

CITY OF MOUNTAIN VIEW
RESOLUTION NO.
SERIES 2022

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOUNTAIN VIEW
AUTHORIZING APPLICATION TO THE PERMANENT LOCAL HOUSING ALLOCATION PROGRAM,
APPROVING A FIVE-YEAR PLAN FOR THE PERMANENT LOCAL HOUSING ALLOCATION PROGRAM
FORMULA ALLOCATION OF AN ESTIMATED \$1,539,306, AND CERTIFYING TO THE
CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT COMPLIANCE
WITH THE PERMANENT LOCAL HOUSING ALLOCATION PROGRAM REQUIREMENTS

WHEREAS, the State of California (the "State"), Department of Housing and Community Development ("Department") is authorized to provide up to \$335 million under the Senate Bill 2 (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, Statutes of 2017 (SB 2))); and

WHEREAS, the Department issued a Notice of Funding Availability ("NOFA") dated August 17, 2022 under the Permanent Local Housing Allocation (PLHA) program; and

WHEREAS, the City of Mountain View ("City") is an eligible Local government who has applied for program funds to administer one or more eligible activities; and

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

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Mountain View that:

1. The City of Mountain View approves submission to the Department of an application to participate in the PLHA Program; and
2. If City receives a grant of PLHA funds from the Department pursuant to the above-referenced PLHA NOFA, City represents and certifies that City 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 City may have with the Department; and
3. City 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 C of the current NOFA, One Million Five Hundred Thirty-Nine Thousand Three Hundred Six Dollars, (\$1,539,306) in accordance with all applicable rules and laws; and

4. City 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 City and Department; and

5. Pursuant to Section 302(c)(4) of the Guidelines, City's PLHA Plan for the 2019-2023 Allocations is attached to this Resolution, and City hereby adopts this PLHA Plan and certifies compliance with all public notice, public comment, and public hearing requirements in accordance with the Guidelines; and

6. City certifies that City has or will subgrant some or all of City's 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

7. City certifies that City's selection process of these subgrantees was or will be accessible to the public and avoided or shall avoid any conflicts of interest; and

8. Pursuant to City's certification in this Resolution, the PLHA funds will be expended only for eligible Activities and consistent with all program requirements; and

9. City 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

10. City 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

11. City 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 Department; and

12. The City Council authorizes the City Manager or designee 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 the City, as Department may deem appropriate.

MHT/4/RESO
843-10-25-22r

Exhibit: A. PLHA Plan for the 2019-2023 Allocations

§302(c)(4) Plan

Rev. 2/16/22

§302(c)(4)(A) Describe the manner in which allocated funds will be used for eligible activities.

The City of Mountain View will use the PLHA funds for two (2) Eligible Activities identified below. The City, has an existing over-the-counter Notice of Funding Availability for multifamily housing rental projects and is working with developers of projects with units serving extremely low and very low-income households that have been approved and are in the pipeline. PLHA funds will be allocated towards recently expended pre-development funds which would be eligible for reimbursement and future pipeline projects in combination with other funds. The City will also use PLHA funds to develop a pilot grant program with a nonprofit partner to offer very low-, low- and moderate-income residents assistance with closing costs for the purchase of ownership units as they come online. Funding recommendations made by staff will be taken to the City Council for final approval. The City will enter into agreements with subrecipients and housing developers and monitor their progress against these agreements.

§302(c)(4)(B) Provide a description of the way the Local government will prioritize investments that increase the supply of housing for households with incomes at or below 60 percent of Area Median Income (AMI).

The City will prioritize investments of PLHA funds to increase the supply of affordable and supportive housing for households earning up to 60% AMI by including the Eligible Activity described in Section 301(a)(1) - funding the development of multifamily rental housing projects designed to be affordable to households earning up to 60% of AMI as a source of funds in the County's over-the-counter Notice of Funding Availability. This is an existing process and has been critical to developing affordable housing units in the City which are anticipated to increase from 1,528 to 3,049 units over the next 5 years. Eighty five percent (85%) of the City's PLHA allocation will be allocated to this activity, as we recognize the significant need to leverage funds for this type of investment in our community and is in alignment with the next Regional Housing Needs Allocation cycle. The City will also prioritize investments that increase the supply of housing for households earning up to 120% AMI by including the Eligible Activity described in Section 301(a)(9) - developing a pilot program with a non-profit partner to provide assistance with closing costs for homeownership opportunities for residents for whom this option is typically out-of-reach. Ten percent (10%) of the City's PLHA allocation will be allocated to this Eligible Activity.

§302(c)(4)(C) Provide a description of how the Plan is consistent with the programs set forth in the Local Government's Housing Element.

The City's PLHA Plan is consistent with its Housing Element, including but not limited to the following: 1.1 - Rental Housing Impact Fee and Housing Impact fees ordinances provide funds for subsidized housing serving lower-income households. The Housing Impact Fee is assessed per square foot on all new office, industrial, hotel, and retail development in Mountain View. Similarly, the Rental Housing Impact Fee is assessed based on habitable square footage within new apartment development in Mountain View; 1.2 - The Housing and Neighborhood division works with affordable housing developers through an "over the counter" NOFA process to prioritize development of housing affordable to extremely and very-low income households; 1.7 - Updating density bonus ordinance in alignment with State law and promoting density bonus in the Downtown district; 2.3 - Partnership with County agencies to create resident awareness of housing assistance programs; 2.4 - Establishing a Tenant Relocation Assistance program providing relocation assistance to very low-income tenants as part of City's anti-displacement strategy; 3.3 Rehabilitation of affordable housing units to preserve and improve existing housing stock; 5.1 - Allocating resources to nonprofits and working in partnership with the County for programs serving the unhoused and unstably housed residents including those living in vehicles; 5.2 - Special Needs Housing, the City has 66 supportive housing units and an additional 136 units have been approved.

Activities Detail (Activities Detail (Must Make a Selection on Formula Allocation Application worksheet under Eligible Activities, §301))

§301(a)(1) The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low-, very low-, low-, or moderate-income households, including necessary Operating subsidies.

§302(c)(4)(E)(i) Provide a detailed and complete description of how allocated funds will be used for each proposed Affordable Rental Housing Activity.

Eighty five percent (85%) of City PLHA funds have been allocated to this Eligible Activity. Rental units affordable to households that earn up to 60% of the Area Median Income, will be prioritized. Funds will be provided for multi-family rental housing in the form of a low-interest, residual receipt, deferred, or other loan to the sponsor of the project, consistent with the City's approved Notice of Funding Availability guidelines for 100% affordable housing developments and PLHA program guidelines. The 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 the City's approved underwriting of the project for a term of at least 55 years. Eligible use of funds will include predevelopment activities in support of an entitlement application, architectural and engineering costs, and for the preparation of any environmental studies related to CEQA and/or NEPA.

Complete the table below for each proposed Affordable Rental Housing Activity to be funded with 2019-2023 PLHA allocations. If a single Activity will be assisting households at more than one level of Area Median Income, please list the Activity as many times as needed to capture all of the AMI levels that will be assisted, but only show the percentage of annual funding allocated to the Activity one time (to avoid double counting).

Funding Allocation Year	2019	2020	2021	2022	2023										
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Affordable Rental Housing Activity	95.0%	85.0%	85.0%	80.0%	80.0%										
§302(c)(4)(E)(ii) Area Median Income Level Served	60%	60%	60%	60%	60%										TOTAL
§302(c)(4)(E)(ii) Unmet share of the RHNA at the AMI Level Note: complete for years 2019, 2020, 2021 only	638	596	596												1830
§302(c)(4)(E)(ii) Projected Number of Households Served	0	0	0	0	302										302
§302(c)(4)(E)(iv) Period of Affordability for the Proposed Affordable Rental Housing Activity (55 years required for rental housing projects)	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years	55 Years

§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity.

If approved for funding, the City will allocate funds towards reimbursement of pre-development funds that have been recently expended or are approved to be allocated. This action is an administrative process that can occur within a few weeks of approval of the funding. The City has several affordable housing projects in the pipeline and pre-development funds have been expended recently on three approved projects, the City will review its pipeline to determine pfunding amount that will be used towards reimbursement to the City for pre-development funds expended and allocating balance of funding towards other approved projects as they move towards approval and working with the developers to complete a pre-development agreement subject to Council approval.

§301(a)(9) Homeownership opportunities, including, but not limited to, down payment assistance.

§302(c)(4)(E)(i) Provide a detailed and complete description of how allocated funds will be used for the proposed Activity.	Enter Percentage of Funds Allocated for Affordable Owner-occupied Workforce Housing (AOWH)	10%
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PLHA funds will be used to develop a pilot program to support homeownership including support for down payment assistance and closing costs. 10% of PLHA funds will be used offering very low-, low- and moderate-income residents assistance with closing costs for the purchase of ownership units as they come online. These funds may be particularly useful for households transitioning from tenancy to homeownership as they seek to exercise "first right of refusal" options that come with SB 330. To implement this pilot the City will seek out a nonprofit partner and will continue to seek other funds to meet the City's needs.

Complete the table below for each proposed Activity to be funded with 2019-2023 PLHA allocations. If a single Activity will be assisting households at more than one level of Area Median Income, please list the Activity as many times as needed to capture all of the AMI levels that will be assisted, but only show the percentage of annual funding allocated to the Activity one time (to avoid double counting).

Funding Allocation Year	2019	2020	2021	2022	2023										
Type of Homeowner Assistance	Down Payment Assistance	Down Payment Assistance	Down Payment Assistance	Down Payment Assistance	Down Payment Assistance										
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Activity		10.00%	10.00%	15.00%	15.00%										
§302(c)(4)(E)(ii) Area Median Income Level Served		120%	120%	120%	120%										TOTAL
§302(c)(4)(E)(ii) Unmet share of the RHNA at AMI Level Note: complete for years 2019, 2020, 2021 only	527	509	509												1545
§302(c)(4)(E)(ii) Projected Number of Households Served	0	0	0	0	14										14
§302(c)(4)(E)(iv) Period of Affordability for the Proposed Activity															

§302(c)(4)(E)(iii) A description of major steps/actions and a proposed schedule for the implementation and completion of the Activity.

If approved for funding, the City will work with the developers of projects that have below-market rate ownership units to obtain updated construction timelines. The City will also reach out to nonprofits that have existing downpayment and closing cost assistance programs in the community to develop a pilot program that will be implemented to align with when the ownership units are anticipated to be available. Staff will take their recommendations for program parameters to the City Council for approval and further direction. Staff will also continue to seek other funding sources to leverage these funds to create a program that provides assistance for homeownership opportunities to extremely low, very low, low and moderate-income residents.