



Monterey County

Board Report

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

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Receive a Status Report from Housing Program Manager regarding Housing and Economic Development Programs (Referral #2018.21).

- a) Proposed Actions: Receive report regarding the Housing/Economic Development Program, referral number 2018.21
- b) Proposed Actions: Provide direction to staff

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive a Status Report from Housing Program Manager regarding Housing and Economic Development Programs (Referral #2018.21).

- a) Proposed Actions: Receive report regarding the Housing/Economic Development Program, referral number 2018.21
- b) Proposed Actions: Provide direction to staff

SUMMARY/DISCUSSION:

Anastacia Wyatt, Housing Program Manager began employment with the County of Monterey on February 4, 2019. The Program Manager was tasked by the BOS with analyzing the existing Housing and Economic Development (HED) goals, priorities and the organizational structure. It is important for the County to focus on critical housing needs and effectively apply, utilize and carry out new state funding for affordable housing and homelessness.

This update is based on the Housing Program Manager's assessment of the housing programs, State funding opportunities and the structure of County housing programs in her 8-month tenure.

ACTIVE HOUSING PROGRAMS

Inclusionary Housing

Ongoing housing programs include Inclusionary Housing and Federal programs, and the Entitlement Community Development Block Grant (CDBG). Inclusionary Housing funds are based on in-lieu fees. Currently, the County's balance of Inclusionary Housing funds is \$804,905. These funds are intended for future multi-family developments.

Inclusionary Housing Ordinance Update

The Inclusionary Housing Update began with the feasibility analysis that is being finalized by Keyser Marston Associates. The next step will be to host community workshops on the Ordinance. LeSar

Development Consultants will assist the County to complete the Inclusionary Housing Ordinance, Chapter 18.40 in the County's Code to be updated by the fall of 2020.

CDBG

The County receives an annual CDBG Formula Allocation from the U.S. Department of Housing and Urban Development (HUD). The County was allocated \$1,394,327 for Fiscal Year (FY) 18/19. The County has approximately \$200,000 in Program Income that was programmed into FY 18/19 programs. CDBG funds are flexible block grant funds and can be used for public services, public facilities, housing programs, and other public works projects.

Staff will prepare a Substantial Amendment to the CDBG Action Plan to reallocate unused CDBG funds to be utilized for housing or other eligible program activities.

OTHER HOUSING PROGRAMS

The Housing Program Manager reviewed the housing and economic development program budgets and history of programs and discovered other formerly active programs that have become inactive due to the State ending the programs, infeasibility in the housing market conditions or program restraints. Remaining program funds may be reallocated or reactivated. Other housing programs include HOME non entitlement program, CalHOME, and former redevelopment.

HOME-Non-Entitlement, State program

HOME Non-Entitlement program funds are still generating Program Income (PI). The balance of PI is currently approximately \$1,381,488. Staff recently requested that the California Department of Housing and Community Development (HCD) authorize the County to apply this funding toward new construction of low-income housing. Prior use of these funds was for down-payment assistance for the first-time homebuyers (FTHB) and housing rehabilitation programs.

CALHOME-State HCD Program

The CALHOME program was used for Housing Rehabilitation and FTHB programs. Currently, \$60,000 remains in this fund.

Former Redevelopment Funding and Affordable Housing Successor Agency

Redevelopment ended in 2012 and funds were intended for the development of affordable housing opportunities.

Funds available for housing construction total \$2,696,677.

Funds available for FTHB and housing rehabilitation programs total \$101,254.

2019 Accomplishments

In 2019, housing staff applied for and were awarded HEAP funds in the amount of \$6,018,100 through the Coalition of Homeless Service Providers (CHSP). The application was submitted in collaboration with the Resource Management Agency (RMA) and the Department of Social Services (DSS) for \$6,018,100 to construct a permanent homeless shelter to be located at 855 E. Laurel

Drive, Salinas, CA.

HED collaborated with DSS on an application for HEAP funding to continue the temporary shelter services located at 111 W. Alisal St., Salinas. The application was awarded \$395,822 for these services. DSS, RMA and HED are finalizing the contracts for HEAP funding with the CHSP.

HED, the Department of Health, and DSS collaborated with the CHSP to update the Lead Me Home 10-Year Plan to end homelessness. The plan was updated in May 2019 to enable the County to apply for No Place Like Home (NPLH), HEAP, and future State funding to end homelessness.

HED and the Department of Health collaborated on NPLH and finalized an inter-departmental MOU in August regarding the housing components of the NPLH funding. The grant application for the non-competitive round of NPLH was submitted for the awarded amount of \$3,938,610. This non-competitive award can be used to leverage other state housing funds and will provide the County flexibility and match for eligible housing projects. Staff is working with eligible non-profit developers to prepare applications for competitive NPLH funding. The State is expected to release their NOFA late in September 25, 2019. Applications are expected to be due back to the State in November. NPLH funds are intended for permanent supportive housing development that will benefit adults with serious mental illness, children with severe emotional disorders and their families, and persons who are at risk of requiring acute psychiatric inpatient care.

The County HED, DSS and the Health Department collaborated with the City of Salinas on the rating and ranking of California Emergency Solutions and Housing (CESH) funding and leveraging those funds with shelter and homeless service priorities throughout Monterey County. The Health Department also collaborated to determine if Whole Person Care funding could be used to match programs funded through CESH.

Upcoming State Grant Funds:

HED's priority is to apply for upcoming state housing funding and orchestrate match funding with eligible projects that are ready and can meet the grants' time constraints. Land use and infrastructure planning play a role in the funding resources. These planning activities are funded through the State under SB 2.

NPLH

The application for NPLH competitive funding will be released in late September or early October and have a quick turn around due date. HED is working with non-profit developers who would have eligible projects that can meet the funding's short turn-around timeframes. HED held a meeting on August 30 with the Department of Health and local housing developers to discuss NPLH and other State housing funds. NPLH funding can be leveraged with the non-competitive allocation and other state funds.

Whole Person Care

The Health Department submitted an application for funding from the One-Time Housing Funds for

Whole Person Care Pilots program. This funding can be leveraged with NPLH and other housing funding. HED will collaborate with the Health Department to use these funds as match for eligible permanent supportive housing projects and other eligible uses such as, rental subsidies and hotel vouchers.

Homeless Housing, Assistance and Prevention Program (HHAP)

HHAP funding is through the State's Homeless Coordinating and Financing Council that was established by SB 1380. This Council was established to oversee the implementation of the Housing First guidelines and regulations and to address homelessness in the State. HHAP is similar to HEAP funding in that it is a one time \$650 million block grant, where HEAP was \$500 million. The County will be an eligible applicant and can utilize the funding to support regional coordination and expand or develop local capacity to address immediate homelessness challenges. The County should expect to receive millions of dollars to implement its priorities. The CHSP will also be able to apply for an allocation.

SB 2

In 2017, Governor Brown signed a 15-bill housing package that included the Building Homes and Jobs Act (SB 2), which establishes a \$75 fee on real estate documents to increase the supply of affordable homes in California. Year 1 funding is for Planning Grants and 50% toward homeless programs. Year 2 and beyond will include funding for locally administered affordable housing and state administered middle-income rental and production incentives and farmworker housing, such as Joe Serna funding. SB 2 funding is intended for technical assistance; to aid communities in accelerating housing production; streamlining the approval of housing development affordable to owner and renter households at all income levels; facilitate housing affordability, particularly for lower and moderate-income households; promote development consistent with the State Planning Priorities; and to ensure geographic equity in the distribution and expenditure of the funds. The County is eligible for \$310,000. The application is in process and is due by November 30, 2019. HED and RMA are collaborating on this application.

Housing Legislation

State housing law is rapidly evolving. With recent legislative changes, it may be necessary to review and update the County's housing ordinances and to implement those changes in housing programs on a case-by-case basis. For example, the Density Bonus Law will affect the County's Density Bonus and Incentive Ordinance 20.65. Additionally, the 2017 Legislative Housing Package provided funding for new affordable homes, streamlined the approval process for certain developments in cities/counties, and will hold cities/counties accountable for addressing housing needs in their communities. The County must also address the demands of developers who will likely seek to take advantage of State bonus incentives to build housing with parking reductions.

Further, the County is required to review new requirements under both the Housing Accountability Act and the Streamlined Processing of Ministerial Projects under SB 35. Although the County is currently in compliance with both the Housing Element and its Annual Progress Report (APR), and hence, not subject to SB 35 streamlining requirements, this is subject to potential change annually as the State's

Regional Housing Needs Assessment (RHNA) numbers change. The California Department of Housing and Community Development (HCD) determines the RHNA numbers for each region's planning body, and the council of governments (COG), which is the Association of Monterey Bay Area Governments (AMBAG) for Monterey County. Each COG uses its own demographic figures to calculate its regional housing need. HED staff will be working with AMBAG on updating the numbers for the RHNA requirement and completing the APR.

HED is required to update the Housing Element of the County's General Plan every seven years. The County's current Housing Element covers the period from 2015-2023. HED staff are preparing for the next Housing Element update which will require community outreach elements and must factor in suitable locations for housing development and meet the State required RHNA numbers. HED will be coordinating with RMA on this undertaking.

Review Housing Needs and Opportunities

The Program Manager is looking into additional housing programs that may meet the needs of the community. One option would be to create a community land trust that will preserve affordable units in perpetuity and could reduce the County's administrative burden of monitoring affordable units. Land trusts are nonprofit, community-based organizations designed to ensure community stewardship of land and primarily used to ensure long-term affordability.

Additional subsidies are needed to increase affordable housing stock, such as project-based vouchers that are funded through federal programs and housing choice vouchers through HUD. Federal housing choice voucher availability is not keeping up with the demand to build additional units for extremely low-income housing. An additional voucher program is needed and could be attained through the California Flexible Housing Subsidy Pool Program. HED staff will look for opportunities to meet the housing needs of all income levels, including those who have no income.

HOME funds can also be used to create a tenant based rental assistance (TBRA) program. TBRA programs help individual households rather than subsidize particular rental projects. TBRA assistance moves with the tenant. The level of TBRA subsidy varies based on the income of the household, the unit the household selects, and the rent standard in the location of the program.

Community Outreach Initiatives

Staff will be collaborating on community outreach to gain input on the operation of the new homeless shelter to be located at 855 E. Laurel Drive in Salinas. The County will collaborate with the Coalition of Homeless Service Providers (CHSP), the City of Salinas, the City of Seaside, Community Homeless Solutions, Community Human Services and the Gathering for Women.

Community Outreach will also be integral for the development of the Inclusionary Housing Ordinance update and for the planning of the next five years of CDBG funding.

Economic Development: An RFP has been issued for a consultant and services intended to identify processes and structure to optimize the County's role in economic development and to prepare an

update of the Comprehensive Economic Development Strategy (CEDS).

The chosen consultant will reach out to stakeholders and assess and evaluate the County's economic development programming and structure and provide analysis and recommendations that define the County's best role in regional economic development activities and programs. The process will identify opportunities and programs that enrich and strengthen economic development through collaboration that are consistent with the Board of Supervisors adopted Strategic Initiatives.

OTHER AGENCY INVOLVEMENT:

The California Department of Housing and Community Development (HCD) administers the SB 2 Planning Grant Program.

The State's Homeless Coordinating and Financing Council will release the HHAP funding.

HED, RMA, DSS, and the Department of Health have and will continue to collaborate and partner on State funding resources for housing initiatives for all income-levels of those who need housing.

The RMA will execute the Planning Activities to be determined for SB 2 funds.

FINANCING:

The County may apply for and receive the funds the State is allocating. HED will continue to run the CDBG and Inclusionary programs.

This report provides an overview of housing programs and will have no direct impact on the General Fund.

STRATEGIC INITIATIVES:

This proposed program correlates to the Health & Human Services Strategic Initiatives adopted by the Board of Supervisors by working towards the goals of improving health and quality of life

This proposed program also correlates to the Infrastructure Initiatives adopted by the Board of Supervisors by planning and developing a sustainable infrastructure that improves the quality of life for County residents and supports economic development results.

This proposed programs also correlates to the Economic Development strategic initiative to collaborate and strengthen economic development initiatives to ensure a diversified and healthy economy.

Mark a check to the related Board of Supervisors Strategic Initiatives

Economic Development

Administration

Health & Human Services

Infrastructure

__ Public Safety

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Report Approved by: Nicholas E. Chiulos, Assistant County Administrative Officer x5145

Nicholas E. Chiulos, Assistant County Administrative Officer Date

Attachments are on file with the Clerk of the Board

Attachment: Power Point presentation: Housing and Economic Development Program