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**Title:** RESOLUTION - Approving an Amendment to the Five-Year Plan to the California Housing and Community Development Department 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.

**Sponsors:** Planning and Development Department

**Indexes:**

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**Attachments:** 1. Resolution – PLHA 5-Year Plan Amendment

| Date      | Ver. | Action By    | Action  | Result |
|-----------|------|--------------|---------|--------|
| 4/21/2022 | 1    | City Council | ADOPTED | Pass   |

**REPORT TO THE CITY COUNCIL**

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**SUBJECT**

RESOLUTION - Approving an Amendment to the Five-Year Plan to the California Housing and Community Development Department 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.

**RECOMMENDATION**

Staff recommends the City Council approve the PLHA 5-Year Plan Amendment to increase the maximum Area Median Income (AMI) for the development of affordable multifamily and single-family housing.

**EXECUTIVE SUMMARY**

In order to receive its allocations of PLHA funds, the City submitted the required PLHA 5-Year Plan to

the California Housing and Community Development Department's (Cal HCD) that included the activities it would fund and the maximum Area Median Income (AMI) percentage for each activity. Since submission of the PLHA 5-Year Plan, the costs of construction have increased so dramatically that there is a need to increase the maximum AMIs for the development of affordable multifamily rental and single-family housing. In order to change the AMIs for these activities, the City must submit a PLHA 5-Year Plan Amendment.

## BACKGROUND

California Senate Bill 2 was signed by the Governor on September 29, 2017, creating a source of funding for the PLHA from a recording fee imposed on real estate documents, and providing the framework for allocating and administering the funds. CalHCD uses the formula developed to allocate the Community Development Block Grant (CDBG) funds administered by the U.S. Department of Housing and Urban Development (HUD) to allocate the PLHA funds to Local Entitlement Governments, including the City of Fresno (City). The City's first-year allocation is \$3,407,603 and its second-year allocation is \$5,296,470. Annual allocations will fluctuate based on variability in the collection of the recording fee that funds the program, and changes in the CDBG allocation formula, which are driven primarily by demographic changes.

In order to receive the PLHA allocations, the City was required to submit to the state a PLHA 5-Year Plan describing how the program funds will be allocated over the Plan timeframe. The Plan identified which of the nine eligible activities the City will fund with the program and outlines the median income beneficiaries for each planned activity by establishing a maximum percentage of AMI. In August 2020, City Council approved a PLHA 5-Year Plan that included the development of affordable multifamily and single-family housing with maximum AMIs of 30% and 50%, respectively. Since that time, the City has completed the Standard Agreement with CalHCD for the first allocation of PLHA funds. However, given the significant increase in the costs of construction staff has determined that there is a need to increase the maximum AMI percentage for both multifamily and single-family housing development projects to 80% AMI. In order to change the maximum AMI percentage for these activities, the City must amend its PLHA 5-Year Plan.

Amendments to the maximum AMI percentages will not affect the goal of the PLHA or the activities identified by the City in the adopted PLHA 5-Year Plan. The goal of the PLHA to provide affordable owner-occupied workforce housing (AOWH) defined as housing that is affordable to persons and families of low or moderate income, and requires that at least 20% of the Plan be allocated for this purpose. All activities are also required to be consistent with the City's adopted Housing Element. The City's Plan addresses eligible activities that are included among the Housing Element programs, with special focus on activities for which alternative funding sources are not available.

The activities included in the City's five year Plan are:

- 28.5% of annual allocation for the development of multifamily rental housing affordable for very low-income persons through low-interest deferred loans to project sponsors with a period of affordability of 55 years, with development focused in areas of opportunity.
  - First-year funding: \$971,167
- 28.5% of annual allocation for the construction of single-family homes affordable to low-income persons, also focusing development in areas of opportunity.
  - First-year funding: \$971,167
- 28.5% of annual allocation for a down payment assistance program for low- and moderate-income first-time home buyers.

- First-year funding: \$971,167
- 9.5% of annual allocation for owner-occupied home rehabilitation, focusing on low-income persons not eligible for funding through other programs, such as mobile home residents.
  - First-year funding: \$323,722
- Additional funds will be used by the City to administer the program, limited to 5% of the total award.
  - First-year funding: \$170,380

### **ENVIRONMENTAL FINDINGS**

This is not a project for purposes of CEQA pursuant to CEQA guidelines Section 15378. Furthermore, plans, strategies and studies are an exempt activity under HUD NEPA Requirements (24 CFR 58.34 (1)).

### **LOCAL PREFERENCE**

Local preference is not applicable because of state funding.

### **FISCAL IMPACT**

Approval of the PLHA 5-Year Plan Amendment will allow the City to receive grant funds of \$3,407,603 for eligible housing activities.

Attachments: Resolution - PLHA 5-Year Plan Amendment