



# CITY COUNCIL AGENDA STATEMENT



March 17, 2020

File ID: 20-0073

## TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AND THE CHULA VISTA HOUSING AUTHORITY (IN ITS CAPACITY AS THE SUCCESSOR HOUSING ENTITY) (1) APPROVING A LOAN OF UP TO \$1,036,425 FOR CONSTRUCTION-RELATED COSTS USING THE CITY'S LOW AND MODERATE INCOME HOUSING ASSET FUND TO WAKELAND HOUSING AND DEVELOPMENT CORPORATION OR AN AFFILIATED DEVELOPMENT ENTITY ("DEVELOPER") FOR A NEW DEVELOPMENT TO BE LOCATED AT 748, 750-752 AND 754-760 ANITA STREET; (2) AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO NEGOTIATE AN AMENDMENT(S) TO THE EXISTING LOAN DOCUMENTS FOR 748, 750-752 AND 754-760 ANITA STREET TO INCORPORATE THE ADDITIONAL LMIHAF TO THE PROJECT; (3) AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE ALL AMENDED LOAN AND RELATED DOCUMENTS TO THE LMIHAF LOAN

## RECOMMENDED ACTION

Council and Housing Authority adopt the resolution.

## SUMMARY

On October 10, 2017 and May 15, 2018, through Resolution Nos. 2017-188 and 2018-076, respectively, the City Council of the City of Chula Vista and the Chula Vista Housing Authority (in its capacity as the Successor Housing Entity) approved \$5,195,165 in financial assistance for the development of an affordable housing project located at 748, 750-752, 754-760 Anita Street to Wakeland Housing and Development Corporation ("Developer") in the Southwest area of the Chula Vista ("Project") (**Attachment 1**).

Since such time, the Developer has successfully received a commitment for the use of the State of California's No Place Like Home (NPLH) funding. The Developer is also pursuing additional funding from the State Department of Housing and Community Development's (HCD) Multi-Family Housing Program (MHP). To streamline administration and monitoring of the Project, the Developer is requesting the City/HA use Low-and-Moderate Income Housing funds (LMIHF) for the Project instead of the current source of funds, the City's federal HOME Investment Partnership Act (HOME) funds. All funding sources for construction of the Project would then be from the State and therefore, follow one set of guidelines and regulations as contained in California Health and Safety Code (CA H&S).

## ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed Project for compliance with the California Environmental Quality Act (CEQA). Pursuant to California Government Code 65651 and Public Resource Code Section 21080(b)(1), determined that the Supportive Housing Project is Statutorily Exempt from the

California Environmental Quality Act (“CEQA”), therefore no further environmental review is necessary, or documentation is required.

### **BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

On April 26, 2018, the Housing Advisory Commission voted (4-0) to recommend the approval of housing funds to assist in the Project financing.

### **DISCUSSION**

At the joint City Council (CC) and Housing Authority (HA) meeting of May 15, 2018, the CC/HA approved a loan of up to \$1,036,425 for construction related costs using the City’s HOME funds from the U.S. Department of Housing and Urban Development (HUD) for the development of a permanent supportive housing project at 748, 750-752, and 754-760 Anita Street in the Southwest area of Chula Vista (“Project”). Since the CC/HA approval in 2018, there have been additional funding sources available to the Developer.

The Developer met with City staff to discuss how these new State resources (NPLH and MHP) could fill in the remaining financing gap. Both City staff and the Developer concluded that the use of LMHIF would serve to streamline implementation and monitoring of the Project with only one set of regulations to follow (CA H&S). Additionally, the use of LMIHF is consistent with the statutory requirements of this funding source to provide a minimum of 30 percent of expenditures for extremely low income persons served by permanent supportive housing as being proposed by Developer (CA H&S Section 34176.1(a)(3)(B0). Use of Federal funds may only serve to increase project costs and timeline given the differing governing regulations. Hence, the Developer is requesting the use of the City’s Low- and-Moderate Income Housing funds (LMIHF) instead of HOME funds. By using the LMIHF, instead of the City’s federal HOME funds, (i.e. swap of funding sources) this change will benefit the Project for the following reasons:

- City assistance would come from only one funding source (LMIHF), rather than mixing federal and state funding requirements, which adds complexity;
- Reduced construction timeline;
- Unit count would increase from 72 units to 96 units.
- Construction and long-term compliance are simplified by only using funding sources approved by the California State Legislature and subject to CA H&S Code.

With the use of LMIHF for the Project, the City can now use its HOME funds for another future project and/or another eligible use(s). Eligible use of HOME funds includes:

- Tenant Based Rental Assistance
- Acquisition and Rehabilitation of existing housing stock
- First Time Homebuyer Assistance
- New Construction of Affordable Housing

The City/HA total contribution to the Project would remain the same at \$5,195,165.

Article XXXIV

Article XXXIV of the California Constitution (Article 34) requires that voter approval be obtained before any “state public body” develops, constructs or acquires a “low rent housing project.” The City obtained voter approval on April 11, 1978 and subsequently on November 6, 2006 with the passage of Proposition C, which authorized the development, construction, and acquisition of housing for persons of low-income. With 96 total units in the proposed Project, there remains a balance of 871 units under the City’s current authority to facilitate these activities.

**DECISION-MAKER CONFLICT**

Staff has reviewed the property holdings of the City Council members/Housing Authority Commissioners and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(7) or (8), for purposes of 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/Housing Authority Commissioner, of any other fact that may constitute a basis for a decision-maker conflict of interest in this manner.

**CURRENT-YEAR FISCAL IMPACT**

There is no fiscal impact to the City’s General Fund as Project costs and staff costs are covered by the available Housing fund balance.

Low and Moderate Income Housing Fund (319536)	\$1,036,425
Home Investment Partnership Act Fund (272554)	-\$1,036,425
Net Impact to Housing Funds	\$ 0.00

**ONGOING FISCAL IMPACT**

The one-time use of Housing Fund balances will not result in a negative fiscal impact to the available fund balance. These funds (Low- and-Moderate Income Housing Funds and Home Investment Partnership Act funds) are restricted solely for the creation or improvement of affordable housing opportunities for low income households earning less than 80% of the Area Median Income. There is no ongoing expense associated with this action.

**ATTACHMENTS**

- 1. Locator Map

*Staff Contact: Jose Dorado, Senior Management Analyst, Housing Authority*