



AGENCY: City Council
MEETING DATE: October 11, 2022
DEPARTMENT: Administration
PRESENTED BY: L. Peterson / S. McCormick
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AGENDA ITEM SUMMARY

TITLE:

Receive Report Regarding State of California Permanent Local Housing Allocation Program and Provide Direction to Staff

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 goals of the PLHA program are to help cities and counties do the following:

- 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

There are two types of PLHA programs:

1. Formula grants to entitlement and non-entitlement jurisdictions based on the formula prescribed under federal law for the Community Development Block Grant.
2. Competitive grants to non-entitlement jurisdictions with funding amounts varying based on annual revenues to the Building Homes and Jobs Trust Fund.

The formula funding is allocated in five-year increments, based on a five-year estimate of funding; the City's estimated allocation is \$641,136 for funding from calendar years 2019 through 2023. In order to apply for funding, the City must submit a five-year plan that illustrates how the projected funding from 2019, 2020, 2021, 2022, and 2023 will be used.

ANALYSIS:

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 this NOFA:

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

The following projects are proposed for Council consideration:

Proposed Project	Description	Proposed Budget
Inclusionary Housing Unit	Exercise City's first right of refusal to secure inclusionary housing unit, to be transferred to Housing Mendocino Coast, a 501c3 nonprofit to provide home ownership opportunities for households earning up to 120% of the area median income	+/- \$144,000
Workforce Housing Projects	Work with Housing Mendocino Coast, a 501c3 nonprofit with a mission to provide home ownership and housing opportunities to households earning up to 120% of the area median income.	Pending Council direction
	City conducts pre-development tasks, such as environmental review, parcel splits, estimating infrastructure costs for sites suitable for residential workforce housing development.	
	Work with potential developers and assist them through the planning process and partner to secure funding.	
Inclusionary Housing Trust Fund Match #117	Matching portion of funds placed into existing fund established for in-lieu fees resulting from inclusionary housing ordinance.	+/- \$77,000
Affordable Housing Trust Fund Match #175	Matching portions of funds placed into existing fund, pursuant to HSC Section 34176 (housing functions of dissolved Redevelopment Agency)	+/- \$219,000
Accessibility Modifications	Accessibility modifications in lower-income, owner-occupied housing	Pending Council direction

The Deadline to submit applications to the Department of Housing & Community Development (HCD) for the 2022 Permanent Local Housing Allocation (PLHA) Formula

Component grant funding is October 31, 2022. Staff is bringing this item for discussion and direction. A resolution authorizing submittal will be brought forward at the next Council meeting and the public will be provided an opportunity for input.

PROPOSED ACTION:

Direct staff to prepare a resolution approving an application for grant funding under the 2022 Notice of Funding Availability for the Permanent Local Housing Allocation, execution of agreement, and any amendments thereto.

FISCAL IMPACT:

There will be no impact to the General Fund.

GREENHOUSE GAS EMISSIONS IMPACT:

Greenhouse gas emissions will be evaluated per project, as applicable.

CONSISTENCY:

Pursuing funding in support of housing development aligns with Council Goals and Priorities:

Goal: 200 Units of Housing in the next five years by pursuing public/private partnership; funding for developers; updating local plan to make more attractive opportunities; pursue tax credits and grants; and evaluate density.

Goal: Pursue Community Land Trust/JPA/Housing Authority through Joint Power Authority (JPA) with other cities or county; incubator program for nonprofit land trust; and research funding mechanisms.

Furthermore, the City's Housing Element (2019-2027) serves as the blueprint for City actions to address existing and future housing needs, which include everything from removing regulatory barriers to forming deeper collaborations to address some our most challenging housing needs.

IMPLEMENTATION/TIMEFRAMES:

If Council wishes to proceed with an application, staff will prepare a resolution to be reviewed at the next regular Council meeting on October 24, 2022. Staff will submit completed application by the October 31, 2022 submission date. As outlined in the NOFA, awards are expected to be announced by February 2023. Following execution of a standard agreement, staff will begin implementation.

ATTACHMENTS:

None.

NOTIFICATION:

1. "Notify Me" Subscriber List: Affordable Housing