



Monterey County

Item No.

Board Report

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

Legistar File Number: RES 20-118

July 21, 2020

Introduced: 7/15/2020

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Resolution

Conduct a Public Hearing and Adopt Resolutions to:

- a. Authorize the County Administrative Officer or his designee to apply for and accept grant funds from the California Department of Housing and Community Development (HCD) Permanent Local Housing Allocation (PLHA) program.
- b. Authorize the Auditor-Controller to amend the FY2020-21 Adopted Budget to increase appropriations and revenues in the amount of \$648,380 in the Housing and Economic Development Office Budget Unit 001-1050-8514-CAO038 for the receipt of PLHA grant funding (4/5th vote required)
- c. Authorize the County Administrative Officer or his designee to apply for and accept grant funds from HCD for the Local Housing Trust Fund Program (LHTF) Program and the formation of a Regional Housing Trust Fund (RHTF) in partnership with Monterey County, the City of Salinas, City of Pacific Grove, City of Gonzales, City of King, and City of Monterey.
- d. Authorize the Housing Program Manager to request unused housing funds in the amount of \$370,000 from the Monterey Bay Economic Partnership (MBEP) from the agreement dated December 1, 2017 to be utilized for the LHTF application contribution.
- e. Authorize the Auditor-Controller to amend the FY2020-21 Adopted Budget to increase appropriations and revenues in the Housing and Economic Development Office Budget Unit 001-1050-8514-CAO038 by \$760,412 financed by contributions from MBEP (\$370,000), and from the Cities of Salinas (\$200,000), Pacific Grove (\$118,757), and Gonzales (\$71,655).
- f. Authorize the assignment of \$1,260,412 in the Housing and Economic Development Office Budget Unit 001-1050-8514-CAO038 for the use of a requirement match (minimum \$750,000) for the application of the LHTF grant.
- g. Enter into, execute and deliver a State of California Agreement (Standard Agreement) as required by PLHA and LHTF, 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 Adopt Resolutions to:

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- b. Authorize the Auditor-Controller to amend the FY2020-21 Adopted Budget to increase appropriations and revenues in the amount of \$648,380 in the Housing and Economic Development Office Budget Unit 001-1050-8514-CAO038 for the receipt of PLHA grant funding (4/5th vote required)

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- g. Enter into, execute and deliver a State of California Agreement (Standard Agreement) as required by PLHA and LHTF, subject to review and approval of the Office of the County Counsel as to form and legality.

SUMMARY/DISCUSSION:

Permanent Local Housing Allocation (PLHA)

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 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. SB2 funding is secured by a fee imposed at recordation of every real estate instrument, paper, or notice for each single real estate transaction on a parcel of property. The recording fees range from \$75 to \$225 depending upon the nature and scope of the transaction. Sales transactions for single-family homes are exempt from this fee. Approximately \$195 million in statewide revenue has been earmarked for local government affordable housing grants as a result of this fee.

SB 2 requires that revenue collected for the 2019 calendar year be deposited into the Building Homes and Jobs Trust Fund. Seventy percent (70%) of the Fund has been made available to HCD to assist local governments in eligible housing-related projects and programs. On February 26, 2020, HCD published a NOFA for a Permanent Local Housing Allocation Program allocation. Applications were accepted from April 27, 2020 through July 27, 2020. Under this grant program, the PLHA funds allocated to each Entitlement local government are directly proportionate to each Entitlement Local government's share of total 2017 Community Development Block Grant (CDBG) allocation. As a CDBG entitlement jurisdiction, The County of Monterey is eligible for up to \$648,380 in funding for Fiscal Year 2019-20, and an estimated \$3,890,000 over five years.

The purpose of the PLHA Grants Program is to fund housing-related projects and programs that assist in addressing the unmet housing needs of local communities, such as:

- Extremely low-, very low-, low-, or moderate-income affordable housing development
- Accessory Dwelling Unit production

- Matching portions of funds placed into Local or Regional Housing Trust Funds or available through the Low- and Moderate-Income Housing Asset Fund
- Capitalized reserves for services connected to permanent supportive housing
- Assisting persons who are experiencing or at risk of homelessness
- Accessibility modifications in lower-income owner-occupied housing
- Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments
- Homeownership opportunities, including, but not limited to, down payment assistance
- Fiscal incentives or matching funds made by a county to a city within the county

The County's application is for four activities: the development of affordable multi-family housing; the establishment of a Regional Housing Trust Fund under HCD's Local Housing Trust Fund (LHTF) program in collaboration with the County of Monterey and the Cities of: Salinas, Gonzales, King, Monterey, and Pacific Grove; capitalized reserves for services connected to the preservation and creation of new permanent supportive housing; and homeless services.

In formulating a recommendation for PLHA County consideration, County Administrative Office staff discussed the program with the Resource Management Agency, Department of Social Services and the Department of Health and Bureau of Behavioral Health on housing priorities that reach the various County departments. In addition, staff referred to multiple strategic planning documents including the County's Housing Element (2015-2023) Farmworker Housing Study (June 2018), the U.S. Housing and Urban Development Consolidated Plan (FY 2020-2024) and annual Action Plan (FY 20/21). The County's adopted Housing Element also greatly informed the recommendations. While there are many activities are critical, it is also important to consider how to best leverage these limited resources to maximize impact.

On July 10, 2020, the County provided its housing plan on its website and notification of the public hearing to be held on July 21, 2020 as required by HCD to apply for PLHA funding. The application for PLHA is due by July 27, 2020.

Local Housing Trust Fund Application (LHTF)

It is proposed that the County apply for LHTF funding to advance affordable housing development to establish a Regional Housing Trust Fund.

In addition to submitting the PLHA application to HCD, it is recommended that the County apply to establish a Regional Trust Fund through the Local Housing Trust Fund Program due on August 3, 2020. The minimum amount to start a regional trust fund for Monterey County is \$750,000, and there must be at least four jurisdictions in the trust fund. To meet the \$750,000 requirement for FY 19/20, the following jurisdictions will provide funds: the County of Monterey (\$870,000), the City of Salinas (\$200,000), the City of Gonzales (\$71,655), and the City of Pacific Grove (\$118,757), for a total of \$1,260,412. In addition, the Cities of Monterey and King will join the trust fund and find avenues for funding for future years. To maintain the trust fund, the County must maintain the regional housing trust fund for five years and have at least \$100,000 added each year. The State will match the regional trust fund up to \$5,000,000 over the five-year period.

Regional Housing Trust Fund

The County of Monterey entered a partnership with the Monterey Bay Economic Partnership (MBEP) with an agreement dated December 1, 2017, to provide contributions to the Monterey Bay Housing Trust in the amount of \$500,000. The MBEP funds were primarily for short-term, loans and primarily for land acquisition and pre-development to initiate projects and prepare them for commercial bank financing. In Monterey County, affordable housing developers need more patient capital (longer-term loans) for construction financing. In recognition of this and as a result of this need, the County, City of Salinas, City of King and MBEP have discussed shifting these funding commitments to establishing a new regional housing trust fund and applying for the LHTF through HCD.

In order to apply for the PLHA and LHTF programs, the County is required to adopt a state resolution for each program. The resolutions are attached, Attachment 1-PLHA State Resolution and Attachment 2-LHTF.

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel reviewed and approved the Resolution as to form and legality. The California Department of Housing and Community Development (HCD) administers the PLHA and LHTF Grant Program. The County of Monterey worked with the City of Salinas, City of Pacific Grove, City of Gonzales, City of King, and City of Monterey to create a regional housing trust fund. Each City has passed resolutions at their council meetings.

FINANCING:


Adoption of this Resolution will allow the County to apply for and accept up to a \$648,380 award under the FY 19/20 PLHA Grant Program and up to \$3,890,000 over five years. This report proposed assigning \$300,000 of the PLHA funding as well as contributions from MBEP (\$370,000), the Cities of Salinas (\$200,000), Pacific Grove (\$118,757), and Gonzalez (\$71,655), and a \$200,000 County general fund contribution approved during the FY 20/21 budget hearings for a total of \$1,216,412 set aside for the LHTF in Housing and Economic Development Office Budget Unit 001-1050-8514-CAO038. The state will match funds dollar for dollar for the LHTF should the County be funded. Should additional revenues and appropriations be provided for the LHTF, the County Administrative Office will present a Budget Augmentation to the Board through their Budget Committee for consideration and approval. Up to five percent of the awarded grant amount may be used for administrative costs incurred by the County.

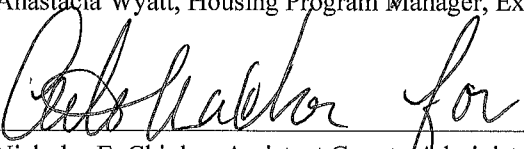
BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

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

Mark a check to the related Board of Supervisors Strategic Initiatives

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

Prepared by: 
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Approved by: 
Nicholas E. Chiulos, Assistant County Administrative Officer, Ext. 5145

Attachments:

Attachment 1: PLHA State Resolution

Attachment 2: LHTF State Resolution

Attachment 3: LHTF State Resolution Attachment 1

Attachment 4: PLHA Program Grant Eligible Activities (Five-Year Plan)

Attachment 5: PLHA Notification of Five-Year Plan

Attachment 6: State of California Agreement (Standard Agreement)

Attachment 7: State of California Agreement (Standard Agreement), Exhibit C, "General Terms and Conditions"

Attachment 8: Letter of Support