

TO: James L. App, City Manager  
FROM: Bob Lata, Community Development Director  
SUBJECT: 2005 Consolidated Plan and Federal Grant Programs  
DATE: April 5, 2005

Needs: For the City Council to conduct a noticed public hearing and make a recommendation to the County Board of Supervisors regarding the 2005 Consolidated Plan and those activities to be approved for funding with the County's 2005 allotments of Federal Home Investment Partnership Act (HOME), Emergency Shelter Grant (ESG), and American Dream Downpayment Initiative (ADDI) funds.

- Facts:
1. HOME, ESG, and ADDI funds are federal funds allocated annually by the Department of Housing and Urban Development (HUD) to states, "urban counties" and entitled cities.
  2. Attached is a summary of facts about the HOME, ESG, and ADDI grant programs. This summary also lists those HOME, ESG, and ADDI applications being recommended by County Planning Staff for funding in 2005.
  3. Federal regulations mandate the preparation of a 5 year "Consolidated Plan" to address the use of HOME, ESG, APPI, and Community Development Block Grant (CDBG) funds. The Consolidated Plan was last adopted in 2000 and is presently due to be updated.
  4. The Consolidated Plan establishes priorities for use of CDBG, HOME, ESG, and ADDI funds. Attached is a comparison of the 2000 Consolidated Plan's adopted priorities and the Draft 2005 Consolidated Plan's proposed priorities for use of these funds. Copies of the complete Draft Consolidated Plan will be placed in the Council's Office, City Library, and at the Public Counter at City Hall.
  5. Under a Cooperation Agreement with the County of San Luis Obispo, the City of Paso Robles is a member of an "urban county" along with the cities of San Luis Obispo, Atascadero, Arroyo Grande, and Grover Beach..
  6. The Cooperation Agreement among the County and participating cities stipulates that CDBG funds will be allocated to each jurisdiction per a HUD-developed formula. The Cooperation Agreement does not provide for a similar allocation for HOME, ESG, and ADDI funds. The agreement does, however, provide that the County and participating cities cooperate in the allocation of HOME and ESG funds. (ADDI Funds became available after the latest Cooperation Agreement was executed.)
  7. A public hearing on the Draft 2005 Consolidated Plan has been set for the Council's meeting of April 5, 2005. Notice of the public hearing was published in the *Tribune* on March 23. A copy of the newspaper notice is attached.

Analysis and  
Conclusion:

As with the 2000 Consolidated Plan, the Draft 2005 Consolidated Plan identifies four strategies for the eligible uses of CDBG, HOME, ESG, and ADDI funds as follows:

- Affordable Housing
- Addressing Homelessness
- Economic Development
- Public Facilities and Services.

As can be seen from the attached comparison of the 2000 and Draft 2005 Consolidated Plans, the priorities for using these funds remain unchanged for Affordable Housing and Public Facilities and Services.

The priorities for Addressing Homelessness were reversed to give first priority to providing needed emergency shelter facilities and related services. The San Luis Obispo County Supportive Housing Consortium recommended this change as the current rate of increase in housing price outpaces the rate of wage increases.

The priorities for Economic Development were revised to favor provision of technical assistance, then financial assistance (to new businesses) over providing financial assistance and promoting the county as desirable location for new or relocating businesses. The County Planning Department reported that they have been advised that federal funds may not be used to market the County. Additionally, the current economy is such that commercial banks are providing loans, and the federal funds are better spent on providing technical assistance.

Although the proposed One-Year Action Plan does not include any allocation of 2005 HOME funds for projects in Paso Robles, allocations of HOME funds have been made in previous years to assist projects located in the City. The attached resolution encourages the Board of Supervisors to approve the proposed allocation.

Policy  
Reference: Federal regulations for the HOME, ESG, and ADDI Programs

Fiscal  
Impact: No impact to the General Fund.

Options: Upon completion of a public hearing, take one of the following actions:

- a. Adopt Resolution No. 05-XX to recommend that the County Board of Supervisors adopt the Draft 2005 Consolidated Plan and its recommended allocations of 2005 HOME, ESG, and ADDI Program Funds.
- b. Amend, modify or reject the foregoing option.

Prepared By:

Ed Gallagher  
Housing Programs Manager

Attachments:

1. Resolution Recommending Approval of the Draft 2005 Consolidated Plan
2. Facts About the 2005 HOME, ESG, and ADDI Programs
3. Comparison of Priorities for the 2000 and 2005 Consolidated Plans
4. Newspaper Notice

ED\CDBG\05\CONSOLIDATED PLAN CCR 040505

RESOLUTION NO. 05-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES  
RECOMMENDING APPROVAL OF THE DRAFT 2005 CONSOLIDATED PLAN FOR THE  
URBAN COUNTY OF SAN LUIS OBISPO AND ITS RECOMMENDATIONS FOR ALLOCATIONS  
OF YEAR 2005 HOME, ESG, AND ADDI PROGRAM FUNDS

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WHEREAS, on July 16, 2002 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), Emergency Shelter Grant (ESG), and American Dream Downpayment Initiative (ADDI) 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 HOME, ESG, and ADDI funds; and

WHEREAS, on September 24, 2004, the urban county published a "Request for Proposals" for projects to be funded under the 2005 HOME, ESG, and ADDI Programs, which provided that proposals were to be submitted by October 29, 2004; and

WHEREAS, on October 18, 2004, the urban county conducted a public meeting in Paso Robles for residents of the City and of northern San Luis Obispo County to ascertain the housing and community development needs to be addressed in the Consolidated Plan; and

WHEREAS, on January 7, 2005, the urban county released a Draft 2005 Consolidated Plan for public review; and

WHEREAS, the Urban County expects to receive about \$1,614,401 in HOME funds, about \$94,558 in ESG funds, and about \$46,096 in ADDI Funds in 2005; and

WHEREAS, on March 23, 2005, the City published a notice in the Tribune, indicating that a public hearing would be conducted on the Draft 2005 Consolidated Plan on April 5, 2005; and

WHEREAS, at its meeting of April 5, 2005, the City Council conducted a public hearing to obtain public testimony on the proposed Draft Consolidated Plan.;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of El Paso de Robles, California, to recommend that the Board of Supervisors for the County of San Luis Obispo adopt the 2005 Consolidated Plan, a copy of which shall be kept on file in the Community Development Department, to include the activities listed below to be funded with the 2005 HOME, ESG, and ADDI funds.

**HOME FUNDS**

<b>Applicant</b>	<b>Project</b>	<b>Community</b>	<b>Amount</b>
Housing Authority of SLO	Tenant-Based Rental Assistance	County-wide	\$350,000
PSHHC *	Affordable housing project	Avila Beach	\$700,000
PSHHC	Affordable housing project	San Luis Obispo	\$144,000
Transitions Mental Health	Rehabilitate apartments for developmentally disabled clients	San Luis Obispo	\$116,000
County of SLO	Administrative Funds for HOME Program	County-wide	\$140,000
<b>TOTAL</b>			<b>\$1,450,000</b>

\* PSHHC = Peoples' Self-Help Housing Corp.

**ESG FUNDS**

<b>Applicant</b>	<b>Project</b>	<b>Community</b>	<b>Amount</b>
Economic Opportunity Commission	Homeless Shelter Operation	San Luis Obispo	\$44,688
Economic Opportunity Commission	Homeless Day Center Operation	San Luis Obispo	\$15,093
SLO Women's Shelter	Women's Shelter Operation	San Luis Obispo	\$7,778
North County Women's Shelter	Women's Shelter Operation	North County	\$19,435
ECHO *	motel vouchers, program operating funds	Atascadero	\$7,564
<b>TOTAL</b>			<b>\$94,588</b>

\* ECHO is the El Camino Homeless Organization, which provides homeless shelter services in Atascadero.

**ADDI FUNDS**

\$46,096 in ADDI funds will be allocated to the County's First-Time Homebuyers Loan Program, which will be available to low income households county-wide.

ADOPTED by the City Council of the City of El Paso de Robles at a regular meeting of said Council held on the 5<sup>th</sup> day of April 2005 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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Frank R. Mecham, Mayor

ATTEST:

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Sharilyn M. Ryan, Deputy City Clerk

## FACTS ABOUT THE 2005 HOME, ESG, & ADDI PROGRAMS

### HOME FUNDS

1. HOME funds are federal funds that may be used to provide incentives to develop and support affordable rental housing and homeownership affordability for low income households (those earning 80% or less of the County median income).
2. Eligible uses of HOME funds include: site acquisition, construction costs\* for new homes and apartments, on- and off-site improvements for housing, rehabilitation costs, financing costs, and first-time homeowner assistance.

\* Note: CDBG funds may be used for all of the above, except for construction costs for new housing.

3. Federal regulations governing the HOME program requires that recipients provide a 25% match. Redevelopment Low and Moderate Income Housing (LMIH) funds may be used as a match. The value of “sweat equity” and welfare property tax exemptions may also be used as a match.
4. In the City of Paso Robles, HOME funds have been allocated to Peoples’ Self-Help Housing Corp. (PSHHC) and the Paso Robles Nonprofit Housing Corp. PSHHC has used HOME funds to assist in the acquisition of the land for the 71 lot Spring Meadows subdivision east of Airport Road. A total of \$475,000 in 2001 HOME funds have been allocated to assist PSHHC’s proposed Canyon Creek Apartments (68 units on the southwest corner of Nicklaus Drive and Oak Hill Road) and Creekside Gardens Apartments (29 senior units on the northwest corner of Nicklaus Drive and Oak Hill Road). \$700,000 in 2003 HOME funds was allocated to the Paso Robles Nonprofit Housing Corp.’s Oak Park Senior Housing Project.

Additionally, the County has used a portion of the urban county’s annual allotments of HOME funds for first-time homebuyers deferred payment loans, some of which have purchased homes in the City. Indirectly, the City benefited from HOME funds used by the County for consultant services to prepare loan documents prepared for the County’s HOME-funded First-Time Homebuyers Loan Program. The City basically used the County’s loan documents in the City’s CDBG-funded First-Time Homebuyers Loan Program.

5. Since 1994, the urban county, of which the City is a member, has received \$1.0 – 1.6 million in HOME funds annually. HOME funds are not allocated to member jurisdiction in the same manner that CDBG funds are. The cooperative agreement among the County and participating cities calls for all participants to cooperate in the allocation of HOME funds.
6. The Draft One Year Action Plan, prepared by County Planning Staff with comments from the participating cities, proposes that 2005 HOME funds be spent on the following projects:

<b>Applicant</b>	<b>Project</b>	<b>Community</b>	<b>Amount</b>
Housing Authority of SLO	Tenant-Based Rental Assistance	County-wide	\$350,000
PSHHC	Affordable housing project	Avila Beach	\$700,000
PSHHC	Affordable housing project	San Luis Obispo	\$144,000
Transitions Mental Health	Rehabilitate apartments for developmentally disabled clients	San Luis Obispo	\$116,000
County of SLO	Administrative Funds for HOME Program	County-wide	\$140,000
<b>TOTAL</b>			<b>\$1,450,000</b>

### ESG FUNDS

1. Emergency Shelter Grants (ESG) are federal funds to be used to provide shelter for the homeless.
2. In 2004, the urban county received \$94,000, which were allocated to the Homeless Shelter in San Luis Obispo, Homeless Day Center in San Luis Obispo, Homeless Outreach Program in the North County, Women's Shelter in San Luis Obispo, and Women's Shelter in Atascadero. \$94,558 in ESG funds will be allocated to the County in 2005.
3. The Draft Consolidated Plan, prepared by County Planning Staff with comments from the participating cities, proposes that 2005 ESG funds be spent on the projects indicated below.

<b>Applicant</b>	<b>Project</b>	<b>Community</b>	<b>Amount</b>
Economic Opportunity Commission	Homeless Shelter Operation	San Luis Obispo	\$44,688
Economic Opportunity Commission	Homeless Day Center Operation	San Luis Obispo	\$15,093
SLO Women's Shelter	Women's Shelter Operation	San Luis Obispo	\$ 7,778
North County Women's Shelter	Women's Shelter Operation	North County	\$19,435
ECHO *	motel vouchers, program operating funds	Atascadero	\$ 7,564
<b>TOTAL</b>			<b>\$94,558</b>

\* ECHO is the El Camino Homeless Organization, which provides homeless shelter services in Atascadero.

**ADDI FUNDS**

1. American Dream Downpayment Initiative (ADDI) Grants are federal funds to be used to provide first-time homebuyer loans for low income households.
2. The urban county became entitled to receive ADDI funds in 2003. The County received \$68,506 in ADDI funds in 2003 and \$80,839 in 2004. In 2005, the County expects to receive \$46,096. During the same time frame, the County's allotment of HOME funds was decreased by the amount of ADDI funds allocated.
3. The County is resuming a first time homebuyer deferred-payment second mortgage loan program, which will be funded with ADDI funds received to date plus more than \$400,000 in program income (repaid HOME-funded loans). The loans will be available on a county-wide basis. Eight homes in Paso Robles had been purchased under a HOME-funded first-time homebuyer loan program previously operated by the County.

## COMPARISON OF PRIORITIES FOR THE 2000 AND 2005 CONSOLIDATED PLANS

2000	2005
<p><b>Affordable Housing Strategy:</b></p> <p>Priority #1: Increase availability of affordable and decent rental housing for low- and moderate-income persons and families.</p> <p>Priority #2: Increase first-time home ownership opportunities for low- and moderate-income households.</p> <p>Priority #3: Maintain and upgrade existing neighborhoods and housing units occupied by low- and moderate-income households.</p>	<p><b>Affordable Housing Strategy:</b></p> <p>Priority #1: Increase availability of affordable and decent rental housing for low- and moderate-income persons and families.</p> <p>Priority #2: Increase first-time home ownership opportunities for low- and moderate-income households.</p> <p>Priority #3: Maintain and upgrade existing neighborhoods and housing units occupied by low- and moderate-income households.</p>
<p><b>Addressing Homelessness:</b></p> <p>Priority #1: Prevent homelessness by enabling people to obtain or retain decent affordable housing and supportive services.</p> <p>Priority #1: Provide needed emergency shelter facilities and related services.</p>	<p><b>Addressing Homelessness:</b></p> <p>Priority #1: Provide needed emergency shelter facilities and related services.</p> <p>Priority #2: Prevent homelessness by enabling people to obtain or retain decent affordable housing and supportive services.</p>
<p><b>Economic Development Strategy:</b></p> <p>Priority #1: Implement a revolving loan fund and other forms of assistance to enable businesses to create or retain jobs.</p> <p>Priority #2: Promote the county as a desirable location for new or relocating businesses.</p>	<p><b>Economic Development Strategy:</b></p> <p>Priority #1: Provide business technical assistance to enable micro-enterprises to create and/or retain jobs.</p> <p>Priority #2: Provide financial assistance to existing small businesses for expansion and to start-up businesses.</p>
<p><b>Public Facilities and Services Strategy:</b></p> <p>Priority #1: Provide assistance to communities that consist primarily of low- and moderate-income persons and cannot afford necessary public facilities or services.</p>	<p><b>Public Facilities and Services Strategy:</b></p> <p>Priority #1: Assist communities and neighborhoods that consist primarily of low- and moderate-income persons and cannot afford necessary public facilities or services.</p>

PROOF OF PUBLICATION

LEGAL NEWSPAPER NOTICES

PLANNING COMMISSION/CITY COUNCIL  
PROJECT NOTICING

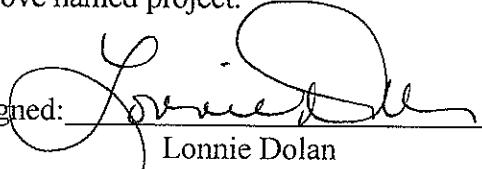
Newspaper: Tribune

Date of Publication: March 23, 2005

Meeting Date: April 5, 2005  
(City Council)

Project: 2005 Consolidated Plan CDBG,  
HOME, ESG and ADDI Programs

I, Lonnie Dolan, employee of the Community  
Development Department, Planning Division, of the City  
of El Paso de Robles, do hereby certify that this notice is  
a true copy of a published legal newspaper notice for the  
above named project.

Signed:   
Lonnie Dolan

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CITY OF EL PASO DE ROBLES  
NOTICE OF PUBLIC HEARING  
2005 Consolidated Plan

NOTICE IS HEREBY GIVEN that the City Council of the City of El Paso de Robles will hold a Public Hearing on the Draft 2005 Consolidated Plan prepared by the County of San Luis Obispo. The Consolidated Plan is a 5 year plan that establishes priorities for use of Federal funds allocated under the Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Emergency Service Grant (ESG) and American Dream Down-payment Initiative (ADDI) Programs.

This hearing will take place in the Conference Room at the Paso Robles Library/City Hall, 1000 Spring Street, Paso Robles, California, on Tuesday, April 5, 2005, at the hour of 7:30 pm.

All interested parties may appear and be heard at the above hearing.

The City of Paso Robles has a direct entitlement to receive federal funds on an annual basis under the CDBG Program. Under a Cooperation Agreement executed with the County of San Luis Obispo in 2002, the City agrees to cooperate with the County regarding allocation of the other federal funds covered by the Consolidated Plan.

Following the public hearing that is the subject of this notice, the City Council will make a recommendation to the Board of Supervisors for San Luis Obispo County regarding the adoption of the 2005 Consolidated Plan.

Copies of the staff report with the proposed funding are available at Paso Robles City Hall, 1000 Spring Street, Paso Robles, and will be posted on the City's web site: [www.prcity.com](http://www.prcity.com) prior to the hearing. Copies of the staff report may be purchased at City Hall for the cost of reproduction.

Comments on the Draft 2005 Consolidated Plan may be mailed to the Community Development Department, 1000 Spring Street, Paso Robles, CA 93446 or e-mailed to [CDdirector@prcity.com](mailto:CDdirector@prcity.com) provided that such comments are received prior to the time of the hearing.

Ed Gallagher, Housing Programs Manager  
March 23, 2005

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