



Office of the City Manager

CONSENT CALENDAR
June 4, 2024

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Scott Gilman, Interim Director, Health, Housing, and Community Services
 Subject: Amending the Five-Year Plan and Submitting Application for Permanent Local Housing Allocation Program

RECOMMENDATION

Adopt a Resolution authorizing the City Manager or the City Manager's designee to amend the five-year Permanent Local Housing Allocation plan and apply for and accept funds from the State of California's Permanent Local Housing Allocation Program, in an amount not to exceed \$3,321,617.

FISCAL IMPACTS OF RECOMMENDATION

The City of Berkeley is currently eligible to apply for two years of funds through the State's Permanent Local Housing Allocation (PLHA) program, not to exceed \$3,321,617, fund #302. The funding would be used for Housing and Community Services (HCS) programs in support of lower income and/or unhoused residents.

CURRENT SITUATION AND ITS EFFECTS

The City will apply for up to \$ \$3,321,617 in PLHA funds through California Department of Housing and Community Development's (HCD) Notice of Funding Availability (NOFA). This funding represents Years 3 (\$2,212,637) and 4 (\$1,108,980) of the City's five-year PLHA Plan, which was submitted in 2020 and amended in 2021. The application includes an amendment to the five-year PLHA Plan to allow for a broader application of funds to support existing HCS programs, including the Housing Trust Fund program and homeless services. Adjustments to the funding plan in excess of 10% require Council and HCD approval and must be submitted with the application.

PLHA funds can be used to support a variety of planning or implementation activities related to housing and community development carried out by HCS within the Department of Health, Housing, and Community Services. HCS staff anticipate using the funds for the following eligible activity categories: 1) The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, or rental housing that is affordable to extremely low-, very low-, low-, and moderate-income households, including necessary operating subsidies; and/ or 2) Assisting persons who are experiencing or at risk of homelessness, including providing

rapid rehousing, rental assistance, navigation centers, emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing, along with grant administration (within the established limit of funds).

The City will allocate an estimated 25 to 50% of funds (equal to at least \$500,000 per year) to operating subsidies for homeless households such as shelter operations and navigation services. This will allow existing homeless shelters in Berkeley to continue to operate 24/7 and provide housing navigation services to assist participants in accessing permanent housing. Up to 5% is available to the City for admin to support program implementation. The remaining 45 to 70% of funds will be applied to the Housing Trust Fund program to increase and/or preserve Berkeley's affordable housing inventory through rehabilitation, new construction, and necessary operational subsidies. Funds will be leveraged with other local, state and federal revenue sources as needed as part of the City's Housing Trust Fund program to support this work.

BACKGROUND

PLHA is intended to provide a permanent, on-going source of funding to local governments for eligible housing-related activities and programs that assist in increasing the supply of affordable homes in California and addressing the unmet housing needs of their local communities. Funds are generated from a \$75 recording fee on certain real estate transaction documents, so the amount allocated through the program varies year to year. PLHA is noncompetitive, with funds allocated to cities based on the Community Development Block Grant (CDBG) distribution formula.

HCD estimated a total allocation of \$7,761,504 to the City during the five-year period. To access the funds, the City is required to have a five-year PLHA Plan, amend it when needed, and submit streamlined applications for each year of funding. The City used funds from Years 1 and 2 to support the operating of the navigation center (STAIR) and for the Golden Bear Homes – a Homekey project.

The City is required to use HCD's resolution template for the application and the plan amendment for this Council item.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no environmental sustainability and climate impacts directly associated with the recommendations in this report.

RATIONALE FOR RECOMMENDATION

If approved, an application for PLHA funds will make up to \$3,321,617 available for Berkeley to support City programs that serve lower income or unhoused populations.

ALTERNATIVE ACTIONS CONSIDERED

The City could decline to participate in the PLHA Program. Since that would not be consistent with the City's Strategic Plan to increase affordable housing opportunities, staff are recommending participation as described above.

CONTACT PERSON

Asavari Devadiga, Community Development Project Coordinator, HHCS, (510)
981-5426

Attachment:
1: Resolution

RESOLUTION NO. ##,###-N.S.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BERKELEY AUTHORIZING APPLICATION AND AMENDING THE PERMANENT LOCAL HOUSING ALLOCATION PLAN FOR THE PERMANENT LOCAL HOUSING ALLOCATION PROGRAM

WHEREAS, the California Department of Housing and Development (“Department”) is authorized to provide up to \$296 million under the SB2 Permanent Local Housing Allocation Program Formula Component from the 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))); and

WHEREAS, the State of California (the “State”), the Department issued a Notice of Funding Availability (“NOFA”) dated 12/29/2023 under the Permanent Local Housing Allocation (PLHA) Program; and

WHEREAS, the City of Berkeley (the “Applicant”), an eligible Local government who has applied for program funds to administer one or more eligible activities, or a Local or Regional Housing Trust Fund to whom an eligible Local government delegated its PLHA formula allocation; and

WHEREAS, the Department may approve funding allocations for PLHA program, subject to the terms and conditions of the Guidelines, NOFA, Program requirements, the Standard Agreement, and other contracts between the Department and PLHA grant recipients;

NOW THEREFORE BE IT RESOLVED by the Council of the City of Berkeley THAT:

SECTION 1. If Applicant receives a grant of PLHA funds from the Department pursuant to the above referenced PLHA NOFA, it represents and certifies that it will use all such funds in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including without limitation all rules and laws regarding the PLHA Program, as well as any and all contracts Applicant may have with the Department;

SECTION 2. Applicant is hereby authorized and directed to receive a PLHA grant, in an amount not to exceed the five-year estimate of the PLHA formula allocations, as stated in Appendix B of the current NOFA \$7,761,504 in accordance with all applicable rules and laws; and

SECTION 3. Applicant hereby agrees to use the PLHA funds for eligible activities as approved by the Department and in accordance with all Program requirements, Guidelines, other rules, and laws, as well as in a manner consistent and in compliance with the Standard Agreement and other contracts between the Applicant and the Department; and

SECTION 4. Pursuant to Sections 302(c)(4) and 302(c)(5) of the Guidelines, Applicant's PLHA Plan Amendment for the 2020-2023 Allocations is attached to this resolution, and Applicant hereby adopts this PLHA Plan Amendment and certifies compliance with all public notice, public comment, and public hearing requirements in accordance with the Guidelines; and

SECTION 5. If applicable, Applicant certifies that it was delegated by the City Council to submit an application on its behalf and administer the PLHA grant award for the formula allocation of PLHA funds, pursuant to Guidelines Section 300(c) and 300(d), and the legally binding agreement between the recipient of the PLHA funds and the Applicant is submitted with the PLHA application; and

SECTION 6. If applicable, Applicant certifies that it has or will subgrant some or all of its PLHA funds to another entity or entities. Pursuant to Guidelines Section 302(c)(3), "entity" means a housing developer or program operator, but does not mean an administering Local government to whom a Local government may delegate its PLHA allocation; and

SECTION 7. If applicable, Applicant certifies that its selection process of these subgrantees was or will be accessible to the public and avoided or shall avoid any conflicts of interest; and

SECTION 8. If applicable, pursuant to Applicant's certification in this resolution, the PLHA funds will be expended only for eligible Activities and consistent with all program requirements; and

SECTION 9. If applicable, Applicant certifies that, if funds are used for the acquisition, construction or rehabilitation of for-sale housing projects or units within for-sale housing projects, the grantee shall record a deed restriction against the property that will ensure compliance with one of the requirements stated in Guidelines Section 302(c)(6)(A), (B) and (C); and

SECTION 10. If applicable, Applicant certifies that, if funds are used for the development of an Affordable Rental Housing Development, the Local government shall make PLHA assistance in the form of a low-interest, deferred loan to the Sponsor of the Project, and such loan shall be evidenced through a Promissory Note secured by a Deed of Trust and a Regulatory Agreement shall restrict occupancy and rents in accordance with a Local government-approved underwriting of the Project for a term of at least 55 years; and

SECTION 11. Applicant shall be subject to the terms and conditions as specified in the Standard Agreement, the PLHA Program Guidelines and any other applicable SB 2 Guidelines published by the Department; and

SECTION 12. The City Manager or the City Manager's designee is authorized to execute the PLHA Program Application, the PLHA Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related

to the Program or the PLHA grant awarded to Applicant, as the Department may deem appropriate.