



Legislation Text

File #: 23-268, **Version:** 1

Adopt a Resolution to Approve and Authorize the City Manager to Execute a Loan for \$150,229 in Federal American Rescue Plan Act and Community Development Block Grant Program Funds to Assist Building Futures with Women and Children with Phase 2 of the Rehabilitation of the San Leandro Shelter located at 501 Davis Street

- Housing and Homelessness

SUMMARY AND RECOMMENDATIONS

Building Futures with Women and Children (Building Futures) is ready to proceed with the second phase of its renovation of the San Leandro Shelter, a 30-bed shelter located at St. Leander Catholic Church in San Leandro. The goal of this capital project is to address normal “wear and tear” to the building that was not addressed in the first phase of the rehabilitation project completed over a year ago. The total loan amount includes two federal grant sources. The first source of funding is from the American Rescue Plan Act (ARPA) for \$85,000 . The second source of funding was approved at a public hearing on June 21, 2022, when the FY 2022-2023 Annual Action Plan (AAP) for the U.S. Department of Housing and Urban Development (HUD) was adopted by the City Council. In the plan, Council approved the allocation of \$65,229 in available Community Development Block Grant (CDBG) program funds.

Staff recommends that the City Council adopt this resolution to approve and authorize the City Manager to execute a loan in the amount of \$150,229 in Federal ARPA and CDBG program Funds to assist Building Futures with Women and Children with the Rehabilitation of the San Leandro Shelter located at 501 Davis Street.

BACKGROUND

The City identified goals and priorities for spending its federal CDBG entitlement funds in the 5-Year Consolidated Plan for FY 2020-2024 submitted to the Department of Housing and Urban Development in June 2020. This plan identified “Non-Housing Community Development Projects” as a specific action area where CDBG funds be spent. In “Actions Planned to Develop Institutional Structure” staff named capital improvement projects conducted by area non-profit organizations that provide social services as a priority area that CDBG funds should support.

Analysis

For over 30 years, Building Futures has helped thousands of women and children who come to the San Leandro Shelter to build new lives after experiencing homelessness or domestic violence. Building Futures’ main service is to shelter and support women and children who are experiencing homelessness in a safe and welcoming environment, address the barriers they face to being safely and stably housed, and connect them with housing. The shelter serves about 100 women and

children each year, in about 60 households; 40% are children.

City funding will be used to address exterior and interior “wear and tear” to the building. The capital improvement work to the exterior will include replacing wood roof trim and flashing as needed, repainting exterior stucco siding, garbage enclosure and ramp hand/guard rails, re-roof exterior storage shed, and other miscellaneous carpentry and painting. Work on the interior of the shelter will include replacing flooring in the common areas, kitchen and dormitory and painting walls and window frames.

Staff proposes that the City Council provide the \$150,229 to Building Futures as a forgivable loan. The interest rate for the loan will be 3% and the loan term will be 10 years. One tenth (1/10) of each loan will be forgiven each year if Building Futures complies with the loan agreement. After the 10-year period, as long as there is no uncured breach, the loan and accrued interest will be forgiven. If Building Futures defaults or fails to cure after notice of any breach of the loan’s covenants or conditions, the City has various remedies, including specific performance, and acceleration of the loan payments with interest, among others.

Current Agency Policies

- HUD Five Year Consolidated Plan for 2020-2024: This five-year plan was adopted by Resolution No. 2020-056 on June 15, 2020.

Previous Actions

- HUD FY 2022-2023 Annual Action Plan: This Annual Action Plan was adopted on June 21, 2022 by the City Council. These funds were allocated as a part of the Fiscal Year 2022-2023 CDBG budget.

Environmental Review

A National Environmental Protection Act (NEPA) review was conducted and staff found that the project is Categorical Excluded per 24 CFR 58.35(a), and subject to laws and authorities at 58.5. This categorically excluded project converts to “exempt” per Section 58.34(a)(12), because it does not require any mitigation for compliance with any listed statutes or authorities, nor requires any formal permit or license. Funds may be committed and drawn down after this certification of this part for this now “exempt” project.

Legal Analysis

The City Attorney’s Office reviewed and approved the staff report and attached resolution. In close coordination with staff, the City Attorney’s Office drafted the loan agreements, and promissory notes.

Financial Impacts

This CIP project will require Council appropriation of \$150,229 for Fiscal Year 2023-2024 to the following Accounts. Expenditures of these funds will then be reimbursed by the U.S. Department of Treasury (ARPA funds) or U.S. Department of Housing and Urban Development (CDBG Funds).

The project will be funded as follows:

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| • CDBG Appropriation, Account 165-43-135-5240: | \$ 65,229 |
| • <u>ARPA Appropriation, Account 190-63-825-5240:</u> | <u>\$ 85,000</u> |
| Total | \$150,229 |

This Council action will not impact fund balance because these are federal grant funds available to the City of San Leandro from both the CDBG annual entitlement and ARPA COVID-19 recovery programs.

ATTACHMENTS

Attachment A: RESOLUTION of the City of San Leandro City Council to Approve and Authorize the City Manager to Execute a Loan in the Amount of \$150,229 in Federal American Rescue Plan Act and Community Development Block Grant Funds to Assist Building Futures with Women and Children with Phase 2 of the Rehabilitation of the San Leandro Shelter Located at 501 Davis Street

Attachment B: CDBG Loan Agreement Between the City of San Leandro and Cornerstone Community Development Corp. DBA Building Futures with Women and Children

Attachment C: Capital Improvement Grant Agreement between the City of San Leandro and Cornerstone Community Development Corp. DBA Building Futures with Women and Children

PREPARED BY: Maryann Sargent, Senior Housing Specialist, Community Development Department