

TO: JAMES L. APP, CITY MANAGER
FROM: RON WHISENAND, COMMUNITY DEVELOPMENT DIRECTOR
SUBJECT: 2008 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM
DATE: NOVEMBER 6, 2007

Needs: For the City Council to (a) decide which applications for the City's 2008 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 2008 CDBG Fund allocations.

Facts:

1. October 5, 2007 was the deadline for submittal of applications for 2008 CDBG funds. As of that date, the City received 15 applications (not including an application for "capacity-building", an administrative use of CDBG funds). The total amount of funding requested for the 15 applications comes to \$624,865. Attached is a table and a narrative summary of the 15 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. The US Department of Housing and Urban Development (HUD) is not expected to publish the amounts of available 2008 CDBG funds to be distributed to recipients until February 2008.
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 2008 that it received in 2007 (\$283,371).
4. In addition to the annual allocation of entitlement funds, the City has on hand \$26,100 in CDBG funds from repaid CDBG-funded residential rehabilitation loans that can be added to the \$283,371.
5. It is estimated, therefore, that there may be as much as \$309,471 in CDBG funds to allocated in 2008.
6. 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.
7. In December 2008, 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 2008.
8. It is proposed that, at its meeting of November 6, 2007, 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.
9. The Draft Consolidated Plan will be considered by the Council at a public hearing to be conducted in early February 2008. At that hearing, the Council may consider any of the

applications filed by October 5, whether or not they are recommended for funding in the Draft Consolidated Plan.

10. 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; (NOTE: No applications for blight elimination projects were submitted in 2008.)
 - 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;

11. The estimated amount of CDBG funds for 2008 are as follows:

\$284,387 2008 expected entitlement
\$ 26,100 Program Income (repaid CDBG loans)
\$309,471 Total

13. The \$309,471 are available to be divided among the proposed activities, as shown below:

\$203,050 minimum for low income benefit – non-public service projects
\$ 46,421 maximum for low income benefit – public service programs
\$ 60,000 maximum for administration and capacity-building
\$309,471 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 2008 is no exception.

In 2007, 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 2008 CDBG applications.

The supplemental information will not be available for Council's review on November 6. 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 February 2008.

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 15 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 continuing the installation of sidewalks and related improvements in Riverside Avenue and 24th Street, adjacent to the Paso Robles Event Center, which was begun with an allocation of 2007 CDBG funds and Workforce Housing Reward 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:

Sidewalks on Riverside Ave and 24 th Street.....	\$168,050	
Handicapped Ramp at 36 th & Oak Streets.....	\$ 35,000	
Public Services Activities.....	\$ 46,421	(15% of 2008 allocation)
Administration.....	\$ <u>60,000</u>	(20% of 2008 allocation)
	\$309,471	

Option B provides for funding the following activities:

Sidewalks on Riverside Ave and 24 th Street.....	\$203,050	
Public Services Activities.....	\$ 46,421	(15% of 2008 allocation)
Administration.....	\$ <u>60,000</u>	(20% of 2008 allocation)
	\$309,471	

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 February 2008.

February Public Hearing Dates

Possible dates for the February public hearing are:

- a. Thursday, February 7 (special Council meeting);
- b. Tuesday, February 5 (regular Council meeting);
- c. Thursday, February 14 (special 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

Sidewalks on Riverside Ave and 24 th Street.....	\$168,050
Handicapped Ramp at 36 th & Oak Streets.....	\$ 35,000
Public Services Activities.....	\$ 46,421
Administration.....	<u>\$ 60,000</u>
	\$309,471

- (2) Set Thursday, February 7, 2008 as the date for the public hearing for 2008 CDBG allocations.

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

Sidewalks on Riverside Ave and 24 th Street.....	\$203,050
Public Services Activities.....	\$ 46,421
Administration.....	<u>\$ 60,000</u>
	\$309,471

- (2) Set Thursday, February 7, 2008 as the date for the public hearing for 2008 CDBG allocations.

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

Prepared by: Ed Gallagher, City Planner, and Mathew Fawcett, Assistant Planner

Attachments:

1. Table Summary of the Applications for 2008 CDBG Funds
2. Narrative Summary of 2008 CDBG Applications

ED\CDBG\08\ DRAFT ACTION PLAN CCR 110607

CITY OF PASO ROBLES: 2008 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	Construct sidewalks on Riverside Ave. and 24 th Street at Paso Robles Event Center	\$203,050
2	City of Paso Robles	Install Handicapped Ramp at Northwest Corner 36th & Oak Streets	\$ 35,000
3	Cuesta College Small Business Development Center	Technical assistance for new and established small businesses	\$ 5,000
4	Good Samaritan Shelter, Inc.	Develop a North County homeless shelter	\$200,000
5	Housing Authority of the City of San Luis Obispo	Build a new office building for the Housing Authority in San Luis Obispo (since they provide certain housing services to the City of Paso Robles – e.g. Section 8 Vouchers.)	\$ 50,000
	Total Requested		\$493,050
	Total Available		\$203,050 *

* Assumes that \$46,421 is used for Category B.

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

#	Applicant	Program/Project	Amount Requested
6	Economic Opportunity Commission	Senior Health Screening Program	\$ 2,800
7	Economic Opportunity Commission	Teen Academic Parenting Program	\$ 3,800
8	Lifestyles Recovery Center	Drug and Alcohol Abuse Counseling	\$ 10,000
9	Transitional Food & Shelter	Motel Voucher Program for the homeless	\$ 26,700
10	The Literacy Council	The Literacy Program	\$ 3,000
11	Big Brothers & Big Sisters	Mentoring Program for disadvantaged youth	\$ 3,000
12	Court-Appointed Special Advocates	Community Volunteer Program	\$ 1,515
13	Assistance League of San Luis Obispo County	Provide school clothing to children from very low income households and emergency clothing and toiletries to women's shelter clients	\$ 3,000
14	El Camino Homeless Organization	Homeless shelter operating costs and motel vouchers	\$ 15,000
15	211 SLO Hotline	Operating costs for an expanded 211 Hotline program	\$ 3,000
	Total Requested		\$71,815
	Total Available		\$46,421

C. Administration and Capacity-Building

#	Applicant	Program/Project	Amount Requested
16	City of Paso Robles	Capacity-Building Program: activities to implement Housing Element Programs	\$30,000
17 *	City of Paso Robles	Administration of City's CDBG Program and all CDBG-funded activities *	\$30,000 *
	Total Requested		\$60,000
	Total Available		\$60,000

* An application for funds for Administration is not required.

CITY OF PASO ROBLES: 2008 CDBG APPLICATIONS

Estimated Revenues

2007 HUD Entitlement	283,371	Amount expected to be allocated to the City from HUD
Program Income	26,100	Amount from repaid CDBG-funded loans (through September 30, 2007)
Total	309,471	

Expenditure Summary

A. Low Income Benefit- non public service	129,050	Must be at least 70% of \$223,371 (this amount calculated after deducting \$60,000 in administrative funds). May not exceed 30% of \$223,371
B. Blight Elimination	74,000	NOTE: No applications for blight elimination projects were submitted. The tables above, therefore, indicate that the \$74,000 will be combined with the \$129,050 to provide a total of \$203,050 for low income benefit projects.
C. Low Income Benefit - public service	46,421	May not exceed 15% of \$309,471 (this amount calculated before deducting administrative funds).
D. Administration & Capacity-Building	60,000	May not exceed 20% of \$338,387
Total	309,471	

ED\CDBG\08\APPLICATIONS\APPLICATION TABLE 102307

SUMMARY OF 2008 CDBG APPLICATIONS

Public Facilities, Building Rehab, Economic Development Projects

1. City of Paso Robles: \$203,050. This project is initiated by the City of Paso Robles and consists of design and construction of concrete sidewalks and related improvements within the public streets' rights-of-way along the frontage of Paso Robles Event Center (PREC – formerly known as the mid-State Fairgrounds) and adjacent property. Associated improvements that typically accompany sidewalks include: curbs, gutters, concrete drive approaches, street lights, street trees, and storm drains.

In the last 3 years, the City of Paso Robles has experienced increased pressure to make all public facilities accessible to the physically-disabled. The PREC is the largest visitor attraction in the City and has the highest degree of urgency for access improvements.

The total project is estimated to cost between \$1.0 million and \$1.5 million. Design of the improvements (including a detailed cost estimate) will be accomplished through the Workforce Housing Reward Funds (WFHR). Additionally, the project will be designed to be completed in four or more phases using available WFHR, CDBG funds, and later Redevelopment funds. The figures below reflect using the \$391,769 in WFHR and CDBG funds to accomplish the first phase of improvements.

Construction Phase One Improvements	\$289,761
Design	\$100,008
Soils Testing	\$ 1,000
<u>Bid Costs (legal ads, printing, postage)</u>	<u>\$ 1,000</u>
Total	\$391,769

The primary beneficiaries of the project will be the physically-disabled. Section 24 CFR 570.208(a)(2)(A) of federal regulations governing the CDBG Program lists the severely disabled as a clientele that is principally more than 51% low income. The project is also located in the City's Redevelopment Project Area, which is defined as a blighted area. The City's Redevelopment Implementation Plan, Section 4 of Chapter III, cites inadequate public improvements as a condition contributing to blight.

2. City of Paso Robles: \$35,000. The proposed project consists of replacement of two offset handicapped ramps at the northwest corner of 36th and Oak Street with a single ramp positioned right at the corner. The First Five School Readiness and Family Center to be developed on the northeast corner of 36th and Oak Street will mark new crosswalks to provide a safe pedestrian path between the new center and Georgia Brown Elementary School. The existing offset ramps on the northwest corner do not line up with the crosswalks such that wheelchair-bound and other physically-handicapped persons must cross both 36th and Oak Streets outside of the crosswalks. This project will correct the existing design.

The estimated expenditures break down as follows:

Construction of Phase One Improvements	\$30,000
Design	\$ 3,000
Soils Testing	\$ 1,000
<u>Bid Costs (legal ads, printing, postage)</u>	<u>\$ 1,000</u>
Total	\$35,000

The primary beneficiaries of the project will be the physically-disabled. Section 24 CFR 570.208(a)(2)(A) of federal regulations governing the CDBG Program lists the severely disabled as a clientele that is principally more than 51% low income. The project is also located in the City's Redevelopment Project Area, which is defined as a blighted area. The City's Redevelopment Implementation Plan, Section 4 of Chapter III, cites inadequate public improvements as a condition contributing to blight.

SUMMARY OF 2008 CDBG APPLICATIONS, Page 2

3. Questa College Small Business Development Center: **\$5,000**. The Small Business Development Center (SBDC), in partnership with Cuesta College, requests the City to contribute a share of the costs to operate a county-wide program to provide training for small businesses operated or being started. An estimated 200 low income persons are supposed to be aided by this program.

The applicants have submitted similar applications for several years. The City has yet to award CDBG funds for this activity.

4. Good Samaritan Shelter, Inc.: **\$200,000**. Good Samaritan Shelter, Inc. (GSSI) has requested the City to participate with the County of San Luis Obispo and the City of Atascadero and contribute \$200,000 each. Funds are to be used to develop a homeless shelter and detoxification center in Atascadero. This project would benefit the homeless, which are considered by federal regulations to be low income.

Their application indicates that they expect the project to cost \$2,000,000, which will be met with a total of \$600,000 in CDBG funds (from the cities of Paso Robles and Atascadero and the County of San Luis Obispo), \$1.25 million in State Emergency Housing and Assistance Program Capital Development (EHAPCD) Grants, and \$150,000 in local capital campaign/fundraising.

This application appears to be premature for the following reasons.

- a. The applicants have not presented evidence that they have secured a zoning permit for the project site.
 - b. The EHAPCD grants have not yet been approved.
 - c. Federal regulations specify stringent deadlines for use of CDBG funds; they cannot be held in an approved but unused status for more than 1.5 years. Failure to comply with these regulations may result in loss of CDBG funds by recipient jurisdictions.
 - d. The application states that El Camino Homeless Organization (ECHO) has agreed to partner with GSSI; ECHO has also applied for 2008 CDBG funds for their existing shelter operation.
 - e. Their application does not indicate that any other homeless services providers such as the Economic Opportunity Commission or Transitional Food and Shelter have agreed to partner with GSSI. In the absence of any such partnership, the City can expect to receive overlapping requests for homeless shelter services.
 - f. Their application does not indicate how the proposed shelter and detox facility will meet its operating costs once built. Federal regulations require that property acquired and improved with CDBG funds continue to operate for at least 5 years. At this time, the City cannot guarantee that it will provide any assistance for operating costs.
5. Housing Authority of the City of San Luis Obispo (HASLO): **\$50,000**. This project proposes to use CDBG funds to assist with the construction of a new maintenance/office building for HASLO. The application notes that HASLO provides Housing Choice (Section 8) Vouchers for the County as a whole and that its affiliate non-profit housing corporation develops and operates affordable housing throughout the County. HASLO has also asked the County and the four other cities participating in the entitlement CDBG Program to contribute \$50,000 to \$150,000 each.

Presently, administration of the Section 8 Program is the only service HASLO provides to the City. In prior years, HASLO has provided assistance in administering first-time homebuyer loans. However, HASLO was paid a fee for each loan they administered. The amount of assistance requested, therefore, does not appear to be commensurate with the level of service provided.

SUMMARY OF 2008 CDBG APPLICATIONS, Page 3

Additionally, Federal regulations prohibit use of CDBG funds to construct or improve buildings of general governance. Since HASLO is a housing authority, it is a governmental agency, and the office portion of the building may be subject to this prohibition.

Public Services

6. Economic Opportunity Commission's (EOC) Senior Health Program: **\$2,800**. This program requests that the City contribute funds to share the costs of operation of a county-wide senior health screening program, which is expected to serve approximately 650 low income seniors county-wide.

The City has supported this program since 2001 and allocated \$2,000 in CDBG funds in 2007.

7. EOC's Teen Academic Parenting Program (TAPP): **\$3,800**. EOC requests that the City contribute a share of the costs to operate a county-wide counseling and child care program for pregnant and parenting teen mothers and fathers in all cities in San Luis Obispo County, which is expected to serve approximately 300 low income persons (mothers, fathers and children) county-wide.

The City has supported this program since 2001 and allocated \$2,000 in CDBG funds in 2007.

8. Lifestyles Recovery Center: **\$10,000**. Lifestyles Recovery Center has secured requested funds for operating expenses for their drug and alcohol counseling services for low income persons and for a volunteer training program. The applicant's project they will serve an estimated 200 low income households per year.

The City supported this program in 2002, 2003, 2004, and 2006. (Lifestyles did not apply for 2005 or 2007 CDBG funds.) In 2006, the City allocated \$4,500 in CDBG funds for this activity.

9. Transitional Food & Shelter's Motel Voucher and Apartment Program: **\$26,700**. has requested the City to assist in their program of providing motel and apartment rooms for those homeless that are too ill to stay at a shelter. According to the application, \$26,700 will benefit 500 persons.

The City has supported this program since 2001 and allocated \$21,000 in CDBG funds in 2007.

10. The Literacy Council: **\$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 and allocated \$2,500 in CDBG funds in 2007.

11. Big Brothers & Big Sisters: **\$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 and allocated \$2,500 in CDBG funds in 2007.

12. Court-Appointed Special Advocates: **\$1,515**. The Court-Appointed Special Advocates of San Luis Obispo County (CASA) requests the City contribute a share (\$1,515 of \$9,450) of operating costs for a county-wide program to provide special advocates for teen-aged foster children.

The City supported this program in 2005 with an allocation of \$2,600.

SUMMARY OF 2008 CDBG APPLICATIONS, Page 4

13. Assistance League of San Luis Obispo County: **\$3,000**. This application proposes CDBG moneys to help fund the Operation School Bell (OSB). OSB provides needy San Luis Obispo County grammar school children with new school clothing and supplies. Each child receives two outfits, shoes, socks, underwear, a warm jacket, a backpack and a new age-appropriate book. All children receiving these items are referred through a County referral process, through an elementary school's administration, Migrant Education Programs, North County Shelter & Women's Resource Center, and other programs. This will benefit the low and moderate-income persons as defined by the U.S. department of Housing and Urban Development.

This is the Assistance League's first request to the City of Paso Robles for CDBG funds

14. El Camino Homeless Organization: **\$15,000**. El Camino Homeless Organization (ECHO) requests the City contribute a share of the costs to operate their homeless shelter at certain churches in Atascadero along with the help of covering costs of providing motel vouchers for homeless that meet certain criteria. Their application indicates that about 52% of their clients come from Paso Robles.

The City supported this program in 2005 and in 2007. The 2007 allocation was \$4,000.

15. 211 SLO Hotline: **\$3,000**. 211 SLO requests that the City contribute a share of costs to operate their 24 hour crisis intervention, support, and information & referral service hotline. 211 SLO benefits low to moderate income persons as defined by the U.S. Department of Housing and Urban Development. These persons include: abused children, battered spouses, elderly persons, severely disabled/handicaps, and homeless persons.

This is 211 SLO Hotline's first request to the City of Paso Robles for CDBG funds

Administration and Capacity-Building

16. Capacity-Building: **\$30,000**. This activity is classified as an administrative use of CDBG funds. The activity consists of using City staff time to implement programs identified in the City's Housing Element of the General Plan and in its Redevelopment Implementation Plan to benefit low and moderate income persons and to aid in the prevention or elimination of slums or blight. This activity will further the City's efforts to provide affordable housing to low and moderate income households.

The City of Paso Robles has annually conducted a CDBG-funded capacity building program since 1994.

17. CDBG Program Administration. **\$30,000**. The City of Paso Robles has initiated an application to use \$30,000 or about 10 percent of the total amount of 2008 CDBG funds 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.