

# HOUSING AND HOMELESSNESS ADVISORY COMMISSION

## Agenda

CITY COUNCIL-APPOINTED BOARDS & COMMISSIONS



**Date:** Monday, February 24, 2025  
**Time:** 3:30 p.m.  
**Location:** City Hall, Bldg. A, Executive Conference Room #103  
276 Fourth Avenue, Chula Vista, CA

### Housing and Homelessness Advisory Commission Special Meeting

**Public Comments:** Public comments may be submitted to the Housing and Homelessness Advisory Commission in the following ways:

- **In-person comments during the meeting.** Join us for the Housing and Homelessness Advisory Commission meeting at the time and location specified on this agenda to make your comments. Each person will be allotted three (3) minutes to address the Commission.
- **Submit an eComment.** Visit [www.chulavistaca.gov/boardmeetings](http://www.chulavistaca.gov/boardmeetings), locate this meeting, and click the comment bubble icon. Click on the item you wish to comment on, then click "Leave Comment."
- **Email comments.** Submit comments via email to [HHAC@chulavistaca.gov](mailto:HHAC@chulavistaca.gov).

The commenting period will close three (3) hours before the meeting. All comments will be made available to the Commission and the public.

**Accessibility:** *Individuals with disabilities are invited to request modifications or accommodations in order to access and/or participate in a meeting contacting the Housing and Homelessness Advisory Commission office of the City Attorney Department Staff at [HHAC@chulavistaca.gov](mailto:HHAC@chulavistaca.gov) (California Relay Service is available for the hearing impaired by dialing 711) at least forty-eight hours in advance of the meeting.*

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**1. CALL TO ORDER****2. ROLL CALL**

Commissioners Carlseen, Contreras, Merino, Montoya-Cesena, Pacheco, Paddock, Robinson Opeodu, Whitsell, and Chair Cabral.

**3. CONSENT CALENDAR (Items 3.1 through 3.2)**

*The Commission will enact the Consent Calendar staff recommendations by one motion, without discussion, unless a Commissioner, member of the public, or staff requests that an item be removed for discussion. If you wish to speak on any item, please fill out a "Request to Speak" form and submit it to the Secretary prior to the meeting or submit an electronic comment per the instructions on page one of this agenda.*

**3.1 Approval of Meeting Minutes**

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**Recommended Action:**

Approve the minutes dated August 20, 2024.

**3.2 Consideration of Request for Excused Absences****Recommended Action:**

Consider requests for excused absences as appropriate.

**4. PUBLIC COMMENTS**

*Persons may address the Commission on any subject matter within the Commission's jurisdiction that is not listed as an item on the agenda. State law generally prohibits the Commission from discussing or taking action on any issue not included on the agenda, but, if appropriate, the Commission may schedule the topic for future discussion or refer the matter to staff. If you wish to speak on any item, please fill out a "Request to Speak" form and submit it to the Secretary prior to the meeting or submit an electronic comment per the instructions on page one of this agenda.*

**5. ACTION ITEMS**

*The Item(s) listed in this section of the agenda will be considered individually by the Commission and are expected to elicit discussion and deliberation. If you wish to speak on any item, please fill out a "Request to Speak" form and submit it to the Secretary prior to the meeting or submit an electronic comment per the instructions on page one of this agenda.*

**5.1 Housing Funds: HUD Block Grant Programs Funding Priorities for 2025-2029 Consolidated Plan and 2025/26 Annual Action Plan**

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**Recommended Action:**

Accept report, allow for public comment, and provide input.

- 5.2 Housing Successor Agency: Appropriation of Funds for Palomar Motel, and Updates** 11
- Recommended Action:**  
Commission provide an advisory recommendation to the City Council on the appropriation of Housing Successor Agency Low and Moderate Income Housing Asset Funds for Fiscal year 2024-25, in the amount of \$3.0 million for the rehabilitation of the Palomar Motel.
- 5.3 Housing Successor Agency: Appropriation of Funds for E St Apartments** 15
- Recommended Action:**  
Commission provide an advisory recommendation to City Council on the appropriation of Housing Successor Agency Low and Moderate Income Housing Asset Funds for Fiscal Year 2024-25, in the amount of \$4.0 million for the development of affordable housing.
- 5.4 Consider Changing the Time of Regular Meetings** 23
- Recommended Action:**  
Approve resolution.

#### **OTHER BUSINESS**

#### **6. STAFF COMMENTS**

**6.1 Chula Vista Village at Otay General Update**

**6.2 Affordable Housing Updates**

#### **7. CHAIR'S COMMENTS**

#### **8. COMMISSIONERS' COMMENTS**

#### **9. ADJOURNMENT**

to the regular meeting of the Housing and Homelessness Advisory Commission on April 23, 2025.

*Materials provided to the Housing and Homelessness Advisory Commission related to any open-session item on this agenda are available for public review by contacting the Housing and Homeless Services Department at [HHAC@chulavistaca.gov](mailto:HHAC@chulavistaca.gov).*

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**SPECIAL MEETING OF THE HOUSING AND HOMELESSNESS ADVISORY  
COMMISSION**

**Meeting Minutes**

August 20, 2024, 6:00 p.m.

Council Chambers, 276 Fourth Avenue, Chula Vista, CA

Present: Anna Cabral, James Merino, Norman Paddock, Vikki Robinson  
Opeodu, Paula Whitsell

Absent: Peter Carlseen

Also Present: Juliette Montoya-Cesena, Angelica Davis, Stacey Kurtz, Chris  
Stanley, Brian Warwick, Carolina Gonzalez, Ernesto Pinedo,  
Megan McClurg, Sam Alzubaidi, Brian Catacutan

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**1. CALL TO ORDER**

*A special meeting of the Housing and Homelessness Advisory Commission of the City of Chula Vista was called to order at 6:02 p.m. in Council Chambers at City Hall (building #A), 276 Fourth Avenue, Chula Vista, California*

**2. ROLL CALL**

*Secretary Gonzalez called the roll.*

**3. CONSENT CALENDAR (Items 3.1)**

*Commission approved May 8, 2024, meeting minutes.*

**Moved by** James Merino

**Seconded by** Paula Whitsell

**Result: Carried****3.1 Approval of Meeting Minutes****4. PUBLIC COMMENTS**

*Robert Johnson submitted written comments.*

*John Acosta spoke about homeless population and asked for resources the city has to offer for them.*

*Salvador Vivero submitted written comment asking for help for the homeless situation that West Chula Vista is facing.*

**5. ACTION ITEMS**

Angelica Davis, Ernesto Pinedo and Meghan McClurg

**5.1 Consider Restrictions for Campsites and Sitting, Lying, Sleeping, or Storage on Specified Public Property**

*Homeless Solutions Manager Angelica Davis, Lieutenant Ernest Pinedo and Assistant City attorney Megan McClurg gave presentation; all responded to questions from the commissioners.*

*The following members of the public spoke in opposition to the item:*

- *Rosy Vazquez*
- *Katie Leon*
- *Sebastian Martinez*
- *Michelle Francis*

*The following members of the public submitted a written comment in opposition to the item:*

- *Elizabeth Wilson Manahan*
- *Melissa Peterman*

**Moved by** James Merino

**Seconded by** Vikki Robinson Opeodu

**Result: Carried****5.2 Draft Prohousing Designation Program Application Public Review**

*Senior Planner Chris Stanley gave presentation.*

OTHER BUSINESS

**6. STAFF COMMENTS**

*Housing Manager Brian Warwick provided update on the 610 Paseo del Rey project.*

**7. CHAIR'S COMMENTS**

*Chair Cabral thanked everyone for attending to the meeting and their concerns about the city.*

**8. COMMISSIONERS' COMMENTS**

*Commissioners thanked city staff and community for working together to make our community better.*

**9. ADJOURNMENT**

*The meeting was adjourned at 7:56 p.m.*

*Minutes prepared by: Secretary Carolina Gonzalez*

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Carolina Gonzalez, Secretary

## Housing and Homelessness Advisory Commission

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February 24, 2025

Item No. 5.1

### ITEM TITLE

Housing Funds: HUD Block Grant Programs Funding Priorities for 2025-2029 Consolidated Plan and 2025/26 Annual Action Plan

**Location:** No specific geographic location

**Department:** Housing and Homeless Services

**G.C. § 84308 Regulations Apply:** No

**Environmental Notice:** The activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act State Guidelines. Therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required. Notwithstanding the foregoing, the activity also qualifies for an Exemption pursuant to Section 15061(b)(3) of the California Environmental Quality Act State Guidelines. Under the National Environmental Policy Act (NEPA), the activity is exempt pursuant to Title 24, Part 58.34(a)(2)(3) of the Code of Federal Regulations.

### Recommended Action

Accept report, allow for public comment, and provide input.

### SUMMARY

As a Department of Housing and Urban Development Entitlement Community, the City of Chula Vista receives funds annually aimed to fund diverse programs and services to enhance the quality of life for Chula Vista's most vulnerable populations. As a recipient of these funds, the City is required to develop and submit a 5-Year Consolidated Plan for use of the funds describing the housing and community development needs of the City's low/moderate-income residents and outlining the strategies to address those needs. In addition, the City must develop and submit an Annual Action Plan for each of the five years of the Consolidated Plan.

This meeting will provide the commission and interested community members with an overview and an opportunity to provide input on the goals and funding priorities that will be established through the 2025-2029 Five-Year Consolidated Plan and the 2025-2026 annual Action Plan, expected to be adopted in spring 2025.

## ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment. Therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Notwithstanding the foregoing, it has also been determined that the activity qualifies for an Exemption pursuant to Section 15061(b)(3) of the California Environmental Quality Act State Guidelines. Thus, no environmental review is required. Under NEPA, the activity is exempt pursuant to Title 24, Part 58.34(a)(2)(3) of the Code of Federal Regulations.

## DISCUSSION

Department of Housing and Urban Development (“HUD”) Entitlement jurisdictions receive Community Development Block Grant (“CDBG”), HOME Investment Partnerships Act (“HOME”) Program, and Emergency Solutions Grant (“ESG”) Program annual allocations via a formula-based system determined by statistical and demographic data. The funds aim to address HUD’s performance measurement framework and were each enacted with a distinct community need as further described below.

**CDBG:** The primary objective of the CDBG program is the development of viable urban communities through decent housing, a suitable living environment, and expanding economic opportunities for low/moderate-income persons. Activities funded under this program must address one of three National Objectives:

1. Benefit to low/moderate-income persons through social services, housing or infrastructure projects;
2. Aid in the prevention or elimination of slums and blight through residential or commercial rehabilitation; or
3. To meet an urgent need such as a natural disaster or pandemic.

Historically, the City has utilized this flexible funding source to fund social services programs as well as improve public facilities and construct new streets and sidewalks.

**HOME:** The purpose of the HOME program is to create and retain affordable housing. The type of assistance allowable under this program includes owner-occupied housing rehabilitation, new construction, and acquisition and rehabilitation, for both single-family and multifamily projects, as well as predevelopment loans to developers.

In the past, the City has leveraged HOME funds by providing tenant-based rental assistance, gap financing to first-time homebuyers, and providing financing for developers investing in our community to create new affordable housing units.

**ESG:** The program was created specifically to address homelessness as it provides grant funding to engage and rapidly re-house homeless individuals and families as well as help operate and provide essential services in emergency shelters. Funds may also be used to prevent individuals and families from becoming homeless through rapid re-housing programs.

Currently the City is utilizing ESG funds for operational costs for shelters designated for victims of domestic violence, homeless prevention, and outreach services.



As a recipient of these funds, the City is required to prepare a five-year Consolidated Plan (“Con Plan”) describing the housing and community development needs of the City’s low/moderate-income residents and outlining strategies to address those needs over a five-year period. The Con Plan provides the necessary policy guidance for implementation of programs and services to be funded, as further detailed in the Annual Action Plan submitted to HUD, as the formal funding application for the respective program year.

The City is in the process of developing its 2025-2029 Con Plan as well as its 2025-2026 Annual Action Plan.

### **Citizen Participation through Planning Process**

Engaging residents and community members in defining and understanding the current housing and community development needs while prioritizing resources to address these needs is a key component of the development of the Con Plan. The City is required by HUD to gather input from its residents, including minorities, non-English-speaking persons, low/moderate-income residents, persons with disabilities, advocates for seniors, illiterate persons, and unhoused persons, whom the grant programs are designed to serve. Public input received is used to establish the strategies and funding priorities previously described.

Citizen participation has been encouraged using the City’s new public engagement software, Community Voices. A Community Voices webpage for the Con Plan was published in December 2024. This site detailed all public meetings for Con Plan Development and hosted the community needs survey that is currently available for members of the public to complete until February 28.

City staff held a series of four public input meetings, one in each Council District, that allowed residents to participate directly with staff and provide their input on funding priorities. Staff also announced development of the Con Plan at meetings of the Chula Vista Community Collaborative and provided fliers and links to the Community Voices webpage to community partner organizations and representatives of traditionally difficult to reach populations. On February 4<sup>th</sup> Staff presented to City Council and held an opening public hearing to fulfil HUD ConPlan requirements. This meeting is an additional avenue for the community to engage in the prioritization of the grant funds.

The Con Plan also utilizes qualitative and quantitative data gathered through citizen participation, market analysis, and the community needs survey to identify the highest priority needs in which to direct entitlement dollars. Funding priorities determined through citizen participation will be incorporated in the Con Plan through goals and outcomes that will be established and brought back to City Council for approval before final submission to HUD. Table 1, on the following page provides a timeline for the steps in the Con Plan development.

### **Funding Availability and Request for Applications (Program Year 2025-26)**

The development of the 2025-2026 Annual Action Plan will be included with the Con Plan. A Notice of Funding Availability (“NOFA”) for request of the grant funds will be released on February 3, 2025 for eligible agencies and City Departments and be open until March 3, 2025, as further detailed in Table 1. While the City has not received formal communication from HUD on the anticipated grant funds for the 2025-26 program year, staff will be assuming the same amount as in prior years. As a reference, the City has received a slight decrease for each of the grants in the past five years.

### **Next Steps**

Once all relevant Con Plan data has been gathered and subrecipient applications have been received and reviewed for eligibility and funding consideration, staff will return to City Council to present the draft Con

Plan goals and provide funding recommendations for the 2025-26 program year, anticipated April 8, 2025.

**Table 1: 2025 Consolidated Plan and Annual Action Plan Timeline**

<b>DATE</b>	<b>ACTION</b>
<b>December 2024</b>	<b>Con Plan Community Needs Survey Opens</b>
<b>January 16, 27, 29 &amp; 30, 2025</b>	<b>Con Plan Community Meetings</b>
<b>February 3, 2025</b>	<b>Annual Action Plan Notice of Funding Availability Release</b>
<b>February 4, 2025</b>	<b>Con Plan &amp; Annual Action Plan Council Public Hearing</b>
<b>February 2025</b>	<b>Housing &amp; Homeless Advisory Commission Con Plan Meeting</b>
<b>February 25, 2025</b>	<b>Annual Action Plan Applicant Question and Answer Period</b>
Closes at the end of business day	Submit to: <a href="mailto:mbarnard@chulavistaca.gov">mbarnard@chulavistaca.gov</a>
<b>February 28, 2025</b>	<b>Con Plan Community Needs Survey Closes</b>
<b>March 3, 2025</b>	<b>Annual Action Plan Application Deadline</b>
No later than 4:00 pm	
<b>March 3 – March 17, 2025</b>	<b>Annual Action Plan Application Review Period</b>
<b>April 8, 2025</b> (anticipated)	<b>City Council Public Hearing for Annual Action Plan Recommendations</b> City of Chula Vista; 276 Fourth Avenue; Council Chambers
<b>April 1 - April 30, 2025</b>	<b>30-Day Public Review Period</b> Draft 2025-26 Annual Action Plan is made available to the public for public review and comments
<b>May 6, 2025</b>	<b>City Council Con Plan &amp; Annual Action Plan Consideration</b> Final Con Plan & Action Plan are approved by Council City of Chula Vista; 276 Fourth Avenue, Council Chambers
<b>May 15, 2025</b>	<b>Final Con Plan &amp; Annual Action Plan submission to HUD</b>
<b>July 1, 2025</b>	<b>Implementation of 2025-2026 Annual Action Plan</b>

**CURRENT-YEAR FISCAL IMPACT**

There is no fiscal impact to the General Fund as a result of this action as all costs associated with the planning and administration of the CDBG, HOME, and ESG programs are covered by the respective grants.

**ONGOING FISCAL IMPACT**

There is no ongoing fiscal impact to the City's General Fund as a result of this action.

**ATTACHMENTS**

None.

*Staff Contact: Mark Barnard, Management Analyst II  
Dania Gonzalez, Principal Management Analyst*

## Housing and Homelessness Advisory Commission

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February 24, 2025

Item No. 5.2

**ITEM TITLE:** Housing Successor Agency: Appropriation of Funds for Palomar Motel, and Updates

**Location:** 1160 Walnut Avenue

**Recommended Action:** Commission provide an advisory recommendation to City Council on the appropriation of Housing Successor Agency Low and Moderate Income Housing Asset Funds for Fiscal Year 2024-25, in the amount of \$3.0 million for the rehabilitation of the Palomar Motel.

### SUMMARY

The City of Chula Vista (City) acquired the Palomar Motel, located at 1160 Walnut Avenue, in 2023 with the intent to rehabilitate the motel structure and convert it into a development providing Permanent Supportive Housing (PSH) for formerly homeless households (the “Project”).

Staff now proposes to appropriate \$3.0 million in Low and Moderate Income Asset Housing Fund (Housing Fund) funds for the Project, administered by the Housing Authority in its capacity as the Housing Successor Agency.

Several other actions to prepare for the Project’s rehabilitation will also be brought to Council, but do not require an advisory recommendation from the Housing & Homelessness Advisory Commission. These include: (1) reallocating \$5.0 million previously budgeted in the Capital Improvement Projects (CIP) fund for the Project to other purposes; (2) authorizing the City to enter into a Leasehold Disposition and Development Agreement and ground lease with the Project’s developer, Wakeland Housing and Development Corporation, or an affiliate (Wakeland); (3) transferring ownership of the motel structure (but not the land) to Wakeland; and (4) seeking authorization to re-apply with Wakeland for the current Homekey+ Program administered by the California Department of Housing and Community Development (HCD). These are all necessary transactions to secure the Homekey+ funds and facilitate the rehabilitation and long-term operation of the Project.

### ENVIRONMENTAL REVIEW

The Project is categorically exempt from the California Environmental Quality Act pursuant to Section 15301 (Existing Facilities), Section 15326 (Acquisition of Housing for Housing Assistance Programs), and Section 15601(b)(3).

## DISCUSSION

### **Motel Acquisition and Rehabilitation**

The City acquired the Palomar Motel on October 6, 2023, for \$6.2 million, authorized by Resolution No. 2023-108, adopted on July 25, 2023. The Project site consists of two parcels totaling 1.17 acres, containing the motel structure and unimproved land, a portion of which is currently being leased to a towing company. It is the City's intent to retain the current lease on the second parcel until a later date.

The City intends to rehabilitate the motel structure and convert it into Permanent Supportive Housing (PSH) for formerly homeless households. It is anticipated that 27 units of PSH will be provided at the site, with additional space set aside for supportive services and an onsite manager's unit. The units will be retrofitted with kitchenettes and other upgrades to better accommodate long-term residency.

Kitchell Corporation was commissioned to provide a Feasibility Study Draft Report to identify the scope of needed repairs and determine a cost estimate. The full cost of carrying out all repairs and improvements was estimated at just over \$8.1 million. The rehabilitation scope includes accessibility upgrades to comply with the Americans with Disabilities Act (ADA); stairway replacement; new fire sprinklers and other life safety improvements, and major upgrades to the plumbing, electrical, HVAC, and other systems. Wakeland is currently conducting a more detailed analysis of the Project with an architect, environmental consultant, and engineer to refine the cost estimate.

Once completed, all units at the Project would be restricted to Very Low or Extremely Low Income residents, with the exception of one manager's unit. Rents would be restricted as affordable to individuals earning up to 30% or up to 50% of the Area Median Income, as determined annually by HCD. The Project would have an onsite property manager and 1.5 Full Time Equivalent (FTE) services staff to provide case management and other wraparound services at the Property.

### **Housing Fund Loan**

The funding scenario for the Project has evolved over time. Resolution No. 2023-108, adopted on July 25, 2023, dedicated up to \$13.0 million in total funding towards the acquisition and rehabilitation of the Project from the American Rescue Plan Act (ARPA) fund. Of these ARPA funds, nearly \$5.28M was used to acquire the Project along with \$919,612 in federal Community Development Block Grant (CDBG) funds, with the balance held for holding costs of the land and rehabilitation. The remaining ARPA funds were later replaced with City Capital Improvement Program (CIP) funds by Resolution No. 2024-133 and reduced by Resolution No. 2024-263. The City and Housing Authority, in its capacity as Housing Successor Entity, now propose to replace \$5.0 million in remaining CIP funds with \$3.0 million in Low and Moderate Income Housing Asset Fund (Housing Fund) funds.

The Housing Authority, acting in its capacity as Successor Housing Entity to the Redevelopment Agency of the City of Chula Vista, oversees the Housing Fund. Under state law, Housing Successor Entities may not accumulate an excess balance of funds indefinitely, as defined by a formula looking back ten years (the Excess Surplus). The Housing Fund currently has an Excess Surplus of \$7,092,093 which must be committed on or before June 30, 2025. The Housing Fund is also subject to state requirements with respect to maximum income thresholds and age requirements (i.e., only a portion of assisted units may be set aside for seniors.) The Project satisfies all of the eligibility criteria for Housing Fund expenditures.

The funds would be committed through a loan to Wakeland to carry out the rehabilitation work. The loan would be a “residual receipts” loan, meaning that repayments would be made annually only to the extent that operating revenues exceed expenses. Any remaining outstanding balance would be due in full at the end of the term, expected to be 55 years. (This is a typical loan structure for affordable housing developments.) This loan will make the Project more competitive for additional funding from the Homekey+ Program and other funding programs and would help satisfy the Excess Surplus requirements for the Housing Fund imposed by the state. Most of the remaining balance of Excess Surplus funds will be committed through a separate action on this agenda.

### Other Actions

Staff will also seek Council approval for other actions to reallocate the CIP funds previously budgeted for the project, formalize its relationship with Wakeland as the developer and operator, transfer ownership of the motel structure to Wakeland, and apply to HCD’s Homekey+ Program to complete the Project’s financing. These actions are described in more detail below.

### **Reallocating CIP Funds**

After acquisition of the Project, holding costs to date, and Council action through Resolution No. 2024-263, the remaining balance in the CIP (GGV0270 - Palomar Motel Acquisition Convert) is \$5,284,245. Staff will seek Council approval to transfer \$5.0 million to the Housing Authority fund to be held for operations of the City’s emergency bridge shelter, Chula Vista Village at Otay (the “Village”). The remaining balance of \$284,245 will provide ongoing security and associated holding costs of the second parcel and Project until fully developed.

### **Leasehold Disposition and Development Agreement, Conveyance, and Ground Lease**

On February 20, 2024, via Resolution No. 2024-031, Wakeland was selected through a competitive process to serve as the developer and long-term operator of the project. Wakeland would oversee the ongoing management and operations of the Project in coordination with a contracted property management firm. Wakeland has a strong track record in providing PSH, as demonstrated by its 96% housing retention rate and 96% service participation rate for its supportive housing residents. At this time, staff proposed to enter into a Leasehold Disposition and Developer Agreement (LDDA) with Wakeland. This agreement would provide a general framework for the transactions to be executed with Wakeland with respect to the Project. A binding agreement with the Project co-applicant is a necessary precondition for securing Homekey+ funds as well as project-based vouchers (PBVs), Veterans Affairs Supportive Housing (VASH) vouchers, and other funding. The LDDA would be in effect for a maximum duration of three years, subject to two eighteen-month extensions in the City’s sole discretion.

Once the Project has secured all necessary financing and building permits, and is prepared to begin the rehabilitation work, the City would transfer ownership of the improvements (i.e., the motel structure) to Wakeland and enter into a long-term ground lease. The transfer and ground lease would both be for a nominal sum of \$1 for the acquisition price and \$1 per year in annual rent. As the developer, Wakeland has business, legal, and tax reasons for desiring to own the structure it is completing work on. If the City were to retain ownership of the improvements, it may also trigger costly additional building upgrades as a publicly owned facility. The City will continue to retain ownership of the land itself. The lease term will be at least 65 years, as required by HCD’s regulations for Homekey+ and other programs. In a highly unlikely worst-case scenario of a default by Wakeland, the City would be able to regain possession of the improvements and would be free to manage it directly or facilitate a transfer to a new operator.

**Homekey+ Program**

Homekey was launched by HCD in the wake of the COVID-19 pandemic to convert motels and other housing types to permanent or interim housing for homeless persons. Homekey projects are implemented with PSH principles, which is a best-practice intervention for addressing homelessness that combines permanent, subsidized housing with voluntary, wraparound supportive services such as mental health and substance abuse treatment.

The City applied for funding in the third Homekey round on behalf of the Project, pursuant to Resolution No. 2023-109, but did not yet have ownership of the site and was not competitive enough to secure a funding award. Since then, the City has taken significant steps to prepare for the rehabilitation and increase its likelihood of success in future funding rounds, including acquiring the Property, commissioning a physical needs analysis, and selecting a developer co-applicant. The City passed Resolution No. 2024-031 on February 20, 2024 authorizing application to an anticipated Round 4 of the Homekey Program. HCD did not ultimately release a Homekey Round 4, so the City was unable to apply as authorized.

On December 20, 2024, Wakeland applied for an allocation of Project-Based Vouchers (PBVs) and Veterans Affairs Supportive Housing (VASH) vouchers from the County of San Diego. In addition to making the Project more competitive for Homekey funds, these vouchers would be a critical source of long-term operating revenue, ensuring that the Project can continue to provide housing and services without ongoing City funding. Finally, in January 2025, HCD opened the application window for the Homekey+ Program, an updated version of Homekey. The revised program includes an updated template resolution to be adopted by local jurisdiction co-applicants. Staff will bring a resolution before Council that closely mirrors the template resolution provided by HCD.

If successful, the Homekey+ Program would provide up to \$10 million in critical funding for the rehabilitation and operation of the project. (Wakeland and City staff expect to apply for roughly \$8.4 million in funds but are including a cushion in the instance that our financial analysis changes.)

**DECISION-MAKER CONFLICT**

Staff has reviewed the property holdings of the Housing and Homelessness Advisory Commission members and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(7) or (8), for purposes of the Political Reform Act (Cal. Gov't Code §87100, et seq.).

Staff is not independently aware and has not been informed by any Housing and Homelessness Advisory Commission member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

*Staff Contact: Brian Warwick, Housing Manager*

## Housing and Homelessness Advisory Commission

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February 24, 2025

Item No. 5.3

**ITEM TITLE:** Housing Successor Agency: Appropriation of Funds for E St Apartments Affordable Housing

**Location:** 201 Third Avenue

**Recommended Action:** Commission provide an advisory recommendation to City Council on the appropriation of Housing Successor Agency Low and Moderate Income Housing Asset Funds for Fiscal Year 2024-25, in the amount of \$4,000,000 for the development of affordable housing.

### SUMMARY

The Housing Successor Agency, administered by the Chula Vista Housing Authority has a balance of approximately \$7.0 million that must be committed on or before June 30, 2025. To partially fulfill this obligation, staff recommends awarding \$4.0 million in Low and Moderate Income Housing Asset Fund (Housing Fund) funds to a proposed 79-unit affordable project to be located at 201 Third Avenue, developed by Community HousingWorks.

### ENVIRONMENTAL REVIEW

This project is exempt from the California Environmental Quality Act (CEQA) pursuant to 14 California Code of Regulations Section 15300.1 (Relation to Ministerial Projects). Section 21080 of the Public Resources Code exempts from the application of CEQA those projects over which public agencies exercise only ministerial authority. In addition, this activity is not a “project” and is therefore not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(3). This determination is predicated on Section 15004 of the CEQA Guidelines, which provides direction to lead agencies on the appropriate timing for environmental review. This action does not constitute approval of a project. If any CEQA approval is required, such approval will occur once the environmental review has been completed in accordance with CEQA Section 15004. This action will not foreclose review of alternatives or mitigation measures by the public as part of the CEQA process. The proposed actions are approval of a loan and do not constitute approval of the development activity. If required, future actions to consider and approve development entitlement approvals related to the future development of the site will require additional review under the provisions of CEQA by the lead agency.

### DISCUSSION

#### Successor Agency Funds

The Chula Vista Housing Authority (Housing Authority) is the Housing Successor Agency to the former Chula Vista Redevelopment Agency, which was dissolved along with all redevelopment agencies statewide by the

California legislature in 2012. The Housing Authority was selected to assume the assets and obligations of the former redevelopment agency.

The primary fund administered by the Housing Authority in its capacity as Housing Successor Agency is the Low and Moderate Income Housing Asset Fund (Housing Fund). The Housing Fund collects revenues primarily through loan repayments and bond administration fees. Under California Health and Safety Code (HSC) Section 34176.1, successor agencies may not accumulate an "Excess Surplus" of funds, or a high unencumbered balance, as determined by a set formula. The Housing Authority currently has an Excess Surplus of \$7,092,093 that must be expended or encumbered by June 30, 2025. The proposed action would help accomplish that goal, with the bulk of the remaining Excess Surplus funds being committed to the Palomar Motel project through a separate action.

The Housing Fund is subject to state restrictions on the income level and target population for assisted units. Some of these requirements vary based on the composition of units that have been previously funded with Housing Fund monies over the past 10 years. The requirements for the current Excess Surplus funds are that 30% of assisted units must be restricted to Extremely Low Income households, i.e., at 30% of Area Median Income (AMI). Additionally, no more than 20% of units may be restricted at between 60% and 80% of AMI. Finally, in order to ensure a broad range of ages can access affordable housing, the current round of Excess Surplus funds may not be dedicated to senior housing.

The funds would be disbursed in the form of a 55-year "residual receipts" loan, sometimes referred to as a "soft" loan. Repayments would be issued to the Housing Authority annually from a portion of "surplus cash flow," i.e., net revenue. Any remaining balance would be due in full at the end of the 55-year term. In connection with the loan, a regulatory agreement would also be executed restricting the occupancy to eligible low-income households and setting the income and rent limits in accordance with applicable thresholds. The loan would be evidenced by a promissory note and secured against the property with a deed of trust.

### **Notice of Funding Availability (NOFA)**

In the late summer of 2024, the City published an announcement that it was preparing to issue a Notice of Funding Availability (NOFA) for the construction of new affordable housing. The NOFA was issued on November 8, 2024, with a submittal deadline of Friday, December 20. The NOFA was advertised on the City's website, via email to the developer community, and via the PlanetBids portal.

The NOFA set out a number of threshold requirements that all projects had to meet in order to be considered eligible for funding:

- Site control (through direct ownership, a ground lease, active option to purchase, or other enforceable ability to develop the site)
- Application is complete, responsive, and responsible
- Budget: Projected development budget shows no financing gaps, with appropriate amounts for reserves, contingency, etc.
- Budget: Projected positive cash flow for first 15 years of operations
- Timeline: Projected construction start within 3 years
- Experience: Developer and property management company (or key personnel) have developed/managed at least 3 affordable projects in past 10 years



- Income restrictions: At least 30% of units funded by the Housing Authority restricted at 30% of Area Median Income (AMI), and no more than 20% restricted at 60%-80% of AMI
- Not restricted to senior citizens (required in order to meet Housing Fund requirements set by State)

For all projects that met the threshold requirements, projects were scored according to a number of factors:

- *Affordability*: points awarded based on the number of affordable units and the depth of affordability. (Because the minimum affordability requirements of Housing Fund dollars are already robust, this component was only lightly weighted.)
- *Location*: priority given to projects in higher-resource neighborhoods, as well as projects close to amenities such as parks, schools, and transit. Since it was expected that many projects would still be in the preliminary stages of design, this was given heavy consideration.
- *Readiness to proceed*: points given to projects that had minimal barriers to planning & building approvals, had other financing commitments in place, and had a plan to address cost efficiency. This was also a major consideration in evaluating proposals.
- *Developer Experience and proposal quality*: points given to organizations with a superior track record in completing similar projects, and to proposals based on a holistic assessment of overall quality, attention to detail, and thoughtfulness in design and overall concept.

Because affordable housing projects typically need additional funding from state and federal agencies, the scoring criteria was designed to align with the criteria set forth by California Tax Credit Allocation Committee (CTCAC) and the California Department of Housing and Urban Development (HCD) for their programs.

Three proposals were submitted in response to the NOFA as detailed in Table 1.

**Table 1: NOFA Submittals**

<b>Developer</b>	<b>Project Name</b>	<b>Address</b>	<b>Number of Units</b>	<b>Population Set-Asides</b>
Community HousingWorks	E St Apts	201 Third Avenue	79	People with Intellectual and Developmental Disabilities (IDD), general low-income
SBCS Corporation and M. Kevin O’Neill Construction, Inc.	Terraces on Third	647 Third Avenue	54	Veterans, general low-income
Wakeland Housing and Development Corporation	Park Hill UMC	545 E. Naples	70	Large families, general low-income

The review committee was comprised of three staff members from the Housing and Homeless Services Department and one staff member from the Finance Department.

After reviewing the submittals and conducting a preliminary scoring exercise, staff determined that the Terraces on Third proposal, while commendable, was not competitive enough in a number of areas to be considered for funding. The remaining top two proposals, E St Apts and Park Hill UMC, were very close in the preliminary scoring. In order to make a final determination, staff conducted interviews with Community HousingWorks (CHW) and Wakeland Housing and Development Corporation (Wakeland). The interviews

were each one hour in length and consisted of a short presentation by the developers, followed by a question-and-answer segment. The information gleaned from the interviews were factored into the final scoring for each project.

While the final scores between the CHW and Wakeland proposals were close, the clear consensus among staff was that CHW’s proposal was the most appropriate awardee. While Wakeland’s proposal is situated in an appealing location based on CTCAC scoring and has strong potential for future funding rounds, CHW’s proposal has a clearer path to obtaining the necessary financing and beginning construction more quickly. In addition, it would serve a target population that is underserved by both market-rate developers and conventional affordable housing projects, at a location appropriate to their needs.

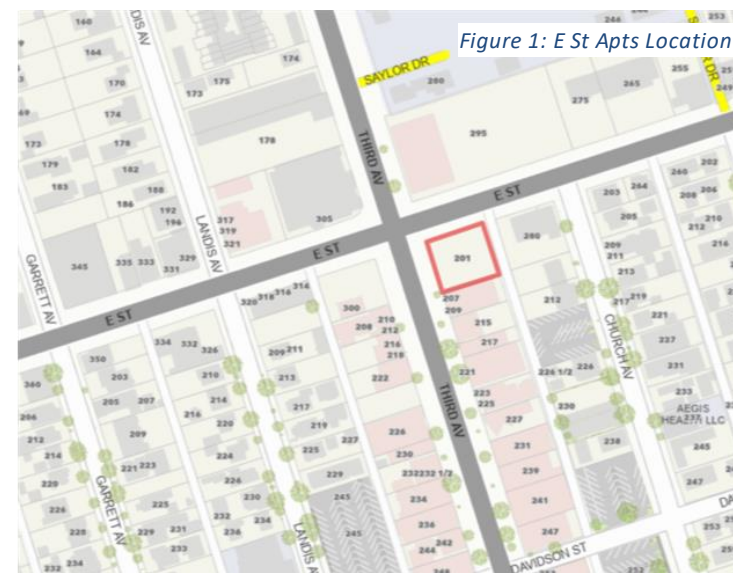
**Community Housing Works**

CHW is a nonprofit affordable housing developer founded in 1988. It currently oversees more than 4,000 units of affordable housing across nearly 50 developments. The organization is currently leasing up its most recently completed project, Kimball Highland Apartments in National City. The organization has the experience, personnel, and financial strength to ensure the long-term stability of its projects.

Although CHW is based in San Diego County, this would be its first development in Chula Vista. Staff views this as a strength—we are expanding our pool of affordable developers.

**E St Apartments Project**

The E St Apartments project (the Project) is located at 201 Third Avenue, at the southeast intersection of E Street and Third Avenue, in Chula Vista’s historic downtown Third Avenue district (City Council District 2). The site is less than a block away from two other affordable projects, Citrus Villa Apartments (completed at the end of 2024) and Congregational Place (scheduled to be completed in January 2026). The City has long identified the Third Avenue district as a place where greater density is appropriate, and together these three developments will help support local businesses and downtown activity. The E St Apts project is the only non-senior project of the three and would complement the other two projects in serving a range of needs within the community.



Prior Land Use & Proposed Project

The site is currently vacant, however a market-rate developer previously conceived a project for the site with a mix of conventional apartments and live-work lofts. The previous developer generated building plans and secured planning approvals in using the Density Bonus program, a State program that allows for additional units and reductions in zoning standards in exchange for restricting a portion of units as affordable. As previously approved the project would provide 53 multi-family units, including five live-work units and six very-low income units, and 20 parking spaces.

CHW’s proposal removes the live-work lofts, adds units, reduces the parking spaces, and adds space for resident services. Staff have also requested that it explore possibilities for providing even a small amount of ground-floor commercial space, such as a public-facing office for SDRC.

CHW’s modifications to the approved plans can be approved through a plan change or a declaration of substantial conformance with the approved plans. While a declaration of substantial conformance is a discretionary process, it can be approved at the staff level without a public hearing. Alternatively, the Project could potentially be approved as a new proposal with the use of AB 2162, which provides by right approvals for projects with at least 25% of units set aside as supportive housing. All of these options provide a streamlined pathway to approvals, and should not be difficult to attain.

As proposed, E St Apts consists of 79 units, 75 of which are studio apartments, with three two-bedroom units for residents and one two-bedroom unit reserved for an onsite manager. Twenty of the units would be set aside for adults with Intellectual or Developmental Disabilities (IDD). CHW has an agreement with the San Diego Regional Center (SDRC) to provide referrals and supportive services for the IDD units.

The proposed affordability of the Project (using 2024-25 figures) is shown below in Table 2.

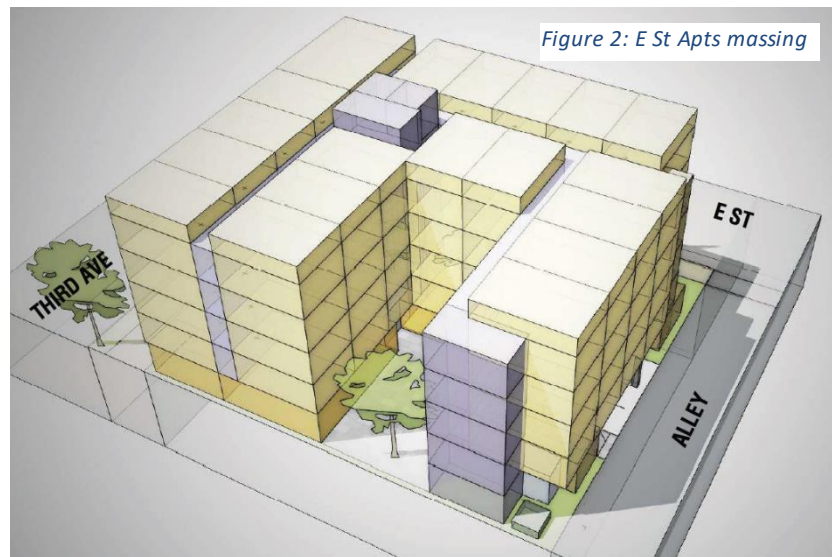
**Table 2: Unit Affordability**

Bedroom Type	# of Units	Income Category / % of Area Median Income (AMI)	Maximum Rent (incl. utilities)	Maximum Income
Studio	10	Extremely Low Income (30% of AMI)	\$795	\$31,850*
Studio	8	Very Low Income (50% of AMI)	\$1,326	\$53,050*
Studio	57	Low Income (60% of AMI)	\$1,591	\$63,650*
2 BR	1	Extremely Low Income (30% of AMI)	\$1,023	\$40,950**
2 BR	1	Very Low Income (50% of AMI)	\$1,705	\$68,200**
2 BR	1	Low Income (60% of AMI)	\$2,046	\$81,850**

\*Assumes a household size of 1. Limit may vary based on actual household size.

\*\*Assumes a household size of 3. Limit may vary based on actual household size.

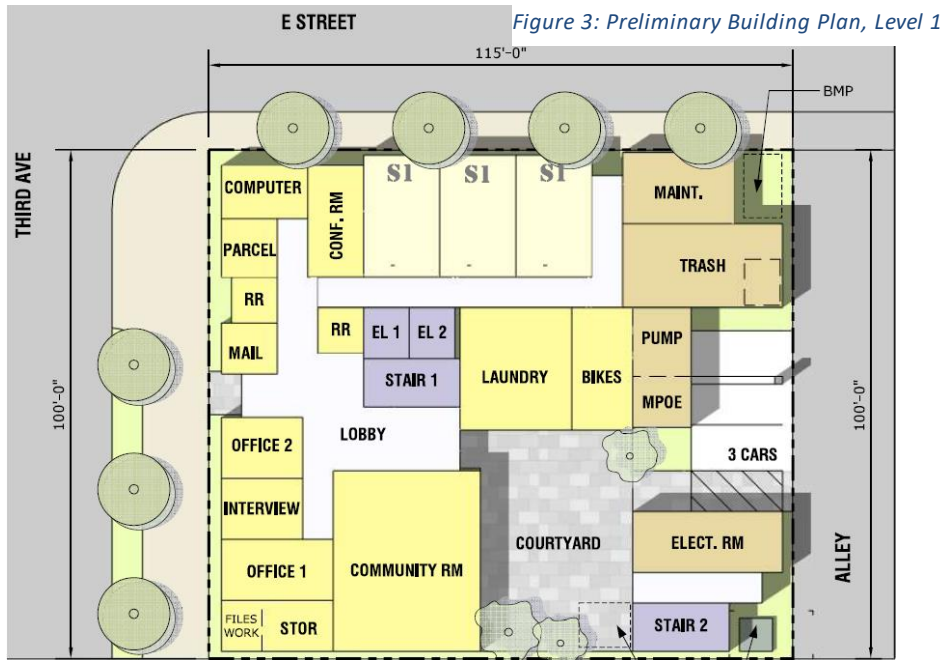
The Extremely Low Income units would be reserved for IDD individuals, who typically rely on Supplemental Security Income (SSI) and other public resources for income. The remaining units would enable households across a diverse array of incomes to live affordably in high-quality housing.



Due to the physical constraints of the site, only minimal parking (4 spaces) would be provided, which would be reserved for property management and resident services staff. While the impact of a relative lack of parking on the Project's operations, as well as on nearby street parking, is a concern, it is expected that few, if any, of the 20 IDD households will drive or own cars. Moreover, the Project is located in the most pedestrian-friendly and transit-rich district of Chula Vista. According to 2023 Census data, more than 1,700 households in zip code 91910 (about 6.5% of total households) do not own a vehicle. The Project will be heavily marketed to these households who live and work nearby, and who may already be reliant on public transit for their daily needs. This may include, for example, young adults who do not yet own a car, senior citizens with limited mobility, and local retail and service industry staff who can walk or ride transit to work. This marketing strategy also has the benefit of ensuring that the Project primarily benefits existing Chula Vista residents whose lives are centered around the downtown district. Finally, CHW intends to explore creative options for meeting the transportation needs of Project residents, including entering into arrangements for offsite parking with nearby public or private parking lots; securing free monthly transit passes for residents; providing secure onsite bicycle parking; and coordinating with Circuit, a local ridesharing service partially funded by the City.

A secondary potential concern is that studio apartments don't reflect the needs or character of Chula Vista's family-oriented community. While Chula Vista continues to have a need for larger family-sized units, the proposed project will fill a growing niche within the community. Census data shows that nearly one quarter of all households in zip code 91910 consist of single adults. The creation of more small apartments may also relieve overcrowding in larger family-sized homes by allowing household members to move out and live independently.

While not required under the Project's land use approvals, CHW is exploring the possibility of including a small commercial space to promote the City's goal of fostering street-level retail activity in the district. This could potentially be a public-facing office of the San Diego Regional Center, community-serving retail, or other neighborhood space.



Project Financing and Timeline

The ability to secure state and federal financing is typically the largest hurdle for affordable projects. CHW's proposal has a leg up in that department. The County of San Diego released its own NOFA in November, also closing on December 20, 2024, which included a pool of Project-Based Section 8 Vouchers (PBVs). PBVs provide a guaranteed long-term operating subsidy for the units, and can be used to underwrite a larger conventional construction loan and permanent mortgage. CHW applied to the County's NOFA on behalf of the Project, and expressed optimism that it will receive an award. In addition, SDRC's affiliation with the Project in connection with the IDD set-aside also opens up the opportunity to secure up to \$2.85 million in construction subsidies for the Project, a unique advantage among affordable projects.

The projected timeline for the Project would be to apply for an allocation of Low Income Housing Tax Credits in January 2026. If successful, it would be able to begin construction in September 2026. Construction would take approximately 18 months, and units would begin leasing up in February 2028.

**Table 3: Financing and Timeline**

Source	Amount	Date
Housing Authority	\$4,000,000	December 2024
County of San Diego Project-Based Vouchers	(20 PBVs)	December 2024
San Diego Regional Center	\$2,850,000	
San Diego County Innovative Housing Trust Fund	\$5,427,200	September 2025
Tax Credit Equity	\$26,559,062	January 2026
Private Loan	\$10,460,000	September 2026
Total Development Cost*	\$52,247,600	

*\*Some individual sources such as deferred developer fee and General Partner equity contribution have been excluded from chart for the sake of simplicity.*

### Local Housing Trust Fund

The City has applied to HCD for \$500,000 in Local Housing Trust Fund (LHTF) funds, to be paired with a \$500,000 local match from inclusionary housing funds. Chula Vista's NOFA included this additional \$1,000,000 as a potential funding source for projects. HCD recently issued a preliminary denial of the City's application, which the City has appealed. If the appeal is successful and the funds are awarded, staff may seek Council approval to award a portion of the LHTF funds to the Project. These additional funds would help expand the development scope and help bring it forward into construction sooner.

### Conclusion and Next Steps

E St Apartments is a thoughtful proposal that meets all requirements of the NOFA and the Housing Fund regulations. The design, budget, populations served, and path to completion have all been carefully considered. Once developed, the Project will be an asset to Western Chula Vista and the Third Avenue corridor in particular. Staff is pleased to recommend it for \$4.0 million in Housing Fund funds.

The item is tentatively scheduled to be considered by Council on April 15, 2025. If approved by Council, the Housing Authority and CHW would enter into a Loan Agreement by July 30, 2025, in order to meet State requirements for the commitment of Excess Surplus Housing Fund funds. The loan itself would not be disbursed until a later date, to be negotiated between CHW and the Housing Authority based on the completion of specific milestones and subject to regulations such as the California Environmental Quality Act (CEQA).

### **DECISION-MAKER CONFLICT**

Staff has reviewed the property holdings of the Housing and Homeless Advisory Committee members and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(7) or (8), for purposes of the Political Reform Act (Cal. Gov't Code §87100, et seq.).

Staff is not independently aware and has not been informed by any Housing and Homeless Advisory Commission member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

### **ATTACHMENT**

None.

*Staff Contact: Brian Warwick, Housing Manager*

RESOLUTION NO. 2025-01

RESOLUTION OF THE HOUSING AND HOMELESSNESS  
ADVISORY COMMISSION OF THE CITY OF CHULA VISTA  
CHANGING THE TIME OF REGULAR MEETINGS

WHEREAS, Resolution No. 2003-07 establishes the time as 3:30 p.m. for the Housing and Homelessness Advisory Commission to hold its regular meetings; and

WHEREAS, Municipal Code Section 2.25.200 provides for a change in meeting time upon adoption by the board/commission of a written resolution, which adoption shall be recorded in the minutes of the board/commission and a copy of which resolution shall be forwarded to the City Council; and

WHEREAS, the Housing and Homelessness Advisory Commission wishes to change its meeting time to 4:30 p.m. to facilitate member attendance.

NOW, THEREFORE, BE IT RESOLVED that the Housing and Homelessness Advisory Commission of the City of Chula Vista, pursuant to Municipal Code § 2.25.200, does hereby change the time of its regular meetings to the fourth Wednesday of January, April, July and October at 4:30 p.m.

Approved as to form by

\_\_\_\_\_  
Marco A. Verdugo, City Attorney