



## Legislation Text

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**File #:** 24-0896, **Version:** 1

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Health and Human Services Agency (HHS) recommending the Board, acting as the Governing Board of the El Dorado County Public Housing Authority (PHA):

1) Approve and authorize a modified award for Request for Proposal (RFP) 23-952-029 to remove the specific phase numbers associated with the 16 Project Based Vouchers (PBVs) awarded by the Board on October 17, 2023 (Legistar file 23-1652) to the successful Proposer, The Related Companies of California (TRCC), for construction of new housing units located at the Sugar Pine Village project being developed at 1860 Lake Tahoe Boulevard, South Lake Tahoe, to allow TRCC to develop the housing units at their earliest opportunity at this address without restrictions to a specified phase number, with no change to the total number of PBVs awarded to this address; and  
2) Approve and delegate authority to the HHS Director, Chief Assistant Director, or Assistant Director of Human Services to reallocate any of the 44 PBVs awarded by the Board to the successful Proposers awarded for new construction project-based housing units under RFP 23-952-029, for any housing project(s) that fail to meet the requirements necessary to enter into a Department of Housing and Urban Development (HUD) "Agreement to Enter into a Housing Assistance Payment" contract for the new units prior to the start of construction, or the HUD "Housing Assistance Payment" contract for existing or fully constructed housing units, to include a Proposer's non-successful completion of the site's pre-inspection, Environmental Review, Subsidy Layering Review, or agreed upon timeline(s) for construction, to allow the PHA to ensure that the 44 PBVs awarded under said RFP for affordable housing units in the County remain unchanged.

**FUNDING:** 100% Federal HUD funded project-based housing subsidies.

**DISCUSSION / BACKGROUND:**

The PHA operates under federal guidelines from HUD to provide a rental subsidy assistance program called the Housing Choice Voucher (HCV) Program (formerly known as Section 8 housing). The HCV Program provides eligible participants throughout El Dorado County with rental assistance vouchers to offset their rental housing costs. As a means of encouraging the development of affordable housing to households earning at or below 50% of the median income, the PHA can elect to reserve "project-based" vouchers for a specific development selected through a competitive solicitation process. PBVs are attached to specific housing units whose landlord contracts with the PHA to rent those PBV assisted units to low-income families. The PBVs act as subsidies to property owners for rent costs, supplementing the difference between a qualifying individual's income and established fair market rents for the housing units. If a family in a PBV assisted housing unit moves out of that unit, another low-income family assisted under the PBV Program can move into that unit and benefit from the rent subsidy it provides.

As required by HUD for participation in the PBV Program, a local PHA must competitively solicit Proposers to award PBVs within their jurisdictions. Accordingly, on March 6, 2023, on behalf of the County PHA, the Chief Administrative Office (CAO) Procurement and Contracts Division released RFP 23-952-029, to solicit property owners and developers to submit proposals to make El Dorado County-located affordable rental housing (via existing housing units or newly constructed or rehabilitated housing units) available to lower income individuals and their families through their

participation in the PBV Program.

On October 17, 2023, following the evaluation process of the 11 proposals received, the Board authorized the RFP awards to the eight most successful proposers and authorized a total award of 50 housing subsidies as PBVs in El Dorado County (Legistar file 23-1652). Specifically, the Board awarded six PBVs to existing housing units located in South Lake Tahoe and 44 PBVs were awarded for new construction units under development (16 of which will be constructed in South Lake Tahoe and the remaining 28 units to be constructed in the County's Western Slope) as follows:

- a) 15 PBVs were awarded to Jamboree Housing Corporation (Jamboree), for assignment to new construction apartment units being developed in the County's Western Slope (212 Armory Drive, Placerville, CA 95667);
- b) 10 PBVs were awarded to Middletown Apartments Limited Partnership (Middletown), for assignment to new construction apartment units being developed in the County's Western Slope (Southeast corner of Cold Springs Road, Placerville, CA 95667);
- c) 7 PBVs were awarded to TRCC, for the Sugar Pine Village Phase 1B development, for assignment to new construction apartment units being developed in the County's Eastern Slope (1860 Lake Tahoe Boulevard, South Lake Tahoe, CA 96150);
- d) 7 PBVs were awarded to TRCC, for the Sugar Pine Village Phase 2B development, for assignment to new construction apartment units being developed in the County's Eastern Slope (1860 Lake Tahoe Boulevard, South Lake Tahoe, CA 96150);
- e) 2 PBVs were awarded to TRCC, for the Sugar Pine Village 2A (Phase 3) development, for assignment to new apartment construction units being developed in the County's Eastern Slope (1860 Lake Tahoe Boulevard, South Lake Tahoe, CA 96150);
- f) 3 PBVs were awarded to Mallard Apartments LP (Mallard), for assignment to new construction apartment units being developed in the County's Western Slope (Southwest Corner of Mallard Lane and McIntosh Drive, Placerville, CA 95667);
- g) 3 PBVs were awarded to Tahoe Coalition for the Homeless (TCH), for existing apartment units in the Bird's Nest property located in the County's Eastern Slope (2215 Lake Tahoe Boulevard, South Lake Tahoe, CA 96150); and
- h) 3 PBVs were awarded to TCH, for existing apartment units in the Red Lodge property located in the County's Eastern Slope (1137 Emerald Bay Road, South Lake Tahoe, CA 96150).

Subsequently, in that same agenda item, the Board authorized HHSA to negotiate the agreements with these eight successful proposers, utilizing the HUD AHAP contract template for new construction units, prior to the start of construction of those units, and the HUD HAP contract template for completed new construction units or existing housing units, and authorized the Purchasing Agent to execute the finalized HAP/AHAP agreements, contingent upon County Counsel and Risk Management final approval. On March 27, 2024, the two HAP Agreements with TCH for the Bird's Nest and Red Lodge existing properties in South Lake Tahoe (award of 3 PBVs each) were fully executed between the PHA and TCH.

Under the AHAP contract, a proposer does not receive any funding from the participating PHA and agrees to the applicable conditions and timeframes to complete the development of those housing units and agrees to enter into the HAP contract at a specified timeline. If the PBV awarded housing units have not been completed in accordance with the AHAP/HAP contract terms/conditions or within the agreed upon timeframes, then the PHA would not be required to enter a HAP contract. Consequently, these PBVs would either revert to HCVs, be awarded to other successful proposers under the recent RFP (23-952-029), or be eligible to be included in a future competitive solicitation

process.

Presently, the PHA is pending the execution of the remaining AHAPs for the 44 PBVs awarded to the new construction development projects, with the four awarded proposers (TRCC, Jamboree, Middletown, and Mallard), to ensure that these proposers complete all the HUD pre-requirements, to include a Site Inspection, Environmental Review, and Subsidy Layering Review, and to ensure that the Proposers' meet the construction timelines agreed upon in the contracts. HUD stipulates that no ground can be broken at any project site, until after the National Environmental Policy Act of 1969 (NEPA) Environmental Review at the sites are completed and a clearance is granted.

Due to the many requirements that must be completed by the awarded proposers prior to the PHA being able to execute an AHAP and subsequent HAP contract for the new construction units, HHSA is recommending that if one or more of these projects fail to meet the HUD or PHA requirements, the Board authorize the HHSA Director, Chief Assistant Director or Assistant Director of Human Services to reallocate those impacted PBVs to other successful proposers awarded under RFP 23-952-029. This will allow the PHA to ensure that the 50 total number of PBVs awarded by the Board under the RFP remains unchanged and that the affordable housing units in the County will move forward as planned.

Approval of this agenda item will allow the County to increase affordable housing units offered through the PHA Project-Based Voucher Program to extremely low, very low, and low-income populations seeking housing in El Dorado County. Further, 50 additional affordable housing units will be delivered across a broad continuum of housing types and locations within the incorporated and unincorporated areas of El Dorado County, making a wide variety of housing choices available to qualified low-income households.

**ALTERNATIVES:**

Should the Board decline to approve these recommendations, HHSA will continue to provide housing vouchers through existing and new contracts; however, for any of the awarded proposers that do not complete the HUD or PHA stipulations required to execute the AHAP or HAP contracts, those associated affordable housing units will not be built in the County, and the PHA will be unable to offer the 50 total identified project-based affordable housing units to eligible clients in the County. Disapproval of this item will lead to persons with housing vouchers to experience longer search times for units, and increased housing insecurity.

**PRIOR BOARD ACTION:**

10/17/23, 23-1652, HHSA PBV RFP 23-952-029 Award and Agreement Execution Authorization

**OTHER DEPARTMENT / AGENCY INVOLVEMENT:**

CAO Procurement and Contracts Division

**CAO RECOMMENDATION:**

Approve as recommended.

**FINANCIAL IMPACT:**

There is no Net County Cost associated with this agenda item. Federal funding for the Project Based Vouchers is provided by HUD for payments to landlords on behalf of program participants and is included in the annual HHSA budget for the HCV Program. The administrative funding HHSA

receives from HUD is based in part on the utilization rate of housing vouchers. Should the County not use the housing vouchers available, the lack of utilization could adversely impact the administrative funding for this program.

**CLERK OF THE BOARD FOLLOW UP ACTIONS**

N/A

**STRATEGIC PLAN COMPONENT:**

N/A

**CONTACT**

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