



# CITY COUNCIL STAFF REPORT



**December 20, 2022**

## **ITEM TITLE**

Housing Funding: Approve the Housing and Urban Development (HUD) 2022/23 Annual Action Plan First Amendment for the Federal Block Grant Programs and Appropriate Funds

**Report Number:** 22-0319

**Location:** Five of the nine activities funded through this action are not site-specific. The remaining four are located at:

- 31 4<sup>th</sup> Avenue
- 205 27<sup>th</sup> Street
- D Street
- 333 Oxford Street

**Department:** Housing and Homeless Services

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

## **Recommended Action**

Adopt a resolution: 1) approving a First Amendment to the 2022/2023 Annual Action Plan to reallocate available funding from the U.S. Department of Housing and Urban Development; 2) authorizing the City Manager or designee to execute all necessary documents to implement; 3) authorizing a subrecipient agreement with Alpha Project; and 4) appropriating funds for that purpose.

**(4/5 Vote Required)**

## **SUMMARY**

The City of Chula Vista’s Annual Action Plan describes the funding strategy for use of Community Development Block Grant (“CDBG”), HOME Investment Partnerships Act (“HOME”), and Emergency Solutions Grant (“ESG”) funds. The Action Plan is a tool to assist in implementing the City’s five-year

Consolidated Plan, and each Action Plan is developed through public input, analyses, and planning. Any significant funding changes in the approved Action Plan constitutes a Substantial Amendment and must be approved by the City Council prior to submittal to the U.S. Department of Housing and Urban Development (“HUD”). This process must be in accordance with the City’s Citizen Participation Plan, which ensures that the City takes the necessary steps to encourage public participation.

This item is to consider the First Amendment to the 2022/2023 Annual Action Plan (the “First Amendment” or “Substantial Amendment”) which includes increased funding to previously approved CDBG and ESG activities and the addition of a new entitlement under the HOME American Rescue Plan (“HOME ARP”).

### **ENVIRONMENTAL REVIEW**

The Director of Development Services has reviewed the proposed activity for compliance with CEQA and NEPA. The activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because the proposed activity consists of an amendment to the 2022/2023 Annual Action Plan and 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. Under NEPA, the activity is exempt pursuant to Title 24, Part 58.34(a)(2)&(3) of the Code of Federal Regulations and pursuant to HUD Environmental Guidelines.

Although environmental review is not required at this time, once the scope of potential project(s) has been defined, environmental review will be required for each project and the appropriate environmental determination will be made. Notwithstanding the foregoing, 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.

### **BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

Not applicable.

### **DISCUSSION**

As an entitlement community with HUD, the City receives funds under three block grant programs: CDBG, HOME, and ESG, collectively known as HUD funds. The programs were created to assist cities in creating viable urban communities by providing decent housing, a suitable living environment and expansion of economic opportunities, principally, for low/moderate-income persons, defined as persons earning 80 percent or less of the Area Median Income (“AMI”). As of April 18, 2022, 80 percent of AMI for a family of four is \$104,100 per year.

As a recipient of these HUD funds, the City is required to develop and submit four planning documents (collectively, the “HUD Plans”) to HUD for approval.

1. Citizen Participation Plan (“CPP”).
2. Five-Year Consolidated Plan (the “Con Plan”).
3. Annual Action Plan (the “Action Plan”); and
4. Consolidated Annual Performance Evaluation Report (“CAPER”).

On July 12, 2022, the City Council approved the 2022/2023 Annual Action Plan. Per HUD regulations, any change in the previously established funding strategies and/or an increase in funding an activity constitutes a Substantial Amendment to the associated planning documents. Engaging residents and encouraging public participation through the adoption and amendment process is essential. The process requires a public notice

and a 30-day public comment period. A public notice was published on November 25, 2022, initiating the public comment period which runs through December 25, 2022. Any comments received after the date of this Council item action tonight, will be incorporated into the First Amendment submittal to HUD.

This proposed Amendment to the 2022/2023 Annual Action Plan is to reallocate available CDBG and ESG funds to seven previously funded activities. Funding for The Alpha Project will reinstate a program previously funded with other federal monies and will require a new subrecipient agreement. Additionally, two new HOME activities will be funded through the new HOME ARP. The HOME ARP entitlement was designed to assist individuals or households who are homeless, at risk of homelessness, and other vulnerable populations, by providing housing, rental assistance, supportive services, and non-congregate shelter, to reduce homelessness and increase housing stability.

In order to identify the most suitable project for the City, the Department of Housing and Homeless Services has begun the community engagement component of the development. A survey in both English and in Spanish was released to members of the community, resulting in an overwhelming response for the need in permanent supportive housing. In early 2023, Housing staff will be releasing a Notice of Funding Availability (“NOFA”) to solicit proposals from eligible applicants for the development of a new permanent supportive housing project. Once the ideal project is identified, staff will return to Council for consideration. Funds appropriated to the proposed projects are available through the available unallocated HUD grant funds.

The 2022/23 Annual Action Plan First Amendment consists of the following, as more fully described in Attachment 1:

HUD Grant Program	City Activity/Program	Funding
ESG (E-20-MW-06-0540)	Casa Nueva Vida Shelter Facility Rehabilitation <i>(Increase in Project Costs)</i>	\$416,451
	Alpha Project Outreach Services <i>(Reinstate and Fund Program)</i>	\$60,000
CDBG (B-20-MW-06-0540)	Homeless Bridge Shelter Capital Improvement <i>(Increase in Project Costs)</i>	\$1,100,000
	Community Housing Improvement Program <i>(Reinstate and Fund Program)</i>	\$100,000
	Housing Services <i>(Reinstate and Fund Program)</i>	\$75,000
	CIP – Lauderbach Community Center Kitchen <i>(Increase in Project Costs)</i>	\$40,000
	D Street <i>(Previously funded; however not included in prior resolution appropriating funds)</i>	\$50,000
HOME ARP (M-21-MP-06-0505)	Production of Affordable Housing	\$3,069,133
	HOME Administration	\$70,644

**DECISION-MAKER CONFLICT**

Staff has reviewed the property holdings of the City Council and has found that, Mayor John McCann has real property holdings within 500 feet of the boundaries of the property located at 31 4th Avenue which is the subject of this action. Consequently, pursuant to California Code of Regulations Title 2, sections 18700 and

18702.2(a)(7), this item presents a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.) for the above-identified member.

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

**CURRENT-YEAR FISCAL IMPACT**

There is no fiscal impact to the City's General Fund as all costs associated with the projects, programs and administration of the CDBG, HOME, and ESG programs are covered by the respective grants.

Recommended funding appropriations are summarized below:

<b>ORG KEY</b>	<b>City Activity/Program</b>	<b>Funding</b>
272534	Shelter Facility Rehabilitation	\$416,451
	Alpha Project Outreach Services	\$60,000
272557	Homeless Bridge Shelter Capital Improvement	\$1,100,000
	Community Housing Improvement Program	\$100,000
	Housing Services	\$75,000
	CIP – Lauderbach Community Center Kitchen	\$40,000
	D Street	\$50,000
272552	Production of Affordable Housing	\$3,069,133
	HOME Administration	\$70,644

**ONGOING FISCAL IMPACT**

There is no ongoing fiscal impact to the City's General Fund as all costs associated with the administration of the CDBG, HOME, and ESG programs are covered by the respective grants.

**ATTACHMENTS**

1. 2022/23 Annual Action Plan First Amendment

*Staff Contact: Stacey Kurz, Director of Housing and Homeless Services  
 Angélica Davis, Homeless Solutions Manager*