



Legislation Text

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Report to Mayor and City Council

Tuesday, November 07, 2023

Consent

SUBJECT:

CONSIDER ADOPTION OF RESOLUTION NO. 23-178 TO ALLOCATE \$276,486.67 IN PERMANENT LOCAL HOUSING ALLOCATION (PLHA) GRANT FUNDS FOR HOMELESS PREVENTION RENTAL ASSISTANCE INTO THE FISCAL YEAR 2023-24 BUDGET AND EXPRESSLY AUTHORIZE THE CITY MANAGER TO ADMINISTER DISBURSEMENT OF THE ASSISTANCE TO ELIGIBLE RESIDENTS

I. SUMMARY

On April 21, 2022, the City was notified of the award of the Permanent Local Housing Allocation (PLHA) Grant from the California Department of Housing and Community Development (HCD) in the total amount of \$1,059,349.00 for the combined amounts of the 2019 (\$414,730) and 2020 (\$644,619) funding years. On August 3, 2022, the Standard Agreement governing the grant (Exhibit No. 1) was executed by all parties.

Staff has requested HCD disbursement of 2019 funding year funds in the amount of \$276,486.67 for the purpose of homeless prevention rental assistance (grant activity no. 6). This request represents two-thirds of the total awarded PLHA funds for the 2019 funding year. The other one-third has been allocated to the "rehabilitation and preservation of affordable ownership housing" grant activity, and the City is not requesting funds for the "first-time home buyer program" grant activity for the 2019 funding year. Staff expects to receive the disbursement per its request for homeless prevention rental assistance funds within 45 days.

Per HCD requirements, the funds can be used to provide assistance with eligible residents' rent payments as they come due, and must be spread out over a period of at least six months. They cannot be used for arrearages, down payments, or rapid rehousing. Among other eligibility criteria, residents must be extremely low income (below 30% of Area Median Income) to be eligible for consideration.

The primary anticipated use of the funds would be to help eligible residents displaced by mobilehome park closures such as Imperial Avalon afford to pay their rent in replacement housing after such housing has been secured.

Staff recommends adoption of Resolution No. 23-178 to amend the budget to accept and allocate the requested/anticipated funds into the City's budget. Additionally, City staff intends to administer the program to allocate and disburse these funds to eligible residents in-house, pursuant to an application process and City Manager-approved policy. Although staff believes it already has this authority, staff is nonetheless requesting express Council authorization in this regard. The current City Manager-approved policy is attached as Exhibit 3, but may be amended by the City Manager from time to time. An application form is currently being developed.

II. RECOMMENDATION

TAKE the following actions:

1. **WAIVE** further reading and ADOPT "RESOLUTION NO. 23-178, A RESOLUTION OF THE CITY OF CARSON CITY COUNCIL AMENDING THE FISCAL YEAR 2023-24 BUDGET TO ALLOCATE PERMANENT LOCAL HOUSING ALLOCATION FUND REVENUE" (Exhibit No. 2); and

2. **AUTHORIZE** the City Manager or its designee to administer the program of processing individual applications for approval of disbursement of the PLHA homeless prevention rental assistance funds from the City to eligible applicants in accordance with a City Manager-approved policy, as may be amended from time to time.

III. ALTERNATIVES

TAKE any other action the City Council deems appropriate.

IV. BACKGROUND

HCD is authorized to provide up to \$304 million under the Senate Bill 2 Permanent Local Housing Allocation Program Formula component from the Building Homes and Jobs Trust Fund for assistance to Cities and Counties. The City of Carson has been deemed eligible for this non-competitive grant in the approximate amount of approximately \$2,488,380 over a five-year period. Eligible uses of the program funds include:

- The predevelopment, development, acquisition, rehabilitation, and preservation of multi-family, residential live-work, or rental housing that is affordable to extremely low- or moderate households, including necessary operating subsidies.
- The predevelopment, development, acquisition, rehabilitation, and preservation of affordable rental and ownership housing, including Accessory Dwelling Units that meets the Area Median Income (AMI), or 150 percent AMI in high-cost areas.
- Assisting person who are experiencing or at risk of homelessness, that meet the 30 percent AMI.

- 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 interest deferred loan to the affordable housing project.

HCD appropriated \$1,059,349 in the Standard Agreement for the years 2019-2020. The balance of funds to be included in future program years 2022/23/24.

PLHA funds can be used for a variety of housing purposes defined in the program for income qualified residents. The program allows the assistance for Carson residents with incomes up to moderate income (80% AMI). However, the homeless prevention rental assistance program is limited to extremely low income (below 30% AMI), among other eligibility requirements.

Under the existing Standard Agreement (which approves funding totaling \$1,059,349 for the 2019 and 2020 funding years), on September 5, 2023, the City Council approved revenue funds in the amount of \$353,116 to be allocated for the “rehabilitation, and preservation of affordable ownership housing” component of the grant, which is one-third of the approved grant funding for the 2019 and 2020 funding years.

The balance of funds for the 2019 funding year are now being requested for the homeless prevention rental assistance program. The Standard Agreement dated September 27, 2022, was approved by HCD with the incorrect percentage distribution (Exhibit E pg. 2 of 2); therefore, HCD is allowing the City to combine Activity 6 and 9 for a total allocation of \$276,486.67 of 2019 funds without a plan amendment, which works to expedite the disbursement of these funds to the City. The funds must be expended by HCD pursuant to a City request for funds by April 30, 2024, or will be forfeited; however, the City has already submitted its request for funds and received informal HCD approval of same, and HCD has indicated the request is being or will soon be submitted to the finance arm of the State for processing of the payment, which is expected to take 45 days. Funds are expected to be available as follows:

1. Purpose: Assisting persons who are at risk of homelessness with their rent payments to help prevent them from becoming homeless. The City Manager has approved and executed the Standard Management Policy attached as Exhibit No. 3, which was prepared by the City Attorney, for administration of the disbursement of the homeless prevention rental assistance funds to current residents who meet the eligibility requirements pursuant to an application process. Staff is currently developing the application forms and process expects to have the forms available on the City’s website for submittal upon or prior to City’s receipt of the funds. Each applicant must submit income documents with their application to determine the applicant’s income meeting the extremely low-income criteria, less than 30% of the Los Angeles County AMI. HCD requirements stipulate a minimum of six months rental assistance to each approved applicant. Funding would be awarded on a first-come, first-served basis, subject to a

per-household maximum up \$15,000 and a monthly assistance limit of \$2,500.

2. The City anticipates requesting additional funding for the 2020 funding year from HCD for homeless prevention rental assistance some time next year. HCD has indicated that an amendment to the City's PLHA grant plan would be needed to maximize the available funding for the 2020 funding year, so the 2020 funds will be requested at a later date in conjunction with a proposed plan amendment subject to a further Council approval, which is not the subject of this report. The 2020 funding year funds would need to be expended by HCD by April 30, 2025.

The PLHA is a relatively new funding source, and HCD may make changes to specific requirements for use of these funds. As such, staff anticipates that certain guidelines may be required to be presented to Council for updates from time to time to ensure compliance under the PLHA requirements.

V. FISCAL IMPACT

The total approved PLHA grant fund amount for years 2019-2020 is \$1,059,349. Of this amount, City has already requested and received \$353,116.00 to account number 221-50-790-711-6004. The current request for funds is in the amount of \$276,486.67 for the 2019 grant funding year, to be added to the current budget in account number 221-70-790-712-6004 for 2019, per the proposed resolution.

VI. EXHIBITS

1. Standard Agreement (pgs.5-26)
2. Resolution No. 23-178 (pgs.27-28)
3. City of Carson Standard Management Policy for PLHA Grant Funds for Homeless Prevention Rental Assistance (pgs.29-31)

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