



## Legislation Text

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Minute Order to Affirm the Federally Required 30-day Public Comment Period for the City of San Leandro's U.S. Department of Housing and Urban Development (HUD) Draft Fiscal Year 2023-2024 Annual Action Plan from March 21 - May 1, 2023

### **COUNCIL PRIORITY**

- Housing and Homelessness
- Race and Equity Initiatives
- Community & Business Development

### **SUMMARY**

The City adopted its 5-Year FY2020-2024 HUD Consolidated Plan in Spring of 2020. This 2023-2024 HUD Annual Action Plan represents the fourth year of the 5-Year Consolidated Plan.

### **RECOMMENDATIONS**

Staff recommends the City Council approve a motion to open the federally required 30-day public comment period for the Draft Fiscal Year 2023-2024 HUD Annual Action Plan from March 21 - May 1, 2023, to receive public comments and set a public hearing for May 1, 2023, to consider final approval of the Fiscal Year 2023-2024 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 2023-2024 Annual Action Plan represents the fourth 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). The City Council adopted the FY 2020-2024 Consolidated Plan in May 2020.

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. The County serves as the lead agency for the

Consortium and the HOME Program and 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-income 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.

The City will receive \$808,949 in Community Development Block Grant (CDBG) funds from HUD for the FY 2023-2024. In addition, the City will receive \$238,909 in new HOME Investment Partnership Program (HOME) funds 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 2023-2024 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 10, 2023. Copies of the Draft FY 2023-2024 Annual Action Plan will be available for review on the City's website at <https://www.sanleandro.org/292/Housing-Plans>, as well as at the main public library and at the kiosk of the permit center at City Hall. The second public hearing will be held May 1, 2023, at which time the City Council will consider approval of the final Plan.

### Analysis

The Draft FY 2023-2024 Annual Action Plan provides the proposed activities, objectives, and federal CDBG and HOME budget for the upcoming fiscal year. Attachment B summarizes the FY 2023-2024 proposed activities and funding amounts. Attachment C contains the Draft FY 2023-2024 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 2023-2024, and other actions that the City will take to address issues such as barriers to affordable housing, anti-poverty strategies, and lead-based paint hazards. The City's CDBG entitlement grant from HUD for

FY 2023-2024 is \$808,949. There is no estimated Program Income received in FY 2022-2023. The City pro-rata share of annual HOME funds will be \$238,909 from the Consortium. There is no estimated carryover funds from the prior year's HOME funds.

The proposed CDBG-funded activities in the FY 2023-2024 Annual Action Plan fall into the following eligible categories: Public Services, Public Facilities, Housing, and General Administration.

In accordance with HUD regulations, the City may not commit more than 15% (or approximately \$121,000) 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 December 2022 to award two-year public services grants for FY 2023-2024 and FY 2024-2025. The review of the RFP respondents is still outstanding therefore the recipients of the City's CDBG Public Services funding have not yet been determined at this time for the Draft Plan, but will be for the May 1, 2023, City Council public hearing to review the Final Plan. In 2017, the City adopted the *City of San Leandro Human Services Department Human Services Gap Analysis* that guides the prioritization of CDBG (and CAP) funding commitments. Those priority areas are services targeting the following populations: 1) those with mental and behavioral health needs, 2) victims of domestic violence, and 3) those with food insecurity issues.

The City's proposed biennial budget for FY 2023-2024 also includes approximately \$150,000 in General Funds as part of the Community Investment Fund, which support CAP and supplements CDBG funding for public service providers. Note that CAP is administered by the City's Human Services Department separately from the CDBG Program, which is administered by the Community Development Department.

For Public Facilities, the City proposes to allocate \$168,136 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 to allocate an estimated \$207,682 to continue supporting the proposed Lewelling Shelter (at the Nimitz Motel, 555 Lewelling) for acquisition, rehabilitation and relocation to convert it into a Homeless Navigation Center and Shelter (and eventual conversion to permanent supportive housing).

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-income and very low-income San Leandro homeowners, particularly lower income seniors.

Administrative funding for FY 2023-2024 is \$161,790, which conforms to the HUD-regulated 20% spending cap on general administration costs and expenses. Staff recommends allocating \$141,790 to City staffing for CDBG program administration and \$20,000 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. Staff recommends an increase in FY 2023-2024 to ECHO Housing from \$10,000 to \$20,000 because of the increased fair housing activities in the City's recently State-certified Housing Element Update for 2023-2031 and address inflationary costs because ECHO Housing has been funded at \$10,000 for over a decade.

The City uses HOME funds for the acquisition, rehabilitation, and new construction of affordable rental housing as well as tenant-based rental assistance to serve lower income households in need.

The City's HOME allocation for FY 2023-2024 and funds leftover from FY 2022-2023, if any, will be held for future commitment for acquisition/rehabilitation or new construction of affordable rental housing. Under the Consortium's rules, affordable housing projects within each local jurisdiction may leverage these allocations to apply for the County-administered regional HOME fund pool, if the pool becomes available in the next few years.

### **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.

The Consolidated Plan addresses the goals of the General Plan Housing Element, which was most recently certified for 2023-2031 by the State Housing and Community Development Department in February 2023, 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 2023-2024 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 10, 2023. A copy of the Draft FY 2023-2024 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/292/Housing-Plans>. The 30-day comment period is from March 21 - May 1, 2023. The second public hearing is proposed to be held May 1, 2023, at which time the City Council will consider the final Plan.

### **Financial Impacts**

This Council action will not impact fund balance because these are annual federal discretionary funds that come to the City from the US Department of Housing and Urban Development.

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 federal CDBG activity in a restricted discretionary 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. Similarly, the City transacts all federal HOME activity in a restricted discretionary revenue fund-Fund 166.

## ATTACHMENTS

**Attachment A:** Minute Order to Open 30-Day Comment Period for the Draft FY23-24 AAP

**Attachment B:** Draft FY 2023-2024 Proposed Activities & Funding Amounts (CDBG & HOME Funds)

**Attachment C:** Draft FY 2023-2024 Annual Action Plan (CDBG & HOME Funds)

**Attachment D:** Draft FY 2023-2024 Annual Action Plan PowerPoint

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