



***City of Encinitas
Substantial Amendment to the
FY 2019-20 Annual Action Plan***



**Development Services Department
505 S. Vulcan Avenue
Encinitas, CA 92024**

EXECUTIVE SUMMARY

The purpose of this Substantial Amendment is to include additional funding (\$209,521) as a result of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This Substantial Amendment also proposes to reallocate FY 2019-20 funds totaling \$118,126 to address Coronavirus Disease 2019 (COVID-19).

On March 27, 2020 the United States Congress passed The Coronavirus Aid, Relief, and Economic Security Act (H.R. 748) also known as the CARES Act. The bill provided \$5 billion for Community Development Block Grant Program (CDBG) to rapidly respond to COVID-19 at a local level.

The City of Encinitas will receive \$209,521 in CDBG-CARES (CDBG–CV) funding. A Substantial Amendment to the FY 2019-20 Annual Action Plan is required as this was not included in the original approval of the FY 2019-20 Action Plan.

The U.S. Department of Housing and Urban Development (HUD) has waived the thirty (30) day public comment period, which is typically required for a substantial amendment. To COVID-19, provided that no less than five (5) days are provided for public comments on each Substantial Amendment. In addition and for the purpose of an expedited use of the CDBG-CV funding, HUD eliminated the cap on funds a grantee can spend on public services, removed requirement to hold in-person public hearings in order to comply with national and local social gathering requirements, and allows grantees to be reimbursed for COVID-19 response activities regardless of the date the costs were incurred, provided that certain CDBG requirements were met.

The CDBG-CV funds allocated under the CARES Act may be used for a range of eligible activities that prevent, prepare and respond to COVID-19. The proposed activities must meet the three National Objectives as required by CDBG regulations:

- Benefit low-and-moderate income persons.
- Aid in the prevention or elimination of slums or blight, and
- Meet an urgent need.

Pursuant to HUD regulations, the City's Citizen and Community Participation Plan and CDBG program waivers to prevent the spread of COVID-19, this Substantial Amendment will be available for public review and comment for a period of five days. Notice of this review period, as well as notice of the public hearing will be published in the Coast News and on the City's website.

Proposed amendments are shown using red underline and strikethrough formatting. Text in red underline font indicates new text. Text with ~~strike-out~~ formatting indicates deleted text. Only amended 2019-20 Action Plan sections are shown.

AR-12 Participation - 91.401, 91.105, 91.200(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal setting

The City conducted an applicant workshop in December 2018. A total of three (3) people were in attendance. The purpose of the workshop was to provide an overview of the CDBG program, the City's Consolidated Plan, and application process.

The City Council held a public hearing on March 13, 2019 to authorize funding recommendations for CDBG projects and activities for incorporation in the draft FY 2019-20 Action Plan. There were two public speakers at the meeting, who both spoke in favor of the recommended action. Residents and stakeholders were notified of the public hearing through a publication in a local newspaper, direct email notification, and posting on the City's Website.

The draft Action Plan was available for public review and comment from March 21 - April 19, 2019. The draft Action Plan was available on the City's website, City Hall, the Encinitas Branch Library, Cardiff Branch Library, and the Encinitas Community/Senior Center. All public comments received during the 30-day public review period are included in Appendix A. The City Council approved the FY 2019-20 Action Plan at a public hearing on April 24, 2019.

The draft substantial amendment to the FY 2019-20 Annual Action Plan was available for public review from June 12, 2020 to June 19, 2020. The document was available on the City's website at www.encinitasca.gov, and hard copies were provided upon request. The public review period was noticed on the City's website, through a publication in a local newspaper, and direct e-mail. All the public comments received were provided to the City Council for consideration.

Expected Resources

AP-15 Expected Resources - 91.420(b), 91.220(c)(1,2)

Introduction

For FY 2019- 20, the City of Encinitas is receiving \$332,501 in CDBG funding. The City of Encinitas will also receive \$209,521 in CDBG-CV funds.

Table 5 - Expected Resources – Priority Table

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 5				Expected Reminder of ConPlan:	Narrative
			Annual Allocation:	Program Income:	Prior Year Funds:	Total:		

CDBG	Federal	Public Services Administration Public Facilities Public Infrastructure	\$332,501	\$0	\$	\$	\$0	The City's FY 2019-20 CDBG allocation is \$332,501
<u>CDBG-CV</u>	<u>Federal</u>	<u>Public Services to prepare, prevent, and respond to Coronavirus</u>	<u>\$209,521</u>		<u>\$118,126</u>	<u>\$327,647</u>	<u>\$0</u>	<u>The City's CDBG-CV allocation is \$209,521</u>

Discussion:

The final grant amount approved by Congress increased by approximately 5% from \$316,302 in FY 2018-2019 to \$332,501 in FY 2019-2020. Due to the annual CDBG grant being more than anticipated, the following adjustments was made: a proration over all the approved public service activities at fifteen (15) percent of the entitlement funding, a proration at 20 percent of annual funding for Administration and Fair Housing activities, and an adjustment to the Capital Improvements category by adding from the Residential Rehabilitation Program accordingly.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives - 91.420, 91.220(c)(3)&(e)

(AP) Table 6 – Goals Summary

Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
Support service to Encinitas low to moderate residents	2019	2020	Non-Homeless Special Needs	LMI Households City Wide	Senior Housing and Services Youth Services	\$16,214	Public service activities other than Low/Moderate Income Housing Benefit: 77 Persons Assisted
Homeless services, prevention and shelter	2019	2020	Homeless Special Needs	LMI Households City Wide	Homeless Services, Prevention and Shelter	\$33,661	Homeless Person Overnight Shelter: 30 Persons Assisted Homelessness Prevention: 810 Households Assisted
Fair Housing	2019	2020	Non-Homeless Special Needs	LMI Households City Wide	Fair Housing	\$18,120	Availability/Accessibility Households assisted: 20

Provide housing assistance to low- income renters and Homeowners	2019	2020	Housing	LMI Households Citywide	Renter and Homeowner Assistance	\$227,647	40 low income households assisted with rent and utility assistance
<u>COVID-19</u> <u>Support service to Encinitas low to moderate residents</u> <u>Homeless services, prevention, and shelter</u>			<u>Public Services</u> <u>Homeless and Non-Homeless</u> <u>Special Needs</u>	<u>LMI Households</u> <u>Citywide</u>	<u>Senior Housing and Services</u> <u>Homeless Services, Prevention and Shelter</u>	<u>\$100,000</u>	<u>Approximately 100 additional low-income households assisted</u>
CDBG Administration	2019	2020	Planning and Administration	City wide	CDBG Program Administration	\$48,380	Program Administration

Goal	Support services for low to moderate residents
Description	Support and strengthen the delivery and coordination of service providers that offer assistance to Encinitas low to moderate income residents with an emphasis on at-risk youth and seniors.
Goal	Homeless Services, Prevention and Shelter
Description	Support the provision of homeless services, shelter, and homeless prevention.
Goal	Housing Affordability
Description	Provide housing assistance to low-income renters and homeowners
Goal	Fair Housing
Description	Ensure that housing within the City is available without discrimination on the basis of race, color, religion, sex, national origin, ancestry, marital status, age, household composition, income, size, disability or any other arbitrary factor.
Goal Name	New Affordable Housing Units
Description	Facilitate the development of new affordable rental and homeownership housing.
Goal	Planning and Administration
Description	Ensure CDBG funds support general program administration by the City's Advanced Planning Section.
Goal	Public Infrastructure
Description	Enhance the livability and quality of life of low- and moderate-income neighborhoods
Goal	Public Facilities
Description	Support facility improvements to qualified agencies that serve low to moderate Encinitas residents
Goal	Economic Development
Description	Explore the needs of local small business
Goal	<u>COVID-19</u>
Description	<u>Prevent, prepare, and respond to impact of the Coronavirus on the Encinitas community.</u>

AP-35 Projects - 91.420, 91.220(d)

Introduction

The City of Encinitas For FY 2019-20 CDBG grant is \$332,501. The City of Encinitas will also receive \$209,521 in CDBG-CV funds.

Table 7 – Project Information

Activity	FY 2019-20 Funding	FY 2019-20 Funding (COVID-19)	CDBG-CV Funding
City of Encinitas Development Services - Administration	\$48,380	--	--
Community Resource Center – Homeless Prevention and Intervention	\$13,607	\$25,000	--
Meals on Wheels – Senior Meal Service Encinitas	\$9,607	\$25,000	--
San Dieguito Alliance - Project YO Youth Outreach	\$6,607	--	--
Interfaith Community Services – Alliance for Solutions Bridge to Housing	\$20,054	\$25,000	--
Fair Housing Services	\$18,120	\$25,000	--
City of Encinitas Development Services – Rental and Utility Assistance Program	\$	\$18,126	\$209,521
City of Encinitas Development Services – Capital Improvement Project	\$98,000	--	--
Total	\$332,501	\$118,126	\$209,521

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

Each of the projects identified for funding during FY 2019-20 meet a priority need and goal within the Consolidated Plan. The methodology of funding to all the eligible public service activities has been the past practice of the City for many years. The allocation methodology is to sustain level funding from FY 2018-19 plus a proration of available funds over all the recommended applicants.

The City received four applications from non-profit organizations for public service programs. The total amount requested for public services is \$66,000 which exceeds the estimated available funding by \$16,125. The CBDG program limits 15 percent of annual funding to public services, therefore, the City is not able to fully fund the entire request for projects during FY 2019-20. The City will work with the service agencies to ensure that the program specific goals will be met and assist the groups in identifying additional funding opportunities as available and appropriate.

To assist in addressing the increased demand for services and need for personal protective equipment, the City is proposing to reallocate \$118,126 in FY 2019-20 CDBG funds to existing providers. The additional funding is expected to assist at least 100 low-income households and assist providers in securing protective equipment required in order to continue providing

services.

AP-38 Project Summary

Project Summary Information

The City of Encinitas will receive \$332,501 in CDBG funding for FY 2019-20. Additionally, the City of Encinitas will receive \$209,521 in CDBG-CV funds.

As Table 7 indicates, \$66,500 will be allocated for Program Administration and Fair Housing Services, \$49,875 allocated to public services, \$216,126 allocated to an infrastructure project, facility improvement project, and a Residential Rehabilitation Program during FY 2019-20. Project descriptions are provided below.

<u>Project Name</u>	<u>Public Service – COVID-19 Response</u>
<u>Goals Supported</u>	<u>COVID-19</u>
<u>Needs Addressed</u>	
<u>Funding</u>	<u>\$100,000 – CDBG FY 2019-20</u>
<u>Description</u>	<u>Fund four existing subrecipients (Legal Aid Society of San Diego, Community Resource Center, Meals-on-Wheels, and Interfaith Community Services) an additional allocation of \$25,000 to respond to COVID-19.</u>
<u>Target Date</u>	
<u>Estimate the number and type of families that will benefit from the proposed activities</u>	<u>At least 60 additional low-income households</u>
<u>Location Description</u>	<u>Citywide.</u>
<u>Planned Activities</u>	<u>Food and Meals</u> <u>Eviction Mortarium Response</u> <u>Personal Protective Equipment</u> <u>Additional Shelter Staff and Case Management</u>

<u>Project Name</u>	<u>Rental and Utility Assistance</u>
<u>Goals Supported</u>	<u>COVID-19</u>
<u>Needs Addressed</u>	
<u>Funding</u>	<u>\$227,647</u>
<u>Description</u>	<u>Three months of assistance for households impacted by COVID-19 income loss.</u>
<u>Target Date</u>	
<u>Estimate the number and type of families that will benefit from the proposed activities</u>	<u>At least 40 low-income households</u>
<u>Location Description</u>	<u>Citywide.</u>
<u>Planned Activities</u>	<u>Provide rental and utility assistance payments for low-income households whose incomes has been impacted by COVID-19.</u>
Project Name	Community Resource Center Homeless Prevention and Intervention
Goals Supported	Homeless Services, Prevention and Shelter
Needs Addressed	Homeless Services, Prevention and Shelter
Funding	CDBG: \$13,607
Description	Allocate \$13,607 to the Community Resource Center for its Homeless Prevention and Intervention Services program.
Target Date	6/30/2020
Estimate the number and type of families that will benefit from the proposed activities	It is estimated that 810 households will be assisted in FY 2019-20.
Location Description	Community Resource Center is located at 650 Second Street, Encinitas, CA 92024.
Planned Activities	Community Resource Center offers a variety of services through its Homeless Prevention and Intervention Services program including financial literacy classes, employment preparation, food and utility assistance, supportive shelter, and case management for episodically homeless Encinitas families. The program also offers motel vouchers to provide intermediate shelter for low-income Encinitas families, as well as case management to ensure a successful transition to more permanent housing.
Project Name	Meals on Wheels - Encinitas
Goals Supported	Senior Housing and Services
Needs Addressed	Senior Housing and Services

Funding	CDBG: \$9,607
Description	Greater San Diego for its Meals-on- Wheels, Encinitas program. The program provides meals to low-income Encinitas seniors.
Target Date	6/30/2020
Estimate the number and type of families that will benefit from the proposed activities	It is estimated that 65 Encinitas seniors will be assisted in FY 2019-20.
Location Description	Citywide
Planned Activities	The program provides meals to low-income Encinitas seniors.
Project Name	San Dieguito Alliance Project YO
Goals Supported	Youth Services
Needs Addressed	Youth Services
Funding	CDBG: \$6,607
Description	Outreach and assistance to at-risk youth
Target Date	6/30/2020
Estimate the number and type of families that will benefit from the proposed activities	It is estimated that 12 Encinitas youth will benefit from the proposed activity.
Location Description	Citywide
Planned Activities	The goal of the program is to assist youth of lower-income households in staying off of drugs and alcohol, provide academic and employment assistance and encourage healthier life choices.
Project Name	Legal Aid Society San Diego - Fair Housing Services
Goals Supported	Fair Housing
Needs Addressed	Fair Housing
Funding	CDBG: \$18,120
Description	Fair Housing services.
Target Date	6/30/2020
Estimate the number and type of families that will benefit from the proposed activities	It is estimated that 20 Encinitas residents will benefit from the proposed activity.
Location Description	Citywide.
Planned Activities	Fair Housing services include education and outreach to residents, landlords, and property managers. Fair housing counseling for tenants and landlords, and testing to ascertain the level of housing discrimination in Encinitas.
Project Name	Community Resource Center– Facility Improvements
Goals Supported	Support Facility Improvements

Needs Addressed	Homeless Services and Public Facilities
Funding	CDBG: \$58,366
Description	Facility improvements
Target Date	6/30/2020
Estimate the number and type of families that will benefit from the proposed activities	It is estimated that 810 Encinitas households will benefit from the proposed activity.
Location Description	650 Second Street, Encinitas, CA 92024
Planned Activities	The proposed improvements include reconfiguring space, creating an additional emergency exit, and bringing a bathroom into compliance with ADA standards.
Project Name	Residential Rehabilitation Program
Goals Supported	Assistance to low income renters and homeowners
Needs Addressed	Renter and homeowner assistance
Funding	CDBG: \$59,760
Description	Assistance to low income homeowners to make home repairs
Target Date	6/30/2020
Estimate the number and type of families that will benefit from the proposed activities	It is estimated that three Encinitas households will benefit from the proposed activity.
Location Description	Citywide.
Planned Activities	The program provides financial assistance to low income homeowners to make repairs to their homes.
Project Name	Program Administration
Goals Supported	Planning and Administration
Needs Addressed	Planning and Administration
Funding	CDBG: \$48,380
Description	Allocate \$48,380 for Administration of the CDBG program
Target Date	6/30/2020
Estimate the number and type of families that will benefit from the proposed activities	N/A
Location Description	Citywide.
Planned Activities	General program administration, oversight, and monitoring.

AP-75 Action Plan Barriers to Affordable Housing - 91.420, 91.220(j)

Introduction:

As discussed within the Consolidated Plan and within this Action Plan, the need for affordable housing for Encinitas residents is great. Due to a number of factors, including the City's desirable location, limited land supply, high cost of land, and limited financial resources, the development of affordable housing continues to be a challenge. According to HomeDex, in February 2019 the median sales price for the County of San Diego was \$560,000, compared to the City of Encinitas, with a median sales price of \$1,335,000.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment:

The City of Encinitas is in the process of updating its Housing Element. Many of the goals and policies identified in the draft plan are geared toward assisting low to moderate income households to find, and keep decent and affordable housing. The Housing Element effort includes rezoning sites in order to meet the State of California's Regional Housing Needs Allocation requirement.

The City of Encinitas also offers an amnesty program for homeowners of accessory units that were created without building permits. Once the unit has been brought up to current building and fire code, a covenant is placed on the property reserving the unit as a low-income rental. In recent years, the City Council made amendments to the City's Affordable Unit Policy to encourage greater participation, which included waiving the application fee for low/moderate income homeowners, and reduced the required affordability term to 20 years. Additionally, in 2018, the City Council adopted an Accessory Dwelling Unit and Jr. Accessory Dwelling Unit ordinance. The new ordinance provides more flexible development standards and waives planning fees to further promote the construction of accessory units.

Discussion:

In response to the Coronavirus Pandemic, Encinitas households are experiencing record unemployment. Many households are unable to continue paying for necessities such as rent and utilities. The City of Encinitas will fund a Rental and Utility Assistance Program at \$227,647, which will provide up to three months of rental and utility payments to low-income households who have experienced income loss as a result of COVID-19. A maximum of \$1,500 per month will be provided inclusive of rent and utilities, and actual payment will depend on individual household needs. It is estimated that 40 low-income Encinitas households will be assisted.

