



Agenda Report

21-1519

Agenda Date: 12/7/2021

REPORT TO COUNCIL

SUBJECT

Action to Adopt a Resolution Authorizing the City Manager to Negotiate and Execute a Consortium Agreement with the County of Santa Clara (County), that Authorizes the County to Submit Funding Applications to the State of California on the City's Behalf for the City's allocation of State Permanent Local Housing Allocation (PLHA) Program Funds, and Authorizes the County to Administer the Funds in Accordance with State Requirements and in Accordance with the Consortium Agreement

BACKGROUND

SB2 (2017), as authorized by Health and Safety Code Section 50470, was part of a 15-bill housing package aimed at addressing the state's housing shortage and high housing costs. SB2 created the Building Homes and Jobs Trust Fund and the PLHA Program. Specifically, it established a permanent source of funding intended to increase the affordable housing stock in California. The revenue from SB2 varies from year to year, as revenue is dependent on real estate transactions with fluctuating activity. The legislation directs the California Department of Housing and Community Development (HCD) to use 70% of the revenue collected, beginning in calendar year 2019, to provide financial assistance to local governments for eligible housing-related projects and programs to assist in addressing the unmet housing needs of their local communities.

The PLHA formula allocations are based on the same formula used to award federal Community Development Block Grant (CDBG) funds to eligible communities in Federal Fiscal Year (FFY) 2017. The chart below shows the estimated 2019 PLHA allocations by eligible jurisdiction in the County. The jurisdictions will receive annual allocations of PLHA funds.

PHLA Entitlement Jurisdictions	2019 Allocation	2020 Allocation	Combined 2019 & 2020 Allocation	Previously Awarded	Currently Available
Santa Clara County	\$736,733	\$1,145,111	\$1,881,844	\$0	\$1,881,844
City of Cupertino	\$165,510	\$257,254	\$422,764	\$0	\$422,764
City of Gilroy	\$244,259	\$379,654	\$623,913	\$0	\$623,913
City of Milpitas	\$238,595	\$370,850	\$609,445	\$0	\$609,445
City of Mountain View	\$256,551	\$398,761	\$655,312	\$0	\$655,312
City of Palo Alto	\$231,496	\$359,817	\$591,313	\$0	\$591,313
City of San Jose	\$4,348,646	\$6,759,142	\$11,107,788	\$4,348,646	\$6,759,142

City of Santa Clara	\$479,491	\$745,278	\$1,224,769	\$0	\$1,224,769
City of Sunnyvale	\$533,023	\$828,483	\$1,361,506	\$0	\$1,361,506
Total	\$7,234,304	\$11,244,350	\$18,478,654	\$4,348,646	\$14,130,008

DISCUSSION

The County is proposing to submit a noncompetitive application for the PLHA funds allocated to the County and on behalf of the City of Santa Clara which will include the following:

1. A resolution stating that the County will enter into a Consortium Agreement with the cities and submit a joint application to the HCD for the additive PLHA allocation for each entitlement jurisdiction.
2. A Consortium Agreement between the County and the cities for a term of five years, which will auto renew until a city notifies County of its intent to withdraw, and that authorizes the County to act as the Lead Entity for the PLHA Program and shall assume overall responsibility for ensuring that the PLHA Program is carried out in compliance with Title 24, Part 92 of the Code of Federal Regulations.

The objectives set forth in the PLHA program and our local goals and priorities include increasing the supply of housing for households at or below 60% of area median income, increase assistance to affordable owner-occupied workforce housing, assist persons experiencing or at risk of homelessness, facilitate housing affordability, particularly for lower and moderate income households, and promote projects and programs to meet the local government's unmet share of the regional housing needs allocation.

To meet the objectives set forth by the PLHA program, the County and City agreed that PLHA funds received will be allocated toward the following eligible activities selected based on the most pressing needs of the community:

1. 100% of the allocated PLHA funding will be allocated toward the predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low, very low, low-, and moderate-income households, including necessary operating subsidies in the City of Santa Clara.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

By joining the Consortium, it allows for administration of the application for funding and the reporting requirements to be conducted by the County, preserving staff time and ensuring compliance with state requirements. The City's allocation of PHLA funds will be allocated to the Consortium and restricted for use by the eligible uses contained in the agreement. The City will direct City's portion of the annual PLHA allocations to be used for the specific use of 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 in the City of Santa Clara.

COORDINATION

This report was coordinated with City Manager's Office, City Attorney's Office, and Department of Finance

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to negotiate and execute a Consortium Agreement with the County of Santa Clara (County), that authorizes the County to submit funding applications to the State of California on the City's behalf for the City's allocation of State Permanent Local Housing Allocation (PLHA) program funds, and authorizes the County to administer the funds in accordance with State requirements and in accordance with the Consortium Agreement.

Reviewed by: Andrew Crabtree, Director of Community Development

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Draft Resolution
2. Redacted Sample Consortium Agreement