

DATE: 1/19/99 AGENDA ITEM # 14.
() APPROVED () DENIED
() CONTINUED TO _____

TO: JAMES L. APP, CITY MANAGER
FROM: BOB LATA, COMMUNITY DEVELOPMENT DIRECTOR *Blah*
SUBJECT: 1999 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM
DATE: JANUARY 19, 1999

Needs: For the City Council to give staff direction regarding activities (programs or projects) that the City should sponsor (make applications for) or co-sponsor (with other organizations) for funding with the City's 1999 allotment of Federal Community Development Block Grant (CDBG) funds.

Direction to sponsor or co-sponsor will not constitute Council approval of those activities to be funded with 1999 CDBG funds. Private individuals, organizations, and public agencies are expected to apply for use of the same funds. The Council will hold a public hearing on April 6, 1999 to make its final decision as to which activities will be funded.

- Facts:
1. The City expects to have a total of \$369,000 in CDBG funds available for its programs and projects in 1999. All applications for programs and projects must be submitted to either the City or the County no later than January 22, 1999.
 2. The County issued a Request for Proposals (RFP) in December 1998. Notice of the RFP was published in the *Telegram-Tribune* and mailed to a large list of interested persons and agencies. In previous years, the City has both made applications for programs or projects that it wishes to sponsor, and has received several applications from other persons and agencies for funding for their proposed programs and projects.
 3. The City is a participating member of an "Urban County" and receives its allocations of federal CDBG funds through the County of San Luis Obispo. The County takes the lead role in administration of the CDBG program. This includes the preparation, adoption and annual updating of a "Consolidated Plan", which the federal Department of Housing and Urban Development (HUD) approves following adoption by the County Board of Supervisors. However, under a cooperation agreement with the

RIMC CODE
DATE: January 19, 1999
FILE PLAN/GEN CAT: CDD/Housing
SUBJECT: CDBG-Entitlement: 1996 Action Plan
LOCATION: Housing Division Files
RETENTION: 3 Years
OTHER: ED\CDBG\97\City Sponsored Applications CCR 011999

County, the City retains the right to decide how its allocation of CDBG funds will be used.

4. At its meeting of February 2, 1999, the City Council is scheduled to review all of the applications filed by January 22 and recommend those applications to be listed in the Draft One Year Action Plan as being recommended for funding.
5. In mid-February 1999, the County will publish a Draft "One-Year Action Plan" (a chapter of its "Consolidated Plan"), which will list all of the programs and projects that are recommended for consideration by the city councils and Board of Supervisors at public hearings to be conducted in April, 1999.
6. The Draft One Year Action Plan will be considered by the Council at a public hearing at its meeting of April 6, 1999. At that hearing, the Council may consider any of the applications filed by January 22, whether or not they are included in the Draft One Year Action Plan as being recommended for funding.
7. Attached is a discussion regarding the 1999 CDBG Program. It contains general CDBG program facts, a summary of CDBG allocations since 1995 and suggestions for possible applications for programs or projects that the City Council may want to sponsor.
8. On December 2, 1998, the County of San Luis Obispo and City conducted a public workshop on the 1999 CDBG and HOME programs. The purpose of the workshop was to elicit the perceived housing and community development needs of the community. Eight persons attended the workshop, several of whom spoke to register their opinions regarding these needs. A summary of this workshop is attached.

Analysis and

Conclusion: Please see the attached discussion regarding the 1999 CDBG Program for a list of possible programs and projects.

The Council may submit more applications than there will be CDBG funds to support. The purpose of doing so would be to have a variety of projects and programs to consider at the public hearing on April 6, 1999. Additionally, this would provide more time to refine cost estimates for some of the proposals.

Policy

Reference: Federal regulations for the Community Development Block Grant Program

Fiscal

Impact: Participation in the federal CDBG Program has involved and will continue to demand a commitment of staff resources. CDBG Regulations provide that a maximum of 20 percent of CDBG funds may be spent for administration of CDBG funds. The balance of

funds needed for housing programs administration can come from Redevelopment Housing Set-Aside funds.

- Options:
- a. Via minute action, direct staff to file applications for the following programs and projects:

Low Income Benefit (70%)

- Acquisition of City-owned property at 32nd & Spring Street for a youth activities center (\$135,000) (as a co-sponsor with Paso Robles Youth Arts Foundation).
- Off-site improvements (curb, gutter, sidewalk and undergrounding of overhead utilities) for a youth activities center at 32nd & Spring Street (\$25,000) (as a co-sponsor with Paso Robles Youth Arts Foundation).
- Two additional modular buildings for George Stephan Center (\$32,000) (co-sponsored with Paso Robles Housing Authority)

Blight Elimination (30%)

- Historic street lights for downtown (including City parking lot at 12th & Railroad Streets) (\$126,560)

- b. Amend, modify or reject the proposed programs and projects listed in this report.

Prepared by:



Ed Gallagher
Housing Programs Manager

Attachments:

1. Discussion Regarding the 1999 CDBG Program
2. Possible Programs and Projects for 1999 CDBG Funds
3. CDBG Revenue and Expense Summary as of 12/01/98
4. Summary of Comments on Housing and Community Development Needs (from 12/02/98 Public Workshop)
5. Letter from Paso Robles Main Street Association dated December 15, 1998
6. Letter from Housing Authority of the City of Paso Robles dated November 20, 1998

DISCUSSION REGARDING 1999 CDBG PROGRAM

GENERAL CDBG PROGRAM FACTS

1. Generally, CDBG funds may be used for such programs and projects as housing rehabilitation, first-time homebuyer assistance, commercial rehabilitation, economic development, public facilities, and *new or expanded* public services. (No more than 15% of an annual CDBG allocation may be used for public services.) Specifically, federal regulations are very detailed about what may and may not qualify as an eligible use and each application must be scrutinized for compliance.
2. CDBG Regulations require that at least 70% of all CDBG funds be spent on programs or projects that provide benefit to low income persons (those earning 80 percent or less of the County median income). 30% (or less) of CDBG funds may spent on programs that eliminate blight.
3. Federal regulations further specify that 51% of funds spent on programs designed to benefit low income persons must provide direct benefit to such persons. For example, if CDBG funds are to be used for job creation, it must be documented that 51% of the new jobs go to low income persons. There are some exceptions to this rule. An example would be first-time homebuyers assistance, in which 100% of the program's funds must benefit low income persons.
4. Federal regulations provide that CDBG recipients may use up to 20% of each year's funds for administrative purposes, which include grant and program administration and "capacity building" activities. Since 1994, the City has used the full 20% as part of its Housing Programs Budget in order to avoid an impact on the City's General Fund. Capacity building activities have included the Housing Element Update, Redevelopment Implementation Plan, Multi-Family Zoning Regulations, relocation of tenants of houses on the Multi-Modal Transportation Center site, review of proposed low income housing developments and maintenance of land use inventory and demographic information.
5. It is estimated that the City's will receive \$369,000 in CDBG funds in 1999. Of this, \$319,000 will constitute the City's 1999 allotment (\$285,000 directly from HUD and \$34,000 from repaid CDBG loans) and \$50,000 would come from re-programmed 1997 CDBG funds that had been allocated to the Seismic Structural Design Study Program.
6. If the \$319,000 in 1999 CDBG funds are allocated as they have been since 1994, the allotments would be as follows:

\$178,640 for programs/projects that benefit low income persons ("70% moneys")
\$ 76,560 for programs/projects that eliminate blight ("30% moneys")
\$ 63,800 for administration
\$319,000 Total

1/1/99

DISCUSSION REGARDING 1999 CDBG PROGRAM, Page 2

7. In addition to the expected \$319,000 in 1999 CDBG funds, it appears that there will be at least \$50,000 of the \$86,866 of 1997 CDBG funds that had been allocated to the Seismic Structural Design Study Program that will be unspent and may be re-programmed for other activities. These unspent funds had been earmarked for blight elimination and may either be reprogrammed to activities that eliminate blight or to activities that provide low income benefit.
8. Attached is a table showing the City's CDBG revenues and expenditures since 1995. Revenues include both direct allocations from HUD and "Program Income" from repaid residential rehabilitation loans that had been funded under the two grants from the State's Small Cities CDBG Program.

POSSIBLE CDBG-FUNDED PROGRAMS AND PROJECTS FOR 1999

Attached is a list of possible activities for the City's allotment of CDBG funds. The estimated amounts for low income benefit and blight elimination categories are presented as a range in which the lower amounts for each represent the division of the \$319,000 in 1999 CDBG funds (not including administrative funds) and the higher amounts represent allocation of all of the \$50,000 in re-programmed 1997 funds to each category.

Some notes regarding the listed activities follow.

Low Income Benefit Activities

Paso Robles Youth Arts Foundation is expected to apply for CDBG funds to (1) purchase the City-owned property on the northwest corner of 32nd and Spring Street and (2) pay for installation of off-site improvements (curb, gutter, sidewalk and undergrounding of overhead utilities) for the same property in order to build a youth activities center oriented toward pre-teens and teens. The foundation has indicated that it will offer to construct the center and donate \$500,000 over 5 years to operate the center. This facility should provide relief from overcrowding at Oak Park's George Stephan Center.

The Housing Authority is expected to apply for up to \$32,000 to match its offer of \$25,000 to add two more modular units to the George Stephan Center. That center is currently overcrowded; an additional two units would enable activities geared to different age groups to be separated. The Housing Authority's offer of \$25,000 is based on an earlier cost estimate of \$50,000 for the two modular units. A more conservative cost estimate anticipates a total cost of \$57,000 for two modulars (including tax, registration, delivery, installation, handicapped access ramps and seismic tie-downs).

Loaves and Fishes and the Food Bank have briefly discussed with City staff about applying for CDBG funds for new buildings. Staff has encouraged them to work together to acquire or build a building that would meet both agencies' needs and to seek additional funding (CDBG or otherwise) from other sources. As of January 6, 1999, it is anticipated that these agencies may file applications, but it is unknown how much funding they will request.

Based on comments made at the December 2, 1998 CDBG workshop, the Homeless Housing Project may make an application to the City for funds to establish some sort of homeless shelter in the North County. As of January 6, 1999, details about such a shelter or amount of requested funding are not known.

Classic American Theater (CAT) has inquired about applying for CDBG funds to help defray the costs of installing handicapped access improvements and other building code-related improvements to their building. Handicapped access improvements are eligible for low income benefit (70%) moneys; other building code-related improvements are only eligible for blight elimination (30%) moneys. Staff will meet with representatives of CAT prior to the Council's January 19 meeting to discuss possible funding scenarios.

Blight Elimination Activities

Main Street has indicated that it will apply for funds to add historic street lights to the downtown in areas that are poorly lit, and are, as a result, unsafe for pedestrian traffic. These areas include streets and the City parking lot at 12th and Railroad Streets. It is estimated that the cost of each light fixture (including design and contingency costs) is \$4,200. \$76,560 would buy about 18 light fixtures. Along Spring Street, these fixtures are spaced at 75 foot intervals. At this spacing, a 300 foot long block could accommodate up to 5 fixtures.

Other possible City-sponsored projects listed include: acquisition of land for an additional downtown parking lot and installation of lights and other appurtenances to the future skate park. Cost estimates for such projects have not yet been prepared.

**POSSIBLE CITY-SPONSORED OR CO-SPONSORED ACTIVITIES
FOR 1999 CDBG FUNDS**

January 6, 1999

Low Income Benefit (70%)

Estimated Amount \$178,640 - \$228,640

- Acquisition of City-owned property at 32nd & Spring Street for a youth activities center (appraised value is \$135,000) (co-sponsor with Paso Robles Youth Arts Foundation).
- Off-site improvements (curb, gutter, sidewalk and undergrounding of overhead utilities) for a youth activities center at 32nd & Spring Street (estimated to cost about \$25,000) (co-sponsor with Paso Robles Youth Arts Foundation).
- Two additional modular buildings for George Stephan Center (\$32,000) (co-sponsor with Paso Robles housing Authority)

Blight Elimination (30%)

Estimated Amount \$76,560 to \$126,560

- Historic street lights for downtown (including City parking lot at 12th & Railroad Streets): \$76,560 would buy about 18 lights.

or

- Acquire land for an additional downtown parking lot.

or

- Skateboard Park, Phase II (lighting and appurtenances)

EXPECTED PRIVATE APPLICATIONS (Requested amounts not known as of 1/6/99.)

- Classic American Theater: funds to install handicapped access improvements (*low income benefit*) and other building improvements that might be required for compliance with building codes (*blight elimination*).

Food Bank and Loaves and Fishes: funds to acquire a new building or land on which one could be built (*low income benefit*).

- Homeless Housing Project: funds for a North County Homeless Shelter (*low income benefit*).

CDBG REVENUE & EXPENSE SUMMARY AS OF: 12/01/98

Federal Year	1995		1996		1997		1998	
			REVENUES					
HUD Allocation	264,141.00		256,564.00		293,311.00		284,704.00	
Program Income	46,697.00		54,600.00		68,630.00		34,068.00	
Reprogrammed	0.00		(124,556.38)		0.00		124,556.38	
TOTAL	310,838.00		186,607.62		361,941.00		443,328.00	
			EXPENSES					
Program	Approved	To Date	Approved	To Date	Approved	To Date	Approved	To Date
Seismic	74,000.00	46,025.77	35,160.00	0.00	86,866.00	0.00		
FTHB	174,670.00	174,670.00	24,221.62	24,221.62				
LIHAP			20,000.00	20,000.00				
PILIN					157,687.00	0.00		
Oak Park					45,000.00	42,593.79		
Boys & Girls			45,000.00	39,679.67				
Cuesta Day Care							85,000.00	85,000.00
Carnegie							100,600.00	0.00
Skateboard Park							96,978.00	0.00
Odd Fellows Bldg							95,000.00	0.00
Women's Shelter							2,000.00	0.00
Administration	27,978.00	36,359.24	31,113.00	48,402.36	36,194.00	34,575.51	35,750.00	8,925.00
Cap Bldg	34,190.00	25,808.76	31,113.00	13,823.64	36,194.00	34,054.49	28,000.00	6,483.75
TOTAL	310,838.00	282,863.77	186,607.62	146,127.29	361,941.00	111,223.79	443,328.00	100,408.75

NOTES About Programs: Seismic = Seismic Structural Design Study Program; FTHB = First-Time Homebuyer's second mortgage loan program; LIHAP = Low Income Housing Assistance Program; PILIN = Public Improvements to Low Income Neighborhoods; Oak Park = Expansion of George Stephan Center and Related Improvements; Boys & Girls = Boys & Girls Club Rehabilitation; Cuesta Day Care = Child Care Facilities at Cuesta College; Carnegie = handicapped access for Carnegie Library; Odd Fellows Bldg = handicapped access for IOOF Building; Women's Shelter = electrical upgrades to No. County Women's Shelter; Cap Bldg = Capacity Building (an admin. function).

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SUMMARY OF COMMENTS ON HOUSING AND COMMUNITY DEVELOPMENT NEEDS

FROM A PUBLIC WORKSHOP REGARDING 1999 CDBG AND HOME PROGRAMS HELD DECEMBER 2, 1998 AT PASO ROBLES LIBRARY/CITY HALL CONFERENCE ROOM

A public workshop on the 1999 CDBG Program was held on December 2, 1998 at 7:00 pm at the Paso Robles City Hall Conference Room. The workshop was conducted by County Planning Department staff members Dana Lilley and Tony Navarro and City of Paso Robles staff member Ed Gallagher.

The workshop was attended by 8 persons: J.D. Main, Ken Rice and Mike Byrne, representing the Homeless Housing Project; Sarah Rah and Charles Johnson representing the Food Bank of San Luis Obispo County; Mike Morton, Director of Homeless Services for EOC of San Luis Obispo County; Cynthia Jacinth, representing Peoples' Self-Help Housing Corp.; and Jaime Corvera.

Dana Lilley presented an overview of the 1999 CDBG and HOME Programs, including an estimate of funding levels, schedule for: CDBG and HOME application deadlines, publication of Draft One Year Action Plan and public hearings on the Draft One Year Action Plan. Upon completion of the overview, attendees were invited to present their views on the housing and community development needs of both the County and the City.

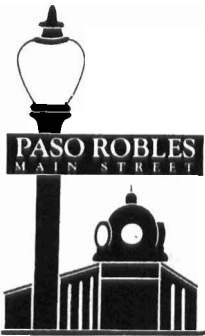
J.D. Main stated that there are numerous homeless persons living outside of North County communities, many of which live in the Salinas River. He said that there is a need for a centrally-located homeless shelter and day facility in the North County.

Mike Morton stated that the Homeless Shelter in San Luis Obispo serves about 1,000 people per year and that 20% of those come from the North County. Of these, 75% are women and 59% are children. He added that there has been a recent increase in homelessness in North County. He suggested that the Homeless Housing Project build capacity/public support with a pilot program that would combine two activities: (1) establish Winter shelters in existing churches; and (2) establish a day center with a case manager who would work to place clients in permanent housing and obtain health services.

Sarah Rah said that the current HMO crisis in the County could lead to more homelessness among seniors as they may spend rent money for medications and, therefore, face evictions.

Sarah Rah stated that the Food Bank needs to move to a larger facility than their current 3,500 sq ft building and that, optimally, the facility would be located near both Highways 101 and 46, as the Food Bank receives and sends food from and to other counties via those routes.

Cynthia Jacinth and Jaime Corvera advocated use of CDBG funds for supporting low income housing.



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COMMUNITY DEVELOPMENT

Paso Robles Main Street Association

December 15, 1998

Mr. Ed Gallagher
Housing Manager
City of El Paso de Robles
1000 Spring Street
Paso Robles, CA 93446

Dear Mr. Gallagher:

A discussion at the Main Street Design Committee meeting on December 10, 1998, again brought up the need for more street lighting from the Multi-modal Station down Pine Street to the downtown area.

An increasing amount of foot traffic in this area is inevitable and the dark areas need to be addressed. With so many events occurring in the core area, visitors need to park or arrive at a distance and walk to the center of downtown.

We would like to add our voice to applications for Community Development Block Grant funds for this project.

Sincerely,

Dorothy Kleck
Secretary
Main Street Design Committee

HOUSING AUTHORITY
OF THE CITY OF PASO ROBLES

Post Office Box 817 Phone (area code 805) 238-4015
PASO ROBLES, CALIFORNIA 93447

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COMMUNITY DEVELOPMENT

November 20, 1998

Dear Members of the PasoRobles City Council:

I have been directed by the Board of Commissioners of the Paso Robles Housing Authority to bring a matter to your attention and to make a proposal.

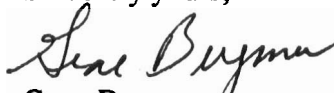
Since the beginning of the Recreation Program in the Oak Park area, the number of youth involved have continued to increase and facility space has become an issue. Vicky Jeffcoach, Recreation Supervisor, does not have space to operate program for all ages at the same time, so one group or another is always getting the short end.

The Board of Commissioners has proposed that the City of PasoRobles and the Paso Robles Housing Authority each provide \$25,000 for an addition to the George Stephens Community Center. The Housing Authority is also willing to pay one half of the salary of a full-time recreation supervisor with a value of \$16,000 for a one year commitment. Each subsequent commitment of the recreation supervisor would depend on the financial stability of the agency.

The relationship of the City and the Housing Authority has been very beneficial to the families living in the North part of the City. The Community Oriented Police Program has created a safer community and the Recreation Program offers a positive alternative to a bleak existence.

Your serious consideration of the request is appreciated and I look forward to further discussion regarding our request.

Sincerely yours,


Gene Bergman
Executive Director

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