

TO: JAMES L. APP, CITY MANAGER

FROM: ED GALLAGHER, COMMUNITY DEVELOPMENT DIRECTOR

SUBJECT: 2013 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

DATE: NOVEMBER 20, 2012

Needs: For the City Council to (a) decide which applications for the City's 2013 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 2013 CDBG Fund allocations.

Facts:

1. October 12, 2012 was the deadline for submittal of applications for 2013 CDBG funds. As of that date, the City received 15 applications (including applications from the City for "capacity-building" and administrative use of CDBG funds). The total amount of funding requested for the 15 applications comes to \$495,427.
2. On October 31, 2012, a 16th application for a grant of \$30,000 was filed by the Paso Robles Fellowship Development (Second Baptist Church). Since it was submitted after the deadline, the Council has the option of accepting or rejecting the application. This will be discussed in the Analysis Section, below.
3. Attached is a table and a narrative summary of the 16 applications including PR Fellowship. 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.
4. The U.S. Department of Housing and Urban Development (HUD) is not expected to publish the amounts of available 2013 CDBG funds to be distributed to recipients until Spring 2013. The City was allocated \$167,775 in 2012 and, at this point in time, assumes that it will be entitled to the same amount in 2013.
5. 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.
6. In late December 2012 or early January 2013, 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, March, and/or April 2013.
7. It is proposed that, at its meeting of November 20, 2012, 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.

8. The Draft Consolidated Plan will be considered by the Council at a public hearing to be conducted in early February 2013. At that hearing, the Council may consider any of the applications filed by October 12, 2012, whether or not they are recommended for funding in the Draft Consolidated Plan.
9. 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;
10. The \$167,775 are available to be divided among the proposed activities, as shown below:
 - \$109,609 for low income benefit – non-public service projects *
 - \$ 25,166 maximum for low income benefit – public service programs
 - \$ 33,000 maximum for administration and capacity-building
 - \$167,775 Total

* Of the \$109,609, no more than \$32,880 may be spent on projects that eliminate blight.

Analysis and
Conclusion:

Non-Public Service Applications (Public Facilities, Housing, Economic Development Projects)

Non-public service applications are applications that apply for funding for activities that aid in community development actions that eliminate slums and blight, avoid the deterioration of property, neighborhood, and community facilities of importance to the welfare of the community, principally serving persons of low and moderate income. Examples of activities CDBG funds can be used for are construction, reconstruction, rehabilitation (including removal of architectural barriers to accessibility), and installation of public facilities and improvements when the primary beneficiaries of the project are of low-income.

Continuing Projects

1. Turtle Creek Sidewalk Project. This project was divided into two components: (a) construction of a sidewalk (where none had previously existed) on Scott Street, adjacent to the Senior Center and (b) replacement of an existing 2,000 foot long deteriorating asphalt sidewalk in Turtle Creek Park along Brookhill Drive, which poses a tripping hazard for seniors living in the adjacent Sierra Bonita neighborhood. To date, the Council has allocated \$89,600 in 2010 CDBG funds, \$54,000 in 2011 funds, and \$89,609 in 2012 funds to the combined project. The Scott Street component will be completed in November 2012. Additional funds will be needed to undertake the Brookhill Drive component.
2. Handicapped Ramps. The City has recognized that it has a responsibility under the Americans with Disabilities Act (ADA) to provide handicapped ramps where none exist (primarily at block corners) and to replace older ramps that do not comply with standards

found to be consistent with the ADA. Over the past three years the City has used CDBG funds to install new ramps at the northern end of Oak Street (36th & Oak and 34th & Oak), and at spring and 26th Streets using CDBG funds. CDBG Funds have been used to design ramps for the corner of 36th and Vine Street; additional CDBG funds are needed to construct ramps at this and at other locations in the City. The average cost of a ramp, including construction, design, and bidding costs is estimated at \$7,500.

3. LED-Lighted Crosswalks. The City has installed several LED-lighted crosswalks in an effort to enhance pedestrian safety at locations with high volumes of pedestrian traffic. The average cost of an LED-lighted crosswalk system, including construction and bidding costs, and assuming that there is no need for design, is estimated to be \$25,000. The application recommends that LED-lighted cross walks be installed at several locations in Paso Robles, in those Census Tracts 101 and 102.02 in which 51% or more of the population is low income.

New Projects for 2013

1. Acquisition of Property, Paso Robles. Tri-Counties Housing Corporation is requesting \$185,000 as the City's share (among several jurisdictions) for the purchase a home to house four persons with developmental disabilities with medical needs.

Public Service Applications

Public services are those activities in which non-profit organizations provide services to low income clients. The City has received 10 applications for such services that collectively total \$103,427. The City estimates that it can allocate a maximum of \$25,166 for public services in 2013. CDBG Regulations provide that allocation of funds to public services is optional; that is, the City has no mandate to make such grants.

The City recently learned that HUD, under pressure from the Federal Office of Management and Budget, is directing that the minimum grant of CDBG funds to any public service be \$10,000. With this constraint, the City will have the following options for public service grants:

- a. Make grants of a minimum of \$10,000 to no more than 2 public service organizations;
- b. Cooperate with other jurisdictions to give grants in which the combined total from all participating jurisdictions is at least \$10,000 (e.g. 5 jurisdictions grant \$2,000 to an organization);
- c. Some combination of options (a" and "b") so that each grantee receives no less than \$10,000;
- d. Make no grants to public service organizations.

For several years, as part of its recommendation for the draft Annual Action Plan, the City Council has limited its discussion of public service grants to determining whether or not it should continue to allocate 15% of each year's CDBG funds for public services. The Council made its decision on which applicants would receive certain amounts at the public hearing to be held in February.

HUD's direction to establish a \$10,000 minimum grant is not fully mature. The Council could direct that 15% of 2013 CDBG funds be reserved for public service applications subject to a final determination in February.

As noted in Fact #2, Paso Robles Fellowship Development filed an application after the October 12 deadline, claiming that it made an oversight. In at least one previous instance, another public service applicant missed the deadline, and the Council allowed the late application to be considered.

Administration and Capacity Building

Administration refers to staff time and expenses directly related to managing the CDBG program and those activities funded with CDBG funds. As a condition of accepting CDBG funds, the city must ensure compliance with numerous federal regulations that govern aspects such as public hearings, environmental review, procurement, labor laws, and filing of quarterly reports on progress made and the socio-economic profile of beneficiaries served by the funded activities.

Capacity building refers to staff time and expenses to implement programs identified in the City's Housing Element of the General Plan that benefit low and moderate income persons. Examples include: drafting of housing-related ordinances (e.g. Density Bonuses, Reasonable Accommodation); drafting updates to the Housing Element; maintenance of demographic and land use information; and providing assistance to developers of low income housing in planning applications and funding requests (e.g., Oak Park Redevelopment, and Habitat for Humanity).

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

City staff has learned that the County will likely soon make a formal request that a portion of the City's 20% administrative funds be retained by the County for: (a) overall CDBG Program Administration and (b) administration of any public service grants that the City "partners" with other jurisdictions. For the former, County staff performs many substantial tasks mandated by HUD: preparation of a 5 year Consolidated Plan (akin to a Housing Element), a Citizen Participation Plan, a Fair Housing Plan, and overall CDBG Program administration tasks. If the City did not participate in the "Urban County" and dealt directly with HUD, it would have to undertake these tasks, and the costs would exceed the benefit of participation in the CDBG Program. For the latter, the County would undertake all public service grant administration tasks, which are time-consuming. As with HUD's direction regarding a minimum public service grant, this issue is not mature, but should become so by February.

Options for Draft One Year Action Plan

There are many more applications than there will be CDBG funds to support. One potential funding option has been prepared for the Council's consideration.

In Option A, priority is given to:

- Continuing to replace the asphalt sidewalk in Turtle Creek Park with a concrete sidewalk, adding new handicapped ramps, and replacing non-ADA-compliant ramps;
- Constructing new handicapped ramps and replacing non-ADA-compliant ramps at various locations in the City;
- Installing LED-lighted crosswalks.

Note: Only \$5,000 is proposed for the Handicap Ramps and LED Crosswalk projects in 2013. These amounts in themselves are insufficient to install a ramp or an LED crosswalk. However, these funds can be combined with other years' CDBG allocations to complete an approved project that may need more CDBG funds.

The application filed by the Tri-Counties Housing Corporation exceeds the amount of funds the City has for such activities and it depends upon participation among several jurisdictions, which is not guaranteed. The City has historically declined to approve allocations to such applications.

Additionally, Option A assumes that the Council will want to allocate the full 15% allowable for public service applications.

Option A provides for funding the following activities:

Turtle Creek Sidewalk.....	\$ 99,609
Handicapped Ramps	\$ 5,000
LED Crosswalks.....	\$ 5,000
Public Services Activities	\$ 25,166
Administration & Capacity Building	\$ 33,000
	\$167,775

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 2013.

February Public Hearing Dates

Possible dates for the February public hearing are:

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

With the possible changes to public service grants and an anticipated request from the County for a portion of the City's administrative funds, it would appear that a special meeting would be preferable.

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.

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

Turtle Creek Sidewalk.....	\$ 99,609
Handicapped Ramps	\$ 5,000
LED Crosswalks.....	\$ 5,000
Public Services Activities	\$ 25,166
Administration & Capacity Building.....	<u>\$ 33,000</u>
	\$167,775

- (2) Allow Paso Robles Fellowship Development's application to be considered along with the other applications for public service activities.

- (3) Set Tuesday, February 5, 2013, the regular Council meeting, as the date for the public hearing for 2013 CDBG allocations.

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

Prepared by: Darren Nash, Associate Planner

Attachment: Table Summary of the Applications for 2013 CDBG Funds

CITY OF PASO ROBLES: 2013 CDBG APPLICATIONS

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

#	Applicant	Program/Project	Amount Requested
1	City of Paso Robles	Replace damaged sidewalks in Turtle Creek Park	\$134,000
2	City of Paso Robles	Install/replace handicapped ramps at various locations City-wide	\$50,000
3	City of Paso Robles	Install LED-lighted crosswalks at various locations of City	\$20,000
4	Tri-Counties Housing Corp.	Purchase property	\$185,000
	Total Requested		\$389,000
	Total Available		\$109,609 *

* Assumes that \$25,166 is used for Category B.

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

#	Applicant	Program/Project	Amount Requested
5	Community Action Partnership of SLO County (CAPSLO)	Senior Health Screening Program	\$8,300
6	CAPSLO	Teen Academic Parenting Program	\$8,127
7	Transitional Food & Shelter	Medical Fragile	\$17,000
8	Food Bank	Farm to Family Produce Program	\$5,000
9	Big Brothers & Big Sisters	Mentoring Program for disadvantaged youth	\$5,000
10	Senior Nutrition of SLO County	Senior Nutrition Program	\$10,000
11	Lifestyles Recovery Center	Group Counseling	\$7,000
12	EI Camino Homeless Org.	Homeless shelter operating costs and motel vouchers	\$7,000
13	Loaves & Fishes	Food Pantry	\$6,000
14	PR Fellowship Development	Providers of meals and care for homeless	\$ 30,000
	Total Requested		\$103,427
	Total Available		\$25,166

C. Administration and Capacity-Building

#	Applicant	Program/Project	Amount Requested
15	City of Paso Robles	Capacity-Building Program: activities to implement Housing Element Programs	\$16,500
16	City of Paso Robles	Administration of City's CDBG Program and all CDBG-funded activities	\$16,500
	Total Requested		\$33,000
	Total Available		\$33,000

Estimated Revenues

CITY OF PASO ROBLES: 2013 CDBG APPLICATIONS

2013 HUD Entitlement	167,775	Amount expected to be allocated to the City from HUD
Re-Programmed CDBG	0	
Total	167,775	

Expenditure Summary

A. Low Income Benefit- non public service	109,609	Must be at least 70% of \$167,775 (this amount calculated after deducting \$33,000 in administrative funds and \$25,166 in public service funds).
B. Blight Elimination	0	May not exceed 30% of \$167,775 (assuming \$33,000 spent on administrative funds).
C. Low Income Benefit - public service	25,166	May not exceed 15% of \$109,609 (this amount calculated before deducting administrative funds).
D. Administration & Capacity-Building	33,000	May not exceed 20% of \$167,775
Total	167,775	