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Title:	Staff Report for the City of San Leandro’s U.S. Department of Housing and Urban Development (HUD) Draft Fiscal Year 2022-2023 Annual Action Plan				
Sponsors:	Tom Liao				
Indexes:					
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Attachments:	1. Att A _Staff Report_FY22-23 AAP_Summary of Proposed Activities & Funding DRAFT, 2. Att B SL AAP 22-23 Draft Doc FINAL, 3. AAP FY 22-23 Presentation to City Council - 2022.03.21 FINAL				

Date	Ver.	Action By	Action	Result
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Staff Report for the City of San Leandro’s U.S. Department of Housing and Urban Development (HUD) Draft Fiscal Year 2022-2023 Annual Action Plan

SUMMARY AND RECOMMENDATIONS

Staff recommends the City Council approve a motion to affirm the federally required 30 day public comment period for the Draft Fiscal Year 2022-2023 HUD Annual Action Plan from March 22 - April 25, 2022, to receive public comments and set a public hearing for May 2, 2022 to consider final approval of the Fiscal Year 2022-2023 Annual Action Plan

BACKGROUND

The City’s FY 2020-2024 HUD Five-Year Housing and Community Development Strategic Plan (Consolidated Plan) identifies the housing and community development needs in San Leandro and outlines the strategies for meeting those needs. The FY 2022-2023 Annual Action Plan represents the third year of the FY 2020-2024 Consolidated Plan and implements the strategies through the use of Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) funds from the U.S. Department of Housing and Urban Development (HUD).

As a CDBG entitlement grantee, the City receives CDBG funds directly from HUD each year. In order to receive its annual CDBG grant allocation from HUD, the City must update its Consolidated Plan every five years and submit an Annual Action Plan to HUD.

The City participates in the Alameda County HOME Consortium (Consortium), which consists of the County of Alameda and all Alameda County cities, except Berkeley and Oakland. The City must apply to the County to receive its annual share of HOME funding. As part of this process, the City must submit its Annual Action Plan to Alameda County who is responsible for submitting the Annual

Action Plan documents on behalf of the entire Consortium to HUD.

Under the Housing and Community Development Act (from which the CDBG Program originated) there are three major goals identified for the funds:

- 1) Provide decent housing;
- 2) Provide a suitable living environment; and
- 3) Expand economic opportunity.

In addition, CDBG funds must be used to meet one of three national objectives:

- 1) Benefit low- and moderate-income persons;
- 2) Aid in the prevention of slum and blight; or
- 3) Meet an urgent need.

HOME funds must be used specifically for housing opportunities for low- and moderate-income persons.

To date, HUD has not yet announced the City's CDBG allocation. It is expected that the FY 2022-2023 CDBG funding amount will be around \$750,000, similarly to FY 2021-2022. The FY 2022-2023 HOME funding amount is announced simultaneously with CDBG Funding. It is expected that, based on FY 2021-2022, the City will receive an estimated \$250,000 as its pro-rata share from the Alameda County HOME Consortium. HOME funds are available for general administration and affordable housing projects as part of the Alameda County HOME Consortium.

Citizen Participation Process

HUD Consolidated Plan regulations provide guidelines and requirements for the City to develop a citizen participation plan that governs the public input and noticing process for creating the Consolidated Plan and subsequent Annual Action Plans. The goal of the citizen participation plan is to encourage broader public involvement in the planning and allocation of CDBG and HOME funds and implementation of related programs. A minimum of two (2) public hearings are required with at least one (1) hearing held before the Draft FY 2022-2023 Annual Action Plan is published for public comment.

A summary of the draft Annual Action Plan was published in the *Daily Review* newspaper on March 11, 2022. Copies of the Draft FY 2022-2023 Annual Action Plan will be available for review on the City's website at <https://www.sanleandro.org/293/Federal-Plans-Reports>, as well as at the Main Library and at the kiosk of the permit center in City Hall. The second public hearing will be held May 2, 2022, at which time the City Council will consider approval of the final Plan.

Analysis

The Draft FY 2022-2023 Annual Action Plan outlines the proposed activities, objectives, and federal CDBG and HOME budget for the upcoming fiscal year. Attachment A summarizes the FY 2022-2023 proposed activities and funding amounts. Attachment B contains the Draft FY 2022-2023 Annual Action Plan. The Annual Action Plan includes information on funding resources for housing and community development activities, a description of activities to be undertaken during FY 2022-2023, and other actions that the City will take to address issues such as barriers to affordable housing, anti-poverty strategies, and addressing homelessness. The City's CDBG entitlement grant from HUD for

FY 2022-2023 is estimated to be \$750,000. There was no Program Income received in the FY 2021-2022. The City also projects its pro-rata share of HOME funds to be estimated at \$250,000 from the Consortium. Additionally, there is \$331,319 in funds that will be carried over from the prior year's HOME fund unspent allocation.

The proposed CDBG-funded activities in the FY 2022-2023 Annual Action Plan fall into the following eligible categories: Public Services, Public Facilities, Housing Activities, and General Administration. In accordance with HUD regulations, the City may not commit more than 15% (or approximately \$112,500) of its annual CDBG allocation (including program income) toward Public Services. The City issued a Community Assistance Program Grant (CAP) & CDBG Request for Funding/Grant Application in March 2021 to award two-year grants for FY 2021-2022 and FY 2022-2023. At its April 28, 2021 meeting, the City's Human Services Commission (HSC) reviewed the applications for both the City's Community Assistance Program (CAP) and CDBG-funded Public Services for FY 2021-2023. For CDBG-funded Public Services, staff recommended four agencies to the HSC. All four of these agencies had received funding in the prior two fiscal years, met their contractual obligations to the City with high performance outcomes, and served priority needs under the City's HUD Five Year Consolidated Plan and City Services Gap Analysis. These four agencies continue to meet these contractual obligations and are recommended to continue receiving a CDBG allocation in FY 2022-2023. The proposed Public Service grant recipients are: CALICO (Child Abuse, Listening, Interviewing, and Coordination), Davis Street Family Resource Center; Service Opportunities for Seniors (SOS); and Spectrum Community Services, Inc.

For Public Facilities, the City proposes to allocate \$173,257 to HUD for principal/interest payments for the City's outstanding \$2.5 million HUD Section 108 loan, which helped finance construction of the City's Senior Community Center. In addition, staff proposes allocating approximately \$300,000 for a proposed acquisition of a Homeless Navigation Center.

For Housing Activities, staff recommends providing \$150,000 of CDBG funds to continue funding the City's Single-Family Housing Rehabilitation Grant Program, which provides minor repair grants to extremely low- and very low-income San Leandro homeowners.

Administrative funding for FY 2022-2023 will be approximately \$150,000, which conforms to the HUD-regulated 20% spending cap on general administration costs and expenses. Staff recommends allocating \$140,000 to City staffing for CDBG program administration and \$10,000 in CDBG funds to ECHO Housing's Fair Housing services. Fair Housing services are federally mandated, and ECHO Housing assists the City in meeting HUD requirements to advance fair housing.

The City proposes to use available HOME funds for tenant-based rental assistance for clients of the proposed Homeless Navigation Center. The City's HOME allocation for FY 2022-2023 and funds leftover from prior FYs are estimated to be approximately \$550,000.

Current Agency Policies

Current City Council Policy is defined by the FY 2020-2024 Consolidated Plan, adopted by Resolution No. 2020-056 on June 15, 2020.

Applicable General Plan Policies

The Consolidated Plan addresses the goals of the General Plan Housing Element, 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 special needs populations.

Environmental Review

National Environmental Protection Act (NEPA) and California Environmental Quality Act (CEQA), the latter when applicable, review will be conducted for each project or activity approved by the City Council. Neither NEPA nor CEQA apply to the review and approval of the FY 2022-2023 Annual Action Plan, because there is no foreseeable effect on the environment.

Summary of Public Outreach Efforts

Staff published a notice of the public hearing in the *Daily Review* newspaper on March 11, 2022. A copy of the Draft FY 2022-2023 Annual Action Plan, as well as public notices with partial translations in Spanish and Chinese, are available for review at the City's website at <https://www.sanleandro.org/293/Federal-Plans-Reports>. The 30-day comment period is from March 22 - April 25, 2022. The second public hearing is proposed to be held May 2, 2022, at which time the City Council will consider the final 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).

The City transacts all CDBG activity in a restricted special revenue fund-Fund 165, the Community Development Block Grant Fund. The City restricts Fund 165 to transactions exclusively supporting CDBG activities as approved by City Council.

ATTACHMENTS

Attachments to Staff Report

- Attachment A--Summary of the FY 2022-2023 proposed activities and funding amounts
- Attachment B--Draft FY 2022-2023 Annual Action Plan (for CDBG and HOME Funds)

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