

**RESOLUTION NO. \_\_\_\_\_(N.C.S.)**

**A RESOLUTION OF THE CITY OF SALINAS CITY COUNCIL AUTHORIZING THE CITY MANAGER TO ENTER INTO A FUNDING AGREEMENT WITH THE HOUSING AUTHORITY OF THE COUNTY OF MONTEREY TO CONTRIBUTE UP TO \$2,500,000 IN SUPPORT THE ACQUISITION OF THE SALINAS INN AT 1030 FAIRVIEW AVENUE (PROPERTY) AND REALLOCATING PERMANENT LOCAL HOUSING ALLOCATION PROGRAM AND PROHOUSING INCENTIVE PROGRAM FUNDS FOR PROPERTY ACQUISITION**

**WHEREAS**, Memoranda of Understanding were executed between the City, Shangri-La Industries, LLC, and Step Up on Second Street, Inc. in which the City allocated year two PLHA funds to the Sanborn Inn (\$1,014,000) and the Salinas Inn (\$220,000) Homekey Projects for the provision of services to the residents of the future permanent supportive housing projects; and

**WHEREAS**, in 2023, Shangri-La defaulted on both Homekey projects, leading to their foreclosure, both properties were sold to new owners, and the new owner of the Salinas Inn at 1030 Fairview Avenue (Property) has expressed interest in selling; and

**WHEREAS**, the City of Salinas and the County of Monterey are interested in financially supporting HACM to purchase and operate the Property to preserve it as a permanent supportive housing project; and

**WHEREAS**, both City and County are proposing a one-time contribution of up to \$2.5 million to support Property acquisition and are exploring other one-time funding contributions to support Property acquisition in partnership with the City and County; and.

**WHEREAS**, the City intends to reallocate up to \$1,014,000 in Permanent Local Housing Allocation (PLHA) funds, originally allocated to Shangri-La Industries, LLC, for the operation of the Sanborn Inn Homekey project to the Housing Authority of the County of Monterey (HACM) for the potential acquisition of the Property; and

**WHEREAS**, the City further intends to allocate up to \$96,263 in unencumbered PLHA funds for the potential acquisition of the Property; and

**WHEREAS**, on May 9, 2023, the City received a conditional award letter from the state Housing and Community Development Department (HCD) in the amount of \$1,650,000 for the Prohousing Incentive Program (PIP); and

**WHEREAS**, on December 11, 2023, the City executed a Conditional Funding Reservation Letter to Envision Housing LLC for \$500,000 in PIP funds to cover predevelopment costs of the 100% affordable multifamily housing development at 467/479 E. Market Street; and

**WHEREAS**, on January 26, 2024, the City and HCD executed the PIP Standard Agreement for an award amount of \$1,650,000; and

**WHEREAS**, the City intends to reallocate \$500,000 in PIP funds, originally reserved to

Envision Housing LLC for the project on 467/479 E. Market Street for the potential acquisition of the Property; and

**WHEREAS**, the City intends to allocate up to \$169,737 in unencumbered Multifamily Housing Projects PIP funds to the potential acquisition of the Property; and

**WHEREAS**, the City intends to reallocate \$500,000 in PIP funds originally designated for the First Time Homebuyer Program to Multifamily Housing projects and allocate the funds to the potential acquisition of the Property; and

**WHEREAS**, 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).

**NOW, THEREFORE, BE IT RESOLVED** that the Salinas City Council authorizes the City Manager, or designee, to negotiate and execute all applicable forms, conditional commitment letters, agreements, grant-related documents, and subsequent amendments to transfer up to \$2,500,000 to the Housing Authority of the County of Monterey (“HACM”), matched by the County of Monterey, to support the acquisition of the Salinas Inn located at 1030 Fairview Avenue, Salinas, California 93905 (Property), for permanent supportive housing; and

**BE IT FURTHER RESOLVED** that the Salinas City Council authorizes the re-allocation of up to \$1,330,263 of year two Permanent Local Housing Allocation (PLHA) funds for Property acquisition; and

**BE IT FURTHER RESOLVED** that the Salinas City Council authorizes the re-allocation of up to \$1,169,737 in Prohousing Incentive Program (PIP) funds for Property acquisition.

**PASSED AND APPROVED** this 12<sup>th</sup> day of November 2024, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**APPROVED:**

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Kimbley Craig, Mayor

**ATTEST:**

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Patricia M. Barajas, City Clerk