

TO: JAMES L. APP, CITY MANAGER  
FROM: RON WHISENAND, COMMUNITY DEVELOPMENT DIRECTOR  
SUBJECT: 2007 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM  
DATE: DECEMBER 19, 2006

Needs: For the City Council to (a) decide which applications for the City's 2007 Community Development Block Grant (CDBG) funds should be recommended in the *Draft* Annual Action Plan and (b) set a date for the public hearing for the 2007 CDBG Fund allocations.

Facts:

1. October 30, 2006 was the deadline for submittal of applications for 2007 CDBG funds. As of that date, the City received 16 applications (not including applications for administration and capacity-building). The total amount of funding requested for the 16 applications comes to about \$644,700. Attached is a table and a narrative summary of the 16 applications. Binders containing all of the applications will be available at the Community Development Department counter, Library Reference Desk, and in the City Council's office.
2. As of December 8, 2006, the US Department of Housing and Urban Development (HUD) had not published the amounts of 2006 CDBG funds to be distributed to CDBG recipients.
3. In the absence of a figure from HUD, for planning purposes, it is assumed that the City will receive a similar amount of entitlement funds in 2007 that it received in 2006 (about \$284,387).
4. In addition to the annual allocation of entitlement funds, the City has on hand \$54,000 in CDBG funds from repaid CDBG-funded residential rehabilitation loans that can be added to the \$284,387.
5. Further, there are \$1,000 in unused CDBG funds from the LED-Lighted Crosswalk Project (at 34<sup>th</sup> and Spring Streets) that can be re-programmed.
6. It is estimated, therefore, that there may be as much as \$339,387 in CDBG funds to allocated in 2007.
7. 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.
8. In mid-January 2007, the County will publish a Draft "Consolidated Plan", which will list summaries of the activities that are recommended for consideration by the city councils and Board of Supervisors at public hearings to be conducted in February and March 2007.
9. It is proposed that, at its meeting of December 19, 2006, the City Council review all of the applications and recommend those applications to be listed in the Draft Consolidated Plan as being *recommended* for funding.
10. The Draft Consolidated Plan will be considered by the Council at a public hearing to be conducted in early March 2007. At that hearing, the Council may consider any of the

applications filed by October 30, whether or not they are recommended for funding in the Draft Consolidated Plan.

11. Federal regulations impose several limits on the use of CDBG funds as follows:
  - a. At least 70% of all funds **must** be spent on activities that benefit low income persons, and no more than 30% **may** be spent on activities that eliminate blight;
  - b. No more than 15% of CDBG funds **may** be used for public service activities;
  - c. No more than 20% of CDBG funds **may** be used for administrative uses;
  - d. Re-programmed CDBG funds from prior years are subject to those limits for the year in which they were originally programmed. They are not eligible for calculation of public service or administration purposes.

12. The estimated amount of CDBG funds for 2006 are as follows:

\$284,387 2007 entitlement  
\$ 54,000 Program Income (repaid CDBG loans)  
\$338,387 subtotal for calculating public services and administrative funds  
\$ 1,000 re-programmed funds for the LED-Lighted Crosswalk Project  
\$339,387 Total

13. The \$339,387 are available to be divided among the proposed activities, as shown below:

\$140,429 minimum for low income benefit – non-public service projects  
\$ 50,758 maximum for low income benefit – public service programs  
\$ 81,200 maximum for blight elimination projects  
\$ 67,000 maximum for administration and capacity-building  
\$339,387 Total

Analysis and  
Conclusion:

Public Service Applications

Public services are those activities in which non-profit organizations provide services to low income clients. For several years, the City has received more requests for grants to support public services than it has CDBG funds that may be used for such purposes, and 2007 is no exception.

In 2006, the City required applicants for public services funds to submit certain information to supplement their CDBG applications. Such information included estimates of the number of city residents to be served by their programs, statements of their total requests for CDBG or other grants from other jurisdictions in which their clients reside, information about their annual budgets, etc. In order that the City Council have adequate information on which to base a decision to appropriately allocate the limited public service funds, City staff intends to solicit similar information from public services applicants for 2007 CDBG applications.

The supplemental information will not be available for Council's review on December 19. Therefore, for the Draft Annual Action Plan, it is suggested that the Council confirm whether or not the City will fund public service applications at the full 15% allowed by federal regulations (as it has done for several years now). The final decision on which public service applications would be funded, would be deferred until the public hearing in March 2007.

Options for Draft One Year Action Plan

There are many more applications than there will be CDBG funds to support. Two potential funding options have been prepared, using previous years' allocations as a guide, for the Council's consideration. Some of the 16 applications do not appear in either of the two options; the reasons for this are discussed in the attached summary of applications.

In the two options, priority is given to completing the rehabilitation of the Therapy Pool building, which was begun with allocations of \$333,900 from prior years' CDBG funds. Additionally, the two options assume that the Council will want to allocate the full 15% allowable for public service applications.

**Option A** provides for funding the following activities:

Therapy Pool Rehab.....	\$ 83,429	
LED Crosswalk at 17 <sup>th</sup> & Spring Streets .....	\$ 40,000	
Women's Shelter .....	\$ 17,000	
Sidewalks on Riverside Ave at Fairgrounds Parking.....	\$ 81,200	
Public Services Activities.....	\$ 50,758	(15% of 2007 allocation)
Administration.....	\$ 67,000	(20% of 2007 allocation)
	<u>\$339,387</u>	

**Option B** provides for funding the following activities:

Therapy Pool Rehab.....	\$106,629	
LED Crosswalk at 17 <sup>th</sup> & Spring Streets .....	\$ 40,000	
Women's Shelter .....	\$ 17,000	
First Five Commission: Demolition of Building .....	\$ 58,000	
Public Services Activities.....	\$ 50,758	(15% of 2007 allocation)
Administration.....	\$ 67,000	(20% of 2007 allocation)
	<u>\$339,387</u>	

Regardless of which activities are listed in the Draft Consolidated Plan as being recommended for funding, the Council will have the authority to approve any of the submitted applications for CDBG funds following a public hearing to be scheduled for early-mid March 2007.

March Public Hearing Dates

Possible dates for the March public hearing are:

- a. Thursday, March 1 (special Council meeting);
- b. Tuesday, March 6 (regular Council meeting);
- c. Thursday, March 8 (special Council meeting);
- d. Tuesday, March 20 (regular Council meeting).

In past years, the CDBG public hearings have taken as many as 2 hours. A special meeting provides a better environment for focusing on the allotments and reduces the amount of time that the public has to wait to speak.

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. It should be noted that any funding request that would come from administration would have an equal adverse effect on the City's Redevelopment Low and moderate Income Housing Fund or the General Fund.

Options: Subject to public testimony, via minute action:

- A. (1) Identify the following applications to be listed in the Draft One Year Action Plan as being recommended for funding

Therapy Pool Rehab .....	\$ 83,429
LED Crosswalk at 17 <sup>th</sup> & Spring Streets .....	\$ 40,000
Women's Shelter.....	\$ 17,000
Sidewalks on Riverside Ave at Fairgrounds Parking.....	\$ 81,200
Public Services Activities.....	\$ 50,758
Administration.....	<u>\$ 67,000</u>
	\$339,387

- (2) Set Thursday, March 8, 2007 as the date for the public hearing for 2007 CDBG allocations.

- B. (1) Identify the following applications to be listed in the Draft One Year Action Plan as being recommended for funding

Therapy Pool Rehab .....	\$106,629
LED Crosswalk at 17 <sup>th</sup> & Spring Streets .....	\$ 40,000
Women's Shelter.....	\$ 17,000
First Five Commission: Demolition of Building .....	\$ 58,000
Public Services Activities.....	\$ 50,758
Administration.....	<u>\$ 67,000</u>
	\$339,387

- (2) Set Thursday, March 8, 2007 as the date for the public hearing for 2007 CDBG allocations.

- C. Amend, modify or reject the foregoing options.

Prepared by:

Ed Gallagher  
Housing Programs Manager

Attachments:

1. Table Summary of the Applications for 2007 CDBG Funds
2. Narrative Summary of 2007 CDBG Applications

ED\CDBG\07\DRAFT ACTION PLAN CCR 121906

## CITY OF PASO ROBLES: 2007 CDBG APPLICATIONS

### A. Public Facilities, Building Rehab, Economic Development Projects (National Objective: Low Income Benefit)

#	Applicant	Program/Project	Amount Requested
1	City of Paso Robles	Therapy Pool: reroof and replace HVAC system	\$200,000
2	City of Paso Robles	Install LED-Lighted Crosswalk at 17th & Spring Streets	\$40,000
3	North County Women's Shelter	Rehabilitate Paso Robles Women's Shelter	\$17,000
4	Good Samaritan Shelter, Inc.	Develop a North County homeless shelter	\$100,000
	<b>Total Requested</b>		<b>357,000</b>
	<b>Total Available</b>		<b>\$140,429 *</b>

\* Assumes that \$50,758 is used for Category B and \$81,200 is used for Category C.

### B. Public Services (National Objective: Low Income Benefit)

#	Applicant	Program/Project	Amount Requested
5	Economic Opportunity Commission	Senior Health Screening Program	\$ 2,500
6	Economic Opportunity Commission	Teen Academic Parenting Program	\$ 3,000
7	Paso Robles Fellowship Development	Christ's Kitchen and CBC Ministries	\$ 20,114
8	Transitional Food & Shelter	Motel Voucher Program for the homeless	\$24,000
9	The Literacy Council	The Literacy Program	\$ 3,000
10	Big Brothers & Big Sisters	Mentoring Program for disadvantaged youth	\$ 3,000
11	Senior Volunteer Services	Friendly Rides 4 Seniors Program	\$ 3,700
12	Wilshire Foundation	Caring Callers in-home visitation for seniors program	\$ 3,000
13	El Camino Homeless Shelter	Homeless shelter operating costs	\$ 5,000
	<b>Total Requested</b>		<b>\$67,314</b>
	<b>Total Available</b>		<b>\$50,758</b>

### C. Public Facilities Projects (National Objective: Elimination of Blight)

#	Applicant	Program/Project	Amount Requested
14	City of Paso Robles	Demolish building on First 5 Site (NW corner 36 <sup>th</sup> & Spring)	\$58,000
15	City of Paso Robles	Construct sidewalks on Riverside Ave. at Fairgrounds	\$81,200
16	Paso Robles Main Street Association	Install decorative street lights in downtown	\$81,200
	<b>Total Requested</b>		<b>\$220,400</b>
	<b>Total Available</b>		<b>\$81,200</b>

### D. Administration and Capacity-Building

#	Applicant	Program/Project	Amount Requested
17	City of Paso Robles	Capacity-Building Program: activities to implement Housing Element Programs	\$40,000
18 *	City of Paso Robles	Administration of City's CDBG Program and all CDBG-funded activities *	\$27,000 *
	<b>Total Requested</b>		<b>\$67,000</b>
	<b>Total Available</b>		<b>\$67,000</b>

\* An application for funds for Administration is not required.

## CITY OF PASO ROBLES: 2007 CDBG APPLICATIONS

### Estimated Revenues

2007 HUD Entitlement	284,387	Amount expected to be allocated to the City from HUD
Program Income	54,000	Amount from repaid CDBG-funded loans (through September 30, 2006)
Subtotal	338,387	Amount on which maximum percentages for administration, public services, and blight elimination are calculated
LED Crosswalk #2 Reprogram	1,000	Unused CDBG funds from prior years (may only be used for Category A projects)
Total	339,387	

### Expenditure Summary

A. Low Income Benefit- non public service	140,429	Must be at least 70% of \$271,387 (this amount calculated after deducting administrative funds); \$1,000 in reprogrammed LED funds may be (and have been) added to this 70%
B. Blight Elimination	81,200	May not exceed 30% of \$271,387 (this amount calculated after deducting administrative funds)
C. Low Income Benefit - public service	50,758	May not exceed 15% of \$338,387 (this amount calculated before deducting administrative funds.
D. Administration & Capacity-Building	67,000	May not exceed 20% of \$338,387
Total	339,387	

ED\CDBG\07\APPLICATIONS\APPLICATION TABLE

## SUMMARY OF 2007 CDBG APPLICATIONS

### ACTIVITIES THAT BENEFIT LOW INCOME PERSONS

1. Municipal Pool: Therapy Pool Rehabilitation: \$200,000. This project is initiated by the City of Paso Robles and consists of replacing the roof and the heating and ventilating system in the Therapy Pool building at the Municipal Pool facility at 28th and Oak Streets. The maintenance on the roof and heating and ventilating system for this building had been long deferred.

The present project budget is \$705,000, of which 400,000 is from the City's Facility Repair Fund and \$305,000 from prior years' allocation of CDBG funds. On November 9, 2006, the City received two bids for this project, for \$618,000 and \$659,000. The lower bid has been protested, and the outcome of this protest will not be known prior to December 19, 2006. It appears likely, however, that some additional CDBG funds may be necessary to cover contingency costs.

The Municipal Pool serves the recreational swimming needs of the residents of the West Side of the City. According to the 2000 US Census, more than 51% of the households residing in the West Side are low income (earning 80% or less of the County Median Income).

2. LED-Lighted Crosswalks: \$40,000. The project consists of installing a wireless LED-lighted crosswalk at the intersection of 17<sup>th</sup> and Spring Streets.

Based on the cost for installing an LED-Lighted Crosswalk at 34<sup>th</sup> and Spring Streets, it is estimated that the amount of funds necessary to install one crosswalk may be \$40,000, which breaks down as follows:

Install LED-Lighted Crosswalk (expected bid)	\$37,000
5% contingency (rounded)	\$ 2,000
Bidding	<u>\$ 1,000</u>
Total (rounded)	\$40,000

This intersection is located in, and serves the pedestrian needs of, the West Side of the City. According to the 2000 US Census, 80% of the households residing in the West Side are low income (earning 80% or less of the County Median Income).

This intersection is located in the Redevelopment Project Area, and the Redevelopment Implementation Plan lists inadequate public improvements as a condition contributing to blight. This project, therefore, would also serve to eliminate blight.

3. Paso Robles Women's Shelter Rehabilitation: \$17,000. This application was filed by the North County Women's Resource Center to seek funds to replace deteriorating kitchen cabinets and countertops at the Paso Robles Women's Shelter. The application indicates that the shelter expects to serve 75-100 clients per year. CDBG regulations consider battered spouses and abused children to be a "limited clientele" that is principally low and moderate income.

In prior years, the City has awarded \$15,000, \$10,000, and \$6,000 in CDBG funds for the rehabilitation of the Paso Robles Women's Shelter.

4. Life Reclamation Center: \$100,000. Good Samaritan Shelter, Inc. (GSSI) has requested the City participate with the County of San Luis Obispo and the City of Atascadero to contribute a total of \$300,000 to be used to develop a homeless shelter and detox center in Atascadero. This project would benefit the homeless, which are considered by federal regulations to be low income.

## SUMMARY OF 2007 CDBG APPLICATIONS, Page 2

Their application indicates that:

- a. They have property owners who are willing to donate a site; the application does not, however, indicate that the City of Atascadero has approved a Conditional Use Permit for the operation.
- b. The project will rely on state funds that cannot be applied for until 2007 and 2008.
- c. They have provided letters of support from El Camino Homeless Organization (ECHO) (with a computer-typed signature) and Transitional Food and Shelter, Inc. (unsigned). The application does not indicate any support from the Economic Opportunity Commission, which provides much of the homeless housing programs in the County (including a case worker for ECHO's shelter).

It would appear that this application is premature until such time that the City of Atascadero has approved a conditional use permit for the center, the site has been donated (i.e., title has transferred), and support from other organizations better documented.

5. Senior Health Screening Program: **\$2,500**. This program is initiated by EOC and requests the City to contribute a share of the costs to operate a county-wide senior health screening program, which is expected to serve 625 low income seniors.

The City has supported this program since 2001. In 2006, it allocated \$2,000 in CDBG funds for this activity.

6. Teen Academic Parenting Program: **\$3,000**. This program is initiated by EOC and requests the City to contribute a share of the costs to operate a county-wide counseling and child care program for pregnant teens, teen-aged parents and their children. Their goal is to assist 305 low income persons (mothers, fathers and children) county-wide.

The City has supported this program since 2001. In 2006, it allocated \$1,600 in CDBG funds for this activity.

7. Christ Kitchen and CBS Ministry Programs: **\$20,114**. Paso Robles Fellowship Development, Inc. (affiliated with the Second Baptist Church) has requested the City to assist their programs of providing meals, showers, and donated clothing for the homeless. According to the application, \$20,114 will benefit 35-50 persons per day.

The City supported this program in 2001 with an allocation of \$36,150 in CDBG funds for this activity. (The original 2001 application requested funds to build an addition to the Second Baptist Church to facilitate the meal program. However, regulations to maintain the church/state separation prevented use of CDBG funds for that purpose, and the City Council approved an amendment of the Consolidated Plan to allow the funds to be used for the Christ Kitchen and CBS Ministry Programs.)

8. Motel Voucher Program: **\$24,000**. Transitional Food and Shelter (formerly the Homeless Housing Project) has requested the City to assist in their program of providing motel rooms for those homeless that are too ill to stay at a shelter. According to the application, \$24,000 will benefit 600 persons.

The City has supported this program since 2001. In 2006, it allocated \$20,503 in CDBG funds for this activity.

9. The Literacy Program: **\$3,000**. The Literacy Program requests the City to contribute a share of the costs to operate a county-wide program to provide English Language classes to an estimated 700 low income adult persons (county-wide). The funds would be used for salaries, equipment and operating expenses for one year.



The City has supported this program since 2002. In 2006, it allocated \$2,200 in CDBG funds for this activity.

10. Big Brothers & Big Sisters' Mentoring Program: **\$3,000**. Big Brothers & Big Sisters requests the City to contribute a share of the costs to operate a county-wide program to provide mentoring services to 200 "at-risk" youth from low income households (county-wide). The funds would be used for salaries, equipment and operating expenses for one year.

The City has supported this program since 2002. In 2006, it allocated \$1,595 in CDBG funds for this activity.

11. RSVP Friendly Rides for Seniors Program: **\$3,700**. Senior Volunteer Services requests that the City to contribute a share of the costs of operating costs for a county-wide program to provide door-to-door transportation for an estimated 1,300 frail, homebound, low income seniors.

This is a new program being initiated by Senior Volunteer Services.

12. Caring Callers Program: **\$3,000**. The Wilshire Foundation requests that the City to contribute a share of the costs of operating costs for a county-wide program to provide in-home visitation for estimated 120 low income seniors.

The City has supported this program since 2004. (It was previously operated by Senior Volunteer Services, but has been transferred to the Wilshire Foundation.) In 2006, it allocated \$3,000 in CDBG funds for this activity.

13. Homeless Shelter Operating Expenses: **\$5,000**. El Camino Homeless Organization (ECHO) requests that the City contribute a share of the costs to operate their homeless shelter at certain churches in Atascadero. Their application indicates that about 52% of their clients come from Paso Robles.

The City supported this program in 2005 with an allocation of \$2,000 in CDBG funds for this activity.

#### ACTIVITIES THAT SERVE TO ELIMINATE BLIGHT

14. Demolition of Blighted Building: **\$58,000**. This project is initiated by the City of Paso Robles as a contribution to the First Five Commission's proposal to develop an early childhood development center on property owned by the County Office of Education on the northeast corner of 36<sup>th</sup> and Oak Streets. The requested CDBG funds would be used to demolish an existing abandoned building that had previously been used to service recreational vehicles. The property is presently owned by the County Office of Education, which is a partner in this effort.

The site for this project is located within the City's Redevelopment Project Area, and the Redevelopment Implementation Plan lists unsafe buildings as a blighting factor.

15. Sidewalks for Fairgrounds Parking Lot Frontage: **\$81,200**. This project is initiated by the City of Paso Robles and would construct sidewalks along the Riverside Avenue Frontage of the parking lot for the Paso Robles Event Center (Fairgrounds). Thousands of persons annually use the dirt pathways on the west side of Riverside Avenue as they access the Event Center.

The estimated cost of the whole project is \$190,000. This project is also eligible for State Workforce Housing (WFH) Funds. The City is presently working with the Paso Robles Housing Authority to obtain approval from the US Department of Housing and Urban Development to use \$125,000 in Public

## SUMMARY OF 2007 CDBG APPLICATIONS, Page 4

Housing Capital Grant funds to pay for a major portion of recent street improvements to 28<sup>th</sup> Street that would otherwise be funded with WFH Funds. If this approval is given, \$125,000 in WFH funds would be available to supplement the \$81,200 in CDBG funds.

The site for this project is located within the City's Redevelopment Project Area, and the Redevelopment Implementation Plan lists inadequate public improvements as a blighting factor.

16. Installation of Street Lights in the Downtown: **\$81,200**. This project has been requested by the Paso Robles Main Street and consists of installing "historic" (ornamental) street lights in the downtown to improve pedestrian safety.

In 2002, about \$116,000 in CDBG funds were used to install 13 ornamental street lights in the downtown. Presently, it is estimated that \$82,100 would be sufficient to design the circuitry, install, and pay connection fees for 5 lights in the downtown.

This project is not included in either Option A or B for the Draft Annual Action Plan as it is proposed that the forthcoming Town Centre Specific Plan include an evaluation of the total lighting need for the downtown area before more funds are allocated.

The downtown is located within the Redevelopment Project Area, which is defined as a blighted area. This condition is generally described under the category of "Inadequate Public Improvements", which the Redevelopment Implementation Plan lists as a blighting factor.

### ADMINISTRATIVE ACTIVITIES

17. Grant Administration. **\$27,000**. The City of Paso Robles has initiated an application to use \$27,000 or 8% of the total amount of 2007 entitlement CDBG funds plus Program Income to administer the CDBG program and all of the activities that are approved.

CDBG Regulations provide that no more than 20% of all entitlement and Program Income CDBG funds in any Program Year may be used for administrative purposes. Since becoming entitled to CDBG funds in 1994, the City has split its administrative allotment between grant administration and capacity building.

18. Capacity Building. **\$40,000**. City staff time to implement the programs identified in the City's Housing Element of the General Plan to benefit low and moderate income persons. Such programs include, but are not limited to: amendments to the City's zoning code to remove constraints to the provision of housing that is affordable to low and moderate income households; development of a plan to ensure that certain percentages of new and replacement housing within the City's Redevelopment Project Area are reserved for occupancy by low and moderate income households; implementing the City's Redevelopment Implementation Plan (which includes detailed plans for using the Low and Moderate Income Housing (LMIH) Fund; and working with developers of housing designed to be affordable to low and moderate income households to process their development applications and government financing.

CDBG Regulations provide that capacity building activities are a type of administrative use and that no more than 20% of all entitlement and Program Income CDBG funds in any Program Year may be used for administrative purposes. Together, the \$27,000 for Administration and \$40,000 for Capacity-Building make up the 20%. Since becoming entitled to CDBG funds in 1994, the City has split its administrative allotment between grant administration and capacity building.