



HOUSING DIVISION

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3308 • CUPERTINO.ORG

CITY COUNCIL STAFF REPORT

Meeting: November 16, 2021

Subject

Consider City Participation in Santa Clara County Permanent Local Housing Allocation (PLHA) Partnership to apply for State of California PLHA funds to provide financial assistance for eligible housing-related projects and programs to assist in addressing unmet housing needs in the City.

Recommended Action

Conduct a public hearing; and

1. Authorize the City Manager or designee to enter into a Consortium Agreement with the County of Santa Clara (County), that authorizes the County to submit funding applications to the State of California on the City's behalf for the City's allocation of State PLHA program funds, and authorizes the County to administer the funds in accordance with State requirements and in accordance with the Consortium Agreement; and
2. Adopt Resolution (21-XXX), authorizing the County to submit the PLHA program application to the State on behalf of the City (Attachment A).

Discussion

Background

Chapter 364, Statutes of 2017 (SB2) was part of a 15-bill housing package aimed at addressing the State's housing shortage and high housing costs. SB2 created the Building Homes and Jobs Trust Fund and the PLHA Program. Specifically, it established a permanent source of funding intended to increase the affordable housing stock in California. The revenue from SB2 varies from year-to-year since revenue is dependent on real estate transactions with fluctuating activity. The legislation directs the California Department of Housing and Community Development (HCD) to use 70% of the revenue collected beginning in 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.

The PLHA formula allocations are based on the formula used to award federal Community Development Block Grant (CDBG) funds to eligible communities in Fiscal Year (FY) 2017. The chart below shows the estimated 2019 PLHA allocations by eligible jurisdiction in the County. Jurisdictions will receive annual allocations of PLHA funds.

PHLA Entitlement Jurisdictions	2019 Allocation	2020 Allocation	Combined 2019 & 2020 Allocation	Previously Awarded	Currently Available
Santa Clara County	\$736,733	\$1,145,111	\$1,881,844	\$0	\$1,881,844
City of Cupertino	\$165,510	\$257,254	\$422,764	\$0	\$422,764
City of Gilroy	\$244,259	\$379,654	\$623,913	\$0	\$623,913
City of Milpitas	\$238,595	\$370,850	\$609,445	\$0	\$609,445
City of Mountain View	\$256,551	\$398,761	\$655,312	\$0	\$655,312
City of Palo Alto	\$231,496	\$359,817	\$591,313	\$0	\$591,313
City of San Jose	\$4,348,646	\$6,759,142	\$11,107,788	\$4,348,646	\$6,759,142
City of Santa Clara	\$479,491	\$745,278	\$1,224,769	\$0	\$1,224,769
City of Sunnyvale	\$533,023	\$828,483	\$1,361,506	\$0	\$1,361,506
Total	\$7,234,304	\$11,244,350	\$18,478,654	\$4,348,646	\$14,130,008

Application Submission

The County is proposing to submit a noncompetitive application for the PLHA funds allocated to the County and on behalf of the City which will include the following:

1. A resolution of the County Board of Supervisors authorizing the County Executive to enter into a Consortium Agreement with the City and a joint application to the HCD for the City's PLHA allocation.
2. A Consortium Agreement between the County and the City that includes the following: a term of five years which will automatically renew until the City notifies the County of its intent to withdraw; authorization for the County to act as the Lead Entity for the PLHA program and shall assume overall responsibility for ensuring that the PLHA program is carried out in compliance with Title 24, Part 92 of the Code of Federal Regulations.
3. In addition, other cities in the County may choose to enter into a Consortium Agreement with the County.

Eligible Uses of PHLA Funds

To meet the objectives set forth by the PLHA program, the Consortium Agreement will require that the City of Cupertino's allocation of PLHA funds be allocated toward the following eligible activities selected based on the most pressing needs of the community:

1. 100% of the allocated PLHA funding will be allocated toward eligible 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, examples being projects that may occur at sites such as Mary Avenue, 20560 Valley Green Drive (Outback Steakhouse site), and Simeon Properties site in the northeast corner of the Vallco Special Plan Area.
2. In the event that funds cannot be spent on the targeted affordable housing projects due to circumstances such as delays or cancellations, remaining funds may be used on a Rapid Rehousing Program to assist persons who are experiencing, or at risk of, homelessness. Rapid Rehousing connects families and individuals experiencing homelessness to permanent housing through a tailored package of assistance that may include the use of time-limited financial assistance and targeted supportive services. The City identified Rapid Rehousing as a need via communications with external partners.

Consortium Agreement

The Consortium Agreement includes the initial five-year qualification period for FY 2019-23. The Consortium Agreement shall be automatically renewed unless the City provides a Notice of Termination. As required by HCD, the County will submit Annual Reports to HCD on behalf of the City by July 31st of each year. The Annual Report will include the uses and expenditures of all awarded allocations as well as any proposed amendment to eligible activities. The City will review and approve the Annual Report prior to submission.

Entering into the Consortium will come at no cost to the City. The City of Gilroy recently approved entering into a Consortium Agreement and the cities of Milpitas and Palo Alto are considering joining the Consortium as well. Additional benefits of the Consortium include a reduction in City staff administration time on the PHLA program including the application process, reporting requirements, and monitoring and compliance efforts. The Consortium Agreement will allow the County to fully utilize PHLA funds on costs incurred at the County-level for any of the City's affordable housing projects. By entering into the Consortium, the City is required to involve the County in all discussions regarding eligible uses of PHLA funds.

The County has sent the City a sample Consortium Agreement used in another jurisdiction, attached to this staff report (Attachment B). The final consortium agreement for Santa Clara County is not yet ready.

Sustainability Impact

None

Fiscal Impact

None

Process

This is the one of two public hearings required by HCD for PHLA Consortium application submissions, with the second being a future County of Santa Clara County Board of Supervisors meeting. The County will publish one notice on behalf of the cities.

Prepared by: Gabriel Borden, Senior Housing Planner

Reviewed by: Kerri Heusler, Housing Manager

Benjamin Fu, Director of Community Development

Dianne Thompson, Assistant City Manager

Approved by: Greg Larson, Interim City Manager

Attachments:

A – Draft Resolution (County of Santa Clara PLHA Consortium)

B – Sample Consortium Agreement