



COUNTY OF NEVADA
HEALTH & HUMAN SERVICES AGENCY
Housing & Community Services Division

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NEVADA COUNTY BOARD OF SUPERVISORS
Board Agenda Memo

MEETING DATE: May 9, 2023
TO: Board of Supervisors
FROM: **Mike Dent – Housing & Community Services**
SUBJECT: Resolutions pertaining to Local Housing Trust Fund application and matching funds

1. Authorizing submission of an application for funding under the Local Housing Trust Fund grant program, certifying use of a future award of Local Housing Trust Funds (LHTF) in accordance with applicable state and federal statutes, rules, regulations, and laws regarding the LHTF program, compliance with any and all contracts with the California department of Housing and Community Development (HCD), complying with matching requirements under the LHTF award, and authorizing the Western Nevada County Regional Housing Trust Fund to act as trustee in connection with the funds to eligible projects.
2. Authorizing commitment of County General Fund and American Rescue Plan Act (ARPA) funds to be used as matching funds for a local housing trust fund application, amending the ARPA fiscal year 2022/23 budget, amending the fiscal year 2022/23 Regional Housing Projects budget, and authorizing the Auditor Controller to release fund balance (4/5 affirmative vote required).

RECOMMENDATION: Approve the attached resolutions.

FUNDING:

The LHTF matching funds program provides for a \$1:\$1 State match of local funds. For the 2023 application, the County's Western Nevada County Regional Housing Trust Fund (WNCRHTF) will pledge Permanent Local Housing Allocation ("PLHA") funds \$743,069, \$500,000 in County general fund dollars, and \$500,000 in American Rescue Plan Act (ARPA) funds, and \$10,000 in City of Nevada City general funds. Budget amendments for the 2022-2023 Housing and

Community Services Division's Regional Housing Projects budget and the ARPA budget are required to support this application.

BACKGROUND: In 2018, Proposition 1 was approved by California voters to provide grant funding under the LHTF Program from the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) as described in Health and Safety Code section 50842.2 et seq. Chapter 365, Statutes of 2017 (SB 3), which authorized the California Department of Housing and Community Development ("Department") to provide matching grants to Local Housing Trust Funds established by cities and counties, Native American tribes, and/or incorporated 501(c)(3) nonprofit organizations. Funds may be used for construction loans and/or permanent financing loans to pay for predevelopment costs, acquisition costs, and other costs associated with development or rehabilitation of affordable rental housing projects, emergency shelters, permanent supportive housing, transitional housing, or affordable homebuyer/homeowner projects, including assistance to income-eligible households to purchase for-sale units. Funds may also be used for the construction, conversion, repair, reconstruction or rehabilitation of accessory dwelling units.

On July 14, 2020, the cities of Grass Valley and Nevada City joined with Nevada County in a Memorandum of Understanding, authorized by resolution 20-316, to form and administer the Western Nevada County Regional Housing Trust Fund (WNCRHTF). At the same time, the Board authorized, with resolution 20-315, the acceptance of the Permanent Local Housing Allocation (PLHA) Plan, which pledged the funds from the three member agencies for a five-year period to be allocated to the WNCRHTF for the purposes of funding affordable housing projects and to be pooled together to support homelessness activities. Finally, on that same day, Resolution 20-317 authorized the County to submit an application to the State's LHTF matching program, which was awarded on February 3, 2021. Since then, the WNCRHTF has awarded a loan for the Cashin's Field workforce housing project and is currently reviewing proposals for its next award of funds.

The State has released a notice of funding availability (NOFA) that a new round of matching LHTF is available with the application due May 17, 2023. The item before you requests approval to submit an application utilizing the WNCRHTF FY 22/23 allocation of PLHA, a contribution from the City of Nevada City, and \$500,000 from the County's General Fund and \$500,000 in the County's ARPA allocation for housing projects as its matching funds. Should the matching funds be awarded, they will be used as resources by the WNCRHTF, administered by the County as the lead agency, to provide loans for acquisition, predevelopment expenses and development of affordable rental housing projects, transitional housing projects, and homeownership projects in the region.

The American Rescue Plan Act of 2021 (H.R. 1319) is a \$1.9 trillion economic stimulus package passed by Congress and signed by President Joseph Biden on March 11, 2021 in response to the ongoing COVID-19 pandemic and associated economic challenges. H.R. 1319 included \$350 billion in State and Local Aid, which included \$65.1 billion in direct funding to counties. Based on US Treasury allocations, Nevada County has been allocated \$19,376,239 in funding. The first installment of funds in the amount of \$9,688,119.50 was received on June 10, 2020 and the remaining \$9,688,119.50 was received on July 26, 2022. The deadline to obligate all funds is December 31, 2024.

On April 27, 2021, staff brought a preliminary ARPA Expenditure Plan to the Board for direction. The plan included a recommendation to allocate 30% of ARPA funds (\$5.8M) to community and economic resiliency projects, and 70% (\$13.6M) for COVID-19 related county costs and revenue loss. At the April 27, 2021 Board meeting, comment was provided, and the plan was accepted as presented.

Occasionally, certain ARPA Expenditure Plan projects will need to have a budget established or adjusted for accounting purposes. As stated in the staff letter for Resolution 22-625 that established budgets for some projects, there are other planned projects and these budgets would likely be established through individual resolutions as the projects progress. This proposed Resolution represents that individual request to establish the budget for the previously planned HHSR Housing Related projects allocation. It does not represent deviation from the approved ARPA Expenditure Plan, nor the nature of the approved projects.

Item Initiated by: Angela Masker, Senior Administrative Analyst, Housing and Community Services

Approved by: Mike Dent, MPA, Director of Child Support, Housing and Community Services