



STAFF REPORT

April 8, 2026
File Number 0875-55

SUBJECT

PUBLIC HEARING TO CONSIDER A SECOND SUBSTANTIAL AMENDMENT TO THE 2025-2029 CONSOLIDATED PLAN AND 2025-2026 ANNUAL ACTION PLAN TO ALLOCATE HOME FUNDS TO VALLEY CREEK SENIOR APARTMENTS, AN AFFORDABLE HOUSING DEVELOPMENT PROJECT

DEPARTMENT

Development Services Department, Housing & Neighborhood Services

RECOMMENDATION

Request the City Council of the City of Escondido conduct a public hearing and adopt Resolution No. 2026-50 amending the 2025-2029 Consolidated Plan and 2025-2026 Annual Action Plan to allocate HOME funds to Valley Creek Senior Apartments, an affordable housing development project.

Staff Recommendation: Approve (Development Services: Kevin Snyder, Director of Development Services)

Presenter: Danielle Lopez, Housing Manager and Norma Olquin, Management Analyst

ESSENTIAL SERVICE – No

COUNCIL PRIORITY – Drive Community and Land Development; Financial Stewardship

FISCAL ANALYSIS

As an entitlement city, the City receives an annual formula allocations of HOME Program funding from HUD. There is no direct or indirect impact to the City's General Fund.

PREVIOUS ACTION

On June 25, 2025, the City Council adopted Resolution No. 2025-69 that approved Fiscal Year ("FY") 2025-2029 Consolidated Plan and FY 2025-2026 Annual Action Plan for the use of CDBG and HOME funds, conditionally committed funds to projects, authorized the Director of Community Development to execute contracts as appropriate and approved the submittal of the FY 2025-2029 Consolidated Plan and the FY 2025-2026 Annual Action Plan to HUD.

On October 15, 2025, the City Council received an update on the HOME Investment Partnership Program ("HOME") and provided guidance on program changes and directed staff to bring back options to address expiring funds.



CITY *of* ESCONDIDO

STAFF REPORT

On March 4, 2026, the City Council held a public hearing to consider a second substantial amendment to the 2025-2029 Consolidated Plan and 2025-2026 Annual Action Plan to allocate HOME funds to an affordable housing development project.

BACKGROUND

HOME is a federal block grant program that provides funding to states and cities to be used exclusively for affordable housing activities to benefit low-income households. Funds for HOME are appropriated annually to the Department of Housing and Urban Development (“HUD”), which in turn distributes funding to states and cities. The City of Escondido is considered an entitlement jurisdiction and receives an annual allocation from HUD for the operations of its HOME program. The funding is determined by a formula, based on population, age of rental units in the city, and poverty levels.

As a recipient of HOME federal funds, the City is required to submit a five-year Consolidated Plan, and an Annual Action Plan that is required for each year of the Consolidated Plan period. The Consolidated Plan and Action Plan identify the community’s housing needs and describes in detail how HOME and other HUD block grant funds will be used to meet those needs. Cities can administer HOME funds themselves, or they can designate public agencies or nonprofit organizations to administer all or part of the HOME program on their behalf.

The City is required to amend its approved Plan(s) whenever it makes one of the following decisions:

- To carry out an activity not previously described in the Annual Plan using funds covered by the Consolidated Plan;
- To substantially amend the purpose, scope, location, or beneficiaries of an activity; or
- To substantially amend the allocation priorities or the method of distributing funds.

A substantial amendment is defined as the following:

- An addition, modification, or elimination of a Consolidated Plan goal;
- An addition of a new activity not previously identified in the Annual Plan; or
- A change that affects the funding level of more than \$25,000 for projects budgeted at \$100,000 or less, or greater than 25 percent of projects budgeted at more than \$100,000.

Substantial amendments must be authorized by the City Council and must be available for public comment for a 30-day period.

At the March 4, Public Hearing the City Council was presented with five options regarding the expenditure of \$583,938.80 of expiring HOME funds, including:



CITY of ESCONDIDO

STAFF REPORT

1. Awarding funding to National Core and San Diego Community Housing Corporation (“SDCHC”) for an approved but not yet built Affordable Housing Development within the City limits, with the County as the lead agency, in the amount of \$3,000,000.
2. Awarding funding to National Core and SDCHC for an approved but not yet built Affordable Housing Development within the City limits with the County as the lead agency, in the amount of \$583,938.80
3. Releasing a city issued Request for Proposals (“RFP”) for an affordable housing project, in the amount of \$8,500,000.
4. Administering a supplemental Rental Subsidy Program in the amount of \$583,938.80.
5. Administering a supplemental Rental Subsidy Program in the amount of \$3,000,000.

PROPOSED SUBSTANTIAL AMENDMENT

Staff recommends awarding the 2018 expiring HOME funds, as well as additional unspent HOME funds to National CORE and SDCHC, for the development of the Valley Creek Senior Apartments Affordable Housing Project.

The Valley Creek Project, located at East Valley Parkway and Fig Street, a vacant 1.88-acre site owned by the County, will construct a 100% affordable housing project, consisting of 136 dwelling units and various on-site amenities. This development will include 136 homes for seniors, with 14 apartments set aside specifically for our senior veterans who were homeless or are at risk of becoming homeless. Additionally, they plan to construct tenant improvements and work with Quality Children’s Services (“QCS”), a highly regarded third-party childcare operator. QCS is well-established and has successfully provided free childcare services at their Mission Cove property in Oceanside, serving over 50 children from local families.

National CORE and SDCHC supports families and seniors by providing housing communities that are affordable, safe, and of the highest quality. They enhance neighborhood stability through long-term management and maintenance, as well as industry-leading services such as senior wellness, preschool and afterschool programs, support for mental, physical and behavioral health, employment development, family financial training, and social connectedness. A key example of their work is Valley Senior Village, here in Escondido.

Staff recommend awarding not only the \$583,938.80 in 2018 expiring funds, but also allocating additional unspent HOME funds from 2019-2023, in the amount of \$2.4 million dollars, for a total of \$3 million to National CORE Renaissance and San Diego Community Housing Corporation for the development of the Valley Creek Project. Funding this project at this level serves a dual purpose: providing crucial, housing for our most vulnerable residents while strategically deploying funds to prevent expiration and ensuring no resources are recaptured for several years to come.



CITY *of* ESCONDIDO

STAFF REPORT

In order to accelerate project delivery and meet critical deadlines, the City will utilize a cooperative purchasing approach, 'piggybacking' on the County's existing RFP. Under this model, the County acts as the lead agency, providing both the environmental review and competitive RFP process. While this streamlines the procurement process, staff will ensure compliance with all federal standards, specifically conducting the necessary subsidy layering and underwriting reviews. Furthermore, we will execute a formal HOME written agreement with the County's chosen developer prior to committing any funds. Given the time constraints, conducting a separate competitive solicitation of our own is not feasible.

By supporting this project, we are not only addressing the need for affordable housing units for our most vulnerable residents. We will also ensure that Escondido residents, who are often displaced by rising costs, have preference for these new units and to daycare services. Subject to applicable fair housing laws, the developer will give reasonable preference and consideration to the housing needs of applicants residing in the City of Escondido. Preference indicates that all other factors being equal, an Escondido resident would be selected over a non-resident. This preference will be explicitly written into the final agreement. Additionally, this funding will strengthen National CORE and SDCHC overall financial proforma, accelerating the development, construction, and availability of affordable housing for the community.

PUBLIC OUTREACH

On March 25, 2026, Housing and Neighborhood Services staff help a community outreach meeting at City Hall to inform the public about the proposed substantial amendment. Five members of the public attended along with a representative from National CORE. The representative from National CORE gave an overview of the project and addressed question from the public regarding the history, financials and programs to be offered at the development. The majority of the questions received by staff focused on the 2018 expiring HOME funds and why the other options presented, specifically the Supplemental Tenant Based Rental Assistance Program, were not feasible due to the short timeline to expend the expiring funds.

An affordable apartment complex dedicated to seniors and veterans can provide significant community, economic and social benefits for the city. It provides fixed income seniors, and veterans with safe stable and affordable housing. It reduces the risk of homelessness and housing displacement and supports aging in place within the community. If approved this amendment would allocate current and future expiring HOME funds, preventing recapture of funds for the next several years.

RESOLUTIONS

- a) Resolution No. 2026-50
- b) Resolution No. 2026-50— Exhibit "A"— Second Amendment 2025-2029 Consolidation Plan and 2025-2026 Annual Action Plan