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**Title:** Actions pertaining to the City of Fresno Local Housing Trust Fund:  
\*\*\*RESOLUTION - Authorizing and directing submission of an application for funding under the State of California Local Housing Trust Fund Grant program to provide matching funds to the City of Fresno Local Housing Trust Fund (Subject to Mayor's veto)

**Sponsors:** Planning and Development Department

**Indexes:**

**Code sections:**

**Attachments:** 1. Resolution - CA LHTF Matching Funds

| Date      | Ver. | Action By    | Action  | Result |
|-----------|------|--------------|---------|--------|
| 5/11/2023 | 1    | City Council | ADOPTED | Pass   |

**REPORT TO THE CITY COUNCIL**

**FROM:** JENNIFER CLARK, Director  
Planning and Development Department

**THROUGH:** PHIL SKEI, Assistant Director  
Planning and Development Department

**BY:** JENNIFER DAVIS, Senior Management Analyst  
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**SUBJECT**

Actions pertaining to the City of Fresno Local Housing Trust Fund:  
\*\*\*RESOLUTION - Authorizing and directing submission of an application for funding under the State of California Local Housing Trust Fund Grant program to provide matching funds to the City of Fresno Local Housing Trust Fund (Subject to Mayor's veto)

**RECOMMENDATION**

Staff recommends approval of a resolution authorizing and directing the submission of an application for funding under the State of California Local Housing Trust Fund Grant program to provide matching funds to the established Local Housing Trust Fund.

**EXECUTIVE SUMMARY**

On July 29, 2021, the City Council approved resolution 2021-201, establishing the City of Fresno

Local Housing Trust Fund (LHTF). This resolution allocated \$1,500,000 of the real estate transfer tax as a dedicated and annual source of funding for the LHTF. In 2022, the \$1,500,000 recurring real estate transfer tax allocation and a one-time ARPA deposit of \$3,500,000 was made to the LHTF, bringing the total allocation to \$5,000,000. This 2022 commitment will enable staff to pursue a grant application to the State of California's Local Housing Trust Fund Grant Program seeking \$5,000,000 in matching funds.

## **BACKGROUND**

The California Department of Housing and Community Development (HCD) released a Notice of Funding Availability on March 7, 2023, announcing the availability of \$53,000,000 in funds for the Local Housing Trust Fund Program that will provide Matching Grants to established Local Housing Trust Funds. The application period began on April 19, 2023 and closes on May 17, 2023.

On July 29, 2021, the City Council approved resolution 2021-201, establishing the City of Fresno Local Housing Trust Fund (LHTF) to support access to decent, safe, and affordable housing within the City. This resolution allocated \$1,500,000 of the real estate transfer tax as a dedicated and annual source of funding for the LHTF. In addition, a one-time deposit of \$1,000,000 was made to the LHTF from the General Fund carryover to bring the total LHTF allocation to \$2,500,000. This commitment enabled staff to pursue a grant application to the State of California's Local Housing Trust Fund Grant Program seeking \$2,500,000 in matching funds. On December 28, 2022, staff received confirmation from the State Department of Housing and Community Development (HCD) that under agreement number 21-LHTFCOM-16922, the City of Fresno was awarded the full match of \$2,500,000 from HCD.

In 2022, the \$1,500,000 recurring real estate transfer tax allocation and a one-time contribution from American Rescue Plan Act (ARPA) of \$3,500,000 was made to the LHTF, bringing the total allocation to \$5,000,000. This 2022 commitment will enable staff to pursue another grant application to the State of California's Local Housing Trust Fund Grant Program seeking \$5,000,000 in matching funds. If the Matching Grant application is approved and funded, the LHTF would incorporate the following Program Guidelines as summarized below. Further, any project receiving a funding recommendation from staff would be required to return to City Council for final approval.

If the City is awarded a Matching Grant from HCD, it will utilize matching funds on a dollar-for-dollar basis for the same eligible project for which the program funds are used, as required by HSC Section 50843.5(c). The City commits to using 100% of the Program Funds and Matching Funds (after allowed allocation for administrative expenses) to develop multiple Affordable Rental Housing Projects within the City of Fresno.

The City's LHTF will establish a Notice of Funding Availability (NOFA) once all funds have been committed from HCD to award and disburse Housing Trust Fund monies. The City's NOFA will provide a competitive application for eligible projects. Within that NOFA, loan terms, loan amounts, and scoring criteria will be established for each funding round made available, in compliance with the Program's underwriting guidelines. NOFA scoring criteria will be developed through a community-supported process, with input garnered through open forums such as surveys, interactive workshops, town halls, etc.

Based on public input and to be competitive on its application, staff recommends the City's LHTF monies initially be available to support new construction of affordable rental housing developments

restricted to households below 60% AMI, with at least 30% of the units restricted to 30% AMI or lower. Staff will continue to collaborate with the community to determine if Program Guidelines should be added or amended. Nonprofit housing developers, including Community Development Corporations (CDC) and for-profit developers, when working in partnership with a 501(c)(3) nonprofit organization will be generally eligible to apply for the City of Fresno Local Housing Trust Fund monies.

## **ENVIRONMENTAL FINDINGS**

Pursuant to Government Code section 15378(b)(4), this grant application is not a project for the purposes of the California Environmental Quality Act (CEQA) because it does not involve a commitment to any specific project which may result in a potentially significant physical impact on the environment.

## **LOCAL PREFERENCE**

Local preference is not applicable because the resolution provides support for a state funding application.

## **FISCAL IMPACT**

The action today does not approve a funding agreement, and as such, has no fiscal impact.

Attachment: Resolution - CA LHTF Matching Funds