



## Legislation Text

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**File #:** 20-0455, **Version:** 1

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Recommendation to adopt resolution authorizing City Manager, or designee, to execute the Permanent Local Housing Allocation Program Application, Standard Agreement, and any documents and subsequent amendments or modifications thereto, with the California Department of Housing and Community Development, to accept and expend Permanent Local Housing Allocation Program grant funds in the amount of \$17,560,704, over a five-year period. (Citywide)

In September 2017, the California Legislature approved Senate Bill 2 (SB 2), known as the Building Homes and Jobs Act (Act), which established a \$75 recording fee on real estate documents to increase the supply of affordable housing. The Act establishes the Permanent Local Housing Allocation (PLHA) program, administered by the California Department of Housing and Community Development (HCD). The PLHA provides a permanent source of funding to cities and counties to help meet the unmet need for affordable housing and increase the supply of affordable housing units. HCD released its first Notice of Funding Availability for these funds on February 26, 2020.

Under the PLHA, funding is provided through formula grants to entitlement jurisdictions based on the formula prescribed under federal law for the Community Development Block Grant (CDBG) program over a five-year funding period, as well as through a competitive grant program to non-entitlement jurisdictions. The City of Long Beach (City) is an entitlement jurisdiction, and is eligible to receive an estimated \$17,560,704, or approximately \$3 million annually, over the five-year funding period. It is important to note that this is only an estimate, since annual PLHA amounts are subject to change. This is because funding for the PLHA is generated through a fee on real estate transactions, which may fluctuate from year to year. It is estimated that the City will receive first-year funds of approximately \$2,926,784 in October 2020 (FY 21).

The State requires entitlement jurisdictions to use PLHA funds to increase the supply of affordable housing. To receive PLHA funds, the City is required to submit a PLHA Plan (Plan) detailing the manner in which allocated funds will be used; a description of the way the local government will prioritize investments that increase the supply of housing for households at or below 60 percent of AMI; a description of how the Plan is consistent with the programs set forth in the City's Housing Element; and, evidence that the Plan was authorized and adopted by Resolution by the City Council and that the public had an adequate opportunity to review and comment on its content.

The City's Certified 2013-2021 Housing Element, Program 4.1, Affordable Housing Development Assistance, states that the Long Beach Community Investment Company

(LBCIC) provides assistance to housing developers for the construction of affordable rental and for-sale ownership housing. One objective of this program is to annually monitor the availability of State and Federal funding such as the PLHA funds being offered by HCD. The LBCIC assistance is provided to developers in the form of low-interest loans combined with deed restrictions on affordable housing units. The LBCIC makes funding available through a competitive Notice of Funding Availability (NOFA) process. The proposed Plan will make PLHA funds available to developers using this existing LBCIC NOFA process.

The proposed Plan (Attachment A) directs 100 percent of the City’s PLHA funding to the development of new affordable rental housing projects serving households earning 60 percent of the Area Median Income and below. To develop this plan, staff considered existing housing resources and the overwhelming need to develop additional affordable housing units by assisting housing developers to address the remaining Regional Housing Needs Allocation (RHNA) identified in the City’s Certified 2013-2021 Housing Element (Table 1) and the projected RHNA allocation for the next Housing Element cycle, 2021-2029 (Table 2).

**Table 1. Long Beach Regional Housing Needs Allocation 2013-2021**

	<b>Very-Low Income</b>	<b>Low Income</b>	<b>Moderate Income</b>	<b>Above Mode Income</b>	<b>Total</b>
<b>RHNA Allocation (Units)</b>	1,773	1,066	1,170	3,039	7,048
<b>Progress (Permitted Units)</b>	436	191	28	2,600	3,255
<b>Remaining Units</b>	1,337	875	1,142	439	3,793

**Table 2. Long Beach Regional Housing Needs Allocation 2021-2029**

	<b>Very-Low Income</b>	<b>Low Income</b>	<b>Moderate Income</b>	<b>Above Moderate Income</b>	<b>Total</b>
<b>RHNA Allocation (Units)</b>	7,122	4,038	4,149	11,131	26,440

Use of PLHA funds for this unmet housing need is consistent with the City’s Adopted 2013-2021 Certified Housing Element and is recommended by staff.

The PLHA guidelines require that the public be given at least ten days to review and

comment on the proposed Plan. Staff posted the proposed Plan on the Development Services web page on April 27, 2020 and notified residents and stakeholders of its availability for review and comment between April 27, 2020 and May 11, 2020.

The City, through the LBCIC, also applied for up to \$5 million in CalHome funds through HCD in February 2020. If awarded, the funds can be used for second mortgage assistance loans and loans to develop accessory dwelling units. Funding announcements are expected in June 2020.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on April 15, 2020 and by Budget Management Officer Rhutu Amin Gharib on April 29, 2020.

California Department of Housing and Community Development is accepting applications for the Permanent Local Housing Allocation Notice of Funding Availability from April 27, 2020 through July 27, 2020. Staff is requesting that the City Council adopt the resolution on May 19, 2020 in order to submit the application in advance of the July 27, 2020 deadline.

The recommended action approves the application for grant funds for the Permanent Local Housing Allocation program which will help the City address the need for affordable housing. The Development Services Department will appropriate up to the estimated \$17,560,704, based on the final award, during the FY 21 budget development process. This recommendation has no staffing impact beyond the budgeted scope of duties and is consistent with existing City Council priorities. There is no fiscal or local job impact associated with this recommendation.

Approve recommendation.

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LINDA F. TATUM, FAICP  
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

THOMAS B. MODICA  
ACTING CITY MANAGER