



# CITY OF SAN MATEO

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## Agenda Report

Agenda Number: 15

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**TO:** City Council  
**FROM:** Drew Corbett, City Manager  
**PREPARED BY:** Community Development Department  
**MEETING DATE:** October 17, 2022  
**SUBJECT:**  
Permanent Local Housing Allocation – Grant Application

### RECOMMENDATION:

Adopt a Resolution to re-apply to the State of California for Permanent Local Housing Allocation grant program and amend the 5-year funding plan.

### BACKGROUND:

The purpose of the Permanent Local Housing Allocation (PLHA) grant program is to provide a permanent source of funding to all local governments in California to help cities and counties implement plans to increase housing affordability. This is a flexible funding source that can be used for a wide range of activities from increasing the housing supply to providing supportive services. The PLHA application requires the City to develop a 5-year plan to allocate spending. The City has received a total allocation of \$873,303 in the first two years of funding, \$341,894 in the first year (2019) and \$531,409 in the second year (2020). The third-year allocation amount is \$584,800 (2021).

Council directed staff to use PLHA funds for rapid rehousing during a special meeting study session on June 1, 2020. Rapid rehousing includes rent assistance for a period of approximately 6 to 12 months combined with supportive services to households who are homeless or at risk of homelessness. A rapid rehousing program was developed and the non-profit organization, LifeMoves, was selected to administer the program.

PLHA funds have also been used to address a second need. The new affordable housing development, Montara, includes 16 units for formerly homeless households. These targeted units include supportive services from the Veterans Affairs and the County in addition to rental assistance as part of the financing package provided by the County of San Mateo. In response to concerns raised at stakeholder meetings with neighboring properties, the City has worked with the developer, BRIDGE Housing, to expand its residence services at the property to make more services available as well as expanding onsite hours for all of the tenants. To achieve the expanded services, a full-time services coordinator rather than a half time position was created. This cost was not anticipated when the developer initially sought its funding commitments and resulted in a gap in the operating budget for the first four years of the project.

For the first year of PLHA activities, the grant amount of \$341,894 was used to provide \$280,353 in rapid rehousing assistance and \$61,541 in tenant services at the Montara. However, for the second year, the City of San Mateo was awarded \$531,409 and will be awarded \$584,800 in the third year through the PLHA grant. With the increased amount of funding, staff has identified three additional housing affordability needs that can be served.

HIP Housing was a long-time recipient of the Community Development Block Grant (CDBG) funds through the City and has been a City partner in both providing affordable housing units and maintaining their home-sharing program, which matches tenants who are unable to afford the high rents in the City with home-owners who are willing to rent out spare

rooms in their homes. The strict guidelines of the Department of Housing and Urban Development (HUD) forced HIP Housing to forgo participating in the City's Community Funding program and left a gap in funding. In order to preserve the 147 low-income units on their affordable properties and return assistance to the home sharing program, staff recommended accepting the request of funding HIP Housing \$105,000 through the PLHA program, which the Council approved on September 6, 2022.

Samaritan House operates the Safe Harbor emergency shelter, a facility which provides case management, site-based emergency and transitional housing support to the clients in their 105-bed facility. The City has provided consistent support to this program through local housing funds in the past in order to ensure they would not have to compete with other organizations in the limited CDBG Community Funding program. As a service that assists persons experiencing homelessness, funding this program in the amount of \$15,000 would be compatible with the design of the PLHA program and would preserve flexible local housing funds that can be reserved for other long-term projects.

Similarly, LifeMoves operates a network of shelters across San Mateo County with each servicing clients of various needs. At the First Step for Families shelter, housing, intensive case management and supportive services are provided to approximately 85 City of San Mateo residents each year. Staff recommends that the remainder of the PLHA budget in Year 2 be utilized to assist shelter operations for LifeMoves. As Year 3 is an even larger grant, there remains the possibility of entering into PLHA contracts with current CDBG Community Funding recipients who provide PLHA eligible services, such as Legal Aid of San Mateo County (eviction defense).

To utilize these funds for the causes, staff recommends that the Council approve amending the 5-Year PLHA plan to allow for the new expenditures in Year 2 of the grant funding, as well as adopting a resolution to re-apply for PLHA funding for Year 3 with the new contracts taken into account.

The five-year plan that is submitted to the State can be amended in the future if changes are desired.

#### **BUDGET IMPACT:**

Staff has set up a fund (referred to as Fund 36) for this grant. PLHA is a noncompetitive grant that will be allocated to the City over a course of 5 years. The grant amount for the second year (2020) is \$531,409 while the grant amount for the third year (2021) is \$584,800. These funds have not yet been received by the City, as they need to be requested through a release of funds after the approval of the 5-Year Plan amendment. Overall, the City can expect to receive \$1,116,209 in new revenue in Fund 36 over the next two years. The exact dollar amount for the final two years will vary based upon the collection of the real estate recording fees, but the total estimated dollar amount the city will receive over 5 years is \$2,051,364. The proposed budget for the second and third year of the PLHA grant is as follows:

<b>PLHA Year 2 (2020) Budget</b>	<b>Amount</b>	<b>PLHA Year 3 (2021) Budget</b>	<b>Amount</b>
Bridge (Montara)	\$61,541	Bridge (Montara)	\$61,541
LifeMoves (RRH)	\$280,353	LifeMoves (RRH)	\$280,353
HIP Housing	\$105,000		
Samaritan House (SH)	\$15,000	Samaritan House (SH)	\$15,000
LifeMoves (Shelter)	\$42,945	Other Affordable Housing Programs	\$198,666
Admin	\$26,570	Admin	\$29,240
Total	\$531,409	Total	\$584,800

#### **ENVIRONMENTAL DETERMINATION:**

This resolution is in accordance with California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(4), submitting an application for grant funding is not a project subject to CEQA to the extent that it is a funding activity that does not involve commitment to a particular project that will impact the environment. However, in accordance with Public Resources Code Section 21065, to the extent that the funds are committed to specific projects, the City's commitment of

those funds is not a project subject to CEQA because the funds will be used to subsidize operational expenses which will not impact the environment.

**NOTICE PROVIDED**

All meeting noticing requirements were met. Notifications were sent to the Housing NotifyMe list for the City Council meeting on October 17, 2022. A public notice was published to announce the availability of the draft plan on the city website. The draft was open to a 10-day comment period from October 7, 2022 to October 17, 2022

**ATTACHMENTS**

Att 1 - Proposed Resolution with PLHA 5-Year Plan Amendment

Att 2 - 2022 PLHA Formula Streamlined Application – Returning Applicants

**STAFF CONTACT**

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