

County of Lake
Permanent Local Housing Allocation
Five-Year Plan

June 2022
Review Draft

Acknowledgements

This Plan was developed by the County of Lake under the direction of the Behavioral Health Services Department.

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Summary

In 2017, after many years of advocacy by California's affordable housing proponents, the state's legislature established a permanent source of funding intended to increase the affordable housing stock in California. Revenue is collected from a fee assessed recorded real estate transactions. Effective in 2019, the California Department of Housing and Community Development (HCD) is directed to use 70 percent of collected revenue to provide financial assistance to local governments for eligible housing-related projects and programs to assist in addressing the unmet housing needs of their local communities. This program is now named the Permanent Local Housing Allocation (PLHA) program.

Funding Allocations

The first Notice of Funding Availability (NOFA) for the PLHA program was released by HCD in 2020, with a second NOFA release in 2021. A third NOFA is anticipated in June 2022. These NOFAs provided a formula-based noncompetitive allocation for each California local government, to be accessed over a five-year period through a formal application process with certain threshold requirements later listed. Local governments may transfer some or all of their allocations to other local governments of a local or regional housing trust fund, also to be used for an eligible purpose. Additional funding is available through a competitive application.

Local governments must also, in general, submit a formal application to utilize its first three years of noncompetitive funding allocations prior to December 31, 2022. Otherwise the Year One 2020 allocation will be lost. The same can happen with Year Two funding if the local government does not submit a complete application requesting that allocation by the end of calendar year 2023.

Eligible Activities

Local use of PHLA funds are limited to one or more of the following:

1. The predevelopment, development, acquisition, rehabilitation, and/or preservation of multifamily or residential live/work rental housing affordable to extremely low, very low, low and moderate-income households, including necessary operating subsidies.
2. The predevelopment, development, acquisition, rehabilitation and preservation of affordable rental and homeownership housing, including accessory dwelling units (ADUs), that meets the needs of a growing workforce earning up to 120 percent of Area Median Income.
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 (HSC Section 34176(d)).
5. Capitalized Reserves for Services connected to the creation or preservation of new Permanent Supportive Housing.
6. Assisting persons at-risk or experiencing homelessness through (including but not limited to) rapid rehousing, rental assistance, supportive/case management services, operating and capital costs for navigation centers and emergency shelters, and new construction, rehabilitation or preservation of permanent and transitional housing.
7. Accessibility modifications in lower-income owner-occupied housing.
8. Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.
9. Homeownership opportunities, including but not limited to, down payment assistance.
10. Fiscal incentives (grant or low-interest loan) to cities of Lakeport and/or Clearlake to incentivize the approval of one or more affordable housing projects, provided the city has made an equal or greater investment in the project.

Up to five percent of the accessed funding may be allocated towards program administration. The local government must also provide a Program Reuse Plan describing how any repaid loans will be reused for eligible activities.

Local Threshold Requirements

A PHLA applicant must meet all of the following requirements:

1. A current adopted and compliant Housing Element of the General Plan.
2. A submitted Annual Progress Report for that Housing Element for the current or prior year.
3. A complete PHLA application, filed by the NOFA stated deadline. That application must include a local resolution certifying PHLA regulations compliance and include an attached 5-year Plan (described below).

The County of Lake has an adopted 2019-2027 Housing Element that has been accepted by the California Department of Housing and Community Development (HCD) as compliant. HCD also confirms that the county has filed its required Annual Progress Report for the required 2021 reporting period.

Housing Plan Requirements

The Board of Supervisors must adopt a 5-year plan for use of the PHLA funds, either obtained through formula allocation or accessed by competitive applications, that includes the following information:

1. The manner in which allocated funds will be used for eligible activities.
2. A description of how the county will prioritize investment that increase the supply of housing for households with incomes at or below 60 percent of Area Median Income. Programs targeted at Very Low Income households will be deemed to meet this requirement.
3. A description of how the Plan is consistent with the programs set forth in the adopted Housing Element.
4. Evidence that the Plan was authorized and adopted by Board of Supervisors resolution, and that the public had adequate opportunity to review and comment on its content.
5. A description of each proposed activity with allocated funding, the projected number of households at each income level and how that meets an unmet share of the county's Regional Housing Needs Allocation in its Housing Element, a description of major steps or actions needed to implement and complete each proposed activity, and the period and level of affordability for each project.

FIVE-YEAR HOUSING PLAN

The County of Lake in 2019, after soliciting public comment, adopted its No Place Like Home Housing Plan which prioritized several urgent affordable housing needs. Subsequently the county submitted to HCD in early 2022 a noncompetitive allocation application and a competitive funding application, respectively, for a long-planned permanent supportive multifamily housing project for the chronically homeless mentally ill.

The NPLH funding was committed to the proposed Collier Avenue housing project, as it is currently known, after release of a formal Request for Proposals in accordance with the county's adopted procurement policy and the NPLH requirements. The Rural Communities Housing Development Corporation (RCHDC), a Mendocino County-based nonprofit affordable housing developer and management company with a long history in Lake County, was the sole responding entity. RCHDC proposed the development of a multifamily housing project on a site it had acquired from the county many years before for a different project that, for several reasons, never broke ground.

Lake County's noncompetitive, or formula, PLHA allocations authorized through respective Notice of Funding Availability for those years were \$241,741 each for 2019-2020 Year One and 2020/2021 Year Two. The current estimate for the total 5-year formula commitment is \$1,450,450. This Plan addresses both the currently available funding as well as the anticipated remaining funding for Years Three-Five.

1. How allocated funds will be used for eligible activities

The County of Lake has recently adopted several documents which list then prioritize the many affordable housing needs of its residents. Those documents include the previously-discussed No Place Like Home Housing Plan, the 2019-2027 Housing Element of the General Plan and the Mental Health Services Act Three Year Plan for 2020-2023. The county's Behavioral Health Services department, which manages the MHSA program, also serves as the administrative entity for the Lake County Continuum of Care which has drafted its own Strategic Plan and a subsequent Gaps Analysis, both of which also identify local housing needs.

A prioritized need for Lake County has long been a permanent supportive housing project for the mentally ill. The NPLH funding particularly targeted the chronically homeless. As previously discussed, the Lake County Board of Supervisors in 2019 prioritized the development of such a project in its 2019 adopted NPLH Housing Plan. The Plan also discussed the need to identify additional funding for both the construction and the provision of subsequent supportive services of that project. Towards that end it also submitted a NPLH competitive application requesting another \$2,163,655 in the last round; that application is still pending. But the county also desires to dedicate its PLHA funding to the planned Collier Avenue project. It also is planning to allocate much

of its Homelessness and Housing Assistance (HHAP) Round 3 allocation to the same use.

2. How the county will prioritize housing for the Very Low Income.

The proposed Collier Avenue project will provide 21 one-bedroom units and 10 two-bedroom units, with one three-bedroom unit for the on-site manager. Since the NPLH regulations permit no more than 49 percent of a multifamily development 's units be funded by NPLH, 15 of the one-bedroom units using the NPLH funding will be reserved for occupancy by the chronically homeless mentally ill. Therefore those units will house those at the Extremely Low Income level, or those with incomes not exceeding 30 percent of Area Median Income (AMI). The remaining 16 rental units will house the developmentally disabled with incomes not exceeding 50 to 60 percent of AMI. Therefore **ALL** 31 units will provide housing restricted to those special needs households with incomes no higher than 60 percent AMI.

3. How this Plan is consistent with the Housing Element programs.

The current Housing Element includes several implementation programs that support this use of PLHA funds:

- HE-3: The County shall apply, based on the availability of staff resources, for funds available from state and federal programs which provide for low to moderate income housing.
- HE-8: The County shall develop and set priorities for the types of affordable housing projects needed to meet the most urgent needs of the community.
 - a.)The County shall publicize priorities as well as the potential availability of funds for certain projects in order to identify interested developers.
 - b).The County shall publicize the availability of the grants and loans.
- HE-15: The County Administrative Office shall maintain current information regarding federal, state, and local affordable housing program availability and requirements, disseminate this information where appropriate, and brief the Board of Supervisors periodically on the County's progress towards meeting its housing goals.
- HE-26: The County shall provide grant application assistance, based on the availability of staff resources, to community- based organizations in seeking funding for homeless services and programs.
- HE-48: The County shall strengthen its relationship with non-profit organizations & tribal housing authorities engaged in providing affordable housing opportunities. A Housing Task Force should be created to create these relationships. Through

this, the County shall actively participate in partnerships with non-profit organizations & tribal housing authorities to seek state and federal funding for the provision of affordable housing, especially housing projects which target the very-low income populations.

HE-49: The County will encourage development of housing for extremely-low income households through a variety of activities such as outreaching to housing developers, providing in-kind technical assistance, expedited permit processing, reduced development fees, grant and funding opportunities, applying for or supporting applications for funding on an ongoing basis, offering density bonuses.

HE-52: The County will work directly with service providers of the developmentally disabled such as Redwood Coast Regional Center to identify the number of residents who are developmentally disabled. The County shall also assess housing currently being utilized by those with developmental disabilities and whether additional housing and housing related services are necessary to provide housing to this special needs group.

4. The Plan was authorized by Board of Supervisors resolution after public review and comment

This Plan was placed on a regular public agenda of the Lake County Board of Supervisors and posted on its website in compliance with the Brown Act. The action item included that public input was solicited. It further was announced at a prior regular meeting of the Lake County Continuum of Care comprised of local homelessness prevention activists and program practitioners. A copy of the Board of Supervisors resolution is attached to this Plan, and the resolution with agenda and subsequent adopted minutes will be provided to HCD upon formal submittal of the PLHA applications.

5. Project description with allocated funding, projected number of households by income levels and how it meets the Regional Housing Needs Allocation unmet share, major actions needed and period of project affordability

As described in #2 above, the Collier Avenue project will include 31 units of one or two bedrooms, all reserved for 60 percent, 50 percent or 30 percent of AMI households. The Lake County 2019-2027 Housing Element lists the RHNA for Very Low Income households at 332 and the Low Income household at 224. Its filed Progress Report for 2021, however, lists no dwelling units provided for those households during the 2019 to 2021 period. Therefore the provision of 31 deed-restricted units for the Very Low and Extremely Low Income households as proposed by the Collier Avenue project tremendously assists Lake County towards meeting its RHNA commitment.

The county's allocation of its Years One and Two PLHA funding, minus the necessary 5 percent administrative funds, will be committed to the Collier Avenue project. Future

PLHA funding for Years Three, Four and Five may also be committed by the county by future Board of Supervisors resolution. The approximately \$459,308 from Years One and Two will be provided the nonprofit developer, Rural Communities Housing Development Corporation or its successor, in the form of a low-interest deferred loan, secured by a deed of trust and a regulatory agreement that restricts occupancy and rents as stated above for a term of not less than 55 years.

RCHDC anticipates that, if its CA Tax Credit Allocation Committee application is approved this summer, it will break ground within several months. Construction of the already county-approved project will take approximately 14-18 months, with occupancy within 4 months of completion. Tenant selection will occur concurrently with project development. Supportive services for those mentally ill will be provided by the Lake County Behavioral Health Department. Support for the disabled households will be provided through the Redwood Coast Regional Center, a nonprofit partner of RCHDC on this project.

Reuse Plan

Because the planned use of these PLHA funds is an affordable multifamily housing project with a 55-year loan commitment, no plans for reuse are needed at this time. In the event these or any future awarded PLHA funds are not directed towards the development and support of this project, the County of Lake will amend this plan to adopt alternate permitted projects or uses as required by HCD.