



CITY COUNCIL  
HOUSING AUTHORITY AND  
SUCCESSOR AGENCY TO THE EL CAJON  
REDEVELOPMENT AGENCY

Council Chamber  
200 Civic Center Way  
El Cajon, CA 92020

## Agenda

FEBRUARY 22, 2022, 7:00 p.m.

Bill Wells, Mayor  
Michelle Metschel, Deputy Mayor  
Steve Goble, Councilmember  
Gary Kendrick, Councilmember  
Phil Ortiz, Councilmember

Graham Mitchell, City Manager  
Vince DiMaggio, Assistant City Manager  
Morgan Foley, City Attorney  
Angela Cortez, City Clerk

**CALL TO ORDER: Mayor Bill Wells**

**ROLL CALL: City Clerk Angela Cortez**

**PLEDGE OF ALLEGIANCE TO FLAG AND MOMENT OF SILENCE**

**AGENDA CHANGES:**

**PUBLIC COMMENT:**

At this time, any person may address a matter within the jurisdiction of the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency that is not on the Agenda. Comments relating to items on today's docket are to be taken at the time the item is heard. State law prohibits discussion or action on items not on the Agenda; however, Council, Authority and Agency Members may briefly respond to statements or questions. An item may be placed on a future Agenda.

## **PUBLIC HEARINGS:**

1. FY 2022-23 CDBG and HOME Allocations for One Year Action Plan and First Amendment to FY 2021-22 One Year Action Plan

### **RECOMMENDATION:**

That the City Council:

1. Opens the public hearing and accepts public testimony for the FY 2022-23 CDBG and HOME Allocations for One Year Action Plan and First Amendment to FY 2021-22 One Year Action Plan;
2. Closes the public hearing;
3. Allocates funds to projects and programs that will be funded from the FY 2022-23 Community Development Block Grant (CDBG) and HOME grant programs; and
4. Adopts the next Resolution, in order, amending the FY 2021-22 One Year Action Plan to allocate \$1,100,000 in HOME funds and \$64,588 in CalHome funds to the San Diego Housing Commission for the administration of the City's First Time Homebuyer (FTHB) Program, and authorizing the City Manager to modify the allocation deemed necessary and appropriate to comply with direction given by the City Council.

Staff will prepare a preliminary funding schedule reflecting the City Council's decisions from this public hearing relative to the FY 2022-23 One Year Action Plan and will present it for final adoption at the second public hearing scheduled for April 26, 2022. If approved by the City Council, staff will submit the First Amendment to the FY 2021-22 One Year Action Plan to HUD upon the conclusion of the required 30-day public review period.

**ADJOURNMENT: The Adjourned Regular Joint Meeting of the El Cajon City Council/ El Cajon Housing Authority/Successor Agency to the El Cajon Redevelopment Agency held this 22nd day of February 2022, is adjourned to Tuesday, March 8, 2022, at 3:00 p.m.**



City Council  
Agenda Report

Agenda Item 1.

**DATE:** 02/22/2022  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Jamie Van Ravesteyn, Housing Manager  
**SUBJECT:** FY 2022-23 CDBG and HOME Allocations for One Year Action Plan and First Amendment to FY 2021-22 One Year Action Plan

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**RECOMMENDATION:**

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2. Closes the public hearing;
3. Allocates funds to projects and programs that will be funded from the FY 2022-23 Community Development Block Grant (CDBG) and HOME grant programs; and
4. Adopts the next Resolution, in order, amending the FY 2021-22 One Year Action Plan to allocate \$1,100,000 in HOME funds and \$64,588 in CalHome funds to the San Diego Housing Commission for the administration of the City's First Time Homebuyer (FTHB) Program, and authorizing the City Manager to modify the allocation deemed necessary and appropriate to comply with direction given by the City Council.

Staff will prepare a preliminary funding schedule reflecting the City Council's decisions from this public hearing relative to the FY 2022-23 One Year Action Plan and will present it for final adoption at the second public hearing scheduled for April 26, 2022. If approved by the City Council, staff will submit the First Amendment to the FY 2021-22 One Year Action Plan to HUD upon the conclusion of the required 30-day public review period.

**BACKGROUND:**

This public hearing requests City Council action on, and provides El Cajon citizens with the opportunity to comment on, the proposed FY 2022-23 CDBG and HOME allocations for the One Year Action Plan to allocate funds to projects and programs that will be funded from the FY 2022-23 Community Development Block Grant (CDBG) and HOME grant programs. City Council action and public comments are also requested on the proposed First Amendment to FY 2021-22 One Year Action Plan to allocate a total of \$1,100,000 in HOME funds and \$64,588 in CalHome funds to the San Diego Housing Commission for the administration of the City's First Time Homebuyer (FTHB) program.

## FY 2022-23 CDBG and HOME Allocations for One Year Action Plan

The U.S. Department of Housing and Urban Development (HUD) provides funding each year to eligible jurisdictions through the federal Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) grant programs. These federal funds must be used for eligible projects and programs that benefit low- and moderate-income individuals and households in the City of El Cajon. “Low- and moderate-income” is defined as those persons and households who earn at or below 80% of the Area Median Income (AMI), adjusted for family size, for the San Diego Metropolitan Service Area. In FY 2021-22, this equates to annual income of \$97,000 for a family of four.

CDBG funds are used for community development activities (public services) and public facility/capital improvement/other projects. HOME funds can be used solely to assist in providing affordable housing opportunities.

## **FIVE YEAR CONSOLIDATED PLAN**

In order to receive the CDBG and HOME funds, every five years the City must prepare and submit a Five Year Consolidated Plan (Consolidated Plan) which describes the community’s needs, goals and priorities for the use of the CDBG and HOME funds over a five-year period. The Consolidated Plan is developed with significant citizen and community participation. The current Consolidated Plan was adopted on April 23, 2019, and expires on June 30, 2024. The goals and priorities established in the current Consolidated Plan are described briefly in the attached CDBG Fact Sheet (Attachment “1”). The current Consolidated Plan is available for public review on the following web page: [www.elcajon.gov/housing](http://www.elcajon.gov/housing). The Consolidated Plan is also available for review during normal operating hours at the Project Assistance Center/Lobby public counter on the first floor of City Hall.

## **ANNUAL ACTION PLAN**

To implement the Five Year Consolidated Plan, the City must annually prepare and adopt a One Year Action Plan, which specifies how the CDBG and HOME resources will be allocated in that year to address the goals and priorities in the Consolidated Plan. The projects and programs awarded allocations of funding today will form the core of the FY 2022-23 One Year Action Plan, which will be the fourth year of the current Consolidated Plan period.

Following the allocation decisions from this public hearing, the draft One Year Action Plan will be prepared and made available for public review and comment for a minimum 30-day period. The One Year Action Plan will be finalized and will be presented to the City Council at a second public hearing on April 26, 2022, for approval and adoption.

Once approved by the City Council, the One Year Action Plan will be submitted to HUD for review. Upon approval by HUD, the funds will become available on or after July 1, 2022. The attached CDBG Fact Sheet provides a summary of eligible and ineligible activities, and a timeline for citizen participation in the development of the One Year Action Plan for FY 2022-23.

## **EVALUATION OF PAST YEARS' PERFORMANCE**

Annually, the City must prepare and submit a comprehensive review of each fiscal year's performance to HUD, including the progress made towards meeting the goals of the Consolidated Plan. A complete review of the City's FY 2020-21 One Year Action Plan performance (second year of the Consolidated Plan period) can be found in the City's Consolidated Annual Performance and Evaluation Report ("CAPER"), which is available for public review on the City's webpage at [www.elcajon.gov/housing](http://www.elcajon.gov/housing). The CAPER is also available for review during normal operating hours at the Project Assistance Center/Lobby public counter on the first floor of City Hall.

Projects and programs are currently underway for the FY 2021-22 Action Plan period, which is the third year of the current Consolidated Plan.

## **FY 2022-23 CDBG AND HOME FUNDING**

The annual allocations of CDBG and HOME funding are based on formulas calculated by HUD and are released in the spring of each year. HUD has not yet announced the allocation amounts for FY 2022-23. Staff prepared estimates of the expected funding based on previous years' allocations and anticipated reductions in the funding. It should be noted that, given ongoing reductions in federal funding, it is always possible that CDBG and HOME program funds will be dramatically impacted, or even eliminated altogether. If such severe changes do take place, causing substantial deviations in or elimination of grant funding for these programs, staff will return to City Council with recommendations.

For FY 2022-23, the CDBG allocation is estimated to be \$1,300,000, and the HOME allocation is estimated to be \$630,000. City Council action is requested to identify the projects, programs and activities to be conducted that will receive allocations of CDBG and HOME funding in FY 2022-23. Action is also requested to identify existing and/or alternative projects that will automatically be funded, or will receive increases or decreases in funding, once the actual funding amounts are known, in order to preclude the need for additional public hearings to allocate minor amounts.

## **CATEGORIES OF FUNDING/RESTRICTIONS**

The federal regulations for CDBG and HOME funding detail the eligible activities under each grant source. For certain categories of activities, restrictions are placed on the amounts of the total grant allocation that may be expended in a given year. For the CDBG program, the regulations restrict the amount of funds that may be reserved and expended as follows:

- No greater than 20% of the annual CDBG grant allocation may be awarded or expended during that year for planning and grant administration activities;
- No more than 15% of the annual CDBG grant allocation may be awarded or expended for public service activities.

For the HOME program, the regulations restrict the amount of funds that may be reserved and expended as follows:

- No more than 10% of the total HOME grant allocation may be awarded or expended for planning and grant administration activities during the year;
- A minimum of 15% of the total HOME grant amount must be reserved for eligible affordable housing activities to be conducted by Community Housing Development Organizations (CHDOs) as outlined below.

## **CDBG PROPOSALS RECEIVED**

Through the published application process for CDBG projects and programs, the City received nine eligible requests for the CDBG funding. As in past years, the requests for funding exceed the amounts expected to be available for allocation. The complete Applications Binder is available in the City Clerk's Office for City Council and public review.

Subject to the funding restrictions outlined above, staff recommendations for the various categories of funding are listed below, and are also summarized in Attachment "2" of this report.

### **PLANNING AND ADMINISTRATION (Maximum 20% of annual CDBG Grant)**

CDBG funds can be used for grant administration and planning activities, including general administration, management oversight, program implementation and fair housing services. Based on an estimated allocation of \$1,300,000, approximately \$260,000 will be available for planning and administration activities. Staff recommends awarding the funds as follows:

CDBG Administration– The City provides staffing and management oversight for the administration and implementation of both the CDBG and HOME programs. These activities will require the maximum amount of CDBG Administration funds available to adequately administer both programs for FY 2022-23. Staff recommends allocating \$235,000 in CDBG funds to the City's Community Development Department for required administration of both grant programs, including internal and external costs. This activity is also recommended for additional funding, up to the maximum 20%, once the final allocation amount is known.

CSA San Diego County– Fair Housing & Landlord/Tenant Services – The provision of fair housing services is mandatory for federal programs, including the CDBG and HOME programs. CSA San Diego County requested funds to provide fair housing and landlord/tenant services for City of El Cajon residents. Staff recommends funding for CSA San Diego County, in the total amount of \$30,000, with \$25,000 from CDBG funds and \$5,000 from HOME funds, for the provision of essential fair housing and landlord/tenant services.

### **PUBLIC FACILITIES/CAPITAL IMPROVEMENT/OTHER PROJECTS (No Maximum)**

Under the CDBG program, the City may use funds to conduct a variety of public facility and public improvement projects that benefit low- and moderate-income residents. This includes facilities and improvements that are publicly owned, or that are owned by a nonprofit and open to the public (with certain exceptions). Previous City Council direction has been to maximize and prioritize the use of CDBG funds for CDBG-eligible, City-owned public facility improvements serving the entire community. The City Council has preferred to prioritize funding

to continuing phased projects and projects already underway, before funding new projects.

In FY 2022-23, staff estimates that \$845,000 in CDBG funds will be available for allocation to public facility/capital/other activities. In addition, staff has identified \$200,000 in CDBG funds allocated to the Housing Rehabilitation Loan Program (HRLP) carried over from previous years. The funds are recommended for re-allocation to that same project in this fiscal year, in order to include the HRLP in the current One Year Action Plan.

The following is a brief discussion of each project's request for Public Facilities/Capital/Other funds, and staff's recommendations:

Housing Rehabilitation Loan Program (HRLP) – Re-allocated/renewed funding is recommended for continuation of the City's HRLP. The HRLP provides loans of up to \$20,000 to low-income mobile home owners for comprehensive rehabilitation to their homes (the program also provides loans of up to \$50,000 in HOME funds for low-income owners of single-family homes). Administration of both the mobile home and single-family loan programs are paid from the CDBG allocation for this activity, including internal and external costs. This program was temporarily suspended during FY 2020-21 and the first half of FY 2021-22 due to the coronavirus pandemic. This program is now reopened (as of January 2022) utilizing CDBG and HOME funds allocated to it in prior fiscal years and carried over. In order to include the activities of the program in the current One Year Action Plan, staff recommends re-allocating the same \$200,000 in carry-over funding for continuation of this activity.

Neighborhood Street Light Improvement Program (City Public Works) – Funding is requested for continuation of this program to install new street lights in qualified CDBG-eligible residential census tracts. This will be the third year of funding for this project which received two previous allocations. The first two phases are underway. Phase one is expected to be completed by June 2022 and phase two is expected to be completed by Fall 2023. Locations for the lighting improvements are supported by an internal lighting study which shows that many neighborhoods are without adequate street lighting, and the residents frequently report not feeling safe when walking or crossing residential streets at night. Staff recommends funding for this activity in the amount of \$845,000. This program is also recommended for additional funding once the final allocation amount is known. Approximately 63 additional street lights can be installed with this amount of funding to eliminate the dangers associated with inadequate street lighting and to ensure residents' safety.

No other eligible applications for Public Facility/Capital Improvements were received.

### **PUBLIC SERVICES (Maximum 15% of annual CDBG Grant)**

The City received seven applications for public service programs. Staff anticipates that a maximum of approximately \$195,000 will be available for allocation to Public Service programs and projects in FY 2022-23, and recommends as follows:

Community Policing (Crime Free Multi-Housing)- Funds were requested for the continued provision of the very successful Crime Free Multi-Housing Program which serves residents citywide by reducing crime and increasing safety in neighborhoods. Staff recommends funding this activity in the amount of \$49,107 to continue providing this important program.

East County Transitional Living Center (Emergency Shelter Program)- Funds were requested once again to provide emergency shelter for the homeless. The program proposes to serve 300 persons with emergency shelter beds (up to 28 days), as well as providing food and case management. This program has received operational support from the City since 2005. Staff recommends funding this activity in the amount of \$100,000 to ensure continuing shelter availability.

ElderHelp of San Diego (Senior Care Coordination Program)- Funds were once again requested for operational support for the provision of in-home case management, referrals and transportation for El Cajon seniors. The program has received funding for the past three years. ElderHelp anticipates serving 45 individuals with in-home or other case management services in FY 2022-23. Staff recommends funding this activity in the amount of \$10,000.

Interfaith Shelter Network (Rotational Shelter Program)- Funds were requested again for this program that provides emergency shelter for homeless individuals at East County churches on a rotational basis during the winter months or, if available, hotels/motels. Each church and/or hotel/motel agrees to provide shelter, food and services. The program proposes to serve up to 40 people (15 from El Cajon) over the winter months that the shelter is operating. Staff recommends funding this activity in the amount of \$10,839.

Mama's Kitchen (Home-Delivered Meal Program)- Funds were requested for continued support for the Home-Delivered Meal Program which delivers meals for critically ill El Cajon residents. The no-cost meals provide daily nutrition for clients and their dependent children who are at risk of malnutrition due to cancer, diabetes, heart failure and kidney disease. Funds will be used to support the purchase of food and meal containers. This program received \$10,000 in CDBG-CV funding and is currently active. Due to limited CDBG funds available, this program is not recommended for funding with this funding source.

Meals on Wheels (Meals on Wheels El Cajon)- Funds were requested once again for the provision of meals to low-income, homebound seniors within the City. The program proposes to serve 165 El Cajon seniors. This program has received operational support from the City since 1992. Staff recommends funding this activity in the amount of \$25,000.

Voices for Children (Court Appointed Special Advocate (CASA) Program)- Funds were requested for operational support of the CASA program. Funding would provide a portion of the salaries of two staff Advocacy Supervisors who provide ongoing supervision, training, and support to a team of 40-50 CASA volunteers who advocate on behalf of the foster children. This program proposes to serve a total of eight (8) El Cajon foster children. Due to limited funds available and previous City Council practice of maximizing funds for basic needs to benefit all parts of the City, this program is not recommended for funding.

## **HOME PROGRAM**

The HOME program mandates a 10% set-aside for Administration, a 15% set-aside for Certified Housing Development Organizations (CHDOs), and the balance is reserved for ongoing City Council-authorized entitlement projects such as the City's First Time Homebuyer Down Payment Assistance Program and the Housing Rehabilitation Loan Program (for single-family and mobile homes). Staff recommendations for funding in each category are summarized below



and included in Attachment “3.” The total HOME program allocation is expected to be approximately \$630,000 in FY 2022-23.

### **PLANNING AND ADMINISTRATION (Maximum 10% of annual HOME Grant)**

HOME funds are required for administration and planning activities, including general management, oversight, program implementation and fair housing services. Staff anticipates that a maximum amount of approximately \$63,000 will be available for allocation to Planning and Administration activities, and recommends funding as follows:

HOME Administration- Staff recommends allocating \$58,000 to the Community Development Department for administration of the HOME Program, including internal and external costs. Since this amount of funding is not sufficient to adequately administer the HOME program, funds awarded for CDBG Administration are used to cover administration costs of the HOME program over this amount. This activity is also recommended for additional funding, up to the maximum 10% allowed, once the final allocation amount is known.

CSA San Diego County (Fair Housing & Landlord/Tenant Services)– As noted earlier, staff recommends funding of \$5,000 from HOME funds, along with an allocation of \$25,000 from CDBG funds (see the discussion above), for a total contract of \$30,000 for the provision of fair housing and landlord/tenant services in El Cajon.

### **CHDO SET-ASIDE FUNDING (Minimum 15% of HOME Grant)**

The HOME program also requires that 15% of each year’s allocation be reserved for the production of affordable housing opportunities by one or more Community Housing Development Organizations (each a CHDO). A CHDO is a private nonprofit, community-based service organization that has as its mission the provision of affordable housing for the community it serves. A CHDO must also have staff on board with the capacity to develop affordable housing, along with meeting other criteria. Once a CHDO has met the criteria, it must be certified by the City of El Cajon in order to qualify for the use of CHDO funds, and a specific project must be identified. For FY 2022-23, 15% of the total HOME allocation (approximately \$94,500) must be set-aside for future allocation to one or more CHDOs. Staff will return with recommendations for a specific CHDO and project once a CHDO and a project have been identified. At this stage, in order to comply with HOME regulations, funds must simply be reserved.

### **ENTITLEMENT PROJECTS (Balance of annual HOME Grant)**

The remaining amount available in the FY 2022-23 allocation is approximately \$472,500. Staff recommends allocating the remaining balance to the Housing Programs Pool of Funds for use in continuing housing programs, including the HRLP and the First Time Homebuyer (FTHB) Programs. Funds are moved from the Pool of Funds reserve to these housing programs on an as-needed basis, based on market conditions and demand.

Recently, a large balance of funds has accumulated in the Pool of Funds, due to several factors: 1) slowed spending in the FTHB program due to changing market conditions; 2) the temporary suspension of the HRLP program due to COVID-19; and 3) the large number of loan repayments received resulting in Program Income. The total balance available in the Pool of Funds is currently \$2,967,000. Staff is recommending re-allocation and commitment of a

portion of the funds (\$1,100,000) to a qualified subrecipient for administration of the FTHB program as discussed below. In addition, staff expects to release a Request for Proposals with a large portion of the remaining balance, with the goal of identifying one or more potential development projects that will result in affordable housing units. Any proposed projects identified will be brought to the City Council for review and approval as an amendment to the One Year Action Plan. All of these activities will assist the City with meeting the goals and objectives adopted in the Five Year Consolidated Plan.

#### First Amendment to FY 2021-22 One Year Action Plan

As noted above, the Housing Pool of Funds currently has a balance of \$2,967,000 of uncommitted HOME funding, of which \$1,390,822 is Program Income. In addition, CalHome funds were used in the past to provide loans to first time homebuyers when funds were made available through the State. When the City receives a repayment of CalHome funds, the funds must be re-used for the same purpose. The CalHome Re-Use Fund Balance currently totals \$64,588 from the repayment of a loan previously made by the City.

The FTHB program is currently administered in-house by staff with various degrees of training and/or experience in lending practices and managing the complexities of the program. Housing staff today are required to manage multiple projects and funding sources (including several new funding sources soon to be available, each with its own set of compliance requirements) in order to effectively meet the requirements of all programs. It is no longer practical or efficient to maintain staff dedicated solely to the FTHB Program.

Although some cities continue to administer FTHB programs in-house, the City of San Diego and the County of San Diego currently contract with the San Diego Housing Commission (SDHC) to administer the full scope of their FTHB programs. Those agencies expressed great satisfaction with the services SDHC provides. Both agencies report that SDHC does excellent work, and has been able to find more qualified borrowers and close more loans than with in-house staff. The City of Chula Vista is currently in the process of entering into an agreement with SDHC for these services as well.

Following further research and analysis, staff has concluded that SDHC is the best candidate for administering the City's FTHB Program for several reasons, including:

- SDHC has administered FTHB programs using HUD funds in San Diego County for over 30 years;
- SDHC maintains a full staff dedicated to FTHB program activities;
- SDHC is very knowledgeable with the complex compliance requirements of the various funding sources available for use in FTHB programs;
- SDHC provides continual training for its staff, and its leaders are experienced with lending practices and program compliance; and
- SDHC does not provide first mortgage loans directly, which eliminates the concern of a potential conflict of interest or unfair competitive advantage.

Based on these factors and more, staff is recommending an amendment to the FY 2021-22 One Year Action Plan to enter into an agreement with a qualified subrecipient, the San Diego Housing Commission, for administration of the City's FTHB Program. The agreement will initially include \$1.1 million in HOME funds from Program Income, and \$64,588 in CalHome Re-Use funds for the provision of loans to qualified first time homebuyers and for administration of the program. The initial agreement will cover a 16-month time period (March 1, 2022 to June 30, 2023), with options for up to four (4) one-year extensions. Future amendments/renewals

may include new allocations of HOME (and CalHome if available) following approval by the City Council, as well as HOME and CalHome funds received by the City from loan repayments as Program Income that are automatically re-programmed for the same purpose.

To summarize, staff recommends that the City Council:

- a. Allocates funds to projects and programs that will be funded from the FY 2022-23 Community Development Block Grant (CDBG) and HOME grant programs; and
- b. Adopts the First Amendment to the FY 2021-22 One Year Action Plan to allocate \$1,100,000 in HOME Program Income funds and \$64,588 in CalHome Re-Use funds to the San Diego Housing Commission for the administration of the City's First Time Homebuyer (FTHB) Program.

A Notice of this Public Hearing was published in the Daily Gazette, and posted online and in multiple locations, on February 3, 2022 and February 10, 2022 providing citizens with the opportunity to comment and to participate in the development of the FY 2022-23 One-Year Action Plan. Additionally, a Notice of this Public Hearing and 30-Day Public Review and Comment Period was published in the Daily Gazette, and posted online and in multiple locations, on February 3, 2022 and February 10, 2022 providing citizens with the opportunity to comment and to participate in the development of the First Amendment to FY 2021-22 One-Year Action Plan. The draft First Amendment to the FY 2021-22 One Year Action Plan was posted online on February 3, 2022. As of the date of publication of this Agenda Report, no comments were received. All comments received between this meeting and March 7, 2022 will be considered administratively, allowing any modifications necessary and appropriate, and consistent with City Council direction at today's meeting, prior to submittal of the First Amendment to HUD.

#### FISCAL IMPACT:

There is no fiscal impact to the General Fund. All CDBG, HOME, and CalHome grant allocations will be used to fund project and program costs pursuant to Federal and State laws and regulations governing the grant programs.

Prepared By: Jamie van Ravesteyn, Housing Manager and Deyanira Pelayo-Brito, Housing Specialist

Reviewed By: Anthony Shute, Director of Community Development

Approved By: Graham Mitchell, City Manager

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#### Attachments

Resolution

CDBG Fact Sheet

CDBG Allocations Worksheet

HOME Allocations Worksheet

Draft - First Amendment to FY 2021-22 One Year Action Plan

RESOLUTION NO. \_\_\_\_-22

A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF EL CAJON ADOPTING A FIRST AMENDMENT TO  
THE FY 2021-2022 ONE YEAR ACTION PLAN ALLOCATING  
FUNDS TO SAN DIEGO HOUSING COMMISSION

WHEREAS, on April 27, 2021, the City of El Cajon (the "City") adopted the FY 2021-22 One Year Action Plan, including allocations of HOME Investment Partnership (HOME) program funding for eligible projects and programs; and

WHEREAS, approximately \$1.1 million in HOME loan repayments (HOME Program Income), and income from the repayment of \$64,588 from borrowers of CalHome funds (CalHome Re Use Funds) have been received by the City and are available for allocation to projects and programs that assist the City in providing affordable housing opportunities; and

WHEREAS, the San Diego Housing Commission is a qualified subrecipient for administration of the City's First Time Homebuyer (FTHB) program; and

WHEREAS, the City Council has considered and desires to allocate \$1.1 million in HOME Program Income and \$64,588 in CalHome Re-Use Funds to the San Diego Housing Commission for administration of the City's FTHB program, including the provision of loans to qualified first time homebuyers in the City; and

WHEREAS, the City duly advertised and held a public hearing on February 22, 2022, and is making the proposed First Amendment to the One Year Action Plan available for public review and comments for a minimum 30-day period between February 3, 2022, and March 7, 2022; and

WHEREAS, the City has met the requirements of HUD set forth at 24 CFR 91 and its Citizen Participation Plan and has found the proposed project to be consistent with the Five Year Consolidated Plan; and

WHEREAS, public comments received between February 22, 2022, and March 7, 2022, will be reviewed and, if consistent with the recommendations made by the City Council at the February 22, 2022, public hearing, will be implemented with allocation adjustments set forth in this Resolution to be modified administratively by the City Manager.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. The City Council of the City of El Cajon does hereby adopt the First Amendment to the FY 2021-22 One Year Action Plan to allocate HOME funds as follows:

<b>First Amendment to the FY 2021-22 One Year Action Plan</b>			
<b>City Project Number</b>	<b>Fund/Project</b>	<b>Funds Available</b>	<b>Proposed New/ Re-Allocation</b>
H0720	Housing Programs Pool of Funds Balance	<\$1,100,000>	
H07xx	San Diego Housing Commission – City of El Cajon First Time Homebuyer Program		\$1,100,000
<b>Total HOME Allocation:</b>			<b>\$1,100,000</b>

The City Council further authorizes the use of \$64,588 in CalHome Re-Use Funds by the San Diego Housing Commission for the provision of one or more loans to qualified first time homebuyers in the City.

2. The City Manager or such person designated by the City Manager is hereby authorized to execute appropriate contracts and agreements for the use of the HOME and CalHome funds, consistent with City and federal policies and guidelines.

3. The City Council hereby adopts the First Amendment to the FY 2021-22 One Year Action Plan, with funding allocations as presented above, and authorizes the City Manager or designee to submit the One Year Action Plan, as amended, to HUD, and to make any necessary or needed corrections or adjustments to allocations as outlined above, or as required by HUD, and to execute all affiliated documents.

# CDBG FACT SHEET & ANNUAL ACTION PLAN TIMELINE\*

## I. Introduction

This FACT SHEET has been prepared to assist the community to understand the COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) program in El Cajon. Also, this FACT SHEET provides information as to how non-profit organizations may apply for CDBG funds from the City of El Cajon and how those funds must be used to benefit the community.

## II. Overview of Program

- A. Per Title I of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended, the City of El Cajon is entitled to receive federal CDBG funds on an annual basis. The purpose of the federal grant program is to assist cities, such as El Cajon, with the development of decent housing, a suitable living environment, and economic opportunities for the benefit of low and moderate-income residents.
- B. **All CDBG-funded projects and programs must meet one or more of the following NATIONAL OBJECTIVES:**
- 1) **Benefit low/moderate income residents; or**
  - 2) Meet a community need having a particular urgency because existing conditions pose a serious and immediate threat to the health and/or welfare of the community and no other financial resources are available to meet the need. (A condition will be considered urgent or of recent origin if it developed or became critical within the 18-month period preceding the application); or
  - 3) Aid in the prevention or elimination of conditions of slum and blight.

***NOTE: All CDBG-funded projects in the City of El Cajon must address the national objective to benefit low/moderate income residents.***

- C. **Projects must meet at least one of the local Goals/Priorities developed by the City of El Cajon in its FY 2019-2024 Five Year Consolidated Plan:**
- Goal 1:** Provide Decent and Affordable Housing  
**Goal 2:** Support Continuum of Care for the Homeless  
**Goal 3:** Provide Community Facilities and Infrastructure  
**Goal 4:** Provide Community and Supportive Services

The Goals/Priorities are more fully described in the FY 2019-2024 Five Year Consolidated Plan which is available for review at the Project Assistance Center/Lobby public counter located at 200 Civic Center Way, First Floor, El Cajon, CA 92020 during regular business hours. The FY 2019-2024 Five-Year Consolidated Plan is also available for review at any time on the City's website at <http://www.cityofelcajon.us/housing>.

- D. Proposed projects/programs will be assessed according to the following objectives and outcomes:

PERFORMANCE MEASUREMENT STANDARDS

Outcomes → Objectives ↓	Availability / Accessibility	Affordability	Sustainability
Suitable Living Environment	Enhance suitable living environment through improved/ new accessibility	Enhance suitable living environment through improved/ new affordability	Enhance suitable living environment through improved/ new sustainability
Decent Housing	Create decent housing with improved/ new availability	Create decent housing with improved/ new affordability	Create decent housing with improved/ new sustainability
Economic Opportunity	Provide economic opportunity through improved/ new accessibility	Provide economic opportunity through improved/ new affordability	Provide economic opportunity through improved/ new sustainability

**NOTE: City staff will assign the most suitable Outcome/Objective classification.**

**III. Eligible Activity Categories (24 CFR 570.201) Activities funded with CDBG funds must be eligible.**

The following provides a sample of activities that may be eligible for funding under the CDBG program. Please note that each category is subject to very specific guidelines.

- ◆ Acquisition of real property
- ◆ Disposition of real property
- ◆ Public facilities and improvements
- ◆ Infrastructure improvements
- ◆ Public services
- ◆ Housing and fair housing services
- ◆ Construction of improvements related to housing
- ◆ Rehabilitation and preservation activities
- ◆ Homeownership assistance
- ◆ Facilitation of economic development
- ◆ Planning and Program administration

**IV. Ineligible Activities (24 CFR 570.207) Activities funded with CDBG funds must not be ineligible.**

The following provides a sample of activities which would **NOT** be eligible for CDBG funding:

- ◆ Buildings, or portions thereof, used for the general conduct of government.
- ◆ General government expenses.
- ◆ Political activities.
- ◆ Purchase of construction equipment.
- ◆ Purchase of equipment, fixtures, motor vehicles, furnishings or other personal property that is not an integral structural fixture (specific exceptions exist—contact CDBG administrator with questions).
- ◆ Income payments to individuals for housing or any other purpose.
- ◆ Services, activities or improvements to facilities which do not serve primarily low income persons and households.

**V. Citizen Participation**

To encourage public participation in the development of the CDBG program, the City has adopted a Citizen Participation Plan which outlines the procedures to be followed by public officials and private citizens to establish a statement of projects for a given program year. The complete Citizen Participation Plan is available for review at Project Assistance Center/Lobby public counter, 200 Civic Center Way, El Cajon, CA 92020, and is also on the City’s webpage at <https://www.cityofelcajon.us/your-government/departments/community-development/housing-division/funding-sources>. A summary of the application process for CDBG funds is provided below for organizations and/or private citizens who wish to participate in the City’s program.

The application process for CDBG funding begins each year in the fall. A “Notice of Funding Availability” is published in the local newspaper of general circulation for review by the public and a courtesy copy is mailed to all persons and organizations that have requested to be placed on the City’s mailing list. The Notice will provide information regarding the amount of funds expected to be available, the procedures to follow for submitting proposals to the City with a schedule of applicable activities, and any additional information determined to be necessary by the program coordinator.

## ATTACHMENT “1”

In the “Notice of Funding Availability”, the City will request applications for proposed projects from community agencies for eligible projects to be funded through the CDBG program. Applicants will be given at least thirty (30) days to submit a proposal or submit program comments/suggestions to the Community Development - Housing, 200 Civic Center Way in El Cajon. Staff will review project submittals and determine whether or not a proposed project meets the stated criteria and is eligible for CDBG funding, and will then forward all eligible projects to the City Council for further consideration at two (2) public hearings.

The City Council will select the projects to be funded through the CDBG program and those projects will be included in the One Year Action Plan that is submitted to the U.S. Department of Housing and Urban Development for additional review and final approval. Once the Action Plan is approved, and all other stated conditions are met, project activities may begin and CDBG funding will be available for disbursement to the agencies who were selected to participate in the program.

For additional information on the CDBG program and/or to obtain an application for funding, contact City of El Cajon Community Development - Housing at (619) 441-1710.

### SAMPLE ANNUAL ACTION PLAN TIMELINE\*

(\*In this Fact Sheet, all dates are approximate and should be viewed as sample dates for any given funding application/year)

November 11, 2021	“Notice of Funding Availability” published in the newspaper and notice mailed to interested parties’ list.
<b>November 11, 2021</b>	<b>Applications for CDBG Funding available.</b>
<b>December 16, 2021</b>	<b>Deadline for proposals/applications for CDBG funds</b> to be submitted to Community Development - Housing, 200 Civic Center Way, Third Floor, El Cajon, CA 92020 <b>by 5:00 p.m.</b>
January 31, 2022*	Approximate to notify applicants regarding eligibility.
February 3 & 10, 2022*	“Notice of First Public Hearing” to be published in newspaper.
<b>February 22, 2022*</b>	<b>First Public Hearing at 7:00 p.m. to solicit public input and to tentatively allocate FY 2022-23 CDBG and HOME funds.</b>
March 10, 2022*	“Notice of 30-day Public Review Period and Second Public Hearing” to be published in newspaper. Notice includes full listing of approved projects, amounts and regulatory citations, and seeks public input. Draft of Action Plan is available at the Project Assistance Center/Lobby public counter, 200 Civic Center Way, El Cajon, CA 92020.
April 7 & 14, 2022*	“Notice of Second Public Hearing” to be published in newspaper.
<b>April 26, 2022*</b>	<b>Second Public Hearing at 3:00 p.m. to solicit public input and final adoption of FY 2022-23 One Year Action Plan.</b>
May 12, 2022*	One Year Action Plan submitted to HUD for approval.
May 12, 2022*	Begin contract negotiations with selected CDBG subrecipients and initiate environmental reviews. Agreements targeted for execution on or about July 1, 2022.
One week after submittal to HUD*	“Notice of Submittal of One Year Action Plan” published in newspaper.
May 17 – June 30, 2022*	HUD review period of One Year Action Plan.
<b>July 1, 2022</b>	<b>Begin Fiscal Year 2022-23 Program Year. Program activities may not begin until all pre-conditions of the funding are met and agency is notified that it may proceed.</b>

**\*All dates listed herein are approximate and are subject to change.** Persons relying on this Schedule must contact the Community Development - Housing at (619) 441-1710 or [dbrito@elcajon.gov](mailto:dbrito@elcajon.gov) to confirm the actual date of each event as the timeframe nears.



**FY 2022-23 CDBG ALLOCATIONS WORKSHEET**

**ATTACHMENT "2"**

<b>ESTIMATED CDBG FUNDS AVAILABLE FY 2022-23</b>	
Est FY 2022-23 CDBG Grant Allocation:*	\$ 1,300,000
PLUS PRIOR YEARS FUNDS AVAILABLE (for Housing Rehab only):	\$ 200,000
Est Total FY 2022-23 CDBG Funds Available:	\$ 1,500,000
Less Prior Years Funds Reserved for Housing Rehab:	\$ (200,000)
Less 20% (MAX) for ADMIN:	\$ (260,000)
Less 15% (MAX) for PUBLIC SERVICES:	\$ (195,000)
Remaining Funds Available for Capital projects:	\$ 845,000

\*Assumes level funding over current year

<b>ADMINISTRATION - 20% CAP (estimated \$260,000 available)</b>							
Tab No.	Agency	Project/Program	Grant	Type	FUNDED PRIOR YEAR	AMOUNT REQUESTED	STAFF RECOMMENDATIONS
--	City - ADMIN	CDBG Administration (1)	CDBG	Admin	\$ 237,621	\$ 235,000	\$ 235,000
1	CSA San Diego County	Fair Housing Services	CDBG	Admin or PS	\$ 25,000	\$ 40,000	\$ 25,000
(1) When the actual final allocation from HUD is determined, CDBG Administration is authorized to be allocated any excesses or decreases in CDBG funds for Planning/Administration, to the maximum allowed (20%).					sub-total:	\$ 275,000	\$ 260,000

**FY 2022-23 CDBG ALLOCATIONS WORKSHEET**

**ATTACHMENT "2"**

<b>PUBLIC FACILITIES/CAPITAL/OTHER - NO CAP (estimated \$845,000 available)</b>							
<b>Tab No.</b>	<b>Agency</b>	<b>Project/Program</b>	<b>Grant</b>	<b>Type</b>	<b>FUNDED PRIOR YEAR(S)</b>	<b>AMOUNT REQUESTED</b>	<b>STAFF RECOMMENDATIONS</b>
--	City - Housing	Housing Rehabilitation Loan Program	CDBG	Capital	\$ -	\$ 200,000	\$ <b>200,000</b>
2	City - Public Works	Neighborhood Street Light Improvement Program (2022) (2)	CDBG	Capital	\$ 288,519	\$ 850,000	\$ <b>845,000</b>
(2) When the actual final allocation from HUD is determined, and after adjusting for the maximum Planning/Admin allocation, the Neighborhood Street Light Improvement Program is authorized to receive any excesses or decreases in CDBG funds awarded by HUD.					<b>sub-total:</b>	\$ 1,050,000	\$ <b>1,045,000</b>

**FY 2022-23 CDBG ALLOCATIONS WORKSHEET**

**ATTACHMENT "2"**

**PUBLIC SERVICES - 15% CAP (estimated \$195,000 available)**

<b>Tab No.</b>	<b>Agency</b>	<b>Project/Program</b>	<b>Grant</b>	<b>Type</b>	<b>FUNDED PRIOR YEAR</b>	<b>AMOUNT REQUESTED</b>	<b>STAFF RECOMMENDATIONS</b>
3	City - Police Services	Community Policing (Crime-Free Multi-Housing Program)	CDBG	Pub Svc	\$ 49,107	\$ 49,107	\$ 49,107
4	East County Transitional Living Center	Emergency Shelter Program	CDBG	Pub Svc	\$ 100,000	\$ 100,000	\$ 100,000
5	Elderhelp of San Diego	Senior Care Coordination Program	CDBG	Pub Svc	\$ 12,859	\$ 15,000	\$ 10,000
6	Interfaith Shelter Network	Rotational Shelter Program	CDBG	Pub Svc	\$ 10,000	\$ 15,000	\$ 10,893
7	Mama's Kitchen	Home-Delivered Meal Program	CDBG	Pub Svc	\$ -	\$ 10,000	\$ -
8	Meals on Wheels Greater San Diego	Meals on Wheels El Cajon	CDBG	Pub Svc	\$ 25,000	\$ 32,500	\$ 25,000
9	Voices of Children	Court Appointed Special Advocate (CASA) Program	CDBG	Pub Svc	\$ -	\$ 15,000	\$ -
<b>subtotal:</b>						\$ 236,607	\$ 195,000

# FY 2022-23 HOME ALLOCATIONS WORKSHEET

# ATTACHMENT "3"

ESTIMATED HOME FUNDS AVAILABLE FY 2022-23:	
Est. FY 2022-23 HOME Grant Allocation:	\$ 630,000
Less 10% Reserved for Admin:	\$ (63,000)
Less 15% Required for CHDO Set-Aside:	\$ (94,500)
<b>Total HOME available to allocate:</b>	<b>\$ 472,500</b>

City Project No.	Agency	Project/Program	Grant	Type	FUNDED PRIOR YEAR	REQUESTED NEXT YEAR	STAFF RECOMMENDATIONS	
<b>ADMINISTRATION - 10% CAP (estimated \$63,000 available)</b>								
HADMIN	City - Housing	HOME Administration (1)	HOME	Admin	\$ 55,405	\$ 58,000	\$ 58,000	
H0715	CSA San Diego County	Fair Housing Services	HOME	Admin	\$ 5,000	\$ 5,000	\$ 5,000	
(1) HOME Administration is authorized to be allocated excesses or decreases in HOME funds when the actual final allocation from HUD is determined, to the maximum allowed (10%).						<b>sub-total:</b>	\$ 63,000	\$ 63,000

<b>REQUIRED CHDO RESERVE - 15% MINIMUM (estimated \$94,500 available)</b>								
--	TBD	CHDO Set Aside Funds (2)	HOME	CHDO	\$ 90,607	\$ 94,500	\$ 94,500	
(2) CHDO Reserve amount is authorized to be adjusted automatically to 15% of the total HOME allocation when the actual final allocation of HOME funds from HUD is determined.						<b>sub-total:</b>	\$ 94,500	\$ 94,500

<b>ENTITLEMENT PROGRAMS - NO CAP (estimated \$472,500 available)</b>							
H0719	City - Housing Division	American Dream First-Time Homebuyer (3)	HOME	Entitlement	\$ -	\$ -	\$ -
H0722	City - Housing Division	Single-Family Rehabilitation Program (3)	HOME	Entitlement	\$ -	\$ -	\$ -
H0721	City - Housing Division	Mobilehome Rehab/Replacement Program (3)	HOME	Entitlement	\$ -	\$ -	\$ -
H0720	City - Housing Division	Housing Programs Pool of Funds	HOME	Entitlement	\$ 453,037	\$ 472,500	\$ 472,500

\*These programs are continuing City Council-authorized housing programs, and the City Manager is authorized to move funds from the Housing Programs Pool of Funds (H0720) to these authorized programs (H0719, H0722, H0721) on an as-needed basis, based on market conditions and demand.

<b>FY 2022-23 Grand Totals:</b>	<b>\$ 630,000</b>	<b>\$ 630,000</b>
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**CITY OF EL CAJON**

**First Amendment to FY 2021-2022 ONE YEAR ACTION PLAN (HOME Funds)**

The City is proposing a first amendment to the FY 2021-2022 One Year Action Plan to allocate available Home Investment Partnerships (HOME) and CalHome funds totaling \$1,164,588 to San Diego Housing Commission, to provide administration of the First Time Homebuyer Program on behalf of the City, to assist in providing affordable housing opportunities. HOME funds totaling \$1,100,000 will be allocated from the Housing Pool of Funds fund balance and CalHome funds totaling \$64,588 will be allocated directly from the CalHome Re-Use fund balance. A public hearing will be held on **Tuesday, February 22, 2022 at 7:00 P.M. in the El Cajon Council Chambers at 200 Civic Center Way, El Cajon, CA 92020.**

The following activities are recommended by staff for funding:

**Proposed HOME and CalHome Project for FY 2021-2022:**

<b>Local Project No.</b>	<b>Agency Name Project Title  Project Site Address (Brief description of project)</b>	<b>Project Description</b>	<b>Amount Recommended for Allocation</b>
XXXX	<b>San Diego Housing Commission (SDHC) First Time Homebuyer Program</b>  1122 Broadway St, STE 300, San Diego, CA 92101 (Provides down payment assistance loans for qualified first time home buyers in the City of El Cajon)	Down payment assistance to first time homebuyers in form of a loan for the purchase of new or existing single-family or condominium homes. Household income cannot exceed 80% of the Area Median Income (AMI).	<b>\$1,164,588</b>
HOME	<b>HOME Housing Pool of Funds</b>	N/A	<b>&lt;\$1,100,000&gt;</b>
CalHome	<b>CalHome Re-Use Fund Balance</b>	N/A	<b>&lt;\$64,588&gt;</b>