



# NEWPORT BEACH

## City Council Staff Report

July 27, 2021  
Agenda Item No. \_\_

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** Carol Jacobs, Assistant City Manager - 949-644-3313,  
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**TITLE:** SB 2 Permanent Local Housing Allocation Grant Application and  
Five-Year Plan

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**ABSTRACT:**

In 2016, Senate Bill (SB2) created the Building Homes and Jobs Act and the Permanent Local Housing Allocation (PLHA) program. The purpose of the program is to provide a permanent funding source for affordable housing through recording fees on real estate transactions. The majority of the revenues collected will go to local jurisdictions through an application process and will be allocated in the same manner as the Community Development Block Grant (CDBG) program.

**RECOMMENDATION:**

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly;
- b) Adopt Resolution No. 2021- \_\_\_\_, A Resolution of the City of Newport Beach, California, Authorizing the Application and Adopting the PLHA Plan for the Permanent Local Housing Allocation Program.
- c) Authorize the City Manager to execute the PLHA Program Application, the PLHA Standard Agreement and any subsequent amendments as required by the State of California.

**DISCUSSION:**

SB 2 was passed in 2017 and created the Building Homes and Jobs Act and the Permanent Local Housing Allocation (PLHA). The purpose of the bill is to establish a permanent source of funding for affordable housing. Revenue for this program is generated through recording fees on real estate transactions and therefore will vary from year to year depending on activity. Beginning in 2019, the majority of the revenues collected will flow to local jurisdictions through the PLHA funding allocation. This application period covers 2019 through 2023.

PLHA funds are distributed to local agencies using the same formula as the Community Development Block Grant (CDBG) program. The State Department of Housing and Community Development (State HCD) has determined that the City of Newport Beach is entitled to approximately \$1,017,678 over the five-year period covered by the application (2019-2023). Should the application be approved, the City will receive its 2019 and 2020 allocation totaling approximately \$433,244.

The PLHA funds provides a stable funding source for local government to address the affordable housing stock shortages in the following manner:

- Increase the supply of affordable housing
- Increase assistance to affordable owner-occupied workforce housing
- Assist persons experiencing or at risk of homelessness
- Facilitate housing affordability
- Promote projects and programs to meet the local government's unmet share of regional housing needs allocation.

The City must submit a PLHA program application to receive the funding allocation. The application must meet the following requirements:

- The City's Housing Element is in substantial compliance with State Housing Element Law
- The City submitted the General Plan's Annual Progress Report to State HCD as required
- The PLHA application requests an allocation to one or more eligible activities and the submission is authorized by the City Council
- PLHA funds distributed to a program operation do not have a conflict of interest and must be accessible to the public.
- A five-year PLHA activity plan (incorporated into the application) is approved and adopted by the City Council.

The proposed Plan, as outlined in Attachment B, requests that the City fund eligible activities as identified in Section 301(a)(6) of the SB 2 Guidelines which in part states:

“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...”

This program will provide on-going financial assistance to fund a portion of the City’s share of the costs for the Navigation Center in Costa Mesa.

**FISCAL IMPACT:**

Should the City receive the grant award, staff will return with a budget amendment. The State estimates that the City will receive \$1,017,678 through this program over the five-year period covered by the application. These funds will reduce the amount of General Fund resources that would otherwise be required to support the navigation center operations hosted by the City of Costa Mesa.

**ENVIRONMENTAL REVIEW:**

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

**NOTICING:**

Per HCD requirements, a public notice was published in the Daily Pilot on July 17, 2021, informing the public of the five-year PLHA plan. The Plan is also made available for review on the City’s website. The public was invited to comment on the Plan during the ten (10) day review period from July 16, 2021 through July 26, 2021. Any public comments will be presented to the City Council at the time of the meeting.

**ATTACHMENTS:**

Attachment A – Resolution 2021-\_\_\_\_

Attachment B – Permanent Local Housing Allocation Grant Application

Attachment C – Public Notice