



Agenda Report

May 8, 2023

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 "common sense" provision 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 for a housing project at 280 Ramona Street that is proposed to provide affordable rental housing for seniors; 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 March 7, 2023 the State of California issued a Notice of Funding Availability ("NOFA") announcing \$53 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.

The LHTF NOFA application is a competitive application with scoring criteria that emphasizes deeper affordability and the construction of new affordable rental housing. At least thirty percent (30%) of funds awarded must be expended to assist Extremely Low Income Households earning 30% or less of Area Median Income ("AMI"). In order for the application to score competitively, the remaining seventy percent (70%) of funds awarded will be committed to new construction rental housing developments that serve Low Income Households earning no more than 60% of AMI.

The City's application under the current NOFA will be in an amount not to exceed \$5,000,000, the maximum permitted under the program regulations. As required, the City must provide a dollar-for-dollar local match of LHTF funds.

The local match would be the value of the City-owned land located at 280 Ramona Street (which has been dedicated for affordable housing development).

National Community Renaissance of California was awarded the exclusive right to develop the site at 280 Ramona Street in October 2020, after a successful response to a Notice of Availability (NOA) issued in April 2020. City Council approved the key business terms of a Development and Lease agreement with National Community Renaissance of California on November 14, 2022.

Attached hereto is the form of the Resolution in connection with the City's application to the State. The application deadline for the current funding cycle is May 17, 2023. It is anticipated that the State will announce grant awards by August 2023.

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 "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 submittal of an application to the State for LHTF 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 with a recommendation to amend the Department's operating budget to reflect the grant revenue and local matching sources accordingly.

Respectfully submitted,



WILLIAM K. HUANG
Director of Housing

Prepared by:

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Caroline Lockwood Nelson
Program Coordinator

Approved by:



MIGUEL MÁRQUEZ
City Manager

Attachment: Resolution