



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: SEPTEMBER 20, 2022

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: MEGAN HUNTER, DIRECTOR

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TITLE: SUBMISSION OF CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT FOR FY 2021-22 TO UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

RECOMMENDED MOTION:

It is recommended that City Council approve a resolution approving the Fiscal Year (FY) 2021-22 Consolidated Annual Performance and Evaluation Report (CAPER) and authorize submittal to the United States Department of Housing and Urban Development (HUD).

RECOMMENDATION:

The Community Development Department (CDD) recommends that City Council approve a resolution approving the FY 2021-22 CAPER and authorize submittal to HUD.

EXECUTIVE SUMMARY:

The City of Salinas (City) is designated as a HUD Entitlement jurisdiction which allows for the direct receipt of funding from HUD's Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), HOME American Rescue Plan (HOME-ARP), and Emergency Solutions Grants (ESG) Programs. As a requirement of the continued receipt of entitlement funding, each year the City must submit a CAPER to HUD. The CAPER provides a comprehensive summary of expenditures, activities, and accomplishments for each of the City's HUD programs for the past fiscal year. This document also serves as a mechanism and opportunity for public evaluation regarding the City's progress in carrying out goals and objectives as stated in its FY 2020-24 Consolidated Plan (Con Plan) and FY 2021-22 Annual Action Plan (AAP). The CAPER is due to HUD no later than ninety (90) days after the end of the City's FY 2021-22. This year, the CAPER is due to HUD no later than September 30, 2022.

BACKGROUND:

The CAPER is a one-year evaluative summary document which describes all eligible projects, programs and activities funded through CDBG, CDBG-CV, HOME, HOME-ARP, ESG and ESG-CV funds and their relationship to the City’s housing, homelessness, and community development priorities and needs. In accordance with the City’s adopted Citizen Participation Plan (CPP), HUD requires a minimum fifteen (15) day public comment period for the CAPER. In compliance with this mandate, a draft CAPER public notice was published in The Californian and El Sol newspapers on September 3, 2022. The draft CAPER was also made available to the public on the City’s website, City libraries, City Hall, and at the Community Development Department office building and by request through mail or email. The public comment period for the FY 2021-22 CAPER began on September 3, 2022, and ends on September 20, 2022. This City Council public hearing provides an additional opportunity for the public to provide City Council feedback regarding the draft CAPER and provide input on community development needs within the City. A summary of all public comments received during the public comment period will be included in the City’s final CAPER submission to HUD.

DISCUSSION:

Entitlement Funding & Program Income (PI)

As mentioned above, the City is an entitlement jurisdiction for CDBG, CDBG-CV, HOME, HOME-ARP, ESG and ESG-CV programs. HUD provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low and moderate-income persons. The City also utilizes program income (PI) to further fund certain eligible activities on an annual basis. PI is the gross income received by the City that is generated from the use of CDBG and HOME funds. The table below represents entitlement funding and PI available for FY 2021-22 for CDBG, CDBG-CV, HOME, HOME-ARP, ESG and ESG-CV.

Funding Source	Entitlement Amount	Program Income	Total Funding Available
CDBG	\$2,128,725	\$144,572	\$2,273,297
CDBG-CV	\$1,379,528*	\$0	\$1,379,528*
HOME	\$803,851	\$281,767	\$1,085,618
HOME-ARP	\$145,938	\$0	\$145,938
ESG	\$172,631	\$0	\$172,631
ESG-CV	\$3,447,936*	\$0	\$3,447,936*
Total	\$8,078,609	\$426,339	\$8,504,948

* Remaining funding from FY 2020-21

The table below represents entitlement and PI expenditures incurred in FY 2021-22 for CDBG, CBDB -CV, HOME, HOME ARP, ESG and ESG-CV.

Funding Source	Total Available Funding	Total Expenditures
CDBG	\$2,273,297	\$892,489
CDBG-CV	\$1,379,528*	\$595,065
HOME	\$1,085,618	\$1,028,321
HOME ARP	\$145,938	\$ 0
ESG	\$172,631	\$138,297
ESG-CV	\$3,447,936*	\$2,772,470
Total	\$8,504,948	\$5,426,642

* Remaining funding from FY 2020-21

Community Development Block Grant (CDBG)

CDBG Entitlement Funds can be used to provide decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. CDBG funds may be used for activities which include, but are not limited to:

- Acquisition of real property
- Relocation and demolition
- Rehabilitation of residential and non-residential structures
- Construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes
- Public services (up to 15% of CDBG allocation)
- Activities relating to energy conservation and renewable energy resources
- Provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities

In FY 2021-22, the City utilized CDBG funds to support public services, economic development, and Public Facilities. The following tables show the activities performed with CDBG Entitlement and CDBG-CV funds and their accomplishments for FY 2021-22. Due to the Covid-19 pandemic, implementation of some programs and activities have been delayed.

CDBG Program					
Agency	Activity Name	Funding Category	Available Funding	Expenditures	Outcome
City of Salinas	Program Administration (20% Grant & PI)	Administration	\$466,487	\$378,993	N/A
City of Salinas	Grow Salinas Fund	Economic Development	\$14,501*	\$14,501	9 Businesses
City of Salinas	Sherwood Recreation Center – Phase 4	Public Facility	\$1,100,000*	\$0	Public Facility
City of Salinas	Hebron Recreation Center	Public Facility	\$1,406,613*	\$0	Public Facility
City of Salinas	Chinatown Improvements	Public Facility	\$0	\$0	Public Facility
First United Methodist Church	Kitchen Remodel	Public Facility	\$466,866*	\$28,694	Public Facility
Alisal Union School District	Buckhorn Early Childhood Development Center	Public Facility	\$968,000*	\$0	Public Facility
Interim Inc.	Catalyst Apartments Rehabilitation	Housing	\$547,855*	\$373,063	5 Housing Units
City of Salinas	Natividad Creek and Closter Park Restroom Renovation	Public Facility	\$798,633*	\$4,344	Public Facility
Interim Inc.	Sun Rose Apartments	Housing	\$540,996*	\$65,171	1 Unit / 8 people
Girl Scouts of California	Girl Scouts Alisal Program Center	Public Service	\$35,000	\$27,722	221 Youth

* Remaining funding from previous fiscal years

CDBG-CV Program <i>(Remaining Funding from FY 2020-21)</i>					
Agency	Activity Name	Funding Category	Available Funding	Expenditures	Outcome
City of Salinas	Program Administration (20% of Grant)	Administration	\$266,687	\$126,330	N/A
City of Salinas	Housing Information, Referral Services & Fair Housing	Public Service	\$358,478	\$73,880	1204 Households
City of Salinas	Grow Salinas Fund	Economic Development	\$0	\$0	24 Businesses
City of Salinas	Economic Development and Technical Assistance	Public Service	\$335,395	\$113,428	240 Businesses
Downtown Streets Inc.	Salinas Downtown Streets Team	Public Service	\$206,693	\$189,846	113 Persons
Eden Council for Hope and Opportunity	Fair Housing & Tenant/Landlord Services (CV)	Public Service	\$100,000	\$91,582	171 Households
Unallocated Funds	To be determined (TBD)	TBD	\$112,275	\$0	N/A

Emergency Solutions Grant (ESG)

The ESG and ESG-CV programs utilize federal funds to support communities in providing street outreach, emergency shelter, rental assistance, and related services. These programs provide resources for adults and families with children experiencing or are at-risk of homelessness. The street outreach and emergency shelter program components are capped at 60% of the ESG total funding. This 60% cap was waived by HUD for ESG-CV funds. Additional uses of the ESG and ESG-CV are to provide homelessness prevention assistance to households who are at risk of homelessness, and assistance to rapidly re-house persons who are experiencing homelessness. ESG and ESG-CV funds provide a variety of assistance, including short-term or medium-term rental assistance, housing navigation and placement, and housing stability case management.

For FY 2021-22, the City received a HUD ESG allocation of \$172,631 and had available \$3,447,936 in ESG-CV funds remaining from FY 2020-21. The following tables show the agency name, program funded, total number of unduplicated persons served, budgeted amount, and total FY 2021-22 expenditures.

ESG Program					
Agency	Activity Name	Funding Category	Available Funding	Expenditures	Outcome
City of Salinas	Program Administration (7.5% of Grant)	Administration	\$15,056*	\$3,436	N/A
City of Salinas	Salinas Outreach and Response Team (SORT)	Public Service	\$79,000	\$61,942	36 Persons
Central Coast Center for Independent Living (CCCIL)	Rapid Re-Housing and Homeless Prevention Program	Public Service	\$55,176*	\$33,418	27 Persons
Bay Area Community Services (BACS)	Rapid Re-Housing	Public Service	\$80,684	\$39,501	78 Persons

*Remaining funding from FY 2020-21

ESG – CV Program					
<i>(Remaining Funding from FY 2020-21)</i>					
Agency	Activity Name	Funding Category	Available Funding	Expenditures	Outcome
City of Salinas	Program Administration (10% of Grant)	Administration	\$268,333	\$215,133	NA
Step-Up on Second Street Inc.	Homekey Project	Public Service	\$141,600	\$141,600	1,657 Persons
University Corporation at Monterey Bay	Rapid Re-housing (RRH) Program	Public Service	\$221,949	\$182,626	
CCCIL	RRH, Outreach, and Shelter Services	Public Service	\$333,000	\$328,576	
Coalition of Homeless Services Providers	Hotel / Motel Vouchers and Case Management	Public Service	\$49,8880	\$49,880	
Community Homeless Solutions	Chinatown Navigation Center, Shelter and Trailers Operations	Public Service	\$780,290	\$780,290	
Downtown Streets Team, Inc.	Salinas Downtown Streets Team - Street Outreach	Public Service	\$450,000	\$337,106	
Interim, Inc.	MCHOME	Public Service	\$150,000	\$109,095.00	

ESG – CV Program (Continued)					
Agency	Activity Name	Funding Category	Available Funding	Expenditures	Outcome
City of Salinas	SORT & Sanitation Stations	Public Service	\$380,430	\$209,265.53	36 Persons
City of Salinas	Sprung Structure and RV Trailers	Public Facility	\$115,889	\$115,889	Public Facility
Bay Area Community Services	SHARE Center Operations	Public Services	\$563,865	\$303,010	78 Persons

HOME Investment Partnerships Program

The HOME Investment Partnerships Program supports local housing strategies intended to increase home ownership and affordable housing opportunities for low and very low-income Americans. Eligible uses of funds include tenant-based rental assistance; housing rehabilitation; assistance to homebuyers; and new construction of housing. HOME funding may also be used for site acquisition, site improvements, demolition, relocation, and other necessary and reasonable activities related to the development of non-luxury housing.

In FY 2021-22, the City used HOME grant funds for housing activities that expanded the supply of decent, safe, and affordable housing. The FY 2021-22 HOME housing development funds have not been allocated. It is the City’s intent to commit these funds to a project in the near future. The City conducted a Housing and Development Forum in February of 2022 to advertise and promote the availability of funds including HOME funding to produce affordable housing units.

HOME Program					
Agency	Activity Name	Funding Category	Available Funding	Expenditures	Outcome
City of Salinas	Program Administration	Administration	\$299,539*	\$72,457	N/A
Monterey County Housing Development Corporation	Parkside Manor Phase I	Housing	\$1,017,540*	\$955,864	6 Housing Units
To be committed in the future	To be committed on the future	Housing	\$ 1,133,147	\$0	TBD

**Funding from previous fiscal years.*

HOME American Rescue Plan

The Allocation Plan for the HOME-ARP is being developed and will be submitted to HUD by the end of 2022. The City received an initial amount of \$145,938.70 in January 2022 for administration and planning, out of the total funds \$2,918,774. The remaining funds to become available once

HUD approves the allocation plan and substantial amendment to the FY 2021-22 AAP. No expenditures accrued during FY 2021-22.

HOME-ARP Program					
Agency	Activity Name	Funding Category	Available Funding	Expenditures	Outcome
City of Salinas	Program Administration (Awarded)	Administration	\$145,939	\$0	N/A
City of Salinas	Program Administration (Pending HUD approval)	Administration	\$291,877	\$0	N/A
To be committed in the future	To be committed on the future	TBD	\$ 2,480,958	\$0	TBD

CEQA CONSIDERATION:

The City of Salinas determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) per Guidelines Section 15378.

STRATEGIC PLAN INITIATIVE:

Funded activities and projects support the City of Salinas Strategic Plan 2022-2025 Goals and Strategies for Economic Development, Housing/Affordable Housing, and Effective and Culturally Responsive Government.

DEPARTMENT COORDINATION:

This agenda item originates from the City’s CDD Housing Division. However, other City departments including the City Attorney, Finance, Public Works and Library and Community Services have also contributed staff time and resources.

FISCAL AND SUSTAINABILITY IMPACT:

Funds are provided directly to the City by HUD and no matching City funds required.

ATTACHMENTS:

1. Resolution
2. Draft CAPER