

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: MEGAN BASINGER, HOUSING AND COMMUNITY SERVICES
MANAGER
SUBJECT: HOUSING AND COMMUNITY SERVICES DEPARTMENT
APPROVAL TO SUBMIT AN APPLICATION TO THE STATE OF
CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT'S PERMANENT LOCAL HOUSING
ALLOCATION PROGRAM FOR AN ENTITLEMENT AMOUNT OF
\$694,325, AND AUTHORIZATION FOR THE DIRECTOR OF
HOUSING AND COMMUNITY SERVICES TO EXECUTE THE
NECESSARY DOCUMENTS AND STANDARD AGREEMENT

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Department of Housing and Community Services that the Council, by resolution, 1) approve the submittal of a grant application to the State of California Department of Housing and Community Development's Permanent Local Housing Allocation Program for an entitlement grant of \$694,325 annually generated from California Senate Bill 2, for up to five years, 2) approve a Standard Agreement and 3) authorize the Director of the Housing and Community Services Department to execute the necessary Permanent Local Housing Allocation Program documents and Standard Agreement for the program to be administered by the Housing Authority.

EXECUTIVE SUMMARY

The California Department of Housing and Community Development (HCD) has announced the Permanent Local Housing Allocation (PLHA) entitlement grant program. PLHA is funded by moneys generated by California Senate Bill 2 authorized in 2017; which provides permanent, on-going sources of funding for housing-related projects and programs. As a U.S. Department of Housing and Urban Development (HUD) entitlement jurisdiction, Santa Rosa is eligible to receive up to \$694,325 annually for up to five (5) years for a total of \$3,471,625 from this non-competitive funding source for affordable housing, by submitting an application to HCD by July 27, 2020.

BACKGROUND

SUBMITTAL OF AN APPLICATION TO THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT'S PERMANENT LOCAL HOUSING ALLOCATION PROGRAM FOR AN AMOUNT NOT TO EXCEED \$ 694,325
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The Permanent Local Housing Allocation Program was created through California Senate Bill 2 (SB2), which established a \$75 recording fee on real estate documents to provide a permanent source of funding for local governments in California to increase the supply of affordable housing. The bill was signed into law in 2017 by Governor Brown, with funding now being made available through the PLHA grant program administered by HCD.

In February 2020, HCD released the Permanent Local Housing Allocation Program Notice of Funding Availability (NOFA) for approximately \$195 million; PLHA Guidelines identify local governments as entitlement or non-entitlement jurisdictions; Santa Rosa, as an entitlement jurisdiction of HUD's Community Development Block Grant Program, is considered a PLHA entitlement jurisdiction. Santa Rosa has been identified as receiving \$694,325 per year, \$3,471,625 over a five-year period.

PLHA program requirements identify eligible activities as predevelopment, development, acquisition, rehabilitation, and preservation of multifamily rental housing that is affordable to households ranging from 0-120% of area median income. Program guidelines allow up to five percent (5%), or \$34,716 per year, to be used for program administration and activity delivery costs.

To be considered for the PLHA funding allocation, an application must be submitted to HCD by July 27th, 2020 with an approved Resolution from the Santa Rosa City Council.

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

The PLHA program is administered by HCD and is an on-going source of grant funding for affordable housing-related projects. As a HUD entitlement jurisdiction for CDBG, Santa Rosa is an entitlement jurisdiction for the PLHA program, and eligible to apply to HCD for the non-competitive, formula allocation of \$694,325 annually, for a period of five (5) years. HCD requires an application to be submitted for the first year of the term. Following application for the program, the Standard Agreement between HCD and the City will encompass the full grant term of five (5) years. To receive grant funding in years two (2) through five (5) of the program term, HCD only requires submittal of an annual Acceptance Form. Lastly, in order to apply for this grant opportunity, HCD requires submittal of the attached, approved Resolution which includes language provided by HCD.

Pursuing this grant opportunity and being awarded up to \$694,325 annually for up to five (5) years in PLHA funds will assist with the creation and maintenance of affordable housing in Santa Rosa and will assist the City in addressing the community's housing needs, a top Council priority.

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Additionally, the City is eligible to utilize up to five percent of the grant award (\$34,716) per year from the grant proceeds to administer the program. While the PLHA funding is not competitive, an application for funding must be submitted to HCD before the July 27, 2020 deadline.

The submittal of the grant application to HCD, and subsequent receipt of PLHA grant funds allows the City to bolster the funding resources made available to affordable housing developers, positioning those developments to compete for additional funding resources like tax credits.

If the application is not submitted, the City will not receive \$694,325 per year, \$4,165,950 over a five (5)-year period. Not receiving this funding may impact the timelines for affordable housing development construction due to lack of funding, and the developers may be required to seek other financial resources to construct the projects. If the grant funds are awarded, the additional funding will be made available to developers through Notices of Funding Availability (NOFAs), solicited by City staff.

Authorizing the Director of the Housing and Community Services Department of the City of Santa Rosa to execute the PLHA Program Application, the PLHA Standard Agreement and any subsequent amendments or modifications thereto, as approved to form by the City Attorney, the Acceptance Form, as well as any other documents which are related to the Program or the PLHA grant award will expedite the receipt of PLHA grant funds to the City.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund.

ENVIRONMENTAL IMPACT

The Council finds that the proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) under section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and that no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

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ATTACHMENTS

- Resolution

CONTACT

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