



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: RES 24-023

February 06, 2024

Introduced: 1/31/2024

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Resolution

Adopt Resolution to:

- a. Authorize the Director of Housing and Community Development or their designee to request the California Department of Housing and Community Development (HCD) approve Amendment 3 to the County's Permanent Local Housing Allocation (PLHA) program Standard Agreement;
- b. Authorize the Director of Housing and Community Development or their designee to request the California Department of HCD approve Amendment 1 to City of Soledad's PLHA program Standard Agreement;
- c. Authorize the Director of Housing and Community Development or their designee to request the California Department of HCD approve Amendment 1 to the City of Carmel-by-the-Sea's PLHA program Standard Agreement;
- d. Authorize the Director of Housing and Community Development or their designee to request the California Department of HCD approve Amendment 1 to the City of Greenfield's PLHA program Standard Agreement; and
- e. Authorize the Director of Housing and Community Development or their designee enter, execute, and deliver the State of California Amended Standard Agreements as required by PLHA, subject to review and approval of the Office of the County Counsel as to form and legality.

RECOMMENDATION:

It is recommended that the Board of Supervisors conduct a Public Hearing and:

- a. Authorize the Director of Housing and Community Development or their designee to request the California Department of Housing and Community Development (HCD) approve Amendment 3 to the County's Permanent Local Housing Allocation (PLHA) program Standard Agreement;
- b. Authorize the Director of Housing and Community Development or their designee to request the California Department of HCD approve Amendment 1 to City of Soledad's PLHA program Standard Agreement;
- c. Authorize the Director of Housing and Community Development or their designee to request the California Department of HCD approve Amendment 1 to the City of Carmel-by-the-Sea's PLHA program Standard Agreement;
- d. Authorize the Director of Housing and Community Development or their designee to request the California Department of HCD approve Amendment 1 to the City of Greenfield's PLHA program Standard Agreement; and
- e. Authorize the Director of Housing and Community Development or their designee enter, execute, and deliver the State of California Amended Standard Agreements as required by PLHA, subject to review and approval of the Office of the County Counsel as to form and legality.

SUMMARY:

On August 17, 2022, the state Department of Housing and Community Development released a Notice of Funding Availability (NOFA) for the 2021 funding cycle. The NOFA included a list of eligible cities that have not previously applied for PLHA funding. Eligible cities may delegate authority to the County to apply for and administer PLHA funding on their behalf. County staff reached out to the various cities to discuss if there was any interest in the County applying for and managing the PLHA funds on their behalf. The cities of Carmel-by-the-Sea, Soledad, and Greenfield entered into agreements delegating their PLHA formula allocation to the County of Monterey to manage PLHA funding on their behalf for the 5-year period 2019-2023.

DISCUSSION:

In 2017, Governor Brown signed a 15-bill housing package aimed at addressing the state's housing shortage and high housing costs. Specifically, it included Senate Bill 2 (SB 2), referred to as the "Building Homes and Jobs Act." SB 2 establishes a permanent, on-going source of funding dedicated to promoting and facilitating affordable housing development. California Department of Housing and Community Development (CA HCD) created the PLHA program to manage distribution of SB2 funding to jurisdictions throughout the state to assist local governments in eligible housing-related projects and programs. The PLHA is funded through a fee on real estate documents recorded throughout the state. The PLHA program is composed of 10 activity areas that can be funded at the local jurisdiction's discretion. While there are no mandated activities, the PLHA regulations do require that 20% of PLHA funding statewide be used for Affordable Ownership Workforce Housing (AOWH). Early indications from CA HCD are that this requirement is not being met.

In June 2022, the Board of Supervisors approved an amended 5-Year PLHA Plan. The amended Plan allocated funding to four activities: capitalizing the Monterey County Local Housing Trust Fund, construction financing for new permanent supportive housing, operating funds for navigation centers, and new construction of transitional housing. The County has allocated approximately \$1.322 million to operating the Salinas Share Center (a navigation center) and \$450,000 to Interim, Inc.'s Sun Rose Gardens Permanent and Transitional Supportive Housing development in Salinas.

In November 2022, the Board of Supervisors approved a second amended 5-Year PLHA Plan. The amended Plan allocated funding to two activities: capitalizing the Monterey County Local Housing Trust Fund, operating funds for navigation centers, new construction of transitional housing and case management. A need to continue funding California State University of Monterey Bay's (CSUMB's) Community Health Engagement program for street outreach and case management was identified and approximately \$790,000 was allocated.

PLHA guidelines recognized that not all eligible jurisdictions had the capacity to apply for and manage grants. The PLHA program allows eligible cities to delegate authority to apply for and manage their PLHA allocations to other eligible jurisdictions. On November 8, 2022, the Board of Supervisors authorized the County to apply for Carmel-by-the-Sea, Greenfield, and Soledad PLHA funds on their behalf. The County applied and on February 15, 2023, was awarded all three cities' PLHA funds. The PLHA funding for the first 5-year cycle that the cities of Carmel-by-the-Sea, Greenfield, Soledad, and the County can apply for totals \$5,947,251. Attachment 1 illustrates the 5-year PLHA funding available to each city and the County.

In March 2023, the County approved a loan for \$1,929,046 from the Monterey County Local Housing Trust Fund to Greenfield Commons EAH LLC. Of this amount, \$900,213 of PLHA funds have been allocated. Interim, Inc.'s construction of the Sun Rose Gardens permanent and transitional housing project was allocated up to \$450,000; however, the PLHA Plan percentages don't align to fully fund the project. To fund these activities the County needs to amend its PLHA Plan a third time.

The 5-Year PLHA Plan was set up to apply to all four PLHA grants with the same designated activity percentages; however, to fund the obligations Monterey County committed to projects, the percentage for each activity needs to be different for 2019 and 2020. CA HCD has agreed to allow Monterey County to amend the grants to address the different allocations for the first two years of the 5-year grant cycle. All the grants will have the same designated activity percentages for 2021, 2022 and 2023.

OTHER AGENCY INVOLVEMENT:

There is no other agency involved.

FINANCING:

There is no impact on the General Fund. Amending the PLHA Agreements will not change the amount of funding available from HCD under the Agreements. The existing PLHA awards are included in the FY2023-24 Adopted Budget for Appropriation Unit HCD004, Unit 8545. The County may use up to five percent of each year's grant allocation to manage the grant. For the current fiscal year, the County may use up to \$82,575 of its PLHA grant.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Increase Affordable Housing: Determine policies, projects and programs that will advance the effort to create new affordable housing. In addition, there will be revenue to dedicate savings to capital investment and support the new housing trust fund.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Approved by: Craig Spencer, Acting Director of Housing and Community Development CS

The following attachments are on file with the Clerk of the Board

Attachment 1 - Draft Resolution

Attachment 2 - PLHA Agreement 20-PLHA-15630

Attachment 3 - 20-PLHA-15630 5-Year Plan Amendment No.3

Attachment 4 - PLHA Agreement 22-PLHA-17671

Attachment 5 - PLHA Agreement 22-PLHA-17673

Attachment 6 - PLHA Agreement 22-PLHA-17674

Attachment 7 - 22-PLHA-17671, 17673, 17674 5-Year Plan Amendment No.1

Attachment 8 - Summary of Funding