



# CITY COUNCIL STAFF REPORT



**April 9, 2024**

## **ITEM TITLE**

Housing Grant Funding: Receive Recommendations for the Fiscal Year 2024/2025 U.S. Department of Housing and Urban Development Annual Action Plan

**Report Number:** 24-0049

**Location:** Third Avenue from West/South Orange Ave. to Anita St., East/South Anita St. to Zenith Street. All other projects are not location specific.

**Department:** Housing and Homeless Services Department

**G.C. § 84308:** Yes

**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 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 2024/25 U.S. Department of Housing and Urban Development 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 grant programs including: (1) Community Development Block Grant; (2) HOME Investment Partnerships Act; and (3) Emergency Solutions Grant funds. This public hearing will provide the community an opportunity to provide input on the proposed Fiscal Year 2024/2025 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 direct or indirect physical change in the environmental. 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 the U.S. Department of Housing & Urban Development Environmental Guidelines. Thus, no further environmental review is necessary at this time. Although environmental review is not necessary at this time, once a project(s) has been approved, environmental review will be required and a CEQA/NEPA determination completed prior to initiation of any related project activity.

## BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

## DISCUSSION

As an entitlement community with 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 (“CDBG”), HOME Investment Partnerships Act (“HOME”), and Emergency Solutions Grant (“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 Fiscal Year 2024/2025 (“FY 24/25”) 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"><li>Shelter Operations</li><li>Homeless Prevention</li><li>Homeless Outreach</li><li>Homeless Supportive Services</li></ul>

<b>Social Service Programs</b>	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"> <li>• Homeless Veterans; Youth; Seniors; Victims of Domestic Violence; Special Needs/Disabled</li> </ul>
<b>Capital Improvement and Public Facilities</b>	Support the development of vibrant, equitable and accessible neighborhoods by investing in public facilities and infrastructure.	<ul style="list-style-type: none"> <li>• ADA improvements</li> <li>• New streets and sidewalks</li> <li>• Public facility improvements</li> </ul>
<b>Economic Development</b>	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"> <li>• Business Financial Assistance Programs</li> <li>• Business Technical Assistance</li> <li>• Job Training and Placement</li> </ul>
<b>Affordable Housing</b>	Increase affordable rental and owner-occupied housing to improve housing opportunities that reflect the community's needs.	<ul style="list-style-type: none"> <li>• New Construction</li> <li>• Acquisition</li> <li>• Rehabilitation</li> <li>• First-Time Homebuyer Assistance</li> <li>• Tenant-Based Rental Assistance</li> </ul>

**2024/2025 ANNUAL ACTION PLAN**

As of the date of this report, HUD has not provided the City's allocation amounts for 2024/2025 since Congress has not yet completed the appropriations process. HUD has instructed cities to continue their normal annual planning process and to submit the Action Plan once the 2024/2025 allocations have been announced.

For the purposes of this report and in preparation of the Action Plan, staff will be assuming a slight reduction from prior year funding for the CDBG, HOME, and ESG grant programs for planning purposes. In the event that the City receives a higher allocation, staff has identified projects within the grant programs for increased funding. These projects are identified in the respective program sections below.

**Table II: 2024/2025 Anticipated Grant Funding**

<b>PROGRAM</b>	<b>ENTITLEMENT AMOUNT</b>	<b>PRIOR YEAR (UNENCUMBERED)</b>	<b>TOTAL AVAILABLE FOR 2024/2025</b>
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
<b>Total</b>	<b>\$3,418,050</b>	<b>\$0</b>	<b>\$3,418,050</b>

**Funding Requests**

As part of the annual Action Plan process, the City releases a Notice of Funding Availability (“NOFA”) for the three grant programs. City Staff advertised the NOFA at local meetings of the Chula Vista Community Collaborative and also emailed the NOFA to all formerly funded agencies and interested parties. The NOFA was released on February 1, 2024, with a submittal deadline of March 1. 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 24/25, 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 (estimated cap of \$464,245 in 2024/25).

A portion of the City’s CDBG Administration/Planning allocation is allocated to the City’s Fair Housing Provider. This year, for the first time the City received multiple applications from Fair Housing Providers. After careful and thorough review of the applications Staff decided to continue to contract with CSA San Diego County.

**Table III: 2024/2025 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
<b>Total</b>		<b>\$464,245</b>

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 (estimated cap of \$348,184 in 2024/25). Staff's funding recommendations for public service activities are based on funding priorities established in the ConPlan, along with application scoring and 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
<b>Emergency Needs:</b> Programs that address basic, fundamental needs including shelter, food, and other commodities.	<b>Special Needs/Disabled:</b> Programs that provide services to persons with disabilities, special needs, and who are at high-risk.	<b>Other General Services:</b> 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 fourteen public service applications were received and all 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.

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

**Table IV: 2024/2025 CDBG Public Services**

Applicant	Program	Requested	Recommended
3 Chula Vista Elementary School District	Family Resource Center Emergency & Basic Services <sup>1</sup>	\$50,000	\$25,000
4 Chula Vista Housing and Homeless Services Department	Hotel/Motel Voucher Program <sup>2</sup>	\$25,000	\$11,184
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 <sup>1</sup>	\$363,524	\$60,000
11 Meals-on-Wheels Greater San Diego	Senior Meal Delivery & Accompanying Services <sup>1</sup>	\$30,000	\$25,000
12 SBCS Corporation	Family Violence Support Services	\$44,802	\$40,000
13 SBCS Corporation	Homeless Services <sup>1</sup>	\$50,120	\$40,000
14 SBCS Corporation	South Bay Food Program <sup>1</sup>	\$20,000	\$11,000
15 Voices for Children	Court Appointed Special Advocate (CASA) Program <sup>1</sup>	\$20,000	\$15,000

16	Interfaith Shelter Network of San Diego	Rotational Shelter Program	\$17,000	\$16,000
<b>Total</b>			<b>\$348,184</b>	

<sup>1</sup>The amount of funding recommended reflects previous allocations to this project.

<sup>2</sup>Should the City receive a greater or lower CDBG entitlement amount than that anticipated, funding will be allocated to or unallocated from this project.

### 3. CIPs and Community Development

After the Public Services and Administration activities are funded, an estimated total of \$1,508,796 remains for eligible capital improvement projects, public facility improvements, and other housing/community/economic development-related activities. The City has earmarked \$682,450 for the annual Castle Park Infrastructure Section 108 debt service payment, with four years remaining on the 20-year loan term. This leaves a balance of \$826,346 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, one CIP (3<sup>rd</sup> Avenue), and the BOOST program offered by Upwards, formerly WeeCare Inc. A funding request for an additional CIP, Alpine Avenue, was not funded.

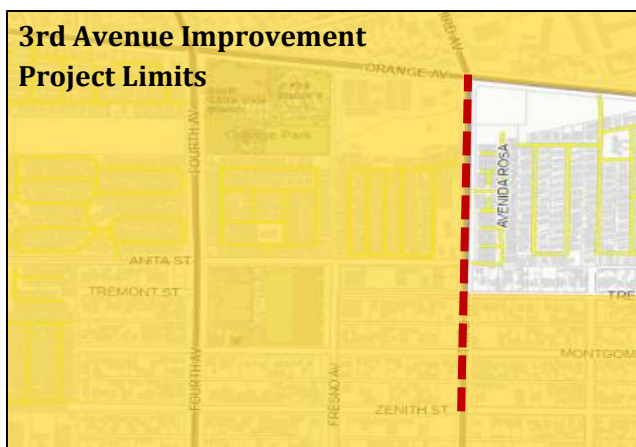
**Table V: 2024/2025 CDBG Community Development Projects**

Applicant	Program	Recommended
17 Chula Vista Engineering Department	3rd Avenue	\$410,000
18 Upwards	BOOST (Business Operations & Optimization Tools)	\$240,000
19 Chula Vista Housing and Homeless Services Department	Community Housing Improvement Program <sup>3</sup>	\$101,346
20 Chula Vista Housing and Homeless Services Department	Housing Services	\$75,000
21 Chula Vista Housing Homeless Services Department	Section 108 Loan	\$682,450
<b>TOTAL</b>		<b>\$1,508,796</b>

<sup>3</sup>Should the City receive a greater or lower CDBG entitlement amount than that anticipated, funding will be allocated to or unallocated from this 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. 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 project is a map illustrating the location and HUD-designated Low/Moderate Income Census Tract (shaded in Yellow).



The BOOST Program offered by Upwards assists micro-enterprise in-home daycares through personalized coaching and technical assistance. Low-income business owners in Chula Vista will be assisted, increasing both the strength and income of these microenterprise daycares, while also increasing childcare options for Chula Vista residents. This program’s goals align with the City’s 2020-2024 ConPlan economic development goals of business technical assistance and job creation. Upwards demonstrates thorough knowledge of CDBG regulations, is in good standing with HUD, and Staff are fully confident in their ability to execute the programming.

**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 2024/25, the City of Chula Vista will utilize the HOME entitlement to address the City’s housing priorities of the 2020/2024 ConPlan (estimated 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 (estimated minimum of \$134,237.55 in 2024/25). 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% towards “Production of Affordable Housing”, with the intend to award funds to an affordable housing developer identified through an open RFP process. City Staff closed an RFP today and will review bids over the coming weeks.

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: 2024/2025 HOME Projects**

Applicant	Program	Recommended
25 Chula Vista Housing and Homeless Services Department	HOME Planning and Administration	\$89,492

26	Chula Vista Housing and Homeless Services Department	Production of Affordable Housing <sup>4</sup>	\$134,238
27	Chula Vista Housing and Homeless Services Department	Tenant-Based Rental Assistance <sup>5</sup>	\$271,187
28	SBCS Corporation	Tenant-Based Rental Assistance	\$400,000
<b>TOTAL</b>			<b>\$894,917</b>

<sup>4</sup>CHDO funding set-aside.

<sup>5</sup>Should the City receive a greater or lower HOME entitlement amount than that anticipated, funding will be allocated to or unallocated from this project.

### Emergency Solutions Grant (ESG)

Chula Vista will receive an estimated \$201,908 in ESG entitlement funds for FY 2024/25. 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 one proposal for ESG; an application from SBCS Corporation for operations of the Casa Nueva Vida shelter. SBCS is a previous grant recipient and is 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 an estimated \$15,143 in 2024/25), and Homeless Prevention Services, as detailed in Table VII. The Homeless Prevention program will be administered by Housing staff.

**Table VII: 2024/2025 ESG Projects**

Applicant	Program	Recommended
22 Housing and Homeless Services Department	ESG Planning and Administration	\$15,143
23 Housing and Homeless Services Department	Homeless Prevention Program <sup>6</sup>	\$116,765
24 SBCS Corporation	ESG - Casa Nueva Vida	\$70,000
<b>TOTAL</b>		<b>\$201,908</b>

<sup>6</sup>Should the City receive a greater or lower ESG entitlement amount than that anticipated, funding will be allocated to or unallocated from this project.

### 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. 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. The City’s Housing and Homeless Services Department continues 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 2024/25 funding recommendations presented. The 2024/2025 Annual Action Plan was released on the



[City's federal grant webpage](#) for the required 30-day review, the comment period began on April 3, 2024 and will close May 3, 2024.

Staff will incorporate all public comments into the final Annual Action Plan, to be brought forward for City Council consideration on May 7, 2024.

**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 CIP which is 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.

<b>Community Development Block Grant (CDBG)</b>	
Public Services	\$348,184
CDBG Administration and Planning	\$464,245
Section 108 Loan Payment	\$682,450
Capital Improvement and Housing	\$1,508,796
<b>Subtotal</b>	<b>\$ 2,321,225</b>
<b>Home Investment Partnerships Act (HOME)</b>	
HOME Planning and Administration	\$89,492
Affordable Housing Projects/Programs	\$805,425
<b>Subtotal</b>	<b>\$894,917</b>
<b>Emergency Solutions Grant (ESG)</b>	
ESG Administration and Planning	\$15,143
Shelter Services	\$70,000
Homeless Prevention and Rapid Re-Housing	\$116,765
<b>Subtotal</b>	<b>\$201,908</b>
<b>TOTAL CDBG, HOME and ESG</b>	<b>\$3,418,050</b>

## **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. 2024/2025 Federal Grant Funding Recommendations

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