

Agenda Report

November 15, 2021

TO: Honorable Mayor and City Council

FROM: Housing Department

SUBJECT: RESOLUTION TO APPLY FOR THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT CALHOME PROGRAM

RECOMMENDATION:

It is recommended that upon close of the public hearing the City Council:

- 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 "common sense" provision that CEQA only applies to projects that may have a significant effect on the environment;
- 2) Adopt a Resolution of the City of Pasadena City Council approving the application submission to the California Department of Housing and Community Development's CalHome program notice of funding availability for grant funding in the amount of \$2,520,000 to provide financing for the rehabilitation and construction of accessory dwelling units; and
- 3) Authorize the City Manager to execute, and the City Clerk to attest, a standard agreement, any amendments, and any and all other related documents deemed necessary to participate in the CalHome program, if selected for funding.

BACKGROUND:

The California Department of Housing and Community Development (HCD) is currently accepting applications through a notice of funding availability (NOFA) for its CalHome program, granting up to \$5 million per application. The purpose of the CalHome program is to support existing homeownership programs aimed at very low-, low-, and moderate-income households. The goal is to increase homeownership, encourage neighborhood revitalization and sustainable development, and maximize the use of the existing housing stock through various activities. One such activity is assisting single-family homeowners to construct or rehabilitate accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs).

In October 2020, the City Housing Department launched the 2nd Unit ADU Program. The pilot program offered homeowners comprehensive assistance to finance, design, permit, and construct new ADUs. Through the program, homeowners could apply for a loan of up to \$150,000 to construct a new ADU in their backyard or convert their garage, with a requirement to rent the unit to a Pasadena rental assistance client (e.g., Section 8) for seven years. Low income homeowners could also apply for a \$75,000 loan to bring an illegal garage conversion up to code. During a 30-day application period, the City received 35 applications. Due to the program's limited funding only five applicants were selected. Those projects are currently in the design phase.

The recommended Resolution would enable the City to submit an application to the CalHome program for \$2.52 million in grant funding. If awarded, the funds will allow the expansion of the 2nd Unit ADU program to create as many as 21 new ADUs.

COUNCIL POLICY CONSIDERATION:

This proposed action supports the City Council Strategic Planning Three-Year Goals in the areas of improving, maintaining, and enhancing public facilities and infrastructure; improving mobility and accessibility throughout the City of Pasadena; and supporting and promoting the quality of life and the local economy.

ENVIRONMENTAL ANALYSIS:

The proposed action is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b)(3), the "common sense" 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 proposed activity, City approval of the Resolution and submission of the application to the CalHome NOFA, will not have a significant impact on the environment as it only provides a funding mechanism for the construction and rehabilitation of ADUs. Therefore, the proposed activity is not subject to CEQA.

FISCAL IMPACT:

There is no fiscal impact as a result of this action and the action will not have any indirect or direct support cost requirements. The adoption of the Resolution approving the submission of the application and execution of a standard agreement, if selected, is required for submission to the CalHome NOFA.

Respectfully submitted,



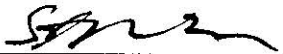
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Approved by:



STEVE MERMELL
City Manager