



Agenda Report

MEETING DATE: Tuesday, December 14, 2021

TO: City Council

FROM: COMMUNITY DEVELOPMENT DIRECTOR MERRIAM
CARLOS LANDAVERRY, HOUSING MANAGER

SUBJECT: RESOLUTION APPROVING THE CITY'S 5-YEAR PERMANENT
LOCAL HOUSING ALLOCATION PLAN AND AUTHORIZING THE
SUBMITTAL OF AN APPLICATION TO THE STATE OF CALIFORNIA
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

STATEMENT OF ISSUES:

Adopt a resolution approving the City of Watsonville's Five-Year Permanent Local Housing Allocation (PLHA) Plan and authorizing the submittal of an application to the State of California Department of Housing Community Development for Permanent Local Housing Allocation Funds.

RECOMMENDED ACTION:

It is recommended that the City Council adopt a resolution approving the City of Watsonville's Five-Year Permanent Local Housing Allocation Plan and authorizing the submittal of an application to the State of California Department of Housing and Community Development (State HCD) for Permanent Local Housing Allocation Funds, and, if awarded, authorizing the City Manager and/or his or her designee to execute a standard agreement, and any related documents necessary to participate in and administer the PLHA program.

DISCUSSION:

In 2017, Senate Bill 2, as described in Health and Safety Code [§ 50470 et seq. (Chapter 364, Statutes of 2017)] (the Building Homes and Jobs Act) created the Permanent Local Housing Allocation (PLHA) program. The purpose of SB 2 is to establish a permanent source of funding for affordable housing. Revenue for this program is generated from fees imposed on real estate transactions when documents are recorded and therefore will vary from year to year depending on activity. Beginning in 2019, the majority of the revenue collected flows to local jurisdictions through the PLHA funding allocation. This application period covers 2019 through 2023.

PLHA funds are distributed to local jurisdictions using the same formula as the Community Development Block Grant (CDBG) program. State HCD has determined that the City of Watsonville is entitled to approximately \$2,175,090 over the five-year period covered by the

application (2019-2023). Should the application be approved, the City will receive its 2019 and 2020 allocations totaling approximately \$925,976.

The PLHA program provides a stable funding source in California to help cities and counties implement plans to increase the affordable housing stock. Funding is aimed at assisting cities and counties to:

- Increase the supply of affordable housing
- Increase assistance to affordable owner-occupied workforce housing
- Assist persons experiencing or at risk of homelessness
- Facilitate housing affordability
- Promote projects and programs to meet the local government's unmet share of regional housing needs allocation.

The proposed PLHA plan is consistent with the activities in the current Watsonville Housing Element to increase rental and homeownership opportunities for low-income residents as required by State HCD. The PLHA also takes into consideration the growing need of affordable housing for the most vulnerable populations in the community. It is worth noting that the proposed funding plan is not final and can be updated and amended at any time. Staff will present annual progress reports on the proposed activities, and the City Council will have an opportunity to make adjustments as necessary during reports for housing activities including the Housing Element annual progress report, and/or other housing updates as scheduled.

The proposed PLHA Plan requests that the City fund eligible activities as identified in Section 301(a) of the SB 2 Guidelines promulgated by State HCD as follows:

1. 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.
2. Homeownership opportunities, including, but not limited to, down payment assistance for first time home buyers.
3. Assisting persons who are experiencing or at risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, and supportive/case management services that allow people to obtain and retain housing.

STRATEGIC PLAN:

Application for PLHA funds is consistent with the goals in the City's Housing Element related to increasing rental and homeownership opportunities for low-income residents. It is also consistent with the following elements of the City's Strategic Plan.

1-Housing

2-Fiscal Health

3-Infrastructure & Environment

5-Community Engagement & Well-Being

7-Efficient and High Performing Government

FINANCIAL IMPACT:

This item has a positive fiscal impact and is estimated to provide the City approximately \$2,175,090 over five years to allocate towards local housing.

ALTERNATIVE ACTION:

The City Council may choose not to apply for PLHA funds at this time.

ATTACHMENTS AND/OR REFERENCES (If any):

None