



CITY COUNCIL STAFF REPORT



August 6, 2024

ITEM TITLE

Grant Application: Authorize Submittal to the California Department of Housing and Community Development Local Housing Trust Fund Matching Grant Program

Report Number: 24-0218

Location: No Specific Geographic Location

Department: Housing and Homeless Services

G.C. § 84308: No

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.

Recommended Action

Adopt a resolution authorizing the application to the Local Housing Trust Fund Program and authorizing the City Manager, or designee, to execute all documents for such.

SUMMARY

The California Department of Housing and Community Development (the “Department” or “HCD”) administers a Local Housing Trust Fund (“LHTF”) program that provides matching grants to local jurisdictions for use in affordable housing production. The Department requires that a resolution be adopted that authorizes the application and affirms that the local jurisdiction will comply with LHTF regulations if awarded funds. The proposed resolution fulfills this requirement and enables the City to request \$500,000 in matching LHTF funds.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines because it 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.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

The proposed action was presented to the Housing and Homeless Advisory Commission during the May 8, 2024 Special Meeting, under Agenda Item 6 (Staff Comments). Because the item did not fall under the purview of the Chula Vista Housing Authority, an advisory vote was not held.

DISCUSSION

The Department administers a [Local Housing Trust Fund Program](#) that provides dollar-for-dollar matching grants to qualified local housing trust funds. The grants are issued annually on a competitive basis and may be spent on affordable housing development, transitional housing shelters, and other activities that increase the supply of affordable housing. On July 9, 2024, the Department issued a [NOFA](#) to award up to \$53 Million in LHTF matching grant funds to eligible jurisdictions. The application window is August 20th through September 17, 2024, and awards will be announced in December 2024.

The City has not previously applied for LHTF matching funds. Fifteen percent (15%) of the LHTF NOFA pot is set aside for New Local Housing Trust Funds, which the City would qualify for. In anticipation of the 2024 LHTF NOFA, the City created a "Project" within the City's accounting structure, nested in the "Housing Inclusionary" fund, to serve as the City's local housing trust fund. On [May 21, 2024](#), City Council approved Resolution No. 2024-102 authorizing the transfer of \$500,000 from the Housing Inclusionary parent folder into the Local Housing Trust Fund sub-folder. These funds will serve as the local match for the LHTF application.

If awarded matching funds, staff intends to carry out its own competitive NOFA to identify qualifying development project(s) with the \$1,000,000 pot of funds. Staff will seek City Council approval to commit funds to any specific project(s). Staff may align the commitment of LHTF funds with other housing production funds in order to streamline processes and ensure project feasibility.

The proposed resolution must be adopted by City Council in order for the City to apply for and receive LHTF matching grant funds. If awarded, the funds must be dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing, and emergency shelters. Loans for multifamily rental housing projects require tenant income and rent restrictions enforced by a regulatory agreement for 55 years and require at least 30% of each allocation assists extremely low-income households. Additionally, the competitive scoring of the LHTF NOFA awards points to applicants that commit to deeper income targeting. The scoring criteria of this program mean that it may be an appropriate funding source for new construction of low-income housing with a component dedicated to permanent supportive housing for formerly homeless households.

In order to meet the NOFA's threshold requirements and score competitively for the LHTF program, staff have prepared Exhibit A to the proposed resolution committing the funds to certain uses and affordability targets.

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 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

If the application is successful, the City's budget for affordable housing production will increase by up to \$500,000. The funds will be restricted to uses related to affordable housing production and do not need to be spent in the current fiscal year but would be appropriated by future Council action once awarded.

ONGOING FISCAL IMPACT

If funds are awarded by the Department through the LHTF program, they may be drawn down on in future years. There is no other ongoing fiscal impact.

ATTACHMENTS

None.

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