



**CITY OF SALINAS  
COUNCIL STAFF REPORT**

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**DATE:** JUNE 4, 2019

**DEPARTMENT:** COMMUNITY DEVELOPMENT

**FROM:** MEGAN HUNTER, COMMUNITY DEVELOPMENT DIRECTOR

**BY:** CHRISTOPHER VALENZUELA, PLANNING MANAGER

**TITLE:** 2019 CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT CALIFORNIA EMERGENCY SOLUTIONS AND HOUSING PROGRAM NOTICE OF FUNDING AVAILABILITY APPLICATION SUBMITTAL

RECOMMENDED MOTION:

It is recommended that the City Council approve the following Resolutions:

1. California Department of Housing and Community Development (HCD) Resolution authorizing the City of Salinas (City) as the Administrative Entity (AE) to receive and administer a California Emergency Solutions and Housing (CESH) grant; and
2. Resolution approving the 2019 HCD CESH Notice of Funding Availability (NOFA) application submittal.

RECOMMENDATION:

Staff recommends that the City Council approve the following Resolutions: 1) HCD required Resolution authorizing the City as the AE to receive and administer a CESH grant and 2) Resolution approving the 2019 HCD CESH NOFA application submittal.

EXECUTIVE SUMMARY:

HCD released a NOFA for a second round of funding through the CESH program on March 21, 2019. The HCD CESH NOFA application is due on June 28, 2019. On April 8, 2019, the local Salinas/Monterey/San Benito Counties Continuum of Care (CoC) Leadership Council approved the City as the AE for the 2019 CESH program. The 2019 funding formula allocation for the local CoC is \$562,276. The City intends to submit the HCD CESH NOFA application no later than the deadline of June 28, 2019 in order to secure funding. HCD is scheduled to announce AE funding awards by September 2019.

BACKGROUND:

The California Governor and Legislature is making CESH funds available under SB 850 and the 2018-19 Budget Act. The funding includes a portion of the first and second quarters of revenue

deposited in the Building Homes and Jobs Act Trust Fund (Fund) created by the Building Homes and Jobs Act (Stats. 2017, chapter 364, § 3.). The City was awarded a first round of HCD CESH funding on January 11, 2019 in the amount of \$1,027,285. The City is awaiting HCD's Standard Agreement to be issued and fully executed before any first round CESH funding can be expended. CESH program funding received by the City allows the undertaking of a variety of programs that are instrumental in providing homeless prevention services, and furthering partnerships with public service organizations. The following actions occurred for the second round HCD CESH program:

- CDBG/Housing Subcommittee Meeting – March 26, 2019
- Leadership Council AE & Budget Approval – April 8, 2019
- CDBG/Housing Subcommittee Meeting – April 9, 2019
- CESH Application Workshop – April 22, 2019
- CDBG/Housing Subcommittee Meeting – May 13, 2019
- City Council Meeting – June 4, 2019

Now that the 2019 HCD CESH NOFA has been released, the City intends to submit an application to secure funding by the deadline of June 28, 2019.

#### DISCUSSION:

CESH program eligible activities may include any of the following:

1. Rental assistance, housing relocation, and stabilization services to ensure housing affordability to individuals experiencing homelessness or who are at risk of homelessness. Rental assistance provided shall not exceed 48 months for each assisted household and rent payments shall not exceed two times the current HUD fair market rent for the local area pursuant to 24 CFR part 888;
2. Operating subsidies in the form of 15-year capitalized operating reserves for new and existing affordable permanent housing units for homeless individuals and/or families;
3. Flexible housing subsidy funds for local programs that establish or support the provision of rental subsidies in permanent housing to assist homeless individuals and families. Funds may support rental assistance, bridge subsidies to property owners waiting for approval from another permanent rental subsidy source, vacancy payments, or project-based rent or operating reserves;
4. Operating support for emergency housing interventions, including, but not limited to the following:
  - a. Navigation centers that provide temporary room and board and case managers who work to connect homeless individuals and families to income, public benefits, health services, permanent housing, or other shelter;
  - b. Street outreach services to connect unsheltered homeless individuals and families to temporary or permanent housing;
  - c. Shelter diversion, including, but not limited to, homelessness prevention activities described in 24 CFR 576.103, and other necessary service integration activities described in 24 CFR 576.105, to connect individuals and families to alternate housing arrangements, services, and financial assistance;

5. Systems support for activities necessary to maintain a comprehensive homeless services and housing delivery system, including Coordinated Entry System (CES) data, and Homeless Management Information System (HMIS) reporting and homelessness planning activities;
6. Development or update to a Coordinated Entry System; and
7. Development of a plan addressing actions to be taken within the CoC service area if no such plan exists.

For purposes of the second round of HCD CESH funding, the City is proposing to apply for activities 1, 3 and 4 as listed above. CESH funding limits an AE to not use more than 40 percent of any funds allocated in a fiscal year for activity 4. Administrative costs related to the planning and execution of eligible activities are limited to 5 percent.

The City, as the AE, plans on submitting an application on or before June 28, 2019 for the following CESH program eligible activities listed in the table below to HCD. The table below details the activity, description, amount and allocation percentage which were approved by the Leadership Council on April 8, 2019 and based on the 2019 HCD CESH allocation of \$562,276.

Activity	Description	Amount		% Allocation
Administration (AE to Carry Out Activity)	Program Administration - Administrative activities necessary to carry out the CESH funding requirements for CoC CA-506.	\$	28,114	5.0%
1	Rental assistance, housing relocation & stabilization services to ensure housing affordability to individuals experiencing homelessness or who are at risk of homelessness.	\$	154,626	27.5%
3	Flexible housing subsidy funds for local programs that establish or support the provision of rental subsidies in permanent housing to assist homeless individuals & families.	\$	154,626	27.5%
4	Operating support for emergency housing interventions including but not limited to: navigation centers, street outreach, and shelter diversion. (Max. 40% of Grant)	\$	224,910	40.0%
<b>Total</b>		\$	<b>562,276</b>	

Should the City be awarded a second round of CESH funding, the City will issue a NOFA for interested organizations to competitively apply for funding. A rating and ranking process will be implemented to help prioritize applications and funding recommendations. After the rating and ranking process is completed, staff recommendations will be forwarded to the local CoC Leadership Council for final approval. The local CoC Leadership Council is the final approving body regarding HCD CESH funding recommendations. HCD CESH funding can be utilized to fund programs throughout the local CoC service area which includes Monterey and San Benito Counties.

**DEPARTMENT COORDINATION:**

This agenda item is solely administered by the City’s Community Development Department Housing Division (Housing Division). However, other City departments that contributed with their staff time and resources included Finance and Legal. The Housing Division was also required to coordinate with other outside agencies such as HCD, local CoC and the Leadership Council regarding this agenda item.

Department	Contribution
Finance	Assists in helping manage grant revenue and expenditures related to this grant.
Legal	Provides legal guidance on all contracts and legal documents related to this grant.

**CEQA CONSIDERATION:**

**Not a Project.** The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

**STRATEGIC PLAN INITIATIVE:**

HCD CESH funding received by the City and its implementation support activities and programs that implement the following City Council strategic goals: 1) Economic Diversity and Prosperity; 2) Safe, Livable Community; 3) Effective, Sustainable Government; and 4) Quality of Life.

**FISCAL AND SUSTAINABILITY IMPACT:**

HCD programs such as CESH return tax dollars back into the community. The additional funding

provides vital resources to assist the homeless population within Monterey and San Benito counties.

ATTACHMENTS:

- Resolution – State Format
- Resolution – City Format