



CITY COUNCIL STAFF REPORT



September 12, 2023

ITEM TITLE

Agreement Amendment and Fund Reallocation: Reallocate HOME Investment Partnership Program Funds and Amend the Agreement with SBCS Corporation for the 2022-2023 Tenant-Based Rental Assistance Program

Report Number: 23-0230

Location: No specific geographic location

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; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required. Notwithstanding the foregoing, the activity qualifies for an Exemption pursuant to Section 15061(b)(3) of the CEQA State Guidelines. Pursuant to Title 24, Part 58.35(b)(1) of the Code of Federal Regulations and HUD Environmental Guidelines, the activity is Categorically excluded under the National Environmental Policy Act ("NEPA").

Recommended Action

Adopt a resolution reallocating excess funds in the amount of \$85,774.95, from the Fiscal Year 2014/15 HOME Investment Partnership Program from the U.S. Department of Housing and Urban Development (HUD) entitlement funds to be used for the 2022-2023 SBCS Tenant-Based Rental Assistance Program and authorizing the City Manager or designee to execute the First Amendment to the Original Agreement with SBCS Corporation and all HUD grant documents. **(4/5 Vote Required)**

SUMMARY

In 2014, the City of Chula Vista set a goal to utilize 100% of its U.S. Department of Housing and Urban Development entitlement grants to assist low- and moderate-income residents to break the cycle of poverty through supporting social service programs in an Anti-Poverty Strategy. Of the \$631,125 HOME Investment Partnership grant funds received in Fiscal Year 2014-2015, \$85,774.95 were not utilized as planned. This action would reallocate the unused funds to an existing agreement with SBCS Corporation to increase funding for a Tenant Based Rental Assistance program.

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 allocating excess funds to be used for the SBCS Tenant Based Rental Assistance

Program 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. Notwithstanding the foregoing, the activity qualifies for an Exemption pursuant to Section 15061(b)(3) of the CEQA State Guidelines. Pursuant to Title 24, Part 58.35(b)(1) of the Code of Federal Regulations and HUD Environmental Guidelines, the activity is Categorically excluded under NEPA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable

DISCUSSION

As an entitlement community through the U.S. Department of Housing and Urban Development (HUD), the City of Chula Vista receives annual funding under three entitlement block grant programs: Community Development Block Grant, HOME Investment Partnership (HOME), and the Emergency Solutions Grant. The amounts allocated to each jurisdiction are determined by 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 titled 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.

HOME was created in 1990 and aimed to give non-profit organizations and municipalities the fiscal opportunity to empower communities to design and implement strategies tailored to their own needs and priorities. HOME allows jurisdictions to utilize up to 10% of their annual allocation for administration, requires a 15% set-aside for Community Housing Development Organization (CHDO) activities (private nonprofit, community-based service organization that has obtained or intends to obtain staff with the capacity to develop affordable housing for the community it serves) which must be spent within a 24 month period, and the remaining funds for a variety of housing activities including *construction of affordable housing, rehabilitation of housing, acquisition of buildings for affordable housing, homebuyer down payment assistance and counseling, and/or tenant-based rental assistance (TBRA)*.

In Fiscal Year 2014-2015 (FY14-15) the City of Chula Vista designated entitlement funds to an Anti-Poverty Strategy and distributed funds to the Chula Vista Community Collaborative, Family Health Centers of San Diego, Interfaith Shelter Network, Meals-on-Wheels, San Diego Food Bank, and SBCS Corporation. Many of the programs include a multi-faceted approach to assist low-income families by giving them a hand up, through assistance with job readiness, educational training, counseling, childcare, food, clothing, housing assistance and a host of other services to help families and individuals escape the cycle of poverty. Specifically, the City received \$631,125 from HOME.

In July 2023, the City was notified that \$85,774.95 of these FY14-15 HOME funds remained unused and were eligible to be reallocated as general entitlement funds with an expenditure deadline of September 30, 2023. Due to the limited uses of HOME for preservation or creation of affordable housing as described above, and

the quick deadline for expenditure, it is crucial to allocate funds to an existing agreement with a subrecipient who has the ability to expend for an eligible use.

With the reallocation approval received from HUD, City staff recommends adding the \$85,774.95 to HOME TBRA Agreement No. 2022-233 (the “Original Agreement”) with SBCS Corporation through execution of First Amendment 2023-171 (see Attachment 1). The additional \$85,774.95 would be added to the \$818,597 in the Original Agreement approved on July 12, 2022 via Council Resolution No. 2022-159, thereby increasing the total agreement amount to \$904,371.95.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov’t Code § 87100, et seq.). Staff is not independently aware, and has not been informed by any 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 current-year fiscal impact to the General Fund as a result of this action. The funds for this action were previously appropriated in the Federal Grant Fund. This action reallocates \$85,774.95 in funds to be used for the First Amendment to the SBCS Corporation agreement.

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 HOME programs are covered by the respective grant.

ATTACHMENTS

1. First Amendment No. 2023-171 to SBCS TBRA Agreement No. 2022-233

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