



CITY COUNCIL STAFF REPORT



May 21, 2024

ITEM TITLE

Housing Grant Funding: Approve the Fiscal Year 2024/25 U.S. Department of Housing and Urban Development Annual Action Plan and Appropriate Funds

Report Number: 24-0151

Location: No specific geographic location

Department: Housing and Homeless Services

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 State Guidelines and Part 58.34 (a)(2) & (3) of the National Environmental Policy Act (“NEPA”).

Recommended Action

Adopt resolutions: A) Approving the Fiscal Year 2024/25 U.S. Department of Housing and Urban Development (“HUD”) annual spending plan for the Community Development Block Grant and HOME Investment Partnerships Program within the 2024/25 Annual Action Plan, authorizing the City Manager or designee to execute subrecipient agreements and all HUD documents related to the grants, and appropriating funds for that purpose **(4/5 Vote Required)**; and B) Approving the Fiscal Year 2024/25 U.S. Department of Housing and Urban Development (“HUD”) annual spending plan for the Emergency Solutions Grant within the 2024/25 Annual Action Plan, authorizing the City Manager or designee to execute subrecipient agreements and all HUD documents related to the grant, and appropriating funds for that purpose **(4/5 Vote Required)**.

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. On April 3, 2024, the 2024/2025

funding recommendations were released for a 30-day public comment period which closed on May 3, 2024, with no public comments received. At this time, staff is requesting Council approval of the final action plan to be submitted to HUD.

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 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.

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 and suitable living environments, 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 five-year 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 2024/25 Action Plan (attached as Attachment 1 for your reference) covers the fifth year of the ConPlan period. The 2024/25 Action Plan was released for a 30-day public comment review period between April 3, 2024 and May 3, 2024; no comments were received. The City must now enter into a formal agreement with HUD, and execute a Subrecipient 2-Party Agreement and MOUs with each approved applicant. Examples of such agreements are provided for reference in Attachments 2 through 4.

2020-24 CONPLAN

The City's 2020-24 Five-Year ConPlan identifies a total of five priorities under Housing and Community Development for funding consideration.

Table I: 2020-24 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 Operations Homeless Prevention Homeless Outreach Homeless Supportive Services
Social Service Programs	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 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

2024/25 ANNUAL ACTION PLAN

Resources

HUD released entitlement amounts on May 7, 2024. For the 2024/25 program year, Chula Vista will receive \$2,353,427 in CDBG Funds, \$788,011 in HOME funds, and \$204,011 in ESG funds. These allocations are detailed in Table II below. These figures represent a \$32,202 increase in CDBG funds from the prior year, a \$106,906 decrease in HOME funds from the prior year, and a \$2,103 increase in ESG funds from the prior year.

Table II: 2024/25 Federal Grant Funding¹

PROGRAM	ENTITLEMENT AMOUNT	PRIOR YEAR (UNENCUMBERED)	TOTAL AVAILABLE FOR 2024/2025
Community Development Block Grant	\$2,353,427	\$0	\$2,353,427
Home Investment Partnerships Act	\$788,011	\$0	\$788,011
Emergency Solutions Grant	\$204,011	\$0	\$204,011
Total	\$3,345,449	\$0	\$3,345,449

¹ amounts rounded up to whole dollars.

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 emailed the NOFA to all formerly funded agencies and interested parties and advertised the NOFA at local meetings of the Chula Vista Community Collaborative, posted the NOFA on the City’s website, and announced the NOFA at a Council public hearing on January 23, 2024 which was advertised in the Star News. 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. The federal grant funding recommendations for CDBG, HOME, and ESG are also summarized below.

Community Development Block Grant (CDBG)

For FY 2024/25, the City will utilize a total of \$2,353,427 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 Action Plan, the ConPlan, 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 \$470,685 in 2024/25).

A portion of the City’s CDBG Administration/Planning allocation is allocated to the City’s Fair Housing Provider. This year, the City received multiple applications from Fair Housing Providers. After careful

and thorough review of the applications Staff recommends that City continue to contract with CSA San Diego County.

Table III: 2024/25 CDBG Administration Funding

Applicant	Program	Recommended
1 Housing and Homeless Services Department	CDBG Administration/Planning	\$405,685
2 CSA San Diego County	Fair Housing and Tenant/Landlord Services	\$65,000
Total		\$470,685

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 CDBG entitlement (cap of \$353,014 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
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 fourteen public services 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 public services applicants, their program names, 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 ¹	\$50,000	\$25,000
4 Chula Vista Housing and Homeless Services Department	Hotel/Motel Voucher Program	\$25,000	\$16,014
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 ¹	\$363,524	\$60,000
11	Meals-on-Wheels Greater San Diego	Senior Meal Delivery & Accompanying Services ¹	\$30,000	\$25,000
12	SBCS Corporation	Family Violence Support Services	\$44,802	\$40,000
13	SBCS Corporation	Homeless Services ¹	\$50,120	\$40,000
14	SBCS Corporation	South Bay Food Program ¹	\$20,000	\$11,000
15	Voices for Children	Court Appointed Special Advocate (CASA) Program ¹	\$20,000	\$15,000
16	Interfaith Shelter Network of San Diego	Rotational Shelter Program	\$17,000	\$16,000
	Total			\$353,014

¹The amount of funding recommended reflects previous allocations to this project.

3. CIPs and Community Development

After the Public Services and Administration activities are funded, an estimated total of \$1,529,728 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 \$847,277 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 2020 Active Transportation Master Plan.

A total of five applications are recommended for funding under this category and summarized in Table V below: the City's Section 108 Loan payment, the City's Community Housing Improvement Program (CHIP), the City's Housing Services Program, one CIP (3rd Avenue sidewalks), and the BOOST program offered by Upwards, formerly WeeCare Inc. A funding request received for an additional CIP, Alpine Avenue, is not recommended for funding at this time, after discussion with City Engineering Department.

Table V: 2024/2025 CDBG Community Development Projects

Applicant	Program	Recommended
17 Chula Vista Engineering Department	3rd Avenue - sidewalks	\$410,000
18 Upwards	BOOST (Business Operations & Optimization Tools)	\$240,000
19 Chula Vista Housing and Homeless Services Department	Community Housing Improvement Program	\$122,277

20	Chula Vista Housing and Homeless Services Department	Housing Services	\$75,000
21	Chula Vista Housing Homeless Services Department	Section 108 Loan	\$682,451
TOTAL			\$1,529,728

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. The map on the right illustrates the project limits 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 2020-24 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 (allocation amount of \$788,011) to address the City’s housing priorities identified in the 2020-24 ConPlan and summarized in Table VI. Per the HOME regulations, fifteen percent (15%) of the annual allocation must be set aside to assist Community Housing Development Organizations (CHDOs) for the creation of affordable housing units (minimum of \$118,202 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 intent to award funds to an affordable housing developer identified through an RFP process that closed in April 2024.

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 the funds will be utilized for the City’s own tenant-based rental assistance.

Table VI: 2024/25 HOME Projects

Applicant	Program	Recommended
25 Chula Vista Housing and Homeless Services Department	HOME Planning and Administration	\$78,801
26 Chula Vista Housing and Homeless Services Department	Production of Affordable Housing ²	\$118,202
27 Chula Vista Housing and Homeless Services Department	Tenant-Based Rental Assistance	\$191,008
28 SBCS Corporation	Tenant-Based Rental Assistance	\$400,000
TOTAL		\$788,011

²CHDO funding set-aside.

Emergency Solutions Grant (ESG)

Chula Vista will receive \$204,011 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, \$15,301 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	\$15,301
23 Housing and Homeless Services Department	Homeless Prevention Program	\$118,710
24 SBCS Corporation	ESG - Casa Nueva Vida	\$70,000
TOTAL		\$204,011

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 adopt the 2024/25 Action Plan as presented and authorize its submittal to HUD. Staff additionally recommends that City Council authorize the City Manager to execute all

Subrecipient Agreements and MOUs with each approved applicant .

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 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 the subject of Resolution B. 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 has been informed and believes that Councilmember Morineau may recuse herself from participation in this item to avoid the appearance of a conflict of interest.

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.

In the unlikely 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	\$353,014
CDBG Administration and Planning	\$470,685
Section 108 Loan Payment	\$682,450
Capital Improvement and Housing	\$1,529,728
Subtotal	\$2,353,427
Home Investment Partnerships Act (HOME)	
HOME Planning and Administration	\$78,801
Affordable Housing Projects/Programs	\$709,210
Subtotal	\$788,011
Emergency Solutions Grant (ESG)	
ESG Administration and Planning	\$15,301
Shelter Services	\$70,000
Homeless Prevention and Rapid Re-Housing	\$118,710
Subtotal	\$204,011
TOTAL CDBG, HOME and ESG	\$3,345,449

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. 2024/25 Annual Action Plan
2. Sample CDBG Interdepartmental MOU
3. Sample CDBG Subrecipient Agreement
4. Sample ESG Subrecipient Agreement
5. Sample HOME TBRA Agreement

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