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Staff Report for the City of San Leandro U.S. Department of Housing and Urban Development (HUD) Draft FY 2020-2024 Five-Year Consolidated Plan and Draft FY 2020-2021 Annual Action Plan

SUMMARY AND RECOMMENDATIONS

Staff recommends the City Council hold a public hearing to approve the draft and direct staff to publish the Proposed FY 2020-2024 Consolidated Plan and the Proposed FY 2020-2021 Annual Action Plan, solicit public comment for a 30-day period (March 17 - April 17, 2020), and set a public hearing for April 20, 2020 to consider final approval of the FY 2020-2024 Five-Year Consolidated Plan and FY 2020-2021 Annual Action Plan.

BACKGROUND

The Draft FY 2020-2024 Five-Year Housing and Community Development Strategic Plan (Consolidated Plan) identifies the City's housing and community development needs and outlines strategies for meeting those needs. It updates the existing FY 2015-2019 Five-Year Consolidated Plan. The Draft FY 2020-2021 Annual Action Plan (Action Plan) represents the first year of the FY 2020-2024 Consolidated Planning period and outlines the City's implementation 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 directly receives CDBG funds from HUD each year. In order to receive its annual CDBG grant allocation, the City must update its Consolidated Plan every five years and submit an Action Plan to HUD.

The City participates in the Alameda County HOME Consortium, which is made up of the County of

Alameda and Alameda County cities, excluding Berkeley and Oakland. As such, the City must apply to the County to receive its annual share of HOME funding. As part of this process, the City's Action Plan must be submitted to Alameda County. The County serves as the lead agency for the Consortium and the HOME Program and is responsible for submittal to HUD of the Action Plan documents on behalf of the entire Consortium. The County requires all Consortium members to prepare and submit their respective Consolidated Plans through HUD's online system, known as IDIS (Integrated Disbursement and Information System), which streamlines formatting, HUD review and fund tracking.

There are three major goals identified for the funds under the Housing and Community Development Act from which the CDBG Program originated:

- Provide decent housing;
- Provide a suitable living environment; and
- 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, meanwhile, must be used specifically for housing opportunities for low- and moderate-income persons.

The City will receive \$768,310 in CDBG funds from HUD in FY 2020-2021, which represents about an 8.5%, or approximately a \$60,000 increase over what was received for FY 2019-2020. In addition, the City will receive \$238,792 in new HOME funds for FY 2020-2021, which are available for general administration and affordable housing projects as part of the Alameda County HOME Consortium. The FY 2020-2021 HOME funding allocation from HUD reflects a 7.5% or estimated \$16,000 increase from the current year.

Citizen Participation Process

HUD Consolidated Plan regulations provide guidelines for the City to develop a Citizen Participation Plan that governs the public input and noticing processes for creating the Consolidated Plan and subsequent Action Plans. The goal of the Citizen Participation Plan is to encourage broad public involvement in the planning and allocation of CDBG and HOME funds and implementation of related programs.

The City conducted two (2) community meetings (one in the Marina Community Center and the second in the Senior Center) in geographically dispersed locations to enable more community residents to attend the meetings. They were held on January 21st and 29th of 2020. These meetings were extensively advertised through many outlets including the City website, Twitter, Nextdoor.com, the City's Facebook page, posted flyers at venues such as City Hall, public libraries, and community centers, emailed to the City Manager's "Weekly Update" list serve (circulation exceeding approximately 500 addresses including City employees, Boards & Commissions, City Council Members, San Leandro Unified School District employees, and local residents). A press release to the City's local newspaper San Leandro Times also prompted a news article that further increased public

participation and input. In addition, public service providers and other organizations on the CDBG mailing list, the City's homeowners associations, and other interested parties and individuals were notified of the community meetings via both email notices and mailings.

The community meetings were held to receive public comments on what the City's housing and community development priority needs and objectives should be for the next five (5) years. Finally, staff presented the information on the Consolidated Planning process to three City Commissions: Senior Commission (1/16/2020), Recreation and Parks Commission (2/5/2020), and the Human Services Commission (2/26/2020). A Priority Needs survey was distributed to participants of the two (2) city-wide public meetings in addition to being distributed to the above Commission members. Surveys were available both in paper format as well as online. A web link to a [surveymonkey.com](https://www.surveymonkey.com) version of the Priority Needs survey was also emailed to the City's CDBG distribution list, which includes the African American, Asian, and Latino Business Councils, community-based organizations (CBOs), Below Market Rate (BMR) property managers, and San Leandro and San Lorenzo Unified School Districts. Finally, links to the survey were posted on the City's website to allow those who could not attend the public meetings the opportunity to voice their opinions and concerns regarding the housing and community development needs of the City. As of the writing of this staff report, City staff received a total of 208 survey responses (14 paper survey responses and 194 electronic responses via an online survey platform).

Analysis

Consolidated Plan for FY 2020-2024

The City's Five-Year Consolidated Plan is divided into four Priority Needs: Affordable Housing, Homelessness, Supportive Housing, and Community Development Needs. Community Development Needs include public services, public facilities improvements, and economic development. The following information provides a brief overview of the proposed needs, objectives, and activities in the Consolidated Plan, grouped by section:

Affordable Housing Needs

In the Five-Year Plan, the City proposes to take several actions to address the need for affordable housing in the City. The City will continue allocating CDBG funds to provide fair housing services and preserve affordable housing, primarily through the City's Single-Family Housing Rehabilitation Grant Program. Additionally, HOME funds will be applied to potential affordable rental or ownership housing projects, including new construction or acquisition and rehabilitation.

Homelessness Needs

The January 2019 Point-in-Time (PIT) Count found that there were 8,022 people experiencing homelessness in the County-this is nearly double what was found in the 2015 Point-in-Time Count. (For the City of San Leandro, the count nearly quadrupled since 2017 from 109 to 418 persons experiencing homelessness). The PIT Count found that 78% of those interviewed were people who lived in Alameda County prior to becoming homeless. The PIT Count also found that families with minor children are 28% of the people experiencing homelessness; 32% of people homeless in Alameda County are aged 50 years or older; and 42% have a disability. The top six responses to the primary causes of becoming homeless amongst those surveyed were: 1) loss of employment (13%), 2) mental health issues (12%), 3) controlled substance abuse issues (10%), 4) eviction or foreclosure (9%), 5) rent increase (9%), and 6) incarceration (8%).

San Leandro traditionally uses the CDBG Program to support a number of homeless-serving activities. Proposed activities include operational funding for programs, specifically the Davis Street Family Resource Center, which is a community social service agency that provides homeless services.

Supportive Housing Needs

In addition to the homeless, there are a variety of other sub-populations in Alameda County, such as persons with physical or mental disabilities and seniors who need affordable housing integrated with available support services. The City intends to primarily use available HOME funds for future new transitional or permanent supportive housing projects that will serve San Leandro residents with special needs.

Community Development Needs - Economic Development

If funding is available, the City may seek to allocate its CDBG funds to provide loans to eligible small businesses for property upgrades in the next five years. CDBG funds may also be a resource in the future, if the need arises, to develop and implement a neighborhood strategy or plan that includes commercial revitalization. Historically, the City has primarily focused CDBG allocations on public services, capital improvements and affordable housing rehabilitation needs due to greater demand for these need categories and limited funding.

Community Development Needs - Public Service Support

The City supports a wide variety of non-profit agencies that provide needed social services in the community. In the Five-Year Plan, the City proposes to continue providing program operational grants to local or regional non-profit agency social services providers serving San Leandro residents. During the next five years, the types of services considered priorities for CDBG funds are likely to include basic needs programs for low-income individuals and families, meal delivery to homebound seniors, and homeless shelter programs. In accordance with HUD regulations, the City cannot commit more than 15% of its annual CDBG allocation (plus the estimated CDBG generated program income from the current fiscal year) toward public services.

Community Development Needs - Public Facilities and Improvements

The City has historically utilized CDBG funds for capital improvement projects initiated by the City. CDBG funds have been used for building and infrastructure improvements in eligible areas, accessibility upgrades to parks and sidewalk ramps, and facility improvements for non-profit agencies serving the community. Over the next five years, the City will continue to commit available CDBG funds to fund Americans with Disabilities Act (ADA) improvements to public facilities, install ADA curb ramps throughout the City, and assist non-profit social service agencies serving San Leandrans with necessary facility improvements. The City will also use CDBG funds for repaying the City's \$2.5 million HUD Section 108 loan that was used to construct the City's Senior Community Center.

Annual Action Plan for FY 2020-2021

The FY 2020-2021 Action Plan lists the proposed activities, objectives, and budget for the upcoming fiscal year. The City's CDBG entitlement grant from HUD for FY 2020-2021 is \$768,310. As of the date that this staff report was written, there will be no CDBG program income or unallocated CDBG funds from prior years. The Action Plan includes information on funding resources for housing and community development activities, a description of activities to be undertaken during FY 2020-2021, 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 will have an allocation of \$238,792 in HOME funds as its pro-rata share from the Alameda County HOME Consortium. Alameda County is the lead administrator of HOME funding and the HOME Consortium. In order to comply with encumbrance and expenditure rules of the HOME program, these funds are combined with all the HOME Consortium member cities into a pool of funds. These funds can be used by any HOME Consortium member city that has an opportunity site ready for purchase or an affordable housing development with a funding gap.

In FY 15-16 the City used \$256,761 of HOME Consortium funds to assist BRIDGE Housing's 85-unit La Vereda (formerly San Leandro Senior Housing) development. Prior to that, there were two other housing developments that received HOME funds (a renovation of a home serving the disabled community and BRIDGE Housing's Marea Alta). Given these uses and repayments due to the County, the City's HOME allocation for FY 20-21 will be \$181,082.

Proposed CDBG-Funded Activities - FY 2020-2021 Action Plan

The proposed CDBG-funded activities in the FY 2020-2021 Action Plan fall into the following eligible categories: Public Services, General Administration, Public Facilities, and Housing. Below is a summary of the proposed FY 2019-2020 CDBG funding allocations by funding category as shown in Attachment A.

Public Services

In accordance with HUD regulations, the City will commit no more than 15% (or \$115,437) of its annual CDBG allocation toward Public Services. For CDBG Public Services funding there is a HUD statutory cap of 15% of the total CDBG entitlement grant plus prior year program income.

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 annually for FY 2019-2020 and FY 2020-2021), while CDBG funds available for public services are capped at just over \$115,000. 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 City of San Leandro 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 the 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.

<u>Project Name</u>	<u>FY 20-21</u>
CALICO	\$ 24,028
Davis Street Family Resource Center	\$ 46,899
SOS/Meals on Wheels	\$ 31,673
Spectrum Community Services	\$ 19,113
Total	\$ 115,437

General Administration

For CDBG General Administration, HUD allows entitlement cities and counties to charge up to 20% of the total CDBG allocation. Therefore, a total of \$153,662 (\$768,310 x 20%) is available for the administration of CDBG funded activities including the provision of federally mandated fair housing services. Of this amount, staff recommends \$143,662 be allocated for CDBG general administration costs. Staff also recommends \$10,000 in CDBG funding should be granted to the nonprofit entity, ECHO Housing, to continue providing fair housing services to San Leandro residents.

Public Facilities

For Public Facilities, the City must allocate \$182,972 to HUD for principal/interest payments for the City's outstanding \$2.5 million HUD Section 108 loan, which was used to construct the City's Senior Community Center. In addition, staff proposes allocating the remaining \$166,239 to continue to assist in the implementation of the City's 2010 Updated ADA Transition Plan by funding the completion of architectural modifications designed to make City facilities more accessible to persons with disabilities.

Housing

For Housing Activities, staff recommends providing \$150,000 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 last two fiscal years, Rebuilding Together Oakland/East Bay made substantial progress in processing applications to complete rehab work and expend CDBG funds. The \$150,000 is an increased amount from \$100,000 in FY 2019-2020 given that there is a waitlist for minor rehabilitation grants. Staff recognizes that Rebuilding Together Oakland/East Bay is providing outstanding public and customer service under this program.

Summary of CDBG FY 2020-2021 Budget

Public Service Grant Program	\$115,437
City Administration	143,662
ECHO Housing	10,000
HUD Section 108 Loan	182,972
ADA Transition Plan	166,239
Single Family Housing Rehab Grants	<u>150,000</u>
	\$768,310

Staff proposes to continue using the City's HOME funds for the acquisition, rehabilitation, and/or new construction of affordable rental housing as well as tenant-based rental assistance to serve lower income households in need. Currently, there are no proposed HOME-funded projects.

Current Agency Policies

Current City Council Policy is defined by the FY 2015-2019 Consolidated Plan, adopted by Resolution No. 2015-208 on April 20, 2015. The draft FY 2020-2024 Consolidated Plan will eventually replace the FY 2015-2019 Plan.

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 applicable, National Environmental Protection Act (NEPA), review will be conducted for each project or activity approved by the City Council. Neither NEPA nor CEQA apply to the FY 2020-2024 Consolidated Plan and FY 2020-2021 Action Plan.

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) and availability of the draft Consolidated Plan and Annual Action Plan for the 30 day comment period were published in the East Bay Daily Review on February 20, 2020 and sent to a mailing list of those who have expressed interest in the City's CDBG funding activities. Copies of the FY 2020-2024 Consolidated Plan and FY 2020-2021 Action Plan will be 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 March 17, 2020 to April 17, 2020.

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 2020-2021 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).

ATTACHMENTS

Attachments to Staff Report

- Attachment A - Summary of the FY 2020-2021 proposed activities and funding amounts
- Attachment B -- FY 2020-2024 Five Year Consolidated Plan
- Attachment C - Summary of Responses to Priority Needs Survey received to date

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