



**CITY OF SALINAS
HOUSING AND LAND USE COMMITTEE**

DATE: MARCH 10, 2026

DEPARTMENT: COMMUNITY DEVELOPMENT DEPARTMENT

FROM: VINCENT MONTGOMERY, PLANNING MANAGER

TITLE: APPLICATION TO THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR THE PROHOUSING INCENTIVE PROGRAM ROUND 4

RECOMMENDED MOTION:

It is recommended that the Housing and Land Use Committee recommend City Council approval of a resolution accepting and authorizing:

1. The submission of a Prohousing Incentive Program (PIP) Round 4 application to the California Department of Housing and Community Development (HCD) of \$1,250,000 to rehabilitate the El Rey Motel, and to support the Mortgage Down Payment Assistance Program; and if awarded,
2. The City Manager or designee to accept PIP Round 4 funds and execute all required Agreements and related documents necessary to implement the program; and
3. The establishment of PIP Round 4 appropriation and budget allocation based on awarded budget and activities.

DISCUSSION:

On September 30, 2025, the California Department of Housing and Community Development (HCD) released a Notice of Funding Availability (NOFA) for Round 4 of the Prohousing Incentive Program (PIP). The Application deadline is March 31, 2026. PIP Round 4 provides funding to support the creation and preservation of affordable housing.

Under the Round 4 guidelines, priority will be given to eligible applicants who have not received PIP funding in prior funding rounds. Any remaining amount then becomes available to previously awarded jurisdictions. The City of Salinas received Round 1 PIP Funding in the amount of \$1,650,000 for the creation of an Affordable Housing Program and a First Time Homebuyer Down Payment Assistance Program. Since then, the City has submitted PIP applications for Round 2 and 3 to HCD but was not awarded.

Based on PIP Round 4 allocation formulas, the City could receive an award of up to \$1,250,000 to assist persons who are experiencing or at risk of homelessness, including providing rapid rehousing, rental assistance, navigation centers, emergency shelters and the new construction, rehabilitation, and preservation of permanent and transitional housing, and homeownership opportunities, including, but not limited to, down payment assistance. Application criteria require City Council approval of both City and State resolutions authorizing application submission and grant acceptance.

PIP Round 4 has approximately \$8 million in funding available for eligible jurisdictions with a Prohousing Designation. If awarded \$1,250,000, the City intends to allocate funds towards the rehabilitation of the El Rey Motel. The property was acquired for conversion into transitional and emergency housing for individuals experiencing, or at risk of homelessness. The site is currently vacant, and City staff have been working on identifying a funding source to address health and safety conditions by completing necessary rehabilitation to make the property habitable.

If rehabilitation of the El Rey Motel with PIP funding is deemed infeasible, the City is proposing an alternative use of the funds to support the Mortgage Down Payment Assistance Program (MDPAP). On January 27, 2026, City Council approved the establishment of the MDPAP Program using Permanent Local Housing Allocation (PLHA) Program funds to provide deferred loans to eligible first-time homebuyers. Like PLHA, PIP funds may be used to provide down payment assistance to households earning up to 150% of the Area Median Income.

The proposed application aligns with the City's ongoing commitment to expand housing access and address homelessness and housing affordability.

ATTACHMENTS:

PIP Rd. 4 – HLUC Presentation