

TO: JAMES L. APP, CITY MANAGER
FROM: BOB LATA, COMMUNITY DEVELOPMENT DIRECTOR *BL*
SUBJECT: 1999 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM
DATE: FEBRUARY 2, 1999

Needs: For the City Council to decide which applications for the City's 1999 Federal Community Development Block Grant (CDBG) funds should be recommended in the *Draft* One Year Action Plan *and* to select a date for the public hearing on the 1999 CDBG Program

- Facts:
1. The City's 1999 allocation of CDBG funds will total about \$319,000. Of this, (\$285,000 from the Federal Department of Housing and Urban Development [HUD] and \$34,000 in program income from repaid CDBG-funded residential rehabilitation loans).
 2. In addition to the 1999 allocation, a total of \$50,000 in CDBG funds from 1997 would be available for re-programming. These unused CDBG funds were originally allocated to the Seismic Structural Design Study Program.
 3. January 22, 1999 was the deadline for submittal of applications for 1999 CDBG funds. As of that date, the City received 8 applications. The total amount for the 8 applications comes to about \$800,000. Attached is a table which summarizes the applications. Binders containing all of the applications will be available at the Community Development Department counter and in the Council's office.
 4. The City 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 HUD approves following adoption by the County Board of Supervisors. Under a cooperation agreement with the County, the City retains the right to decide how its allocation of CDBG funds will be used.

RIMC CODE
DATE: February 2, 1999
FILE PLAN/GEN CAT: CDD/Housing
SUBJECT: CDBG-Entitlement: 1999 Action Plan
LOCATION: Housing Division Files
RETENTION: 3 Years
OTHER: ED\CDBG\99\Draft Action Plan CCR 020299

5. In early February, the County will publish a Draft "One-Year Action Plan" (a chapter of its "Consolidated Plan"), which will list all of the activities that are recommended for consideration by the city councils and Board of Supervisors at public hearings to be conducted in March or April 1999.
6. It is proposed that, at its meeting of February 2, 1999, the City Council review all of the applications and recommend those applications to be listed in the Draft One Year Action Plan as being recommended for funding.
7. The Draft One Year Action Plan will be considered by the Council at a public hearing to be conducted on either March 16 or April 7, 1988. At that hearing, the Council may consider any of the applications filed by January 22, whether or not they are recommended for funding in the Draft One Year Action Plan.
8. CDBG regulations stipulate that at least 70% of all funds be spent on activities that benefit low income persons, no more than 30% may be spent on activities that eliminate blight. A total of \$305,200 are available to be divided among the proposed activities, as shown below:

\$178,640	for programs/projects that benefit low income persons (70%)
\$ 76,560	for programs/projects that eliminate blight (30%)
<u>\$ 63,800</u>	for administration
<u>\$319,000</u>	Total 1999 CDBG allocation
<u>\$ 50,000</u>	reprogrammed 1997 CDBG funds *
\$369,000	subtotal
- <u>\$ 63,800</u>	for administration
\$305,200	Net funds to be allocated

* May either be used for low income benefit or blight elimination.

Analysis and

Conclusion:

There are many more applications than there will be CDBG funds to support. Criteria upon which decisions on which activities to fund are varied, complex and include: number of persons to benefit, overall benefit to the City, public health benefits and so forth. Additionally, some activities qualify as both benefiting low income persons and eliminating blight.

Attached is an analysis of the 8 applications, which proposes three funding options for the Council to consider.

Regardless of which activities are listed in the Draft One Year Action Plan as being recommended for funding, the Council will have the authority to approve any of the submitted applications following a public hearing scheduled for March 16 or April 6, 1999.

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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. Utilizing CDBG funds avoids adverse impacts on the City's General Fund.

Options: Select either March 16 or April 6 as the hearing date for the public hearing on the 1999 CDBG Program *and*, subject to public testimony, identify the following applications to be listed in the Draft One Year Action Plan as being recommended for funding:

a. Youth Arts Foundation	\$200,000
CAT Disabled Access Improvements	\$ 53,200
Main Street lights (10 lights: Pine [6], 12th [2], Park [2])	\$ 52,000
	<u>\$305,200</u>
b. Loaves & Fishes (seed money for site acquisition)	\$ 68,440
CAT Disabled Access Improvements	\$ 53,200
George Stephan Center Expansion	\$ 32,000
EOC Home Repair Program	\$ 25,000
Main Street Lights (19 lights)	\$126,560
	<u>\$305,200</u>

c. Amend, modify or reject the proposed list of activities.

Prepared by:



Ed Gallagher
Housing Programs Manager

Attachments:

1. Table Summary of the 8 Applications for 1999 CDBG Funds
2. Facts and Analysis for 1999 CDBG Applications

CITY OF PASO ROBLES: 1999 CDBG APPLICATIONS

#	Program/Project	Brief Description	Sponsor (Applicant)	Amount Requested	National Objective (& funds available):	
					Low Income Benefit (\$178,640-\$228,640)	Blight Elimination (\$76,560-\$126,560)
1	Paso Robles Youth Arts Foundation Center	Acquire property and install off-site improvements for 32nd & Spring Street property.	Paso Robles Youth Arts Foundation	\$200,000	X	X
2	Loaves and Fishes Building	Purchase a new building for Loaves & Fishes	Loaves & Fishes	\$350,000 (to be split with County)	X	
3	Classic American Theater Rehabilitation	Install disabled access improvements	Classic American Theater	\$53,200	X	X
4	Installation of Street Lights in the Downtown	Install "historic" street lights	Paso Robles Main Street/City of Paso Robles	\$126,560		X
5	Boys & Girls Club Teen Program	Operating funds for a teen program.	Boys & Girls Club of North SLO County	\$54,980	X	
6	Expansion to George Stephan Center	Add two modular units to the George Stephan Center	Paso Robles Housing Authority/City of Paso Robles	\$32,000	X	
7	Home Repair Program	Grants of construction labor and materials to make minor repairs to residences occupied by low income, elderly and disabled.	Economic Opportunity Commission	\$25,000	X	
8	Installation of Alley Improvements in the Downtown	Install alley improvements where none exist	City of Paso Robles	\$37,000		X

FACTS AND ANALYSIS FOR 1999 CDBG APPLICATIONS

1. Paso Robles Youth Arts Center: The Paso Robles Youth Arts Foundation has requested \$200,000 to assist in the construction of a 5,000 square foot center that would house both the Foundation's performing arts program and the Oak Park Teen Recreation Program, both of which are oriented toward youth from low income families. They propose that such a center be located on the City-owned property on the northwest corner of Spring and 32nd Streets. Of the \$200,000 requested, \$135,000 would be used to purchase the property from the City (at its 1997 appraised value) and \$65,000 would be used to construct street improvements (curb, gutter and sidewalk - estimated at \$22,000) and underground overhead utilities (estimated at \$43,000).

The Youth Arts Foundation proposes to donate the cost of constructing the center (estimated at \$300,000) and to provide funding for operating the programs at \$500,000 over a 5 year period. According to their application, the Foundation expects 350 families to benefit from this project.

The Foundation has indicated that, if CDBG funds are not allocated to this project, they will seek to purchase a property in the area north of Spring Street and build a smaller (2,500 sq ft) center that would only house their programs (and not house the Oak Park Teen Recreation Program).

Note: The City Council had previously directed that the site at 32nd and Spring Streets be purchased by the Redevelopment Agency using Low and Moderate Income Housing (LMIH) Funds for the purpose of constructing low income senior housing. If the City Council agrees to lease the site to the Youth Arts Foundation, LMIH funds could not be used to transfer ownership the site from the City to the Redevelopment Agency for purposes of constructing a recreation center. LMIH funds may only be used for purchasing sites on which low income housing will be located.

This project is designed to provide benefit to low income families. However, since the site is located in the Redevelopment Project Area and would provide services that could be regarded as improving the Project Area, it could also serve to eliminate blight.

2. Loaves and Fishes Building: Loaves and Fishes' application requests a total of \$350,000 to be split between the City and the County. They provide a variety of services to low income persons such as distribution of food, coordination for temporary housing for homeless persons, counseling and other social services. Their area of service includes the most of the North County, north of Atascadero.

Loaves & Fishes currently occupies a portion of the City-owned building at 910 Park Street rent-free. That building is to be demolished in the year 2000 to make room for the City's Public Safety Center. They wish to purchase a 3,000 to 4,000 square foot building and currently are considering three buildings with asking prices of \$325,000, \$350,000 and \$500,000.

Their application states that they provided services to more than 14,000 low income persons in 1998. The total amount of CDBG funds that Loaves and Fishes is requesting is more than the City can provide.

Option "b" would provide a grant of seed money (e.g. about \$68,000) that would help Loaves and Fishes purchase a property. Such a grant could be conditioned upon having Loaves and Fishes demonstrate that they can raise sufficient funds to construct or purchase a building, using additional funding sources and upon approval of a conditional use permit.

3. Classic American Theatre Rehabilitation: Classic American Theatre (CAT) has requested \$53,200 to install disabled access improvements to their theater at 810 - 11th Street. The improvements include wheelchair ramps, scissor lifts to enable disabled actors use the stage, restroom improvements and hearing devices for the hearing impaired. All of these improvements are required for compliance with the Americans with Disabilities Act (ADA).

Federal regulations governing the CDBG Program classify the "severely disabled" as low income persons and this project could qualify providing benefit to low income benefit persons. It is estimated that there are currently about 382 City residents with "mobility limitations". However, since the site is located in the Redevelopment Project Area and would provide a facility that would improve the Downtown, it could also serve to eliminate blight.

4. Installation of Street Lights in the Downtown: Paso Robles Main Street and the City have prepared an application for up to \$126,560 to install "historic" street lights in the downtown. The application includes a petition signed by 20 downtown merchants stating that the existing street lighting on Pine and 12th Streets is inadequate for maintaining public safety for the downtown's pedestrian clients. Norma Moye, Main Street Director, has verbally added that additional lighting is also needed on Park Street, between 12th and 14th Streets. It is estimated that one "historic" street light will cost \$5,000 to install.

The Downtown is located in the Redevelopment Project Area, and additional street lighting would enhance the City's efforts to revitalize the Downtown. Therefore, this project would serve to eliminate blight.

5. Boys & Girls Club Teen Program: The Boys & Girls Club of North SLO County has requested \$54,980 to operating a teen program. The funds would be used for wages and benefits for a full-time Director of Teen Services, wages and benefits for part-time staff, utilities, janitorial services, supplies and rental of a charter bus.

According to the application, 62% of the participating teens would come from 275-300 low income families.

Please note that, to date, the City has not used CDBG funds to support on-going programs that would likely request annual funding. To approve this request would be to set a new pattern of spending and potentially enter in to a continuing commitment.

6. Expansion to George Stephan Center: The Paso Robles Housing Authority has requested that the City provide matching funds to add two modular units to the George Stephan Center to address an urgent need for additional space resulting from the effectiveness and popularity of the Oak Park Recreation Program. The estimated cost of two additional modular units is \$57,000 and the Housing Authority has offered to provide \$25,000. The City, therefore would need to provide \$32,000 as its share.

Because of the perceived urgency of need and schedule for receipt of CDBG funds, the Housing Authority has requested that the City Council provide the matching funds from non-CDBG sources. This application was filed as a contingency should other non-CDBG matching funds not be available.

700 children currently participate in the Oak Park Recreation Program. Almost all of them come from the area north of 24th Street, in which 81% of the residents are low income (according to the 1990 US Census).

The request for funding for the expansion of the George Stephan Center would appear to have a lower priority for CDBG funding, not owing to a lack of need, but because it is planned to be contingency funding. The availability of other funding sources should be clearer to the City Council prior to the Council's public hearing on the 1999 CDBG Program to be held either on March 16 or April 6, 1999.

7. Economic Opportunity Commission's Home Repair Program: The EOC has requested \$25,000 from the City as part of an overall request of \$285,000 from the County and other CDBG-participating cities (Atascadero, San Luis Obispo and Grover Beach) to provide grants of construction labor and materials to make minor repairs (valued at \$2,000 or less) to residences occupied by low income, elderly and disabled. EOC will use matching funds from other sources such as PG&E, Southern California Gas Co., State of California Low Income Energy Assistance Program, etc. Their goal is to assist 150 households county-wide.

The EOC filed similar applications with the City in 1997 and 1998. The City Council chose not to fund this program in those years. Staff is unaware of any conditions that may have changed that would support funding this program in 1999.

8. Installation of Alley Improvements in the Downtown: The City has filed an application to use CDBG funds to install alley improvements in the Downtown where none exist. It is estimated that the cost of fully-improving an unimproved alley, including pavement, "Vee gutter" and alley approaches at both ends would be \$37,000. The application provides funding for improving one alley in 1999.

It should be noted that federal regulations prohibit use of CDBG funds for maintenance of existing public facilities. There are no alleys in the downtown commercial core that have not once been improved with paving. Alleys in the commercial core are, therefore, ineligible for paving with CDB funds. There are, however, some alleys in residential areas that have never been improved.

