



Agenda Item A.6
CONSENT CALENDAR
Meeting Date: November 5, 2019

TO: Mayor and Councilmembers

FROM: Peter Imhof, Planning and Environmental Review Director

CONTACT: Anne Wells, Advance Planning Manager

SUBJECT: Authorization to Apply for Senate Bill 2 Planning Grants Program Funds

RECOMMENDATION:

Adopt Resolution 19-____, entitled "A Resolution of the City Council of the City of Goleta, California, Authorizing Application for, and Receipt of, Senate Bill 2 Planning Grants Program Funds."

BACKGROUND:

In 2017, Governor Brown signed Senate Bill 2 (SB2). Referred to as the "Building Homes and Jobs Act," this law establishes a permanent, on-going source of funding dedicated to promoting and facilitating affordable housing development. The source of funding is secured through a fee that is imposed at the time of the recording of every real estate instrument, paper or notice for each single real estate transaction on a parcel of property. The recording fee ranges from \$75 to \$225 depending upon the nature and scope the property transaction. Sales transactions for single-family homes are exempt from this fee. Effective January 1, 2018, the fee is collected by the County Recorder, who in turn forwards (quarterly) the fee revenues to the State Controller. The fee is projected to generate \$200 million in annual revenue statewide.

The law prescribes that the revenue collected for the 2018 calendar year be deposited into two funds: a) 50% of the revenue is to be placed in a fund made available to local governments for planning grants; and b) 50% of the revenue is to be placed in a fund made available to the Department of Housing and Community Development (HCD) to assist persons experiencing or at risk of homelessness.

For revenues collected after January 1, 2019, the allocation changes. The revenue allocated to local governments is to be used for planning to promote and facilitate the production of affordable housing throughout California. The local government share of this revenue is to be administered through a grant program.

On March 28, 2019, HCD launched the SB 2 Planning Grants Program (PGP). A Notice of Funding Availability (NOFA) was released for approximately \$123 million, the statewide

revenue earmarked for local government grants. Under this grant program, local governments are provided an eligibility allowance based on community population. The City of Goleta falls within the “small localities” category (defined as a locality with a population equal to or less than 60,000), which is eligible for up to \$160,000 in grant funding. The purpose of the PGP is to provide financial and technical assistance to local governments to update planning documents to:

- Accelerate housing production;
- Streamline the approval of housing development;
- Facilitate housing affordability;
- Promote the development of housing; and
- Ensure geographic equity in the distribution and expenditures of allocated funds.

The PGP is governed by guidelines that can be accessed at <http://www.hcd.ca.gov/grants-funding/active-funding/planning-grants.shtml#guidelines>.

A summary of the guidelines is as follows:

- The call for applications for grant funding is open for eight months, through November 30, 2019. During this eight-month period, the local government agency can file one or more applications for grant funding. The grants are not competitive.
- HCD anticipates that the time frame for awarding the grant is approximately two-to-three months from the date of application filing.
- Activities eligible for grant funds include, among others: a) updates to General Plans and zoning to promote or accelerate housing production; b) environmental analyses that eliminate the need for project review; c) local improvements to the permit process to expedite local planning review; d) establishing and implementing special districts and zones such as a workforce housing opportunity zone; and 3) rezoning for “by-right” supportive housing, for special needs populations and for multi-family housing in high resource areas.
- To be eligible for grant funds, the local government agency must: a) have a certified and compliant Housing Element; b) have completed the required Annual Progress Report (APR) on the Housing Element and submitted the APR to HCD; and c) demonstrate that the project will support a nexus to accelerate housing production.

DISCUSSION:

The PGP provides an excellent opportunity for the City of Goleta to implement General Plan Housing Element affordable housing policy. Funding the development of affordable housing is a challenge in high land value communities such as Goleta. Utilizing grant funds to support the development of affordable housing fees is both consistent with the purpose of the grant and implements Housing Element policy, as detailed below.

Inclusionary Housing In-Lieu Fee

The City of Goleta's Housing Element includes Subpolicy HE 2.5 Inclusionary Housing, requiring developers of residential projects to provide a percentage of their units at prices affordable to lower-income households. The Housing Element also states that, under certain circumstances, the developers may meet these inclusionary obligations through alternative means, including the payment of a fee in-lieu of constructing the units on site. Currently, the City lacks an Inclusionary Housing In-Lieu Fee Study and In-Lieu Fee and fulfills this policy by administrative practice. If authorized by Council and funded by the SB 2 grant, the City would use SB 2 grant funds received for a fee study and ordinance adoption to identify applicable in-lieu fees.

Commercial/Housing Nexus Study and Affordable Housing Impact Fee

The Housing Element includes Subpolicy HE 2.2 Linkage of Housing and Jobs, requiring new, non-residential development to contribute to the provision of affordable housing. The contribution may include in-lieu fees, provision of on-site housing, housing assistance as part of employee benefit packages, or other alternatives of similar value. Currently, the City lacks a Commercial/Housing Nexus Study and Affordable Housing Impact Fee and fulfills this policy by administrative practice. If authorized by Council and funded by the SB 2 grant, the City would proceed with a related nexus study and impact fee adoption to better address the cost of job growth and affordable housing needs of various types of non-residential development.

GOLETA STRATEGIC PLAN:

City-Wide Strategy: 8. Promote Comprehensive Housing Programs.

Strategic Goal: 8.1 Create and Preserve Affordable Housing.

FISCAL IMPACTS:

There is no fiscal impact associated with this item. The SB 2 PGP does not require a local financial commitment or "match" from local jurisdictions requesting grant funds. City staff time required for processing the grant applications and administering/managing the projects funded by the grant would be absorbed as part of the staff workload and would have no impact on the City's General Fund. If City is awarded grant funds, grant related appropriations and budget adjustments would be made accordingly.

ALTERNATIVES:

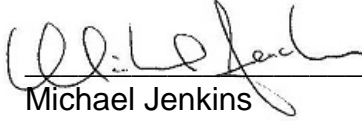
The City Council could determine to not seek SB 2 grant funding through the PGP at this time and thereby miss this grant cycle.

Reviewed By:



Kristine Schmidt
Assistant City Manager

Legal Review By:



Michael Jenkins
City Attorney

Approved By:



Michelle Greene
City Manager

ATTACHMENT:

1. A Resolution of the City Council of the City of Goleta, California, Authorizing Application for, and Receipt of, Senate Bill 2 Planning Grants Program Funds

ATTACHMENT 1

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
GOLETA, CALIFORNIA, AUTHORIZING APPLICATION FOR,
AND RECEIPT OF, SENATE BILL 2 PLANNING GRANTS
PROGRAM FUNDS**

RESOLUTION NO. 19-XX

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
GOLETA, CALIFORNIA, AUTHORIZING APPLICATION FOR,
AND RECEIPT OF, SENATE BILL 2 PLANNING GRANTS
PROGRAM FUNDS**

WHEREAS the State of California, Department of Housing and Community Development (Department) has issued a Notice of Funding Availability (NOFA) dated March 28, 2019 for its Planning Grants Program (PGP); and

WHEREAS the City Council of the City of Goleta desires to submit a project application for the PGP program to accelerate the production of housing and will submit a 2019 PGP grant application as described in the Planning Grants Program NOFA and SB 2 Planning Grants Program Guidelines released by the Department for the PGP Program; and

WHEREAS the Department is authorized to provide up to \$123 million under the SB 2 PGP from the Building Homes and Jobs Trust Fund for assistance to Counties and Cities (as described in Health and Safety Code sections 50470 et seq. (Chapter 364, Statutes of 2017 (SB 2)) related to the PGP Program.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GOLETA
RESOLVES, AS FOLLOWS:**

SECTION 1. The Planning and Environmental Review Department of the City of Goleta is hereby authorized and directed to apply for and submit to the Department the 2019 PGP application in the amount of \$160,000.

SECTION 2. In connection with PGP grant, if the application is approved by the Department, the City Manager is authorized to enter into, execute, and deliver a State of California Agreement (Standard Agreement) for the amount of \$160,000, and any and all other documents required or deemed necessary or appropriate to evidence and secure the PGP grant, the City's obligations related thereto, and all amendments thereto (collectively, the "PGP Grant Documents").

SECTION 3. The City of Goleta shall be subject to the terms and conditions as specified in the Standard Agreement, the SB 2 PGP Guidelines, and any applicable PGP guidelines published by the Department. Funds are to be used for allowable expenditures as specifically identified in the Standard Agreement. The application in full is incorporated as part of the Standard Agreement. Any and all activities funded, information provided, and timelines represented in the application will be enforceable through the executed Standard

Agreement. The City Council hereby agrees to use the funds for eligible uses in the manner presented in the application as approved by the Department and in accordance with the Planning Grants NOFA, the PGP Guidelines, and 2019 PGP Application.

SECTION 4. The City Manager of the City of Goleta is authorized to execute the City of Goleta PGP application, the PGP Grant Documents, and any amendments thereto, on behalf of the City of Goleta as required by the Department for receipt of the PGP Grant.

SECTION 5. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED AND ADOPTED this ___ day of _____ 2019.

PAULA PEROTTE
MAYOR

ATTEST:

APPROVED AS TO FORM:

DEBORAH S. LOPEZ
CITY CLERK

MICHAEL JENKINS
CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SANTA BARBARA)
CITY OF GOLETA) ss.

I, DEBORAH S. LOPEZ, City Clerk of the City of Goleta, California, DO
HEREBY CERTIFY that the foregoing Resolution No. 19-__ was duly adopted
by the City Council of the City of Goleta at a regular meeting held on the __ day
of _____, 2019 by the following vote of the Council:

AYES:

NOES:

ABSENT:

(SEAL)

DEBORAH S. LOPEZ
CITY CLERK