**File #:** 25-433 **Agenda Date:** 6/11/2025
**Version:** 1 **Item #:** 9.

Report regarding a Resolution amending Resolution 188-2023 authorizing the City of South San Francisco to submit a 5-Year Plan amendment to the State of California to receive and administer the City's Entitlement of Permanent Local Housing Allocation (PLHA) Funds and to enter into all required agreements to receive PLHA Funds. *(Elia Moreno, Management Analyst I)*

## RECOMMENDATION

**Staff recommends that the City Council adopt a Resolution amending Resolution 188-2023 authorizing the City of South San Francisco to submit a 5-Year plan amendment to the State of California to receive and administer the City's Entitlement of Permanent Local Housing Allocation (PLHA) Funds and to enter into all required agreements to receive PLHA Funds.**

## BACKGROUND

In 2017, the California State Legislature enacted Senate Bill 2 (SB 2), known as the Building Homes and Jobs Act, which established a permanent funding source for affordable housing and homelessness-related services. The PLHA program, administered by the California Department of Housing and Community Development (HCD), is funded by a real estate transaction recording fee.

On July 22, 2020, the City Council approved a resolution authorizing an application for the City's entitlement of PLHA funds and to enter into all required agreements to receive PLHA funds. The City submitted its initial PLHA 5-Year Plan to HCD, which was subsequently approved by HCD. The City's total estimated allocation under the program is not to exceed $1,307,880 over the five-year period.

To date, the City has received $217,980 in PLHA funds for Year 1 (2019) and $338,809 for Year 2 (2020). These funds have been committed to a predevelopment loan to Rotary Plaza, Inc. to support an affordable housing development located at 500 and 522 Linden Avenue. The City has been awarded $372,849 for the Year 3 (2021) allocation, though these funds have not yet been received. City staff intend to apply for the Year 4 (2022) and Year 5 (2023) allocations in conjunction with the submittal of the amended 5-Year Plan to HCD.

## DISCUSSION

On December 13, 2023, the City Council adopted Resolution 188-2023, amending the City's PLHA 5-Year Plan to allow all allocations to be used for Activity 2. However, since the adoption of this resolution, City staff have identified additional housing programs and activities that align with the goals and objectives of the PLHA and would further benefit the community's housing needs.

Additionally, PLHA regulations require that substantial amendments to the 5-Year Plan must be approved by the local governing body and submitted to HCD for review and acceptance. It is also required that at least forty percent (40%) of the PLHA allocations be directed toward Affordable Ownership Workforce Housing (AOWH).

The Year 3 (2021) total of $372,849 will support various programs. The total amount is divided into the following categories:

- $223,709.40 Economic Advancement Center
- $100,000.00 Minor Home Repair Program
- $49,139.60 Reimbursement for Preservation Activities

*Economic Advancement Center*
The City of South San Francisco established the Economic Advancement Center (EAC) in 2021 to promote economic stability and support housing security for local households. The EAC enhances income opportunities and provides access to social services that support housing, employment, and entrepreneurship, helping residents connect to resources that can prevent displacement and ensure long-term housing stability. As part of the City's efforts to increase affordable housing and reduce barriers to housing stability, the EAC serves as a collaborative hub housing the City's Promotores program, JobTrain Inc., and the Renaissance Entrepreneurship Center. These organizations work together to provide services to San Mateo County residents, including individuals who are homeless or at risk of homelessness, by helping them secure housing, increase income, find stable employment, and grow small businesses. The proposed amendment would allocate funding to support the ongoing operating costs of the EAC. This proposal is eligible under Activity 6 - Assisting persons who are experiencing or at risk of homelessness.

*Minor Home Repair Program*
To fulfill the City's requirement of allocating 40% of designated funds toward Affordable Ownership Workforce Housing (AOWH), supporting the rehabilitation of affordable ownership housing through a Minor Home Repair Program. The Minor Home Repair program is designed to provide South San Francisco's elderly and low-income homeowners with home safety assessments, safety plans, and home safety repairs and modifications. Skilled technicians will perform a variety of repair activities, including, but not limited to, accessibility modifications, debris removal, fence repair, exterior painting, light yard work, heating repair, door repair and placement, energy sufficient measures, etc. The intent of the program is to improve health and safety for the low-income and elderly homeowners in South San Francisco with an outreach effort focusing on the veterans, people with disabilities, Black, Indigenous, and People of Color (BIPOC) communities. This proposal is eligible under Activity 2 - The predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing.

*City Reimbursement for the Preservation of Two Below Market Rate Units*
To further satisfy the City's 40% AOWH allocation requirement, $49,139.60 from the Year 3 (2021) allocation will be used to reimburse the City for its efforts in preserving units within the City's Affordable Housing program. Following the unsuccessful marketing and sale, the City Council authorized the purchase of two Below Market Rate (BMR) units to ensure they would not be sold at market rate on January 10, 2024, and on October 23, 2024. To preserve long-term affordability, the City intervened by acquiring title to the properties, adjusted the resale prices, and resold the units to eligible income households. City staff is now proposing to use PLHA funding to reimburse the City for a portion of the financial subsidy provided to preserve the affordable units. This proposal is eligible under Activity 2 - The predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing.

FISCAL IMPACT
There is no impact on the City's General Fund. All proposed activities will be funded through the City's PLHA entitlement allocation.

CONCLUSION
Staff recommends that the City Council adopt a Resolution amending Resolution 188-2023 authorizing the City of South San Francisco to submit a 5-Year Plan amendment to the State of California to receive and administer the City's Entitlement of Permanent Local Housing Allocation (PLHA) Funds and to enter into all required agreements to receive PLHA Funds.

# Legislation Text

**File #:** 25-434
**Version:** 1

**Agenda Date:** 6/11/2025
**Item #:** 9a.

Resolution amending Resolution 188-2023 authorizing the City of South San Francisco to submit a 5-Year Plan amendment to the State of California to receive and administer the City's Entitlement of Permanent Local Housing Allocation (PLHA) Funds and to enter into all required agreements to receive PLHA Funds.

A necessary quorum and majority of the City of South San Francisco City Council herby consents to, adopts, and ratifies the following resolution:

WHEREAS, the State of California (the "State"), Department of Housing and Community Development Department ("Department") issued a Notice of Funding Availability ("NOFA") dated May 3, 2021, under the Permanent Local Housing Allocation (PLHA) Program; and

WHEREAS, the Department is authorized to provide up to $296 million under the SB 2 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, Statues of 2017 (SB2)); and

WHEREAS, South San Francisco is 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 South San Francisco City Council approved Resolution 94-2020 at its Regular City Council meeting on July 22, 2020, authorizing the City to apply to the State to receive and administer the City's PLHA entitlement program funds and to enter into all required agreements to receive the PLHA funds; and

WHERAS, the City Council adopted Resolution 205-2022 at its Special City Council meeting on November 16, 2022, amending its 5-Year Plan for its PLHA entitlement; and

WHEREAS, the City Council adopted Resolution 188-2023 at its Regular City Council meeting on December 13, 2023, amending its 5-Year Plan for its PLHA entitlement to use the first two years of PLHA funds for predevelopment, development, acquisition, rehabilitation, and preservation of affordable rental and ownership housing; and

WHEREAS, the City Council, at its June 11, 2025, Regular Meeting, wishes to amend its 5-Year Plan to use the allocations for the years 2021, 2022, and 2023 of PLHA funds for assisting persons who are experiencing or at risk of homelessness; and

WHEREAS, to fulfill the City's requirement of allocating 40% of designated funds toward Affordable Ownership Workforce Housing (AOWH), the Plan will commit to the rehabilitation of affordable ownership housing through a Minor Home Repair Program; and

WHEREAS, to further satisfy the City's 40% AOWH allocation requirement, $49,139.60 from the 2021 allocation will be used to reimburse the City for its efforts in preserving units within the City's Affordable Housing program; and

WHEREAS, the Department may approve funding allocations for PLHA Program, subject to 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 that the City Council of the City of South San Francisco hereby consents to, adopts, and ratifies the following resolution:

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.

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 $1,307,880 in accordance with all applicable rules and laws.

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.

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.**

5. Pursuant to Applicant's certification in this resolution, the PLHA funds will be expended only for eligible Activities and consistent with all program requirements.

6. 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).

7. Applicant certifies that, if funds are used for the development of 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.

8. 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.

9. The City Manager or their designee is authorized to execute the PLHA Program Application, the PLHA Standard Agreement, and any subsequent amendments or modifications thereto, as well any other documents which are related to the Program or the PLHA grant awarded to the Applicant, as the Department may deem appropriate.

* * * * *

ATTACHMENTS

1. Draft - Amended PLHA 5-Year Plan