



## Legislation Text

File #: 2022-726, Version: 1

### Report to Mayor and City Council

Tuesday, September 06, 2022

Consent

#### SUBJECT:

**CONSIDER AN UPDATE TO THE CITY'S PERMANENT LOCAL HOUSING ALLOCATION (PLHA) GRANT APPLICATION AND CONSIDER RATIFYING THE PLHA GRANT AGREEMENT WITH THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD) ALREADY ENTERED INTO BETWEEN THE CITY OF CARSON AND HCD (CITY COUNCIL)**

#### **I. SUMMARY**

This item is an update to the December 7, 2021, City Council agenda item whereby the City Council previously authorized the submittal of the City's Permanent Local Housing Allocation (PLHA) grant application to the State of Department Housing and Community Development (HCD). The City Council also authorized the City Manager to execute all necessary documents related to the PLHA program including the grant agreement approved as to form by the City Attorney.

On April 21, 2022, the City was notified that it had been awarded a grant in the amount of \$1,059,349 for the combined 2019 (\$414,730) and 2020 (\$644,619) allocation (Exhibit No. 3). On August 3, 2022, HCD provided the Grant Agreement ("Agreement") (Exhibit No. 4) in connection with the award and provided 30 days for the City to sign. The City Manager has signed the Agreement as previously authorized and within the 30-day timeframe set by HCD. For formality and transparency purposes, staff is requesting Council ratify the Agreement and receive and file the same. The background section of the staff report is identical to the December 7, 2021 staff report with the exception of the updated recommendation section and the newly added third and fourth attachments.

#### **II. RECOMMENDATION**

- 1. RATIFY and APPROVE** the PLHA Grant Agreement, dated August 3, 2022, and the City Manager's execution of the Agreement; and
- 2. RECEIVE AND FILE** the Agreement.

### III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

### IV. BACKGROUND

#### Summary

The State of California Department of Housing and Community Development (HCD) has issued a Notice of Funding Availability (NOFA) for the Permanent Local Housing Allocation (PLHA) Program. HCD is authorized to provide up to \$304 million to local governments statewide for a variety of housing-related purposes. Carson has been deemed eligible for this non-competitive grant in the amount of approximately \$2,488,380 over a five-year period. The application deadline for this program is December 31, 2021. Among the application requirements is the adoption of a resolution by City Council authorizing the submission of the application. Resolution No. 21-153 has been drafted for this purpose (Exhibit No. 1). The language and format of the resolution are consistent with HCD's format.

In addition, HCD requires inclusion of a PLHA Plan as an attachment to the resolution. HCD requires that the draft PLHA Plan be subjected to a public comment period and a public hearing. Accordingly, the draft plan was prepared by staff and has been made available for public review for the required 10-day public comment period. The draft plan includes the following three proposed activities at an even 33.33% funding allocation each:

- First time home buyer program (33.33% Allocation),
- Rehabilitation, and preservation of affordable ownership housing (33.33% Allocation); and
- Assisting persons who are experiencing or at risk of homelessness (33.33% Allocation).

#### History

HCD gives cities flexibility to amend the PLHA Plan. Changes can be made to the PLHA plan with proper notice to the community and approval by the City Council and HCD. Any changes to the funding allocation of approved activities that is less than 10 percent does not require HCD approval and can be approved administratively. However, if the City proposes changes greater than 10% to approved activities or if new eligible activities (e.g., affordable housing development) are proposed, the City would be required to formally amend the PLHA plan. This entails the following steps: (1) soliciting public comments on the new draft PLHA plan, (2) City Council adoption of a new resolution including a new PLHA Plan at a public hearing, and (3) resubmission of the resolution including the new PLHA plan to HCD for final approval.

Staff is recommending adoption of Resolution No. 21-153 and approval of the PLHA plan for the timely submission of the application by the December 31, 2021 deadline. The adoption of Resolution No. 21-153 would also authorize the City Manager to execute the

PLHA Program Application, grant agreement, and other related documents to the PLHA program.

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. Eligible uses of program funds include:

- The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, or rental housing that is affordable to extremely low-, very low-, low-, or moderate-income 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 needs of a growing workforce earning up to 120 percent of Area Median Income (AMI), or 150 percent of AMI in high-cost areas.
- Assisting persons who are experiencing or at risk of homelessness.
- 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.

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 between very low- to moderate-income levels; however, the program emphasizes assistance of residents with very low- and low-income levels. HCD's 2021 income limits for the different income groups is included for reference under Exhibit No. 2.

The grant guidelines require the City's application to list eligible activities specifying allocation amounts for the use of funds in the PLHA Plan. Accordingly, the draft PLHA plan includes the following three activities at an even 33.33% funding allocation each:

- First time home buyer program (33.33% Allocation)
- Rehabilitation, and preservation of affordable ownership housing (33.33% Allocation); and
- Assisting persons who are experiencing or at risk of homelessness (33.33% Allocation).

If approved by the City Council, the grant application, and the adopted resolution including the PLHA plan will be transmitted to HCD for final approval prior to the deadline. The City

and HCD would then enter into a grant agreement for the three activities listed in the PLHA Plan. The Resolution authorizes the City Manager to execute any documents related to the PLHA Program, including the PLHA standard grant agreement.

## **V. FISCAL IMPACT**

The Building Homes and Jobs Act of 2017 (SB 2) established a \$75 recording fee on real estate documents to provide affordable housing options in California. These fees fund the PLHA Program. PLHA funding will vary from year to year as the revenue is dependent on fluctuating real estate transactions. HCD estimates the City will receive allocations in the total estimated amount of \$2,488,380 over a five-year period ending in 2023. Because revenues for 2019 and 2020 have already been collected, Carson will receive \$414,730 for 2019 and \$644,619 for 2020 (actual amounts). Based on HCD's estimate, this would leave Carson with \$1,429,031 for years 2021, 2022, and 2023.

No impact to the General Fund is anticipated.

## **VI. EXHIBITS**

1. Resolution No. 21-153 (pgs. 5-7)
  - a. (Draft) PLHA Plan (pgs. 8-10)
2. HCD's 2021 Income Limits Table (pg. 11)
3. PLHA Award Announcement, dated April 21, 2022 (pg. 12)
4. PLHA Grant Agreement, dated August 3, 2022 (pgs. 13-35)

Prepared by: Keith Bennett, Community Development Department, James Nguyen, Project Manager, and Saied Naaseh, Community Development Director