

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: NICOLE RATHBUN, PROGRAM SPECIALIST
HOUSING AND COMMUNITY SERVICES DEPARTMENT

SUBJECT: APPROVAL TO SUBMIT A GRANT APPLICATION TO THE
STATE OF CALIFORNIA HOUSING AND COMMUNITY
DEVELOPMENT DEPARTMENT FOR THE LOCAL HOUSING
TRUST FUND PROGRAM AND AUTHORIZATION TO EXECUTE
THE STANDARD AGREEMENT AND RELATED DOCUMENTS

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, approve the submittal of a grant application for \$1,000,000 to the State of California Housing and Community Development's Local Housing Trust Fund Program and authorize execution of the Standard Agreement and related documents to apply for and receive related program funds.

EXECUTIVE SUMMARY

The California Department of Housing and Community Development ("HCD") released a Notice of Funding Availability ("NOFA") for its Local Housing Trust Fund ("LHTF") Program which will make \$57 million available for predevelopment, acquisition, construction, and rehabilitation of affordable housing across the state. As a local Housing Trust Fund, the Housing Authority of the City of Santa Rosa is eligible to apply for this competitive grant opportunity. To apply for \$1,000,000 of LHTF Program funds, an equal amount of eligible matching funds must be identified and committed to the program. The Housing Authority has available In-Lieu (formerly called Housing Impact Fee) fund balance to use \$1,000,000 of In-Lieu as the match required to apply for the LHTF Program. The LHTF application must be submitted to HCD by August 3, 2020.

BACKGROUND

The Local Housing Trust Fund (LHTF) Program is a competitive grant program administered by the California Department of Housing and Community Development (HCD) and provides matching funds for the creation, rehabilitation, and preservation of

affordable housing. HCD published a Notice of Funding Availability (“NOFA”) for the program in April 2020. As a local Housing Trust Fund, the Housing Authority of the City of Santa Rosa is an eligible applicant for the LHTF Program. Program applications must be submitted to HCD by August 3, 2020.

PRIOR HOUSING AUTHORITY REVIEW

Not applicable.

ANALYSIS

The LHTF Program is administered by HCD and provides matching grant funding to Housing Trust Funds periodically, as funding is available. The Housing Authority is an eligible applicant for the PLHA program for the following reasons:

- The City of Santa Rosa has submitted an adopted Housing Element that was found by the HCD to be in compliance and has submitted a Housing Element Annual Progress Report (APR) for the current year or prior year.
- The Housing Authority established a Local Housing Trust Fund funded from ongoing local revenues which average more than \$100,000 annually from local sources such as taxes and fees.

To apply for LHTF Program funding, local Housing Trust Funds are required to identify and commit an equal amount of matching local funds to the program. The Housing Authority budget for fiscal year 2020-2021 includes enough In-Lieu Fee fund balance to match a LHTF grant application for \$1,000,000. Additionally, HCD requires submittal of the attached, approved Resolution which includes language provided by HCD.

Pursuing this grant opportunity and being awarded \$1,000,000 in LHTF Program funds will assist with the creation and maintenance of affordable housing in Santa Rosa and help to address the community’s housing needs, in alignment with the mission of the Housing Authority. Additionally, the Housing Authority is eligible to utilize up to five percent of the grant award (\$50,000) from the grant proceeds to administer the program.

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

If awarded, LHTF Program funds may be loaned to eligible developers for acquisition, predevelopment expenses and development of affordable rental housing projects. Program guidelines allow up to 20 percent of the program funds to assist moderate-income households (120% of Area Median Income) and requires at least 30 percent of

each allocation to assist extremely low-income households (30% of Area Median Income).

The NOFA published by HCD identifies several priorities which will be considered when determining grant award. Due to the competitive nature of the LHTF Program, applications which identify a deeper level of affordability, and a greater amount of funds committed to new construction will have a greater likelihood of being awarded. In consideration of these factors, the LHTF application requests funds for new construction, rather than for rental rehabilitation and acquisition. If awarded, 30% of the funding will be targeted to Extremely Low-Income households at 30% of Area Median Income (AMI), and the remaining funding for households at 60% of AMI or below.

If the application is not submitted, the Housing Authority will not receive \$1,000,000 in additional grant funds for affordable housing. 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 staff.

The LHTF Program Guidelines prevent the Housing Authority Executive Director from acting as both the authorized signor for the Standard Agreement and the authorizing resolution. Authorizing the Housing and Community Services Manager of the Housing Trust Division to execute the LHTF Program Application, the LHTF 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 LHTF grant award will expedite the receipt of grant funds to the Housing Authority and into the community.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on any Housing Authority funds.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

COUNCIL/BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution/Attachment 1

CONTACT

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