



## Town Council Agenda Report

---

Date: July 14, 2020 Item No. 11

To: Honorable Mayor and Town Council

Subject: A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY AUTHORIZING THE TOWN MANAGER TO APPLY FOR, RECEIVE AND APPROVE GRANT FUNDS FOR THE PERMANENT LOCAL HOUSING ALLOCATION

From: Douglas B. Robertson, Town Manager

Submitted by: Julie Ryan, Special Projects Manager  
Town Manager's Office

Budgeted Item:  Yes  No  N/A

---

### RECOMMENDED ACTION

That the Town Council adopt Resolution No. 2020-38, a Resolution of the Town Council of the Town of Apple Valley authorizing the Town Manager to apply for, receive and approve grant funds for the Permanent Local Housing Allocation (PLHA).

### BACKGROUND

In 2017, Senate Bill 2 (SB 2) created the first permanent source of funding for affordable housing in the State of California. Revenue is generated through recording fees on real estate transactions and therefore, varies from year to year depending upon activity. SB 2 established the Building Homes and Jobs Trust Fund (Fund) and authorizes the California Department of Housing and Community Development (HCD) to allocate 70 percent of monies collected and deposited in the Fund to local governments for eligible housing-related projects and homelessness activities.

In 2019, the Permanent Local Housing Allocation (PLHA) program was created to provide a permanent source of funding to all local governments to increase the affordable housing stock in California. PLHA funds flow to local governments using the same formula as the federal Community Block Grant Program.

On February 26, 2020, HCD announced the release of Entitlement and Non-entitlement Local government formula component Notice of Funding Availability (NOFA) for

approximately \$195 million for the PLHA program. This funding provides grants to Entitlement and Non-entitlement Local governments in California for housing-related projects and programs that assist in addressing the unmet housing needs of their local communities.

PLHA funds can be used for a broad variety of affordable housing activities including, but not limited to, new construction or rehabilitation of multifamily or single-family homeownership housing.

**ANALYSIS**

According to the NOFA, the table below sets forth the PLHA amount of funding allocated to the Town of Apple Valley in year 1 (actual) and an estimate of the amount of funding to be received during the initial five years of the PLHA Plan. Annual amounts will vary year to year based upon revenue realized under SB2.

Town of Apple Valley	Year 1 Allocation	5 Year Estimate
	\$287,561	\$1,725,366

The Town’s proposed Plan recommends allocating PLHA funds to address homelessness, residential rehabilitation, and other eligible housing programs over a five-year period (“Five-Year Plan”). It is possible the Town may be able to receive PLHA funds in subsequent years, however the allocation formula is subject to change.

PLHA funds should be used to prioritize investments to increase the supply of housing for households with incomes at or below 60 percent of Area Media Income (AMI) and should be consistent with the programs set forth in the Town’s Housing Element. The Draft Plan is consistent with the following Town of Apple Valley Housing Element, Policy 1.C and Policy 1.I: Encourage housing for special needs households and provide housing opportunities for the homeless in the community, under the following objectives:

- Action: Address Special Housing Needs
- Action: Housing and Supportive Services
- Action: Support Organizations that Service the Homeless Community
- Action: Encourage Temporary Shelter and Permanent Housing Opportunities

Pursuant to Guidelines Section 301(a), the PLHA funds allocated to eligible Applicants must be used to carry out one or more of the eligible activities listed below:

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.
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 120 percent of Area Median Income (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. See Appendix B for a list of High-cost areas in California.

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 HSC Section 34176.
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.
  - a. This activity may include subawards to Administrative Entities as defined in HSC Section 50490(a)(1-3) that were awarded California Emergency Solutions and Housing (CESH) Program or Homeless Emergency Aid Program (HEAP) funds for rental assistance to continue assistance to these households.
  - b. Applicants must provide rapid rehousing, rental assistance, navigation centers, emergency shelter, and transitional housing activities in a manner consistent with the Housing First practices described in 25 CCR, Section 8409, subdivision (b)(1)-(6) and in compliance with Welfare Institutions Code (WIC) Section 8255(b)(8). An Applicant allocated funds for the new construction, rehabilitation, and preservation of Permanent supportive housing shall incorporate the core components of Housing First, as provided in WIC Section 8255(b).
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, 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.

To obtain PLHA funds, the Town must submit an application to HCD, along with its Five-Year Plan for the funds. The application also requires the Town to show that the Five-Year Plan was authorized and adopted by resolution and that the public had an adequate opportunity to review and comment on its content.

The application deadline for PLHA funds for Year 1 funds is July 27, 2020. Funds will be awarded between August 2020 and October 2020. Should Resolution No. 2020-38 be adopted, staff is prepared to submit the Town's application as soon as July 17, 2020.

### **FISCAL IMPACT**

Over the next five years, the Town expects to receive approximately \$1,725,366 in PLHA program funds, with the first year's allocation (FY 2020-21) estimated at \$287,561. The Town is not required to provide matching funds.

### **ATTACHMENTS**

- A. Resolution No. 2020-38
- B. PLHA Five-Year Plan

**RESOLUTION NO. 2020-38**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY, CALIFORNIA, AUTHORIZING THE TOWN MANAGER TO APPLY FOR, RECEIVE AND APPROVE GRANT FUNDS FOR THE PERMANENT LOCAL HOUSING ALLOCATION**

**WHEREAS**, the California Department of Housing and Community Development is authorized to provide up to \$195 million to cities and counties for assistance under the SB 2 Permanent Local Housing Allocation (PLHA) Program Entitlement Jurisdiction Formula Component from the Building Homes and Jobs Trust Fund for assistance to Cities and Counties (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB 2)); and

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

**WHEREAS**, Applicant is an eligible Local government applying for the program to administer one or more eligible activities, or a Local or Regional Housing Trust Fund to whom an eligible Local government delegated its PLHA formula allocation; and

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

**NOW THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY AS FOLLOWS:**

**Section 1.** If the 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 receive a PLHA grant, in an amount not to exceed the five-year estimate of the PLHA formula allocation as stated in Appendix C of the current NOFA, \$1,725,366, in accordance with all applicable rules and laws.

**Section 3.** Applicant hereby agrees to use the PLHA funds for eligible activities as approved by the Department and in accordance with all Program requirements, Guidelines, other rules and laws, as well as in a manner consistent and in compliance with the Standard Agreement and other contracts between the Applicant and the Department.

**Section 4.** Pursuant to Town's certification in this resolution, the PLHA funds will be expended only for eligible Activities and consistent with all program requirements.

**Section 5.** Applicant certifies that, if funds are used for the acquisition, construction or rehabilitation of for-sale housing projects or units within for-sale housing projects, the grantee

shall record a deed restriction against the property that will ensure compliance with one of the requirements stated in Guidelines Section 302(c)(6)(A),(B) and (C).

**Section 6.** Applicant certifies that, if funds are used for the development of an Affordable Rental Housing Development, the Local government shall make PLHA assistance in the form of a low-interest, deferred loan to the Sponsor of the Project, and such loan shall be evidenced through a Promissory Note secured by a Deed of Trust and a Regulatory Agreement shall restrict occupancy and rents in accordance with a Local government-approved underwriting of the Project for a term of at least 55 years.

**Section 7.** 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 8.** Town Manager, or designee, is authorized to execute the 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.

**APPROVED AND ADOPTED** by the Town Council of the Town of Apple Valley this 14<sup>th</sup> day of July, 2020.

---

Scott Nassif  
Mayor

ATTEST:

---

LaVonda M-Pearson  
Town Clerk

<b>§302(c)(4) Plan</b>		Rev. 10/28/19
<b>§302(c)(4)(A)</b> Describe the manner in which allocated funds will be used for eligible activities.		
The Town of Apple Valley plans to use PLHA funds for the following activities: (1) Provide supportive services for the homeless and at risk homeless such as a "one stop" resource center to assist homeless persons to acquire the necessary documentation and consultation (i.e. mental health, physical health and nutrition, etc.) to achieve reentry into employment and housing; food and nutrition services; emergency rental; support the Homeless Outreach Proactive Enforcement (HOPE) program; provide community resource directory for all available services; encourage collaboration between agencies, faith based organizations and other stakeholders; and support efforts to increase volunteerism in public service programs; (2) Housing programs: transitional shelters; affordable housing for multi-family, single family, veterans; navigation centers; tenant-based rental assistance; residential rehabilitation; and consider establishing rent control for affordability.		
<b>§302(c)(4)(B)</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).		
The Program serves households with incomes no more than 60% area median income (AMI). In fact, the households served are likely all extremely low income. The Program prioritizes investments by creating housing opportunities for some of one of the most vulnerable populations.		
<b>§302(c)(4)(C)</b> Provide a description of how the Plan is consistent with the programs set forth in the Local government's Housing Element.		
The Plan is consistent with the following Town of Apple Valley Housing Element, Policy 1.C and Policy 1.I: Encourage housing for special needs households and provide housing opportunities for the homeless in the community, under the following objectives: (1) Action: Address Special Housing Needs; (2) Action: Housing and Supportive Services; (3) Action: Support Organizations that Service the Homeless Community; (4) Action: Encourage Temporary Shelter and Permanent Housing Opportunities.		
<b>Activities Detail (Must Make a Selection on Plan Instructions and Page 1 Worksheet)</b>		
<b>§301(a)(1)</b> 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.		
<b>§301(a)(2)</b> 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 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.		
<b>§301(a)(3)</b> Matching portions of funds placed into Local or Regional Housing Trust Funds.		
<b>§301(a)(4)</b> Matching portions of funds available through the Low- and Moderate-income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176.		
<b>§301(a)(5)</b> Capitalized Reserves for Services connected to the preservation and creation of new Permanent supportive housing.		

<p><b>§301(a)(6)</b> 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.</p>												
<p><b>§302(c)(4)(E)(i)</b> Provide a description of how allocated funds will be used for the proposed Activity.</p>												
<p>100% of the allocated funds will be used towards funding supportive services for the homeless and at risk homeless and housing programs.</p>												
<p>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).</p>												
Funding Allocation Year	2019	2020	2021	2022	2022	2023	2023					
Type of Activity for Persons Experiencing or At Risk of Homelessness	Transitional	Transitional	Transitional	Transitional	Navigation Centers	Transitional	Navigation Centers					
<b>§302(c)(4)(E)(i)</b> Percentage of Funds Allocated for the Proposed Activity	100%	100%	100%	50%	50%	50%	50%					
<b>§302(c)(4)(E)(ii)</b> Area Median Income Level Served	60%	60%	60%	60%	60%	60%	60%					<b>TOTAL</b>
<b>§302(c)(4)(E)(ii)</b> Unmet share of the RHNA at AMI Level	N/A	N/A	N/A	N/A	N/A	N/A	N/A					0
<b>§302(c)(4)(E)(ii)</b> Projected Number of Households Served	17	17	17	17	17	17	17					119
<b>§302(c)(4)(E)(iv)</b> Period of Affordability for the Proposed Activity (55 years required for rental housing projects)	0	0	0	0	0	0	0					
<p><b>§302(c)(4)(E)(iii)</b> A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity.</p> <p>The Town began operating the Residential Rehabilitation Program more than 15 years ago and in July 2020, the Town implemented a rental and utility assistance program. In addition, the Town anticipates partnering with the City of Victorville in a navigation center with plans of completion and opening by 2021.</p>												
<p><b>§301(a)(7)</b> Accessibility modifications in Lower-income Owner-occupied housing.</p>												
<p><b>§301(a)(8)</b> Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.</p>												
<p><b>§301(a)(9)</b> Homeownership opportunities, including, but not limited to, down payment assistance.</p>												
<p><b>§301(a)(10)</b> 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.</p>												
File Name:	Plan Adoption	<p><b>§302(c)(4)(D)</b> 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.</p>						Attached and on USB?	Yes			