



Permanent Local Housing Allocation Amended 5-Year Plan

Contra Costa County
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INTRODUCTION

§302(c)(4) Plan

In 2017, Governor Brown signed the Legislative Housing Package to address the State's housing shortage and high housing costs. Seventy percent of the revenues generated from the California State Property Transfer Fees (SB2, 2017) are earmarked for Permanent Local Housing Allocation (PLHA). The revenue from SB2 will vary yearly, as revenue is dependent on real estate transactions with fluctuating activity.

The PLHA program provides an annual funding source to all California governments, enabling cities and counties to implement plans that increase their affordable housing stock. These funds will be allocated as formula grants to entitlement and non-entitlement jurisdictions based on the formula prescribed under federal law for the Community Development Block Grant (CDBG), which will be locally administered.

The California Department of Housing and Community Development (HCD) announced the availability of approximately \$195 million in funding for the PLHA program in their Notice of Funding Availability (NOFA). This NOFA is funded from revenues deposited in the Building Homes and Jobs Trust Fund in 2019.

On October 15, 2024, HCD announced new requirements in its NOFA. Applicants requesting PLHA funds will be required to allocate 40 percent of those funds to Affordable Owner-Occupied Workforce Housing (AOWH) activities. AOWH is defined as "owner-occupied housing that is affordable to persons and families of low or moderate income, as that term is defined in HSC Section 50093, except in high cost areas where moderate income shall include households earning up to 150 percent Area Median Income (AMI)."

PURPOSE

As an entitlement, local government for PLHA funds for the Urban County, Contra Costa County will receive an estimated 5-year allocation of \$13,021,068. This document summarizes Contra Costa County's amended Five-Year Plan and its application to HCD.

Eligible activities for the PLHA are limited to the following:

1. The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, and rental housing that is affordable to Extremely low-, Very low-, Low-, or Moderate-income households, including necessary operating subsidies. 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% AMI. Income limits are adjusted for household size.
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% of AMI. ADUs shall be available for occupancy for a term of no less than thirty 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 preserving and creating new, permanent supportive housing.
6. Assisting persons who are experiencing or at risk of homelessness, including, but not limited to, 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.
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 a grant or low-interest loan to an affordable housing project. Matching funds investments by the county and the city shall also be a grant or low-interest deferred loan to the affordable housing project.

Eligible activities must also comply with the County's Adopted Housing Element. Funds available for administrative expenses are limited to 5% of the allocation.

REQUIREMENTS

To participate in the formula allocation, Contra Costa County must develop a five-year plan detailing how allocated funds will be used for eligible activities.

PERMANENT LOCAL HOUSING ALLOCATION FORMULA ALLOCATION PLAN APPLICATION

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

Contra Costa County plans to use the PLHA funds for two eligible activities:

1. The County plans to use the funds for the predevelopment, development, acquisition, rehabilitation, and preservation of affordable rental housing for Extremely Low-Income, Very Low-Income, and Low-Income households (Activity 1).

2. The County will also focus its efforts on Activity 9, which offers homeownership opportunities and affordable, owner-occupied workforce housing to low— and moderate-income families.

For Activity 1, PLHA assistance will be offered in the form of low-interest, deferred loans. The loans will be evidenced by a Promissory Note secured by a Deed of Trust. A Regulatory Agreement will restrict occupancy and rent for a term of at least 55 years.

For Activity 9, PLHA will be offered in the form of modest down-payment assistance for first-time homebuyers in conjunction with commercial mortgage loans using County underwriting standards. PLHA funds will also be provided in the form of a low-interest loan secured by a Deed of Trust recorded on the property. Income, occupancy, and sale restrictions will be included in the loan agreement with the developer, as well as resale restrictions with the homebuyer.

Activity 9 will also offer homeowner rehabilitation assistance to help maintain safe, affordable housing. Using PLHA funds, the program will provide financial support to low- and moderate-income homeowners for repairs and improvements, addressing issues like health and safety hazards, structural problems, and accessibility issues.

§302(c)(4)(B) Description of the way the County will prioritize investments that increase the supply of housing for households with incomes at or below 60% of Area Median Income (AMI)

PLHA funds will be made available to affordable housing developers and qualified applicants through a competitive Notice of Funding Availability (NOFA) process, which the County has extensive experience in, having successfully administered Federal Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) funds for affordable housing for many years.

The PLHA funds will be incorporated into the annual NOFA cycle for the Federal housing funds. The NOFA will seek development proposals that include new affordable housing units for households with incomes at or below 80% AMI, with priority consideration given to projects with units serving 60% AMI and below. A mixed-income project with some higher-income level units may be eligible, but awards will be based on the number of units at 80% AMI or lower. Homeownership projects will target households earning 80-120% AMI.

The County has successfully leveraged HOME and CDBG funds to support affordable housing projects funded by tax credits and other state funds. This existing plan will also be utilized to administer PLHA funds. County housing staff is aware of potential pipeline projects that may be eligible for PLHA funds and will review applications annually as part of the NOFA process.

§302(c)(4)(C) Description of how the Plan is consistent with programs set forth in the County's Housing Element

One key policy in the County's Certified Housing Element is to provide funding for affordable housing and support its new construction.

The following sections of the County's Certified Fifth Cycle Housing Element demonstrate that this 302(c)(4) Plan is consistent with the overall goals to increase the number and quality of affordable housing in the area:

Housing Element Goal 1: Maintain and improve the quality of the existing housing stock and residential neighborhoods in Contra Costa County.

Housing Element Goal 2: Increase the supply of housing with a priority on the development of affordable housing, including housing affordable to extremely low-income households.

Housing Element Goal 3: Increase the supply of suitable and supportive housing for individuals with special needs.

Housing Element Goal 4: Improve Housing affordability for both renters and homeowners.

ACTIVITIES DETAIL

§302(c)(4)(E)(i) Detailed and complete description of how allocated funds will be used for each proposed Affordable Housing Activity

Beginning in Year 3 of our Five-Year PLHA Plan, forty percent of the allocated PLHA funds will be dedicated to homeownership opportunities or homeowner rehabilitation for lower-income households. Activities such as downpayment assistance, first-time homeowner assistance, and rehabilitation loans would help us reach this goal. The funds will be structured as low-interest, deferred loans. The loans will be evidenced by a Promissory Note and secured by a Deed of Trust. A Shared Equity Agreement will restrict occupancy and sales prices to up to 30 years.

The PLHA funds will also be used for the predevelopment, development, acquisition, rehabilitation, and/or preservation of affordable multifamily rental housing for low-income persons earning 80% or less of the AMI. The funds will be structured as low-interest, deferred loans to the project sponsor/owner. The loans will be evidenced by a Promissory Note and secured by a Deed of Trust. A Regulatory Agreement will also restrict occupancy and rents following the PLHA-required term of 55 years.

§302(c)(4)(E)(iii) Description of major steps/actions and a proposed schedule for the implementation and completion of the Activity

The funds will be included in the County's annual NOFA. The County has completed this process annually for many years, successfully awarding millions of dollars in Federal HOME, CDBG, and Housing Opportunities for Persons with AIDS (HOPWA) funding. The NOFA is typically released the first week of October. PLHA funds will be included in the funds awarded to applicants who meet the guidelines of the PLHA program.

Once the funds are awarded, applicants should be prepared to enter into binding legal agreements within 12 months of the start of the fiscal year for which the funds were awarded. Additionally, projects should commence construction within 12 months of the formal commitment of funds.

PROGRAM INCOME REUSE

Program income is defined as gross income received by the recipient or a subrecipient directly generated from the use of PLHA funds, 4.3.2. Any program income received from activities in this

plan will first be utilized to deliver additional activities of the same type defined by Section 2.5. If future amended plans no longer support allocating funds to that activity, the project income will be programmed according to the activity allocation in effect at that time. The County is committed to following the Reuse Plan outlined in this policy, which is further defined in Attachment A.

ASSURANCES

The County will provide PLHA assistance through deferred, low-interest loans to project sponsors/owners to develop affordable owner-occupied workforce housing activities and affordable rental housing. Regulatory Agreements, Shared Equity Agreements, and Promissory Notes secured by Deeds of Trust against the property housing the development will ensure long-term affordability

REPORTING

Pursuant to HSC Section 504740(b)(2)(B)(ii)(iii), the County will provide an Annual Report documenting the uses and expenditures of any awarded allocation every July 31 to the Department of Housing and Community Development grant management division according to its specifications.

ATTACHMENTS

A: Program Reuse Plan