



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: NOVEMBER 18, 2025

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: LISA BRINTON, DIRECTOR

THROUGH: ORLANDO REYES, ASSISTANT DIRECTOR

BY: FRANCISCO BRAMBILA, MANAGEMENT ANALYST
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TITLE: CONDITIONAL COMMITMENT OF FISCAL YEAR 2025-2026
MULTIFAMILY HOUSING FUNDS

RECOMMENDED MOTION:

A motion to approve a Resolution authorizing:

1. The preliminary award of \$7,169,699 in Local Housing Trust Fund, HOME Partnership Investment Program, HOME – Community Housing Development Organization Set-Aside, Permanent Local Housing Allocation, and Community Development Block Grant funding to the following applicants under the Fiscal Year 2025-2026 Notice of Funding Availability as follows:
 - a. CHISPA Housing Inc. – Rehabilitation of the *Vista de la Terraza* apartment complex at 165-177 Carr Ave in the amount of \$960,000
 - b. Milestone Housing Group and the Housing Authority of the County of Monterey Development Corporation – New construction of an affordable multifamily housing development at 200 Casentini Street in the amount of \$3,837,000
 - c. CHISPA Housing Inc. – New construction of an affordable senior housing development at 376 E. Alvin Dr. - *Saint George Apartments* - in the amount of \$2,372,699
2. Allocation of \$1,290,521 in Local Housing Trust Fund to the Republic Café, located at 37 & 39 Soledad St., for the rehabilitation and stabilization; and
3. The City Manager, or designee, to execute all applicable forms, conditional commitment letters, agreements, grant-related documents, and subsequent amendments as needed.

EXECUTIVE SUMMARY:

The City of Salinas (City) released a Multifamily Housing Notice of Funding Availability (NOFA) on June 24, 2025, announcing the availability of approximately \$8 million in gap financing for affordable housing projects. On July 30, 2025, the City received five (5) proposals requesting a

total of \$17,981,000. After reviewing and ranking the proposals, staff recommends a preliminary funding recommendation of \$8,460,220 to fund four multifamily housing developments, including one City-led development.

BACKGROUND:

The City released a Multifamily Housing Notice of Funding Availability (NOFA) on June 24, 2025, initially announcing the availability of approximately \$8 million in gap financing for affordable housing projects. This funding comprised of approximately \$4.4 million in HOME Investment Partnerships Program (HOME), and approximately \$3.6 million in Local Housing Trust Fund (LHTF) program. **Table 1** below summarizes the timeline for the NOFA process.

Table 1 NOFA Timeline	
Item	Timeline
NOFA Publication Date	June 24, 2025
Application Release Date	June 24, 2025
Application Workshop	July 9, 2025
Application Due Date	July 30, 2025
Application Review Period	July 31, 2025 – September 31, 2025
Funding Recommendation to Housing and Land Use Committee	October 21, 2025
Funding Recommendations to City Council	November 18, 2025
Funding Award Notifications to Applicants	November 2025
Enter into Funding Agreements	December 2025

The Multifamily Housing NOFA closed on July 30, 2025. In total, five (5) applications were received in response to the NOFA. **Table 2** below summarizes the applications received and funding amounts requested. The total amount requested was \$17,981,000, which is more than double the amount of available funding.

Table 2 Amount Requested by Applicants						
Applicant	Project Address	Project Name	Description	Amount Requested	# of Units	Affordability Level
CHISPA	165-177 Carr Avenue	Vista de la Terraza	Multifamily Housing	\$607,000	40	60% AMI
Milestone Housing	200 Casentini Street	200 Casentini Street Apartments	Multifamily Housing	\$7,250,000	88	60% AMI
CHISPA	376 E. Alvin Drive	Saint George Apartments	Senior Housing	\$4,000,000	36	60% AMI
Eden Housing	855 East Laurel Street	855 East Laurel Phase 1	Farmworker Housing	\$4,124,000	78	60% AMI
RH Community Builders	300 Monterey Street	Salinas Modular	Multifamily Housing/PSH	\$2,000,000	66	80% AMI
Totals				\$17,981,000	308	

Applications were evaluated through a Rank and Review process involving multiple City departments including Community Development, Current Planning, and Public Works. Application assessment was based on the NOFA criteria including project readiness, leveraging of other funding sources, project attributes, alignment with current Neighborhood Revitalization plans, developer experience, and project feasibility. Following the initial evaluation, City staff met individually with each developer to discuss their proposed projects, review preliminary funding recommendations, and ensure that the proposed projects are financially feasible prior to finalizing funding recommendations.

After the application review period, the City identified additional funding sources from other grants, including Permanent Local Housing Allocation (PLHA) and Community Development Block Grant (CDBG) increasing the total available funds to \$8,460,220 to support funding for the proposed projects identified in the applications. The reallocation of \$3,608,023 in HOME funds and \$440,000 in CDBG funds to the Multifamily Housing NOFA requires Substantial Amendments to multiple HUD Annual Action Plans. Both HOME and CDBG proposed Substantial Amendments are presented as a separate item for City Council consideration on November 18, 2025. The identification of these additional funding sources was driven in part by federal and state expenditure timeliness requirements, particularly for the CDBG program, to ensure that funds are utilized and spent within a required timeframe.

Additionally, City staff identified an active City-led development, the Republic Café project in the Chinatown neighborhood of Salinas, requiring substantial financial resources to fund the immediate stabilization and rehabilitation of the building at 37 and 39 Soledad Street. This includes remediation of fire damaged buildings, predevelopment professional architectural, surveying, landscaping and other real estate development costs.

The Republic Café property is actively funded by the Regional Early Action Plan (REAP) grant however the use of these funds is for predevelopment activities, which includes concept and schematic design for the Republic Café. REAP funding is not intended for nor sufficient to fund the physical stabilization and preservation of the historic resource building. The Republic Café is one of several City owned properties which are intended to be part of a larger mixed used development intending to produce 80-100 affordable housing units including a museum as identified in the Chinatown Revitalization Plan. Although the Republic Café project was not part of the Multifamily Housing NOFA application process, it is directly tied to the LHTF program, as the appraised value of the land was included as a local match in the City's original LHTF funding application. As such, the City has an ongoing commitment to further support the development and successful implementation of the project consistent with the LHTF award guidelines and standard agreement.

Staff recommendations related to the funding allocations are identified in **Table 3** below. Due to timeliness of implementation and the readiness of the projects to receive and spend funds, staff has determined the proposals from Eden Housing and RH Community Builders will not be funded through this NOFA. The City remains committed to supporting the development of affordable housing and will continue engaging with the developers to identify alternate funding opportunities to advance these projects.

Table 3 Staff Recommended Funding						
Applicant	Project Address	Project Name	Description	Amount Requested	Amount Recommended	Funding Source(s)
CHISPA	165-177 Carr Avenue	Vista de la Terraza	Multifamily Housing	\$607,000	\$960,000	HOME CHDO, CDBG
Milestone Housing	200 Casentini Street	200 Casentini Street Apartments	Multifamily Housing	\$7,250,000	\$3,837,000	HOME, LHTF
CHISPA	376 E. Alvin Drive	Saint George Apartments	Senior Housing	\$4,000,000	\$2,372,699	HOME, LHTF, PLHA
Eden Housing	855 East Laurel Street	855 East Laurel Phase 1	Farmworker Housing	\$4,124,000	\$0	N/A
RH Community Builders	300 Monterey Street	Salinas Modular	Multifamily Housing / PSH	\$2,000,000	\$0	N/A
City of Salinas	37 and 39 Soledad St	Republic Café	Multifamily Housing	\$2,000,000	\$1,290,521	LHTF
Totals				\$19,981,000	\$8,460,220	

The recommended NOFA preliminary awards will support the development of approximately 164 total affordable housing units throughout the City, which includes the rehabilitation of a 40-unit affordable housing development.

At the October 21, 2025, Housing and Land Use Committee, the Committee approved Staff's recommended motion. Should the recommendations be approved by City Council, the City will announce the preliminary awards to the chosen developments. After that, the City will work with developers to enter into funding agreements at the appropriate time and once certain funding requirements and conditions are met.

CEQA CONSIDERATION:

Not a project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

Yes.

STRATEGIC PLAN INITIATIVE:

The use of federal and state funds to assist affordable housing developments throughout the City of Salinas is supportive of the 2025 City of Salinas Strategic Plan Housing objective of facilitating the addition of low-income housing.

DEPARTMENTAL COORDINATION:

The proposed resolution CDD's Housing and Community Development Division has been coordinated with other City departments including Finance, Public Works, and Current Planning.

FISCAL AND SUSTAINABILITY IMPACT:

There is no General Fund impact associated with this agenda item as available City of Salinas grant funding will be used to support these projects. Attachment A reflects the funding recommendations allocated based on funding source.

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested
2910	30.3240-Various	CDBG Various	\$400,000	\$400,000
2930	30.3240-Various	HOME Various	\$4,224,000	\$4,224,000
2951	30.3240-Various	PLHA Various	\$543,699	\$543,699
2603	30.Various	LHTF Various	\$3,292,521	\$3,292,521

ATTACHMENTS:

1. Attachment A: Funding Recommendations Based on Funding Source
2. Resolution - FY 2025-26 Multifamily Housing Application Award Recommendations
3. Presentation – Multifamily NOFA Recommendations

Attachment A: Funding Recommendations Based on Funding Source

Applicant	Project Address	Project Name	Funding Sources	Funding Recommendations	NWS Fund
CHISPA	165-177 Carr Avenue	Vista de la Terraza	CDBG	\$400,000	2910
			HOME CHDO	\$560,000	2930
		Total for Vista de la Terraza		\$960,000	
Milestone Housing	200 Casentini Street	200 Casentini Street Apartments	LHTF	\$570,000	2603
			HOME	\$3,267,000	2930
		Total for 200 Casentini Street Apartments		\$3,837,000	
CHISPA	376 E. Alvin Drive	Saint George Apartments	LHTF	\$1,432,000	2603
			HOME	\$397,000	2930
			PLHA	\$543,699	2951
		Total for Saint George Apartments		\$2,372,699	
City of Salinas	37 and 39 Soledad St	Republic Café	LHTF	\$1,290,521	2603
		Total for Republic Café		\$1,290,521	