County of Siskiyou, Permanent Local Housing Allocation (PLHA), Staff Report

Permanent Local Housing Allocation (PLHA)

Background: The PLHA program was established by the State of California through the Building Homes and Jobs Act (SB2) of 2017. PLHA is a broad, ongoing affordable housing program funded by fees collected from real estate transaction recordings. The State’s annual revenue estimates for the 2022 PLHA program NOFA are $335 million statewide. The eligible recipients are each county and all incorporated cities and towns, subject to meeting threshold requirements of a State Department of Housing and Community Development (HCD)-approved Housing Element and being current on the submission of the Housing Element Annual Progress Report (APR). The funds can be accessed through two mechanisms:

* Formula (non-competitive) annual allocation: The formula PLHA program is administered by the State in five-year cycles. These funds will be provided to eligible entities on an annual basis, subject to the submittal of an HCD-approved Five-Year Expenditure Plan and Application. Annual funding amounts are subject to the amount of revenue collected by the State. Jurisdictions are permitted to delegate their formula allocations via a formal agreement to another jurisdiction to administer on their behalf. For example, cities/towns may delegate their funds to their local county.
* Competitive allocation: Local jurisdictions that do not receive CDBG entitlement funds (i.e. funds directly from the U.S. Department of Housing and Urban Development-HUD) can also apply for competitive funds which will be made available via a NOFA process on an annual basis. Priority points will be given to jurisdictions proposing to use competitive funds for assistance to those experiencing homelessness and that have an unincorporated population of less than 200,000. Competitive funds will be awarded to specific projects and are not subject to being combined and pooled by various jurisdictions.

The State issued the first formula allocation NOFA in late February 2020, with a Five-Year Plan and Funding Application due no later than July 27, 2020. The second opportunity to submit the required Plan and Application for formula funds began in May 2021 and was due no later than December 31, 2021. The third opportunity to submit the required Plan and Application for formula funds began August 17, 2022 and is due no later than October 31, 2022. This is the final year to apply for Year 1 (2019) funds, otherwise they will revert to HCD to be used statewide for the Multifamily Housing Program.

PLHA funds are designed to be flexible in order to address each jurisdiction’s greatest housing needs, especially for households who earn 60% of Area Median Income (AMI) or less, and to support the jurisdiction’s progress on meeting its Regional Housing Needs Allocation (RHNA) and Housing Element goals and programs. Eligible uses of the formula funds are:

1. Predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely-low, very-low, low- and moderate-income households, including necessary operating subsidies.
2. Affordable rental and ownership housing that meets the needs of a growing workforce earning up to 120% of Area Median Income or 150% of AMI in high-cost areas. Accessory Dwelling Units (ADUs) are eligible for assistance, as long as they are available for occupancy for a term of no less than 30 days.
3. Matching portions of funds placed into local or regional housing trust funds.
4. Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision(d) of the Section 34176 of the Health and Safety Code.
5. Capitalized reserves for services connected to the creation of new permanent supportive housing, including, but not limited to, developments funded through the Veterans Housing and Homelessness Prevention Bond Act of 2014.
6. Assisting persons who are experiencing or at risk of homelessness, including providing rapid rehousing, rental assistance, navigation centers, emergency shelters, and new construction, rehabilitation, and preservation of permanent and transitional housing. This activity may include using PLHA funds for continued assistance to households assisted with California Emergency Solutions and Housing (CESH) and Homeless Emergency Aid (HEAP) Program funds.
7. Accessibility modifications in lower-income owner-occupied housing.
8. Efforts to acquire and rehabilitate foreclosed or vacant homes.
9. Homeownership opportunities, including down payment assistance.
10. Fiscal incentives or matching funds to local agencies that approve new housing for extremely-low, very-low, low- and moderate-income households.

Eligible uses of the competitive funds are:

1. Development of new multifamily rental housing that is affordable to households at or below 60% AMI or substantial rehabilitation of multifamily rental housing that will be affordable to households at or below 60% of AMI, but which is not currently restricted as affordable housing; or
2. Assistance to persons who are experiencing or at risk of homelessness, including, but not limited to, through rapid rehousing, or rental assistance, supportive services and case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers, or new construction, rehabilitation, or preservation of permanent or transitional rental housing.

In order to apply for competitive funding, the local jurisdiction must have a project which can demonstrate readiness as evidenced by site control, planning entitlements, environmental review, and commitment of other funding. Applications for competitive funding are to be completed and submitted jointly by the jurisdiction and the development sponsor.

Discussion

Siskiyou County staff enlisted Housing Tools, a housing and community development consulting firm, to assist with applying for and administering PLHA funds. Housing Tools assisted Siskiyou County in applying for its formula allocation in 2020. The PLHA Plan/Application was approved by the County Board of Supervisors on July 14, 2020. The Plan/Application was approved by HCD, and the County has administered its 2019 (Year 1) funds as a pre-development loan to Rural Communities Housing Development Corporation (RCHDC) for the County’s No Place Like Home (NPLH) project called Siskiyou Crossroads in the City of Yreka. The County’s 2020-2023 (Years 2-5) funds will be deposited into a supportive services reserve to assist with supportive services costs in connection to permanent supportive housing. Table 1 shows the County’s funds and approved activities. Siskiyou County will continue to submit annual streamlined applications to access its remaining years of PLHA formula funds for the first five-year cycle under the approved plan outlined in Table 1.

**Table 1: Siskiyou County’s PLHA Formula Allocation (Approved and Awarded in 2020)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **County Allocation** | **Activity** | **Funds Expended?** |
| 2019-Year 1 | $142,120 | Activity 1: Pre-development construction loan to RCHDC (developer) for Siskiyou Crossroads (No Place Like Home project). | Yes |
| 2020-Year 2 | $212,812 | Activity 5: Capitalized reserves for services connected to permanent supportive housing. | No |
| 2021-Year 3 | $260,618 |
| 2022-Year 4 | Unknown\* |
| 2023-Year 5 | Unknown\* |
| *Estimated 5-Year Total* | *$852,722* |

\*The allocations for 2022-Year 4 and 2023-Year 5 will be published in the 2023 and 2024 NOFAs, respectively.

This year, as allowed by the PLHA Guidelines, Siskiyou County has partnered with eight of the nine cities/towns in the county to access the cities’/towns’ PLHA formula funds for the first five-year cycle. The County and eight of the cities/towns will apply under the 2022 PLHA NOFA. The City/Town Councils of the Cities of Dorris, Dunsmuir, Etna, Montague, Mount Shasta, Weed, and Yreka, and the Town of Fort Jones have each approved delegating their formula allocations to Siskiyou County to administer for joint projects in the county. Thus, Siskiyou County is eligible to receive an annual allocation of formula PLHA funds on behalf of these cities/towns, subject to the submission and approval of a Five-Year Plan and Application. The application for PLHA funds is due to the State of California no later than October 31, 2022. The County may retain 5% (estimated to be $180,000) of all the cities’/towns’ allocations for administrative costs related to carrying out the PLHA program

The County Director of the Health and Human Services Agency recommends using the cities’/towns’ PLHA 2019-2023 formula funds for three activities that would most appropriately address the needs of those in Siskiyou County with incomes of 60% Area Median Income (AMI) or less. The activities are: 1) to establish capitalized reserves for services connected to the creation of new permanent supportive housing; 2) to establish operating subsidies connected to the creation of multi-family rental housing; and 3) to assist with costs for supportive/case management services and navigation center/emergency shelter operations.

While the Plan does not need to identify specific housing projects, it must identify the planned number of units to be constructed and the income targeting for those units. The City of Yreka is leading an effort to create more affordable housing opportunities. If this project moves forward, the City of Yreka will be responsible for partnering with a developer and applying for the necessary funding. The County is using two years of the cities’/towns’ allocations to provide operating subsidies for this intended project (Activity 1), so that it is more competitive for additional funding sources such as Homekey and tax credits.

The County has provided data in the Plan regarding the Siskiyou Crossroads No Place Like Home project, as capitalized reserves for services connected to permanent supportive housing (Activity 5) may be used for this project. The County has also provided preliminary data for an emergency shelter/navigation day center and related supportive services (Activity 6). The County intends to issue a Request for Qualifications (RFQ) and select a service provider to operate the emergency shelter/navigation day center and provide supportive services.

The County has completed the Plan based upon data for these three projects. The use of this data to complete the Plan is not, however, a formal commitment of funds to these projects. PLHA formula funding commitments will be made via a separate process that is managed by the County as the administrator of the PLHA funds.

**Table 2: Cities of Dorris, Dunsmuir, Etna, Montague, Mount Shasta, Weed, and Yreka, and the Town of Fort Jones’ PLHA Formula Allocations (Proposed for 2022 Application)**

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| --- | --- | --- |
| **Year** | **Cities/Towns****Combined Allocation** | **Activity** |
| 2019-Year 1 | $612,183 | Activity 5: Capitalized reserves for services connected to permanent supportive housing. |
| 2020-Year 2 | $949,031 | Activity 1: Operating subsidies |
| 2021-Year 3 | $1,035,518 | Activity 1: Operating subsidies |
| 2022-Year 4 | Unknown\* | Activity 5: Capitalized reserves for services connected to permanent supportive housing. |
| 2023-Year 5 | Unknown\* | Activity 6: Assist with costs for supportive/case management services and navigation center/emergency shelter operations. |
| *Estimated 5-Year Total* | *$3,673,117* |

\*The allocations for 2022-Year 4 and 2023-Year 5 will be published in the 2023 and 2024 NOFAs, respectively.

*95% of Funds from Year 1 (2019) and Year 4 (2022):* The County will create a dedicated reserve fund that is interest-bearing to deposit the PLHA funds once they are received from the State. The reserve funds will be drawn out of the account when needed for supportive services costs associated with permanent supportive housing projects. The County will retain 5% of the formula allocations for administrative costs related to carrying out the PLHA program.

*95% of Funds from Year 2 (2020) and Year 3 (2021):* Funds will be provided to the developer of Yreka’s planned housing project in the form of operating subsidies. The County will retain 5% of the formula allocations for administrative costs related to carrying out the PLHA program.

*95% of Funds from Year 5 (2023):* The funds will be used equally for supportive/case management services and navigation center/emergency shelter operations. The County will publish a Request for Qualifications for a service provider and enter into a contract with the selected provider. The funds will support the provider in operating the navigation center/emergency shelter and providing services. The County will retain 5% of the formula allocations for administrative costs related to carrying out the PLHA program.

The County’s consultant, Housing Tools, has assisted in completing the Plan and Application forms and accompanying materials. It is proposed that the Health and Human Services Agency Housing Coordinator will be assigned to the duties entailed in administering the PLHA formula funds and/or the County may choose to contract out some of the duties to a consultant, if appropriate. The County may retain 5% (estimated to be $180,000) of the allocations for administrative costs related to carrying out the PLHA program.

Once the State approves the Plan and Application, they will provide the County with a Standard Agreement. Funds are disbursed to the County after the submittal of documentation to HCD which is necessary for each activity. For the supportive services reserve activity, the County Board of Supervisors will be required to pass a resolution to set up the dedicated interest-bearing reserve fund for supportive services before the State releases the funds to the County. HCD communicated this information to Housing Tools in a virtual technical assistance meeting and email correspondence during September 2022.

Recommendations:

The County Director of the Health and Human Services Agency recommends that the Board approve the attached resolutions and agreements and authorize the County Administrator or their designee to execute the PLHA Program and submit the PLHA Plan and Application to the State Department of Housing and Community Development. Approval of the resolutions will allow the County to be allocated the Cities of Dorris, Dunsmuir, Etna, Montague, Mount Shasta, Weed, and Yreka, and the Town of Fort Jones’ PLHA formula funding.