



## **CITY OF SALINAS COUNCIL STAFF REPORT**

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**DATE:** JANUARY 23, 2024

**DEPARTMENT:** COMMUNITY DEVELOPMENT

**FROM:** LISA BRINTON, DIRECTOR

**THROUGH** ROD POWELL, ASSISTANT DIRECTOR

**BY:** FRANCISCO BRAMBILA, ACTING PLANNING MANAGER  
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**TITLE:** COMMITMENT OF 2019, 2020, AND 2021 PERMANENT LOCAL HOUSING ALLOCATION PROGRAM FUNDS

**RECOMMENDED MOTION:**

A motion to approve a Resolution authorizing:

1. the commitment of State of California Housing and Community Development Department Permanent Local Housing Allocation program funds for program years 2019, 2020, and 2021; and
2. the Interim City Manager or designee to execute any required documents, forms, agreements, or amendments necessary to support the implementation of each funding commitment.

**EXECUTIVE SUMMARY:**

Commitment and timely expenditure of State's Permanent Local Housing Allocation (PLHA) are prerequisites to the City's continued eligibility to apply for receipt of its 2023 PLHA allocation. Therefore, the commitment of the following specific allowable projects using remaining available PLHA funding from the City's 2019, 2020, and 2021 is required.

2019: \$200,000 to support the City of Salinas Emergency Motel Program

2020: \$156,459 to establish a City of Salinas Accessory Dwelling Unit Program

2021: \$500,000 to support predevelopment activities and costs associated with the development of City-owned parcel at Market and Division Streets

2021: \$640,000 to support Community Housing Improvement Systems and Planning's acquisition of land for a planned 100% affordable senior housing project at 98 Kip Drive

## BACKGROUND:

In 2017, Governor Brown signed a 15-bill housing package specifically aimed at addressing the State's housing shortage and increasingly high housing costs. As part of the bill, the State established an initial 5-year PLHA program utilizing supportive funding that originates from fees collected as part of all real estate transactions executed within the State. As such, annual PLHA funding allocations vary from year to year as its supportive revenue is dependent upon and subject to annual transactions associated with an ever-fluctuating real estate market. Thus far, the City has received a 2019 allocation of \$1,006,847, a 2020 allocation of \$1,564,592, and a 2021 allocation \$1,722,182.

PLHA program funds are intended to fund housing-related projects and programs that assist in addressing the unmet housing needs of local communities. Based upon prior robust engagement and analysis, the City's current PLHA Five-Year Plan includes varying annual percentage allocations of its annual allotment of PLHA funds within four (4) eligible activities:

- Extremely low-, very low-, low-, or moderate-income affordable housing development
- Accessory Dwelling Unit (ADU) production
- Matching Local or Regional Housing Trust Funds
- Homeless Services Assistance

On December 29, 2023, HCD released its annual PLHA Notice of Funding Availability advising local jurisdictions of related regulatory and expenditure requirements associated with its annual application process and identifying an anticipated 2022 PLHA allocation of \$863,162 for the City of Salinas. Formal release of a 2023 application has yet to occur but is expected in the near future. To remain eligible to submit a PLHA application, recipient jurisdictions are required to demonstrate the balance of uncommitted/unspent funds from prior year funding is less than their anticipated 2022 allocation. Commitments proposed by staff will allow the City to comply with necessary application thresholds while also moving forward previously planned objectives, activities, and programs identified in the City's PLHA 5-year Plan. Proposed commitments are as follows:

### Salinas Emergency Motel Program (EMP)

HCD's PLHA program grants an awarded jurisdiction with flexibility to respond to the immediate and long-term housing needs within its community. With this in mind, and in recognition of the fluid and ever-changing environment of homeless services funding, staff recommend committing \$200,000 of the City's 2019 allocation to the continued operations of the Salinas Emergency Motel Program (EMP). This commitment will allow the City to fully satisfy and comply with PLHA requirements for its 2019 PLHA allocation.

### ADU Financing Program

The City is currently developing a new Accessory Dwelling Unit (ADU) financing program intended to support affordable housing development through qualified, forgivable loans or grants.

The proposed commitment of \$156,459 of the City's 2020 PLHA allocation will allow for the development of up to four (4) ADU units by qualifying low- to moderate income households.

Acquisition funding to support CHISPA's development of a 100% affordable senior housing development.

The City continues to seek opportunities to provide affordable housing in its jurisdiction through various projects and partnerships. Staff are proposing a commitment of \$640,000 of the City's 2021 PLHA allocation to assist CHISPA in the acquisition of 98 Kip Drive from St. George Episcopal Church. Entitlement of the project is nearing completion and acquisition of the site will allow for the development of 36 affordable senior housing units through a 3% simple interest, 55-year loan and 55-year affordability covenant.

Predevelopment costs for Division and Market Street Properties

To support future development on City-owned parcels at Division and Market Streets, staff are proposing a commitment of \$500,000 of the City's 2021 PLHA allocation to fund necessary predevelopment activities for a future 100% affordable housing development.

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). Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

STRATEGIC PLAN INITIATIVE:

The approval of the resolution will support the City of Salinas Strategic Plan 2022-2025 Goal of Housing/Affordable Housing by committing PLHA funds to support the production of ADUs and affordable housing units.

DEPARTMENT COORDINATION:

This agenda item and proposed activities and program are administered by the City's Community Development Department (CDD) Housing and Community Development Division in coordination and consultation with the City's Legal, Finance, and Public Works Departments.

FISCAL AND SUSTAINABILITY IMPACT:

There is no General Fund impact associated with this agenda item.

ATTACHMENTS:

Resolution