



City of Chula Vista

Staff Report

File#: 17-0199, Item#: 4.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA (1) APPROVING THE 2017/2018 ANNUAL ACTION PLAN FOR THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG), HOME INVESTMENT PARTNERSHIP (HOME), AND THE EMERGENCY SOLUTIONS GRANT (ESG) PROGRAMS; (2) AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE AGREEMENTS FOR THE MANAGEMENT AND IMPLEMENTATION OF ELIGIBLE PROJECTS WITH EACH SUBRECIPIENT IDENTIFIED IN THE ACTION PLAN; (3) AUTHORIZING THE CITY OF CHULA VISTA DEVELOPMENT SERVICES DEPARTMENT DIRECTOR TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE RECREATION AND PUBLIC WORKS DEPARTMENTS FOR THE IMPLEMENTATION OF FOUR CDBG-FUNDED PROJECTS; (4) AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE ANY AND ALL HUD DOCUMENTS RELATED TO THE GRANTS; AND (5) APPROPRIATING FUNDS IN THE 2017/18 BUDGET THEREFOR (4/5 VOTE REQUIRED)

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

On an annual basis, the City of Chula Vista 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 an annual Action Plan to fund specific activities consistent with the needs and strategies identified in the City's adopted 2015-2019 Five-Year Consolidated Plan. The 2017/18 Annual Action Plan is included in this report for consideration and approval. Approval to execute implementing documents and appropriate funds is also requested.

ENVIRONMENTAL REVIEW

Environmental Notice

The Development Services Director has reviewed the proposed activities for compliance with the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA). The proposed activities, with the exception of six, are public services and are not considered "Projects" as defined under Section 15378(b)(5) of the State CEQA Guidelines because the proposals consist 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 environment.

The capital improvement projects are categorically excluded under NEPA pursuant to 24 CFR 58.35 (a)(1). This project is also exempt from CEQA pursuant to §15060(c)(3). The activity will not affect density or land use and will have no significant effect on the environment. Although environmental

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review is not necessary at this time, once an acquisition/rehabilitation or production of affordable housing project has been defined, environmental review will be required and a CEQA/NEPA determination completed prior to initiation of any related project activity.

Environmental Determination

The Development Services Director has reviewed the proposed activities for compliance with the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA). The proposed activities, with the exception of four, are public services and are not considered "Projects" as defined under Section 15378(b)(5) of the State CEQA Guidelines because the proposals consist 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 environment. Therefore, pursuant to §15060(c)(3) of the State CEQA Guidelines, these activities are not subject to CEQA. Under NEPA, the activities qualify for a Certification of Exemption 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 and Urban Development Environmental Guidelines. Thus, no further environmental review is necessary at this time.

Capital Improvement Projects:

The Third Avenue, Anita Street, Palomar and the Holiday Estates Park improvement projects are categorically excluded under NEPA pursuant to 24 CFR 58.35 (a)(1) of the NEPA regulations. These projects are also exempt from CEQA pursuant to CEQA guidelines Section 15301 (existing facilities). The activity will not affect density or land use and will have no significant effect on the environment.

Affordable Housing Projects:

The acquisition and rehabilitation project using CDBG funds and the production of affordable housing using HOME funds will require additional environmental review once a project site has been selected. A CEQA/NEPA determination will be completed prior to initiation of any related project activity.

BOARD/COMMISSION RECOMMENDATION

Not applicable.

DISCUSSION

As an entitlement community with the U.S. Department of Housing and Urban Development, 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 purpose of these funds is to address HUD's goals of providing decent housing, a suitable living environment, and to expand economic opportunities principally for low/moderate-income persons.

As a recipient of these HUD funds, the City is required to prepare a Consolidated Plan (ConPlan) describing the housing and community development needs of the City's low and moderate income

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residents and outlining strategies to address those needs over a five year period. The ConPlan provides the necessary policy guidance for implementation of programs and services to be funded by the HUD grants in addressing the identified needs. Those programs and services to be funded each year of the five year ConPlan are detailed in the City's Annual Action Plan, submitted to HUD as its formal application for funding. The City is currently in the second year of its 2015-2019 ConPlan. Housing staff has prepared the Action Plan for the 2017/2018 program year and is attached hereto as Attachment No. 1.

On June 14, 2017, the City received the 2017/18 funding allocations from HUD. In addition to the entitlement amounts, the City will be carrying forward an unencumbered balance of \$435,409 from the CDBG grants. This will increase the amount of CDBG available to \$2,432,253.

Grant Program		Amount
Community Development Block Grant (CDBG)	\$	1,996,844
HOME Investment Partnership Act Grant (HOME)	\$	636,695
Emergency Solutions Grant (ESG)	\$	172,909
Total Entitlement Grants 2017/18	\$	2,806,448
CDBG Unencumbered funds and Program Income	\$	435,409
Total Available 2017/18	\$	3,241,857

In developing its 2017/2018 Annual Plan, the City released a Notice of Funding Availability (NOFA) for the available HUD grant funds in January 2017. A total of twenty-six (26) applications were received and reviewed for eligibility and funding consideration. The City held a public hearing before the City Council on March 21, 2017 to review those submitted activities to be included for funding as part of the 2017/2018 Annual Plan.

The Action Plan includes activities grouped into five distinct categories: I) CDBG Planning and Administration; II) CDBG Public Services; III) Capital Improvement and Community Development Projects; IV) ESG Projects; and, V) HOME Projects. With the exception of the HOME Administration and Planning allocation, other HOME projects will be approved on a separate Council item. The following are 2017/2018 proposed activities and recommended funding levels utilizing all funding resources available.

CDBG Administration Activities		Amount
Development Svcs. Dept. - Hsng.	CDBG Administration/Planning	\$ 364,369
CSA of San Diego County	Fair Housing Services	\$ 35,000
Total		\$ 399,369

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CDBG Public Services		Amount
Development Svcs. Dept. - Hsng.	Short-Term Housing Voucher Pgm.	\$ 56,564
Interfaith Shelter Network	Rotational Shelter Network	\$ 11,000
South Bay Community Services	Homeless Services	\$ 39,550
San Diego Food Bank	Food 4 Kids Backpack Program	\$ 15,000
Meals and Wheels	Senior Care Program	\$ 12,000
South Bay Community Services	South Bay Food Program	\$ 10,000
South Bay Community Services	Family Violence Treatment Pgm	\$ 39,000
Recreation Department	Therapeutic Program	\$ 20,100
CV Community Collaborative	FRC Emergency and Basic Svcs	\$ 39,312
Family Health Center of San Diego	KidCare Express Mobile Med Unit	\$ 27,000
Recreation Department	Norman Park Senior Services	\$ 30,000
Total		\$ 299,526

CDBG CIPs and Community Development		Amount
Development Svcs. Dept. - Hsng.	Section 108 Loan Payment	\$ 762,119
Development Svcs. Dept. - Hsng.	Housing Services	\$ 50,000
Public Works Department	Third and Zenith/Tremont, Orange	\$ 328,451
Public Works Department	515 Anita Street	\$ 44,000
Public Works Department	Palomar (Fifth and Fourth)	\$ 351,700
Public Works Department	Holiday Estates II	\$ 40,000
Development Svcs. Dept. - Hsng.	Acquisition/Rehabilitation Project	\$ 157,088
Total		\$ 1,733,358

ESG (Homeless) Activities		Amount
Development Svcs. Dept. - Hsng.	ESG Administration/Planning	\$ 12,968
South Bay Community Services	Casa Nueva Vida Shelter Svcs	\$ 63,777
South Bay Community Services	Homeless Management Infor. Svcs.	\$ 8,645
South Bay Community Services	Rapid ReHousing Program	\$ 87,519
Total		\$ 172,909

HOME (Housing) Activities		Amount
Development Svcs. Dept. - Hsng.	Planning and Administration	\$ 63,669
Development Svcs. Dept. - Hsng.	Production of Affordable Housing	\$ 573,026
Total		\$ 636,695

Staff is requesting Council's approval of the proposed activities to be included within the final 2017/2018 Action Plan to be submitted to HUD.

Upon HUD approval, the City will enter into a formal agreement with the U.S. Department of Housing and Urban Development (Attachment No. 2) for the grant funds. In compliance with HUD regulations, a written contract and/or Memorandum of Understanding (MOU) will then be executed between the City and each department, non-profit, entity, and/or client that is a direct recipient and operating a project/program funded through the CDBG, ESG and HOME grant funds. The sample Subrecipient Agreement and MOU for the CDBG and ESG programs are included as Attachments 3 through 5.

DECISION-MAKER CONFLICT

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Staff has reviewed the property holdings of the City Council and has found no property holdings within 500 feet of the boundaries of the capital and park improvement projects. 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.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. The activities funded through the federal grant programs are directed towards the revitalization of neighborhoods, economic development opportunities, and improved facilities and services. The nature of these activities is consistent with the Goals, Strategies and Initiatives in Goal 5: Connected Community.

STRATEGY 5.1: Encourage Residents to Engage in Civic Activities

INITIATIVE 5.1.2: Fosters an Environment of Community Involvement

The City has developed a detailed Citizen Participation Plan (CPP) which requires the participation of the community. The CPP requires the City to provide citizens with reasonable and timely access to meetings, information, and records related to the grantee's proposed and actual use of funds. A minimum of two public hearings are held annually to obtain citizen participation at all stages of the Five-Year Consolidated Plan and Action Plan. This includes the identification of priorities, review of proposed activities, and review of program performance.

STRATEGY 5.2: Provide Opportunities that Enrich the Community's Quality of Life

INITIATIVE 5.2.1: Provide Services and Programs Responsive to Priorities

Consistent with the funding priorities established in the 2015-2019 Consolidated Plan, the CDBG, HOME and ESG activities selected are aimed at providing affordable housing opportunities and a suitable living environment with adequate public facilities, infrastructure and services. Services that support the elderly, disabled, homeless, and youth all contribute to community's quality of life.

CURRENT YEAR FISCAL IMPACT

Staff recommends the following appropriations in the 2017/18 Budget to fund the 2017/18 Annual Action Plan activities described above:

Grant Program	Appropriation
Community Development Block Grant (CDBG)*	\$ 1,170,544
CDBG Unencumbered funds and Program Income	\$ 435,409
HOME Investment Partnership Act Grant (HOME)	\$ 636,695
Emergency Solutions Grant (ESG)	\$ 172,909
Total Grants 2017/18	\$ 2,415,557
<i>*CDBG funds appropriated as part of the 2017-2018 City Manager's Adopted Budget</i>	\$ 826,300

The appropriations will be made from the Community Development Block Grant, Home Investment Partnerships and Emergency Solutions Grant which are fully reimbursable from the Department of Housing and Urban Development. This results in no fiscal impact to the General Fund. In the remote event that HUD should withdraw these grant funds, the Subrecipient Agreements provide that the City is not obligated to compensate the sub-recipients for program expenditures.

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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

1. 2017/18 Annual Action Plan
2. Sample HUD Funding Agreement
3. Sample CDBG Subrecipient Agreement
4. Sample CDBG Interdepartmental MOU
5. Sample ESG Subrecipient Agreement

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