

Agenda Items: ID#20-00944

Date: 8/20/2020

FRESNO CITY COUNCIL



Additional Information

Item(s)

Title: Actions pertaining to the Permanent Local Housing Allocation 5-Year Plan:

1. HEARING to obtain public comments regarding Permanent Local Housing Allocation 5-Year Plan
2. ***RESOLUTION – Adopting and authorizing submission of a five-year Plan to the California Housing and Community Development Department in application for funding from the Permanent Local Housing Allocation (PLHA) for the development of affordable multifamily and single family housing, owner occupied home rehabilitation, and down payment assistance to benefit low- and moderate- income persons and authorizing the City Manager to sign all necessary implementing documents (Subject to Mayor's Veto)
3. ***RESOLUTION – 2nd amendment to the Annual Appropriation Resolution No. 2020-159 appropriating \$3,407,700 for affordable housing development, housing rehabilitation, and homebuyer assistance through state entitlement grant programs (Requires 5 affirmative votes) (Subject to Mayor's veto)

Contents: Redline of Permanent Local Housing Allocation 5-Year Plan

Additional Information:

The document includes the July 20, 2020 revision of the Permanent Local Housing Allocation Public Review Document, which incorporated changes pertaining the revised Public Hearing date, and also incorporated Public Comments received as of July 20, 2020 and associated City responses.

Americans with Disabilities Act (ADA):

The meeting room is accessible to the physically disabled, and the services of a translator can be made available. Requests for additional accommodations for the disabled, sign language interpreters, assistive listening devices, or translators should be made one week prior to the meeting. Please call City Clerk's Office at 621-7650. Please keep the doorways, aisles and wheelchair seating areas open and accessible. If you need assistance with seating because of a disability, please see Security.



Permanent Local Housing Allocation 5-Year Plan and Application for Funding

PUBLIC REVIEW DOCUMENT
FOR COMMENT PERIOD ENDING JULY 15, 2020

Planning and Development Department
Housing and Community Development Division
2600 Fresno Street, Room 2065
Fresno, CA 93721
559-621-8300
HCDD@fresno.gov
July 3, 2020, Revised July 20, 2020

**This is a draft document that has been made available
for public review and comment.**

The Public Comment Period began July 3, 2020 and concluded on July 15, 2020. Residents were encouraged to submit comments by one of the following methods:

Submit Comments by Mail:

City of Fresno
Planning and Development Department
Attn: Housing and Community Development Division
2600 Fresno Street Room 3065
Fresno CA 93721

Submit Comments by Email:

HCDD@fresno.gov
Please include "PLHA" in the subject line

Submit Comments by Phone:

559-621-8300

Submit Comments by TTY:

559-621-8721

Submit Comments by Fax:

559-457-1579

A pre-recorded **webinar** was posted for public review outlining the details of this plan on the City's Housing and Community Development Division website on July 3, 2020. To access the webinar, visit www.fresno.gov/housing and select 'Plans and Reports.'

Residents may also submit comments during an August 20, 2020 Public Hearing at 10:20 A.M, prior to City Council consideration of the Plan. For participation instructions, visit www.fresno.gov/calendar.aspx and select the agenda for the August 20, 2020 meeting. For additional accommodations, please contact the office of the City Clerk at (559) 621-7650 or clerk@fresno.gov at least three business days prior to the meeting.

Document Revised July 17, 2020

The City made the following revisions to this document on July 17, 2020:

- The Public Hearing for July 15, 2020 before the Housing and Community Development Commission was removed due to lack of quorum
- A Public Hearing was added for August 20, 2020 prior to City Council consideration
- Public Comments and City responses received from the period of July 3, 2020 – July 15, 2020 were attached as Appendix A
- The projected number of households served for Activity 2: Affordable Housing (Single Family) was increased from 4 per year to 8 per year

Summary

The California Department of Housing and Community Development (California HCD) has issued a Notice of Funding Availability for the Permanent Local Housing Allocation (PLHA). The PLHA provides a fund for eligible housing and homelessness activities to local governments with the intention of providing a permanent, on-going source of funding for housing-related projects and programs that assist in addressing unmet housing needs.

As an entitlement local government for PLHA funds, the City of Fresno (City) will receive an annual allocation beginning in calendar year 2020, pursuant to the approval of a five-year plan. The City's first annual allocation is \$3,407,603, and the estimated PLHA 5-year allocation is \$20,445,618. This document will provide a summary of the City of Fresno's 2020-2024 application to California HCD.

Eligible activities for the PLHA are limited to the following:

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 households¹, 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. 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 re-housing, 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.
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.

¹ Extremely low income is household income at or below 30% of Area Median Income (AMI); Very low income is at or below 50% AMI; Low Income is at or below 80% AMI; and Moderate Income is at or below 120% of AMI. Income limits are adjusted for household size.

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.

Eligible activities must also be consistent and compliant with the City's adopted Housing Element, and at least 20% of the allocation must be used for Affordable Owner-Occupied Workforce Housing (AOWH) defined as housing that is affordable to persons and families of low- or moderate-income. Funds available for administrative expenses are limited to 5% of the allocation.

Draft Permanent Local Housing Allocation 5-Year Plan

The City of Fresno’s 5-year PLHA plan allocates the proposed funding according to the following percentages.

Percentage of Funds Allocated for:	2020²	2021	2022	2023	2024
(1) Multifamily Rental Housing	28.5%	28.5%	28.5%	28.5%	28.5%
(2) Affordable Housing – Single-Family	28.5%	28.5%	28.5%	28.5%	28.5%
(9) Homeownership Opportunities – Owner Occupied Rehab	9.5%	9.5%	9.5%	9.5%	9.5%
(9) Homeownership Opportunities – Down Payment Assistance	28.5%	28.5%	28.5%	28.5%	28.5%
Program Administration	5%	5%	5%	5%	5%

² The year, for the purposes of this document, is defined as the year in which a standard agreement is issued.

Permanent Local Housing Allocation Formula Allocation Plan Application

Manner in which allocated funds for all five years will be used for Activities eligible under the PLHA statute and guidelines:

The City plans to use the funds for the following activities: 1) development of affordable rental housing for very low-income individuals; and 2) development of single-family homes for low-income individuals; and 3) owner occupied rehabilitation program for low-income individuals; and 4) down payment assistance program for low- and moderate-income individuals.

Description of the Way the Local government will prioritize investments that increase the supply of housing for households with incomes at or below 60 percent of Area Median Income, adjusted for household size

70% of PLHA funding will be used to benefit individuals at or below 60 percent of Area Median Income, including the development of affordable rental housing and single-family housing, and an owner-occupied rehabilitation programming.

Description of how the Plan is consistent with the programs set forth in the Local government's Housing Element

The Housing Element includes a program for home-buyer assistance, housing rehabilitation, and strengthening partnerships with affordable housing developers. The City plans to use 100% of its PLHA funds for activities that address these three programs.

Program Income Reuse

Program income received from activities in this plan will first be utilized to deliver additional activities of the same type. If future amended plans no longer support the allocation of funds to that activity, the program income will be programmed according to the activity allocation in effect at that time.

Certifications

The City will record a deed restriction against for-sale housing projects or units within for-sale housing projects which were acquired, constructed, or rehabilitated using PLHA funds.

The City will make PLHA assistance in the form of a low-interest, deferred loan to the project sponsor for funds used for the development of Affordable Rental Housing.

Reporting

The City will provide an annual report of the uses and expenditures of any allocated funds every July 31st to The Department of Housing and Community Development's grant management division according to their specifications.

Describe each proposed activity and the percentage of funding allocated to it for each year of the five-year Plan, including (where applicable):

Activity 1: Multifamily Rental Housing

Activity Description:

The PLHA funds will be used to provide assistance in the form of low-interest, deferred loans to project sponsors for the development of Affordable Multifamily Rental Housing, focusing on areas of opportunity. The loan shall be evidenced through a Promissory Note secured by a Deed of Trust, and Regulatory Agreements restricting occupancy and rents.

Description of Major Steps/Actions and Proposed Schedule for Implementation of the Activity:

The City issues Notice of Funding Availability (NOFAs) for Affordable Housing Development and Substantial Rehabilitation. Projects that meet the requirements set forth in this plan will be considered for PLHA assistance.

Percentage of Funds Allocated for Affordable Owner-Occupied Workforce Housing: 0%

Funding Allocation Year:	2020	2021	2022	2023	2024
Type of Affordable Rental Housing Activity	New Construction	New Construction	New Construction	New Construction	New Construction
Percentage of Annual Funds Allocated for the Proposed Affordable Rental Housing Activity	28.5%	28.5%	28.5%	28.5%	28.5%
Area Median Income Level Served	30%	30%	30%	30%	30%
Projected Number of Households Served	11	11	11	11	11
Unmet Share of RHNA at the AMI Level ³	503	492			
Period of Affordability for the Proposed Affordable Rental Housing Activity	55	55	55	55	55

³ Calculations of Unmet Share of RHNA provided for 2020 and 2021 (from funding years 2019 and 2020) only per California HCD direction.

Activity 2: Affordable Housing (Single Family)

Activity Description:

The PLHA funds will be used to develop affordable single family homes, focusing development in areas of opportunity.

Description of Major Steps/Actions and Proposed Schedule for Implementation of the Activity:

The City issues NOFAs for Affordable Housing Development. Projects that meet the requirements set forth in this plan will be considered for PLHA assistance.

Percentage of Funds Allocated for Affordable Owner-Occupied Workforce Housing: 100%

Funding Allocation Year:	2020	2021	2022	2023	2024
Type of Affordable Housing Activity	Owner	Owner	Owner	Owner	Owner
Percentage of Annual Funds Allocated for the Proposed Affordable Housing Activity	28.5%	28.5%	28.5%	28.5%	28.5%
Area Median Income Level Served	50%	50%	50%	50%	50%
Projected Number of Households Served	8 (was 4)	8 (was 4)	8 (was 4)	8 (was 4)	8 (was 4)
Unmet Share of RHNA at the AMI Level	297	293			
Period of Affordability for the Proposed Affordable Housing Activity	10	10	10	10	10

Activity 9-A: Affordable Housing (Owner Occupied Rehabilitation)

Activity Description:

The PLHA funds will be used to implement an owner occupied home rehabilitation program, focused on projects that the City does not currently fund through other programs, such as Mobile Home Repair, for individuals below 60% AMI.

Description of Major Steps/Actions and Proposed Schedule for Implementation of the Activity:

The City will issue NOFAs for subrecipients providing Owner-Occupied Mobile Home Rehabilitation. Projects that meet the requirements set forth in this plan will be considered for PLHA assistance.

Percentage of Funds Allocated for Affordable Owner-Occupied Workforce Housing: 100%

Funding Allocation Year:	2020	2021	2022	2023	2024
Type of Affordable Housing Activity	Owner Occupied Rehab	Owner Occupied Rehab	Owner Occupied Rehab	Owner Occupied Rehab	Owner Occupied Rehab
Percentage of Annual Funds Allocated for the Proposed Affordable Housing Activity	9.5%	9.5%	9.5%	9.5%	9.5%
Area Median Income Level Served	60%	60%	60%	60%	60%
Projected Number of Households Served	4	4	4	4	4
Unmet Share of RHNA at the AMI Level	297	293			
Period of Affordability for the Proposed Affordable Housing Activity	NA	NA	NA	NA	NA

Activity 9: Homeownership Opportunities

Activity Description:

The PLHA funds will be used to provide down payment assistance to first-time homebuyers.

Description of Major Steps/Actions and Proposed Schedule for Implementation of the Activity:

The City will issue NOFAs for providers of down payment assistance. Projects that meet the requirements set forth in this plan will be considered for PLHA assistance.

Percentage of Funds Allocated for Affordable Owner-Occupied Workforce Housing: 0%

Funding Allocation Year:	2020	2021	2022	2023	2024
Type of Homeownership Activity	Home Buyer Assistance	Home Buyer Assistance	Home Buyer Assistance	Home Buyer Assistance	Home Buyer Assistance
Percentage of Funds Allocated for the Proposed Homeownership Activity	28.5%	28.5%	28.5%	28.5%	28.5%
Area Median Income Level Served	80%	80%	80%	80%	80%
Projected Number of Households Served	21	21	21	21	21
Unmet Share of RHNA at the AMI Level	21	21			
Period of Affordability for the Proposed Homeownership Activity	30	30	30	30	30

Appendix A: Public Comments and City Responses

Public Review Period Written Comments Received – July 3, 2020 – July 15, 2020

The City received 1 Public Comment between July 3, 2020 and July 10, 2020. Additional comments received before the end of the Public Comment period on July 15, 2020 will be presented at the July 16, 2020 City Council meeting and will be appended to this document prior to Plan submission.

- **Elisabeth Robledo:** Email expressing support for investment in the community with regard to the issue of homeownership and incentives.

[City Response: The public comment has been considered and accepted.]

- **Christine Barker:** Provided a verbal comment by voice mail, identifying herself as a resident of the City of Fresno, and requested that more funds be allocated to multi-family housing and owner-occupied mobile home rehabilitation, and fewer funds be allocated to single family home development and down payment assistance, and also expressed concern that not enough households will be served by the \$3.5 million.

[City Response: The Permanent Local Housing Allocation requires that jurisdictions utilize a portion of PLHA funds for the development of Affordable Owner-Occupied Workforce Housing (AOWH). The City meets this requirement through Activity 2: Affordable Housing (Single-Family). The City previously offered a homebuyer assistance program utilizing State CalHome funding, which expired in April 2017. However, subsequent CalHome funding was granted specifically for Disaster Assistance to wildfire-affected areas. This activity is aligned with the Housing Element Program “Home Buyer Assistance.” The PLHA offers a new permanent source of funding which will allow the City to once again offer home buyer assistance programs. Upon re-evaluation of the methods for subsidizing the development of affordable single-family housing, the City has increased the goal for single family homes developed through PLHA funds from 4 to 8 per year. The public comment has been considered and accepted.]