



CITY COUNCIL AGENDA STATEMENT



June 11, 2019

File ID: 19-0218

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING THE 2019/2020 U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ANNUAL ACTION PLAN FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT, HOME INVESTMENT PARTNERSHIPS ACT GRANT AND THE EMERGENCY SOLUTIONS GRANT; AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE AGREEMENTS WITH EACH SUBRECIPIENT; AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE ANY AND ALL HUD DOCUMENTS RELATED TO THE GRANTS; AND APPROVING A TENANT-BASED RENTAL ASSISTANCE PROGRAM AND AUTHORIZING THE DEVELOPMENT SERVICES DIRECTOR TO EXECUTE ALL DOCUMENTS NECESSARY FOR PROGRAM ADMINISTRATION

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. To receive these funds, the City prepares an annual Action Plan to fund specific activities consistent with the housing and community development needs of these residents and strategies to address these needs as identified in the City's adopted 2015-2019 Five-Year Consolidated Plan.

The 2019/20 Annual Action Plan is included in this report for consideration and approval. Approval to execute implementing documents is also requested. All required funds will be appropriated in conjunction with the regular fiscal year 2019/20 budget adoption process.

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 proposed activities listed as Items 1 through 15 as listed in the tables below for the CDBG program are not a "Project" as defined under Section 15378(b)(5) 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 24 CFR 58.35 (a)(1). of

the Code of Federal Regulations and pursuant to the U.S. Department of Housing & Urban Development Environmental Guidelines.

The proposed projects items 16 to 18 (CDBG) qualify for a Categorical Exemption pursuant to the California Environmental Quality Act State Guidelines pursuant to Section 15301 - Class 1 (Existing Facilities) and Section 15303 - Class 3 (New Construction or Conversion of Small Structures) . Thus, no further environmental review is required.

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 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 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 planning for the fifth and final year of its 2015-2019 ConPlan.

In April 2019, Congress passed the FY 2019 Omnibus Spending package, which included the entitlement amounts for the Department of Housing and Urban Development programs (CDBG, HOME and ESG). In addition to the entitlement amounts, the City will be carrying forward an unencumbered balance of \$168,362 from CDBG and \$1,514,100 from HOME (refer to table below for a summary of the total available funds for the 2019/20 program year).

2019/2020 Grant Funding

PROGRAM	ENTITLEMENT AMOUNT	PRIOR YEAR (UNENCUMBERED)	TOTAL AVAILABLE FOR 2019/2020
Community Development Block Grant	\$2,289,117	\$168,362	\$2,457,479
Home Investment Partnerships Act	\$850,160	\$1,514,100	\$2,364,260
Emergency Solutions Grant	\$194,238	\$0	\$194,238
Total	\$3,333,515	\$1,682,462	\$5,015,977

In developing its 2019/2020 Annual Plan, the City released a Notice of Funding Availability (NOFA) for the available HUD grant funds in January 2019. A total of twenty-five (25) applications were received and reviewed for eligibility and funding consideration. The City Council held a public hearing on April 16, 2019 to review those submitted activities to be included for funding as part of the Annual Plan. The Action Plan includes activities grouped into five distinct categories: I) CDBG Planning and Administration; II) CDBG Public Services; III) CDBG Capital Improvement and Community Development Projects; IV) ESG Projects; and, V) HOME Projects.

The following are 2019/2020 proposed activities and recommended funding levels utilizing all funding resources available.

CDBG Planning and Administration

Item	Program	Recommended
1	DSD – Housing Division CDBG Administration/Planning	\$407,823
2	CSA of San Diego Fair Housing and Tenant/Landlord Services	\$50,000
Total		\$457,823

CDBG Public Services

Item	Program	Recommended
3	DSD – Housing Division Short-Term Housing Voucher Program	\$ 50,000
4	Interfaith Shelter Network Rotational Shelter Network	\$ 11,000
5	South Bay Community Services Homeless Services	\$ 39,550
6	San Diego Food Bank Food 4 Kids Backpack Program	\$ 15,000
7	Meals and Wheels Senior Care Program	\$ 12,000
8	South Bay Community Services South Bay Food Program	\$ 10,000
9	South Bay Community Services Family Violence Treatment Program	\$ 39,000
10	Recreation Department Therapeutic Program	\$ 20,100
11	CV Community Collaborative FRC Emergency and Basic Services	\$ 39,312
12	Family Health Center of San Diego KidCare Express Mobile Med Unit	\$ 27,000
13	Recreation Department Norman Park Senior Services	\$ 30,000
14	Community Through Hope Project H.O.P.E.	\$ 15,000
Total		\$307,962

CDBG Capital Improvement and Community Development Projects

Item		Program	Recommended
15	DSD – Housing Division	Section 108 Loan Debt Service Payment	\$ 764,000
16	DSD – Housing Division	Green Homes For All Residential Rehabilitation Program	\$ 150,000
17	DSD – Housing Division	Community Housing Improvement Loan Program	\$ 140,194
18	Engineering Department	Alpine Avenue (Naples to Emerson)	\$ 637,500
TOTAL			\$1,691,694

Capital Project: Alpine Ave (Naples to Emerson)

In 2008, HUD approved a Section 108 Loan for the installation of new curbs, gutters and sidewalks for eleven streets identified in the Castle Park Improvement Project, with improvements to be completed by 2014. One street segment of the original Project (Alpine Avenue between Naples and Emerson) remains incomplete due to lack of anticipated resident participation.

In March of 2019, the City refinanced the existing balance of the Section 108 Loan, resulting in a savings of \$600,000 to the City. HUD requires the City to reinvest these savings back into the original Project area for the completion of the Castle Park Improvement Project. The savings, along with supplemental CDBG funds, are sufficient to cover the total design and construction costs for the completion of Alpine Avenue and will meet the objectives and requirements for the CDBG program.

While the other street segments of the original Project were constructed using a combination of Section 108 Loan proceeds and homeowner participation (via assessment district pursuant to City Council Policy 505-01), the use of solely CDBG funds to complete the Project is recommended for several reasons. As previously described, HUD requires the reinvestment of Project savings back into the original Project area. In addition, HUD has directed the City to avoid piecemeal and incomplete improvements by “finish[ing] what we start” and to expend CDBG funds for residential street improvements, to the exclusion of arterial/collector streets. Lastly, federal regulations require the City to apply the same funding criteria to all street types. These rules limit the City’s ability prioritize application of federal funds to arterial/collector streets over residential streets or to require homeowner participation when considering application of federal funds. With the improvement of this final street segment, the Castle Park Improvement Project will be completed.

ESG Programs

Item		Program	Recommended
19	DSD – Housing Division	ESG Planning and Administration	\$ 14,568
20	DSD – Housing Division	Homeless Prevention and Rapid ReHousing	\$ 106,181
21	South Bay Community Services	Casa Nueva Vida Shelter	\$ 63,777
22	DSD – Housing Division	Homeless Management Information System	\$ 9,712
TOTAL			\$194,238

HOME Projects

Item	Program	Recommended
23	DSD – Housing Division HOME Planning and Administration	\$ 85,016
24	DSD – Housing Division Tenant-based Rental Assistance Program	\$ 200,000
25	DSD – Housing Division Request for Proposals – Affordable Housing Project*	\$ 2,151,720
TOTAL		\$2,436,736

In order to implement the proposed projects and programs the City must develop an Action Plan for the 2019/2020 program year. The Action Plan has been drafted and released for a 30-day comment review period with no comments received. Additionally, the City must enter into a formal agreement with HUD (Attachment No. 2) as well as execute a Subrecipient 2-Party Agreement and MOU with each approved applicant for each item listed above (Attachments No. 3 and 4).

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 1,000 feet of the boundaries of the Alpine Street Improvement Project 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, 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 impact to the current fiscal year. All appropriations and expenditures will occur in fiscal year 2019/20 and beyond.

ONGOING FISCAL IMPACT

Fiscal year 2019/20 program funding includes current entitlements and roll over of prior year unencumbered funds, as summarized in the table below.

2019/2020 Grant Funding

PROGRAM	ENTITLEMENT AMOUNT	PRIOR YEAR (UNENCUMBERED)	TOTAL AVAILABLE FOR 2019/2020
Community Development Block Grant	\$2,289,117	\$168,362	\$2,457,479
Home Investment Partnerships Act	\$850,160	\$1,514,100	\$2,364,260
Emergency Solutions Grant	\$194,238	\$0	\$194,238
Total	\$3,333,515	\$1,682,462	\$5,015,977

The following appropriations will be made in conjunction with the 2019/20 City Manager's Budget to fund the Annual Action Plan activities previously described and more specifically defined below:

Community Development Block Grant (CDBG)	
Public Services	\$307,962
CDBG Administration and Planning	\$457,823
Section 108 Loan Payment	\$764,000
Capital Improvement and Housing	\$927,691
Subtotal	\$2,457,479
Home Investment Partnerships Act (HOME)	
HOME Planning and Administration	\$85,016
Affordable Housing Projects/Programs	\$2,279,244
Subtotal	\$2,414,344
Emergency Solutions Grant (ESG)	
ESG Administration and Planning	\$14,568
Shelter Services	\$63,777
Homeless Prevention and Rapid ReHousing	\$115,893
Subtotal	\$170,773
TOTAL CDBG HOME and ESG	\$5,015,977

The activities funded through the Community Development Block Grant, Home Investment Partnerships and Emergency Solutions Grant are fully reimbursable from the Department of Housing and Urban Development, resulting 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.

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 funded in full by the respective grants.

ATTACHMENTS

- Attachment 1: 2019/2020 Annual Action Plan
- Attachment 2: Sample CDBG Interdepartmental MOU
- Attachment 3: Sample CDBG Subrecipient Agreement
- Attachment 4: Sample ESG Subrecipient Agreement

Staff Contact: Angelica Davis, DSD Sr Management Analyst