



CITY COUNCIL AGENDA STATEMENT



July 14, 2020

File ID: 20-0189

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AUTHORIZING APPLICATION FOR, AND RECEIPT OF, PERMANENT LOCAL HOUSING ALLOCATION GRANT FUNDS

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

On February 26, 2020, the California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) for approximately \$195 million under the Permanent Local Housing Allocation (PLHA) Grant Program. Funding can be used for the acceleration of affordable housing production and to facilitate compliance with the City of Chula Vista's housing goals. This action requests acceptance of the City's PLHA Plan and authorization to apply for the funds consistent with the Plan through this NOFA as an Entitlement Local Governmental Agency.

ENVIRONMENTAL REVIEW

The Development Services Director 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 the action consists of an application that provides financial assistance to local governments for eligible housing-related projects and programs to assist in addressing the unmet housing needs of their local communities; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not Applicable.

DISCUSSION

In 2017, the California Legislature passed Senate Bill 2 Planning Grants Program (SB 2), which established a permanent source of funding intended to increase the affordable housing stock in California. The program is funded by a \$75 fee levied on certain real estate transactions and is expected to generate between \$250 and \$300 million annually to be distributed among local jurisdictions throughout the State via a Notice of Funding Availability (NOFA).

On February 26, 2020, HCD released a NOFA for the PHLA Grant Program (SB2) which provides funding to jurisdictions to further its affordable housing production and to facilitate compliance with the City's housing goals. The City of Chula Vista is considered an entitlement jurisdiction and will receive this funding for the next five years, though an application process is required. After submittal of the application for funding, the City is eligible to receive funding that may be used on a variety of eligible housing-related programs and activities consistent with its plan for the use of the PLHA funding over a five-year period ("PLHA Plan", see Attachment 1) . Staff is recommending that this funding be used for the following three eligible programs and activities:

Funding Priority 1: *Provide funding for the operation of a Bridge Shelter.*

The 2020 Point in Time Count demonstrated that in the City of Chula Vista there are a total of 313 individuals experiencing homelessness, both sheltered and unsheltered. These numbers are representative of the information that volunteers were able to gather through visual counting and interviewing. The City in partnership with social service organizations will better be able to provide resources and assist these residents through a bridge shelter program. Services will be centralized to be able to meet clients where they are instead of having them go to individual service providers. The City of Chula Vista was recently awarded \$4 million in Federal Emergency Solutions Grant (ESG) funds to address the impacts of COVID-19. With the ESG funding available, funding for the operation of the Bridge Shelter will likely occur in years 3 through 5.

Funding Priority 2: *Pre-development and/or gap financing for the acquisition and development of rental property for use as permanent supportive housing for persons at or below 30 percent of the area median income (AMI).*

Permanent Supportive Housing (PSH) is a model that combines low-barrier affordable housing and supportive services to help individuals and families lead more stable lives. PSH typically targets people and households at or below 30 percent of the area median income. Typically, these are our homeless or otherwise unstably housed who experience multiple barriers to housing and are unable to maintain housing stability without supportive services. PSH could assist the 9,726 Chula Vista households (12 percent of households) living below the Federal Poverty Line of \$24,600 annual income. While shelters provide a level of congregate housing for our homeless or those falling into homelessness, the ultimate housing solution is to provide housing stability through the provision of permanent housing.

Funding Priority 3: *Provide a funding mechanism to provide loans for homeowners who wish to construct an accessory dwelling unit to be occupied for very low- income person(s).*

The population of the City of Chula Vista is expected to grow 40 percent from 2010-2050. With 44 percent of our households living below the median income, market housing prices at \$2,000 a month for a 2 -bedroom apartment, stretches their ability to afford rent while still paying for basic living expenses of health care, transportation, food and childcare. There is currently not enough housing stock to accommodate this need. While land expansion is limited, there is opportunity for building within existing lots and providing affordable housing opportunities. By focusing some of the funding on accessory dwelling units, and permanent supportive housing, the City will be able to meet the needs of all residents and set the tone for future housing opportunities.

Conclusion:

The use of PLHA funds for these proposed activities allows the City to leverage its other funding resources such as CDBG, CDBG-CARES, HOME, ESG, ESG CARES 1 and ESG CARES 2. Staff has experience leveraging these funds to achieve housing goals and prioritize the needs of Chula Vista residents. Year 1 funding allocation is estimated at \$1,059,483. Total funding years (1-5) is estimated at \$5 million and will be based upon annual applicable real estate transactions.

DECISION-MAKER CONFLICT

Staff has determined that the action contemplated by this item is ministerial, secretarial, manual, or clerical in nature and, as such, does not require the City Council members to make or participate in making a governmental decision, pursuant to California Code of Regulations Title 2, section 18704(d)(1). Consequently, this item does not present a 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 awarded the grant from the California Department of Housing and Community Development PLHA program, staff will return to Council to accept and appropriate these funds.

ONGOING FISCAL IMPACT

There is no ongoing fiscal impact. If the grant is successful, PLHA may provide program administration costs of up to 5 percent. In addition, the grant provides funding for City staff costs that are needed to carry out the proposed activities.

ATTACHMENT

1. Permanent Housing Allocation Plan

Staff Contact: Dania Gonzalez, Development Services Department