



Folsom City Council Staff Report

MEETING DATE:	3/25/2025
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11345 – A Resolution of the City of Folsom Authorizing the City’s Allocation of up to \$810,000 in Permanent Local Housing Allocation (PLHA) Funds Received Through the Allocation Agreement with Sacramento County to Habitat for Humanity of Greater Sacramento for the Construction of the 10 Affordable Housing Units for the Persifer Street Project and Appropriation of Funds
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Move to approve Resolution No. 11345 - A Resolution of the City of Folsom Authorizing the City’s Allocation of up to \$810,000 in Permanent Local Housing Allocation (PLHA) Funds Received Through the Allocation Agreement with Sacramento County to Habitat for Humanity of Greater Sacramento for the Construction of the 10 Affordable Housing Units for the Persifer Street Project and Appropriation of Funds.

BACKGROUND / ISSUE

On December 14, 2021, and in compliance with the State’s Surplus Land Act, the City Council approved the sale of surplus land located at 300 Persifer Street to Habitat for Humanity of Greater Sacramento, Inc. (Habitat) for the purpose of developing the 10-unit affordable for-sale housing project.

On August 7, 2024, the Historic District Commission approved a Design Review and Density Bonus application by Habitat for the construction of 10 affordable for-sale single-family residential units. The 0.91-acre Persifer Street site is located on the northeast corner of Persifer Street and Coloma Street as shown below.



As part of the property sale negotiations, the City agreed to support efforts to assist Habitat in securing future grant funding and/or fee reductions for infrastructure improvements, design, and permitting associated with the project. In 2022, staff and Habitat identified two promising grant opportunities:

1. Sacramento Area Council of Government (SACOG) 2022 Early Activation Green Means Go grant; and
2. Federal HOME funds grant from Sacramento Housing Redevelopment Agency (SHRA).

On September 13, 2022, the City Council approved Resolution No. 10916, which authorized an application for a SACOG 2022 Green Means Go grant of \$374,000 to fund infrastructure and planning activities for the Persifer Street Project. This grant was subsequently awarded.

Also on September 13, 2022, the City Council approved Resolution No. 10917, authorizing the City's allocation of \$800,000 in HOME funds received through participation in the Sacramento Housing and Redevelopment Agency (SHRA) HOME Consortium to Habitat to help fund the project's construction. Habitat submitted a timely application to SHRA for the HOME funds; however, due to the uniqueness of the project as a for-sale (as opposed to rental) project and certain constraints associated with this type of funding, SHRA was ultimately unable to support the use of HOME funds for the project. This resulted in a \$800,000 funding gap.

To address this gap, staff and Habitat identified PLHA funds as a potential source of funding for the project, as the City's allocation estimate is approximately \$807,692 over the five-year period from 2020 to 2025.

Permanent Local Housing Allocation (PLHA)

The Permanent Local Housing Allocation (PLHA) program through the California Department of Housing and Community Development (HCD) provides funding to local governments in California for housing-related projects and programs that assist in addressing the unmet

housing needs of their local communities. Funding comes from Senate Bill 2 (SB2), which was part of a 15-bill housing package adopted in 2017 aimed at addressing the state's housing shortage and high housing costs.

Sacramento County (County) is eligible for non-competitive PLHA funds as an Entitlement Community designated by the U.S. Department of Housing and Urban Development (HUD) for the Community Development Block Grant (CDBG) program and is obligated to provide a proportional share of the PLHA funds to local governments that are (CDBG) agreement cities, which includes Folsom, Isleton, and Galt. As such, Folsom will receive 4.95 percent of the County's allocation. While the percentage is fixed, the amount will vary depending on the amount of money the funding source receives.

On June 27, 2020, Sacramento County submitted the PLHA Grant application to HCD. To be eligible for funding, the County approved a Five-Year Plan outlining how the grant funds would be utilized. Based on this Plan, Folsom's distribution was estimated to be approximately \$807,692 from the County's estimated award of \$16,324,956 over the five-year period.

On March 23, 2021, the City Council approved Resolution No. 10602, authorizing the City Manager to execute an agreement with Sacramento County to participate in the PLHA Funding Program and designate Sacramento County as the fund administrator.

On September 12, 2023, the City Council approved Resolution No. 11099, authorizing the acceptance and appropriation of Folsom's share of the 2020 and 2021 allocations for PLHA grant funds, totaling \$439,703, to support future affordable housing projects.

The County had a few setbacks that delayed additional submissions but hopes to apply for the 2022 and 2023 PLHA funding rounds this summer for the third and fourth years of the five-year program.

POLICY / RULE

The Permanent Local Housing Allocation (PLHA) Funds Program requires cities receiving fund allocation through County agencies to use the funds exclusively for PLHA eligible activities. Allocation of PLHA funds requires City Council authorization.

ANALYSIS

As detailed in the background section of this staff report, the City committed to supporting Habitat's efforts to secure grant funding and/or fee reductions for the Project as part of the property sale negotiations. As such, in 2022, the City Council approved \$800,000 in grant funding for the project through the City's SHRA HOME Consortium. However, due to funding constraints, SHRA was unable to support HOME funding the project, creating a \$800,000 funding gap, which staff now suggests addressing with PLHA funds estimated at \$807,692 over the five-year funding program (2020 through 2024).

The purpose of PLHA funding is to provide additional resources for housing-related projects and programs that address unmet housing needs in each local community. Folsom City Council previously adopted Resolution No. 11099, committing the City's allocation of 2020 and 2021 PLHA funds to the City's Housing Trust Fund to support future affordable housing activities, including but not limited to predevelopment and development of affordable housing projects. The Persifer Street Project is appropriately qualified for this funding and offers a unique type of for sale affordable detached housing not otherwise available in the Folsom community.

In addition, the use of PLHA funds for the project is consistent with the following Housing Element goals, policies, and programs:

Goal H-3 Facilitate Affordable Housing - Facilitate affordable housing opportunities to serve the needs of people at all income levels who live and work in the community.

Policy H-3.1 Funding for Affordable Housing - The City shall continue to use Federal and State subsidies, as well as inclusionary housing in-lieu fees, affordable housing impact fees on non-residential development, and other fees collected into the City's Housing Fund in a cost-efficient manner to meet the needs of lower-income households, including extremely low-income households.

Program H-11 Local Funding for Affordable Housing Development - As available, the City shall allocate funds from the City's Housing Fund toward the development of affordable housing units for low-, very low-, and extremely low-income households. The City shall explore the possibility of establishing priorities for the distribution of funds, which may include criteria such as income targeting, housing for special needs including seniors and persons with disabilities, number of bedrooms, amenities, support services, and target geographies that serve to affirmatively further fair housing. The City shall provide funding to support approximately 580 affordable units by 2029.

Finally, considering that Habitat has a funding gap of \$800,000 due to the loss of HOME funding previously approved by City Council, and they need to provide the State with evidence of all funding commitments to comply with the State CalHome program, staff recommends authorizing the full amount (estimated at \$807,692) of PLHA funds for the uniquely qualified and timely Persifer Street Project.

Therefore, staff recommend that the City Council authorize the allocation of up to \$810,000 (rounded up to account for minor adjustments to the estimate) in PLHA Funds, received through the Allocation Agreement with Sacramento County, to Habitat for Humanity of Greater Sacramento for the project.

FINANCIAL IMPACT

The City has received a total allocation of \$439,703 in grant funding from the Permanent Local Housing Allocation (PLHA) for the 2020 and 2021 funding rounds, which is currently available in the Housing Fund (Fund 238). Over the period from 2020 to 2025, the City

anticipates receiving a total of approximately \$810,000 in PLHA funds. It is proposed that these funds be directed towards the Persifer Street Project.

Staff is requesting authorization for an appropriation of \$493,703 from the Housing Fund (Fund 238) to support the Persifer Street Project. The Housing Fund currently has sufficient funds available for this allocation. Additionally, staff seeks authorization for the use of up to \$810,000 in PLHA funds for the project, with the funds being allocated as they are received.

There is no General Fund fiscal impact associated with the PLHA fund allocation.

ENVIRONMENTAL REVIEW

The project is exempt from the California Environmental Quality Act in accordance with Section 15303 (New Construction or Conversion of Small Structures) and 15194 (Affordable Housing Exemption) of the CEQA Guidelines. Furthermore, authorization of grant funding does not constitute a "project" under Section 15378 of the California Environmental Quality Act (CEQA) Guidelines and is otherwise exempt pursuant to Section 15061(b)(3).

ATTACHMENT

Resolution No. 11345 – A Resolution of the City of Folsom Authorizing the City's Allocation of up to \$810,000 in Permanent Local Housing Allocation (PLHA) Funds Received Through the Allocation Agreement with Sacramento County to Habitat for Humanity of Greater Sacramento for the Construction of the 10 Affordable Housing Units for the Persifer Street Project and Appropriation of Funds

Submitted,



Pam Johns, Community Development Director

ATTACHMENT 1

A Resolution of the City of Folsom Authorizing the City's Allocation of up to \$810,000 in Permanent Local Housing Allocation (PLHA) Funds Received Through the Allocation Agreement with Sacramento County to Habitat for Humanity of Greater Sacramento for the Construction of the 10 Affordable Housing Units for the Persifer Street Project and Appropriation of Funds

RESOLUTION NO. 11345

A RESOLUTION OF THE CITY OF FOLSOM AUTHORIZING THE CITY'S ALLOCATION OF UP TO \$810,000 IN PERMANENT LOCAL HOUSING ALLOCATION (PLHA) FUNDS RECEIVED THROUGH THE ALLOCATION AGREEMENT WITH SACRAMENTO COUNTY TO HABITAT FOR HUMANITY OF GREATER SACRAMENTO FOR THE CONSTRUCTION OF THE 10 AFFORDABLE HOUSING UNITS FOR THE PERSIFER STREET PROJECT AND APPROPRIATION OF FUNDS

WHEREAS, the Permanent Local Housing Allocation (PLHA) program through the California Department of Housing and Community Development (HCD) provides funding to local governments in California for housing-related projects and programs that assist in addressing the unmet housing needs of their local communities; and

WHEREAS, Sacramento County is eligible for non-competitive PLHA funds as an Entitlement Community and is obligated to provide a proportional share of the PLHA funds to the City of Folsom; and

WHEREAS, On March 23, 2021, the City Council approved Resolution No. 10602 authorizing the City Manager to execute an agreement with the County of Sacramento to participate in the SB 2 Permanent Local Housing Allocation Funding Program and to designate Sacramento County as the Fund Administrator on behalf of the City of Folsom; and

WHEREAS, On September 12, 2023, the City Council approved Resolution No. 11099, authorizing the acceptance and appropriation of Folsom's share of the 2020 and 2021 allocations for PLHA grant funds, totaling \$439,703, to support future affordable housing projects; and

WHEREAS, the City's PLHA allocation estimate is approximately \$807,692 over the five-year period from 2020 to 2025; and

WHEREAS, the City committed to supporting Habitat for Humanity (Habitat) of Greater Sacramento's efforts to secure grant funding and/or fee reductions for the 10-unit affordable residential Persifer Street Project as part of the property sale negotiations; and

WHEREAS, on September 13, 2022, the City Council approved Resolution No. 10917, authorizing the City's allocation of \$800,000 in HOME funds received through participation in the Sacramento Housing and Redevelopment Agency (SHRA) HOME Consortium to Habitat to help fund the Project's construction; and

WHEREAS, due to the uniqueness of the project as a for-sale (as opposed to rental) project and certain constraints associated with HOME funding, Habitat was unable to secure HOME funds for the project, which has resulted in a \$800,000 funding gap; and

WHEREAS to address the loss of HOME funds, Habitat has requested PLHA funds to fill this gap; and

WHEREAS, staff is recommending that the City Council authorize the appropriation of \$439,703 from the Housing Fund (Fund 238) to support the Persifer Street Project; and

WHEREAS, staff is also recommending that the City Council authorize the use of up to \$810,000 in PLHA Funds, received through the Allocation Agreement with Sacramento County, for the Persifer Street Project, with funds being allocated as they are received.

NOW, THEREFORE, BE IT RESOLVED that the City Council authorizes an allocation in an amount not to exceed \$810,000 in PLHA funds for the construction of 10 affordable residential units for the Persifer Street Project, subject to Habitat entering into a grant agreement in a form acceptable to the City Attorney.

BE IT FURTHER RESOLVED that the Finance Director is authorized to appropriate \$439,703 of PLHA funding for the project. The appropriations will be from the City's Housing Fund (Fund 238).

PASSED AND ADOPTED this 25th day of March 2025, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

Sarah Aquino, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK