A Tradition of Stewardship
A Commitment to Service

Agenda Date: 12/15/2020
Agenda Placement: 9F
Set Time: 11:30 AM PUBLIC HEARING
Estimated Report Time: 10 Minutes

NAPA COUNTY BOARD OF SUPERVISORS
Board Agenda Letter

TO:	Board of Supervisors
FROM:	Molly Rattigan - Deputy County Executive Officer Housing and Homeless Services
REPORT BY:	Molly Rattigan, Deputy County Executive Officer - 253-4112
SUBJECT:	SB 2-Permanent Local Housing Allocation Application

RECOMMENDATION

Director of Housing and Homeless Services requests the following:

1. Approval of a resolution authorizing the submittal of an application to the State of California Department of Housing and Community Development SB2 Permanent Local Housing Allocation Program for a five-year grant not to exceed $859,334 and authorizing the Director of Housing and Homeless Services to execute all documents necessary to accept the grant; and
2. Approval of the Permanent Local Housing Allocation Plan for Napa County.

EXECUTIVE SUMMARY

SB 2 established the Building Homes and Jobs Trust Fund (Fund) and authorized the Department of Housing and Community Development to allocate 70 percent of monies collected and deposited in the Fund, beginning in calendar year 2019, to local governments for eligible housing and homelessness activities. The intent of the bill is to provide a permanent, on-going source of funding to local governments for housing-related projects and programs that assist in addressing the unmet housing needs of their local communities. Today's action includes review and approval of the proposed expenditure plan and authorizes the Director of Housing and Homeless Services to submit an application and initiate the necessary agreements for funding.

PROCEDURAL REQUIREMENTS

1. Staff reports.
2. Public comments.
3. Motion, second and vote on item.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	SB 2- Permanent Local Housing Allocation
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	This item is discretionary in that there is no mandate to apply for these funds. However, these funds are available to Napa County to use to help meet affordable housing goals.
Is the general fund affected?	Yes
Future fiscal impact:	Appropriations will be budgeted accordingly in future fiscal years.
Consequences if not approved:	Napa County will not have access to these funds.
County Strategic Plan pillar addressed:	Healthy, Safe, and Welcoming Place to Live, Work, and Visit Livable Economy for All
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

SB 2 established the Building Homes and Jobs Trust Fund (Fund) and authorized the Department of Housing and Community Development to allocate 70 percent of monies collected and deposited in the Fund, beginning in calendar year 2019, to local governments for eligible housing and homelessness activities. The intent of the bill is to provide a permanent, on-going source of funding to local governments for housing-related projects and programs that assist in addressing the unmet housing needs of their local communities.

As part of the application, the County must prepare, solicit public input, and submit a five-year plan on how the County intends to use its allocation of Permanent Local Housing Allocation (PLHA) Program funds. There are a variety of eligible activities the County may choose to utilize the funds for including*:

- 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.
- 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 area median income (AMI), or 150-percent of AMI in high-cost areas..
- Matching portions of funds placed into Local or Regional Housing Trust Funds.
- Capitalized Reserves for Services connected to the preservation and creation of new permanent supportive housing.

- 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.
- 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.
- Up to 5% of the grant can be used for administrative costs.

*It is important to note that if the County invests in housing capital expenditures, constructions or loans on properties, these properties must be in the unincorporated area. Services and rental assistance may be provided in a scattered site model throughout the County.

The funding available in the NOFA is for a five-year period and is based on anticipated revenue. The County's five-year estimated funding amount is $859,334. This includes $143,222 for the current year, which is comprised of $136,061 for activities and $7,161 for grant administration.

Staff Recommendation

The Director of Housing and Homeless Services is recommending the PLHA Plan allocate 100% of its annual activity allocation over a five-year period to meet the unmet need of having supportive case management services available to support the ongoing tenancy of clients placed in housing after exiting the homeless services system. As the administrative entity of the homeless services system, including permanent housing placement, the County receives a substantial amount of rental assistance funds but those funds don't generally come with long-term tenancy care services, including mental health support, to ensure that clients are successful in staying housed. Existing funding for permanent housing tenancy care is only available for about 30 clients housed at any given time. Finally, with over 85 units for clients exiting homelessness set to come online within the next year to three years, these funds will help ensure long term success of our clients.

The PHLA Program is one of the few funding sources that includes an option to provide tenancy care and other supportive services to maintain housing. Given the relatively small annual allocation to Napa County on an annual basis and the requirement that capital expenditures may only be in the unincorporated area when the County typically invests in housing in the incorporated cities, staff believes this is the best use of funds at this time.

The PLHA allocations can be modified in the future if needs change, however, any change of 10% or more requires submitting an amended plan to the State.

If the County's PLHA application is approved, staff would return at a future date to establish the appropriate accounting mechanism to receive and expend funds.

SUPPORTING DOCUMENTS

A . Resolution

B . Proposed Plan

CEO Recommendation: Approve

Reviewed By: Samuel Ross