



City of Chula Vista

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Title: REVIEW OF THE CITY OF CHULA VISTA 2015-2019 FIVE YEAR CONSOLIDATED PLAN AND 2015/2016 ANNUAL ACTION PLAN FOR THE U.S. HOUSING AND URBAN DEVELOPMENT FEDERAL GRANT PROGRAMS (COMMUNITY DEVELOPMENT BLOCK GRANT, HOME INVESTMENT PARTNERSHIPS ACT AND EMERGENCY SOLUTIONS GRANT)
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Attachments: 1. Item 6 - Attach. 1 - Application Notebook, 2. Item 6 - Attach. 2: Funding Recommendations

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------|----------|--------|
| 4/21/2015 | 1 | City Council | accepted | Pass |

REVIEW OF THE CITY OF CHULA VISTA 2015-2019 FIVE-YEAR CONSOLIDATED PLAN AND 2015/2016 ANNUAL ACTION PLAN FOR THE U.S. HOUSING AND URBAN DEVELOPMENT FEDERAL GRANT PROGRAMS (COMMUNITY DEVELOPMENT BLOCK GRANT, HOME INVESTMENT PARTNERSHIPS ACT AND EMERGENCY SOLUTIONS GRANT)

RECOMMENDED ACTION

Council conduct the public hearing and accept the report.

SUMMARY

The City of Chula Vista, on an annual basis, 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 a Five-Year Consolidated Plan (ConPlan) for the HUD funds describing the housing and community development needs of the City's low and moderate income residents and outlines the strategies to address those needs. During the five-year ConPlan period, the City also prepares annual Action Plans to fund specific activities within each of the ConPlan program years. The draft 2015-2019 ConPlan and the 2015/16 Action Plan, including funding recommendations, have been prepared and are currently available for public review. The final plans will be brought to Council on May 12, 2016 for approval.

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 activity is 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 qualifies 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 & Urban Development Environmental Guidelines. Thus, no further environmental review is necessary at this time. Although environmental review is not necessary at this time, once a project(s) has been defined, environmental review will be required and a CEQA/NEPA determination 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 (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 funds aim to address HUD's performance measurement framework of providing decent housing, a suitable living environment, and to expand economic opportunities principally for low- and moderate-income persons.

As a recipient of these funds, the City is required to prepare a Consolidated Plan (Con Plan) for these HUD funds 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 Con Plan provides the necessary policy guidance for implementation of programs and services to be funded by the HUD grants in addressing the needs and is detailed in its Annual Action Plan prepared each year and submitted to HUD as its application for funding. The City is currently in the last year of its 2010-2015 Con Plan. Housing staff has prepared the Con Plan for the July 1, 2015 to June 30, 2019 period as well as the Action Plan for the 2015/2016 program year. The Action Plan is submitted to HUD 45 days prior to the beginning of the fiscal year and constitutes its application for the grant funds. Both plans will be submitted to HUD by May 15, 2015.

Citizen Participation through Planning Process

Engaging residents and community members in defining and understanding the current housing and community development needs and prioritizing resources to address these needs is a key component of the development of the Con Plan. The City is required by HUD to gather input from its residents, including minorities, non-English-speaking persons, Low and Moderate Income (LMI) residents, persons with disabilities, advocates for senior, disabled, illiterate, homeless, and other low-income populations, whom the CDBG program is designed to serve. Public input received is used to establish the strategies and funding priorities aimed at improving the community through the provision of decent housing, a suitable living environment, and growing economic opportunities, especially for low and moderate income residents. These strategies and priorities serves as the City's guidance in its allocation of grant funding for the most appropriate uses.

In the last year, residents and stakeholders were encouraged to be involved in the prioritization of the

grant funds and the development of the ConPlan. In addition to tonight's Public Hearing, staff held a Public hearing in November 2014 as well as two public outreach meetings and an on-line needs survey (available in English and in Spanish) which returned 360 responses. The feedback obtained guided the funding priorities for the draft ConPlan and Action Plan.

Funding Priorities for the 2015-2019 Consolidated Plan and 2015/16 Annual Action Plan

The funding priorities established were presented at the November 2014 City Council Public Hearing. They are divided into two funding categories, each containing specific priorities and activity types.

| CATEGORY | PRIORITY | ACTIVITY TYPE |
|---|---------------------------------|--|
| Housing Priorities | 1. Production | <ul style="list-style-type: none"> New construction of rental housing, Acquisition and rehabilitation for rental housing |
| | 2. Affordable Housing Program | <ul style="list-style-type: none"> First-time homebuyer programs Tenant-based rental assistance |
| Community Development Priorities | 1. Public Services | <ul style="list-style-type: none"> Special needs/disabled Youth Elderly Homeless |
| | 2. Infrastructure Improvements | <ul style="list-style-type: none"> ADA improvements New streets/sidewalks Section 108 loan payments |
| | 3. Public Facility Improvements | <ul style="list-style-type: none"> Park and recreational facilities Neighborhood facilities Fire stations |

2015/16 Grant Funding

On February 18, 2015, the City received notification of the 2015/16 funding allocations from HUD for the following programs:

- CDBG: \$1,769,214 HOME: \$571,833 ESG: \$153,270

In addition to the 2015/16 CDBG entitlement funds, there is \$193,726 of prior-year CDBG funds and \$285,350 of HOME funds available for reprogramming.

A Notice of Funding Availability (NOFA) for use of these funds was released in January 2015 to provide organizations the opportunity to apply for these grant funds. A copy of all applications received is included with this report as Attachment No. 1 ("2015/2016 Federal Grant Funding Application Notebook").

Housing staff reviewed the applications received to ensure eligibility and consistency with the City's goals and objectives and to provide funding recommendations for the 2015/16 program year. The recommendations were publicly released on April 17, 2015.

For the purposes of this report, the federal grant (CDBG, HOME and ESG) funding recommendations are presented individually with each corresponding funding category.

Community Development Block Grant (CDBG)

In order to be eligible for CDBG funding, a project must address at least one of the following CDBG national objectives:

- Benefit primarily low and moderate income families;
- Aid in the prevention or elimination of slums or blight; or,
- Meet other community needs having a major emergency (disasters, etc.).

Funding is allocated into three distinct categories. Refer to Attachment No. 2 for funding Requests and recommendations.

1. Administration/Planning Recommendation:

Funds under this category cover all costs associated with the management and administration of Chula Vista's CDBG program, including regulatory compliance, contract administration, subrecipient monitoring and fiscal management. This also includes preparation of the required planning documents, such as the Annual Action Plan, the Consolidated Plan, and the Analysis of Impediments to Fair Housing Choice. Federal regulations governing the CDBG program limit the amount that the City spends on administration/planning activities to 20% of the grant funds used in the program year.

2. Public Services Program Recommendation:

Public Services funds are grants to local agencies and community organizations to implement projects and programs that improve the lives of low income residents which include elderly, disabled, at-risk and homeless.

The amount of funds the City may allocate to public services is limited to fifteen percent (15%) of the annual entitlement (\$242,962 for FY15/16). Staff's funding recommendations for public service activities are based on funding priorities established in the ConPlan, along with established ranking criteria. A total of ten (10) public services applications were received. Staff recommends maintaining prior year funding levels for all applicants.

3. Capital Improvement and Public Facilities Recommendation:

A total of \$1,327,390 is available for eligible capital improvement projects, public facility improvements and other housing/community development related activities.

The City has earmarked \$758,243 for the payment on the Section 108 Loan for the Castle Park Infrastructure Improvement Program. An additional four funding requests were submitted to the City for consideration. This includes new streets and sidewalks on Moss Street, installation of a fire hydrant at Rice Elementary Family Health Center, a solar program for low/moderate income households and housing services which covers staff time for the delivery of HOME-funded programs.

Home Investment Partnerships Act (HOME)

The City will receive HOME funds which may be used to provide affordable rental housing and home ownership opportunities through:

- New construction
- Acquisition
- Rehabilitation
- First time homebuyer assistance
- Tenant-based rental assistance

For 2015/16 the City will utilize the 15/16 entitlement of \$571,833 and \$285,350 of prior year unencumbered funds for a total of \$857,183. Staff recommends funding administration and planning activities to be funded at the maximum funding amount of \$57,183 (10% of entitlement). Additionally, staff proposes to use its available HOME funds to provide financial assistance to a developer for the development of affordable rental units.

Emergency Solutions Grant (ESG)

Chula Vista will receive ESG entitlement funds in the amount of \$153,270 for FY 2015/16. ESG funds may be used to provide homeless services through:

- Homeless Prevention
- Rapid Re-Housing
- Street Outreach
- Emergency Shelter
- Homeless Management Information Systems (HMIS)

The City is required to earmark no less than 40% of the funding for Homeless Prevention and Rapid Re-Housing activities. The remainder of the funds could be used for the other three activities. The City received one proposal from South Bay Community Services, a local homeless service provider, for their emergency shelter. Consistent with HUD requirements, the remaining funds will be earmarked for Homeless Prevention and Rapid Re-Housing Services, and HMIS costs.

Conclusion

Staff recommends that the City Council conduct the public hearing to solicit input from the community on the 2015/16 funding recommendations presented. Both plans were released for a 30-day review and comment period on April 10, 2015 and will close May 11, 2015. Staff will incorporate all public comments into the final Five-year Consolidated Plan and Annual Action Plan, to be brought forward for Council consideration on May 12, 2015.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council and has found no property holdings within 500 feet of the boundaries of the Moss Street Sidewalk Project and the Rice Elementary Health Center Fire Hydrant project. 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 Annual 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 Residents Priorities

Consistent with the funding priorities established in the 2015-2019 Consolidated Plan, the CDBG, HOME and ESG activities selected are aimed at providing decent 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. For a detailed list of services provided please refer to the Application Notebook

CURRENT YEAR FISCAL IMPACT

At this time, Council is reviewing the funding requests and recommendations for CDBG, HOME, and ESG funds. This action does not include appropriations. Appropriations for the proposed CDBG, HOME and ESG programs will be included as part of the City Manager's FY 2015/2016 proposed budget. There is no fiscal impact to the General Fund as a result of this action.

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

2015/2016 Federal Grant Funding Application Notebook

2015/2016 Funding Requests and Recommendations

*Staff Contact(s): Angélica Davis, Development Services Project Coordinator
 José Dorado, Development Services Project Coordinator*