



Town of Yountville

6550 Yount Street
Yountville, CA 94599

Staff Report

Agenda Item #: {{section.number}}B

Yountville Town Council Staff Report

DATE: October 18, 2022

TO: Mayor and Town Council

FROM: Steve Rogers, Town Manager

PREPARED BY: Steve Rogers, Town Manager

SUBJECT:

Consider Adoption of Resolution 22-4154 Authorizing the application and Delegating the City of Napa to submit an application on its behalf and Administer the Permanent Local Housing Assistance (PLHA) Grant Award and to authorize the Town Manager to sign a binding delegation agreement with the City of Napa for the period encompassing five (5) years of formula allocations (2019-2023), made available in Notice of Financial Award (NOFA)'s issued by the State beginning in February 2020 and extending through 2024, including all years stipulated in the State standard agreement.

DISCUSSION/BACKGROUND

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. Pursuant to PLHA funding requirements, jurisdictions seeking funds must submit a PLHA plan outlining how the jurisdiction intends to use the funds on eligible activities over the course of five years, how the local government will prioritize investments that increase the supply of housing for households with incomes at or below 60 percent of AMI, and how the plan relates to the local jurisdictions Housing Element.

The intent of the bill is to provide a permanent, ongoing source of funding to local governments for housing-related projects and programs that assist in addressing the unmet housing needs of their local communities. Towns and cities are entitled to a return to source allocation in increments of five years. The current period encompasses funds collected between 2019 and 2023. It is anticipated that the Town will be eligible for an estimated \$486,000 in funding for the five (5) year period. The Town must submit a plan for funds for this year to avoid losing current and future funds through 2023.

The Town of Yountville contracts with the City of Napa to provide housing authority and housing program-related services. As such, City of Napa staff has been working with Town staff to help us

develop a plan that will enable the Town to submit a plan and program in a timely manner to avoid potential loss of funds. City of Napa staff are also working with other cities in the County to provide technical assistance to administer their PLHA Program funds. As part of the application, the Town must prepare, solicit public input, and submit a five-year plan on how the Town intends to use its allocation of (PLHA) Program funds. The Town will be delegating authority to the City of Napa to submit the plan on behalf of the Town of Yountville and approving the delegation agreement authorizes the City of Napa to adopt and submit the plan on behalf of the Town of Yountville.

There are a variety of eligible activities the Town may consider utilizing the funds for such activities as:

- 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.
- The Town has a current homeowner rehabilitation loan program funded by HOME grants and could add additional funding to this program to have increased funding level available to offer to eligible income-qualified applicants. The City of Napa currently provides staff support for this program.
- 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.
- As a part of its budget process, the Town Council approved the concept of establishing a grant program to help fund construction of ADU units and provided an initial placeholder amount of \$100,000 in the current budget using Measure S funds. This would allow the Town to use the PLHA funds to expand potential ADU grant funding. The City of Napa has established an ADU grant program and the Town would utilize its program guidelines and structures for our program.
- Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.
- The Town does not have a property identified that it could potentially acquire at this time to meet funding deadline.
- Up to five percent (5%) of the grant can be used for administrative costs.

The funding available in the NOFA is for a five-year period and is based on anticipated revenue. The Town's five-year estimated funding amount is \$486,000. This amount could increase or decrease in the next two (2) years based on the number of property sales recorded.

The draft PLHA Plan establishes the Town intends to spend its funds on the following:

1. 60% of the initial funds will be allocated to support grants to assist in the construction of deed-restricted affordable Accessory Development units. This funding would expand upon the initial \$100,000 funding placeholder in the current budget and the Town would utilize the City of Napa's existing grant program as the model for the Town's program.
2. 35% of the initial funds will be allocated to the fund to support income-eligible owner-

occupied home rehabilitation program that the Town currently has in place which would increase potential funding to support increased projects.

3. 5% for administrative costs.

Although the PLHA allocations can be modified in the future, any change of 10% or more requires submitting an amended plan to the State.

The City of Napa currently provides housing services to the Town of Yountville. Under the PLHA guidelines, one jurisdiction may delegate the submission of an application and administration of the PLHA program to another entity via a binding delegation agreement for the five-year PLHA cycle. The City of Napa has agreed to serve as the delegated entity for the Town of Yountville. One of the requirements for the City of Napa to serve as the designated entity is that the Town continue with its existing programs that the City supports such as housing rehabilitation grant program administration or if a new program that the program is modeled after an existing City of Napa program for administration coordination.

As outlined in the proposed agreement, the Town would allocate its 5% administrative cost recovery share to the City of Napa to compensate them for the costs in administering the Town's PLHA program.

ENVIRONMENTAL REVIEW

Not Applicable

FISCAL IMPACT

Is there a Fiscal Impact? Yes

Is it Currently Budgeted? No

Where is it Budgeted? N/A

Is it Mandatory or Discretionary? Mandatory

Is there a Staff Resource Impact? Yes

STRATEGIC PLAN GOAL

Is item Identified in Strategic Plan? Indirectly

If yes, Identify Strategic Goal and Objective. **Quality of Life:** The Town enhances the livability of Yountville by providing well-maintained public facilities, parks, and trails, and quality programs and events. **Responsible Fiscal Policy:** The Town maintains its fiscal health through policies designed to maximize economic opportunities, manage expenses, and ensure prudent reserves.

Briefly Explain Relationship to Strategic Plan Goal and Objective. Funding for housing rehabilitation programs and to fund ADU grants help to ensure that there is safe and reliable housing available across the spectrum of Yountville residents; this efforts ensures that the Town meets the program requirements and receives its return to source share of SB2 funding.

RECOMMENDATION

Receive staff report and direct questions to staff.

Receive public comment.

Conduct Council discussion.

Adopt Resolution Number 22-4154 Authorizing the application and Delegating the City of Napa to submit an application on its behalf and Administer the Permanent Local Housing Assistance (PLHA) Grant Award and to authorize the Town Manager to sign a binding delegation agreement with the City of Napa for the period encompassing five (5) years of formula allocations (2019-2023), made available in Notice of Financial Award (NOFA)'s issued by the State beginning in February 2020 and extending through 2024, including all years stipulated in the State standard agreement.