

PLHA Formula 5-year Plan - Amendment

Rev. 5/7/21

Eligible Activities, §301

§301(a) Eligible activities are limited to the following:	Included?
§301(a)(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.	<input checked="" type="checkbox"/> YES
§301(a)(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.	<input checked="" type="checkbox"/> YES
§301(a)(3) Matching portions of funds placed into Local or Regional Housing Trust Funds.	<input checked="" type="checkbox"/> YES
§301(a)(4) Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176.	<input type="checkbox"/> YES
§301(a)(5) Capitalized Reserves for services connected to the preservation and creation of new permanent supportive housing.	<input type="checkbox"/> YES
§301(a)(6) Assisting persons who are experiencing or At-risk of homelessness, including, but not limited to, providing rapid re-housing, 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.	<input checked="" type="checkbox"/> YES
§301(a)(7) Accessibility modifications in Lower-income Owner-occupied housing.	<input type="checkbox"/> YES
§301(a)(8) Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.	<input type="checkbox"/> YES
§301(a)(9) Homeownership opportunities, including, but not limited to, down payment assistance.	<input type="checkbox"/> YES
§301(a)(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.	<input type="checkbox"/> YES

§302(c)(4) Plan

Rev. 5/7/21

§302(c)(4)(A) Describe the manner in which allocated funds will be used for eligible activities.

The City of Salinas (City) will allocate HCD Permanent Local Housing Allocation (PLHA) funds to four (4) activities: 1) providing gap financing for construction of multi-family and senior affordable rental housing projects within the City, targeted to households that are 60% AMI or below; 2) creating an ADU Program which provides revolving loans to moderate or low-income households to accelerate ADU production; 3) contributing funds, beginning in the fourth year, for a Local Housing Trust Fund to be established through the HCD Local Housing Trust Fund ("LHTF") Program; 4) supporting the implementation of the Continuum of Care's 10 Year Plan to Reduce Homelessness, including rapid rehousing, rental assistance, and supportive/case management services to assist in securing or retaining housing; operating and capital costs for Navigation Center and the emergency shelter (Chinatown Navidation Center and Share Center) and new construction, rehabilitation, and preservation of permanent and transitional housing (Step Up in Salinas, Step Up on Fairview, and Step Up on Sanborn).

§302(c)(4)(B) Provide a description of the way the Local government will prioritize investments that increase the supply of housing for households with incomes at or below 60 percent of Area Median Income (AMI).

The City will allocate all Activity 1 funding to provide gap financing for construction of multi-family and senior affordable rental housing projects within the City, targeted to households that are 60% AMI or below. Similarly, funding allocated for Activity 3, the Regional Trust Fund, will provide loans and/or grants to affordable housing developers producing affordable rental housing also targeted to households that are 60% AMI or below. There are multiple affordable housing projects in our 5-year pipeline including Parkside Manor Apartments (Senior housing), 855 East Laurel Drive (100% affordable rental Multifamily housing project), Division Street Project is on City owned property (Mixed Use/Multifamily housing), and Alisal Marketplace Apartments (Mixed Use/Multifamily housing) is on City owned property. All units produced through these projects that receive PLHA funding will be occupied by households at or below 60% AMI. Over the next five (5) years, the City anticipates this funding will contribute to the production of at least five (5) affordable housing complexes for Activity 1 and two (2) housing complexes for Activity 3. All new units will have an affordability restriction of 55 years. The City will prioritize affordable housing projects at 60% AMI or below that are essentially "shovel ready". If multiple projects meet these criteria, the City will conduct a formal Request for Proposal and each application will be rated and ranked similar to the City's HUD HOME Investment Partnership Program.

§302(c)(4)(C) Provide a description of how the Plan is consistent with the programs set forth in the Local Government's Housing Element.

The Housing Element aims to expand the City's affordable housing inventory by a minimum of 700 units (50 extremely low, 100 very low, 150 low, and 400 moderate income units) by 2023. Through Action H-9, the City's aims to provide gap-financing for nonprofit housing developments. For this reason, the City will allocate 75% of the HCD PLHA grant funding in year one (1), 70% in year three (3), and 40% in year four (4) and five (5). The aforementioned Division Street project, falls within the Alisal Neighborhood Revitalization Strategy Area, supporting Action H-5 of the City's Housing Element. Additionally, Policy H-3.5 encourages the provision of housing and services for individuals experiencing homelessness through the use of state and federal programs. The City is proposing to leverage 20% of HCD PLHA funds in year one (1), 85% in year two (2), 25% in year three (3), and 15% in year four (4) and five (5) for best practices such as rapid rehousing, rental assistance, supportive/case management services, operating and capital costs to permanent supportive housing projects to reduce homelessness. A Local Housing Trust Fund will also support Action H-9 of the City's housing element, which encourages the City to create its own Local Housing Trust Fund to facilitate housing development activities. Moreover, the Local Trust Fund will assist the City in reaching the additional 2,093 housing units needed to meet the City's Local Housing Needs Assessment (RHNA) goal.

Activities Detail (Activities Detail (Must Make a Selection on Formula Allocation Application worksheet under Eligible Activities, §301))

§301(a)(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.

§302(c)(4)(E)(i) Provide a detailed and complete description of how allocated funds will be used for each proposed Affordable Rental Housing Activity.

The City will allocate PLHA funding to provide gap financing for construction of multi-family and senior affordable rental housing projects targeted to households that are 60% AMI or below. These projects must be "shovel-ready" and have already applied for or secured other financing, such as applying to the California Tax Credit Allocation Committee (TCAC) for either 4% or 9% tax credits. If multiple projects meet these criteria, the City will conduct a formal Request for Proposal and each application will be rated and ranked similar to the City's HUD HOME Investment Partnership Program. Qualified projects may be recommended for future years. In addition, the City may use its HUD funding (CDBG, HOME, and ARPA) to complement the PLHA funding. Any committed PLHA funding will not be distributed until all other financing is in place. For Activity 1, gap financing for multi-family or senior housing, the City will allocate 75% of the PLHA funds in the first year, 70% in the third year, and 40% in the fourth and fifth year.

Complete the table below for each proposed Affordable Rental Housing Activity to be funded with 2019-2023 PLHA allocations. If a single Activity will be assisting households at more than one level of Area Median Income, please list the Activity as many times as needed to capture all of the AMI levels that will be assisted, but only show the percentage of annual funding allocated to the Activity one time (to avoid double counting).

Funding Allocation Year	2019	2020	2021	2022	2023									
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Affordable Rental Housing Activity	75.0%	0.0%	70.0%	40.0%	40.0%									
§302(c)(4)(E)(ii) Area Median Income Level Served	60%		60%	60%	60%									TOTAL
§302(c)(4)(E)(ii) Unmet share of the RHNA at the AMI Level Note: complete for year 2019 & 2020 only	274	274												548
§302(c)(4)(E)(ii) Projected Number of Households Served	80		80	40	40									240
§302(c)(4)(E)(iv) Period of Affordability for the Proposed Affordable Rental Housing Activity (55 years required for rental housing projects)	55 Years													

§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity.

At the beginning of every calendar year, the City solicits proposals for its HUD Funds (CDBG and HOME Investment Partnership) to prepare the Annual Action Plan. In 2020, the City received two proposals for gap financing for the Parkside Manor Phase I (Senior Housing) and Sun Rose (Permanent Supported Housing) Apartments. Parkside Manor Phase I Apartments submitted a TCAC application in March of 2020 that was not awarded, but re-submitted on July 1, 2020. Parkside Manor Phase I was awarded TCAC funds and is currently working in finalizing the construction of the eighty (80) units complex. This project also received PLHA funds from the City and is expected to be completed by the end of 2022. The City is collaborating on two potential housing projects 855 East Laurel Drive (Multifamily housing) and Division Street Project (Mixed Use/Multifamily housing). The City anticipates following the same process established with HUD program funding and will transmit a Request for Proposal (RFP) in January/February of each calendar year. The City may also potentially self direct the funds to best fit the needs of the community and upcoming housing projects. Proposals will be evaluated for project

For the complete response to this section, see page description 6

§301(a)(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.

§302(c)(4)(E)(i) Provide a detailed and complete description of how allocated funds will be used for each proposed Affordable Rental and Ownership Housing Activity.	Percentage of Funds Allocated for Affordable Owner-occupied Workforce Housing	30%
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The City's HCD PLHA Grant Funds will be used to begin a new Accessory Dwelling Unit (ADU) Financing Program in the second year of this five-year Plan. The PLHA ADU allocation will be used to establish a revolving loan fund for predevelopment costs and/or hard construction costs directly associated with the construction of new ADUs within City limits. The City is proposing to allocate 10% of the HCD PLHA Grant on years two (2), four (4), and five (5).

Complete the table below for each proposed Affordable Rental and Ownership Housing Activity to be funded with 2019-2023 PLHA allocations. If a single Activity will be assisting households at more than one level of Area Median Income, please list the Activity as many times as needed to capture all of the AMI levels that will be assisted, but only show the percentage of annual funding allocated to the Activity one time (to avoid double counting).

Funding Allocation Year	2019	2020	2021	2022	2023								
Type of Affordable Housing Activity		ADU		ADU	ADU								
§302(c)(4)(E)(ii) Area Median Income Level Served		120%		120%	120%								
§302(c)(4)(E)(ii) Unmet share of the RHNA at AMI Level <i>Note: complete for year 2019 & 2020 only</i>	403	403											806
§302(c)(4)(E)(i) Percentage of Funds Allocated for Each Affordable Housing Activity		10%		10%	10%								
§302(c)(4)(E)(ii) Projected Number of Households Served		10		10	10								30
§302(c)(4)(E)(iv) Period of Affordability for the Proposed Activity (55 years required for rental housing projects)													

§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of each Affordable Rental and Ownership Housing project.

In 2018, the City was awarded a Corporation for National Service VISTA Grant in part to facilitate the production of ADUs. Since then, the City adopted a five-year development impact fee exemption for ADUs and have streamlined ADU regulations. The City has also applied for LEAP Funding for the development of pre-approved plans for ADUs and promotional marketing and have assigned a City navigator for interested homeowners. The City would use the PLHA funding to complement these efforts by establishing a new revolving loan fund to help moderate income households finance ADU development. The City also plans to partner with banks to leverage our resources and increase the fund's loan capacity. The City will create the loan fund guidelines and secure additional funding in the third year. Once the program guidelines have been established and adopted by City Council, the City will begin the pre-qualifying process for top applicants in year three (3) of this plan. Funding will be made available to households at 120% of the AMI or below. The City will award financing to qualified applicants on a "first come first served" basis beginning in Spring 2023.

§301(a)(3) Matching portions of funds placed into Local or Regional Housing Trust Funds.

§302(c)(4)(E)(i) Provide a detailed and complete description of how allocated funds will be used for the proposed Activity.	Percentage of Funds Allocated for Affordable Owner-occupied Workforce Housing	0%
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The City will submit an application in 2023 through HCD's Local Housing Trust Fund (LHTF) Program to establish a Housing Trust Fund (LHTF). The City will contribute \$200,000 of unrestricted funding. Once established, the City will allocate 30% of future PLHA funding in the forth (4) and fifth (5) year to the LHTF.

Complete the table below for each proposed Activity to be funded with 2019-2023 PLHA allocations. If a single Activity will be assisting households at more than one level of Area Median Income, please list the Activity as many times as needed to capture all of the AMI levels that will be assisted, but only show the percentage of annual funding allocated to the Activity one time (to avoid double counting).

Funding Allocation Year	2019	2020	2021	2022	2023								
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Type of Affordable Housing Activity	Rental: Development	Rental: Development												
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Activity			30.00%	30.00%										
§302(c)(4)(E)(ii) Area Median Income Level Served			60%	60%										TOTAL
§302(c)(4)(E)(ii) Unmet share of the RHNA at AMI Level Note: complete for year 2019 & 2020 only	274	274												548
§302(c)(4)(E)(ii) Projected Number of Households Served			30	30										60
§302(c)(4)(E)(iv) Period of Affordability for the Proposed Activity (55 years required for rental housing projects)			55	55										
§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity.														
The City will create a Local Trust Fund and provide loans and/or grants for affordable rental housing targeted to households that are 60% AMI or below. The City will work on submitting an application in 2023 for the LHTF. If funding is awarded, the City will promote the LHTF as a funding resource for affordable housing projects within City Limits. Similar to PLHA development funding, the Local Housing Trust Fund will be geared toward shovel-ready multi-family affordable rental housing projects. All new units created with these funds will maintain a 55-year affordability period.														
§301(a)(4) Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176.														
§301(a)(5) Capitalized Reserves for Services connected to the preservation and creation of new permanent supportive housing.														
§301(a)(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.														
§302(c)(4)(E)(i) Provide a detailed and complete description of how allocated funds will be used for the proposed Activity.														
The City proposes to use funding to support the implementation of the Continuum of Care's 10 Year Plan to Reduce Homelessness, including rapid rehousing, rental assistance, and supportive/case management services to assist in securing or retaining housing; operating and capital costs for Navigation Center and the emergency shelter (Chinatown Navigation Center and Share Center) and new construction, rehabilitation, and preservation of permanent and transitional housing (Step Up in Salinas, Step Up on Fairview, and Step Up on Sanborn). In the first year, the City proposes to use 20% of its PLHA funding for these services, particularly to limit the negative impact of the COVID-19 pandemic on housing security. The City will allocate 85% in year two (2), 25% in year three (3), and 15% in year four(4) and five (5).														
Complete the table below for each proposed Activity to be funded with 2019-2023 PLHA allocations. If a single Activity will be assisting households at more than one level of Area Median Income, please list the Activity as many times as needed to capture all of the AMI levels that will be assisted, but only show the percentage of annual funding allocated to the Activity one time (to avoid double counting).														
Funding Allocation Year	2019	2020	2021	2022	2023									
Type of Activity for Persons Experiencing or At Risk of Homelessness	Emergency Shelter Operating	Supportive/ Case Management Services	Supportive/ Case Management Services	Emergency Shelter Operating	Emergency Shelter Operating									
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Activity	20.00%	85.00%	25.00%	15.00%	15.00%									
§302(c)(4)(E)(ii) Area Median Income Level Served	30%	30%	30%	30%	30%									TOTAL

§302(c)(4)(E)(ii) Unmet share of the RHNA at AMI Level Note: complete for year 2019 & 2020 only	421	421													842
	75	300	100	75	75										625
§302(c)(4)(E)(iv) Period of Affordability for the Proposed Activity (55 years required for rental housing projects)															
§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity.															
During the first year, the City is focused on expanding services at the Chinatown Navigation Center by providing shelter for up to fifty individuals experiencing homelessness through the installation of a Sprung shelter and five (5) trailers. The City has also partnered with the County on supporting the County's only emergency shelter and similarly was able to expand capacity through the addition of trailers. PLHA funding would be used to continue support of these efforts. In addition, first year funding will focus on transitioning Project Roomkey motel guests (a state program for medically fragile and elderly homeless individuals to reduce the spread of COVID-19) into stable housing. The City will continue to coordinate with the Coalition for Homeless Service Providers (Continuum of Care, or CoC, Collaborative Applicant) to program funding to address homeless service gaps in the City. The City is a HUD Emergency Solutions Grant (ESG) entitlement jurisdiction and plans to follow the same application process to support organizations that receive PLHA funds for homeless services. In January/February of each calendar year, the City will circulate a Request for Proposals (RFP) for homeless related services to implement the															
§301(a)(7) Accessibility modifications in Lower-income Owner-occupied housing.															
§301(a)(8) Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.															
§301(a)(9) Homeownership opportunities, including, but not limited to, down payment assistance.															
§301(a)(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.															

§301(a)(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.

§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of each Affordable Rental and Ownership Housing project.

In 2018, the City was awarded a Corporation for National Service VISTA Grant in part to facilitate the production of ADUs. Since then, the City adopted a five-year development impact fee exemption for ADUs and have streamlined ADU regulations. The City has also applied for LEAP Funding for the development of pre-approved plans for ADUs and promotional marketing and have assigned a City navigator for interested homeowners. The City would use the PLHA funding to complement these efforts by establishing a new revolving loan fund to help moderate income households finance ADU development. The City also plans to partner with banks to leverage our resources and increase the fund's loan capacity. The City will create the loan fund guidelines and secure additional funding in the third year. Once the program guidelines have been established and adopted by City Council, the City will begin the pre-qualifying process for top applicants in year three (3) of this plan. Funding will be made available to households at 120% of the AMI or below. The City will award financing to qualified applicants on a "first come first served" basis beginning in Spring 2023.

§301(a)(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.

§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity.

During the first year, the City is focused on expanding services at the Chinatown Navigation Center by providing shelter for up to fifty individuals experiencing homelessness through the installation of a Sprung shelter and five (5) trailers. The City has also partnered with the County on supporting the County's only emergency shelter and similarly was able to expand capacity through the addition of trailers. PLHA funding would be used to continue support of these efforts. In addition, first year funding will focus on transitioning Project Roomkey motel guests (a state program for medically fragile and elderly homeless individuals to reduce the spread of COVID-19) into stable housing. The City will continue to coordinate with the Coalition for Homeless Service Providers (Continuum of Care, or CoC, Collaborative Applicant) to program funding to address homeless service gaps in the City. The City is a HUD Emergency Solutions Grant (ESG) entitlement jurisdiction and plans to follow the same application process to support organizations that receive PLHA funds for homeless services. In January/February of each calendar year, the City will circulate a Request for Proposals (RFP) for homeless related services to implement the CoC's 10 Year Plan to Reduce Homelessness. Proposals will be rated and ranked by late Spring. Based upon these rankings and ESG funding gaps, City staff will send PLHA funding recommendations to City Council for consideration in May. It is anticipated that most PLHA funding will be used for emergency shelter, and the new construction, rehabilitation, and preservation of permanent and transitional housing, since other funding sources for these categories of work are limited.