



# City of Huntington Beach

File #: 21-010

MEETING DATE: 1/19/2021

## REQUEST FOR CITY COUNCIL ACTION

**SUBMITTED TO:** Honorable Mayor and City Council Members

**SUBMITTED BY:** Oliver Chi, City Manager

**PREPARED BY:** Ursula Luna-Reynosa, Director of Community Development

**Subject:**

**Adopt Resolution No. 2021-07 approving Amendment No. 4 (SUBSTANTIAL) to the 2019-20 Annual Action Plan and Amendment No. 2 (SUBSTANTIAL) to the 2020-21 Annual Action Plan for the Community Development Block Grant and HOME Investment Partnerships Programs**

**Statement of Issue:**

The City Council is requested to approve Substantial Amendments to the 2019-20 Annual Action Plan (Attachment 1) and 2020-21 Annual Action Plan (Attachment 2) to allocate Community Development Block Grant (CDBG-CV3) funds awarded to the City under the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, to allocate operating funds to the City's Navigation Center and Tenant Based Rental Assistance (TBRA) Program, and to allocate HOME funds to construct a 43-unit senior affordable housing project.

**Financial Impact:**

The City will receive an additional \$1,431,956 in CDBG-CV3 entitlement grant funding from HUD under the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020. Additionally, the City has received \$2,315,553 in HOME program income. There is no impact to the General Fund.

**Recommended Action:**

Adopt Resolution No. 2021-07, "A Resolution of the City Council of the City of Huntington Beach Approving Amendment No. 4 (SUBSTANTIAL) to the 2019-20 Annual Action Plan and Amendment No. 2 (SUBSTANTIAL) to the 2020-21 Annual Action Plan" for the Community Development Block Grant and HOME Investment Partnerships Programs, and authorize the City Manager to take all administrative and budgetary actions necessary to execute the Action Plan program amendments.

**Alternative Action(s):**

Do not approve the proposed Substantial Amendments and direct staff accordingly.

**Analysis:**

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed by the President on March 27, 2020, authorizing \$2.2 trillion in a variety of stimulus measures to prevent, prepare for, and respond to the coronavirus (COVID-19) pandemic. Included in that

legislation was \$2 billion in Community Development Block Grant (CDBG-CV) funding made available by the U.S. Department of Housing and Urban Development (HUD), of which, the City of Huntington Beach was awarded \$727,819. On June 6, 2020, City Council allocated these funds to the City's Navigation Center for operating expenses.

In September 2020, HUD made available an additional \$2 billion in CDBG-CV3 funds, of which, the City of Huntington Beach was awarded \$1,431,956. This round of funding was primarily directed to communities considered to be at higher risk of a housing crisis during COVID-19, and HUD is encouraging grantees to use these funds to assist residents struggling with immediate housing needs due to the pandemic. To receive these CDBG-CV3 funds, the City Council must amend the City's 2019-20 Annual Action Plan with an outline of how the new COVID-19-related emergency funding will be used. Staff has identified the City's Navigation Center and Tenant Based Rental Assistance (TBRA) Program as eligible activities for these funds and has incorporated these activities into the attached proposed amendment to the 2019-20 Annual Action Plan:

- \$1,301,028 for Navigation Center operating expenses.
- \$130,928 for administration of the City's TBRA program.

#### 2020-21 Annual Action Plan Amendments

In addition to the recommendations above, staff is proposing the following CDBG program amendments to the 2020-21 Annual Action Plan:

- Cancellation of the Central Library Lower-Level Restroom ADA Improvement Project and redirecting these funds in the amount of \$286,000 to Navigation Center operations. Due to project delays resulting from COVID-19, the restroom project will not be completed within HUD -required timeframes, and is therefore recommended for cancellation. Navigation Center operations is an eligible use of these funds, and if approved, the funds can be used during the current fiscal year.
- Allocation of \$80,576.05 in previously unallocated CDBG funds to Navigation Center operations.
- Allocation of program income in the approximate amount of \$200,000 to Navigation Center operations. Program income results when previously approved CDBG-funded loans are repaid to the City and may only be used for CDBG-eligible activities. If approved, these funds will be allocated to Navigation Center operations as loan repayments are received.

If approved, the total amount of 2020-21 CDBG funds allocated to Navigation Center operations will be \$1,307,757.05, including funds previously allocated by the City Council and the above recommended reallocations.

Staff is also proposing two amendments to the 2020-21 Annual Action Plan related to the HOME Investment Partnerships (HOME) program. The first involves the City's TBRA program, which provides temporary emergency rental assistance to lower-income households experiencing homelessness or are at risk of homelessness. The City Council previously allocated funds to this program, and the proposed amendment will identify the three non-profits selected to administer this program:

- \$261,000 will be allocated to Families Forward to assist 20 households that were last housed in Huntington Beach, work in Huntington Beach, or have children enrolled in the Huntington Beach School District.
- \$128,500 will be allocated to Interval House to assist 17 households that are victims of domestic violence and experiencing homelessness or are at risk of becoming homeless.
- \$252,900 will be allocated to Mercy House to assist 18 households experiencing homelessness or are at risk of becoming homeless.

All three service providers will work with the City's Homeless Task Force and Police Department to identify households for assistance, and priority will be given to Navigation Center residents able to transition to permanent housing with the temporary assistance of this program.

Finally, staff is proposing allocating \$2,830,698 in HOME funds to Jamboree Housing Corporation for a 43-unit senior affordable housing project located at 18431 Beach Boulevard. In November 2019, the City Council allocated \$3 million to this project from the Affordable Housing Trust Fund (\$2,100,000) and Low and Moderate Income Housing Asset Fund (\$900,000). Subsequently, the owners of two older affordable housing projects in Huntington Beach (Hermosa Vista and Huntington Pointe Apartments) repaid HOME-funded loans to the City in the total amount of \$2,315,553. Staff is recommending using these repaid HOME funds, along with \$515,145 in unallocated HOME funds, in lieu of the City's affordable housing resources. HOME funds have strict expenditure timeframes and other requirements (e.g., Federal prevailing wages for construction) that this project is already satisfying to meet County of Orange financing requirements. If approved, the Low and Moderate Housing Asset Fund will be reimbursed \$900,000 and the Affordable Housing Trust Fund will be reimbursed \$1,930,698 for use on future affordable housing opportunities. The City's \$3 million loan to Jamboree Housing Corporation will then consist of \$2,830,698 in HOME funds and \$169,302 in Affordable Housing Trust Funds.

#### Prior 2019-20 and 2020-21 Annual Action Plan Amendments

The 2019-20 Annual Action Plan has been amended three times previously, as summarized below:

- Amendment No. 1 (MINOR) was adopted on November 25, 2019, to increase the ADA Curb Cuts CDBG capital project budget from \$270,399 to \$557,297.
- Amendment No. 2 (SUBSTANTIAL) was adopted on June 6, 2020, to receive and allocate \$727,819 in CDBG-CV funding to the Navigation Center.
- Amendment No. 3 (SUBSTANTIAL) was adopted on August 3, 2020, to increase allocations to the Special Code Enforcement Program from \$190,000 to \$191,500, the Homeless Outreach Program from \$73,355 to \$81,505, and HOME Administration from \$290,949 to \$390,949.

The 2020-21 Annual Action Plan has been amended once previously on November 20, 2020, to add Navigation Center operations as a Strategic Plan objective and to update final CDBG and HOME entitlement grant amounts.

#### **Environmental Status:**

Pursuant to CEQA Guidelines Section 15378(b)(4), government fiscal activities that do not result in a

physical change in the environment and do not commit the lead agency to any specific project, do not constitute a project. Therefore, these activities are exempt in accordance with CEQA Guidelines Section 15060(c)(3).

**Strategic Plan Goal:**

Strengthen long-term financial and economic sustainability

**Attachment(s):**

1. Draft Amendment No. 4 (SUBSTANTIAL) to the 2019-20 Annual Action Plan
2. Draft Amendment No. 2 (SUBSTANTIAL) to the 2020-21 Annual Action Plan
3. Resolution No. 2021-07 approving Amendment No. 4 (SUBSTANTIAL) to the 2019-20 Annual Action Plan and Amendment No. 2 (SUBSTANTIAL) to the 2020-21 Annual Action Plan for the Community Development Block Grant and HOME Investment Partnerships Programs