



CITY COUNCIL AGENDA STATEMENT



June 23, 2020

File ID: 20-0229

TITLE

RESOLUTION OF THE CHULA VISTA HOUSING AUTHORITY (1) APPROVING AN AMENDMENT TO THE FISCAL YEAR 2019-2020 HOUSING AUTHORITY BUDGET TO REPROGRAM \$250,000 OF LOW AND MODERATE INCOME HOUSING ASSET FUNDS (LMIHAF); (2) APPROPRIATING LMIHAF IN THE AMOUNT OF \$250,000 TO A HOMELESS PREVENTION AND RAPID RE-HOUSING PROGRAM IN RESPONSE TO COVID-19; (3) AUTHORIZING THE CITY MANAGER OR DESIGNEE TO EXECUTE AN AMENDMENT TO AN EXISTING AGREEMENT BETWEEN THE CITY OF CHULA VISTA AND SOUTH BAY COMMUNITY SERVICES FOR THE MANAGEMENT AND IMPLEMENTATION OF A TENANT-BASED RENTAL ASSISTANCE PROGRAM ADDING HOMELESS PREVENTION AS AN ELIGIBLE USE OF LMIHAF (4/5 VOTE REQUIRED)

RECOMMENDED ACTION

Housing Authority adopt the resolution.

SUMMARY

On March 12, 2019, the Chula Vista City Council (Resolution #2020-098) approved a Tenant Based Rental Assistance Program using \$1,036,425 in HOME Investment Partnership funds from the U.S. Department of Housing for households who have suffered a direct financial impact resulting from COVID-19. Due to the overwhelming demand, staff recommends additional funding from the Low- and-Moderate Income Housing Asset Funds (LMIHAF) that can be used for a Homeless Prevention Program (HPP) that provides rental and utility assistance for the months of March-May 2020 and June 2020 for eligible households earning less than fifty percent of the area median income.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activities for compliance with the California Environmental Quality Act (CEQA). 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.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

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 places of employment, or missed work to care for a family member affected by the pandemic. Recognizing the economic vulnerability of Chula Vista residents and to respond to a public health crisis that would be exacerbated should residents be evicted and become homeless, City Council adopted an Eviction Moratorium on March 17, 2020 consistent with the Governor Newsome's Executive Order. On May 26, 2020 by Emergency Ordinance No. 3489-A, Council extended this Moratorium through June 30, 2020. In balancing the needs of rental property owners and those of lower income households suffering the financial effects of COVID-19 and lacking resources, City Council on May 12, 2020 by Resolution 2020-098 approved the use of \$1,036,425 in its federal HOME funds for a Tenant Based Rental Assistance (TBRA) program to be operated by South Bay Community Services.

Upon announcement of the TBRA program, SBCS spoke to more than 120 persons within the first few hours, with many more messages left on their voicemail. Within the first two days, SBCS closed its interest list as the number of persons seeking rental assistance far exceed the funding available. To date, SBCS has pre-screened 140 households for program eligibility.

The economic environment of California has yet to see improvement with the unemployment rate rising to a record 15.5 percent in April 2020 and an unprecedented 2,344,700 nonfarm jobs lost (California Employment Development Department, May 22, 2020 at <https://edd.ca.gov/newsroom/unemployment-may-2020.htm>). Chula Vista's lower income households continue to be financially impacted and at risk of homelessness.

At this time, there is available funding from the Low- and-Moderate Income Housing Asset Funds (LMIHAF) that can be used for a Homeless Prevention Program (HPP). Regulations of the LMIHAF restrict the maximum amount of funds for HPP to \$250,000 and will require the expenditure prior to Fiscal Year end.

Due to the overwhelming demand for rental assistance, Staff is proposing the allocation of the \$250,000 available for TBRA for the specific purposes of homeless prevention and amendment of the existing contract with SBCS to add such funding. The Program will provide short term rental assistance funds through June 30, 2020 to qualified low income households earning less than 80% of the Area Median Income financially impacted by COVID-19. Clients can receive a maximum assistance of \$6,500 (\$3,250 for mobile home residents) that can be used towards rental arrears (March-May 2020) and for June's rent. The assistance will allow eligible households to remain in place and be current with their rent obligations.

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 80% 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.
- 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 eligible.
- Applicants will be required to provide documentation of their income and eligibility which may include check stubs, bank statement and/or a letter from their employer.
- Funding assistance will be limited to rental units within the City of Chula Vista.
- The Program Administrator will work closely with local service providers when identifying clients.

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 Housing Authority 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.).

Councilmember McCann may, however, 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-YEAR FISCAL IMPACT

There is no fiscal impact to the City's General Fund as Project costs of \$250,000 are covered by the available Housing fund balance.

ONGOING FISCAL IMPACT

There is no ongoing fiscal impact since program funds must be spend by June 30, 2020. Any monitoring of oversight of the program is covered by the Low and-Moderate Income Housing Asset Fund.

ATTACHMENTS

Attachment 1: SBCS Contract Amendment

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