

# Agenda Report

July 20, 2020

**TO:** Honorable Mayor and City Council

**FROM:** Department of Housing

**SUBJECT: ADOPTION OF A RESOLUTION TO AUTHORIZE SUBMITTAL OF AN APPLICATION TO THE STATE OF CALIFORNIA FOR LOCAL HOUSING TRUST FUND PROGRAM GRANT FUNDS**

## **RECOMMENDATION:**

It is recommended that the City Council take the following actions:

- 1) Find that the recommended action is exempt from the California Environmental Quality Act ("CEQA"), pursuant to State CEQA Guidelines per Section 15061 (b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment;
- 2) Adopt a Resolution authorizing the City to submit a grant application to the State of California under the Local Housing Trust Fund ("LHTF") Program; and
- 3) Authorize the City Manager or his designee to approve any documents in connection with the LHTF grant application or, in the event that the City receives an award, any LHTF grant contract documents that may be required by the State.

## **BACKGROUND:**

On April 30, 2020 the State of California issued a Notice of Funding Availability announcing \$57 million in grant funds under the Local Housing Trust Fund ("LHTF") Program. The LHTF Program objective is to provide matching funds to local and regional housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing and emergency shelters. The funds are available to local jurisdictions statewide. Eligible uses of the LHTF grant funds include construction loans and/or permanent financing, loans to pay for predevelopment costs, acquisition costs, and other costs associated with the development or rehabilitation of affordable rental housing projects, or emergency shelters, transitional housing, permanent supportive housing, and affordable homebuyer/homeowner projects, including assistance to income-eligible homeowners to rehabilitate their homes. Funds

may also be used for the construction, conversion, repair, and rehabilitation of Accessory Dwelling Units.

Thirty percent (30%) of funds received must be expended to assist Extremely Low Income Households earning 30% or less of Area Median Income ("AMI").

The LHTF application is a competitive application with scoring criteria that emphasizes deeper affordability, the construction of new affordable rental housing, and non-residential matching funds. In order for the application to score competitively, the remaining seventy percent (70%) of funds received will be committed to increasing the supply of new construction Lower Income rental housing developments that serve households earning no more than 60% of AMI.

The City's application will be in the amount of \$5,000,000, the maximum permitted under the program regulations. Applicants must provide a dollar-for-dollar match of LHTF funds with local funds. The City's match, in the amount of \$5,000,000, consists of the approved land contribution for the Heritage Square South site, located at 710- 738 North Fair Oaks Avenue and 19-35 East Orange Grove Boulevard. The current estimated value of the land is \$5,500,000, (based on an appraisal completed in 2018, to be updated prior to the submittal of the funding application).

The application deadline for the current funding cycle is August 3, 2020. It is anticipated that the State will announce grant awards by October 2020.

#### **COUNCIL POLICY CONSIDERATION:**

The proposed action supports the City Council strategic objectives to maintain fiscal responsibility and stability and to support and promote the quality of life and the local economy.

#### **ENVIRONMENTAL ANALYSIS:**

The action proposed herein is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b)(3), the "General Rule" provision of CEQA which applies to projects which may have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The submittal of an application to the State for Housing-Related Parks Program grant funding will not have a significant effect on the environment and, hence, is not subject to CEQA.

#### **FISCAL IMPACT:**

Approval of the staff recommendation will have no immediate fiscal impact. However, in the event that the City is awarded LHTF Program funds from the State, staff will return

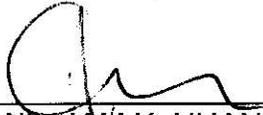
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with a recommendation to amend the Department's operating budget to reflect the grant revenue and local matching sources accordingly.

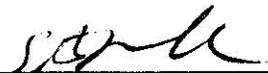
Respectfully submitted,

  
for WILLIAM K. HUANG  
Director of Housing

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Approved by:

  
STEVE MERMELL  
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