



Report to City Council

TO: Mayor and City Council

FROM: Cruz Esparza, Economic Development & Housing Director

AGENDA DATE: October 15, 2024

TITLE: AUTHORIZE THE SUBMITTAL OF AN APPLICATION TO THE PROHOUSING INCENTIVE PILOT (PIP) PROGRAM, ADOPT RESOLUTION 2024-XX, AND OTHER RELATED DOCUMENTS (REPORT OF: ECONOMIC DEVELOPMENT & HOUSING)

TITLE SUMMARY: Authorize Submittal of PIP Application & Adopt Resolution 2024-XX

Recommendation(s)

That the City Council:

1. Authorize the City Manager, or his or her designee, to submit an application to the California Department of Housing and Community Development (HCD) in response to the Department's Prohousing Incentive Pilot (PIP) Program Notice of Funding Availability (NOFA).
2. Adopt Resolution No. 2024-XX to Authorize the City Manager, or his or her designee, to submit an application and execute applications, and other related documents for the purpose of managing the Prohousing Incentive Pilot Program.
3. Authorize the City Manager, or his or her designee, to execute applications, and other related documents for the purpose of managing the Prohousing Incentive Pilot Program.

SUMMARY

This report authorizes the City Manager, or his or her designee, to submit an application to the California Department of Housing and Community Development (HCD) in response

to the Department's Prohousing Incentive Pilot (PIP) Program Notice of Funding Availability (NOFA), and to execute applications, and other related documents for the purpose of managing the Prohousing Incentive Pilot Program and authorizes Resolution No. 2024-XX.

DISCUSSION

The Department of Housing and Community Development released the Notice of Funding Availability (NOFA) for the Prohousing Incentive Pilot (PIP) Program on August 15, 2024. The PIP Program complements the Prohousing Designation Program and is designed to encourage cities and counties to obtain a Prohousing Designation. At least \$9,483,402.17 will be available for the 2024 funding round.

The PIP Program is funded through Chapter 364, Statutes of 2017 (SB 2, Atkins), which established the Building Homes and Jobs Trust Fund. Five percent of annual collections are deposited in a fund to be used for an incentive program. The PIP Program awards funds based on jurisdiction size and Prohousing Designation Program score (as codified in the California Code of Regulations Title 25 Housing and Community Development, Division 1, Chapter 6, Subchapter 6.6, Sections 6600 through 6607, Consecutive Prohousing Designation Program).

In order to be eligible for grant funding, an applicant must submit a completed application between August 15, 2024, and December 31, 2024. In addition, applicants must also meet all the following threshold requirements for participation in the Program:

1. An adopted housing element in substantial compliance, as determined by the Department, pursuant to Housing Element Law (Article 10.6 of Gov. Code) in accordance with Government Code section 65585, subdivision (h).
2. Housing Element Annual Progress Report submittal pursuant to Government Code Section 65400 for the current or prior year, as applicable.
3. Prohousing Designation with an authorizing resolution.
4. An authorizing resolution authorizing submittal of the application to the Program.
5. Compliance with state and federal housing laws as determined by the sole discretion of HCD.
6. Demonstration of meeting threshold criteria shall be determined by the Department in its sole and absolute discretion. No documentation of meeting threshold requirements is required in the application unless requested by the Department.

Eligible applicants are limited to cities and counties. However, eligible applicants may partner through legally binding agreements with other forms of governments or entities. This includes, but is not limited to, partnerships with other localities, regional

governments, housing authorities, school districts, special districts, community-based organizations, Tribal Entities or any duly constituted governing body of an Indian Reservation or Rancheria.

Eligible Applicants must use award funds towards any planning or implementation activities related to housing and community development including:

I. The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low, very low-, low-, and moderate-income households, including necessary operating subsidies.

II. Affordable rental and ownership housing that meets the needs of a growing workforce earning up to 120 percent of area median income, or 150 percent of area median income in high-cost areas.

III. Matching portions of funds placed into local or regional housing trust funds.

IV. Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of Section 34176 of the Health and Safety Code.

V. Capitalized reserves for services connected to the creation of new permanent supportive housing, including, but not limited to, developments funded through the Veterans Housing and Homelessness Prevention Bond Act of 2014.

VI. Assisting persons who are experiencing or at risk of homelessness, including providing rapid rehousing, rental assistance, navigation centers, emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing.

VII. Accessibility modifications.

VIII. Efforts to acquire and rehabilitate foreclosed or vacant homes.

IX. Homeownership opportunities, including, but not limited to, down payment assistance.

X. Fiscal incentives or matching funds to local agencies that approve new housing for extremely low, very low, low-, and moderate-income households.

PIP eligible applicants will receive a base award amount based on population estimates as of January 1, 2024, maximum total award amounts will be no greater than \$2,000,000 per eligible applicant. Total potential award amounts are determined by adding an eligible applicant's base award amount with an Eligible Applicant's bonus award amount.

Applicants may receive a bonus award up to \$500,000. For the purpose of calculating the bonus award, an eligible applicant's Prohousing Designation score will be multiplied by

10,000. Based on its population, the city’s base award would be \$750,000. The city may use up to 5 percent of its allocation for costs related to the administration of the program.

ALTERNATIVES

- 1. Approve and authorize the recommended actions as presented in this staff report.

Staff recommends this action because it will allow the City to apply for Prohousing Incentive Pilot funds and use them to continue to serve residents through qualified programs.

- 2. Not Approve and authorize the recommended actions as presented in this staff report.

Staff DOES NOT recommend this action because it would hinder the City’s ability to apply for Prohousing Incentive Pilot funds and use them to continue to serve residents through qualified programs.

FISCAL IMPACT

There is a potential grant revenue reimbursement for PIP, which is an estimated award of up to \$1,120,000 for Fiscal Year 2024/25. No General Fund money will be used for PIP; therefore, there is **NO FISCAL IMPACT TO THE GENERAL FUND.**

NOTIFICATION

Publication of the City Council Agenda.

PREPARATION OF STAFF REPORT

Prepared By:
Valeria Martin
Housing Sr. Management Analyst

Department Head Approval:
Cruz Esparza
Economic Development & Housing Director

CITY COUNCIL GOALS

Community Image, Neighborhood Pride and Cleanliness: Promote a sense of community pride and foster an excellent image about our City by developing and executing programs which will result in quality development, enhanced neighborhood preservation efforts, including home rehabilitation and neighborhood restoration.

Positive Environment: Create a positive environment for the development of Moreno Valley's future.

CITY COUNCIL STRATEGIC PRIORITIES

- 1. Economic Development**
- 2. Public Safety**
- 3. Library**
- 4. Infrastructure**
- 5. Beautification, Community Engagement, and Quality of Life**
- 6. Youth Programs**

Report Approval Details

Document Title:	STAFFREPORT_PIP GRANT_EDH.docx
Attachments:	- PIP 2024-XX Resolution Draft.pdf - PIP - Application R3.pdf
Final Approval Date:	Oct 7, 2024

This report and all of its attachments were approved and signed as outlined below:

Cruz Esparza

Natalia Lopez

Launa Jimenez

Brian Mohan

Mike Lee

Patty Rodriguez