



CITY OF SAN MARCOS PERMANENT LOCAL HOUSING ALLOCATION PROGRAM

PLAN FOR 2020-2023

The California Department of Housing and Community Development (HCD) has announced the Permanent Local Housing Allocation (PLHA) program for 2020 - 2023. The PLHA program is funded from moneys deposited in the Building Homes and Jobs Trust Fund. The City of San Marcos has been allocated a grant amount not to exceed the five-year estimate of \$1,915,068.

On February 27, 2024, the San Marcos City Council will consider a resolution authorizing the application and adopting a plan for the State of California Department of Housing and Community Development Permanent Local Housing Allocation (PLHA) Program. Jurisdictions receiving PLHA grant funds are required to have a five-year plan in place to determine how the grant funds will be spent. This five-year plan may or may not need to identify specific projects. However, the Plan must result in expenditure of a portion of the grant funds each year to receive the next year's allocation.

ALLOCATION OF FUNDS

The City of San Marcos intends to utilize PLHA program funds to support and create affordable housing to address the community's housing needs. 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, is an eligible expense, per PLHA guidelines.

Affordable housing development projects require multiple sources of funding to compile enough financing to be developed. PLHA grant funds will be leveraged with several other monetary sources, including City Affordable Housing Funds and San Marcos Successor Housing Funds, in the assistance of affordable housing development.

The City will prioritize investments that assist in public-private partnerships, increase the supply of housing for households at or below 60% of area median income, are successful in a competitive application process, and/or are identified on the City's long-range property management plan.

The chart below summarizes the actual amounts allocated to the City of San Marcos for the program's calendar years 2020, 2021, and 2022. The five-year total allocation is a projection, and the actual annual funding allocation for the five-year plan will later be determined by HCD. The chart also shows a 5% allocation for administration costs that is allowed by PLHA grant requirements.

PLHA FUNDING	Total 5-year Allocation Estimate	CY2019 Allocation*	CY2020 Allocation	CY2021 Allocation	CY2022 Allocation	CY2023 Allocation Estimate
Allocation	\$ 1,915,068	n/a	\$ 496,102	\$ 545,945	\$ 273,629	\$ 299,696
5% Admin	\$ 95,753	n/a	\$ 24,805	\$ 27,297	\$ 13,681	\$ 14,985
95% Project Funding	\$ 1,819,315	n/a	\$ 471,297	\$ 518,648	\$ 259,948	\$ 284,711

*CY2019 application period has closed

CONSISTENCY WITH THE HOUSING ELEMENT OF THE GENERAL PLAN

The proposed plan directs the City's PLHA funding to the development of new affordable housing. Use of PLHA funds for this need is consistent with the City's Adopted 2021 - 2029 Certified Housing Element programs.

Program 5: Facilitate Affordable and Special Needs Housing Construction

- The City will continue to encourage qualified housing developers to pursue development of affordable housing and housing that addresses populations with special housing needs in the City and utilize the following funding and regulatory incentives, among others, to encourage affordable housing production in San Marcos.
- The City will evaluate the opportunity to prioritize the use of other funding sources, such as funds made available through the Permanent Local Housing Allocation (PLHA) or former redevelopment funds, as a local source of funding for affordable housing.

PROGRAM INCOME REUSE PLAN

The City will reuse any program income generated from the PLHA program to continue to fund its affordable housing projects based on the PLHA approved plan adopted by the City Council. More specifically, program income will be used for 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. This is an eligible activity under Section §301 (a) (1) of the PLHA guidelines.

This Program Income Reuse Plan may be amended from time to time should the program no longer exist and/or should the affordable housing goals and PLHA priorities change. However, all program income will be reused and spent on PLHA eligible activities as outlined in Section §301 of the PLHA guidelines.

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

The City of San Marcos will use the PLHA funds to expand and enhance the access to and number of affordable housing units within the City of San Marcos through the following eligible activities. The funding will be used to support predevelopment and development activities for new affordable housing projects. The City will use 5% of allocated expenses for program administration.

§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 that assist in public-private partnerships, increase the supply of housing for households at or below 60% of area median income, are successful in a competitive application process, and/or are identified on the City's long-range property management plan.

§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 proposed plan directs the City's PLHA funding to the development of new affordable housing. Use of PLHA funds for this need is consistent with the City's Adopted 2021 - 2029 Certified Housing Element programs.

Program 5: Facilitate Affordable and Special Needs Housing Construction

- The City will continue to encourage qualified housing developers to pursue development of affordable housing and housing that addresses populations with special housing needs in the City and utilize the following funding and regulatory incentives, among others, to encourage affordable housing production in San Marcos.
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§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.

PLHA funds in this category will be allocated for the predevelopment and development of rental housing that is affordable to extremely low-, very low-, low-, or moderate-income households. The City works closely with affordable housing developers to increase affordable housing units and has over 30 years of successfully producing, overseeing, and monitoring affordable housing projects that assist individuals and households at or below 120% AMI. The City of San Marcos will prioritize investments that increase the supply of housing for households with incomes at or below 60% AMI.

Complete the table below for each proposed Affordable Rental Housing Activity to be funded with 2020-2023 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	2020	2021	2022	2023										
§302(c)(4)(E)(i) Percentage of Funds Allocated for the Proposed Affordable Rental Housing Activity	100%	95%	95%	95%										
§302(c)(4)(E)(ii) Area Median Income Level Served	120%	120%	120%	120%										
§302(c)(4)(E)(ii) Unmet share of the RHNA at the AMI Level Note: complete for years 2020, 2021, 2022 only	670	542	367											1579
§302(c)(4)(E)(ii) Projected Number of Households Served	10	10	10	10										40
§302(c)(4)(E)(iv) Period of Affordability for the Proposed Affordable Rental Housing Activity (55 years required for rental housing projects)	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.

Once grant funds are awarded and a Standard Agreement is executed, the PLHA funds will be made available to developers. Staff will confirm program funding requirements are met and the development is an eligible activity. Once a project is awarded PLHA, the necessary loan documents (loan agreement, regulatory agreement, promissory note, deed of trust, etc.) will be executed and recorded against the property as applicable. The developer will then begin the awarded activity and submit invoices for cost reimbursement.

File Name:	Plan Adoption Reso	§302(c)(4)(D) Evidence that the Plan was authorized and adopted by resolution by the Local jurisdiction and that the public had an adequate opportunity to review and comment on its content.	Uploaded to HCD?	
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