



CITY COUNCIL STAFF REPORT



April 18, 2023

ITEM TITLE

Proposed Federal Grant Funding: Conduct a Public Hearing and Receive Recommendations for the Fiscal Year 2023/2024 Annual Action Plan

Report Number: 23-0086

Location: No specific geographic location

Department: Housing and Homeless Services Department

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

Conduct the public hearing and receive community input on the Fiscal Year 2023/24 Annual Action Plan recommendations for federal grant funding, including the Community Development Block Grant, Emergency Solutions Grant, and the Home Investment Partnerships Act programs.

SUMMARY

The City of Chula Vista has received and reviewed funding applications for the U.S. Department of Housing and Urban Development ("HUD") grant programs including: (1) Community Development Block Grant ("CDBG"); (2) HOME Investment Partnerships Act ("HOME"); and (3) Emergency Solutions Grant ("ESG") funds. This public hearing will provide the community an opportunity to provide input on the proposed Fiscal Year 2023/2024 ("FY 23/24") funding recommendations for the City's use of these federal grant programs.

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 proposal consists of a reporting action, is not for a site-specific project(s), 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 of Chula Vista receives annual funding under three entitlement block grant programs: CDBG, HOME and ESG. The grant amounts allocated to each jurisdiction are determined using a formula based on statistical and demographic data. The purpose of this funding is to provide housing, a suitable living environment, and to expand economic opportunities principally for low- and moderate-income persons. As a recipient of these HUD funds, the City is required to adopt a five-year planning document entitled the Consolidated Plan (the “ConPlan”), which describes the City’s five-year strategy for use of these funds based upon the identified goals and objectives related to its housing and community development priorities.

The City annually selects activities for funding that best meet the needs of the community as specified within the ConPlan, while also meeting the national objectives and requirements of the grant funds. The selected activities are then incorporated into a one-year planning document, known as the Annual Action Plan (the “Action Plan”). The Action Plan constitutes the City’s formal funding application to HUD for the corresponding grant year. The 2023/2024 Action Plan represents the third year of the ConPlan period.

The City’s 2020/2024 Five-Year ConPlan identifies a total of five priorities under Housing and Community Development for funding consideration as summarized in Table I.

Table I: 2020/2024 Consolidated Plan Funding Priorities

PRIORITY	Goal	ACTIVITY TYPE
Homelessness	Assist individuals and families to gain stable housing after experiencing homelessness or a housing crisis by providing appropriate services and housing solutions on a path to stability.	<ul style="list-style-type: none">Shelter OperationsHomeless PreventionHomeless OutreachHomeless Supportive Services
	Invest in community social services to promote equity and serve the most vulnerable of the community’s population.	Public Services to Low/Moderate Income including the following population: <ul style="list-style-type: none">Homeless Veterans; Youth; Seniors; Victims of Domestic

PRIORITY	Goal	ACTIVITY TYPE
		Violence; Special Needs/Disabled
Capital Improvement and Public Facilities	Support the development of vibrant, equitable and accessible neighborhoods by investing in public facilities and infrastructure.	<ul style="list-style-type: none"> • ADA improvements • New streets and sidewalks • Public facility improvements
Economic Development	Enhance the City's economic stability by investing in inclusive economic growth initiatives that develop and strengthen small businesses, employment and workforce development programs and improving access to jobs.	<ul style="list-style-type: none"> • Business Financial Assistance Programs • Business Technical Assistance • Job Training and Placement
Affordable Housing	Increase affordable rental and owner-occupied housing to improve housing opportunities that reflect the community's needs.	<ul style="list-style-type: none"> • New Construction • Acquisition • Rehabilitation • First-Time Homebuyer Assistance • Tenant-Based Rental Assistance

2023/2024 ANNUAL ACTION PLAN

Resources

HUD released entitlement amounts on February 27, 2023. For the 2023/24 program year Chula Vista will receive \$2,321,225 in CDBG funds, \$894,917 in HOME funds, and \$201,908 in ESG funds. These allocations are detailed in Table II below.

Table II: 2023/2024 Federal Grant Funding

PROGRAM	ENTITLEMENT AMOUNT	PRIOR YEAR (UNENCUMBERED)	TOTAL AVAILABLE FOR 2023/2024
Community Development Block Grant	\$2,321,225	\$0	\$2,321,225
Home Investment Partnerships Act	\$ 894,917	\$0	\$894,917
Emergency Solutions Grant	\$ 201,908	\$0	\$ 201,908
Total	\$3,418,050	\$0	\$3,418,050

Funding Requests

As part of the annual Action Plan process, the City releases a Notice of Funding Availability ("NOFA") for the three grant programs. The NOFA was released on February 3, 2023, with a submittal deadline of March 6, 2023. Housing staff has reviewed all proposals to ensure compliance with the prescribed regulations and consistency with the City's goals and objectives.

An executive summary was prepared for each request which summarizes the requested funding level, proposed use of funds, and benefit to the community in Attachment 1. The federal grant funding recommendations for CDBG, HOME and ESG are presented below.

Community Development Block Grant (CDBG)

For FY 23/24, the City will utilize an estimated total of \$2,321,225 of CDBG funds. All projects considered for funding must address at least one of the three CDBG National Objectives: (1) benefit primarily low/moderate income families; (2) aid in the prevention or elimination of slums or blight; or (3) meet community needs due to a major emergency such as a natural disaster.

Projects are then classified into three distinct categories:

1. Administration and Planning
2. Public Services
3. Capital Improvement Projects (“CIPs”) and Community Development

Below is a summary of the funding recommendations under each respective category.

1. Administration/Planning Recommendations

Funds under this category cover all City staff costs associated with the management and administration of the City of Chula Vista's CDBG program including regulatory compliance, contract administration, subrecipient monitoring and fiscal management. This also includes preparation of the required planning documents, such as the Annual Action Plan, the Consolidated Plan, and the Analysis of Impediments to Fair Housing Choice. As detailed in Table III, Federal regulations governing the CDBG program limit the amount that the City spends on administration/planning activities to 20 percent (20%) of the entitlement amount for the program year (cap of \$464,245 in 2023/24).

Table III: 2023/2024 CDBG Administration Funding

Applicant		Program	Recommended
1	Housing and Homeless Services Department	CDBG Administration/Planning	\$399,245
2	CSA San Diego County	Fair Housing and Tenant/Landlord Services	\$65,000
Total			\$464,245

2. Public Services Program Recommendation

Funds for Public Services activities are awarded to local agencies and community organizations to implement projects and programs that improve the lives of low-income residents, including the elderly, disabled, at-risk, and persons living in homelessness. The amount of funds the City may allocate to public services is limited to fifteen percent (15%) of the annual entitlement (cap of \$348,184 in 2023/24). Staff's funding recommendations for public service activities are based on funding priorities established in the ConPlan, along with an established ranking criterion which categorizes the programs by community need (Tier I-III, with Tier I being the highest).

Public Services Community Need Ranking

Tier I (highest)	Tier II	Tier III
Emergency Needs: Programs that address basic, fundamental needs including shelter, food, and other commodities.	Special Needs/Disabled: Programs that provide services to persons with disabilities, special needs, and who are at high-risk.	Other General Services: All other services which do not fall within Tier I or II and provide general public services to low/moderate income persons.

A total of fifteen public service applications were received and fourteen are being recommended for funding. All recommended funding requests are previous grant recipients and are in good standing with the City of Chula Vista and HUD. The project application not being recommended was from WeeCare Inc. who requested \$150,000 for their BOOST program, which provides business and technical assistance to licensed childcare providers. Staff determined that funding this first-time application would require decreasing funding for established projects that provide essential services including meal delivery, hotel/motel vouchers, and domestic violence response. In addition, the BOOST program does not provide direct services to low-income individuals or expand existing services provided in the community.

Summarized in Table IV are the list of applicants, program name, requested funding, and amount of recommended funding by staff.

Table IV: 2023/2024 CDBG Public Services

	Applicant	Program	Requested	Recommended
3	Chula Vista Elementary School District	Family Resource Center Emergency & Basic Services*	\$50,000	\$25,000
4	Chula Vista Housing and Homeless Services Department	Hotel/Motel Voucher Program**	\$25,000	\$12,184
5	City of Chula Vista Parks and Rec	Norman Park Senior Center	\$30,000	\$30,000
6	City of Chula Vista Parks and Rec	Therapeutic Recreation Programs for Adults with Severe Disabilities	\$20,100	\$20,000
7	Family Health Centers of San Diego	Family Health Centers of San Diego Mobile Medical Services	\$30,000	\$30,000
8	Jacobs & Cushman San Diego Food Bank	Food for Kids Backpack Program	\$15,000	\$15,000
9	Mama's Kitchen	Home-Delivered Meal Service	\$10,000	\$10,000
10	McAlister Institute	Work for Hope	\$60,000	\$60,000
11	Meals-on-Wheels Greater San Diego	Senior Meal Delivery & Accompanying Services	\$25,000	\$25,000
12	SBCS Corporation	Family Violence Support Services	\$44,600	\$40,000
13	SBCS Corporation	Homeless Services*	\$50,150	\$40,000
14	SBCS Corporation	South Bay Food Program	\$11,000	\$11,000
15	Voices for Children	Court Appointed Special Advocate (CASA) Program	\$20,000	\$15,000
16	Women Initiating Success Envisioned Inc. (WISE)	Women Initiating Success Envisioned Inc.	\$15,000	\$15,000
Total				\$348,184

**The amount of funding recommended reflects previous allocations to this project.*

***With the opening of the City's emergency bridge shelter it is anticipated that this funding will only be necessary for families or individuals with greater accommodation needs.*

3. CIPs and Community Development

After the Public Services and Administration activities are funded, a total of \$1,508,796 remains for eligible capital improvement projects, public facility improvements, and other housing/community development-related activities. The City has earmarked \$669,863 for the annual Castle Park Infrastructure Section 108 debt service payment, with six years remaining on the 20-year loan term. This leaves a balance of \$838,933 for new projects.

To be considered eligible for funding within the CIP category, the project must be located in a primarily residential area designated as low/moderate income by the U.S. Census and cannot be regional in nature (serving the entire City or county region). Priority is given to those projects with the most effectiveness and the greatest feasibility by demonstrating leveraging of additional funding sources, benefit and impact to the community, and relevance to the City of Chula Vista's Critical Needs List and/or Pedestrian Master Plan.

A total of five applications are presented under this category: the City's Section 108 Loan payment, the City's Community Housing Improvement Program (CHIP), the City's Housing Services Program, and two CIPs (3rd Avenue and Alpine).

Table V: 2023/2024 CDBG Community Development Projects

Applicant	Program	Recommended
17 Chula Vista Engineering Department	3rd Avenue	\$350,000
18 Chula Vista Engineering Department	Alpine	\$363,934
19 Chula Vista Housing and Homeless Services Department	Community Housing Improvement Program	\$50,000
20 Chula Vista Housing and Homeless Services Department	Housing Services	\$75,000
21 Chula Vista Housing Homeless Services Department	Section 108 Loan	\$669,863
TOTAL		\$1,508,796

Per CDBG regulations, CIP projects must serve an area where at least 51% of residents are low and moderate income. Provided with a description of the projects are maps illustrating each location and HUD-designated Low/Moderate Income Census Tract (shaded in Yellow).

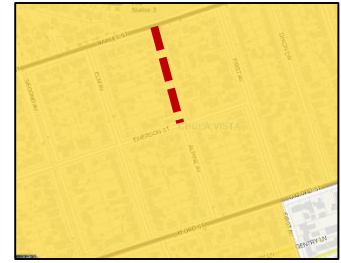
3rd Avenue Improvement Project

The 3rd Avenue project is for sidewalk gap improvements along Third Avenue West/South Orange Ave. to Anita St., East/South Anita St. to Zenith Street. The project will include installation of missing curb, gutter, and sidewalk in various locations.



Alpine Avenue Improvement Project

Street improvements for Alpine Avenue between Emerson Street and Naples Street include street reconstruction, curb, gutter, sidewalk, Americans with Disabilities Act (ADA) pedestrian ramps, signing and stripping on Alpine Avenue between Maple Street to Emerson Street.



Home Investment Partnerships Act (HOME)

HOME funds may be used to provide affordable rental housing and home ownership opportunities through:

1. New construction
2. Acquisition
3. Rehabilitation
4. First-time homebuyer assistance
5. Tenant-based rental assistance

For 2023/24, the City of Chula Vista will utilize the HOME entitlement to address the City's housing priorities of the 2020/2024 ConPlan (allocation amount of \$894,917) per Table VI. Per the HOME regulations fifteen percent (15%) of the annual allocation must be set aside to assist Community Housing Development Corporations (CHDOs) for the creation of affordable housing units (minimum of \$134,237.55 in 2023/24). Should these funds not be utilized in a timely manner for this specific purpose, these funds would be recaptured by HUD and would be unavailable to the City. The City will allocate this year's 15% to SBCS.

The City received one application eligible for HOME funds from SBCS to provide tenant-based rental assistance for general low- and moderate-income residents. The remainder of funds will be utilized for the City's own tenant-based rental assistance.

Table VI: 2023/2024 HOME Projects

Applicant	Program	Recommended
26 Chula Vista Housing and Homeless Services Department	HOME Planning and Administration	\$89,492
27 Chula Vista Housing and Homeless Services Department	Tenant-Based Rental Assistance	\$400,000
28 SBCS Corporation	Tenant-Based Rental Assistance	\$405,425
TOTAL		\$894,917

Emergency Solutions Grant (ESG)

Chula Vista will receive \$201,908 in ESG entitlement funds for FY 2023/24. ESG funds may be used to provide homeless services through:

1. Homeless Prevention
2. Rapid Re-Housing (rental assistance)
3. Street Outreach
4. Emergency Shelter
5. Homeless Management Information Systems ("HMIS")

The City received two proposals for ESG, including one proposal from the Interfaith Shelter Network of San Diego and an application from SBCS Corporation. All requests are previous grant recipients and are in good standing with the City of Chula Vista and HUD. The remaining funds will be earmarked for Planning and Administration Costs (7.5% of the entitlement, or \$15,143 in 2023/24), Homeless Prevention and Rapid Re-

Housing Services, and the HUD mandated Homeless Management Information System, as detailed in Table VII. These programs will be administered by Housing staff.

Table VII: 2023/2024 ESG Programs

Applicant		Program	Recommended
22	Housing and Homeless Services Department	ESG Planning and Administration	\$15,143
23	Housing and Homeless Services Department	Homeless Prevention Program	\$100,765
24	Interfaith Shelter Network of San Diego	Rotational Shelter Program	\$16,000
25	SBCS Corporation	ESG - Casa Nueva Vida	\$70,000
TOTAL			\$201,908

Conclusion

While the ESG and the HOME programs were designed to meet very specific objectives, the CDBG program allows flexibility in the type of activities it funds. This allows the City to leverage its CDBG funds with ESG and HOME funds to maximize the impact of the grant funding to meet the housing needs of the lower income community. Since the end of redevelopment in California in 2012, the City of Chula Vista has lost \$21 million that would have otherwise been generated from redevelopment for affordable housing related activities. As the cost of housing has increased year after year, far outpacing income growth, housing has become increasingly unaffordable to more members of the community. Housing staff continue to pursue funding opportunities to leverage with available Housing funds, including HOME, to develop affordable housing projects and programs.

Staff recommends that the City Council conduct the public hearing to solicit input from the community on the 2023/24 funding recommendations presented. The 2023/2024 Annual Action Plan was released for the required 30-day review and comment period on March 31, 2023 and will close May 1, 2023.

Staff will incorporate all public comments into the final Annual Action Plan, to be brought forward for City Council consideration on May 9, 2023.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 1,000 feet of the boundaries of the 3rd Avenue and Alpine Avenue CIPs which are the subject of this action. It was determined that Mayor John McCann has real property holdings within 500 feet of the boundaries of the property located at 31 4th Avenue which is also 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 are no current year fiscal impacts to the General Fund as a result of this action. At this time, Council is reviewing the funding allocation requests for CDBG, HOME, and ESG funds. Appropriations for the proposed CDBG, HOME and ESG programs will be requested at a later date.

In the remote event that HUD should withdraw the City's CDBG, HOME, and ESG funding, the Agreements/Memorandum of Understandings provide that the City is not obligated to compensate subrecipients or City Departments for program expenditures. Recommended funding allocations are summarized below.

Community Development Block Grant (CDBG)	
Public Services	\$348,184
CDBG Administration and Planning	\$464,245
Section 108 Loan Payment	\$669,863
Other Capital Improvement and Housing	\$838,933
Subtotal	\$ 2,321,225
Home Investment Partnerships Act (HOME)	
HOME Planning and Administration	\$89,492
Affordable Housing Projects/Programs	\$805,425
Subtotal	\$894,917
Emergency Solutions Grant (ESG)	
ESG Administration and Planning	\$15,143
Shelter Services	\$86,000
Homeless Prevention and Rapid Re-Housing	\$100,765
Subtotal	\$201,908
TOTAL CDBG, HOME and ESG	\$3,418,050

ONGOING FISCAL IMPACT

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

ATTACHMENTS

1. 2023/2024 Federal Grant Funding Recommendations

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