

TO: James L. App, City Manager  
FROM: Ron Whisenand, Community Development Director  
SUBJECT: 2009 Consolidated Plan and Federal Grant Programs  
DATE: March 5, 2009

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 2009 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. (The Consolidated Plan as a whole is updated every five years.)
4. Attached are "Facts About the 2009 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 2009.

Analysis and  
Conclusion:

The Draft Annual Action Plan does not include any HOME-funded projects in Paso Robles for 2009. However, in recent years, the City received \$1.325 million in HOME funds to assist the development of Chet Dotter (Oak Park) Senior Housing.

The Draft Annual Action Plan proposes to award 2009 ESG funds to North County programs as follows: \$13,867 to the North County Women's Shelter, which operates shelters in Paso Robles and Atascadero, and \$14,888 to the El Camino Housing Organization, which operates a homeless shelter in Atascadero. 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.

The \$9,294 in ADDI funds to be received by the County are proposed to be allocated to the County's First-Time Homebuyer's Loan program, which can be used to fund home purchases in the City.

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 09-XX to support the HOME, ESG, and ADDI-funded activities listed in the 2009 Draft Annual Action Plan.
- b. Amend, modify or reject the foregoing option.

Prepared By: Mathew Fawcett, Assistant Planner

Attachments:

1. Resolution Recommending Approval of the Draft 2009 Consolidated Plan
2. Facts about the 2009 HOME, ESG, and ADDI Programs

RESOLUTION NO. 09-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES  
 RECOMMENDING APPROVAL OF THE DRAFT 2009 ANNUAL ACTION PLAN FOR THE URBAN  
 COUNTY OF SAN LUIS OBISPO WITH ITS RECOMMENDATIONS FOR ALLOCATIONS OF 2009 HOME,  
 ESG, AND ADDI PROGRAM FUNDS

WHEREAS, on \_\_\_\_\_, 2008 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, about August 2008, the urban county published a “Request for Proposals” for projects to be funded under the 2009 HOME, ESG, and ADDI Programs, which provided that proposals were to be submitted by October 2008; and

WHEREAS, on January 28, 2009, the urban county conducted a public meeting in Atascadero for residents of northern San Luis Obispo County, including the City of Paso Robles, to ascertain the housing and community development needs to be addressed in the Consolidated Plan; and

WHEREAS, about December 2008, the urban county released a Draft 2009 Annual Action Plan for public review; and

WHEREAS, the Urban County expects to receive about \$1,295,238 in HOME funds, about \$92,073 in ESG funds, and about \$9,294 in ADDI Funds in 2009; and

WHEREAS, on January 21, 2009, the City published a notice in the Tribune, indicating that a public hearing would be conducted on the Draft 2009 Annual Action Plan on March 5, 2009; and

WHEREAS, at its meeting of March 5, 2009, 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 2009 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 2009 HOME, ESG, and ADDI funds.

**HOME FUNDS**

<b>Applicant</b>	<b>Project</b>	<b>Community</b>	<b>Amount</b>
Habitat for Humanity	Construction Affordable Housing	Grover Beach	\$105,000
People’s Self-Help Housing	Construct Affordable Housing – School Lane	Cambria	\$588,859
Transitions-Mental Health Association	Construction of Studio Apartments	Arroyo Grande	\$200,000
Housing Authority of the City of SLO	First time home buyer program	County Wide	\$132,356
Housing Authority of the City of SLO	Tenant based rental assistance program	County Wide	\$139,500
Housing Authority of the City of SLO	Tenant based rental assistance program Administration	County Wide	\$15,500
County of San Luis Obispo	Administration	County of San Luis Obispo	\$114,023
<b>TOTAL</b>			<b>\$1,295,238</b>

**ESG FUNDS**

<b>Applicant</b>	<b>Project</b>	<b>Community</b>	<b>Amount</b>
North County Women's Shelter	Women's shelter	County of San Luis Obispo	\$13,867
Women's Shelter Program of SLO Co.	Women's shelter	County of San Luis Obispo	\$7,136
El Camino Housing Organization	Homeless Shelter	County of San Luis Obispo	\$14,888
Economic Opportunity Commission	Prado Day Center for the Homeless	County of San Luis Obispo	\$20,826
Economic Opportunity Commission	Maxine Lewis Memorial Shelter	County of San Luis Obispo	\$35,356
<b>TOTAL</b>			<b>\$92,073</b>

**ADDI FUNDS**

\$9,294 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 March 2009 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

\_\_\_\_\_  
Duane Picanco, Mayor

ATTEST:

\_\_\_\_\_  
Cathy M. David, Deputy City Clerk

## FACTS ABOUT THE 2009 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). \$1,325,000 in HOME funds have been 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 2009 HOME funds be spent on the following projects:

<b>Applicant</b>	<b>Project</b>	<b>Community</b>	<b>Amount</b>
Habitat for Humanity	Construction Affordable Housing	Grover Beach	\$105,000
People’s Self-Help Housing	Construct Affordable Housing – School Lane	Cambria	\$588,859
Transitions-Mental Health Association	Construction of Studio Apartments	Arroyo Grande	\$200,000
HASLO *	First time home buyer program	County Wide	\$132,356
HASLO	Tenant based rental assistance program	County Wide	\$139,500
HASLO	Tenant based rental assistance program Administration	County Wide	\$15,500
SLO County	Administration	County Wide	\$114,023
<b>TOTAL</b>			<b>\$1,295,238</b>

\* HASLO is the Housing Authority of the City of San Luis Obispo

## ESG FUNDS

1. Emergency Shelter Grants (ESG) are federal funds to be used to provide shelter for the homeless.
2. In 2008, the urban county received \$92,073, 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. \$92,073 in ESG funds are expected to be allocated to the County in 2009.
3. The Draft Consolidated Plan, prepared by County Planning Staff with comments from the participating cities, proposes that 2009 ESG funds be spent on the projects indicated below.

<b>Applicant</b>	<b>Project</b>	<b>Community</b>	<b>Amount</b>
North County Women's Shelter	Women's shelter	County of San Luis Obispo	\$13,867
Women's Shelter Program of SLO Co.	Women's shelter	County of San Luis Obispo	\$7,136
El Camino Housing Organization	Homeless Shelter	County of San Luis Obispo	\$14,888
Economic Opportunity Commission	Prado Day Center for the Homeless	County of San Luis Obispo	\$20,826
Economic Opportunity Commission	Maxine Lewis Memorial Shelter	County of San Luis Obispo	\$35,356
<b>TOTAL</b>			<b>\$92,073</b>

## 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, \$46,096 in 2005, and \$23,002 in 2006 and 2007, \$13,708 in 2008. In 2009 the County will receive \$9,294. 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.