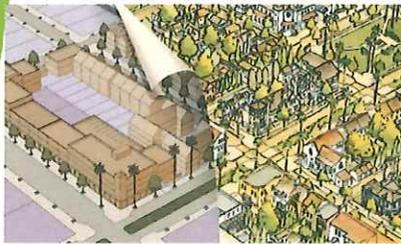# FUNDING AVAILABILITY FOR A NAVIGATION CENTER/ HOMELESS SHELTER

City Council Study Session

October 7, 2019

Issue Background

- On September 3, Councilmember Posey submitted an H item to:
  - "Direct the City Manager and Community Development Director, along with the City Attorney to report back to the City Council with a plan on how the City can ensure that the City is able to use the SB 2 funds that would be allocated to HB for homelessness prevention activities, including providing funding for a Navigation Center locally or regionally."
- City Council discussion included an interest in understanding additional funding sources for a navigation center/ homeless shelter
- This study session is in response to Council direction to report back on possible funding sources, including SB 2 funds, to apply toward homelessness solutions
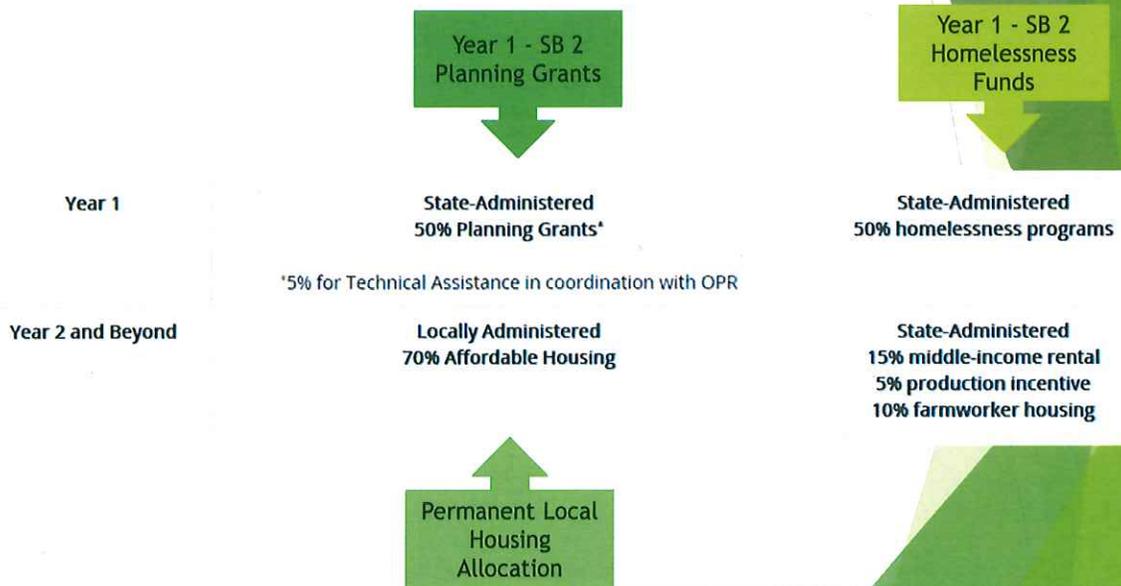
SUPPLEMENTAL COMMUNICATION

Meeting Date: _10-07-2019_

Agenda Item No.: _SS#2 (19-1015)_

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What is SB 2?

- Governor Brown signed the Building Homes and Jobs Act (SB 2) in 2017
- SB 2 establishes a $75 recording fee on real estate documents to increase the supply of affordable homes in California
- Because the number of real estate transactions recorded in each county will vary from year to year, the revenues collected will fluctuate
- Each eligible city can receive SB 2 funds through various application processes
- SB2 funding recapture...

SB 2 Funds – Revenue Allocation

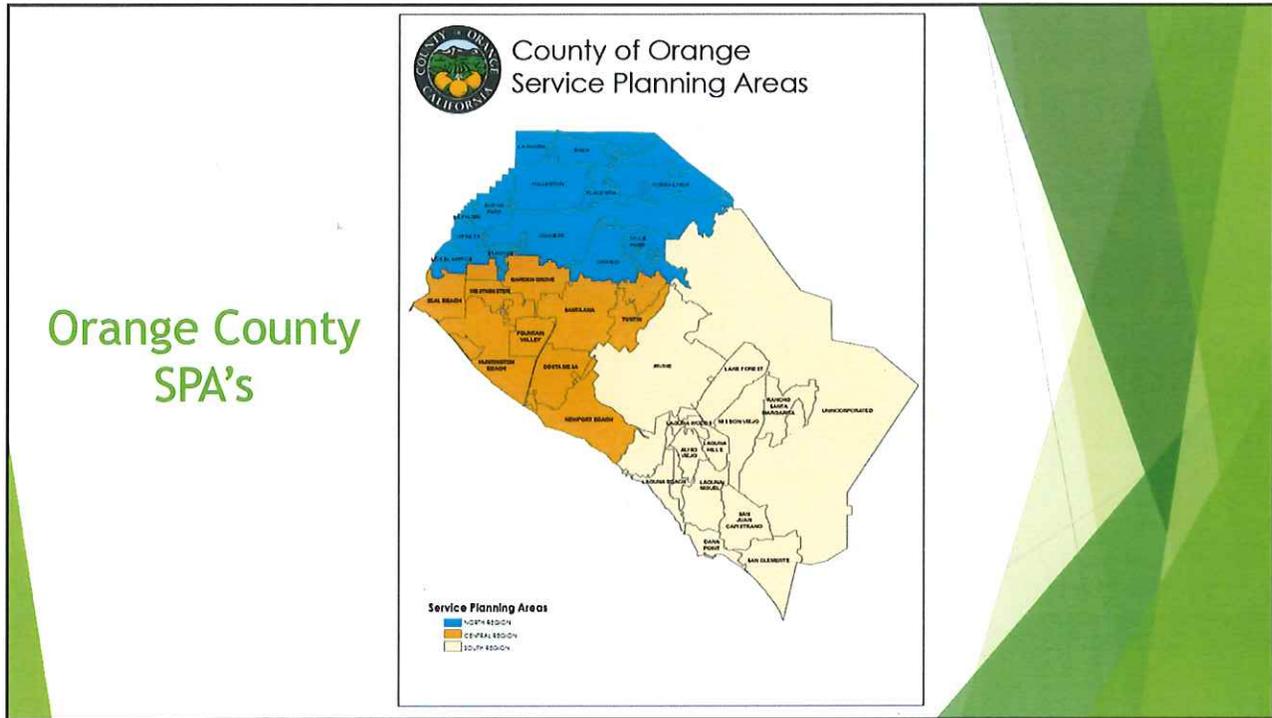|	Year 1 - SB 2 Planning Grants	Year 1 - SB 2 Homelessness Funds
Year 1	State-Administered 50% Planning Grants*	State-Administered 50% homelessness programs
	*5% for Technical Assistance in coordination with OPR	
Year 2 and Beyond	Locally Administered 70% Affordable Housing	State-Administered 15% middle-income rental 5% production incentive 10% farmworker housing
	Permanent Local Housing Allocation	

SB2 – Year 1 Funding
Eligibility Overview To Qualify For SB2 Funds

► Planning Grant Eligibility (50% of all Year 1 SB2 Funds)
  ► Have an HCD-compliant housing element
  ► Have submitted a recent Annual Progress Report
  ► Demonstrate a nexus to accelerating housing production
  ► Demonstrate that the application is consistent with State Planning Priorities
► Homeless Funding Eligibility (50% of all Year 1 SB2 Funds)
  ► Funding distributed to counties, large cities, and continuum of care (COC) agencies
  ► In Orange County, funding eligibility criteria required entities to have a State HCD compliant Housing Element

SB2 – Year 1 Funding
Eligible SB2 Funding Uses

► Planning Grant Funding Eligible Uses
  ► Updates to general plans, community plans, local planning related to implementation of sustainable communities strategies, or local coastal plans
  ► Updates to zoning ordinances
  ► Environmental analysis that eliminate the need for project-specific review
  ► Municipal process improvements that expedite local planning and permitting
► Homeless Funding Uses
  ► $53.3M enerated Statewide
  ► $1.9M distributed to Orange County and COC
    ► $1.2M allocated by North County SPA for two navigation centers
    ► Funds procured through a competitive application process

Orange County
SPA's

SB2 – Year 1 Funding
Planning Grant Program Process / Timeline

▶ $625K is available to Huntington Beach, **if we are eligible to apply**

Technical assistance	Beginning early 2019
NOFA release	March 2019
Over-the-counter period	8 months from NOFA release date, ending on November 30, 2019
Awards	Beginning summer 2019 and ongoing with potential for supplemental round

SB2 – Year 2+ Funding
Permanent Local Housing Allocation (PLHA)

- State estimates that $165M available for the PLHA program annually
  - 83% (estimated $138M) will be made available to local governments that receive a Community Development Block Grant (CDBG) allocation utilizing the same formula
  - Huntington Beach is a CDBG entitlement city
- **If Huntington Beach is eligible for this funding, we could receive ~$481K / year**
  - Of note, if we are eligible, additional SB2 PLHA funds are available through the OC COC if Huntington Beach partners with other cities in the Central SPA
- Notice of Funding Availability (NOFA) of SB2 PLHA funds is anticipated to be released any day

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SB2 – Year 2+ Funding
PLHA Funding Process / Eligibility Criteria

- To access PLHA SB2 funds, agencies will be required to submit an application to the State HCD detailing how funds will be used to address the following:
  - To meet the unmet share of the regional housing needs allocation
  - To increase the supply of housing for households at or below 60% annual median income (AMI)
- To be eligible for SB2 PLHA funds, participating agencies must have an adopted and compliant housing element as certified by State HCD
- In addition, eligible agencies must submit their most recent Housing Element Annual Progress Report per Government Code Section 65400

SB2 – Year 2+ Funding
PLHA Funding Eligible Uses

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

2. Affordable rental and ownership housing that meets the needs of a growing workforce earning up to 120% of AMI, or 150% of AMI in high-cost areas.

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 Funds pursuant to subdivision (d) of Section 34176 of the Health and Safety Code.

5. Capitalized reserves for services connected to the creation of new permanent supportive housing, including but not limited to, developments funded through the Veterans Housing and Homelessness Prevention Bond Act of 2014.

6. Assisting persons who are experiencing or at-risk of homelessness, including providing rapid rehousing, rental assistance, navigation centers, emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing. This activity may include using PLHA funds for continued assistance to households assisted with California Emergency Solution and Housing (CESH) Program funds.

7. Accessibility modifications.

8. Efforts to acquire and rehabilitate foreclosed or vacant homes.

9. Homeownership opportunities, including, but not limited to, down payment assistance.

10. Fiscal incentives or matching funds to local agencies that approve new housing for extremely low, very low, low, and moderate-income households.

SB2 Funding Overview
Potentially Available SB2 Funds For HB

Funding Type	Amount
Year 1 SB 2 Homelessness Funds	$0*
Year 1 SB 2 Planning Grants	$625,000
Year 2 & Beyond: PLHA	$481,000**
5-Year Cumulative PLHA Funds:	$3.655M**

It is difficult to know if HB had been eligible to submit an application whether the application would have been competitive. The County expressed a preference for collaboration which put the North SPA at an advantage.

**This number will fluctuate depending on the actual amount of real estate transactions that occur from year to year.*

Accessing SB2 Funding Requires An HCD-Compliant Housing Element

▶ Staff engaged HCD to determine the process to obtain an HCD compliant Housing Element

▶ Based on input from HCD, the following project timeline has been prepared by staff:

No.	Task	Date
1.	Prepare draft HE Amendment	Now - 10/10/19
2.	Send to HCD for informal review (30 days)	10/10/19 – 11/10/19
3.	Revise Draft HE Amendment	11/11/19 – 11/22/19
4.	Submit to HCD for 60-day review / concurrent 60-day noticed public review a) Stakeholder meeting b) CC study session c) Direct mail/email notification d) Post on website, social media, CM newsletter,	11/25/19 – 1/23/20
5.	Obtain HCD finding of compliance letter	1/23/20
6.	City Council Public Hearing	2/3/20

Other Possible Funding Sources To Address Homelessness

▶ HCD Funding
  ▶ No Place Like Home Program
  ▶ Veterans Housing & Homelessness Prevention Program
  ▶ Housing for a Healthy California Program
  ▶ California Emergency Solutions Housing Program
  ▶ Emergency Solutions Grant Program
▶ CA Department of Health Care Services
  ▶ Whole Person Care Pilot Program
  ▶ ACA Section 2703 Health Home Program
  ▶ Mental Health Services Act
  ▶ Special Needs Housing Program
▶ CA Department of Social Services
  ▶ Bringing Families Home Program
  ▶ Home Safe Program
  ▶ Housing & Disability Advocacy Program

Questions & Feedback