



Permanent Local Housing Allocation Program

5-YEAR PLAN (2019-2023)

City of Fort Bragg | 416 N Franklin Street, Fort Bragg CA | 707-961-2827



*Craftsman Cottage (above) developed for the City's
Free Accessory Dwelling Unit Plan Program*

Public Review

The public comment period regarding the City’s PLHA 5-Year Plan opens on November 4, 2022 and will conclude on November 14, 2022 prior to review by City Council at their regularly scheduled meeting held on November 14, 2022 at 6:00 PM in Town Hall, located at 363 N Main Street. Residents are encouraged to submit comments by one of the following methods:

By Mail:

City of Fort Bragg
ATT: PLHA Funding
416 N Franklin Street
Fort Bragg, CA 95437

By Email:

jlemos@fortbragg.com

Please include “PLHA Comments” in the subject line

In Person:

Prior to City Council meeting, public comments can be made directly to the Community Development Department counter located on the first floor in City Hall, located at 416 N Franklin Street in Fort Bragg, CA.

Residents are also invited to provide comments during the November 14, 2022 City Council meeting. Participation instructions will be posted with the agenda. Additional accommodations are offered by request to the office of the City Clerk at 707-961-2694 or by emailing jlemos@fortbragg.com.

Background

As part of a 15-bill housing package signed by Governor Brown in 2017, the Building Homes and Jobs Act (SB 2, 2017) established a \$75 recording fee on real estate documents to increase the supply of affordable homes in California. Effective 2019, 70% of the revenues collected by the fee are allocated to administer locally affordable housing through the Permanent Local Housing Allocation (PLHA) program.

The goal of the PLHA program is to help cities and counties prioritize investments that increase the supply of housing for households earning up to 120% of the area median income. In order to avoid amending the Standard Agreement each year, and to expedite disbursement of PLHA funds, a five-year estimate of PLHA funds has been identified. The City’s estimated PLHA program allocation is \$641,136. That said, as the housing market cools and interest rates rise, the actual amounts will likely be lower.

The City of Fort Bragg is currently eligible to apply for formula grant allocations from calendar years 2019, 2020, and 2021. The City would then apply with a streamlined application for calendar years 2022 and 2023. The table below lists the allocations available to the City under the current Notice of Funding Availability (NOFA):

Calendar Year Funds	Formula Allocation Amount	Allowable Local Admin	Activity Delivery	Expenditure Deadline
2019	\$106,856	\$5,343	\$101,513	4/30/2024
2020	\$163,507	\$8,175	\$155,332	4/30/2025
2021	\$142,814	\$7,141	\$135,673	4/30/2026
2022	TBD	5%	95%	4/30/2027
2023	TBD	5%	95%	4/30/2028

City Council considered PLHA funding at a public meeting held on Tuesday, October 11, 2022 and directed staff to develop a 5-year plan to support Housing Mendocino Coast (HMC) – a 501c3 community land trust recently developed and incubated by the City. At this same meeting Council also expressed support to exercise the City’s right to purchase an inclusionary housing unit that is anticipated to become available this spring. The intention is utilize PLHA funds to pay down the affordability of this housing unit, in order to make it affordable to households earning 60% area median income (AMI) and transfer stewardship of this inclusionary housing unit to HMC.

City leadership understands that land is a finite resource and that it is important to ensure that some land is preserved for workforce housing that will remain affordable in perpetuity. HMC is a 501(c)(3) charitable organization dedicated to providing home ownership and housing opportunities for households earning up to 120% AMI through legally binding land leases and ongoing stewardship.

PLHA 5-Year Plan

SECTION 302(c)(4)(A): Describe the manner in which allocated funds will be used for eligible activities.

The City plans to use funds for the following activities: the predevelopment, development, acquisition, rehabilitation, and preservation of affordable rental and ownership housing that meets the needs of a growing workforce earning up to 120 percent of the area median income.

SECTION 302(c)(4)(B): Provide a description of the way the local government will prioritize investments that increase the supply of housing for households with incomes at or below 60% of the area median income.

Local governments have a responsibility to ensure residents have access to safe, decent and affordable housing. The Housing Element of the City’s General Plan is a statement of Fort Bragg’s vision to address existing and future housing needs of the community, and the 2019 update included many innovative ideas from community members, non-profit managers, business owners, contractors, real estate agents, City staff and decision makers. Everything from removing regulatory or fiscal barriers, to forming deeper collaborations to address our most difficult housing challenges. One particularly forward-looking program involves establishing a community land trust to provide home ownership and housing opportunities for very-low-to-moderate income households.

Funding allocated by the State of California through Senate Bill 2 (SB-2), Local, and Regional Early Action Planning (LEAP/REAP) grants were dedicated to initiate and incubate a community land trust focused on housing opportunities for households earning up to 120% AMI – Housing Mendocino Coast (HMC). PLHA funds will be allocated to implement this charitable organization; developing organizational capacity to deliver HMC’s mission.

SECTION 302(c)(4)(C): Provide a description of how the plan is consistent with the programs set forth in the local governments housing element.

The City’s Housing Element (2019-2027) serves as the blue print for City actions with regard to addressing existing and future housing needs for all social/economic segments that make up our community. The proposed PLHA 5-Year Plan is consistent with numerous goals, policies and programs that focus on housing specifically for very-low-to-moderate income households, including, but not limited to:

Goal H-2 Expand affordable housing opportunities for persons with special housing needs such as the elderly, the disabled, households with very low to moderate incomes, and first time home buyers.

Policy H-2.4 Increase Affordable Housing Development: Encourage the construction of housing units which are affordable to households with very low to moderate incomes.

Program H-2.4.1 Inclusionary Housing Ordinance: Continue to implement the City’s Inclusionary Housing Ordinance. Monitor the Inclusionary Housing Ordinance to determine if it constrains new housing development and if it does, take action to mitigate the constraint on new housing development.

Program H-2.4.4 Consider Community Land Trust: Complete research regarding Community Land Trust and consider working with community partners to establish a Community Land Trust that serves Fort Bragg.

Policy H-2.9 First Time Home Buyers: Encourage affordable housing for first time home buyers.

Program H-2.9.1 First Time Home Buyers: Consider whether to require, through the inclusionary housing ordinance, the provision of housing units affordable to first time home buyers who qualify for affordable housing.

Goal H-1: Provide a range of housing, including single-family homes, townhouses, apartments, and other housing types to meet the housing needs of all economic segments of the community.

Policy: H-1.7 Workforce Housing: Encourage multi-unit housing developments in order to encourage market rate rental housing, affordable housing and lower cost ownership opportunities such as townhomes and condominiums.

Program H-1.7.8: Workforce Housing in Mixed-Use Zoning. Continue to allow workforce housing in all zoning districts that allow mixed-use development.

Certifications

The City will record with a deed restriction all property for housing units that are acquired, constructed, or rehabilitated using PLHA funds.

Reporting

The City will provide an annual report of uses and expenditures of any allocated PLHA funds every July 31st to California's Department of Housing and Community Development's grant management division according to their specifications.

Activity 1: Inclusionary Housing Unit

SECTION 302(c)(4)(E)(i): Provide a detailed and complete description of how allocated funds will be used for proposed housing activity.

The owner of an inclusionary housing unit intends to sell their home in March 2023. The City of Fort Bragg wishes to exercise its first right of refusal with the intention of transferring the property to a recently formed community land trust, initiated and incubated by the City – Housing Mendocino Coast (HMC). Funds would be utilized to pay down the affordability of this home (currently priced at 120% AMI) in order to provide this housing unit to a household earning 60% AMI. The current resale price is \$138,162, and in order to make this unit affordable to a household earning 60% AMI, \$78,161 is needed to close the gap.

Funding Allocation Year	2019	2020	2021	2022	2023
Type of Affordable Housing Activity	Ownership Acquisition	-	-	-	-
Percentage of Funds Allocated for Housing Activity	77%	-	-	-	-
Area Median Income Served	60%	-	-	-	-
Unmet Share of RHNA at Area Median Income Level	0 RHNA: 31 units City: 43 units	-	-		
Projected Number of Households Served	1	Considering a 75-year life for the structure, and given the understanding that the average length of time individual households occupy a CLT home is 8-years, this single housing unit is projected to serve 10 households. The land underneath would be deed restricted for workforce housing (up to 120% AMI) in perpetuity.			
Period of Affordability for the Proposed Activity	99-years				

SECTION 302(c)(4)(E)(iii): A description of major steps/actions and a proposed schedule for the implementation and completion of each housing project.

The current owner of the subject inclusionary housing unit would provide City with written Notice of Intent to Transfer. The City will then provide a City Response Notice exercising its Purchase Option. PLHA funds would be utilized to pay down the affordability of the unit from 120% AMI to 60% AMI. City staff would assist/train Housing Mendocino Coast to identify an eligible qualified buyer, and the new homeowner would enter into a legally binding ground lease. The City transfer of land to HMC and the housing unit sale to HMC homeowner would happen concurrently through a double escrow.

Percentage of funds allocated for affordable owner-occupied workforce housing: 100%

Activity 2: Housing Mendocino Coast

SECTION 302(c)(4)(E)(i): Provide a detailed and complete description of how allocated funds will be used for proposed housing activity.

The City of Fort Bragg dedicated planning funds provided by the State of California through SB-2, Local Early Action Planning, and Regional Early Action Planning grant programs to implement a community land trust – Housing Mendocino Coast (HMC). To date, the organization has formed a Board of Directors, which has adopted Bylaws, Conflict of Interest policies, Records Retention policies and Whistleblower policies. The State of California has certified HMC Articles of Incorporation, and the United States Internal Revenue Service has determined HMC is exempt from federal income tax.

Successful administration of a housing program such as HMC requires close and frequent attention in many forms: scouting sites for projects; developing buildout strategy; pulling together funding; managing entitlements; construction or rehabilitation activities; qualifying applicants to meet eligibility criteria; educating first time homebuyers; assisting in mortgage financing and protecting from predatory lenders; preparing legal documents; working closely with local officials, staff, residents, employers and attorneys.

PLHA funds would be utilized to truly implement this new organization by funding the creation of website, outreach materials, marketing campaign, Board member and volunteer training, and to identify and develop housing projects. The first housing unit would be the inclusionary housing unit described in Activity #1. Another project is already in the works, as United States Congressman Jared Huffman selected HMC for federally earmarked funds. While it's not clear the 117th Congress will successfully complete the appropriations process this year, our fingers are crossed that HMC will receive \$875,000 to acquire a 3-acre parcel designated Very High Density Residential Zoning. HMC is also in active communication with Mendocino-Lake Community College District, Fort Bragg Unified School District and a couple large employers interested in partnering with HMC for employee housing.

Funding Allocation Year	2019	2020	2021	2022	2023
Type of Affordable Housing Activity	Ownership Acquisition	Ownership Predevelopment	Ownership Acquisition / Rehab / Preservation	Ownership Acquisition / Rehab / Preservation	Ownership Acquisition / Rehab / Preservation
Percentage of Funds Allocated for Housing Activity	18%	95%	95%	95%	95%
Area Median Income Served	60%	50% - 120%	50% - 120%	50% - 120%	50% - 120%
Unmet Share of RHNA at Area Median Income Level	0 RHNA Satisfied	60 RHNA: 137 Unmet Share: 87	60 RHNA: 137 Unmet Share: 89		
Projected Number of Households Served	1 (10 over lifetime)*	1 (10 over lifetime)*	1 (10 over lifetime)*	1 (10 over lifetime)*	1 (10 over lifetime)*
Period of Affordability for the Proposed Activity	99-years	99-years	99-years	99-years	99-years

SECTION 302(c)(4)(E)(iii): A description of major steps/actions and a proposed schedule for the implementation and completion of each housing project.

2019 PLHA funds would be utilized to develop agreement between the City of Fort Bragg and Housing Mendocino Coast to provide stewardship to City inclusionary housing unit. Develop outreach and education materials, identify a qualified and eligible homeowner, and assist homeowner throughout the process, providing ongoing stewardship to ensure success.

2020 PLHA funds would be focused on developing organizational capacity within HMC – Board and volunteer training, outreach, marketing, publicity, all around community education to garner awareness of the community land trust model, and HMC specifically.

2021 – 2023 PLHA funds would result in development of additional housing opportunities, identified through the 2020 predevelopment efforts. This could take shape in many forms, from preservation, rehabilitation, acquisition, and new construction. There might be donations, grant opportunities, and federal earmark funds to leverage.

Percentage of funds allocated for affordable owner-occupied workforce housing: 100%