



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: NOVEMBER 19, 2024

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: LISA BRINTON, COMMUNITY DEVELOPMENT DIRECTOR

THROUGH: VINCENT MONTGOMERY, PLANNING MANAGER

BY: LUIS OCHOA, SR. COMMUNITY DEVELOPMENT ANALYST
MONICA FLORES-PONCE, COMMUNITY DEVELOPMENT ANALYST
DAVID VIGIL, ADMINISTRATIVE ANALYST

TITLE: FOURTH AMENDMENT TO PERMANENT LOCAL HOUSING ALLOCATION 5-YEAR PLAN AND ALLOCATION OF FUNDS TO COMMUNITY HOUSING IMPROVEMENT SYSTEMS AND PLANNING ASSOCIATION INC. (CHISPA) FOR FOUR PROJECTS

RECOMMENDED MOTION:

A motion to approve a Resolution authorizing:

1. the submission of Fourth Amendment (Amendment) to the Permanent Local Housing Allocation (PLHA) 5-Year Plan; and
2. the allocation of \$390,000 in PLHA funds to Community Housing Improvement Systems and Planning Association Inc. (CHISPA) for the development of three Accessory Dwelling Units (ADUs) located at 138 Carr Avenue, 617 Fremont Street, and 615 Fremont Street; and
3. the allocation of \$645,000 in PLHA funds to CHISPA for the acquisition of the 98 Kip Drive property for the development of a 100% affordable senior housing project; and
4. the City Manager, or its designee, to negotiate and execute agreements and related covenant documents and all other applicable forms, conditional commitment letters, grant-related documents, and all subsequent amendments as needed.

EXECUTIVE SUMMARY:

In June 2021, the City of Salinas (City) and the California Department of Housing and Community Development (HCD) established a Standard Agreement for the PLHA Program, allowing up to \$6,041,082 over five years to address housing needs. The City is proposing amendments to its 5-Year Plan (Plan) to allocate \$390,000 for three ADU projects and \$645,000 for acquiring a property at 98 Kip Drive for a 100% affordable senior housing development, both through

CHISPA. Additionally, the Amendment will include a 40% allocation of funds towards homeownership opportunities for years three, four, and five. HCD requires a 10-day public notice for any amendments to the PLHA Plan. Public notice for the fourth amendment was initiated on November 8, 2024, and it closes with a public hearing at City Council on November 19, 2024.

BACKGROUND:

The PLHA program supports local governments in housing-related projects. Salinas has received various allocations since the plan’s approval, with flexibility to adjust funding as needed. The proposed amendments will address low-income multifamily rental units and ADU production while meeting the new 40% allocation requirement towards homeownership opportunities.

The Amendment seeks to adjust percentages in years three, four, and five to continue the commitment of funding towards the development of low-income multifamily rental units, ADUs, and homeownership opportunities. Tables 1 and 2 below illustrate the proposed Amendment.

Table 1: Current PLHA 5-Year Plan Allocation					
Activity Description	Percent Budget Per Year				
	1	2	3	4	5
Program Administration	5%	5%	5%	5%	5%
Affordable Housing Development	75%	0%	70%	40%	55%
ADU Production	0%	10%	0%	10%	10%
Matching Funds to LHTF	0%	0%	0%	0%	0%
Homeless Services Assistance	20%	85%	25%	45%	30%
Totals	100%	100%	100%	100%	100%

Table 2: Proposed Amendment to PLHA 5-Year Plan Allocation					
Activity Description	Percent Budget Per Year				
	1	2	3	4	5
Program Administration	5%	5%	5%	5%	5%
Affordable Housing Development	75%	0%	41%	55%	55%
ADU Production	0%	10%	14%	0%	0%
Matching Funds to LHTF	0%	0%	0%	0%	0%
Homeless Services Assistance	20%	85%	0%	0%	0%
Homeownership Opportunities	0%	0%	40%	40%	40%
Totals	100%	100%	100%	100%	100%

The Amendment will allocate \$390,000 in PLHA funds to CHISPA to develop three ADUs. CHISPA will use the funds for predevelopment and construction costs. The proposed ADUs will be located at: 138 Carr Avenue, 615 Fremont Street, and 617 Fremont Street. The ADUs will be rented to households up to Moderate Income.

On January 23, 2024, City Council had approved a resolution authorizing the commitment of \$640,000 from year three PLHA funding to support CHISPA with the acquisition of the land for a planned 100% affordable senior housing project located at 98 Kip Drive. The City wants to increase the PLHA funding to \$645,000 for the 36-unit development.

These items were presented at the Housing and Land Use Committee on November 5, 2024. Committee members present unanimously supported Council’s approval of the Amendment. By committing PLHA funding from years two and three to CHISPA for these projects, it will ensure the City is compliant with the PLHA expenditure deadlines.

CEQA CONSIDERATION:

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).

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

The allocation of years two and three of PLHA funding to CHISPA for the acquisition 98 Kip Drive and the construction of three ADUs supports the City of Salinas 2022-2025 Strategic Plan Goals and Strategies of Housing/Affordable Housing by supporting the production of ADUs and affordable housing development for seniors.

DEPARTMENTAL COORDINATION:

This agenda item is administered by the CDD’s Housing and Community Development Division in consultation with the City Attorney and Finance Department. The City also collaborated with HCD, Goldfarb and Lipman, and CHISPA on this agenda item.

FISCAL AND SUSTAINABILITY IMPACT:

There will be no impact on the General Fund. The allocated funds for this potential property acquisition are from State grant funds awarded to the City.

Fund	Appropriation	Appropriation Name	Total Appropriation	Amount for recommendation	FY 24-25 Operating Budget Page	Last Budget Action (Date, Resolution)
2951	30.3240-69.1351	Financial Assistance – Multi Family Housing	\$3,322,776.95	\$1,035,000	N/A	05/14/2024, 22974

ATTACHMENTS:

Resolution – City

Resolution – State

HCD Amendment Application

138 Carr Ave. – Funding Agreement and Covenant Documents

615 Fremont St. – Funding Agreement and Covenant Documents

617 Fremont St. – Funding Agreement and Covenant Documents

98 Kip Dr. – Funding Agreement and Covenant Documents