



Permanent Local Housing
Allocation (PLHA)
Local Housing Trust Fund (LHTF)

July 21, 2020

Conduct a Public Hearing and Adopt Resolutions to:

A

Permanent
Local
Housing
Allocation
(PLHA)

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

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-CA0038 for the receipt of PLHA grant funding (4/5th vote required)

B

Local
Housing
Trust Fund

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

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

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-CA0038 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)

Authorize the assignment of \$1,260,412 in the Housing and Economic Development Office Budget Unit 001-1050-8514-CA0038 for the use of a requirement match (minimum \$750,000) for the application of the LHTF grant

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.

A Purpose of Permanent Local Housing Allocation

Provide a permanent source of funding to all local governments in California to help cities and counties implement plans to increase the affordable housing stock

Funding will help cities and counties:

- Increase the supply of housing for households at or below 60% of area median income
- Increase assistance to affordable owner-occupied workforce housing
- Assist persons experiencing or at risk of homelessness
- Facilitate housing affordability, particularly for lower- and moderate-income households
- Promote projects and programs to meet the local government's unmet share of regional housing needs allocation
- Ensure geographic equity in the distribution of the funds

A Allowable activities for the PLHA Grants Program

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

A County PLHA Application

The County's application is for four activities:

- Development of affordable multi-family housing
- 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 City, Monterey, and Pacific Grove
- Capitalized reserves for services connected to the preservation and creation of new permanent supportive housing
- Provide homeless services



Countywide PLHA Allocations

| City | PLHA Allocation FY 19-20 | 5-year Allocation |
|--------------------|-----------------------------|----------------------|
| County of Monterey | \$648,380 | \$3,890,000 |
| City of Monterey | \$116,419 | \$698,514 |
| Carmel-by-the-Sea | \$81,950 | \$491,704 |
| Greenfield | \$139,916 | \$839,497 |
| King City | \$134,185 | \$805,115 |
| Monterey | \$116,419 | \$698,514 |
| Pacific Grove | \$118,757 | \$712,546 |
| Seaside | \$193,124 | \$1,158,744 |
| Marina | \$157,548 | \$945,290 |
| Salinas | \$1,006,847 | \$6,041,082 |
| Soledad | \$120,961 | \$725,770 |
| Sand City | \$67,139 | \$402,834 |
| Del Rey Oaks | \$0 | |
| Gonzales | \$0 | |
| Chualar | \$0 | |
| Total | \$2,901,645 | \$17,409,610 |

A PLHA Five-Year Plan

| Activity | | Amount FY 19/20 | FY 20/21 | FY 21/22 | FY 22/23 | FY 23/24 | |
|-------------------------------------|------------|--------------------|-----------|-----------|-----------|-----------|-------------|
| Trust Funds | 301(a)(3) | \$648,380 | \$300,000 | \$300,000 | \$300,000 | \$300,000 | \$1,848,380 |
| Fiscal Incentives County to City | 301(a)(10) | | | | | | |
| Capitalized Reserves for Services | 301(a)(5) | | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$800,000 |
| Homeless funding/Navigation Centers | 301(a)(6) | | \$269,885 | \$269,885 | \$269,885 | \$269,885 | \$1,079,540 |
| Admin 5% | | | \$40,520 | \$40,520 | \$40,520 | \$40,520 | \$162,080 |
| Total | | \$648,380 | \$810,405 | \$810,405 | \$810,405 | \$810,405 | \$3,890,000 |
| | | \$648,380 | \$810,405 | \$810,405 | \$810,405 | \$810,405 | \$3,890,000 |

A Formulation for the plan for PLHA funds

- 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
- 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

A PLHA and LHTF public notice

- 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

B Purpose of the Local Housing Trust Fund

Providing matching funds to local and regional housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing and emergency shelters

Assistance type

Matching grants (dollar for dollar) to local housing trust funds that are funded on an ongoing basis from both private and public contributions or public sources. Local funding sources may not otherwise be restricted in use under federal or state law or rules for use in housing programs

Assistance terms

Loans for multifamily rental housing projects require tenant income and rent restrictions imposed through a regulatory agreement for 55 years. When program funds are used to make loans for homeownership projects or units within a homeownership project, the Local Housing Trust is required to record a deed restriction in compliance with Health and Safety Code Section 50843.5(d)(3)

Eligible Activities

Loans for acquisition, predevelopment expenses and development of affordable rental housing projects, transitional housing projects, emergency shelters and homeownership projects, including down payment assistance to qualified first-time homebuyers, and for rehabilitation of homes owned by income-eligible homeowners. No more than 20 percent of each allocation may assist moderate-income households, and at least 30 percent of each allocation is required to assist extremely low-income households.

B LHTF funding requirements

- 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:
 - County of Monterey - \$870,000
 - City of Salinas - \$200,000
 - City of Gonzales - \$71,655
 - City of Pacific Grove - \$118,757

} \$1,260,412
- 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.

B Five-year potential budget for the LHTF

| | | Amount FY | | | | | |
|-------------------------------------|--|--------------------|------------------|------------------|------------------|------------------|--------------------|
| 5-year potential budget LHTF | | 19/20 | FY 20/21 | FY 21/22 | FY 22/23 | FY 23/24 | Total |
| County of Monterey | | \$870,000 | \$500,000 | \$500,000 | \$500,000 | \$500,000 | |
| City of Salinas | | \$200,000 | | | | | |
| City of Gonzales | | \$71,655 | | | | | |
| City of Pacific Grove | | \$118,757 | | | | | |
| King City | | \$0 | | | | | |
| Total | | \$1,260,412 | \$500,000 | \$500,000 | \$500,000 | \$500,000 | \$3,260,412 |

B

MBEP 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.

B

Summary

- Adoption of these Resolutions will allow the County to apply for and accept up to a \$648,380 award under the PLHA Grant Program for FY 19/20 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-CA0038.5