



Agenda Item 7A

Approvals:  
City Manager CS  
Dept. Head ASD  
Attorney \_\_\_\_\_  
Finance \_\_\_\_\_

# AGENDA REPORT

SAN CLEMENTE CITY COUNCIL MEETING  
Meeting Date: July 7, 2020

**Department:** Community Development  
**Prepared By:** Cecilia Gallardo-Daly, Community Development Director  
Janet Batchelor, Management Analyst

**Subject:** *AUTHORIZING APPLICATION FOR AND RECEIPT OF SENATE BILL 2 (SB 2) PERMANENT LOCAL HOUSING ALLOCATION (PLHA) PROGRAM GRANT AND APPROVAL OF THE PROPOSED FIVE-YEAR PLAN*

**Fiscal Impact:** Yes. Receipt of grant funds in the amount of \$189,040 per year for five years for a total grant amount of \$945,200. Grant funds are distributed on an annual basis and the grant award amounts are estimated for years two through five.

**Summary:** Staff recommends that Council authorize, by resolution, the submittal and receipt of the Permanent Local Housing Allocation Program grant in the amount of \$945,200.

**Background:** In 2017, Governor Brown signed Senate Bill 2 (SB 2), titled the "Building Jobs and Homes Act" that established a permanent, on-going source of funding dedicated to promoting and facilitating affordable housing development. The source of funding is secured through a \$75 fee on the recording of real estate documents. The fee became effective January 1, 2018, and is projected to generate \$200 million in annual revenue statewide. The revenue available to the program is dependent on the amount of revenue collected from those transactions and the amount available for the program could vary each year. The legislation directs the state Housing and Community Development Department (HCD) to use 70 percent of the revenues collected, beginning in calendar year 2019, 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.

On February 26, 2020, HCD released a Notice of Funding Availability (NOFA). The City is an eligible applicant. The funding amount that the City can apply for is \$189,040 for year one and is estimated to be \$945,200 over five years. This application is for the first year of funding and the City will be required to submit an application to accept the allocation of funding for subsequent years (years 2, 3, 4, 5).

There are ten eligible activities under the Permanent Local Housing Allocation (PLHA) program:

1. Predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low-, very low-, low-, moderate-income households, including necessary operating subsidies.

2. 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-costs areas. ADUs must be 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.
5. Capitalized reserves for services connected to the preservation and creation of new permanent supportive housing.
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.
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 made by a county to a city within the county to incentivize approval of one or more affordable housing projects.

PLHA applicants must meet several threshold requirements and submit specific documents by the deadline of July 27, 2020. The City has met the requirement by having a compliant Housing Element and submittal of the Annual Progress Reports to HCD. The City Council must authorize submission of the application to HCD and adopt a resolution with specific certifications.

The application must include: (1) a five-year plan describing each proposed activity and that the public had an adequate opportunity to review and comment on its contents; (2) a description of the way the jurisdiction will prioritize investments that increase the supply of housing for households with incomes at or below 60 percent of AMI; (3) a description of how the plan is consistent with the programs set forth in the Housing Element; and, (4) a description of major steps/actions with a proposed schedule for implementation and completion of the activity.

Reallocation of funds of more than ten percent among activities will require an amendment, approval by City Council at a publicly noticed public meeting, and requires HCD approval. However, since the City is planning to utilize 100 percent of the funds on assisting person who are or at risk of homelessness, no modification to

the plan will be required unless the City Council recommends amending the plan to include other eligible activities.

Once HCD has approved the funding, a Standard Agreement will be executed and the City may submit a request for 100 percent of the first year funds. Award announcements will take place between August and October 2020.

The City must comply with accounting practices, audits and reporting requirements listed in the NOFA and Standard Agreement, to include an annual report documenting the uses and expenditures of the award and outcomes achieved.

HCD will issue another NOFA in early spring of 2021, and the City may apply for the full five years of funding at that time. According to HCD PLHA guidelines, the City may apply for its formula allocation for the current year and the two prior years that the City did not receive an award.

***Discussion:***

Staff recommends utilizing the PLHA funds to address the eligible activity of assisting persons who are experiencing or at-risk of becoming homeless. The recommended services will provide rapid rehousing, rental assistance, supportive/case management, operating costs for a navigation center and the new construction, rehabilitation, or preservation of permanent or transitional housing.

The 5-Year Plan describes each proposed activity and how the City intends to partner with service providers to deliver those services.

One of the recommended service providers in the proposed plan is City Net. They are the largest non-profit homeless mobile outreach service provider in Orange County and have been providing successful services for the City since November 2019. Past and current funding for their services has been from the General Fund and the Community Development Block Grant (CDBG). Staff recommends partnering with them on this grant to provide the following services:

- Homeless outreach program (street outreach)
- Case management services
- Individual housing stabilization plans

The other recommended service provider in the proposed plan is Family Assistance Ministries (FAM). FAM is a non-profit organization that helps those in need with resources to help bridge the gap from dependency to self-sufficiency and have been providing services to the City for many years. Past and current funding for their services has been from the General Fund Good Neighbor Grant and the Community Development Block Grant (CDBG). With this grant funding they would provide the following services to the at-risk of becoming homeless population:

- Rental assistance to avoid eviction
- Permanent support housing.
- Rapid re-housing

In addition to the above providers, beginning in year two and continuing through year three, staff recommends partnering with a permanent supportive housing provider for project based permanent supportive and transitional housing. This can be provided through the creation of new housing or the preservation of existing housing. During this time contracts with City Net and FAM for outreach and supportive services will continue.

Staff anticipates spending less funds on street outreach, case management, and rental assistance during years four and five. The emphasis will be on funding for the opening and operation of a navigation center. The navigation center will provide a consolidated service hub where the at-risk or homeless population can connect to case management services, housing assistance, job training and many other services. The navigation center operator could provide many of the services that had been previously provided by other partners.

The funding percentages for each activity are estimates and could change based on many factors. These amounts are flexible and could be reallocated between services without requiring an amendment to the five-year plan. In addition to the service percentage allocations, five percent of the yearly funds may be used for administrative costs. City staff and service provider's administrative costs that are directly related to carrying out the eligible activities are "activity costs" and not subject to the five percent cap.

Staff believes that the focus on outreach, prevention, and providing both transitional and permanent housing options will allow the City to respond and service the community with a cohesive approach to housing support.

A summary of the proposed activities by year, percentage of estimated funding allocation per year, and proposed service provider is below:

<b>Year 1 Activity</b>	<b>% of Funds</b>	<b>Service Provider</b>
Homeless outreach program and case management	50%	City Net
Rental assistance to avoid eviction, permanent supportive housing, rapid re-housing	45%	FAM
Administrative Costs	5%	City & providers
<b>Years 2 &amp; 3 Activity</b>	<b>% of Funds</b>	<b>Service Provider</b>
Homeless outreach program and case management	40%	City Net
Rental assistance to avoid eviction, rapid re-housing	35%	FAM
Permanent supportive housing	20%	TBD
Administrative Costs	5%	City & providers
<b>Years 4 &amp; 5 Activity</b>	<b>% of Funds</b>	<b>Service Provider</b>
Homeless outreach program	10%	TBD
Permanent supportive housing	20%	TBD
Navigation center	65%	TBD
Administrative costs	5%	City & providers

The proposed five-year plan was posted on the website and submitted to the Human Affairs Committee Members on June 25, 2020 for the 10-day public comment period.

**Recommended**

**Action:** Staff Recommends that the City Council:

1. Hold a Public Hearing.
2. Adopt Resolution No. \_\_\_\_\_ titled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN CLEMENTE, CALIFORNIA, AUTHORIZING APPLICATION FOR, AND RECEIPT OF, SB2 PERMANENT LOCAL HOUSING ALLOCATION PROGRAM GRANT FUNDS.
3. Accept grant revenues of \$189,040 from the State Department of Housing and Community Development to account 001-000-33490.
4. Authorize a related budget appropriation in the amount of \$189,040 to Professional Services Account #001-441-43890.

**Alternative**

**Actions:**

1. Adjust the funding allocation amounts and/or revise the activities in the plan.
2. Direct staff to research other activities and revise the five-year plan to submit with the next NOFA.

**Attachments:**

1. Resolution
2. Permanent Local Housing Allocation five-year plan

**Notification:** San Clemente Times

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
SAN CLEMENTE, CALIFORNIA, AUTHORIZING  
APPLICATION FOR, AND RECEIPT OF, SB2 PERMANENT  
LOCAL HOUSING ALLOCATION PROGRAM GRANT FUNDS

A necessary quorum and majority of the council members of the City of San Clemente, a municipality ("Applicant") hereby consents to, adopts, and ratifies the following resolution:

A. WHEREAS, the State of California, Department of Housing and Community Development (Department) is authorized to provide up to \$195 million to Cities and Counties for assistance under the SB2 Permanent Local Housing Allocation Program Entitlement Jurisdiction Component from the Building Homes and Jobs Trust Fund (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB2)); and

WHEREAS, the Department issued Permanent Local Housing Allocation Final Guidelines ("PLHA Program Guidelines") in October 2019; and

WHEREAS, the Department issued a Notice of Funding Availability ("NOFA") dated February 26, 2020 under the Permanent Local Housing Allocation ("PLHA"); and

WHEREAS, the Applicant is a City eligible to submit an application for and administer Permanent Local Housing Allocation Funds; and

WHEREAS, the Department may approve funding allocations for the PLHA Program, subject to the terms and conditions of the PLHA Program Guidelines, NOFA, Program requirements, the Standard Agreement, and other contracts between the Department and PLHA grant recipients;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN CLEMENTE RESOLVES AS FOLLOWS:

Section 1. If Applicant receives a grant of PLHA funds from the Department pursuant to the above referenced PLHA NOFA, it represents and certifies that it will use all such funds in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including without limitation all rules and laws regarding the PLHA Program, as well as any and all contracts Applicant may have with the Department.

Section 2. Applicant is hereby authorized and directed to apply for and submit to the Department the PLHA Program application, and to receive a PLHA grant, in an amount not to exceed the five-year estimate of the PLHA formula allocations, as stated in Appendix C of the current NOFA \$945,200 in accordance with all applicable rules and laws.

Section 3. Applicant hereby 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 Applicant and the Department.

Section 4. The PLHA Program Guidelines authorize subawards to Administrative Entities in limited circumstances. Applicant certifies that its selection process of subawardees will be accessible to the public and involve no conflicts of interest.

Section 5. Applicant shall be subject to the terms and conditions as specified in the Standard Agreement, the PLHA Program Guidelines, and any other applicable SB 2 guidelines published by the Department.

Section 6. Cecilia Gallardo-Daly, Community Development Director is authorized to execute the City of San Clemente's PLHA Program Application, the PLHA Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the PLHA grant awarded to Applicant, as the Department may deem appropriate on behalf of the City of San Clemente as required by the Department for receipt of the PLHA Grant.

PASSED, ADOPTED and signed this \_\_\_\_ day of \_\_\_\_\_, 2020.

ATTEST:

\_\_\_\_\_  
City Clerk of the City of  
San Clemente, California

\_\_\_\_\_  
Mayor of the City of San  
Clemente, California

STATE OF CALIFORNIA     )  
COUNTY OF ORANGE     ) §  
CITY OF SAN CLEMENTE    )

I, JOANNE BAADE, City Clerk of the City of San Clemente, California, do hereby certify that Resolution No. \_\_\_\_\_ was adopted at a regular meeting of the City Council of the City of San Clemente held on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by the following vote:

AYES:

NOES:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of San Clemente, California, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
CITY CLERK of the City of  
San Clemente, California

Approved as to form:

\_\_\_\_\_  
City Attorney



**§302(c)(4) Plan**

Rev. 5/20/20

**§302(c)(4)(A)** Describe the manner in which allocated funds will be used for eligible activities.  
 City of San Clemente would use the PLHA funds to assist persons who are experiencing or at-risk of homelessness. The services would include: rapid re-housing, supportive case management, rental assistance, and operating costs for a navigation center that would provide consolidated service assistance for people to obtain and retain housing.

**§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).  
 Serving persons at risk of homelessness meets the requirement.

**§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 Plan is especially consistent with Program 14: Monitoring of Emergency Shelter Overlay in that the Plan would use funds for homeless housing programs to reduce unmet shelter needs. The Plan is also consistent with the Housing Element's Program 6: Affordable Housing Development in that the City is seeking grant funds to support low-income housing. Similarly, the Plan is consistent with Program 8: Pursue Funding Sources and programs in that the City is pursuing funds for services and programs that benefit the community's lower income households.

**Activities Detail (Activities Detail (Must Make a Selection on Formula Allocation Application worksheet under Eligible Activities §301))**

**§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 20 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 34.176.

**§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.

The City will partner with service providers to deliver homeless outreach and case management services, rental assistance to avoid eviction, permanent supportive and rapid rehousing. The City also plans to partner with a permanent supportive housing provider on project based permanent supportive and transitional housing through creation of new housing or preservation of existing housing. The City would also partner with an organization to establish and operate a navigation center to assist persons who are experiencing or at-risk of homelessness. The navigation center will provide a consolidated service hub where the at-risk or homeless population can connect to case management services, housing assistance, job training, and many other services. The focus on outreach, prevention, and providing both transitional and permanent housing options will allow the City to respond and service the community with a cohesive approach to housing support.

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	Permanent	Permanent	Permanent	Permanent	Navigation Centers												
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Activity	100.00%	100.00%	100.00%	100.00%	100.00%												
§302(c)(4)(E)(ii) Area Median Income Level Served	50%	50%	50%	50%	50%												TOTAL

§302(c)(4)(E)(ii) Unmet share of the RHNA at AMI Level	n/a	n/a	n/a	n/a	n/a												0
§302(c)(4)(E)(ii) Projected Number of Households Served	60	60	66	73	90												349
§302(c)(4)(E)(iv) Period of Affordability for the Proposed Activity (55 years required for rental housing projects)	n/a	n/a	n/a	n/a	n/a												
<p><b>§302(c)(4)(E)(iii): A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity:</b>  Year 1 of funding allocation: Partner with providers for homeless outreach program (street outreach), case management services, individual housing stabilization plans, rental assistance, permanent supportive housing, and rapid rehousing. Years 2 &amp; 3 of funding allocation: Partner with providers for homeless outreach program (street outreach), case management services, individual housing stabilization plans, rental assistance, permanent supportive housing, and rapid rehousing. Seek partnership with a permanent supportive housing provider for new construction, rehabilitation, or preservation of permanent and transitional housing. Years 4 &amp; 5 of funding allocation: Partner with providers for homeless outreach program (street outreach) and with a permanent supportive housing provider for new construction, rehabilitation, or preservation of permanent and transitional housing. Partner with an organization to establish and operate a navigation center that will include case management services, housing assistance, job training, and many other services.</p>																	
<del>§301(a)(7): Accessibility modifications in lower income owner-occupied housing.</del>																	
<del>§301(a)(8): Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.</del>																	
<del>§301(a)(9): Homeownership opportunities, including, but not limited to, down payment assistance.</del>																	
<del>§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.</del>																	
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?			