



# AGENDA REPORT

**Department:** City Clerk's Office  
**Prepared by:** Angelita Palma, Housing Programs Manager  
**Meeting Date:** Tuesday, December 6, 2022  
**Approved by:** Brad Raulston, City Manager

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**SUBJECT:**

Permanent Local Housing Allocation (PLHA) Year Two Funding

**RECOMMENDATION:**

Adopt a Resolution Entitled, "Resolution of the City Council of the City of National City, California, for Permanent Local Housing Allocation (PLHA) Year Two funding to (1) establish Year Two PLHA budget appropriations and the corresponding revenue budget in the amount of \$400,000.06; (2) reallocate \$115,989.84 of unused funds from Year One PLHA funding; (3) approve a Spending Plan for said PLHA funding in Fiscal Year 2023; and (4) authorize the City Manager to execute agreements with the Alpha Project for a not-to-exceed amount of \$60,000 and the McAlister Institute for a not-to-exceed amount of \$440,710.90. for homeless outreach, case management, emergency housing, and other housing services for people experiencing homelessness and those at-risk of becoming homeless."

**BOARD/COMMISSION/COMMITTEE PRIOR ACTION:**

Resolution 2020-164: Ratification of the PLHA application and appropriation of Year One funding.  
Resolution: 2021-90: Five-Year Plan Amendment and Year One appropriations approved.  
Resolution 2021-162: Reapproved the Five-Year Plan Amendment per HCD guidelines.

**EXPLANATION:****Background**

The Permanent Local Housing Allocation (PLHA) Program funding is made possible through California Senate Bill (SB) 2 of 2017. PLHA is a non-competitive entitlement fund to support local affordable housing and homeless services initiatives. SB2 intended to provide a permanent, ongoing source of funding to local governments for housing-related projects and programs that address the unmet housing and homelessness needs of their local communities. PLHA Program revenue is generated through recording fees on real estate transactions on an annual basis.

On July 27, 2020, City staff prepared and submitted a PLHA application California Department of Housing and Community Development (HCD), which included a Five-Year Plan for funding. The City is eligible to receive a projected amount of \$2,359,146 according to the PLHA formula allocation over a five-year period.

On August 18, 2020, City Council adopted Resolution 2020-164 to ratify the PLHA application and appropriate Year One and Two funding to assist households currently experiencing homelessness, or at-risk of becoming homeless who were impacted by COVID-19 with emergency rental assistance. PLHA Years Three, Four, and Five will assist new development or rehabilitation housing projects that target Extremely low-, Very low-, Low-or Moderate Income households, including necessary operating subsidies; and provide for the preservation of affordable housing, including the development of ADU's for a growing workforce.

In January 2021, San Diego County received state and federal government to assist County residents in unincorporated areas and 16 cities within the region, including National City that COVID-19 economically impacted with housing and utility payments in the arrears. The County issued over \$228.1 million in utility and rent payments, over \$4.2 million in rental assistance for small landlords with five or fewer units, and over \$1.2 million for security deposit and rental assistance.

On June 15, 2021, Resolution 2021-90 approved the amended PLHA Spending Plan, which removed using the PLHA funds for emergency rental assistance since the County was providing that service. The Amended Spending Plan approved Year One and Two PLHA funds for housing opportunities for people experiencing or at-risk of homelessness by providing outreach, supportive/case management services, and rental assistance to allow people to obtain and retain housing.

Resolution 2021-90 approved Spending Plan allowed for \$19,659 in local City grant administration and allowed the City to maintain current levels of outreach provided by the Alpha Project that received \$60,000 of PLHA funds for outreach, case management, and housing navigation services. The PLHA funds were leveraged by the Regional Task Force on Homelessness (HHAP) grant committed to the City of National City and Chula Vista in fiscal year (FY) 2022. The Resolution also awarded the McAlister Institute \$313,532 of PLHA funds for hotel/motel vouchers, bus passes/transportation, street outreach, supportive and case management services. The McAlister Institute subcontracted Community Through Hope to provide clients with basic needs.

On November 2, 2021, per Resolution 2021-162 the City Council reapproved the Amendment in a resolution using a template that was satisfactory to HCD's legal counsel.

### **Year Two PLHA Grant**

On November 15, 2022, staff recommends the City Council:

- 1) Establish Year Two PLHA budget appropriations and the corresponding revenue budget in the amount of \$400,000.06;
- 2) Reallocate \$115,989.84 of unused funds from Year One PLHA funding;
- 3) Approve a Spending Plan for said PLHA funding in Fiscal Year 2023; and
- 4) Authorize the City Manager to execute agreements with the Alpha Project for a not-to-exceed amount of \$60,000 and the McAlister Institute for a not-to-exceed amount of \$440,710.84 for homeless outreach, case management, emergency housing, rental housing, and other housing services for people experiencing homelessness and those at-risk of becoming homeless.

### **Proposed Spending Plan**

There is no match required by the City for the PLHA grant. The PLHA grant activity allocation is based on funding plan approved by HCD and Resolution 2021-90. Staff proposes the Spending Plan be used by executing agreements with the Alpha Project and McAlister Institute and appropriating \$15,279.00 for allowable City grant administration. The City Manager will execute the agreements, make budget adjustments as necessary to reflect funding the allocation in the approved PLHA Plan, and execute a one-year extension of the agreement to complete the scope under the agreement.

<b>Activity</b>	<b>Funding Amount</b>
Allowable Local City Grant Administration	\$15,279.06
Rental Assistance (Term of 6 months)	\$190,000.00
Supportive/Case Management Services	\$289,261.24
Street Outreach	\$21,449.60
<b>Total</b>	<b>\$515,989.90</b>

**Agreement with Alpha Project**

The proposed Spending Plan will allow the City to maintain current levels of service provided by Alpha Project. Staff recommends entering into an agreement with Alpha Project with a not-to-exceed amount of \$60,000.00. The PLHA grant funds will be leveraged by the Regional Task Force on the Homelessness (RTFH) Homeless Housing, Assistance, and Prevention Program (HHAP) grant in the amount of \$179,000.00 committed to the City of National City and Chula Vista in FY 2023. Services shall meet the requirements of the PLHA Program and shall include, but are not limited to: outreach, case management, and housing navigation.

**Agreement with McAlister Institute**

The proposed Spending Plan will also allow the City to maintain current levels of service provided by the McAlister Institute. Staff recommends entering into an agreement with the McAlister Institute for a not-to-exceed amount of \$440,710.90. Services shall meet the requirements of the PLHA Program and shall include, but are not limited to homeless outreach, case management, housing services, emergency hotel/motel vouchers, and rental assistance for a term of 6 months.

McAlister Institute will subcontract with SBCS admister rental assistance. SBCS has experience administering the City’s HUD HOME tenant based rental assistance program, has adequate staff capacity, and ability to deliver services to clients experiencing or at-risk of homelessness in a professional and timely manner, and SBCS is willing to perform such services.

**Agreement Totals**

Proposed	Funding Amount	Leveraged Funds
Alpha Project HHAP Grant*	\$60,000.00	\$179,000.00
McAlister Institute Subcontract with SBCS**	\$440,710.90	
City Program Administration	\$15,279.00	
Total	\$515,989.90	\$179,000.00

\*HHAP Grant is committed to the City of National City and Chula Vista. The City of Chula Vista awarded an additional \$110,000 to the Alpha Project for FY 2023.

\*\*SBCS will leverage HUD HOME Program funds to assist clients who receive rental assistance for a term of six months.

**HCD Approved Plan for PLHA Years 3-5**

The City is eligible to receive a projected amount of \$2,359,146.00 in PLHA funds according to the HCD formula allocation over a five-year period. However, the PLHA projected funding amount was created by HCD prior to COVID-19 and may be less than expected. The Five-Year Plan for PLHA funds were consistent with the goals of the City's Housing Element of the General Plan and the City’s Strategic Plan.

The City has been awarded two funding cycles, PLHA Year One and Two funds are to assist households experiencing or at-risk of homelessness. In PLHA funding Years Three, Four, and Five, the City will use its PLHA Funds for the predevelopment, development, acquisition, rehabilitation, and preservation of affordable rental and ownership housing, including accessory dwelling units (ADUs), which meet the needs of a growing workforce earning up to 120 percent of AMI, or 150 percent of AMI in high-cost areas. ADUs shall be available for occupancy for a term of no less than 30 days.

**FINANCIAL STATEMENT:**

The Year Two PLHA funds are to be appropriated to revenue account 501-45477-3463 in the amount of \$400,000.06. Reallocated funds from Year One in the amount of \$115,989.84 and Year Two PLHA allocation should be appropriated to expenditure account 501-419-477-\* in the amount of \$515,989.90. There is no match required from the City's General Fund.

**RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:**

Housing and Community Development

To enhance the City's role in reducing homelessness.

**ENVIRONMENTAL REVIEW:**

This is not a project under CEQA and is therefore not subject to environmental review.CCR15378; PRC 21065.

**PUBLIC NOTIFICATION:**

Agenda Report posted within 72 hours of meeting date and time in accordance with Brown Act.

**ORDINANCE:**

Not Applicable

**EXHIBIT:**

Exhibit A - Resolution