

RESOLUTION NO. 2023-02

A RESOLUTION OF THE CITY OF MARINA CITY COUNCIL AUTHORIZING THE APPLICATION AND ADOPTING THE PLHA PLAN FOR THE PERMANENT LOCAL HOUSING ALLOCATION PROGRAM

The City Council of the City of Marina (“Applicant”) hereby consents to, adopts, and ratifies the following resolution.

- A. WHEREAS, the Department is authorized to provide up to \$335 million under the SB 2 Permanent Local Housing Allocation Program Formula Component from the Building Homes and Jobs Trust Fund for assistance to Cities and Counties (as described in Health and Safety Code section 50470 et seq. (Chapter 364, Statutes of 2017 (SB 2))).
- B. WHEREAS the State of California (the “State”), Department of Housing and Community Development (“Department”) issued a Notice of Funding Availability (“NOFA”) dated 5/3/2021 under the Permanent Local Housing Allocation (PLHA) Program;
- C. WHEREAS the City of Marina is an eligible Local government who has applied for program funds to administer one or more eligible activities, or a Local or Regional Housing Trust Fund to whom an eligible Local government delegated its PLHA formula allocation after adoption of the Affordable Housing Overlay Policy by the City Council which will demonstrate sufficient capacity to meet our Regional Housing Needs RHNA allocation to State HCD on January 18, 2023
- D. WHEREAS the Department may approve funding allocations for PLHA Program, subject to the terms and conditions of the Guidelines, NOFA, Program requirements, the Standard Agreement, and other contracts between the Department and PLHA grant recipients;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARINA:

- 1. If Applicant receives a grant of PLHA funds from the Department pursuant to the above referenced PLHA NOFA, it represents and certifies that it will use all such funds in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including without limitation all rules and laws regarding the PLHA Program, as well as any and all contracts Applicant may have with the Department.
- 2. Applicant is hereby authorized and directed to receive a PLHA grant, in an amount not to exceed the five-year estimate of the PLHA formula allocations, as stated in Appendix C of the current NOFA \$945,000 in accordance with all applicable rules and laws.
- 3. Applicant hereby agrees to use the PLHA funds for eligible activities as approved by the Department and in accordance with all Program requirements, Guidelines, other rules and laws, as well as in a manner consistent and in compliance with the Standard Agreement and other contracts between the Applicant and the Department.

4. Pursuant to Section 302(c)(4) of the Guidelines, Applicant's PLHA Plan for the 2019-2023 Allocations is attached to this resolution, and Applicant hereby adopts this PLHA Plan and certifies compliance with all public notice, public comment, and public hearing requirements in accordance with the Guidelines.
5. Applicant certifies that it was delegated by the City of Marina to submit an application on its behalf and administer the PLHA grant award for the formula allocation of PLHA funds, pursuant to Guidelines Section 300(c) and 300(d), and the legally binding agreement between the recipient of the PLHA funds and the Applicant is submitted with the PLHA application.
6. Applicant certifies that it has or will subgrant some or all of its PLHA funds to another entity or entities. Pursuant to Guidelines Section 302(c)(3), "entity" means a housing developer or program operator, but does not mean an administering Local government to whom a Local government may delegate its PLHA allocation.
7. Applicant certifies that its selection process of these subgrantees was or will be accessible to the public and avoided or shall avoid any conflicts of interest.
8. Pursuant to Applicant's certification in this resolution, the PLHA funds will be expended only for eligible Activities and consistent with all program requirements.
9. Applicant certifies that, if funds are used for the acquisition, construction or rehabilitation of for-sale housing projects or units within for-sale housing projects, the grantee shall record a deed restriction against the property that will ensure compliance with one of the requirements stated in Guidelines Section 302(c)(6)(A)(B) and (C).
10. Applicant certifies that, if funds are used for the development of an Affordable Rental Housing Development, the Local government shall make PLHA assistance in the form of a low-interest, deferred loan to the Sponsor of the Project, and such loan shall be evidenced through a Promissory Note secured by a Deed of Trust and a Regulatory Agreement shall restrict occupancy and rents in accordance with a Local government-approved underwriting of the Project for a term of at least 55 years.
11. Applicant shall be subject to the terms and conditions as specified in the Standard Agreement, the PLHA Program Guidelines and any other applicable SB 2 Guidelines published by the Department.
12. The City Manager is authorized to execute the PLHA Program Application, the PLHA Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the PLHA grant awarded to Applicant, as the Department may deem appropriate.

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on this 18th day of January 2023 by the following vote:

AYES, COUNCIL MEMBERS: Visscher, McCarthy, Biala, Medina Dirksen

NOES, COUNCIL MEMBERS: None

ABSENT, COUNCIL MEMBERS: None

ABSTAIN, COUNCIL MEMBERS: None

Bruce C. Delgado, Mayor

ATTEST:

Anita Sharp, Deputy City Clerk

**Permanent Local Housing Allocation (PLHA)
Eligible Activities**

1. The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low-, very low-, low-, or moderate-income households, including necessary operating subsidies.
2. The predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing, including Accessory Dwelling Units (ADUs), that meets the needs of a growing workforce earning up to 120-percent of AMI, or 150-percent of AMI in high-cost areas. ADUs shall be available for occupancy for a term of no less than 30 days.
3. Matching portions of funds placed into Local or Regional Housing Trust Funds.
4. Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176.
5. Capitalized Reserves for Services connected to the preservation and creation of new permanent supportive housing.
6. Assisting persons who are experiencing or at risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, supportive/case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers and emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing.
 - A. This activity may include subawards to administrative entities as defined in HSC Section 50490(a)(1-3) that were awarded CESH program or HEAP funds for rental assistance to continue assistance to these households.
 - B. Applicants must provide rapid rehousing, rental assistance, navigation centers, emergency shelter, and transitional housing activities in a manner consistent with the Housing First practices described in 25 CCR, Section 8409, subdivision (b)(1)-(6) and in compliance with WIC Section 8225(b)(8). An applicant allocated funds for the new construction, rehabilitation, and preservation of permanent supportive housing shall incorporate the core components of Housing First, as provided in WIC Section 8255, subdivision (b).
7. Accessibility modifications in lower-income owner-occupied housing.
8. Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.
9. Homeownership opportunities, including, but not limited to, down payment assistance.
10. 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.

Attachment 2-List of Local Agencies PLHA Activities

City	Year-2019	2020	2021	2022	2023
Pacific Grove	Regional homeless shelter services	regional homeless shelter services	rental assistance for low-income seniors	rental assistance for low-income seniors	rental assistance for low-income seniors
King City	90%-Multi Family housing (predevelopment, development, acquisition) 5%-Homeless Services-rapid rehousing, rental assistance, case management) 5%-Program Admin	45%-Multi Family housing (predevelopment, development, acquisition) 25%-Local Regional Housing Trust Funds 25%-Homeless Services-rapid rehousing, rental assistance, case management) 5%-Program Admin	45%-Multi Family housing (predevelopment, development, acquisition) 25%-Local Regional Housing Trust Funds 25%-Homeless Services-rapid rehousing, rental assistance, case management) 5%-Program Admin	70%-Multi Family housing (predevelopment, development, acquisition) 25%-Homeless Services-rapid rehousing, rental assistance, case management) 5%-Program Admin	70%-Multi Family housing (predevelopment, development, acquisition) 25%-Homeless Services-rapid rehousing, rental assistance, case management) Program Admin 5%-Program Admin
Salinas	75%-Develop multifamily rental house- 20%-Homeless Services (20%) rapid rehousing 5%-Program Admin	85%-Homeless Services 10%-ADU Financing-Grants and Loans 5%-Program - Administration	70%-Development of Multi Family Rental 25%-Homeless Services 5%-Program Admin	40%-Multi-Family Rental Housing 10%-ADU Financing 30%-Local Housing Trust Funds 15%-Homeless Services-15% 5%-Admin	40%-Multi Family Rental Housing 10%-ADU Financing 30%-Local Housing Trust Funds 15%-Homeless Services-Rapid Rehousing-Rental Assistance, Case Management 5%-Program Admin

Attachment 2-List of Local Agencies PLHA Activities

Soledad	The County will administer Soledad's funds for projects specific to this agency. Capitalizing the Monterey County Local Housing Trust Fund, construction financing for new permanent supportive housing, operating funds for navigation centers, and new construction of transitional housing are the top priorities of the County.
Carmel by the Sea	The County will administer Carmel by the Sea funds for projects specific to this agency. Capitalizing the Monterey County Local Housing Trust Fund, construction financing for new permanent supportive housing, operating funds for navigation centers, and new construction of transitional housing are the top priorities of the County.
San Jose	The City of San José plans to use PLHA funds to 1) fund operating costs for bridge housing communities for formerly homeless residents, and 2) fund operating costs for emergency interim housing communities for the provision of COVID-19-appropriate non-congregate shelter for formerly homeless residents, which will later be transitioned to bridge housing communities for formerly homeless residents.

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of January 18, 2022

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2023-,
AUTHORIZING THE CITY MANAGER TO APPLY FOR THE PERMANENT
LOCAL HOUSING ALLOCATION (PLHA) GRANT AS ADMINISTERED BY
THE STATE DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT (STATE HCD) AND TO AUTHORIZE THE FINANCE
DIRECTOR TO MAKE APPROPRIATE BUDGETARY AMENDMENTS TO
BUDGET**

REQUEST:

It is requested that the City Council consider:

1. Adopting Resolution No. 2023- direction the City Manager to apply for the Permanent Local Housing Allocation (PLHA) grant application.
2. Authorize Finance Director to make appropriate budgetary amendments.

BACKGROUND

In 2017, the State of California passed a 15-bill housing package to address the state's housing shortage and high housing costs. This included the Building Homes and Jobs Act (SB 2, 2017), which established a \$75 recording fee on real estate documents. Seventy percent of these recording fees are being set aside for a Permanent Local Housing Allocation (PLHA) program.

The PLHA program is overseen by the State's Department of Housing and Community Development (HCD) who issued a Request for Proposals (RFP) in March 2020. Jurisdictions receiving PLHA grant funds are required to have a five-year plan in place to determine how the grant funds will be spent. This five-year plan may or may not need to identify specific projects. However, the Plan must result in expenditure of a portion of the grant funds each year in order to receive the next year's allocation. HCD estimates the City of Marina may receive a cumulative amount of \$945,290 over the next five years. Note that the amounts for these subsequent years are estimates only based on an equal division of HCD's estimate for future funds. The actual annual funding allocation will later be determined by HCD.

Until recently, because the City does not have a certified Housing Element, Marina was ineligible for these funds. However, if the City Council adopts the Affordable Housing Overlay by January 18th with a second reading on February 7th 2023 this will demonstrate compliance with the Fourth and Fifth Cycle Housing Elements. The deadline to file for the PLHA funds is February 13, 2023 so immediate action by the City Council will ensure the funds can be granted by the State in the near term. Eligibility for these funds have been made possible by a Marina resident (Carlos Nuno) who works for State HCD and over the course of the past seven months has been providing guidance to the Community Development Department on the grant submittal process.

ANALYSIS

The grant funding can be used for a wide variety of activities that support the development of housing related to persons at the 60% Area Median Income (AMI) level. See Attachment 1 (Eligible Grant Activities) for additional details. Attachment 2 identifies how other local agencies

are utilizing their PLHA funds which include a wide array of activities including but not limited to: ADU financing, first time home buyer assistance, support of multifamily housing projects, and rapid response housing for individuals at risk for homelessness. Up to 5% of the grant allocation can be used for general administrative cost related to tracking and annual reporting on the execution of eligible activities.

Once the City Council approves the submission of the application to HCD, HCD is expected to approve the application and send the City a five-year Standard Agreement to be executed and signed within 90 days. All the first-year's allocation will be available for disbursement once the Standard Agreement is executed. Each year, HCD will publish the amount of funds the City will receive for the following year. To receive the funds, the City must submit a letter accepting the funds, its annual report detailing uses and expenditures of all awarded PLHA allocations and outcomes achieved, must have a certified Housing Element, and have submitted its latest Housing Element annual performance report. During the five-year expenditure plan period, up to 10% of the planned expenditure for each type of eligible activity may be reallocated to another activity without the submission of a plan amendment; however, changes exceeding this amount require HCD's approval in writing.

FISCAL IMPACT

The City will be eligible for approximately \$945,000 in grant funding which can assist the City in meeting its regional housing needs allocation (RHNA).

Respectfully submitted,

Guido F. Persicone
Community Development Director
City of Marina

REVIEWED/CONCUR:

Layne Long
City Manager
City of Marina