

Resolution Number: _____
City of Salinas

AUTHORIZING RESOLUTION OF CITY OF SALINAS

AUTHORIZING THE APPLICATION FOR THE PERMANENT LOCAL HOUSING ALLOCATION PROGRAM

A necessary quorum and majority of the **Council members** of **City of Salinas, a municipality** (“Applicant”) hereby consents to, adopts and ratifies the following resolution:

- A. WHEREAS, the Department is authorized to provide up to \$195 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 re-opening of Notice of Funding Availability (“NOFA”) dated 02/26/2020 under the Permanent Local Housing Allocation (PLHA) Program;
- C. WHEREAS the **City of Salinas** 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.
- 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 THAT:

- 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 **\$6,041,082** 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 is attached to this resolution, and Applicant certifies compliance with all public notice, comment, and hearing requirements in accordance with the Guidelines.
5. 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.
6. 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.
7. Pursuant to Applicant's certification in this resolution, the PLHA funds will be expended only for eligible Activities and consistent with all program requirements.
8. 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).
9. 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.
10. 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.
11. **City Manager or Community Development Director** 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 at a regular meeting of the **City of Salinas** this 17th day of November, 2020 by the following vote:

AYES: _____

ABSTENTIONS: _____

NOES: _____

ABSENT: _____

Christie Cromeenes, Mayor Pro Tem

CERTIFICATE OF THE ATTESTING OFFICER

The undersigned, Officer of Patricia M. Barajas does hereby attest and certify that the [foregoing / attached] Resolution is a true, full and correct copy of a resolution duly adopted at a meeting of the City which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and is in full force and effect as of the date hereof.

ATTEST: _____
Patricia M. Barajas, City Clerk

City of Salinas - PLHA 5-Year Plan (Funding Allocation Years 2019-2023)

§302(c)(4) Plan											Rev. 5/20/20			
§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 second year, for a Regional Housing Trust Fund to be established through the HCD Local Housing Trust Fund ("LHTF") Program, in collaboration with the County of Monterey; 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; operational and capital costs for the Chinatown Navigation Center and the emergency shelter; and new construction, rehabilitation, and preservation of permanent and transitional housing.														
§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 Apartments (Senior Housing), Sun Rose Apartments (Permanent Supportive Housing), Laurel on Monterey County property (Permanent Supportive Housing), Division Street Mixed-Use Project on City property (Family Housing), and Alisal Marketplace Apartments (Family Housing) on City 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 three (3) 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														
§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), 40% in years two (2), four (4) and five (5), and 50% in year three. 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 15% of HCD PLHA funds for best practices such as rapid rehousing that reduce homelessness. A Regional Housing Trust Fund will also support Action H-9 of the City's housing element, which encourages the City's participation in regional/multi-jurisdictional agreements and activities to facilitate housing development. Moreover, a Regional Trust Fund will assist the City in producing the additional 2,093 units needed to meet the City's Regional 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 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) 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, 40% in the second year, 50% in the third year, and 40% in the fourth and fifth years.														
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	75.00%	40.00%	50.00%	40.00%	40.00%									
§302(c)(4)(E)(ii) Area Median Income Level Served	60%	60%	60%	60%	60%									TOTAL
§302(c)(4)(E)(ii) Unmet share of the RHNA at the AMI Level	50	40	50	40	44									224
§302(c)(4)(E)(ii) Projected Number of Households Served	50	40	40	40	40									210

§302(c)(4)(E)(iv) Period of Affordability for the Proposed Affordable Rental Housing Activity (55 years required for rental housing projects)	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	
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§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 (Senior Housing) and Sun Rose (Permanent Supportive Housing) Apartments. Sun Rose Apartments was awarded funding through a No Place Like Home Grant. Parkside Apartments submitted a TCAC application in March that was not awarded, but will re-submit on July 1st. This is the first phase of a two-phase project that will net eighty (80) units. The City anticipates providing financing to these developments, which already have received entitlement approval in the first year. 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. Proposals will be evaluated for readiness and then formally rated and ranked. The City will submit funding recommendations to City Council in May in conjunction

§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 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%											TOTAL
§302(c)(4)(E)(ii) Unmet share of the RHNA at AMI Level	75	75	75	75	103											403
§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 first 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 two (2) of this plan. Funding will be made available to households at 120% of the AMI or below. The

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

§302(c)(4)(E)(i) Provide a 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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This year the City will partner with the County in submitting an application through the HCD's Local Housing Trust Fund (LHTF) Program to establish a Regional Housing Trust Fund (RHTF). The City will contribute \$200,000 of unrestricted funding for the required match this year. Once established, the City will allocate 30% of future PLHA funding in the 2nd through 5th year to the RHTF.

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 Affordable Housing Activity		Rental	Rental	Rental	Rental										
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Activity		30.00%	30.00%	30.00%	30.00%										
§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 AMI Level	50	40	50	40	44										224
§302(c)(4)(E)(ii) Projected Number of Households Served		20	20	30	30										100
§302(c)(4)(E)(iv) Period of Affordability for the Proposed Activity (55 years required for rental housing projects)		55	55	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 has committed to participating in the County of Monterey's Application to HCD for the Local Housing Trust Fund Program (LHTF) in order to establish a Regional Housing Trust Fund (RHTF). The application is due after the submittal of the City PLHA application. For this reason, the City has allocated \$200,000 of unrestricted funds toward the required match for the RHTF in the first year. Prior to application submittal, the City will work with the County and participating jurisdictions to refine the trust fund guidelines, determine administrative support, and establish funding parameters based upon contribution. The City and County have already agreed that the Regional Trust Fund will provide loans and/or grants for affordable rental housing targeted to households that are 60% AMI or below. It is anticipated the County will submit the application for the LHTF before the August 3rd deadline. If funding is awarded, the City will work with the County to promote the RHTF as a funding resource for affordable housing. Similar to PLHA development funding, the

§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 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 (currently under development) including rapid rehousing, rental assistance, supportive/case management services to assist in securing or retaining housing; operating and capital costs for the Chinatown Navigation Center and the emergency shelter; and the new construction, rehabilitation, and preservation of permanent and transitional housing. In the first year, the City proposes to use 20% of its funding for these services, particularly to limit the negative impact of the COVID-19 pandemic on housing security. In years two through five, the City will allocate 15% for these services.

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 Shelters	Navigation Centers	Emergency Shelters	Transitional	Permanent										
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Activity	20.00%	15.00%	15.00%	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															0
§302(c)(4)(E)(ii) Projected Number of Households Served	75	75	75	75	75										375
§302(c)(4)(E)(iv) Period of Affordability for the Proposed Activity (55 years required for rental housing projects)	0	0	0	0	0										

§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

§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.

File Name:	Plan Adoption	§302(c)(4)(D) Evidence that the Plan was authorized and adopted by resolution by the Local jurisdiction and that the public had an adequate opportunity to review and comment on its content.	Attached and on USB?	Yes
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