



CITY COUNCIL AGENDA STATEMENT



June 23, 2020

File ID: 20-0087

TITLE

PUBLIC HEARING AND CONSIDERATION OF ACCEPTANCE OF A REPORT REGARDING 2020-2025 CONSOLIDATED PLAN FUNDING PRIORITIES AND THE 2020/2021 ANNUAL ACTION PLAN FUNDING REQUESTS AND RECOMMENDATIONS FOR THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

RECOMMENDED ACTION

Council conduct the public hearing and accept the report.

SUMMARY

The City of Chula Vista, on an annual basis, receives Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME) Program, and Emergency Solutions Grant (ESG) Program funds from the U.S. Department of Housing and Urban Development (HUD) to contribute towards a number of diverse programs and services to enhance the quality of life for Chula Vista's low to moderate income residents. The City prepares a Five-Year Consolidated Plan (Con Plan) for the HUD funds describing the housing and community development needs of the City's low- and moderate-income residents and outlines the strategies to address those needs. Each year of the five-year Con Plan period, the City also prepares an Action Plan to fund specific activities consistent with the Con Plan strategies and priorities.

This Public Hearing will provide the community an opportunity to provide input on the proposed 2020/2021 funding recommendations for the City's use of these federal grant programs and the required Five-Year Consolidated Plan for 2020 through 2025.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and National Environmental Policy Act (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 defined, 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 receives funds under three block grant programs:

- Community Development Block Grant (CDBG)
- Home Investment Partnerships (HOME)
- Emergency Solutions Grant (ESG)

The grant amounts allocated to each jurisdiction are determined using a formula based on statistical and demographic data. The funds aim to address HUD's performance measurement framework of providing decent 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 prepare a Consolidated Plan (Con Plan) describing the housing and community development needs of the City's low- and moderate-income residents and outlining strategies to address those needs over a five-year period. The Con Plan provides the necessary policy guidance for implementation of programs and services to be funded by the HUD grants in addressing the needs and is detailed in its Annual Action Plan prepared each year and submitted to HUD as its application for funding.

The City is currently in the last year of its 2015-2020 Con Plan. Housing staff has prepared the Con Plan for the next five-year period beginning July 1, 2020 to June 30, 2025, as well as the Action Plan for the 2020/2021 program year. The Action Plan is typically submitted to HUD 45 days prior to the beginning of the fiscal year. However, due to COVID-19 and the need to allocate CARES funding immediately, this requirement has been waived. The deadline has been extended to August 14, 2020.

Citizen Participation through Planning Process

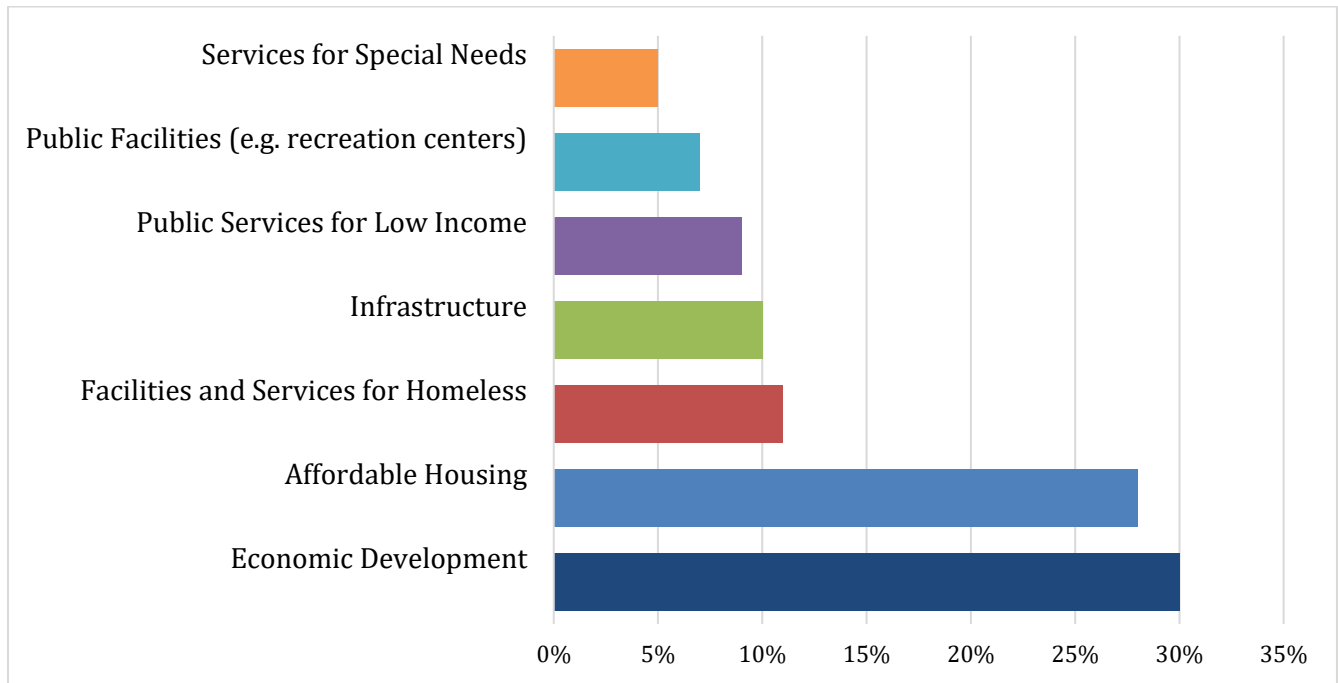
Engaging residents and community members in defining and understanding the current housing and community development needs and prioritizing resources to address these needs is a key component of the development of the Con Plan. The City is required by HUD to gather input from its residents, including minorities, non-English-speaking persons, Low- and Moderate-Income (LMI) residents, persons with disabilities, advocates for senior, disabled, illiterate, homeless, and other low-income populations, whom the CDBG program is designed to serve. Public input received is used to establish the strategies and funding priorities aimed at improving the community through the provision of decent housing, a suitable living environment, and growing economic opportunities, especially for low and moderate income residents. These strategies and priorities serve as the City's guidance in its allocation of grant funding for the most appropriate uses.

Residents and stakeholders were encouraged to be involved in the prioritization of the grant funds and the development of the Con Plan. In addition to tonight's Public Hearing, staff held a public hearing in March, as well as a Community Needs on-line survey (available in English and in Spanish) which returned 260 responses.

Survey Results:

The survey provided the community the opportunity to weigh in on a variety of programs and projects that would benefit families and communities in Chula Vista. While the majority of the responses were submitted by community residents, we also heard from local businesses and social service providers.

Respondents were given priority options that fit within the HUD-eligible funding categories including: Services for Special Needs; Public Facilities; Public Services for Low Income; Infrastructure; Facilities; Services for Homeless; Affordable Housing; and, Economic Development



While the responses were similar to those received in 2015, there was significant increase in Economic Development needs. Each of the priority categories included specific activities and programs that would address the respective needs. Based on those results, the funding priorities for the Consolidated Plan and Annual Action Plan were established (illustrated below).

Funding Priorities for the 2020-2025 Consolidated Plan and 2020/21 Annual Action Plan

The 2020–2025 Consolidated Plan is the strategic plan for allocating and leveraging the entitlement grants described above. It utilizes qualitative and quantitative data gathered through citizen participation, market analysis, and an assessment of need to identify the highest priority needs in which to direct entitlement dollars. The following goals are presented to meet these high-priority needs (in no particular order or ranking) and are generally consistent with the prior Con Plan:

PRIORITY	GOAL	ACTIVITY TYPE	FUNDING CATEGORY
Homelessness	Assist individuals and families to gain stable housing after experiencing homelessness or a housing crisis by providing appropriate housing and service solutions grounded in best practices.	<ul style="list-style-type: none"> • Operation of emergency shelters • Homeless prevention programs • Homeless outreach • Homeless services 	Public Services
Social Services Programs	Invest in community services that promote equity and serve vulnerable populations	<ul style="list-style-type: none"> • Services to low/moderate income: <ul style="list-style-type: none"> ○ Homeless ○ Veterans ○ Youth ○ Seniors ○ Victims of domestic violence ○ Special needs 	
Capital Improvement and Public Facilities	Support the development of vibrant, equitable, and adaptable neighborhoods by investing in public facilities and infrastructure.	<ul style="list-style-type: none"> • CIPs • Public Facilities 	Community Development
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 job opportunities.	<ul style="list-style-type: none"> • Business Financial Assistance Programs • Business Technical Assistance • Job Training 	
Affordable Housing	Increase and preserve affordable rental and homeowner housing to improve access to housing opportunities that reflect community needs.	<ul style="list-style-type: none"> • New construction • Acquisition • Rehabilitation • First time homebuyer assistance • Tenant-based rental assistance 	Housing

Resources

In March 2020, the City received notification of the funding allocations from HUD for the CDBG, HOME and ESG entitlement programs for program year 2020/21. Subsequent to that additional funding generated through the CARES Act was allocated to the City. The first round of CDBG and ESG Cares funding was allocated on May 12, 2020. For the purposes of this item the following resources will be utilized.

Grant	Entitlement (EN)	Cares I (CVI)	Cares II (CVII)	Total
Community Development Block Grant	\$ 1,804,111	\$ 1,435,675	\$ -	\$ 3,239,786
Home Investment Partnerships Act (HOME)	\$ 930,642	\$ -	\$ -	\$ 930,642
Emergency Solution	\$ 201,139	\$ 59,915	\$ 1,940,000	\$ 2,201,054
Total All Grants	\$ 2,935,892	\$ 1,495,590	\$ 1,940,000	\$ 6,371,482

Funding Requests

As part of the annual Action Plan process, the City releases a Notice of Funding Availability (NOFA) for the three grant programs. The NOFA was released on February 7, 2020, with a submittal deadline of March 6, 2020. 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 and are included with this report as Attachment No. 1 (2020/2021 Funding Application Executive Summaries).

The federal grant funding recommendations for CDBG, HOME and ESG are presented below:

Community Development Block Grant (CDBG):

For FY 2020/2021, the City will utilize an estimated total of \$3,239,786 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. Public Services;
2. Community Development; and,
3. Housing

Below is a summary of the funding recommendations under each respective category. The project identification number is provided so you may refer to the Application Executive Summaries (Attachment 1).

Administration/Planning Recommendations:

Funds under this category cover all City staff costs associated with the management and administration 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. Federal regulations governing the CDBG program limit the amount that the City spends on administration/planning activities to 20 percent of the entitlement amount for the program year.

Table I: 2020/2021 CDBG Administration Funding

ID	Applicant	Program	Recommended
CDBG ADMINISTRATION AND PLANNING			
1	CSA San Diego County	Fair Housing and Tenant/Landlord Mitigation	\$ 50,000
2	City of Chula Vista Housing Division	CDBG Administration and Planning	\$ 405,361
Total			\$ 455,361

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 which include elderly, disabled, at-risk, and homeless. The amount of funds the City may allocate to public services is limited to fifteen percent (15%) of the annual entitlement. Staff's funding recommendations for public service activities are based on funding priorities established in the Con Plan, along with an established ranking criterion which categorizes the programs by community need (Tier I-III, with 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 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 sixteen public service applications were received, of which five are new requests. These programs were designed by the applicants to continue providing resources and services to those affected by COVID-19. Programs include a back-to-work training program, childcare, childcare with study hall and a child advocate program. Each program uniquely provides services to those most vulnerable in our community.

Summarized below are the list of applicants, program name, amount requested, and amount recommended by staff.

Table II: 2020/2021 CDBG Public Services

ID	Applicant	Program	Recommended
CDBG PUBLIC SERVICES			
3	San Diego Workforce Partnership	Tech to Hire Job Training Program	\$ 200,000
4	Chula Vista Elementary School District	Family Resource Center Emergency Svcs	\$ 45,000
5	City of Chula Vista Parks and Recreation	Therapeutic Recreation Programs	\$ 20,100
6	City of Chula Vista Parks and Recreation	Senior Services-Norman Park Senior Center	\$ 30,000
7	Family Health Centers of San Diego, Inc.	Kidcare Express Mobile Medical Unit (MMU)	\$ 30,000
8	Jacobs & Cushman San Diego Food Bank	Food 4 Kids Backpack Program	\$ 15,000
9	Meals-on-Wheels Greater San Diego	More than a Meal for Chula Vista Seniors	\$ 30,000
10	South Bay Community Services	South Bay Food Program	\$ 30,000
11	South Bay Community Services	Family Violence Support Services	\$ 175,000
12	Voices for Children	Court Appointed Special Advocate Pgm	\$ 15,000
13	Alpha Project	Take Back the Streets - Job Training	\$ 100,000
14	Chula Vista Recreation	Childcare	\$ 75,000
15	South Bay Community Services	Child Development and Study Hall	\$ 200,000
16	McAlister Institute	Work For Hope	\$ 40,000
Total			\$ 1,005,100

Capital Improvement Projects (CIPs) and Community Development:

After the Public Services and Administration activities are funded, a total of \$1,779,325 remains for eligible capital improvement projects, public facility improvements, and other housing/community development related activities.

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) nor along any arterial street. 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.

The City has earmarked \$633,650 for the annual Castlepark Infrastructure Section 108 debt service payment, with eight years remaining on the 20-year loan term. This leaves a balance of \$633,650 for other projects. In this case, the funds will be used as additional funding towards the new Homeless Bridge Shelter facility improvements as well as continue the City’s mission of installing new sidewalks in areas where they are needed.

Table III: 2020/2021 CDBG Community Development Projects

ID	Applicant	Program	Recommended
CDBG COMMUNITY DEVELOPMENT			
17	City of Chula Vista Engineering	Bridge Shelter Facility Improvement (GGV0254)	\$ 525,675
18	South County Economic Development C.	Micro-Enterprise Technical Assistance	\$ 20,000
19	City of Chula Vista Housing Division	Section 108 Loan Payment - Year 12	\$ 633,650
20	City of Chula Vista Engineering	New Sidewalk Improvement Project	\$ 600,000
Total			\$ 1,779,325

Emergency Solutions Grant (ESG)

Through the traditional ESG entitlement funds for FY 2020/2021 as well as ESG Cares funding, the City will utilize \$2,201,054 towards the following homeless services:

- Homeless Prevention;
- Rapid Re-Housing (rental assistance);
- Street Outreach;
- Emergency Shelter; and
- Homeless Management Information Systems (HMIS).

The City received one proposal from South Bay Community Services to provide emergency shelter services at the Casa Nueva Vida shelter (Applicant No. 28). Due the availability of additional ESG funding, a number of CDBG public services programs were shifted from CDBG to ESG to not only categorize them under the appropriate homeless services but to maximize on the fewer CDBG funds.

Table IV: 2020/2021 ESG Programs

ID	Applicant	Program	Recommended
ESG PROGRAMS			
21	City of Chula Vista Housing Division	Shelter Operations	\$ 1,500,000
22	City of Chula Vista Housing Division	ESG Administration and Planning	\$ 375,000
23	City of Chula Vista Housing Division	RapidReHousing	\$ 114,777
24	South Bay Community Services	Data Collection: HMIS	\$ 7,500
25	City of Chula Vista Housing Division	Hotel/Motel Voucher Program	\$ 50,000
26	Interfaith Shelter Network of San Diego	Rotational Shelter Program	\$ 15,000
27	South Bay Community Services	Homeless Services Program	\$ 75,000
28	South Bay Community Services	Transitional Shelter - Casa Nueva Vida	\$ 63,777
Total			\$ 2,201,054

Home Investment Partnerships Act (HOME)

HOME funds may be used to provide affordable rental housing and home ownership opportunities through:

- New construction
- Acquisition
- Rehabilitation
- First time homebuyer assistance
- Tenant-based rental assistance

For 2020/21, the City will utilize the HOME entitlement and prior year unencumbered funds to address the City's housing priorities of the 2020-2024 Consolidated Plan. 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. Should these funds not be utilized in a timely manner for this specific purpose, these funds would be recaptured by HUD and unavailable to the City.

Table V: 2020/2021 HOME Projects

ID	Applicant	Program	Recommended
HOME PROGRAMS			
29	City of Chula Vista Housing Division	HOME Administration and Planning	\$ 93,064
30	City of Chula Vista Housing Division	Production of Affordable Housing	\$ 837,578
Total			\$ 930,642

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 to maximize the impact of the grant funds to meet the housing needs of the lower income community. Since the end of redevelopment in California in 2012, the City continues to seek alternative sources of funding for affordable housing related activities. 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.

Staff recommends that the City Council conduct the public hearing to solicit input from the community on the 2020/21 funding recommendations presented. The 2020/2021 Annual Action Plan and Con Plan was released for the required 30-day review and comment period on May 22, 2020 and will close June 22, 2020.

Staff will incorporate all public comments into the final Annual Action Plan, to be brought forward for Council consideration and approval on July 14, 2020.

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

At this time, Council is reviewing the funding requests for CDBG, HOME, and ESG funds. This action does not include appropriations. Appropriations for the proposed CDBG, HOME and ESG programs will be included as part of the City Manager's FY 2020/21 proposed budget.

There is no fiscal impact to the General Fund as a result of this action. In the remote event that HUD should withdraw the City's CDBG, ESG, and HOME 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)	
CDBG Administration and Planning	\$ 455,361
Public Services	\$ 1,005,100
Section 108 Loan Payment	\$ 633,650
Capital Improvement and Community Development	\$ 1,145,675
Subtotal	\$ 3,239,786
Home Investment Partnerships Act (HOME)	
HOME Planning and Administration	\$ 93,064
Production of Affordable Housing	\$ 837,578
Subtotal	\$ 930,642
Emergency Solutions Grant (ESG)	
ESG Administration and Planning	\$ 375,000
Shelter Services	\$ 1,628,777
Homeless Prevention and Rapid ReHousing	\$ 197,277
Subtotal	\$ 2,201,054
TOTAL CDBG, HOME AND ESG	\$ 6,371,482

ONGOING FISCAL IMPACT

There is no ongoing fiscal impact to the City's General Fund as all costs associated with the administration of the CDBG, HOME and ESG programs are covered by the respective grants.

ATTACHMENTS

Attachment 1: 2020/2021 Funding Application Executive Summaries

Staff Contact: Angélica Davis, Senior Management Analyst