

TO: James L. App, City Manager

FROM: Bob Lata, Community Development Director

SUBJECT: Homeless Housing Project's Application for 2003 Community Development Block Grant (CDBG) Funds

DATE: January 21, 2003

Needs: For the City Council to consider a request made by the Homeless Housing Project (HHP) to allow their application for 2003 Community Development Block Grant (CDBG) for the Motel Voucher Program to be considered along the other 21 applications for 2003 CDBG funds, even though the application was received after the October 28, 2002 deadline.

Facts:

1. In early September 2002, the San Luis Obispo County Planning Department mailed a "Request for Proposals" (RFP) and applications for CDBG funds. The County's mailing list for the RFP included numerous organizations and persons throughout the county that had either previously applied for CDBG funds or which had indicated an interest in receiving the RFP.
2. The RFP clearly stated that the deadline for submittal of applications for 2003 CDBG funds was to be 5:00 pm on October 28, 2002. A copy of the RFP is attached.
3. By 5:00 pm on October 28, 2002, the City had received 21 applications for 2003 CDBG funds, but had not received any application from HHP.
4. HHP had previously filed applications for 2001 and 2002 CDBG funds for their Motel Voucher Program. Each of those applications had been awarded \$24,000 in CDBG funds.
5. On December 9 and 11, 2002, the City received a letter and application from the HHP for \$24,000 in 2003 CDBG funds to operate the Motel Voucher Program. Copies of the letter and application are attached.
6. HHP's letter stated that they did not receive the RFP and application because the County's mailing list was missing the suite number of HHP's office.
7. There are no federal or local regulations that establish a deadline for submittal of applications for CDBG funds. Federal regulations do require the preparation of a draft Annual Action Plan, which is to indicate how CDBG funds are to be spent, and which is to be available for public review at least 30 days prior to a public hearing at which CDBG funds are awarded.
8. The County, with the cooperation of those cities participating in the CDBG Program, established a deadline for submittal of applications for the purpose of ensuring that the program is operated in an orderly and equitable manner.
9. In 2001 and in 2002, the deadlines for submittal of applications were set at the last Monday in October. In previous years, the deadlines were as late as early January.
10. At its meeting of December 3, 2002, the City Council approved a preliminary funding recommendation for 2003 CDBG funds for the purpose of preparing a Draft Annual Action Plan.

11. The County will publish a public notice regarding the Draft Annual Action Plan on January 14, 2003.
12. The City Council is scheduled to hold a public hearing and approve the 2003 CDBG grants on March 4, 2003.

**Analysis and  
Conclusion:**

The Council may legally consider any legitimate application for CDBG funds as late as March 4, 2003, provided that a Draft Annual Action Plan that indicates a proposal for spending 2003 CDBG funds has been made available for public review at least 30 days prior to that date.

As noted in Fact #8 above, the purpose of establishing a deadline for submittal of CDBG applications is to ensure that the program is operated in an orderly and equitable manner. If applications may be filed at any time prior to the Council's public hearing, neither the Council nor the public have adequate time to properly evaluate the applications. This is especially critical for the CDBG Program as the City regularly receives more applications that it can fund, and the Council must make difficult decisions.

The preliminary schedule for expenditure of 2003 CDBG funds made by the City Council on December 3, 2002 is as follows.

**Public Facility Projects**

Carnegie Library Rehabilitation .....	\$ 90,100
Alley Improvements .....	\$ 8,000
LED-Lighted Crosswalks .....	\$ 26,000
28th Street Improvements.....	\$ 51,200
Municipal Pool Changing Room .....	\$ 51,200
<b>Subtotal.....</b>	<b>\$226,500</b>

**Public Service Programs**

EOC Senior Health Program.....	\$ 4,000
EOC 40 Wonderful Program.....	\$ 2,000
EOC Teen Academic Parenting .....	\$ 3,600
Boys & Girls Club operations.....	\$ 5,000
Literacy Council Program.....	\$ 2,500
Big Brothers/Big Sisters Mentoring.....	\$ 6,000
Lifestyles Recovery Center .....	\$ 4,800
<b>Subtotal.....</b>	<b>\$ 27,900</b>

**Administration and Capacity Building**

<b>Total.....</b>	<b>\$ 63,600</b>
<b>Total.....</b>	<b>\$318,000</b>

Federal regulations limit the amount of CDBG funds that may be used for public service applications in any given year to no more than 15% of that year's allocation of funds. For 2003, the 15% amounts to \$47,700. The preliminary schedule shows that \$27,900 is to be reserved for public services. Technically, an additional \$19,800 in 2003 CDBG funds could be spent on public services.

It should be noted, however, that if HHP's application is to be considered, one or more of the projects and programs listed in the preliminary schedule would have to be reduced or eliminated. The first 5 projects listed in the preliminary schedule are existing projects that need additional funds to be completed. Further, based on bids received for the Carnegie Library Rehabilitation Project on December 13, it appears that the allocation to that project will need to be increased by \$50,000 from \$90,000 to \$140,000, resulting in reductions to allocations to other projects.

HHP's request is essentially based on the argument that, had there been no clerical error on the part of the County (in its preparation of the mailing list), they would have received the RFP and subsequently submitted an application by the deadline. Further, had they done so, even if their application did not end up being listed in the preliminary schedule formulated by the Council on December 3, the application could be considered along with the other 21 applications received by October 28, on March 3, 2003 for the limited number of CDBG funds that will be available.

Policy

Reference: Federal regulations for the Community Development Block Grant Program

Fiscal

Impact: HHP's application would have no impact on the General Fund. It would make competition for 2003 CDBG funds tighter, and if, funded, would necessitate funding other applications in amounts lower than those listed in the preliminary schedule formulated by the Council on December 3.

Options: Upon receipt of public comments, take one of the following actions:

- a. By voice vote, indicate that the City Council **will not** reduce or eliminate other earmarked program funding to consider Homeless Housing Project's application for 2003 CDBG funds along with the other 21 applications for 2003 funds for possible funding when the City Council conducts a public hearing on March 4, 2003.
- b. By voice vote, indicate that the City Council **will** consider the Homeless Housing Project's application for 2003 CDBG funds along with the other 21 applications for 2003 funds for possible funding when the City Council conducts a public hearing on March 4, 2003. This option would require reductions in or elimination of other public service projects or public facilities projects.
- c. Amend, modify, or reject the foregoing options.

Attachments:

1. Request for Proposals for 2003 CDBG Funds
2. Letter from Homeless Housing Project (Pearl Munak) dated December 3, 2002
3. Homeless Housing Project's Application for 2003 CDBG Funds

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