



City of Santa Monica Housing Division
Permanent Local Housing Allocation
302(c)(4) Plan

(Funding Allocation Years 2019-2023)

Public Input Opportunity

On February 26, 2020, the State of California Department of Housing and Community Development (“HCD”) released a Notice of Funding Opportunity for the Permanent Local Housing Allocation (“PLHA”) program. As an entitlement jurisdiction, the City of Santa Monica is eligible for grant funding through the program’s formula component. The formula allocates \$547,516 to the City for Funding Allocation Year 2019 and an estimated \$3,285,096 over five years. Actual funding in future years will vary based on the amount of total PLHA funding.

Section 302 of the PLHA Final Guidelines identifies the threshold requirements jurisdictions must meet to participate in the funding formula allocation. The City prepared the attached Plan in accordance with Section 302(c)(4) to meet the threshold requirements and to inform the public how the City intends to spend the allocation of PLHA funds. The Plan uses the template form provided by HCD.

The 302(c)(4) Plan establishes that the City intends to spend the allocation of PLHA funds for the predevelopment, development, acquisition, rehabilitation, and/or preservation of multi-family rental housing affordable to extremely low-, very low-, or low-income households and in accordance with the City’s [Housing Trust Fund Plan](#) and [Guidelines](#), as well as in accordance with the PLHA Final Guidelines.

Public comments on the Plan can be submitted by e-mail to smhousing@smgov.net with the subject line “PLHA Plan” prior to May 25, 2020. Staff anticipates presenting a final draft Plan to City Council at the May 26th meeting.

§302(c)(4) Plan

Rev. 2/26/20

§302(c)(4)(A) Describe the manner in which allocated funds will be used for eligible activities.

The City of Santa Monica ("City") plans to use PLHA funds for the predevelopment, development, acquisition, rehabilitation, and/or preservation of multi-family rental housing affordable to extremely low-, very low-, or low-income households. For Funding Allocation Year 2019, a specific development has been identified: a 58-residence, permanent supportive, multifamily rental housing project. For future Funding Allocation Years, the City will allocate PLHA funds to multi-family rental housing developments proposed by non-profit affordable housing developers requesting Housing Trust Fund loans.

The City will use PLHA funds in accordance with its own Housing Trust Fund Plan and Guidelines, as well as in accordance with the PLHA Final Guidelines.

§302(c)(4)(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 rental housing development to be assisted with Funding Allocation Year 2019 PLHA funds will be occupied by households with incomes of no more than 30% AMI. With the City's loan, 57 new apartments that are restricted to households making no more than 30% AMI will be built. (The additional apartment is a manager's residence that will be occupied by a household with an income up to 80% of AMI.)

Future years' developments will be funded in accordance with the City's Housing Trust Fund Guidelines, which restrict funding to assist units that will be occupied by households with incomes of no more than 80% AMI. Furthermore, certain sources of funding in the City's Housing Trust Fund restrict funding further to assist units that will be occupied by households with incomes of no more than 60% AMI. When it has the option to assist units for households with incomes of no more than 60% AMI and those with incomes between 60% and 80% AMI, the City will prioritize the PLHA funds to the former.

§302(c)(4)(C) Provide a description of how the Plan is consistent with the programs set forth in the Local Government's Housing Element.

The City's Housing Element contains the goal of producing housing for all income categories (Goal 2.0), including objectives to develop new affordable housing finance programs to enable continued provision of technical and financial assistance for housing production (Objective 2.c) and to facilitate the development of special needs housing (Objective 2.f). Other goals in the Housing Element include to protect the existing supply of affordable housing (Goal 3.0) and rehabilitate and continue to maintain the existing housing stock (Goal 4.0) with a focus on low income housing (Objective 4.a). Yet another goal is to provide housing assistance and supportive services to very low-, low-, and moderate-income households and households with special needs (Goal 5.0), including facilitating the reduction of the number of homeless individuals living on the streets of Santa Monica through the provision of a range of housing options, with an emphasis on affordable, permanent supportive housing (Objective 5.f). The City will use 100% of its PLHA funds for Activity 301(a)(1), which is consistent with all of these goals, objectives, and related programs.

Activities Detail (Activities Detail (Must Make a Selection on Formula Allocation Application worksheet under Eligible Activities, §301))

§301(a)(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.

§302(c)(4)(E)(i) Provide a description of how allocated funds will be used for each proposed Affordable Rental Housing Activity.

The PLHA funds for Funding Allocation Year 2019 will be used to make a gap loan for new construction of a 58-residence, permanent supportive, multifamily rental housing development. PLHA funds for future Funding Allocation Years will be used to make gap loans to multifamily rental housing developments proposed by non-profit affordable housing developers requesting Housing Trust Fund loans.

Complete the table below for each proposed Affordable Rental Housing 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).

Funding Allocation Year	2019	2019	2020	2021	2022	2023									
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Affordable Rental Housing Activity	100%		100%	100%	100%	100%									
§302(c)(4)(E)(ii) Area Median Income Level Served	30%	80%	80%	80%	80%	80%									TOTAL
§302(c)(4)(E)(ii) Unmet share of the RHNA at the AMI Level	63	91	91	91	91	91									518
§302(c)(4)(E)(ii) Projected Number of Households Served	57	1	35	35	35	35									198

§302(c)(4)(E)(iv) Period of Affordability for the Proposed Affordable Rental Housing Activity (55 years required for rental housing projects)	55 Years														
§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity.															
<p>The affordable housing development to be assisted by Funding Allocation Year 2019 is in the process of obtaining entitlements. The Sponsor plans to apply for Multifamily Housing Program funding in October 2020 and 4% tax credits in February 2021. Construction is anticipated to start in August 2021.</p> <p>The City has committed funding from its Housing Trust Fund to 11 developments of affordable multi-family rental housing over the last three years, with some developments receiving commitments of both acquisition/predevelopment financing and construction/permanent financing. The City has an annual revenue source intended for affordable housing development and rehabilitation/preservation, and expects applications for Housing Trust Fund assistance to continue, providing a steady pipeline of opportunities to use PLHA funding to develop or preserve affordable multi-family rental housing in a timely way.</p>															
§301(a)(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 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.															
§301(a)(3) Matching portions of funds placed into Local or Regional Housing Trust Funds.															
§301(a)(4) Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176.															
§301(a)(5) Capitalized Reserves for Services connected to the preservation and creation of new permanent supportive housing.															
§301(a)(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.															
§301(a)(7) Accessibility modifications in Lower-income Owner-occupied housing.															
§301(a)(8) Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.															
§301(a)(9) Homeownership opportunities, including, but not limited to, down payment assistance.															
§301(a)(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.															