



Legislation Text

File #: 24-088, Version: 1

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SUBJECT: Authorization to Accept and Appropriate \$887,254 in Grant Funds from the State of California Department of Housing and Community Development from the 2021 Permanent Local Housing Allocation (PLHA) Program and the Acceptance and Appropriation of the 2022 PLHA Fund of \$444,694 When it Becomes Available

REPORT IN BRIEF

Considers authorizing to accept and appropriate \$887,254 in Grant Funds from the State of California Department of Housing and Community Development (HCD) from the Permanent Local Housing Allocation (PLHA) program and further authorization of the 2022 PLHA funds of \$444,694 when available.

RECOMMENDATION

City Council - Adopt a motion:

- A. Accepting the 2021 PLHA grant funds in the amount of \$887,254; and,
- B. Increasing the revenue and expense in Fund 2018-Permanent Local Housing in the amount of \$887,254; and,
- C. Authorizing the use of pooled cash to cover the appropriation until grant funds are reimbursed; and,
- D. Authorizing the further acceptance and appropriation of the 2022 PLHA funds of \$444,694 when those funds are available; and
- E. Authorizing the Finance Officer to make the necessary budget adjustments; and,
- F. Authorizing the City Manager to execute all documents, including any amendments.

ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, subject to other than recommended by staff, identify specific findings; or,
3. Deny, or,
4. Continue to a future City Council Meeting (date and time to be specified in Council motion).

AUTHORITY

Charter of the City of Merced, Sections 200, 405, and 1105.

CITY COUNCIL PRIORITIES

This action is consistent with the adopted FY 2023-2024 Goals and Priorities, and Pro-Housing Policies of the City of Merced.

DISCUSSION

The Permanent Local Housing Allocation (PLHA) funding is provided pursuant to Senate Bill 2 (SB 2) (Chapter 364, Statutes of 2017). SB 2 established the Fund and authorizes the Department to allocate 70 percent of moneys collected and deposited in the Fund, beginning in calendar year 2019, to local governments for eligible housing and homelessness activities. The intent of the bill is to provide a permanent, on-going source of funding to local governments for housing-related projects and programs that assist in addressing the unmet housing needs of their local communities.

Funding is part of the Building Homes and Jobs Act (SB2). The funding was intended to help cities:

- Increase the supply of housing for households at or below 60% of area median income
- Increase assistance to affordable owner-occupied workforce housing
- Assist persons experiencing or at risk of homelessness
- Facilitate housing affordability, particularly for lower- and moderate-income households
- Promote projects and programs to meet the local government's unmet share of regional housing needs allocation
- Ensure geographic equity in the distribution of the funds

In December 2021, City Council adopted a resolution authorizing and adopting the PLHA Plan and a resolution authorizing the submittal of an application to the PLHA program of HCD (See Attachments). The City of Merced is eligible for approximately \$3,112,314 over 5 years, 2019 - 2023. This includes \$806,250 for 2020 and \$518,719 in carry forward from 2019. The 2019 and 2020 allocations will be used to support a project on Park Avenue proposed by UPHoldings and Self-Help Enterprises.

The 2021-2023 allocations have been committed to the Linc Housing project per Council authorization and approval in January 2024. The 2021 funding is \$887,254 and is included in the current Standard Agreement (attached). The 2022 funding amount has been announced in the recently released Notice of Funding Availability; that amount is \$444,694. The funds will be used as a gap loan for development and construction of affordable multifamily housing in the City, which will be operated as affordable housing serving families at 30% Area Median Income (AMI) or below. Five percent (5%) of the granted funds may be used to cover Administrative Expenses

IMPACT ON CITY RESOURCES

This will have no permanent effect on city resources. Any appropriation of funds needed will be reimbursed by the PLHA grant funds.

ATTACHMENTS

1. PLHA Plan
2. Resolution 2021-113 - PLHA Plan adoption
3. Resolution 2021-114 - PLHA application

4. Standard Agreement from HCD for PLHA