

TO: JAMES L. APP, CITY MANAGER
FROM: BOB LATA, COMMUNITY DEVELOPMENT DIRECTOR
SUBJECT: CONSOLIDATED PLAN AMENDMENT
DATE: DECEMBER 3, 2002

Needs: For the City Council to make recommendations to the County Board of Supervisors regarding proposed amendments to the Consolidated Plan.

- Facts:
1. The Consolidated Plan is a 5 year planning document mandated by the federal government for guiding the expenditure of funds from the Community Development Block Grant (CDBG), Home Investment Partnership Act (HOME), and Emergency Shelter Act (ESG) Programs.
 2. The Consolidated Plan is prepared by the County of San Luis Obispo in cooperation with the cities that participate in the federal CDBG, HOME, and ESG Programs. It is adopted by the Board of Supervisors following review and comment from the participating cities.
 3. Part III of the Consolidated Plan is the 5 year Strategic Plan. This part includes an "Affordable Housing Strategy" with priorities for use of federal funds. Part III is generally updated every five years. The current Consolidated Plan was adopted in 2000 and is not scheduled to be updated until 2005.
 4. Part IV of the Consolidated Plan is the Annual Action Plan, which consists of each year's allocations of CDBG, HOME, and ESG Plans. This portion of the Consolidated Plan is updated annually.
 5. The County of San Luis Obispo has initiated an amendment to Part III to change the priorities in the "Affordable Housing Strategy" to give first priority for rental housing activities and give second priority for home ownership activities. (The current Consolidated Plan reverses these priorities.) Enclosed is a letter from the County explaining the rationale for this change.
 6. The City has initiated the following changes to Part IV, the Annual Action Plan:
 - a. Amend the 2001 Annual Action Plan to provide that all \$36,150 allocated to the Second Baptist Church for their homeless ministry may be spent for public services uses (equipment, supplies, and operating expenses). The original Annual Action Plan stated that the allocation would be divided between construction of a building addition and public service uses.
 - b. Amend the 2002 Annual Action Plan to provide that the \$20,000 allocated to the Boys and Girls Club may be reallocated to the Municipal Pool Changing Room Project, as originally envisioned by the City Council in Resolution 02-38 if the Boys and Girls Club new clubhouse project was not ready to proceed.

Analysis and
Conclusion: County's Proposal to Amend Part III

RESOLUTION NO. 02-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
RECOMMENDING AMENDMENT OF THE 2000 CONSOLIDATED PLAN FOR
THE URBAN COUNTY OF SAN LUIS OBISPO, INCLUDING
THE 2001 AND 2002 ANNUAL ACTION PLANS

WHEREAS, on July 13, 1999 the City of El Paso de Robles (City) executed a Cooperation Agreement with the County of San Luis Obispo (County) to form an "Urban County" for purposes of allocating annual entitlements to the Community Development Block Grant (CDBG), Home Investment Partnership (HOME) and Emergency Shelter Grant (ESG) grant programs administered by the Federal Department of Housing and Urban Development (HUD); and

WHEREAS, via the Cooperation Agreement, the City agree to cooperate in the preparation of the Consolidated Plan and the annual allocation of CDBG, HOME and ESG funds; and

WHEREAS, on April 2, 2000, the Board of Supervisors for the County of San Luis Obispo adopted the 2000 Consolidated Plan for the urban County of San Luis Obispo; and

WHEREAS, Part III of the 2000 Consolidated Plan for the urban County of San Luis Obispo contains an "Affordable Housing Strategy" in which first priority is given to home ownership activities and second priority is given to rental housing activities; and

WHEREAS, CDBG, HOME, and ESG funds are limited to use by low and moderate income households (those earning 80% or less of the County Median Income); home prices countywide have risen to the point where homebuyer assistance to low and moderate income households is not feasible; additionally, rental housing has become relatively scarce, and rent prices have continued to increase beyond the affordability of many low income households; and the need for affordable rental housing has eclipsed the need for homebuyer assistance for low and moderate income households; and

WHEREAS, Part IV of the 2000 Consolidated Plan for the urban County of San Luis Obispo contains the Annual Action Plans for expenditure of CDBG, HOME and ESG funds, and this Part IV is re-adopted annually; and

WHEREAS, the 2001 Annual Action Plan for the City of Paso Robles' activities, as set forth in Resolution 01-55, provides that, of the \$36,150 allocated to the Second Baptist Church for their homeless ministry, a portion was to be used for making additions to the kitchen and dining rooms and a portion was to be spent for public services uses (equipment, supplies, and operating expenses); and

WHEREAS, at its meeting of August 20, 2003, the City Council approved a request by the Second Baptist Church to use all of the \$36,150 in 2001 CDBG funds for equipment and supplies for their homeless ministry, instead of the original proposal to use \$26,150 for a building addition and \$10,000 for equipment and supplies; and

WHEREAS, the 2002 Annual Action Plan for the City of Paso Robles' activities, as set forth in Resolution 02-38, provides for an award of \$20,000 to the Boys and Girls Club of North San Luis Obispo County for assistance in design of a new clubhouse, subject to the condition that CDBG funds will not be disbursed until the Boys and Girls Club submits for City Council review and acceptance a feasibility study that indicates that the construction of the proposed facility can be funded and completed in a timely manner; and

WHEREAS, on September 17, 2002, the Boys and Girls Club submitted a letter informing the City Council that they will not be ready to pursue the new clubhouse project in the coming year and that the \$20,000 in CDBG funds awarded for that activity may be re-programmed for other eligible activities; and

WHEREAS, Resolution 02-38 provides that, in the event that the Boys and Girls Club could not use the allotted \$20,000, that all of that amount be re-allocated to the Municipal Pool Changing Room Project, which also was allocated 2002 CDBG funds; and

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1: To recommend that the Board of Supervisors for the County of San Luis Obispo adopt an amendment to the 2000 Consolidated Plan to consist of the following changes:

- a. Amend the Affordable Housing Strategy in Part III to give first priority to "Increase availability of affordable and decent rental housing for low and very low income persons or families" and second priority to "Increase first-time homeownership opportunities for low- and moderate income households."
- b. Amend the 2001 Annual Action Plan to provide that all \$36,150 allocated to the Second Baptist Church for their homeless ministry may be spent for public services uses.
- c. Amend the 2002 Annual Action Plan to provide that the \$20,000 allocated to the Boys and Girls Club may be reallocated to the Municipal Pool Changing Room Project.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles, California this 3rd day of December 2002 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor Frank R. Mecham

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk

Under federal law, CDBG, HOME, and ESG funds are limited to use by low income households (those earning 80% or less of the County Median Income). Home prices countywide have risen to the point where homebuyers assistance to low income households is not feasible. Additionally, rental housing has become relatively scarce, and rent prices have continued to increase beyond the affordability of many low income households. As a result, increased incidences of residential overcrowding have been reported. A major manufacturing firm (Ernie Ball) has announced that it is moving a large part of their operations out of the County because their labor force cannot find affordable housing.

The need for affordable rental housing has eclipsed the need for homebuyer assistance for low income households. The proposed Consolidated Plan Amendment will not preclude the use of CDBG and HOME funds to assist low income home ownership; such use would only be given lower priority. Should the economic situation improve in the future, the priorities could be reset with an amendment or update of the Consolidated Plan.

City's Proposals to Amend Part IV

At its meeting of August 20, 2003, the City Council approved a request by the Second Baptist Church to use all of the \$36,150 in 2001 CDBG funds for equipment and supplies for their homeless ministry, instead of the original proposal to use \$26,150 for a building addition and \$10,000 for equipment and supplies. (A copy of the Council minutes of that meeting are attached.) The County's Citizen Participation Plan, an adjunct to the Consolidated Plan, allows that a maximum of \$25,000 in CDBG funds may be administratively re-programmed without amendment to the Consolidated Plan. Since the amount to be re-programmed exceeds that threshold by \$1,500, a Consolidated Plan Amendment is required.

Resolution 02-38 (copy attached), which approved the allocations of 2002 CDBG funds, allotted \$20,000 to the Boys and Girls Club to assist with design costs for their proposed new clubhouse, subject to the condition that they provide the Council with a study that concludes that the new clubhouse project is feasible. On September 17, 2002, the Boys and Girls Club submitted a letter (copy attached) that they will not be ready to pursue this project in the coming year and that the Council may re-program those funds to another use. Resolution 02-38 already provides that the \$20,000 be re-allocated to the Municipal Pool Changing Room Project.

- 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:
- a. Adopt the attached resolution recommending the County Board of Supervisors approve an amendment to the Consolidated Plan to consist of the following components:
 - (1) Amend the Affordable Housing Strategy in Part III to give first priority to "Increase availability of affordable and decent rental housing for low and very low income persons or families" and second priority to "Increase first-time homeownership opportunities for low- and moderate income households".
 - (2) Amend the 2001 Annual Action Plan to provide that all \$36,150 allocated to the Second Baptist Church for their homeless ministry may be spent for public services uses.

(3) Amend the 2002 Annual Action Plan to provide that the \$20,000 allocated to the Boys and Girls Club may be reallocated to the Municipal Pool Changing Room Project.

b. Amend, modify, or reject the foregoing option.

Prepared by:

Ed Gallagher
Housing Programs Manager

Attachments:

1. Resolution Recommending that the Board of Supervisors Amend the Consolidated Plan
2. Letter from County Planning dated November 21, 2002
3. Minutes of the City Council Meeting of August 20, 2002
4. Resolution 02-38
5. Letter from the Boys & Girls Club dated September 17, 2002

ED\CDBG\03\CONSOLIDATED PLAN AMENDMENT CCR 120302