

STAFF REPORT

Business Agenda Item

DATE: February 2, 2026

TO: Honorable Mayor and City Councilmembers

THRU: Amy Nilsen, City Manager

FROM: Katey Schmidt, Senior Planner

SUBJECT: **Consideration of the Approval of the Permanent Local Housing Allocation Joint Participation Agreement to Allow Full Delegation of the City of Fortuna's 2022 and 2023 Allocation of the (PLHA) Funds to the County of Humboldt**

STAFF RECOMMENDATION:

Staff recommend the City Council hold a public hearing to discuss and approve Resolution 2026-02 certifying the Joint Participation Agreement for the full delegation of the City of Fortuna's Year 2022 and Year 2023 allocation of the Permanent Local Housing Allocation funds to the County of Humboldt to be utilized for the benefit of citizens of Fortuna.

INTRODUCTION:

In 2017, Governor Brown signed the Legislative Housing Package to address the state's housing shortage and high housing costs. California Legislature Senate Bill 2 (SB 2), known as the Building Homes and Jobs Act, established a \$75.00 recording fee on real estate documents to be used to increase the supply of affordable housing. SB 2 also established the Permanent Local Housing Allocation (PLHA) program, administered by the California Department of Housing and Community Development (HCD).

The PLHA provides a permanent source of funding to cities and counties to increase the supply of affordable housing units. These funds would be allocated as formula and competitive grants to entitlement and non-entitlement jurisdictions based on the formula prescribed under federal law for the Community Development Block Grant (CDBG) to be locally administered.

EXECUTIVE SUMMARY:

On December 29, 2023, the California Department of Housing and Community Development (HCD) announced the 2024 Permanent Local Housing Allocation Program (PLHA) Local Government Formula Component Notice of Funding Availability (NOFA) for approximately \$320 million in calendar year (CY) 2021 and 2022 funds as well as new CY 2023 funds as follows:

Allocation Year	NOFA Funds Available
CY 2023 calendar year	\$128.6 million
CY 2022 calendar year	\$132.1 million
CY 2021 calendar year	\$59.9 million

The current NOFA makes available 3 years of annual allocations, but funds must have been awarded prior to June 30, 2025, for the oldest of the 3 allocations – the CY 2021 allocation. If not awarded by June 30, 2025, any remaining funds were reverted to HCD’s Multifamily Housing Program. The City of Fortuna has remaining allocations for years 2022 and 2023 in the amounts of \$83,342 and \$66,527, respectively.

Eligible uses of PLHA funding include the development and acquisition of affordable housing, homelessness assistance, first-time homebuyers’ programs, rehabilitation of affordable and low-income housing, and similar activities that contribute to the creation and retention of affordable housing.

Participation in the PLHA Program requires grantees to develop a five-year plan outlining the jurisdiction’s implementation of an affordable housing program utilizing PLHA funds. As the City does not have the appropriate levels of staffing to develop and implement such a program, the City has chosen to delegate its allocation to the County of Humboldt. The County has an established housing assistance program “Housing Forward Humboldt” which operates to increase and preserve the supply of affordable housing. The City of Fortuna’s delegated allocation will be used to serve residents of Fortuna through the County’s First Time Homebuyer’s Program. Previous participants in the County’s FTHB Program were located in the neighboring Eel River Valley communities of Scotia and Loleta.

Section 300(c) of the PLHA Program Guidelines allows a local government to delegate another local government to submit an application and administer on its behalf its formula allocation of PHLA program funds, provided that the local government enter into a legally binding agreement and the funds are expended for eligible activities consistent with program requirements. The joint participation agreement between the County of Humboldt and the City of Fortuna is included as Attachment 1.

Upon delegating its entire formula allocation to another Local government or to a Local or Regional Housing Trust Fund, the Local government that delegated their allocation is no longer involved in the PLHA application or administration of the PLHA grant for the full term of the PLHA Plan. The delegated Local government or Trust Fund assumes full responsibility for compliance with statute and for meeting all the Department’s requirements, including any penalties for non-compliance.

FINANCIAL IMPACT:

There is no direct fiscal impact on the City with this action. County of Humboldt staff will submit the PLHA application on the City’s behalf and implement funding.

RECOMMENDED COUNCIL ACTION:

1. Receive staff presentation and review Council questions with staff.
2. Open the Public Hearing.
3. Close the Public Hearing.
4. Motion to adopt *Resolution 2026-02* and read by title only. Roll Call vote.

ATTACHMENTS:

Attachment 1: Joint Participation Agreement

Attachment 2: *Resolution 2026-02, a Resolution of the City Council of the City of Fortuna Authorizing an Agreement Between the County of Humboldt and the City of Fortuna, for Joint Participation in the Permanent Local Housing Allocation Funding Program for Fiscal Years 2021-2023, and to Delegate the County of Humboldt as the Administering Local Government for the Program.*