



# CITY COUNCIL AGENDA STATEMENT



May 12, 2020

File ID: 20-0152

## TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA (1) APPROVING AN AMENDMENT TO THE FISCAL YEAR 2019/20 HUD ANNUAL ACTION PLAN TO RE-PROGRAM \$1,036,425 OF HOME INVESTMENT PARTNERSHIP ACT FUNDS; (2) APPROPRIATING HOME INVESTMENT PARTNERSHIP ACT FUNDS IN THE AMOUNT OF \$1,036,425 TO A TENANT-BASED RENTAL ASSISTANCE PROGRAM IN RESPONSE TO COVID-19; (3) AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE AN AGREEMENT BETWEEN THE CITY OF CHULA VISTA AND SOUTH BAY COMMUNITY SERVICES FOR THE MANAGEMENT AND IMPLEMENTATION OF A TENANT-BASED RENTAL ASSISTANCE PROGRAM; AND (4) AUTHORIZING THE CITY MANAGER TO EXECUTE ANY AND ALL RELATED DOCUMENTS NECESSARY TO OBTAIN THE HUD FUNDS (4/5 VOTE REQUIRED)

## RECOMMENDED ACTION

Council adopt the resolution.

## SUMMARY

Following the COVID-19 state of emergency declared by the City of Chula Vista on March 12, 2020, City Staff began evaluating the feasibility of repurposing unspent U.S. Department of Housing and Urban Development (HUD) entitlement funds to assist households who have had a direct financial impact resulting from COVID-19. Due to COVID-19, many renters are facing an undue financial hardship due to job loss, furlough or layoff, reduction in hours or work or pay, closure of place of employment, missed work to care for a family member affected by the pandemic just to name a few. HUD HOME Investment Partnership Act (HOME) funds are available to provide short-term or medium-term Tenant Based Rental Assistance to eligible households earning less than sixty percent of the area median income. TBRA can be used to pay a portion of rent and utility payments for a few months during these tough economic times.

## ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activities for compliance with the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA). The proposed activities are not considered "Projects" as defined under Section 15378 of the State CEQA Guidelines because the action consist of a governmental funding mechanism or other government fiscal activity, is not site specific, and will not result in a direct or indirect physical change in the environment. Therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, these activities are not subject to CEQA.

Under NEPA, the HOME funded Tenant Based Rental Assistance Program qualifies for a Categorical Exclusion not subject to §58.5 pursuant to Title 24, Part 58.35(b)(1) of the Code of Federal Regulations and pursuant to the U.S

Department of Housing and Urban Development. Thus, no further environmental review is necessary at this time for TBRA.

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

Not applicable.

### **DISCUSSION**

COVID-19 has changed the very nature of how we work, live, and protect ourselves against the spread of this virus. Across San Diego County and within our community, conferences and events are canceled, nearly all businesses closed, thousands of residents are faced with layoffs and reduced work hours, and schools are closed County-wide. These measures are directly impacting residents' ability to afford the basic and fundamental necessities of life, such as housing. As a result, many residents whose incomes have decreased as a result of the COVID-19 pandemic are faced with the same costs of living despite a lack of commensurate increase in resources available to close the gaps.

Prior to COVID-19, Chula Vista's population was already vulnerable to any shift in economic circumstances. According to the U.S. Department of Housing and Urban Development's (HUD) Comprehensive Housing Affordability Strategy (CHAS) released in August 2019 for the 2012-2016 planning period, 47 percent of Chula Vista's total households are of lower income, earning 80% of the Area Median Income or less (\$68,000 annual income for a family of four). When looking at the rental housing market, 42 percent of Chula Vista's housing stock is rental housing. A significant portion of renters (59%) are lower income, with 44 percent of them paying more than 50% of their income towards housing costs. Given average pre-COVID-19 salaries and the existing high cost of housing in San Diego County, further reductions in income only exacerbate existing housing affordability issues.

The City currently has available \$1,036,425 in HOME funds that were previously appropriated for the Anita Street affordable housing development, now being funding with Low and Moderate Income Housing funds. Staff is recommending that the City re-allocate these funds for a HOME funded TBRA (the "Program"). The City will partner with a subrecipient to implement the Program. The Program will provide short term to medium term rental assistance funds to qualified households who can meet mutually agreed upon goals to become self-sufficient. Clients will be required to access mainstream resources and have access to a case manager who will assist them to develop a self-sufficiency plan, to navigate the program to successfully use their voucher and meet, as needed. Clients will pay 30% of their income towards rent, with assistance capped at the HUD published limits. Each client would be encouraged to select a unit that is affordable for the long term and at a unit size that matches their household per the program guidelines. Households also have the option of staying in place as allowed by a HUD waiver.

Target groups for the TBRA are the following:

- Low Income Households affected by COVID-19:
- Victims of Domestic Violence affected by COVID-19:
- All clients must meet the income eligibility requirements (making less than 60% of the area median income or \$64,200/year for a family of four).

Examples of impact(s) by COVID-19 include but are not limited to the following:

- Job loss, furlough or layoff
- Reduction in hours of work or pay

- Store, restaurant or office closure
- The need to miss work to care for a home-bound, school age child or elderly person
- Victim of Domestic Violence

#### Program Guidelines

- The program is designed to benefit households earning less than 60% of the area median income that are directly impacted by COVID-19 and are in danger of being evicted due to COVID-19 related job/income loss.
- Priority will be given to families with children and victims of domestic violence. Consideration may be given to other vulnerable populations.
- Eligible tenants will have the assistance paid directly to the landlord or utility company, benefitting the tenant and the landlord.
- The rent must be considered current by the landlord after receipt of the grant payment.
- The grant will be calculated based on the amount of rent owed and the tenant's ability to pay a portion of the past due rent. Rental arrears are ineligible per HOME program regulations.
- Applicants will be required to provide documentation of their income and eligibility which may include check stubs, bank statement and/or a letter from your employer. Alternate documentation may be considered on a case by case basis such as a self-declaration of income.
- Funding assistance will be limited to rental units within the City of Chula Vista.
- TBRA Program Administrator will work closely with local service providers when identifying clients.

#### Subrecipient Selection Process:

Each year, City staff releases a Notice of Funding Availability (NOFA) that allows Subrecipients, Developers, and Community Housing Development Organizations to submit applications for eligible HOME, CDBG, and ESG projects. In March 2020, several applications were received from various non-profits. One of those applications was a request that was submitted by South Bay Community Services (SBCS) for a Tenant Based Rental Assistance Program targeting victims of domestic violence using HOME funding for Program Year 2020-2021.

At the same time, staff was in process of preparing its funding recommendations to City Council. However, a state of emergency was declared by City Council in response to COVID-19. Seeing a need for rental assistance as a resource for our low- income families faced with sudden income loss, City Staff worked with SBCS to expand the Scope of Services of their original application to include assistance to those families affected by COVID-19. SBCS' original application is now amended to address the increased demand for this program and is included as Attachment 1. Given SBCS' existing rental assistance program, they are prepared to start the TBRA program upon approval of Council of this item.

#### South Bay Community Services

During the recession of 2009, HUD released one-time funding to assist impacted low-income families. SBCS, on behalf of the City, served as the administrator of a rental assistance program funded with this one-time funding from HUD (Homeless Prevention and Rapid Re-Housing Program). SBCS was able to create a program and administer it in accordance with new program guidelines issued by HUD in short period of time. Due to his unique experience, they have the experience necessary to carry out this new program. SBCS has also implemented and managed a rental assistance program for the City since 2007 to the present serving various populations, including those at risk of being homeless, victims of domestic violence, and transitioning from an emergency shelter to permanent housing.

Annual Action Amendment-Public Participation

The 2019/2020 Annual Action Plan Amendment was released for the streamlined 5-day review and comment period per the City’s HUD approved Citizen Participation Plan and utilizing Federal regulations under the CARES Act. The CARES Act allows the City to use HUD waivers and suspensions that were approved by HUD on April 17, 2020. These waivers and suspensions will streamline the HUD approval of the Program and eligible households will benefit from streamlined approval procedures. The Substantial Amendment comment period began on May 1, 2020 and closed on May 6, 2020. Residents and other parties can still comment per the City’s adopted procedures for virtual council meetings.

**CONCLUSION**

With residents facing layoffs and reduced work hours due to COVID-19, the deployment of HOME funds will have a direct impact in assisting affected residents with basic living expenses such as housing. Staff recommends that the City Council approve the re-allocation of HOME funding in the current fiscal year and approving the 2019/2020 Annual Action Plan Amendment.

**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.).

However, Councilmember McCann may have a conflict of interest given his ownership interest in rental property and property management business. Otherwise, Staff is not independently aware and has not been informed by any other City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

**CURRENT-FISCAL IMPACT**

There is no fiscal impact to the City’s General Fund as Project costs of \$1,000,000 and \$36,425 in staff costs are covered by the available Housing fund balance.

Home Investment Partnerships Act (HOME) HUD Grant Years: 2016, 2017, 2018	
HOME-Tenant Based Rental Assistance Program	\$1,036,425
Anita Street Project	-\$1,036,425
<b>Net Impact to Housing Funds</b>	<b>\$0</b>

**ONGOING FISCAL IMPACT**

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

**ATTACHMENTS**

Attachment 1: SBCS Agreement

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