



Legislation Text

File #: 22-536, **Version:** 1

Adopt a Resolution that Authorizes the City Manager to Submit an Application to the State of California Housing and Community Development Department for the Permanent Local Housing Allocation (PLHA) Program Formula Allocation in the amount of \$1,142,542 and delegating authority to the City Manager to execute all related documents

COUNCIL PRIORITY

- Housing and Homelessness
- Race and Equity Initiatives

SUMMARY AND RECOMMENDATIONS

On August 17, 2022 the California Department of Housing and Community Development (CA HCD) released its 2022 Permanent Local Housing Allocation Program Notice of Funding Availability (PLHA NOFA). Under the PLHA program, funding is provided through formula grants to entitlement jurisdictions such as San Leandro. The due date for the City's response to the PLHA NOFA is October 31, 2022.

Staff recommends that the City Council adopt a resolution that authorizes the City Manager to apply for the City's formula allocation as announced in the PLHA NOFA Program and delegates authority to the City Manager to execute all related documents and submit them to CA HCD. The City is eligible to apply for a total formula allocation of \$1,142,542 for calendar years 2020 (\$543,946) and 2021 (\$598,596). The City applied for PLHA funding in 2020 and was awarded a commitment for approximately \$2.1 million over a five year period, but the City must apply each year though the PLHA NOFA process to receive its annual grant funding. The 2020 and 2021 PLHA funds represent years 2 and 3 of the five-year period.

BACKGROUND

In September 2017, the California Legislature approved Senate Bill 2 (SB 2), known as the Building Homes and Jobs Act (Act), that established a \$75 recording fee on real estate documents to increase the supply of affordable housing. The Act establishes the Permanent Local Housing Allocation (PLHA) program administered by the California Department of Housing and Community Development (CA HCD). The PLHA provides a permanent source of funding to cities and counties to help meet affordable housing needs by increasing the supply of affordable housing units.

Under the PLHA program, funding is provided through formula grants to entitlement jurisdictions such as San Leandro based on the formula prescribed under federal law for the Community Development Block Grant (CDBG) program over a five-year funding period. The City of San Leandro applied to and received its 2019 allocation (Year 1 of the 5-year period) in the amount of \$349,960 and committed the funds to the 15101 Washington Avenue affordable housing development that will construct 72

affordable rental housing units, including over 20 permanent supportive housing units for unhoused individuals.

CA HCD PLHA Program thresholds require the City have a Housing Element certified by CA HCD and that the City submit the Annual Progress Report on Housing Element activities (the City's last APR was submitted for calendar year 2021). Additionally, the City adopted Resolution No. 2020-087 on July 20, 2020 for the PLHA Five-Year Plan ("Five-Year Plan") after public review and a public hearing.

Analysis

The State requires entitlement jurisdictions to use PLHA program funds to increase the supply of affordable housing. The City's PLHA Five-Year Plan was based on guidance provided in Section 302 (c)(4) of CA HCD Guidelines issued for the PLHA program in October 2019 and that are posted on the HCD website (<https://www.hcd.ca.gov/permanent-local-housing-allocation>). The Five-Year Plan is posted at the following location on the City's website (<https://www.sanleandro.org/303/State-Plans-Reports>).

The City of San Leandro is a PLHA entitlement jurisdiction, and the Resolution attached to this staff report, if adopted, will allow the City to receive its 2020 and 2021 allocations for a total of \$1,142,542. CA HCD will enter into a Standard Agreement with the City for this grant funding. Once a recipient for these funds is selected, the City will submit a request for disbursement.

The Five-Year Plan established a program to use PLHA funds for predevelopment, development, acquisition, rehabilitation, and/or preservation of multi-family, residential live-work, and rental housing that is affordable to Extremely low-, Very low-, Low-, or Moderate-income households, including the necessary operating subsidies. The City proposes to allocate the 2020 and 2021 PLHA funds for the acquisition and rehabilitation costs associated with the purchase of the Nimitz Motel located at 555 Lewelling Blvd. The proposed plan for the first five years after acquisition is to operate it as a drop-in navigation center and overnight shelter for San Leandro residents experiencing homelessness. After five years, the plan is to transition the property into permanent supportive housing.

Current Agency Policies

- FY 2020-2024 Consolidated Plan submitted to the Department of Housing and Urban Development, adopted by Resolution No. 2020-056 on the June 15, 2020.
- 2015-2023 Housing Element, adopted by Resolution on January 20, 2015.

Previous Actions

- PLHA Five-Year Plan submitted to CA HCD, adopted by Resolution No. 2020-087 on July 20, 2020.

Applicable General Plan Policies

- Action 53.03 - City will actively pursue and leverage public funds to facilitate the development of housing affordable to lower and moderate income households in Sal Leandro;

- Action 53.03-A - Applications for Grant Funding--City will pursue funding sources for affordable housing construction;
- Action 53.03-B - Support for Non-Profit and For-Profit Affordable Housing Developers--City will provide support and information to non-profit and for-profit developers seeking to create affordable housing in San Leandro.

Environmental Review

As applicable, National Environmental Protection Act (NEPA) and/or California Environmental Quality Act (CEQA) reviews will be conducted for any affordable housing development approved by the City Council related to PLHA funding.

Summary of Public Outreach Efforts

- PLHA Five-Year Plan submitted to CA HCD, adopted by Resolution No. 2020-087 was considered in a Public Hearing on July 20, 2020. Notice for this Hearing and the Public Comment Period were published in the *East Bay Daily Review* on July 3, 2020. Additionally, notice of the Hearing was sent by email to a list of those who have expressed interest in the City's Housing Division programs and funded activities. Finally, the Five-Year Plan is available for review on the City's website (<https://www.sanleandro.org/303/State-Plans-Reports>).

Financial Impacts

This PLHA grant will require Council appropriation of \$1,142,542 [\$543,946 (2020) and \$598,596 (2021) for Fiscal Year 2022-2023. The Resolution will require formation of the appropriate funding structure in the City's chart of accounts to transact business given this new state funding allocation. The PLHA Program Revenue will receive \$1,142,542 in CA HCD grant funding revenues to offset corresponding expenditures.

This Council action will not impact fund balance because this is a reimbursement grant program.

Budget Authority

The PLHA grant funding program was established under Chapter 364, Statutes of 2017 (SB 2, Atkins) that was part of a 15-bill housing package aimed at addressing the state's housing shortage and high housing costs. Specifically, it establishes a permanent source of funding intended to increase the affordable housing stock in California. The revenue from SB 2 will vary from year to year, as revenue is dependent on real estate transactions with fluctuating activity.

ATTACHMENT

Attachment A: City of San Leandro City Council RESOLUTION Authorizing the City Manager to Apply for, Receive, if Awarded a PLHA grant, and Execute a Standard Agreement with the State of California, Department of Housing and Community Development for funding from the Permanent Local Housing Allocation Program.

- ***Ex A1: Ex A1 PLHA 302c4 Plan-City of San Leandro (July 7, 2020)***

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