



CITY COUNCIL STAFF REPORT



December 3, 2024

ITEM TITLE

Grant Application and Appropriation: Authorize Submittal of a State of California Permanent Local Housing Allocation (PLHA) Grant Application, Approve an Amended Plan, and Appropriate Funds

Report Number: 24-0299

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 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 California Environmental Quality Act State Guidelines.

Recommended Action

Conduct the public hearing and adopt resolutions: A) Authorizing the 2024 annual application for funds of the Permanent Local Housing Allocation (PLHA) grant from the State of California Department of Housing and Community Development (HCD) and approving an amended five-year Plan to comply with new program requirements; and B) Authorizing the acceptance and appropriation of PLHA Program Grant Funds. **(4/5 Vote Required)**

SUMMARY

In February 2020, the California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability under the Permanent Local Housing Allocation (PLHA) Grant Program. As an entitlement jurisdiction, the City of Chula Vista applied for the funds in July 2020 and submitted an initial Plan for use of the funds. The PLHA Grant Program requires annual application and additionally requires that the City’s Plan be amended (the “Plan Amendment”) if funding priorities change. This action requests approval of the Plan Amendment, authorization to apply for the 2024 fund allocation of \$696,170, and acceptance and appropriation of funds once received.

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.

In addition, notwithstanding the foregoing, the Director of Development Services has also determined that the activity qualifies for an Exemption pursuant to Section 15061(b)(3) of the State CEQA Guidelines. Thus, no environmental review is required.

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

Senate Bill 2 Planning Grants Program (SB 2) was passed by California Legislature in 2017 establishing a permanent source of funding to increase affordable housing in California. This program is funded by certain real estate transactions and estimated to generate between \$250 and \$300 million annually to be distributed among local jurisdictions throughout the State. The City of Chula Vista is an entitlement jurisdiction and is therefore allocated a certain percentage of funding from the program per year, with an estimated 5-year allotment of \$6,356,898. In 2020, the State required that the City apply and provide a plan for how the funds would be spent (the “Plan”). City submitted an initial application in July 2020 and subsequently submitted an amended Plan for how the funds would be spent. In accordance with the program requirements, the City is required to submit an additional streamlined application in each of the remaining five years for funds allocated in previous years. The City’s 2024 streamlined application requesting additional PLHA fund year allocations is attached as Attachment 1. The amount ultimately awarded to City for each allocation year depends on the amount of State funds available. To date, the City has been awarded funding in the amount of \$5,426,749 from the 2019, 2020, 2021 and 2022 fund allocations.

The initial Plan submitted by City to HCD in July 2020 outlined the City’s intent to use the funds for 3 different activities: 1) Bridge Shelter Operations; 2) Permanent Supportive Housing development; and 3) Accessory Dwelling Unit financing for Chula Vista homeowners. These funding priorities were identified through public participation for the City’s Housing Element 2021-2029 goals. The City was then able to identify alternative funding methods for activities 2 and 3 through the HOME American Rescue Plan and San Diego Association of Governments Housing Acceleration Program funds.

As a result of these changes, staff determined that it would be appropriate to amend the City’s initial Plan to allow for the allocation of the full PLHA Grant award amount for activities related to emergency and transitional shelter operations and associated wrap-around services in pursuit of placing unsheltered individuals and families into permanent housing. Thus, the second amendment of the Plan outlined for funds to only be used for Homelessness related activities for all five award years.

Since then, the City has been notified through the [2024 NOFA](#) released on October 15, 2024 that every allocation moving forward must have 40% of funds (approximately \$264,545) designated for Affordable Owner-Occupied Workforce Housing (AOWH). There are specific activities that are eligible to meet this criteria, which include:

1. Predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing, including Accessory Dwelling Units (ADUs), that meets the needs of a growing workforce earning up to 120% AMI, or 150% AMI in high-cost areas. ADUs shall be available for occupancy for a term of no less than 30 days.
2. Matching portions of funds placed into Local or Regional Housing Trust Funds.
3. Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of [HSC Section 34176](#).
4. Accessibility modifications in lower-income owner-occupied housing.
5. Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.

After review of the requirements and restrictions of the eligible activities, the allocated amount for 2024, and in an effort to bridge gaps in services provided, staff is developing a program which provides accessibility modifications for lower-income owner-occupied housing. Working in partnership with the current Community Housing Improvement Program (CHIP) which provides a loan for housing quality standards repairs, homeowners would be able to receive a grant up to a specified amount to make necessary accessibility modifications to their homes. These modifications may include, but are not limited to mobility ramps, widening of doorways and hallways, handrails, grab bars, replacing doorknobs with lever handles, kitchen modifications to lower cabinets and countertops, etc. Not only would this provide a much needed and often costly service, but it will also improve the quality of life of many Chula Vista residents.

This program also helps the City get one step closer to a goal outlined in the [Age-Friendly Action Plan](#) which plans for a home audit program to provide resources and education to promote “Aging in Place.” By giving grants to homeowners to make necessary accessibility modifications to their homes, we are allowing residents to enjoy a healthier lifestyle and keeps Chula Vista residents in Chula Vista. This program will ease the burden of identifying a way to finance costly services and it is expected to assist at least 13 households with the 2023 funding allocation. The Plan Amendment, Attachment 2, now outlines funds to be used as follows:

Plan Amendment Funding Allocation by Year					
	2019	2020	2021	2022	2023
Activities & Funding Commitment	Emergency Shelter 100%	Emergency Shelter 100%	Emergency Shelter 100%	Emergency Shelter 100%	Emergency Shelter 60%
					AOWH 40%

This report is being presented in a public hearing which takes place in the middle of a public comment period. The public hearing was publicly noticed in compliance with Section 302(c)(5) of the [Permanent Local Housing Allocation Final Guidelines](#). Given the State’s guidance that future allocations will be required to

provide AOWH activities, staff will evaluate the effectiveness of this program and based on future allocation amounts, may propose a different eligible activity in the future.

Approval of proposed Resolution A authorizes the 2024 annual application for funds of the Permanent Local Housing Allocation (PLHA) grant from the State of California Department of Housing and Community Development (HCD) and approves a Plan Amendment that complies with new PLHA program requirements. Approval of proposed Resolution B authorizes the acceptance and appropriation of PLHA Program Grant Funds.

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

There is no fiscal impact to the General Fund as a result of accepting this grant as funding for this project will come from HCD and will completely offset the project costs.

ONGOING FISCAL IMPACT

The PLHA Grant will be used to continue funding operations and wrap-around services for emergency housing and for an accessibility modification grant program. Additionally, if the application is successful, these funds may provide program administration costs of up to five percent. This allowable administration allocation provides funding for City staff costs that are needed to carry out the proposed activities. The total 5-year allocation will be \$6,122,919, as identified below. This action further authorizes the acceptance and appropriation of the 2023 allocation.

5-Year PLHA Allocation	
Allocation Year	Amount
2019	\$1,059,483
2020	\$1,646,765
2021	\$1,812,214
2022	\$908,287
2023	\$696,170
TOTAL	\$6,122,919

ATTACHMENTS

1. PLHA 2024 Annual Streamlined Application
2. Amended PLHA 2019-2023 Allocation Plan

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