



County of Monterey

Item No.

Board Report

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

Legistar File Number: RES 25-090

June 17, 2025

Introduced: 5/30/2025

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Resolution

Conduct a Public Hearing and Adopt Resolutions 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 5 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 3 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 3 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 3 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 Adopt Resolutions 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 5 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 3 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 3 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 3 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 December 29, 2023, the state Department of Housing and Community Development issued a Notice of Funding Availability (NOFA) for the Permanent Local Housing Allocation (PLHA) for the Calendar Year 2023 Formula Allocation. The County has been eligible for a formula allocation since the PLHA began in 2019 and this application was necessary for the County to continue receiving funding during the first five-year PLHA period. The NOFA required all new PLHA applicants to allocate 40% of their funds to Affordable Owner Workforce Housing (AOWH) projects. State HCD subsequently issued directions that all PLHA recipients with unexpended or undrawn funds amend their PLHA Plans to direct 40% of their funds to AOWH projects. The Board's action today will implement the new PLHA Plan requirements by reallocating funds among the following activities:

- Activity 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.
- Activity 3: Matching portions of funds placed into Local or Regional Housing Trust Funds.
- Activity 6: Assisting persons who are experiencing or at risk of homelessness
- Activity 9: Homeownership opportunities, including, but not limited to, down payment assistance.

These activities are in the PLHA Plan and the reallocation of funds among these activities will satisfy the 40% requirement.

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 did require that 20% of PLHA funding statewide be used for Affordable Ownership Workforce Housing (AOWH). Early indications from CA HCD were that this requirement was not being met; therefore, PLHA regulations were modified on October 15, 2024, requiring all new applications and amendments to assign 40% of PLHA funding for AOWH.

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 \$400,213 to Interim, Inc.'s Sun Rose Housing Permanent and Transitional Supportive Housing development in Salinas. The amended Plan moved funding from Activity 1 to Activity 3.

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. The amended Plan moved funding from Activity 5 to Activity 3.

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.

In March 2023, the County approved a loan for \$1,929,046 from the Monterey County Local Housing Trust Fund to Greenfield Commons EAH L.P.. Of this amount, \$900,213 of PLHA funds have been allocated. Interim, Inc.'s construction of the Sun Rose Housing Permanent and Transitional Supportive Housing project was allocated up to \$400,213; however, the PLHA Plan percentages didn't align to fully fund the project.

In February 2024, the Board of Supervisors approved a third amended 5-Year PLHA Plan for the County and a first amended 5-Year PLHA Plan for Carmel-by-the-Sea, Greenfield, and Soledad. The amended Plan changed the percentage allocations to fund the obligations Monterey County committed to prior to the three additional PLHA funding awards.

In April 2025, the yearly amendments to allocate 2022 funding were entered for 20-PLHA-15630, which is now Amendment No. 4 and for 22-PLHA-17671, 17673 and 17674, which are now Amendments No. 2. No activities or percentages were changed to fund the obligations.

The current 5-Year PLHA Plan has Activity 3-Rental & Activity 3-Ownership with percentage allocations. During the PLHA Annual reporting, it was found that to properly fund the committed and future projects it is best to utilize Activity 1 and Activity 9 instead. CA HCD has agreed to allow Monterey County to amend the grants to reassign funding from Activity 3 to Activity 1 and Activity 9.

The committed funding of \$900,213 for Greenfield Commons EAH, L.P. needs to be moved from Activity 3 to Activity 1 to properly fit the activity it is intended for. Most of the remaining funding under Activity 3 needs to be moved to Activity 9 for the County to comply with the increase percentage of AOWH to 40% for award years 2021 through 2023. The County can meet the amount needed including administration costs with the required adjustments based on the new percentages proposed.

Please see **Attachment H**, Summary of Changes, to see how the percentages have been changed in the past and the new proposed percentages.

OTHER AGENCY INVOLVEMENT:

None

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 FY2025-26 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 \$41,486.75 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 to homeownership opportunities, including, but not limited to, down payment assistance and housing rehabilitation.

Mark a check to the related Board of Supervisors Strategic Initiatives

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

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

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

- Attachment A - Draft Board of Supervisors Resolution
- Attachment B - PLHA Agreement 20-PLHA-15630, Amendment No. 4
- Attachment C - 20-PLHA-15630 5-Year Plan Amendment No. 5
- Attachment D - PLHA Agreement 22-PLHA-17671, Amendment No. 2
- Attachment E - PLHA Agreement 22-PLHA-17673, Amendment No. 2
- Attachment F - PLHA Agreement 22-PLHA-17674, Amendment No. 2
- Attachment G - 22-PLHA-17671, 17673, 17674 5-Year Plan Amendment No. 3
- Attachment H - Summary of Changes