public comment and the Board’s discretion.

**ATTACHMENTS:**

1. Draft Board Resolution
2. Permanent Local Housing Allocation Eligible Activities.
3. Draft Permanent Local Housing Allocation 5-Year Plan and comments received on Draft Permanent Local Housing Allocation 5-Year Plan.
4. Letter of Designation

**PREVIOUS ACTION/REFERRAL:**

Board Order No.: N/A

Meeting of: January 14, 2020 and April 28, 2020

File No.: 20-4 and 20-440