



## Folsom City Council Staff Report

<b>MEETING DATE:</b>	3/23/2021
<b>AGENDA SECTION:</b>	Consent Calendar
<b>SUBJECT:</b>	Resolution No. 10602 – A Resolution Authorizing the City Manager to Execute an Agreement with the County of Sacramento to Participate in the Permanent Local Housing Allocation (PLHA) Funding Program and to Designate Sacramento County as the Fund Administrator
<b>FROM:</b>	Community Development Department

### **RECOMMENDATION / CITY COUNCIL ACTION**

Move to approve Resolution No 10602 - A Resolution Authorizing the City Manager to Execute an Agreement with the County of Sacramento to Participate in the Permanent Local Housing Allocation (PLHA) Funding Program and to Designate Sacramento County as the Fund Administrator.

### **BACKGROUND / ISSUE**

In 2017, the State adopted the Housing Legislation Package, which consisted of 15 bills aimed at addressing the State's housing crisis. One of the 15 bills, Senate Bill 2 (SB 2), the Building Jobs and Homes Act, which took effect January 1, 2018, established a fee on real estate transaction documents to support homeless programs, and to be used as a permanent source of funding for affordable housing. The principal goal of this program is to make funding available to eligible local governments in California for housing-related projects and programs that assist in addressing the unmet housing needs of their local communities. The actual amount of funding will vary each year based on real estate financing activity in the State, which affects the amount of revenue generated for the program. Part of this funding also includes Senate Bill 2 – Year 2 Permanent Local Housing Allocation (PLHA) Funds. Sacramento County has applied for these funds, but is obligated to provide PLHA funds to Folsom, Isleton and Galt as Community Development Block Grant (CDBG) agreement or entitlement cities. Folsom's PLHA funds are included in the Sacramento County PLHA allocation and Sacramento County will distribute the funds as part of its grant obligation.

Sacramento County submitted the Grant applicant to the Department of Housing and Community Development (HCD) on June 27, 2020. The final step prior to funding allocation is for each City to provide the State with a legally binding resolution indicating the cities agree to use the funds for eligible PLHA activities.

The PLHA application guidelines and eligible activities require Sacramento County to identify how the PLHA funds will be allocated in the first five years. Sacramento County's Five-Year Plan has been developed in consultation with the Department of Human Assistance, Planning and Environmental Review, and Sacramento Housing and Redevelopment Agency (SHRA). City staff have been in communication with County staff regarding the fund allocation and distribution formula.

HCD will distribute PLHA funds in accordance with the federal CBDG formula. HCD's Final PLHA Guidelines recommend that counties provide a proportional share of PLHA to local governments that are agreement cities.

Sacramento County expects to receive a total of \$16,320,000 over the five-year period. While the County will receive a distribution in the first year, the cities of Folsom, Isleton and Galt will receive their five-year distribution divided equally into four years starting in the second year through the fifth year as shown in the table below. The distribution formula is an average of two formulas used by Housing and Urban Development (HUD) in calculating CBDG allocations. Folsom would receive 4.95 percent, Isleton 0.85 percent and Galt 3.52 percent. While the percentages are fixed, the amount will vary depending on the amount of money the funding source receives. Estimates of Folsom distribution based on Sacramento County's pending award of \$16,324,956 is approximately \$807,692 over the four-year period starting next year (2022) as show in the table below.

<b>Agency</b>	<b>First Year (FY21/22)</b>	<b>Second Year (FY22/23)</b>	<b>Third Year (FY23/24)</b>	<b>Fourth Year (FY24/25)</b>	<b>Fifth Year (FY25/26)</b>	<b>Total Estimated PLHA Funding</b>
<b>Sac Co</b>	\$2,720,000	\$3,401,000	\$3,401,000	\$3,401,000	\$3,401,000	\$16.3M
<b>Folsom</b>		\$201,923	\$201,923	\$201,923	\$201,923	\$807,692

**POLICY / RULE**

The Permanent Local Housing Allocation (PLHA) Funds Program requires cities receiving fund allocation through County agencies to provide the State (Housing and Community Development) with a legally binding resolution agreeing to use the funds exclusively for PLHA eligible activities.

## ANALYSIS

PLHA funding will provide additional resources for housing related projects and programs that assist in addressing unmet housing needs in Folsom. Specifically, eligible activities for PLHA funds include:

1. The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low, very-low-, low-, or moderate-income households, including necessary operating subsidies.
2. The predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing, including Accessory Dwelling Units (ADUs), that meets the needs of a growing workforce earning up to 120-percent of AMI, or 150-percent of AMI in high-cost areas. ADUs shall be available for occupancy for a term of no less than 30 days.
3. Matching portions of funds placed into Local or Regional Housing Trust Funds.
4. Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176.
5. Capitalized Reserves for Services connected to the preservation and creation of new permanent supportive housing.
6. Assisting persons who are experiencing or at risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, supportive/case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers and emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing.
  - a. This activity may include sub-awards to administrative entities as defined in HSC Section 50490(a)(1-3) that were awarded CESH program or HEAP funds for rental assistance to continue assistance to these households.
  - b. Applicants must provide rapid rehousing, rental assistance, navigation centers, emergency shelter, and transitional housing activities in a manner consistent with the Housing First practices described in 25 CCR, Section 8409, subdivision (b)(1)-(6) and in compliance with WIC Section 8225(b)(8). An applicant allocated funds for the new construction, rehabilitation, and preservation of permanent supportive housing shall incorporate the core components of Housing First, as provided in WIC Section 8255, subdivision (b).
7. Accessibility modifications in lower-income owner-occupied housing.
8. Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.

9. Homeownership opportunities, including, but not limited to, down payment assistance.
10. Fiscal incentives made by a county to a city within the county to incentivize approval of one or more affordable housing projects, or matching funds invested by a county in an affordable housing development project in a city within the county, provided that the city has made an equal or greater investment in the project. The county fiscal incentives shall be in the form of a grant or low-interest loan to an affordable housing project. Matching funds investments by both the county and the city also shall be a grant or low-interest deferred loan to the affordable housing project.

Similar to other City housing fund approvals, future requests to utilize PLHA funds for eligible activities will be presented to the City Council for consideration and decision.

### **FINANCIAL IMPACT**

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

### **ENVIRONMENTAL REVIEW**

The project does not constitute a project under the California Environmental Quality Act (CEQA) pursuant to Government Code 65651(b)(2) and is therefore exempt from (CEQA) analysis.

### **ATTACHMENT**

Resolution No. 10602 – A Resolution Authorizing the City Manager to Execute an Agreement with the County of Sacramento to Participate in the Permanent Local Housing Allocation (PLHA) Funding Program and to Designate Sacramento County as the Fund Administrator

Submitted,



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Pam Johns, Community Development Direct

**RESOLUTION NO. 10602**

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH THE COUNTY OF SACRAMENTO TO PARTICIPATE IN THE PERMANENT LOCAL HOUSING ALLOCATION (PLHA) FUNDING PROGRAM AND TO DESIGNATE SACRAMENTO COUNTY AS THE FUND ADMINISTRATOR**

**WHEREAS**, the State of California Department of Housing and Community Development ("State") is authorized to provide up to \$195 million dollars to Cities and Counties for assistance under the SB 2 Permanent Local Housing Allocation Funding Program ("PLHA Program") Entitlement Jurisdiction Component of the Building Homes and Jobs Trust Fund; and

**WHEREAS**, Sacramento County and the City of Folsom have completed the requisite application process as each desire to participate in the PLHA Program and receive their share of the formula allocation Program funds under this Program; and

**WHEREAS**, in order to obtain State approval of the PLHA application(s), the State requires the applying municipality to administer the receipt of formula allocation Program funds; and

**WHEREAS**, Sacramento County agrees to administer the receipt of formula allocation Program funds on behalf of the City of Folsom and act as the applicant to the State for the funding.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Folsom that the City Manager is authorized 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.

**PASSED AND ADOPTED** this 23<sup>rd</sup> day of March 2021, by the following roll-call vote:

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

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Michael D. Kozlowski, MAYOR

ATTEST:

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Christa Freemantle, CITY CLERK

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