



Agenda Report

November 14, 2022

TO: Honorable Mayor and City Council

FROM: Department of Housing

SUBJECT: PUBLIC HEARING: SUBSTANTIAL AMENDMENT TO ANNUAL ACTION PLAN FOR HOME INVESTMENT PARTNERSHIP FUNDS

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 an effect on the environment;
- 2) Approve the submission to the U.S. Department of Housing and Urban Development (HUD) of a Substantial Amendment to the Annual Action Plan (2022-2023) as described in the report for the reprogramming of \$1,416,073 in HOME Investment Partnership (HOME) entitlement funds; and
- 3) Authorize the City Manager to execute, and the City Clerk to attest, the grant applications, certifications, and any and all other documents deemed necessary by HUD to obtain the allocation of the aforementioned federal entitlement funds.

BACKGROUND:

The Annual Action Plan sets forth the projected uses of federal entitlement funds, including Community Development Block Grant ("CDBG"), HOME Investment Partnership Act ("HOME"), and Emergency Solutions Grant ("ESG") program funds for the coming program year. The Plan addresses the efforts made toward accomplishing the goals and objectives included in the City's Five-Year Consolidated Plan (2020-2024). On June 13, 2022, the City Council convened a public hearing approving the submission of the Annual Action Plan (2022-2023) as an application to the U.S. Department of Housing and Urban Development (HUD). The modifications described below require that the Annual Action Plan be amended in accordance with HUD regulations by a "Substantial Amendment" (as that term is used in the Citizen Participation Plan).

The Substantial Amendment to the 2022-2023 Annual Action Plan will enable the City to program \$1,416,073 in available HOME funds. The proposed allocations of HOME funds consist of the following:

- TAY housing project:** \$1,000,000 in HOME funds to nonprofit developer Heritage Housing Partners (“HHP”) for the development of the proposed transition aged youth housing project at 2322 E. Foothill Blvd. The project is subject to a Development Loan Agreement No. 23651 (the “DLA”) pursuant to which the City has committed \$2,000,000 in Inclusionary Housing loan funds. The additional proposed allocation of \$1M in HOME funds will be utilized to cover unanticipated project development cost increases totaling \$329,500 (including a fire sprinkler system), and to swap out \$670,500 in Inclusionary funds that have not yet been expended on the project. Staff will return to Council at a later date with a recommendation to amend the DLA to reflect the funding increase.
- Ramona senior housing project:** \$416,073 in HOME Community Development Housing Development (“CHDO”) funds to nonprofit developer National Community Renaissance of California (“NCORE”) for the development of the proposed affordable senior housing project at 280 Ramona Street. This CHDO funding allocation is in addition to the \$2,300,000 in HOME funds that are currently programmed for this project in the existing Annual Action Plan. If the subject recommendation is approved, staff will bring to Council for action a separate recommendation at this meeting to approve the terms of a Development, Loan and Lease Agreement with NCORE for the proposed project.

The table below summarizes the Substantial Amendment allocations.

| Description | Implementing Agency | Location | Action |
|--|---|--|--|
| <p><u>2322 Foothill Renovation</u> Rehabilitation of two multiunit apartment buildings located at 2322 E. Foothill Blvd. to provide six (6) housing units for transition aged youth.</p> | <p>HHP-Foothill, LLC</p> | <p>2322 E. Foothill Blvd. Pasadena, CA</p> | <p>\$1,000,000 New Allocation</p> |
| <p><u>Ramona Senior Housing Project</u> Construction of a rental affordable housing complex located at 280 Ramona Street to serve low-income seniors. The project will consist of approximately 106 dwelling units, interior community space for residents, and a landscaped outdoor area for residents.</p> | <p>National Community Renaissance of California</p> | <p>280 Ramona St. Pasadena, CA</p> | <p>\$416,073 New CHDO Allocation</p> |

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 approval of the subject Substantial Amendment to the Annual Action Plan is a funding mechanism only and is excluded from the definition of "project" pursuant to State CEQA Guidelines Section 15378(b)(4). Furthermore, the action proposed herein will not have a significant effect on the environment and, hence is not subject to CEQA.

FISCAL IMPACT:

The recommended actions will have no direct fiscal impact. Approval of the Annual Action Plan (2022-2023) by the City Council and subsequent approval by HUD will result in a total allocation of \$1,416,073 in entitlement funds to support housing, community development, and homeless prevention activities. Approval also enables the City to be eligible for other federally funded programs requiring consistency with an adopted Five-Year Consolidated Plan and Annual Action Plan.

Respectfully submitted,


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Approved by:


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