



## Permanent Local Housing Allocation 5-Year Plan and Application for Funding

Community and Economic Development

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Shasta Lake, CA 96019

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## Permanent Local Housing Allocation 5-Year Plan

The public comment period opened November 22, 2021 and concluded on December 1, 2021. Residents were encouraged to submit comments by one of the following methods:

### **Submit comments by Mail:**

City of Shasta Lake  
Community and Economic Development  
Attn: Whitney Zeller  
4477 Main Street  
Shasta Lake, CA 96019

### **Submit Comments by Email:**

wzeller@cityofshastalake.org  
Please include "PLHA Draft Comments" in the subject line

### **Submit Comments by Phone:**

(530) 275-7427

A landing page was published for this project outlining the details of this plan on the City's website on November 22, 2021. Residents were also invited to submit comments during the December 7, 2021 City Council meeting at 6 p.m. prior to City Council consideration of the Plan. Participation instructions were posted with the agenda at ([cityofshastalake.org/archive](http://cityofshastalake.org/archive)). Additional accommodations offered by request to the office of the City Clerk at (530) 275-7407 at least 48 hours prior to the meeting.

## Summary

The California Department of Housing and Community Development (California HCD) has issued a Notice of Funding Availability for the Permanent Local Housing Allocation (PLHA). The PLHA provides a fund for eligible housing and homelessness activities to local governments with the intention of providing a permanent, on-going source of funding for housing-related projects and programs that assist in addressing unmet housing needs.

As a non-entitlement local government for PLHA funds, the City of Shasta Lake (City) will receive an annual allocation for 2019 to 2023, pursuant to the approval of a five-year plan. The City's allocation is \$102,227 for 2019, \$161,424 for 2020, and an estimated 5-year total of \$613,366. This document will provide a summary of the City of Shasta Lake's 2019-2023 application to California HCD.

Eligible activities for the PLHA are limited to the following:

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<sup>1</sup>, including necessary operating subsidies.
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. ADUs shall be available for occupancy for a term of no less than 30 days.
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 Fund pursuant to subdivision (d) of HSC Section 34176.
5. Capitalized Reserves for services connected to the preservation and creation of new permanent supportive housing.
6. Assisting persons who are experiencing or At-risk of homelessness, including, but not limited to, providing rapid re-housing, 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.
7. Accessibility modifications in Lower-income Owner-occupied housing.

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8. Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.
9. Homeownership opportunities, including, but not limited to, down payment assistance.
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.

Eligible activities must also be consistent and compliant with the City's adopted Housing Element, and at least 20% of the allocation must be used for Affordable Owner-Occupied Workforce Housing (AOWH) defined as housing that is affordable to persons and families of low- or moderate-income. Funds available for administrative expenses are limited to 5% of the allocation.

<sup>1</sup> Extremely low income is household income at or below 30% of Area Median Income (AMI); Very low income is at or below 50% AMI; Low Income is at or below 80% AMI; and Moderate Income is at or below 120% of AMI. Income limits are adjusted for household size.

The City of Shasta Lake's 5-year PLHA plan allocates the proposed funding according to the following percentages:

| <b>Percentage of Funds Allocated For:</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| (2) Ownership Predevelopment              | 50%         | 50%         | 50%         | 50%         | 50%         |
| (2) Ownership Rehabilitation              | 50%         | 50%         |             |             |             |
| (2) Ownership Development                 |             |             | 50%         | 50%         | 50%         |

## **Permanent Local Housing Allocation Formula Allocation Plan Application**

Manner in which allocated funds for all five years will be used for Activities eligible under the PLHA statute and guidelines:

The City will use allocated funds for the following activity: Predevelopment, development, and rehabilitation of Affordable 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). The city of Shasta Lake will utilize PLHA funds to create more affordable housing in our community and strive to serve Households of extremely low, very low, low, and moderate income.

Description of how the City will prioritize investments that increase the supply of housing for households with incomes at or below 60 percent of the Area Median Income, adjusted for household size:

PLHA funds will support multiple projects and programs located within the City of Shasta Lake, including predevelopment, owner-occupied rehabilitation, and development projects. Projects and programs will adhere to PLHA Guidelines and in accordance to Section 301 (a). Projects and Programs will reflect the priorities set forth in the application, including a focus on households at or below 60 percent AMI.

Description of how the Plan is consistent with the programs set forth in the City's Housing Element:

The City's 2020-2028 Housing Element includes seven goals, each with specific policies and implementation actions. The City's plan provides direct actions to support the following goals set forth in the Housing Element:

GOAL HE-1) To provide for a broad range of housing types to meet the needs of all residents

GOAL HE-2) To promote the construction and maintenance of quality affordable housing projects for extremely low-, very low-, and low-income households

GOAL HE-3) To maintain and rehabilitate the existing housing stock to preserve community character and housing units affordable to a mix of income levels

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GOAL HE-4) To provide adequate infrastructure and services for residential development

GOAL HE-6) To provide a range of housing types and services for special needs groups

GOAL HE-7) To require safe and sanitary housing and quality living environment for all Shasta Lake residents regardless of age, religion, race, ethnicity, creed, sex, sexual orientation, marital status, ancestry, national origin, disability, economic level, and other arbitrary factors

### Program Income Reuse Plan:

Program income received from activities in this plan will be returned to the will be utilized to deliver programs within the perimeters of the PLHA Program and activities in accordance with Section 301 (a). The full Reuse Plan can be found in Appendix A.

### Reporting:

The City will provide an annual report of the uses and expenditures of any allocated funds annually to the Department of Housing and Community Development, according to their specifications.

### **Describe each proposed activity and the percentage of funding allocated to it for each year of the Five-Year Plan:**

Activity 1 – 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.

#### Activity Description:

PLHA funds will be used for multiple programs and projects geared towards increasing the supply of housing for households at or below 120% AMI, prioritizing those at or below 60% AMI. Following awarding of funds, the City will solicit for qualified developer proposals to consider for funding. The remainder of funds will be used to facilitate an owner-occupied rehabilitation program and ownership development projects. Funding will be in the form of a low-interest



## Appendix A: Program Income Reuse Plan

### I. Introduction

- A. The purpose of this plan is to establish guidelines for the administration and utilization of loan repayments of principal and interest received by the City of Shasta Lake (City) as a result of activities funded under the California Permanent Local Housing Allocation Program (PLHA).
- B. All repayments of loan principal and any loan interest shall be deposited into a separately maintained PLHA reuse Project Ledger governed by a reuse plan approved by the California Department of Housing and Community Development (HCD).
- C. PLHA was established by Chapter 364, Statutes of 2017 (SB2, Atkins) and was part of a 15-bill package aimed at addressing the state's housing shortage and high housing costs. SB 2 was authorized by Health and Safety Code (HSC) Section 50470.

### II. Definition of Program Income

- A. Program Income (PI) is defined as the gross income which is received by the jurisdiction that has been directly generated from the use of PLHA funds. Most commonly, PI is generated from payments of principal and interest on loans made using PLHA funds.
- B. Other examples of PI include:
  - 1. Interest earned on PI pending its disposition; and
  - 2. Interest earned on funds that have been placed in a Reuse Project and Activity Account.
- C. The actual amount accounted for as PLHA PI shall be directly proportionate to the actual percentage of PLHA participation in a project.
- D. If PLHA loan funds are allocated for a project but not spent, they shall be returned to the City's PLHA loan pool as unspent (unused) funds.

### III. Reuse limits

- A. All assistance provided to activities under this Reuse Plan shall be used for activities that are located within the City's boundaries.
- B. The PI shall provide one hundred percent (100%) benefit to the Targeted Income Group (TIG), defined as one hundred twenty (120%) or less of the area median income as determined annually by HCD.

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- C. PLHA funding of loans using PI funds will be consistent with the most recent PLHA Program Guidelines adopted by the City.

### IV. Eligible use of funds

- A. Eligible uses of funds must be consistent with Section 301 in the State's PLHA Guidelines.

### V. PLHA reuse account requirements

- A. All PI will be deposited into the Project and Activity Ledger specifically designated for PLHA funds so that it will be separated from any other funding source. The Project and Activity Ledger will provide:
  - 1. A tracking system to ensure reuse of funds are used for appropriate activities;
  - 2. Appropriate reporting ability;
  - 3. Timely processing; and
  - 4. Any accrued interest earned on PLHA funds is to accrue to the PLHA Reuse Project and Activity Ledger.
- B. The City will monitor the reuse Project and Activity Ledger according to the most current PLHA requirements.

### VI. Tracking PLHA PI

- A. All PI will be tracked by one or more of the following:
  - 1. Borrower Name
  - 2. Grant Agreement
  - 3. Site Address
  - 4. Amount
  - 5. Interest rate
- B. As PLHA loans are paid in full, all principal and interest from the payoff will be deposited into the PLHA Reuse Project and Activity Ledger for future projects to take place.

**Appendix B: PLHA Application and 5-Year Plan**

The City will submit a PLHA application and 5-Year plan to the California Department of Housing and Community Development (California HCD) in accordance with the instruction from California HCD to submit the plan by December 31, 2021. At the time of submission, a resolution and evidence of public comment will be included. The City will conduct its required public hearing, after which the City Council will have the opportunity to adopt a resolution to both accept the 5-Year Plan and authorize the submission of the application.

**§302(c)(4) Plan**

Rev. 5/14/21

**§302(c)(4)(A)** Describe the manner in which allocated funds will be used for eligible activities.  
 The City will use allocated funds for the following activity: predevelopment, development, and rehabilitation of Affordable 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). The City of Shasta Lake will utilize PLHA funds to create more affordable housing in our community and strive to serve Households of extremely low, very low, low, and moderate income.

**§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).  
 PLHA funds will support multiple projects and programs located within the City of Shasta Lake, including predevelopment, owner-occupied rehabilitation, and development projects. Projects and programs will be adhere to PHLA Guidelines and in accordance to Section301(a). Projects and Programs will reflect the priorities set forth in the application, including a focus on households at or below 60% AMI.

**§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 2020-2028 Housing Element includes seven goals, each with specific policies and implementation actions. The City's Plan provides direct actions to support the following goals set forth in the Housing Element:  
 GOAL HE-1) To provide for a broad range of housing types to meet the needs of all residents  
 GOAL HE-2) To promote the construction and maintenance of quality affordable housing projects for extremely low-, very low-, and low-income households  
 GOAL HE-3) To maintain and rehabilitate the existing housing stock to preserve community character and housing units affordable to a mix of income levels  
 GOAL HE-4) To provide adequate infrastructure and services for residential development  
 GOAL HE-6) To provide a range of housing types and services for special needs groups  
 GOAL HE-7) To require safe and sanitary housing and quality living environment for all Shasta Lake residents regardless of age, religion, race, ethnicity, creed, sex, sexual orientation, marital status, ancestry, national origin, disability, economic level, and other status factors.

**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.

**§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.

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

|  |            |
|--|------------|
| <b>Percentage of Funds Allocated for Affordable Owner-occupied Workforce Housing</b> | <b>50%</b> |
|--|------------|

PLHA funds will be used for multiple programs and projects geared towards increasing the supply of housing for households at or below 120% AMI, prioritizing those at or below 60% AMI. Following awarding of funds, the City will solicit for qualified developer proposals to consider for funding. The remainder of funds will be used to facilitate an owner-occupied rehabilitation program and ownership development projects. Funding will be in the form of a low-interest deferred loan, with the loan amount and terms delineated at the time the loan commitment is approved. All programs and projects will adhere to the PLHA program guidelines.

Complete the table below for each proposed Affordable Rental and Ownership 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                      | 2020                      | 2021                      | 2021                   | 2022                      | 2022                   | 2023                      | 2023                   |  |  |  |  |              |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|------------------------|--|--|--|--|--------------|
| Type of Affordable Housing Activity  | Ownership: Predevelopment | Ownership: Rehabilitation | Ownership: Predevelopment | Ownership: Rehabilitation | Ownership: Predevelopment | Ownership: Development | Ownership: Predevelopment | Ownership: Development | Ownership: Predevelopment | Ownership: Development |  |  |  |  |              |
| <b>§302(c)(4)(E)(ii) Area Median Income Level Served</b>   | 120%                      | 120%                      | 120%                      | 120%                      | 120%                      | 120%                   | 120%                      | 120%                   | 120%                      | 120%                   |  |  |  |  | <b>TOTAL</b> |
| <b>§302(c)(4)(E)(ii) Unmet share of the RHNA at AMI Level</b><br><b>Note: complete for year 2019 &amp; 2020 only</b> | 2                         | 21                        | 0                         | 0                         |                           |                        |                           |                        |                           |                        |  |  |  |  | 23           |
| <b>§302(c)(4)(E)(i) Percentage of Funds Allocated for Each Affordable Housing Activity</b>                           | 50%                       | 50%                       | 50%                       | 50%                       | 50%                       | 50%                    | 50%                       | 50%                    | 50%                       | 50%                    |  |  |  |  |              |
| <b>§302(c)(4)(E)(ii) Projected Number of Households Served</b>   | 1                         | 2                         | 1                         | 2                         | 1                         | 1                      | 1                         | 1                      | 1                         | 1                      |  |  |  |  | 12           |

|   |    |    |    |    |    |    |    |    |    |    |  |  |  |  |  |
|---|----|----|----|----|----|----|----|----|----|----|--|--|--|--|--|
| <b>§302(c)(4)(E)(iv)</b> Period of Affordability for the Proposed Activity (55 years required for rental housing projects)  | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |  |  |  |  |  |
| <b>§302(c)(4)(E)(iii)</b> A description of major steps/actions and a proposed schedule for the implementation and completion of each Affordable Rental and Ownership Housing project.   |    |    |    |    |    |    |    |    |    |    |  |  |  |  |  |
| Following awarding of funds, the City will solicit for qualified affordable housing developers to consider for funding. The remainder of funds will be used to facilitate an owner-occupied rehabilitation program and ownership development projects. Funding will be in the form of a low-interest rate, deferred loan. The loan amount and loan terms delineated at the time of loan commitment/approval. All programs and projects will adhere to the PLHA program guidelines.  |    |    |    |    |    |    |    |    |    |    |  |  |  |  |  |
| <b>§301(a)(3)</b> Matching portions of funds placed into Local or Regional Housing Trust Funds.   |    |    |    |    |    |    |    |    |    |    |  |  |  |  |  |
| <b>§301(a)(4)</b> Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176.  |    |    |    |    |    |    |    |    |    |    |  |  |  |  |  |
| <b>§301(a)(5)</b> Capitalized Reserves for Services connected to the preservation and creation of new permanent supportive housing.   |    |    |    |    |    |    |    |    |    |    |  |  |  |  |  |
| <b>§301(a)(6)</b> 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.  |    |    |    |    |    |    |    |    |    |    |  |  |  |  |  |
| <b>§301(a)(7)</b> Accessibility modifications in Lower-income Owner-occupied housing.   |    |    |    |    |    |    |    |    |    |    |  |  |  |  |  |
| <b>§301(a)(8)</b> Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.  |    |    |    |    |    |    |    |    |    |    |  |  |  |  |  |
| <b>§301(a)(9)</b> Homeownership opportunities, including, but not limited to, down payment assistance.  |    |    |    |    |    |    |    |    |    |    |  |  |  |  |  |
| <b>§301(a)(10)</b> 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. |    |    |    |    |    |    |    |    |    |    |  |  |  |  |  |