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Staff Report for the City Council of the City of San Leandro to Approve the U.S. Department of Housing and Urban Development (HUD) Final FY 2019-2020 Annual Action Plan

### SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council hold a second public hearing and take public comments on the Final FY 2019 2020 U.S. Department of Housing and Urban Development (HUD) Annual Action Plan. Staff further recommends that the City Council review and adopt the resolution approving the FY 2019 2020 Annual Action Plan (Plan) and authorize the execution of all related documents by the City Manager and submission of the Plan to HUD.

City staff released the Plan and requested public comments on April 2, 2019. The Plan is available for public comment for thirty (30) days until May 1, 2019. As of the date this report was made public, there have been no comments received. Upon adoption by the City Council, the City will forward the Plan to HUD.

### BACKGROUND

The FY 2019-2020 Annual Action Plan implements the FY 2015 2019 Consolidated Plan strategies by undertaking activities during the program year that utilize two HUD grants: Community Development Block Grant (CDBG) and the HOME Investment Partnership Program (HOME).

The Draft FY 2019-2020 Annual Action Plan was presented to the City Council at a public hearing on April 1, 2019. The City Council directed staff to make the plan available for public comment for a 30 day period from April 2 through May 1, 2019. The draft plan was available for public review at City Hall (in the City Clerk's office and at the Community Development Department), at the Main Library, and on the City's website.

At the April 1, 2019 City Council meeting, staff noted that the second public hearing to review the final Plan would be at the City Council meeting held either on May 6, 2019 or would be scheduled as soon as possible after HUD released its funding allocations for FY 2019-2020. HUD publicly released the CDBG and HOME allocations on April 15, 2019.

The FY 2019-2020 CDBG entitlement grant funding amount decreased just over 1% from last year's amount (from \$714,909 to \$707,517). There is \$364,992 in unused prior year CDBG funds that will be carried forward with recommended allocations in FY 2019-2020. These prior year funds consist mainly of unused general program administration and public services funding from FY 2014-2015 and prior years, FY 2015-2016, and FY 2017-2018. Additionally, there was an unexpected repayment of \$300,000 from a 2009 capital improvement loan received by the City in January 2018. Staff consulted with HUD and received a HUD determination that these funds are not program income but rather a reimbursement based on a defaulted loan agreement. Therefore, the total available for CDBG allocation for FY 2019-2020 is \$1,107,933.

The FY 2019-2020 HOME funding amount is \$221,998, which is about 9% lower than last year's pro-rata share administered and distributed by the Alameda County HOME Consortium of \$244,691. Alameda County is the lead administrator for HOME funds and the HOME Consortium. The City's HOME allocation for this year and the past two fiscal years (FY17-18 and FY18-19), are being used to repay an allocation of the HOME Consortium construction loan funds pooled with other Alameda County jurisdictions provided to BRIDGE Housing for the construction of 115 unit Marea Alta and La Vereda residential developments on the San Leandro BART station parking lot site

## **Analysis**

Below is a summary of the proposed FY 2019-2020 CDBG funding allocations by funding category as shown in Attachment A.

## **Public Services**

On March 6, 2019, the City's Department of Recreation and Human Services released a Request for Proposals (RFP) to solicit applications for both the City's Community Assistance Program (CAP) and CDBG-funded Public Services programs over the next two fiscal years (FY 2019-2021). CAP public services are funded from an annual allocation of City General Fund monies (\$150,000 for FY 2019-2020), while CDBG funds available for public services are capped and lower (see discussion below). The deadline to submit applications was March 28, 2019. The City received 15 requests for funding applications. The total amount requested from all the applications was almost two and a half times the amount of funds available from both programs.

On April 10, 2019 the Human Services Commission heard presentations from the majority of the applicants. On April 24, 2019 Recreation and Human Services Department staff provided the Human Services Commission its recommendations for CAP funding recipients based on those applications and input from the Community Development Department's Housing Division's recommendations for CDBG-funded public services. The Housing Division's recommendations were based on past performance and priority needs identified in the Human Services Gap Analysis, dated April 2017 and adopted by City Council in October 2017. HUD is only concerned with CDBG-funded activities in the City's Annual Action Plan; therefore, CAP funded public service programs are not included in this staff report and will be brought forward for City Council approval in June 2019.

For CDBG Public Services funding there is a HUD statutory cap of 15% of the total CDBG entitlement grant plus prior year program income. In FY 2018-2019 the City received \$35,424 in program income derived from the repayment of a CDBG rehabilitation loan that was made to a low-income San Leandro homeowner in 1993. This loan was repaid upon the sale of the property by the owner's estate. Therefore, there is a total of \$111,441 in funding available for Public Services grants in FY 2019-2020 ( $\$707,517 + \$35,424 \times 15\%$ ).

For CDBG-funded Public Services, staff recommends awards to four agencies. Three of these agencies have received funding in the last two fiscal years and met their contractual obligations to the City with excellent performance outcomes. The fourth agency, Spectrum Community Services, Inc., received annual CDBG support from 2013 to 2017, but did not apply for CDBG funds during the last two year cycle. In prior years, Spectrum similarly met its contractual obligations and had excellent performance outcomes.

The following four agencies are thus recommended to receive CDBG FY 2019-2020 Public Services grants: CALICO (Child Abuse, Listening, Interviewing, and Coordination) program "Building Resiliency: Family Support Services for Abused Children" \$22,000; Davis Street Family Resource Center "Basic Needs and Family Counseling Services" program \$42,941; Service Opportunities for Seniors (SOS) "Meals on Wheels for San Leandro Seniors" \$29,000; and Spectrum Community Services, Inc. "San Leandro Senior Nutrition Meals Program" \$17,500.

## **General Administration**

For CDBG General Administration, HUD allows entitlement cities and counties up to 20% of the total CDBG allocation. Therefore, a total of \$141,503 ( $\$707,517 \times 20\%$ ) is available for the administration of CDBG funded activities including the provision of federally mandated fair housing services. Of the \$141,503, staff recommends \$131,503 be allocated for CDBG general administration costs. Staff also recommends \$10,000 in CDBG funding to ECHO Housing to continue providing fair housing services to San Leandro residents.

## **Public Facilities**

For Public Facilities improvement projects, both the total CDBG award to the City and the carryforward CDBG funds from prior years will result in one-time new allocations for two high use and important nonprofit public facilities for City residents. Staff recommends an allocation of 1) \$300,000 to the Boys' and Girls' Club's proposed major renovations to its facilities at 401 Marina Boulevard including new, modernized locker rooms, meeting spaces, and infrastructure upgrades, and 2) \$143,725 to Building Futures for Women and Children (BFWC) for ADA improvements and significant deferred maintenance to the San Leandro Homeless Shelter located at Saint Leander's Church.

The remaining CDBG-funded public facility projects reflect ongoing projects: 1) Section 108 loan repayment for the Senior Community Center construction which is based on a HUD I repayment schedule (\$187,414) and 2) the City's ADA Transition Plan, which increased from a projected \$115,000 in the Draft Action Plan to \$123,849 in this recommended Final Plan.

## **Housing**

Staff recommends \$100,000 in CDBG funding to the nonprofit Rebuilding Together Oakland/East Bay to continue administering the City's Single Family Home Rehabilitation Program. The program remains in high demand for lower income San Leandro single family homeowners in need of minor home repairs. In the current fiscal year, Rebuilding Together Oakland/East Bay made substantial progress in processing applications to complete rehab work and expend CDBG funds. The \$100,000 is the same amount that Rebuilding Together-Oakland/East Bay received annually in the prior two fiscal years. Staff recognizes that Rebuilding Together Oakland/East Bay is providing outstanding service.

### **Current Agency Policies**

Current City Council Policy is defined by the FY 2015-2019 Consolidated Plan, adopted by Resolution 2015-080 on April 20, 2015.

### **Previous Actions**

A public hearing was held on April 1, 2019, to consider the proposed FY 2019-2020 Annual Action Plan, receive public comments, and start the 30-day public comment period for the plan.

### **Committee Review and Actions**

On April 24, 2019, the Human Services Commission met to review and make two-year recommendations on the public services funding to be allocated in FY 2019-2020 and FY 2020-2021.

### **Applicable General Plan Policies**

The HUD Five-Year Consolidated Plan addresses the goals of the Housing Element of the General Plan, such as increasing the supply of affordable for-sale and rental housing, providing opportunities for home ownership, preserving and rehabilitating existing affordable owner-occupied and rental housing, and addressing populations of particular need.

### **Environmental Review**

If and when applicable, National Environmental Protection Act (NEPA), review will be conducted for each project or activity approved by the City Council.

### **Summary of Public Outreach Efforts**

In accordance with the City's Citizen Participation Plan, which is required by the HUD Consolidated Plan regulations, notices of public hearings (with partial translations in Spanish and Chinese) were published in The Daily Review on April 19, 2019 and sent to a mailing list of those who have expressed interest in the City's CDBG funding activities. Copies of the Draft FY 2019-2020 Action Plan were available for review at City Hall (City Clerk's office and Community Development Department), at the Main Library, and on the City's website (<https://www.sanleandro.org/depts/cd/housing/plans.asp>) for a 30 day comment period from April 2, 2019 to May 1, 2019. No public comments have been received to date.

## **Fiscal Impacts**

HUD will enter into contract with the City for the grant amount. The grant is paid on a reimbursement basis after expenditure by the City for activities designated in the FY 2019-2020 Annual Action Plan.

## **Budget Authority**

Budget authority for CDBG funds is derived from Title I of the Housing and Community Development Act of 1974 (24 CFR 570 et. seq.). Budget authority for HOME funds is derived from the Federal Home Investment Partnerships (HOME) Program (under Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended).

## **ATTACHMENT(S)**

Attachment to Staff Report

Attachment A - Summary of the FY 2019-2020 proposed activities and funding amounts

Attachment Resolution

Final FY 2019-2020 Annual Action Plan

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