



Date: January 28, 2025

Honorable Mayor and Council Members:

Author and title: Lynn Baumgartner, Housing Program Analyst II and Hilary Hobbs, Assistant to the Town Manager

Title: **Pacific Crest Commons Permanent Local Housing Allocation (PLHA) Funding Request**

Jen Callaway, Town Manager

Recommended Action:

- 1) Adopt Resolution 2025-02 Subgranting \$207,722 of PLHA rental housing development funds to Truckee Pacific Crest Associates for the development of the Pacific Crest Commons project;
- 2) Authorize the Town Manager to enter into loan agreements with Truckee Pacific Crest Associates for a \$1,207,277 low-interest deferred loan, comprised of the \$207,722 PLHA funding and the \$1,000,000 approved by Town Council on January 11, 2022;
- 3) Amend the FY 24/25 Budget to reallocate \$191,420 of PLHA funds from C2011 FY 26/27 and \$16,302 of unallocated PLHA funds to C2306 FY 24/25 for a total budget of \$207,722.

Discussion:

Background:

The PLHA program is funded under SB 2 Building Homes and Jobs Trust Fund for assistance to cities and counties (as described in Health and Safety Code Section 50470 et seq. Chapter 364, Statutes of 2017 (SB 2)). SB 2 established the fund and authorizes the Department of Housing and Community Development (HCD) to allocate monies collected to local governments for eligible housing and homelessness activities. The intent of the bill is to provide a permanent, on-going source of funding to local governments for housing- related projects and programs that assist in addressing the unmet housing needs of their local communities.

On February 26, 2020, HCD issued a Notice of Funding Availability under the Permanent Local Housing Allocation Formula. Truckee's portion of this allocation funding is 627,912 over a five-year period. On June 23, 2020, Town Council adopted resolution 2020-47 to adopt a PLHA Plan for these funds. The originally adopted PLHA Plan provided that all funds would be used to implement low interest loans for the construction of accessory dwelling units (ADUs). The Town launched this ADU program in 2020 but have not expended any PLHA funds under the current program.

In December 2024, Council directed staff to revise the PLHA Plan to both revise the ADU loan program and to address housing needs through a Down Payment Assistance Program and a Deferred Low-interest Loan for Affordable Housing Development. In December 2024, staff submitted the amended PLHA plan to HCD.

Deferred low-interest loan for affordable housing development: \$207,722

Concurrent with staff's consideration of a PLHA Plan amendments, the Town received a request for additional match funding from Truckee Pacific Crest Associates, the developer of the Pacific Crest Commons project.

The planned Pacific Crest Commons housing development is located on a 1.7-acre property commonly referred to as the "Old CHP" site, situated on the corner of State Highway 89 and Donner Pass Road, adjacent to the Bank of America. The housing development will be comprised of two, three-story buildings providing 55 units of multi-family housing, including a mix of studio, one-, two- and three-bedroom apartments. On January 11, 2022, the Town Council approved a \$1,000,000 low interest loan to help satisfy the local match funding requirement for the project's application for the Local Government Matching Grants (LGMG) program (Attachment 3). The Martis Fund also committed to \$1,000,000 in local funding at that time.

On December 11, 2024, the Pacific Crest Commons project was awarded 4% federal tax credit funding. However, the project budget will still have a funding gap of approximately \$2.2 million. In order to fill this gap, the project has submitted a request to HCD for an additional \$1,200,000 allocation of Local Government Matching Grant (LGMG) funding. These funds would only be available with additional local match funding.

To help meet Pacific Crest Common's match funding requirement, staff recommend that the Town subgrants the \$207,722 of funding for affordable housing development within the Town's revised PLHA plan as a deferred, low-interest loan for Pacific Crest Commons. This would be in addition to the Town's prior \$1,000,000 commitment. In addition to the Town's funding request, the project has received a match funding commitment of \$300,000 from The Regional Housing Authority of Sutter, Yuba, Nevada and Colusa Counties and \$207,722 from Nevada County. This funding request is time sensitive because the project has received tax credit funding, and it now must begin construction in June 2025, within 180 days of the funding being awarded.

Summary:

Staff recommend that Town Council:

- Adopt Resolution 2025-02 Subgranting \$207,722 of PLHA rental housing development funds to Truckee Pacific Crest Associates for the development of the Pacific Crest Commons project (Attachment 4);
- Authorize the Town Manager to enter into loan agreements with Truckee Pacific Crest Associates for a \$1,207,277 low-interest deferred loan, comprised of the \$207,722 PLHA funding and the \$1,000,000 approved by Town Council on January 11, 2022; and
- Amend the FY 24/25 Budget to reallocate \$191,420 of PLHA funds from C2011 FY 26/27 and \$15,857 and \$15,857 of unallocated PLHA funds to C2306 FY 24/25 for a total budget of \$207,722.

Approval for the PLHA Funded Down Payment Assistance Program Guidelines and updates to the PLHA Funded New ADU Construction Loan Program Guidelines will be discussed at the January 28, 2025 Truckee Town Council Meeting.

Priority:

<input type="checkbox"/> Enhanced Communication	<input checked="" type="checkbox"/> Climate and Greenhouse Gas Reduction	<input checked="" type="checkbox"/> Housing
<input type="checkbox"/> Infrastructure Investment	<input type="checkbox"/> Emergency and Wildfire Preparedness	<input type="checkbox"/> Core Service

Fiscal Impact: None. The \$207,722 in PLHA funding is being reallocated from C0211 (Accessory Dwelling Unit Program) to C2306 (Housing Partnership Funding). The \$1,000,000 Town contribution approved by Town Council on January 11, 2022 is budgeted in C2306 for FY 24/25, with \$825,000 from the Affordable Housing In-Lieu Funds and \$175,000 in American Rescue Plan Act (ARPA) Funds.

Public Communication:

This Staff Report.

Attachments:

Attachment 1: Staff Report – Permanent Local Housing Allocation Grant here:

<https://portal.laserfiche.com/Portal/ElectronicFile.aspx?docid=59442805&repo=r-6a91ddbc>

Attachment 2: Staff Report – Approval of Permanent Local Housing Allocation Plan and 5-year plan amendment for PLHA Formula Component grant funds here:

<https://portal.laserfiche.com/Portal/DocView.aspx?id=59764210&repo=r-6a91ddbc>

Attachment 3: Staff Report – Pacific Crest Commons Funding Request

<https://portal.laserfiche.com/Portal/ElectronicFile.aspx?docid=59548935&repo=r-6a91ddbc>

Attachment 4: Resolution 2025-02 Subgranting \$207,722 of PLHA rental housing development funds to Truckee Pacific Crest Associates for the development of the Pacific Crest Commons project