



CITY OF SAN MATEO

City Hall
330 W. 20th Avenue
San Mateo CA 94403
www.cityofsanmateo.org

Agenda Report

Agenda Number: 20

Section Name: {{section.name}}

Account Number: 36-3133

File ID: {{item.tracking_number}}

TO: City Council
FROM: Alex Khojikian, City Manager
PREPARED BY: Community Development Department
MEETING DATE: December 09, 2024

SUBJECT:
New Beginnings Supportive Housing Project at 831 Monte Diablo Avenue — Agreement

RECOMMENDATION:

Authorize the City Manager to execute a Regulatory Agreement, Loan Agreement, Deed of Trust, and Promissory Note with Saint James Community Development Corporation for the New Beginnings Supportive Housing Project and to make any appropriate changes that do not differ from the terms previously approved by the City Council.

BACKGROUND:

Permanent Local Housing Allocation Grant Program

The Permanent Local Housing Allocation (PLHA) grant program provides a permanent source of funding to all local governments in California to help cities and counties implement plans to increase housing affordability. PLHA is a flexible funding source administered by the California Department of Housing and Community Development (HCD) that can be used for a wide range of activities, from increasing the housing supply to providing supportive services.

As PLHA revenue is derived from real estate transactions, the amount of funding fluctuates from year to year, and jurisdictions are required to reapply annually for their allocation. In addition, to receive funds, a jurisdiction must adopt a five-year plan (Five-Year Plan) to allocate its PLHA spending. To date, the City has received three years of PLHA allocations, totaling \$1,458,103: \$341,894 in the first year (FY 21-22); \$531,409 in the second year (FY 22-23); and \$584,800 in the third year (FY 23-24).

The City received its fourth-year allocation award letter from HCD on October 8, 2024 in the amount of \$293,103, and on November 18, 2024, the City Council approved a Resolution to appropriate \$293,103 into the City's FY 2024-25 operating budget. To receive the funds from HCD, the final step staff must take is to submit the Request for Funds (RFF), which includes a detailed description of the above-mentioned organizations and activities with their respective funding amounts.

New Beginnings Supportive Housing Project – Loan Documents

For its third-year allocation (2023-24), the City committed to providing funding for the New Beginnings supportive housing project located at 831 Monte Diablo Avenue by St. James African Methodist Episcopal Zion Church (St. James) in the form of a forgivable, zero-interest predevelopment loan in the amount of \$377,212. St. James proposed to develop four to six affordable units of supportive housing for former foster-youth between the ages of 18-24 (transitional age). This forgivable loan award will provide funding to allow the project to move forward with design, predevelopment activities, and construction once permits are approved.

The City Council approved Resolution No. 18 (2024) on February 20, 2024, to approve a loan to the St. James Community Development Corporation for this project in the amount of \$377,212. However, this Resolution did not contain the form of loan documents for approval. Under PLHA regulations, a jurisdiction providing any type of loan to a housing development

must provide these executed documents to HCD for review. Attached to this report are the Regulatory Agreement, Loan Agreement, Deed of Trust and Promissory Note. These are provided as Attachments 1, 2, 3 and 4, respectively.

BUDGET IMPACT:

The \$377,212 commitment to the New Beginnings supportive housing project was previously made as part of the third year PLHA allocation and appropriated into the City's FY 2023-24 operating budget. Approval of the loan documents has no impact on the budget.

ENVIRONMENTAL DETERMINATION:

This agreement is not a project subject to CEQA, because it can be seen with certainty that it will not cause a physical change in the environment. (Public Resources Code Section 21065.)

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

Att 1 – Regulatory Agreement
Att 2 – Loan Agreement
Att 3 – Short Form Deed of Trust
Att 4 – Promissory Note

STAFF CONTACT

Rachel Horst, Housing Manager
rhorst@cityofsanmateo.org
(650) 522-7223