

AGENDA ITEM
11B

Date: July 22, 2020

Council Action Date: August 3, 2020

TO: Honorable Mayor and City Council

FROM: Alex D. McIntyre, City Manager
Peter Gilli, Community Development Director

SUBJECT: Approval of the Permanent Local Housing Allocation Plan

SUMMARY

Approval of a Permanent Local Housing Allocation Plan allows the City to receive State funding to support local housing programs and projects.

RECOMMENDATIONS

- a. Conduct a public hearing and receive comments regarding the Draft Permanent Local Housing Allocation Plan.
- b. Adopt a resolution approving the Permanent Local Housing Allocation Plan.

DISCUSSION/ANALYSIS

In 2017, Governor Brown signed a 15-bill housing package. Many of those bills limited local authority over new housing projects, increased accountability and reporting of housing construction. Some of the bills, including SB 2, established funding sources to support local government efforts. SB 2 established a \$75 recording fee on real estate documents statewide. For the first year of SB 2, funds were made available for planning documents, and the City of Ventura received a \$310,000 grant for the General Plan and Housing Element update. After that first year, 30% of the SB 2 funds would go to State programs. The remaining 70% is the Permanent Local Housing Allocation (PLHA), which was established to provide a permanent source of funding to local governments for housing-related projects and programs to address unmet housing needs.

The funds the City is eligible for are shown below and are based on the formula the U.S. Department of Housing and Urban Development (HUD) uses for Community Development Block Grant (CDBG) funding.

	First year allocation	Estimated five-year allocation
City of Ventura	\$357,439	\$2,144,634

Since SB 2 funds are supported by real estate transactions, allocations will vary on an annual basis, depending on the number of real estate transactions that occur in the State.

On July 13, 2020, City Council authorized the City Manager to apply for and receive the allocated PLHA funds, and to enter into a Standard Agreement for the initial five-year term of the program. Now the City must adopt a five-year plan for the first phase of the program. The State provided a pre-designed format for the PLHA plan, which is an Exhibit in the attached Resolution (Attachment A).

Eligible activities for PLHA funds are (text taken directly from the State form):

§301(a)(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.
§301(a)(2) The predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing, including Accessory dwelling units (ADUs), that meets the needs of a growing workforce earning up to 120 percent of AMI [area median income], or 150 percent of AMI in high-cost areas. ADUs shall be available for occupancy for a term of no less than 30 days.
§301(a)(3) Matching portions of funds placed into Local or Regional Housing Trust Funds.
§301(a)(4) Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176.
§301(a)(5) Capitalized Reserves for Services connected to the preservation and creation of new Permanent supportive housing.
§301(a)(6) Assisting persons who are experiencing or At risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, supportive/case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers and emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing.
§301(a)(7) Accessibility modifications in Lower-income Owner-occupied housing.

§301(a)(8) Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.

§301(a)(9) Homeownership opportunities, including, but not limited to, down payment assistance.

§301(a)(10) Fiscal incentives made by a county to a city within the county to incentivize approval of one or more Affordable housing Projects, or matching funds invested by a county in an Affordable housing development Project in a city within the county, provided that the city has made an equal or greater investment in the Project. The county fiscal incentives shall be in the form of a grant or low-interest loan to an Affordable housing Project. Matching funds investments by both the county and the city also shall be a grant or low-interest deferred loan to the Affordable Housing Project.

With roughly \$350,000 to \$450,000 in funds expected per year, there will not be enough funding to provide meaningful amounts for more than a handful of activities.

Staff believes the City's primary challenge with meeting the City's current State Regional Housing Needs Allocation (RHNA) is, and will continue to be, the provision of units for Lower-income households. As a result, staff recommends focusing the majority of PLHA funds in the first eligible activity, production of lower income multi-family housing.

§301(a)(1). Provide funding for new construction of multi-family rental housing through low-interest, deferred payment loans for households equal to or less than 60% AMI.

Should there be a lack of multi-family residential housing projects that are vetted and ready to receive funding, it is possible uncommitted PLHA funds will accumulate. An accumulation of these funds could negatively impact the allocations to the City in future years. For these reasons, and to provide the community with a range of housing opportunities, staff recommends implementing a homeownership down payment assistance program;

§301(a)(6). Provide funding to assist homeless, or those at risk, which can include operating costs for emergency shelters.

Staff suggests allocating up to \$100,000 for operating costs for the Arch Emergency Homeless Shelter, which will provide much needed services at the entry point of the continuum of housing for people experiencing homelessness. It is recommended to begin allocating PLHA funds for this activity in year 2 of the 5-year planning period, and to continue that funding in years 3, 4, and 5; and,

§301(a)(9) Homeownership opportunities, including, but not limited to, down payment assistance.

To further diversify the PLHA funding impacts and provide support for ownership housing, staff recommends establishing a Workforce Housing Down-payment Assistance program. This will help bridge the gap that often prevents a low- to moderate-income household from becoming homeowners.

Amendments to the PLHA Plan

The City may administratively reallocate up to 10% of the funds among any eligible activities during the Plan term. Reallocations of more than 10% would require an amendment approved by City Council at a publicly noticed hearing, and resubmittal to the State Housing and Community Development (HCD) Department.

Continued receipt of PLHA funds depend on the City maintaining a certified Housing Element and submitting annual housing report to the State.

FINANCIAL IMPACT

There is no financial impact related to holding a hearing and adopting a resolution. The City will receive \$357,439 in grant funds, of which \$17,862 can be used for program administration. The remaining \$339,577 will be used for the activities described in the Discussion above. There is no impact to the General Fund.

Prepared by: Peter Gilli, AICP, Community Development Director
Jennie A Buckingham, Senior Planner

ATTACHMENT:

- A Resolution Approving the PLHA Plan – Draft Plan attached as Exhibit to the Resolution

ATTACHMENT A

RESOLUTION NO. 2020-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN BUENAVENTURA, CALIFORNIA, TO ADOPT A PERMANENT LOCAL HOUSING ALLOCATION PROGRAM PLAN

WHEREAS, the State of California (the “State”), Department of Housing and Community Development (“Department”) is authorized to provide up to \$195 million under the SB 2 Permanent Local Housing Allocation Program (“PLHA”) Formula Component from the Building Homes and Jobs Trust Fund for assistance to Cities and Counties, as described in Health and Safety Code section 50470, *et seq.* (Chapter 364, Statutes of 2017 (SB 2)); and,

WHEREAS, City of San Buenaventura (“City”) is eligible for PLHA funds and was authorized and directed by City Council Resolution 2020-041, adopted at a regular meeting of the City Council on July 13, 2020 to receive a PLHA grant, in an amount not to exceed \$2,144,634, the five-year estimate of the PLHA formula allocations as stated in Appendix C of the current NOFA, in accordance with all applicable rules and laws; and,

WHEREAS, the Department requires submittal by City of a plan (“PLHA Plan”) in a format provided by the Department detailing proposed activities to be undertaken with PLHA funds; and,

WHEREAS, the draft PLHA Plan was posted for public review on July 21, 2020; and,

WHEREAS, prior to the adoption and approval of the Plan, a properly noticed hearing was held at a regularly scheduled City Council meeting on August 3, 2020, and all objections or protests heard, considered, and ruled upon; and,

WHEREAS, at the conclusion of the hearing and concurrently with this Resolution, the Plan was approved and adopted by this Council.

NOW, THEREFORE, the City Council of the City of San Buenaventura does hereby resolve, find, determine, and order as follows:

Section 1: CITY hereby adopts the PLHA Plan, attached hereto as Exhibit A, and agrees to use the PLHA funds only for Eligible Activities as approved by the Department and in accordance with all Program requirements, PLHA Program Guidelines, other rules and laws, as well as in a manner consistent and in compliance with the Standard Agreement, its Application, and other contracts between the CITY and the Department.

PASSED AND APPROVED this 3rd day of August, 2020.

Matt LaVere, Mayor

ATTEST:

Antoinette M. Mann, MMC, CRM
City Clerk

APPROVED AS TO FORM
GREGORY G. DIAZ, City Attorney

BY:  7/20/20

Megan Lorenzen Date
Assistant City Attorney

EXHIBIT A



Permanent Local Housing Allocation Formula Allocation Plan

Rev. 10/28/19

When opening this file, a yellow banner at the top may appear with a button that says "Enable Content". It is essential that you click this box so that the macros are enabled. Enabling macros is necessary for full worksheet functionality. Macros do not work with Microsoft's Excel version for Apple Mac.

Instructions:

1. Attached is a template intended to assist Local governments in their development of the five-year Plan required as part of the application for funding under the Permanent Local Housing Allocation (PLHA) formula allocation.
2. The Plan is required to describe the manner in which allocated funds for all five years will be used for Activities eligible under the PLHA statute and guidelines; 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 percent of Area Median Income, adjusted for household size and provide a description of how the Plan is consistent with the programs set forth in the Local government's Housing Element. The Plan must describe each proposed activity and the percentage of funding allocated to it for each year of the five-year Plan, including the percentage of funds, if any, that are directed to Affordable Owner Workforce Housing, the projected number of households to be served at each income level and a comparison to the unmet share of the Regional Housing Needs Allocation; list major actions needed and a proposed schedule for the implementation and completion of the Activity; and the period of affordability and level of affordability (please note, all rental projects must have an affordability period of at least 55 years). Please note that some eligible activities (such as development or operating assistance to emergency homeless shelters and rehabilitation of owner-occupied housing) don't result in meeting any Regional Housing Needs Allocation, and that's OK. Also, if the Local government is a County that is an Urban County under HUD's distribution of CDBG funds rules, the Plan should use the County's Housing Element and Regional Housing Needs Allocation, not use the cities that are members of the Urban County.
3. The Plan must be authorized and adopted by resolution by the Local government governing body and the public must have an adequate opportunity to review and comment on its content prior to adoption. The Plan must be for a term of five years. In the event there are reallocations of more than 10 percent of funds among Activities, the Plan must be amended, with approval granted by the Local government governing body at a publicly noticed public meeting. Such amendments are required to be submitted to the Department.
4. This template form requires first choosing one or more of the Eligible Activities listed below. If "Yes" is clicked, the 302(c)(4) Plan worksheet opens a series of questions about what precise activities are planned. Some specific activities, such as providing downpayment assistance to lower-income households for acquisition of an affordable home, could be included under either Activity 2 or 9. Please just choose one of those Activities; don't list the downpayment assistance under both Activities.
5. If the PLHA funds are used for the same Activity but for different Area Median Income (AMI) level, select the same Activity twice (or more times) and the different AMI level the Activity will serve. Please enter the percentage of funds allocated to the Activity in only the first Activity listing to avoid double counting the funding allocation. Please refer to Activity # 2 (rows 25-32) in the Sample Plan tab for an example on how to complete the table if the funds are used for the same Activity but for different AMI level.

Local Govt	City of San Buenaventura (Ventura)				
Address:	501 Poli Street				
City:	Ventura	State:	CA	Zip:	93001
		County:	Ventura		

Eligible Activities, §301

§301(a) Eligible activities are limited to the following:	Included?
§301(a)(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.	<input checked="" type="checkbox"/> YES
§301(a)(2) The predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing, including Accessory dwelling units (ADUs), that meets the needs of a growing workforce earning up to 120 percent of AMI, or 150 percent of AMI in high-cost areas. ADUs shall be available for occupancy for a term of no less than 30 days.	<input type="checkbox"/> YES
§301(a)(3) Matching portions of funds placed into Local or Regional Housing Trust Funds.	<input type="checkbox"/> YES
§301(a)(4) Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176.	<input type="checkbox"/> YES
§301(a)(5) Capitalized Reserves for Services connected to the preservation and creation of new Permanent supportive housing.	<input type="checkbox"/> YES
§301(a)(6) Assisting persons who are experiencing or At risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, supportive/case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers and emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing.	<input checked="" type="checkbox"/> YES
§301(a)(7) Accessibility modifications in Lower-income Owner-occupied housing.	<input type="checkbox"/> YES
§301(a)(8) Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.	<input type="checkbox"/> YES
§301(a)(9) Homeownership opportunities, including, but not limited to, down payment assistance.	<input checked="" type="checkbox"/> YES
§301(a)(10) Fiscal incentives made by a county to a city within the county to incentivize approval of one or more Affordable housing Projects, or matching funds invested by a county in an Affordable housing development Project in a city within the county, provided that the city has made an equal or greater investment in the Project. The county fiscal incentives shall be in the form of a grant or low-interest loan to an Affordable housing Project. Matching funds investments by both the county and the city also shall be a grant or low-interest deferred loan to the Affordable housing Project.	<input type="checkbox"/> YES

§302(c)(4) Plan

Rev. 10/28/19

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

During the first five years of PLHA program implementation, the City of Ventura plans to use PLHA funds for two activities:
 1) Capital Development - Rental Housing: consistent with the Permanent Local Housing Allocation (PLHA) Final Guidelines section §301(a)(1), to provide loans for construction/permanent financing and/or operating subsidies to subsidize the development of affordable multifamily housing for households with incomes at or below 60% AMI; and,
 2) Homeowner Opportunities - consistent with the Permanent Local Housing Allocation (PLHA) Final Guidelines section §301(a)(9), to provide down payment assistance loans to first time homebuyers to purchase income-restricted units.

§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 percent of Area Median Income (AMI).

All funding directed towards Capital Development - Rental Housing activities will restrict the PLHA-funded rental units to households at or below 60% AMI. Priority for funds may be provided to projects serving households at more deeply targeted AMI levels or to projects proposing to serve special needs populations.

§302(c)(4)(C) Provide a description of how the Plan is consistent with the programs set forth in the Local government's Housing Element.

The City's Housing Element includes a Production of Housing goal to facilitate the provision of a range of housing types to meet the diverse needs of the community, specifically for a range of income levels and a diversity of household size; a range of housing unit type to include mobile home parks, single room occupancy hotels, and group housing for migrant laborers; workforce housing; homeownership opportunities; and, second/accessory dwelling units. The Removal of Government Constraints policy encourages increased housing production through financial and/or regulatory incentives and efficiencies in the development review process. Further, an amendment to the City's Inclusionary Housing Program, currently underway, will provide increased applicability to rental projects and encourage deeper affordability in developments.

Activities Detail (Must Make a Selection on Plan Instructions and Page 1 Worksheet)

§301(a)(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.

§302(c)(4)(E)(i) Provide a description of how allocated funds will be used for each proposed Affordable Rental Housing Activity.

PLHA funds for Capital Development - Rental Housing will be used to provide construction/permanent gap financing for the new construction of multifamily rental housing and/or necessary operating subsidies. In compliance with §302(c)(7), loans will be provided as low-interest, deferred payment loans. Funded units will serve households ≤ 60% AMI; however, priority may be given to projects serving more deeply targeted income categories and/or special needs populations.

Complete the table below for each proposed Affordable Rental Housing Activity to be funded with 2019-2023 PLHA allocations. If a single Activity will be assisting households at more than one level of Area Median Income, please list the Activity as many times as needed to capture all of the AMI levels that will be assisted, but only show the percentage of annual funding allocated to the Activity one time (to avoid double counting).

Funding Allocation Year	2019	2020	2021	2022	2023										
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Affordable Rental Housing Activity	65%	50%	50%	50%	50%										
§302(c)(4)(E)(ii) Area Median Income Level Served	60%	60%	60%	60%	60%										TOTAL
§302(c)(4)(E)(ii) Unmet share of the RHNA at the AMI Level	90%														0.9
§302(c)(4)(E)(ii) Projected Number of Households Served	2														2
§302(c)(4)(E)(iv) Period of Affordability for the Proposed Affordable Rental Housing Activity (55 years required for rental housing projects)	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	

§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity.

The City will coordinate allocation of the PLHA funds for Capital Development - Rental Housing activities with its annual federal funding cycle for the Home Investment Partnerships (HOME) and Community Development Block Grant (CDBG) programs. This funding cycle commences with a NOFA in January-February, a Public Comment Period and Public Hearing on recommended funding allocations for specific projects, and City Council approval of the funding plan in April-May. For each PLHA-funded project approved by the City Council, a loan agreement will be prepared and will include a timeline with development milestones, all necessary loan provisions, and the roles and responsibilities of those in the project partnership, including developer and project sponsor. Priority for projects proposing units at deeper affordability levels may be given priority during the annual funding process.

§301(a)(2) The predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing, including Accessory dwelling units (ADUs), that meets the needs of a growing workforce earning up to 120 percent of AMI, or 150 percent of AMI in high-cost areas. ADUs shall be available for occupancy for a term of no less than 30 days.

§301(a)(3) Matching portions of funds placed into Local or Regional Housing Trust Funds.

§301(a)(4) Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176.

§301(a)(5) Capitalized Reserves for Services connected to the preservation and creation of new Permanent supportive housing.

§301(a)(6) Assisting persons who are experiencing or At risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, supportive/case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers and emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing.

§302(c)(4)(E)(i) Provide a description of how allocated funds will be used for the proposed Activity.

301(a)(6) funds will be used for operating costs for the newly opened ARCH permanent emergency shelter. The ARCH, Ventura's first permanent shelter, was developed through a partnership with the City of Ventura, the County of Ventura, and subsequently with Mercy Housing, which provides and manages the shelter operations. The ARCH serves 55 single adults.

Complete the table below for each proposed Activity to be funded with 2019-2023 PLHA allocations. If a single Activity will be assisting households at more than one level of Area Median Income, please list the Activity as many times as needed to capture all of the AMI levels that will be assisted, but only show the percentage of annual funding allocated to the Activity one time (to avoid double counting).

Funding Allocation Year	2019	2020	2021	2022	2023										
Type of Activity for Persons Experiencing or At Risk of Homelessness		Emergency Shelters	Emergency Shelters	Emergency Shelters	Emergency Shelters										
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Activity		25%	25%	25%	25%										
§302(c)(4)(E)(ii) Area Median Income Level Served															TOTAL
§302(c)(4)(E)(ii) Unmet share of the RHNA at AMI Level															0
§302(c)(4)(E)(ii) Projected Number of Households Served		55	55	55	55										220
§302(c)(4)(E)(iv) Period of Affordability for the Proposed Activity (55 years required for rental housing projects)															

§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity.

The operational costs for year 1 of the PLHA planning period have been budgeted. Hence, the City is allocating approximately \$100,000 of the annual allocation in years 2, 3, 4, and 5 to the operations of the ARCH shelter. Mercy House is operating the shelter under contract with the City

§301(a)(7) Accessibility modifications in Lower-income Owner-occupied housing.

§301(a)(8) Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.

§301(a)(9) Homeownership opportunities, including, but not limited to, down payment assistance.														
§302(c)(4)(E)(i) Provide a description of how allocated funds will be used for the proposed Activity.										Percentage of Funds Allocated for Affordable Owner-occupied Workforce Housing (AOWH)				
The Homeownership Opportunities activity is a down payment assistance program for first-time homebuyers; the Workforce Housing Homeownership Assistance Program is based on the Home Buyers Assistance Program (HBAP) the City launched approximately 30 years ago. Due to a lack of funding, HBAP has been on-hold for over ten years. Down payment assistance will be provided for the purchase of workforce income-restricted units for households at the low-income level.														
Complete the table below for each proposed Activity to be funded with 2019-2023 PLHA allocations. If a single Activity will be assisting households at more than one level of Area Median Income, please list the Activity as many times as needed to capture all of the AMI levels that will be assisted, but only show the percentage of annual funding allocated to the Activity one time (to avoid double counting).														
Funding Allocation Year	2019	2020	2021	2022	2023									
Type of Homeowner Assistance	Home Buyer Assistance	Home Buyer Assistance	Home Buyer Assistance	Home Buyer Assistance	Home Buyer Assistance									
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Activity	30%	20%	20%	20%	20%									
§302(c)(4)(E)(ii) Area Median Income Level Served	80%	80%	80%	80%	80%									TOTAL
§302(c)(4)(E)(ii) Unmet share of the RHNA at AMI Level	90%													0.9
§302(c)(4)(E)(ii) Projected Number of Households Served	2													2
§302(c)(4)(E)(iv) Period of Affordability for the Proposed Activity														
§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity.														
In implementing the program, the City will continue working with its partners, the Housing Authority of the City of San Buenaventura and the Ventura County Community Development Corporation. Partners will assist in vetting applicants, preparing necessary loan documents, monitoring compliance, and processing payoffs when properties are transferred to new owners.														
§301(a)(10) Fiscal incentives made by a county to a city within the county to incentivize approval of one or more Affordable housing Projects, or matching funds invested by a county in an Affordable housing development Project in a city within the county, provided that the city has made an equal or greater investment in the Project. The county fiscal incentives shall be in the form of a grant or low-interest loan to an Affordable housing Project. Matching funds investments by both the county and the city also shall be a grant or low-interest deferred loan to the Affordable housing Project.														
File Name:	Plan Adoption		§302(c)(4)(D) Evidence that the Plan was authorized and adopted by resolution by the Local jurisdiction and that the public had an adequate opportunity to review and comment on its content.								Attached and on USB?		Yes	