

TO: James L. App, City Manager

FROM: John Falkenstien, Acting Community Development Director

SUBJECT: 2006 Consolidated Plan and Federal Grant Programs

DATE: March 1, 2006

Needs: For the City Council to conduct a noticed public hearing and make a recommendation to the County Board of Supervisors regarding those activities to be approved for funding with the County's 2006 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. Via a cooperative agreement, 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 and the County of San Luis Obispo.
2. The cooperative agreement among the County and participating cities stipulates that CDBG funds will be allocated to each jurisdiction per a HUD-developed formula. The cooperative 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 these funds.
3. Federal Regulations governing the CDBG, HOME, ESG, and ADDI Programs require that housing and community development needs to which these funds are applied be addressed in a Consolidated Plan. In 2005, the Board of Supervisors adopted a Consolidated Plan for the urban county, taking into consideration recommendations from the participating cities. One chapter of this plan is the "Annual Action Plan", which is adopted annually.
4. Attached are "Facts About the 2006 HOME, ESG, and ADDI Programs" that contain background facts about these Programs, and which lists those applications being recommended by County Planning Staff for funding in 2006.
5. A public hearing on the Draft 2004 Annual Action Plan has been set for the Council's meeting of March 1, 2006. Notice of the public hearing was published in the *Tribune* on February 17. A copy of the newspaper notice is attached to the staff report on the CDBG Program.

Analysis and Conclusion: The Draft One-Year Action Plan proposes to allocate \$375,000 in 2006 HOME funds for the Oak Park Senior Housing Project in Paso Robles. Those funds would be

available for paying the interest on a \$1.2 million loan from the California Housing Finance Agency, which is being underwritten with a loan of \$1.2 million loan in Redevelopment Low and Moderate Income Housing Funds.

Draft Annual Action Plan proposes an award of \$18,869 in 2006 ESG funds to the North County Women's Resources Center, which operates women's shelters in Atascadero and Paso Robles, and \$7,336 to the El Camino Homeless Organization for their Atascadero-based homeless shelter. Together these awards amount to a share of ESG funds that is generally proportional to the North County's share of the total population in the County.

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 the attached Resolution 06-XX to support the HOME, ESG, and ADDI-funded activities listed in the 2006 Draft Annual Action Plan.
- b. Amend, modify or reject the foregoing option.

Prepared By:

Ed Gallagher
Housing Programs Manager

Attachments:

1. Resolution Recommending Approval of the Draft 2006 Consolidated Plan
2. Facts About the 2006 HOME, ESG, and ADDI Programs

FACTS ABOUT THE 2006 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 \$550,000 in 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 \$750,000 for the Creekside Gardens Apartments (29 senior units on the northwest corner of Nicklaus Drive and Oak Hill Road). \$700,000 in HOME funds was allocated to the Paso Robles Nonprofit Housing Corp.’s Oak Park Senior Housing Project. An additional award of \$375,000 to the Oak Park Senior Housing Project is proposed in 2006.

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 2006 HOME funds be spent on the following projects:

Applicant	Project	Community	Amount
Housing Authority of SLO	Tenant-Based Rental Assistance	County-wide	\$250,000
Paso Robles Nonprofit Housing Corp.	Oak Park Senior Housing	Paso Robles	\$375,000
Peoples’ Self-Help	Affordable housing project	Avila Beach	\$350,000

Housing Corp.			
City of Grover Beach	Acquire property for a combination affordable housing/soup kitchen project.	Grover Beach	\$350,967
County of SLO	Administrative Funds for HOME Program	County-wide	\$119,551
TOTAL			\$1,445,518

ESG FUNDS

1. Emergency Shelter Grants (ESG) are federal funds to be used to provide shelter for the homeless.
2. In 2005, the urban county received \$94,558, which were allocated to the Homeless Shelter in San Luis Obispo, Homeless Day Center in San Luis Obispo, El Camino Homeless Organization's (ECHO) homeless shelter in Atascadero, Women's Shelter in San Luis Obispo, and Women's Shelters in Atascadero and Paso Robles. \$91,799 in ESG funds will be allocated to the County in 2006.
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.

Applicant	Project	Community	Amount
Economic Opportunity Commission	Homeless Shelter Operation	San Luis Obispo	\$43,393
Economic Opportunity Commission	Homeless Day Center Operation	San Luis Obispo	\$14,654
SLO Women's Shelter	Women's Shelter Operation	San Luis Obispo	\$7,547
North County Women's Shelter	Women's Shelter Operation	North County	\$18,869
ECHO *	motel vouchers, program operating funds	Atascadero	\$7,336
TOTAL			\$91,799

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, \$80,839 in 2004, and \$46,096 in 2005. In 2006, the County expects to receive \$23,002. 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. Five homes in Paso

Robles had been purchased under a HOME-funded first-time homebuyer loan program previously operated by the County.

RESOLUTION NO. 06-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
RECOMMENDING APPROVAL OF THE DRAFT 2006 ANNUAL ACTION PLAN FOR THE URBAN
COUNTY OF SAN LUIS OBISPO WITH ITS RECOMMENDATIONS FOR ALLOCATIONS OF 2006
HOME, ESG, AND ADDI PROGRAM FUNDS

WHEREAS, on June 28, 2005 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, its component Annual Action Plan and the annual allocation of HOME, ESG, and ADDI funds; and

WHEREAS, on or about September 15, 2005, the urban county published a "Request for Proposals" for projects to be funded under the 2006 HOME, ESG, and ADDI Programs, which provided that proposals were to be submitted by October 31, 2005; and

WHEREAS, on October 5, 2005, 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 or about January 20, 2006, the urban county released a Draft 2006 Annual Action Plan for public review; and

WHEREAS, the Urban County expects to receive about \$1,445,518 in HOME funds, about \$91,799 in ESG funds, and about \$23,002 in ADDI Funds in 2006; and

WHEREAS, on February 17, 2006, the City published a notice in the Tribune, indicating that a public hearing would be conducted on the Draft 2006 Annual Action Plan on March 1, 2006; and

WHEREAS, at its meeting of March 1, 2006, the City Council conducted a public hearing to obtain public testimony on the proposed Draft Annual Action 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 2006 Annual Action 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 2006 HOME, ESG, and ADDI funds.

HOME FUNDS

Applicant	Project	Community	Amount
Housing Authority of SLO	Tenant-Based Rental Assistance	County-wide	\$250,000
Paso Robles Nonprofit Housing Corp.	Oak Park Senior Housing	Paso Robles	\$375,000
Peoples' Self-Help Housing Corp.	Affordable housing project	Avila Beach	\$350,000
City of Grover Beach	Acquire property for a combination	Grover Beach	\$350,967

	affordable housing/soup kitchen project.		
County of SLO	Administrative Funds for HOME Program	County-wide	\$119,551
TOTAL			\$1,445,518

ESG FUNDS

Applicant	Project	Community	Amount
Economic Opportunity Commission	Homeless Shelter Operation	San Luis Obispo	\$43,393
Economic Opportunity Commission	Homeless Day Center Operation	San Luis Obispo	\$14,654
SLO Women's Shelter	Women's Shelter Operation	San Luis Obispo	\$7,547
North County Women's Shelter	Women's Shelter Operation	North County	\$18,869
ECHO *	motel vouchers, program operating funds	Atascadero	\$7,336
TOTAL			\$91,799

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

ADDI FUNDS

\$23,002 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 1st day of March 2006 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Cathy M. David, Deputy City Clerk