

# Agenda Report

May 20, 2024

**TO:** Honorable Mayor and City Council

**FROM:** Housing Department

**SUBJECT: ADOPT A REVISED RESOLUTION FOR A CALHOME PROGRAM FUNDING AWARD IN THE AMOUNT OF \$5,000,000 FROM THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**

## **RECOMMENDATION:**

It is recommended that 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" exemption that CEQA only applies to projects that may have an effect on the environment; and
- 2) Adopt a revised Resolution of the City of Pasadena to accept a five-million-dollar (\$5,000,000) award from the State of California Department of Housing and Community Development's CalHome program to: 1) provide downpayment assistance to low-income households and 2) provide financing for the rehabilitation and construction of accessory dwelling units. The revised Resolution reflects a series of technical amendments requested by HCD.

## **BACKGROUND:**

In 2023, the City applied for and received a five-million-dollar (\$5,000,000) award of CalHome funds from the State of California Department of Housing and Community Development ("HCD").

On December 4, 2023, staff brought a recommendation to City Council to adopt a Resolution to accept the CalHome award and to authorize the City Manager to execute a Standard Agreement, any amendments, and any and all other related program documents required in connection with the City's award. The Resolution was adopted by City Council as Resolution No. 10027 and was subsequently submitted to HCD in December 2023.

In January 2024, HCD staff reached out to the City, requesting a small change to the submitted Resolution: the modification of “and or” in Section 3 of the Resolution to “or”. The City Clerk and the City Attorney’s office determined after review that this change could be considered a “scrivener’s error” and therefore, could be corrected manually, without requiring Council action. At the time of this initial request, HCD did not indicate that there were any other issues with Resolution No. 10027.

A revised copy of Resolution No. 10027, with the scrivener’s error corrected, was submitted to HCD on February 22, 2024. In March 2024, HCD notified the City – for the first time – that four additional changes to Resolution No. 10027 would be required before HCD would approve the five-million-dollar (\$5,000,000) CalHome grant award.

Although all of these changes are technical in nature (a redline is attached as “Attachment A”), none fall under the umbrella of scrivener’s errors per the City Attorney. Therefore, Council approval and adoption of a revised Resolution is required.

Approval and adoption of the revised Resolution (attached as “Attachment B”) will enable the City to continue working with HCD in order to execute its Standard Agreement and then draw down its CalHome award, which will be used to 1) provide downpayment assistance to first-time homebuyer households and 2) for the development and construction of ADUs as part of the City’s award-winning ADU Program. Only low-income households (those earning up to 80% of AMI) will be eligible to use CalHome funds for either purpose.

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

The proposed action is consistent with the City’s General Plan - Housing Element and the Five-Year Consolidated Plan. It also supports and promotes the quality of life and the local economy -- a goal of the City Council’s Strategic Plan.

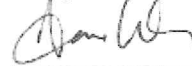
#### **ENVIRONMENTAL ANALYSIS:**

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” exemption 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. Adopting a revised Resolution to accept and disburse CalHome funding will not have a significant effect on the environment and, hence, are not subject to CEQA.

**FISCAL IMPACT:**

The recommended actions will have no direct fiscal impact. After the Standard Agreement between the City and HCD has been fully executed, staff will return to City Council as part of the FY 2025 budget process to appropriate the \$5,000,000 in CalHome funding in the Housing Department's FY 2025 Operating Budget.

Respectfully submitted,



for William K. Huang  
Housing Director

Prepared by:

*Caroline Lockwood Nelson*

Caroline Lockwood Nelson  
Program Coordinator

Approved by:



MIGUEL MÁRQUEZ  
City Manager

Attachment A – Redlined Resolution  
Attachment B – Revised Resolution