

REPORT TO THE CITY COUNCIL

City of Salinas, California

DATE: May 12, 2015

FROM: Alan Stumpf, Interim Director, C and ED Dept.

BY: Anastacia Wyatt, Planning Manager, C and ED Dept.

SUBJECT: **FY 2015-2019 CONSOLIDATED PLAN (CONPLAN) FOR HUD FUNDING: COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG), HOME INVESTMENT PARTNERSHIPS (HOME), AND EMERGENCY SOLUTIONS GRANT (ESG); ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE (AI); ALISAL NEIGHBORHOOD REVITALIZATION STRATEGY AREA (ANRSA); FY2015-2016 ACTION PLAN (FY15-16 AP); AND UPDATES TO FUNDING PARAMETERS FOR PUBLIC SERVICES AND ESG**

RECOMMENDATION:

It is recommended that the City Council adopt a resolution approving the:

- 1) FY2015-2019 Consolidated Plan;
- 2) Analysis of Impediments to Fair Housing Choice;
- 3) Alisal Neighborhood Revitalization Strategy Area;
- 4) FY2015-16 Action Plan; and
- 5) Updates to the Funding Parameters for Public Services and Emergency Solutions Grant programs.

The resolution would also direct staff to submit the FY 2015-2019 Consolidated Plan, Analysis of Impediments to Fair Housing Choice, Alisal Neighborhood Revitalization Strategy Area, and the FY 2015-2016 Action Plan to the Federal Department of Housing and Urban Development (HUD). The Updates to the Funding Parameters will be included in the FY 16-17 Action Plan submittal.

DISCUSSION:

The City of Salinas can be rightly proud of its record of +35 years as a HUD entitlement City. The annual HUD funding coming from the three programs—CDBG, HOME, and ESG—has demonstrably improved numerous low-income families' lives and neighborhoods in Salinas over those many years and Salinas continues to remain in good stead with HUD regulations and requirements. Under the current Consolidated Plan (ConPlan) and five successive Action Plans over those years, the City has assisted dozens of non-profit agencies providing services for the community, and has also invested in numerous capital improvement projects including Market Street Beautification, lighting and ADA ramps, Sherwood Hall repairs, Cesar Chavez Park improvements, and MST bus Shelter. Additionally, with HOME and CDBG funding, the City has assisted with development of 317 new affordable units within the community in projects including Haciendas I, II and Seniors; Wesley Oaks; La Gloria Seniors, Sun Flower Gardens and Tresor Apartments. Salinas has also started to invest CDBG funding for economic development purposes, and will soon be closing on its first Section 108 loan of \$4,000,000 for the Industrial Wastewater Conveyance System project, with \$5,390,000 still available

for future investment in infrastructure. HUD funding in general continues to decline – the past ten years have seen annual CDBG funding reduced from \$2,550,000 to \$1,939,000; and HOME reduced from \$939,902 to \$543,081; while the ESG program has actually seen a slight increase from \$109,204 to \$177,842; but all of these funds remain vital for improving local neighborhoods, existing housing stock and the lives of our citizens most in need.

As a HUD entitlement community, the City of Salinas receives specific annual allocations from HUD that it can then distribute at its discretion, but in accordance with specified but complex HUD rules and regulations. Those rules stipulate that Salinas must prepare, on an annual basis, an “Action Plan” for expending the HUD funds, and have its own set of funding parameters by which it selects programs for funding. In addition, every five years the City must indicate to HUD its plan for expending funds into the future, through identifying community priorities and projected funding in the Consolidated Plan (CP). Subsets of the CP are the Analysis of Impediments to Fair Housing Choice and the Alisal Neighborhood Revitalization Strategy Area, which will be explained in more detail in the following pages.

Given the May 2015 deadlines for these documents and overlapping timelines for updates to the Housing Element and the Inclusionary Housing Ordinance, it was determined that the community would benefit from a coordinated and robust outreach effort to engage the community in conversations about housing issues and community improvement needs. These efforts provided important information on actual housing needs and priorities of residents, in addition to the socio-economic and demographic data typically forming the basis of these planning efforts and documents.

Community Outreach

In collaboration with the City’s Community and Economic Development Department and various community partners, a robust community outreach program was implemented to publicize the combined housing initiatives. The program included distribution and posting of flyers in targeted locations, email flyers (e-blasts) to a list of over 1,000 email addresses, Facebook, Twitter, City website, press releases, and display ad notices in local newspapers and public service announcements on radio stations. The City also had a booth at the Ciclovía streets event on November 1, 2014. Importantly, outreach was conducted through partner entities such as Communities Organized for Relational Power in Action (COPA) and Building Healthy Communities (BHC). Each organization made direct calls to residents and their constituencies. All outreach materials and activities were created in both Spanish and English.

Community Workshops

The core of the community outreach program was a series of five community workshops, conducted in different parts of the City. Although all workshops were related, each was designed with different activities and customized to provide or gather specific information. Language translation was available at all of the workshops and childcare and even food was provided to accommodate working families.

- Project Kickoff - Workshop 1 functioned as a general Outreach Kickoff and included an outreach overview, presentation, and introductory group discussion.
- Needs Assessments - Workshop 2, conducted in Spanish, was fashioned as a needs assessment specifically of the Alisal neighborhood, while Workshop 5, conducted in English, mirrored the format but assessed the needs of the entire City.
- Housing Needs and Policies - Workshop 3, conducted in English, and Workshop 4, conducted in Spanish, focused specifically on issues related to housing programs and conditions in Salinas.

The dates and locations of the five workshops are listed below:

<p>Community Workshop #1 (Outreach/Kick Off) Thursday, January 15, 2015 Salinas Community Center/ Sherwood Hall, Santa Lucia Room 940 North Main Street Salinas, CA 93906</p>	<p>Community Workshop #2 (Alisal Needs Assessment) Thursday, January 29, 2015 Maria J. Torres-Gil Community Center 245 Calle Cebu Salinas, CA 93901</p>
<p>Community Workshop #3 (Housing Policies and Needs) Wednesday, February 11, 2015, Northminster Presbyterian Church 315 E. Alvin Drive Salinas, CA 93906</p>	<p>Community Workshop #4 (Housing Policies and Needs) Thursday, February 26, 2015 National Steinbeck Center 1 Main Street Salinas, CA 93901</p>
<p>Community Workshop #5 (Citywide Needs Assessment) Thursday, March 12, 2015 Salinas Community Center /Sherwood Hall, Santa Lucia Room 940 North Main Street Salinas, CA 93906</p>	

During the community workshops, several recurring comments were recorded, and crucial similarities and differences were revealed through the various workshop activities:

- Affordable Rental Housing - Under the Housing priority issue area, affordable rental housing was voted as the top spending priority in every workshop. This result is indicative of the great need for affordable housing in Salinas given the relatively high cost of living in relation to income. This need was also emphasized prominently in the group discussions during all the workshops, as well as the other outreach activities.
- Emphasis on Youth – Within the Community Programs category, youth-related programs were voted as a top priority in three of the five workshops. The emphasis on youth development was also evident throughout all outreach activities.
- Jobs - Job creation and job training were the top two issues within the Economic Development issue area throughout all the workshops. In many of the workshops, residents explained that part of the issue with housing was not only that it was unaffordable but the lack of well-paying jobs made the cost of housing more unbearable.

Some notable differences arose from the Spanish-speaking workshops where the attendees were primarily monolingual Latino residents. These highlight the distinct needs of different cultural groups in Salinas:

- Housing for Large Families in Alisal - Participants in the Alisal Needs Assessment workshop were the only group that indicated housing for large families as an important housing priority. This trend reflects the small group discussions, during which many residents described overcrowding and high density in the Alisal neighborhood.

- Health Priorities in Alisal - For community facilities, residents from Alisal voted health care clinics as their number one community facilities priority. Access to healthy foods and health care services were voted as the second and third top spending priorities for community programs.

Stakeholder Interviews

Stakeholder interviews provided the opportunity for more focused discussions from a wide variety of interests in the community. These were conducted on February 4, February 5, and March 10, 2015 with housing and fair housing professionals and a variety of other housing related interests, including developers, realtors, land use organizations and agencies that serve and advocate for the needs of underserved groups (i.e. minorities, persons with disabilities, and other households with special needs). Two agencies were interviewed that directly engage in providing fair housing services: California Rural Legal Assistance (CRLA) and Project Sentinel.

A total of 18 interviews were conducted with representatives from the following agencies:

- Agricultural Land Trust
- Alliance on Aging
- Central Coast Center for Independent Living
- Central Coast HIV/AIDS Services
- CHISPA
- City Youth Advisory Commission
- Center for Community Advocacy
- CRLA
- East Salinas Building Healthy Communities
- Gloria Moore Realtors
- Interim, Inc.
- Legal Services for Seniors
- MidPen Housing
- Monterey County Association of Realtors
- Peacock Acres
- Project Sentinel
- City of Salinas Department of Public Works
- Salinas Senior Center
- Shelter Outreach Plus

Housing Survey

A Housing Survey questionnaire was made available throughout the City of Salinas from November 2014 through early March 2015. The survey was available in English and Spanish online and in hard copy format. A total of 362 surveys were collected, including 161 surveys collected electronically and 201 collected on paper. About 49 percent of survey respondents identified as Latino¹, and 39 percent identified as White. The survey was particularly useful for determining fair housing issues and discrimination issues, discussed further in the attached AI document.

Public Hearing and Citizen Participation

The City Council's consideration includes a public hearing to allow for input from the public regarding the proposed ConPlan, AI, ANRSA, and the planned uses of HUD grant funds for FY2015-16 – the Action Plan. A notice of the public hearing was published in *The Salinas Californian* on April 9, 2015, and in the *El Sol* on April 4, 2015. Copies of the draft documents were placed at the following locations on April 9, 2015:

¹ Includes respondents who identified as Mexican, Mexican-American, Chicano/a, or Hispanic.

- John Steinbeck Library, 350 Lincoln Avenue, Salinas;
- Cesar Chavez Library, 615 Williams Road, Salinas;
- El Gabilan Library, 1400 North Main Street, Salinas;
- Housing Division, Community & Economic Development Department, 65 W. Alisal Street, 2nd Floor, Salinas; and
- City Clerk's Office, City Hall, 200 Lincoln Avenue, Salinas.

Draft documents were available for review from April 9, 2015 through May 9, 2015.

Consolidated Plan

The Fiscal Year (FY) 2015-2019 Consolidated Plan (CP) serves as the official application to HUD for Community Development Block Grant (CDBG), HOME Investment Partnership Act (HOME), and Emergency Solutions Grant (ESG) funds for the City of Salinas. The CP, attached to this Report, identifies the housing and community development needs in the City and sets forth a strategic plan for addressing the identified needs within the context of these three programs. It also satisfies the minimum statutory requirements of the CDBG, HOME, and ESG programs. The Consolidated Plan covers a five-year planning period of July 1, 2015, through June 30, 2020. Overall, the CP anticipates HUD grant funds of approximately \$7,527,030 (CDBG), \$2,014,215 (HOME) and \$659,592 (ESG) over the next five years.

The Consolidated Plan was prepared using the eCon Planning Suite system developed and mandated by HUD. The system prescribes the structure and contents of this document, following the Federal Consolidated Planning regulations. Two companion documents to the Consolidated Plan are the Analysis of Impediments to Fair Housing Choice (AI) and the Alisal Neighborhood Revitalization Strategy Area (NRSA); both are attached to this Report and are explained in more detail in the following sections. The AI contains detailed data and analyses regarding the demographic and housing market conditions throughout the City while the Alisal NRSA includes specific demographic and housing market conditions within the Alisal neighborhood.

The Consolidated Plan (CP) incorporates outcome measures for activities in accordance with the Federal Register Notice dated March 7, 2006, which require the following Performance Measure Objectives/Outcomes to be associated with each activity funded:

General Objective Categories- Activities will meet one of the following:

- Decent Housing (DH)
- A Suitable Living Environment (SL)
- Economic Opportunity (EO) General

Outcome Categories- Activities will meet one of the following:

- Availability/Accessibility (1)
- Affordability (2)
- Sustainability (3)

The strategies in the Plan are intended to coordinate with and build upon other established City policies, particularly those set forth in the Salinas General Plan and its Housing Element. Strategies also reflect input from residents, service providers, community stakeholders, and City officials and staff. Ranking of needs is based upon multiple factors, including:

- Findings from the assessment of demographic and housing market conditions (detailed analyses contained in the AI);
- Previously identified City Council priorities;
- Current and projected staffing resources, both for the City and for relevant providers;
- The severity of need among the identified groups and subgroups, including relative needs between income groups;
- Input received from the community via Community Workshops, Stakeholder Interviews, Needs Survey, and outreach activities conducted by COPA (Communities Organized for Relational Power in Action).
- Likely availability of funds over the coming five years for various housing and community development activities, combined with consideration for the most effective use of the limited funds that fall under the purview of the City's Consolidated Plan.

Based upon these factors, needs are assigned one of two priority levels: High or Low, for the purpose of using CDBG, HOME, and ESG funds. The assigned priority represents a relative description of the amount of resources that the City expects to dedicate to the various needs. Assignment of a Low priority does not preclude the City from providing funding or support for activities addressing a particular need, as such, decisions need to also consider not only the Consolidated Plan priorities, but also the availability of other funding and the priorities established by other entities such as the Housing Authority of the County of Monterey (HACM), the State of California, and non-profit partners.

Analysis of Impediments to Fair Housing Choice (AI)

The City of Salinas has established a commitment to providing equal housing opportunities for existing and future residents. The Analysis of Impediments to Fair Housing Choice (commonly known as the "AI"), presents a demographic profile of the City of Salinas, assesses the extent of housing needs among specific income groups, and evaluates the range of available housing choices for residents. The AI also analyzes the conditions in the private market and public sector that may limit the range of housing choices or impede a person's access to housing. More importantly, the AI identifies impediments that may prevent equal housing access and develops solutions to mitigate or remove such impediments.

Fair Housing information received from the community was useful and significant for the AI. Recommendations from stakeholder interviews included:

- promote a landlord responsibility and tenants' rights training;
- prioritize the construction of housing with supportive services for persons with disabilities and/or with mental health;
- launch a "know-your-rights" educational campaign.

In the Housing Survey, about 20% of the questions dealt with fair housing issues. Out of 362 surveys collected, about 49 percent of survey respondents identified as Latino, and 39 percent identified as White. Approximately 23 percent of survey respondents reported experiencing housing discrimination. Respondents reported experiencing discrimination from a landlord or property manager. The second most common source of housing discrimination was a city or county staff person. The top five reported reasons for housing discrimination were: race, source of income, ethnicity, age, and familial status.

The new AI reports progress made in a number of focused policy and program areas since it was last updated in 2005. These include:

- Effective communication of information to the public on affordable housing programs, both with bi-lingual staff resources and CDBG-funded community partners.

- Encouraging fair housing and equal opportunity information through Project Sentinel
- Continued the Housing Accessibility Assistance grants program.
- Continued support for organizations such as the Central Coast Center for Independent Living that serve disabled people and assist with their housing needs.
- Continued support for development of housing that serves disabled persons in projects such as Sunflower Gardens, Gateway Seniors, and Haciendas, all of which are ADA accessible.
- Continued support for efforts of local affordable housing developers building rental and ownership housing in projects such Wesley Oaks, Vista de la Terraza, Loma Paraiso and Gateway Seniors, among others.

ANRSA

The Alisal Homeownership and Neighborhood Revitalization Strategy (Alisal HNR Strategy) was first established in 1993 as a supplement to prior community-based planning initiatives developed to improve safety, economic, and housing conditions for residents in the Alisal area of Salinas.

Under the Community Development Block Grant (CDBG) program, the U.S. Department of Housing and Urban Development (HUD) offers a special tool to deliver focused revitalization activities through the Neighborhood Revitalization Strategy Area (NRSA) regulations. Typically, expenditure of CDBG funds must meet strict eligibility and recordkeeping requirements. Communities with approved NRSA are offered enhanced flexibility in undertaking economic development, housing, and public service activities with CDBG funds within the NRSA. This flexibility is designed to promote innovative programs in economically disadvantaged areas of the community.

The Alisal NRSA is located in the heart of Salinas, the county seat and largest municipality in Monterey County. With new Census tract and block group boundaries, available housing and demographic data, and opportunities for improvements, the City proposed an expansion of the NRSA area. The updated Alisal NRSA covers approximately 2.6 square miles, or about 11 percent of the whole City and includes all or portions of nine contiguous Census tracts and 24 block groups, as indicated in the map below

The Alisal NRSA, located just east of Highway 101, is predominately residential (76 percent), most of which is lower-density residential. Medium-density residential uses are located in the northeastern and southeastern portions of the NRSA. Higher-density uses are located in these areas, as well as along the major corridors such as Williams Road, Sanborn Road, Laurel Drive, and Alisal Street. Commercial and mixed use areas are located along the NRSA's three major corridors (Williams Road, Sanborn Road, and Alisal Street). The figure below shows the Comparison between the Existing and Proposed NRSA Boundaries. The expansion is also intended to capture a future opportunity to provide improvements to an existing park that serves primarily Alisal residents.

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The map displays the Alisal National Recreation Study Area (NRSA) within the City of Salinas. An inset map in the top left corner shows the City of Salinas with the Alisal NRSA highlighted in red. The main map shows the revised Alisal NRSA boundary in red, which is larger than the original boundary shown in black. The map is divided into census block groups (BGs) and block groups (bgs), each labeled with a number and a suffix (e.g., 5.01 bg 1, 6.0 bg 1, 7.01 bg 1, 8.0 bg 1, 9.0 bg 1). Major streets shown include E Market St, E Alisal St, E Sanborn Rd, Del Monte Ave, Williams Rd, Alisal Rd, and Abbott St. Highway 101 is also visible. The map includes a legend at the bottom left:

- Original Alisal NRSA Boundary (black outline)
- Revised Alisal NRSA Boundary (red outline)
- Alisal Census Block Groups (dashed lines)
- City Limits (gray shading)

Source: City of Salinas, 2014

In establishing the strategies and objectives for the Alisal NRSA, several factors are considered:

- Alisal residents would continue to be eligible to participate in programs that are offered citywide. In addition, this updated strategy for the Alisal NRSA is designed to take full advantage of the benefits

afforded by the NRSA designation. The NRSA will be implemented through the Consolidated Plan Annual Action Plan process. Upon the close of each program year, the City will provide a summary of progress in implementing the Consolidated Plan, including the NRSA. In response to the housing market conditions and issues/concerns voiced by Alisal residents, the City has identified the following strategies for the Alisal area:

- Support local nonprofit organizations to establish CBDO status to provide public services focused in the Alisal NRSA.
- Provide rehabilitation assistance to LMI and median income households in the Alisal NRSA.
- Provide economic development activities in the Alisal NRSA. Specifically, two programs would be considered: Micro Business Assistance and Commercial Rehabilitation Assistance.
- Neighborhood Improvements would include public facility and infrastructure improvements in the Alisal NRSA.

FY15-2016 Action Plan

The City Council's consideration of the Action Plan includes a public hearing to allow for input from the public regarding the proposed Action Plan and the planned uses of HUD grant funds. A notice of the public hearing was published in *The Salinas Californian* on April 9, 2015, and in the *El Sol* on April 4, 2015.

The draft FY15-16 AP describes proposed projects and programs to be funded by the three HUD grant programs: Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), and Emergency Solutions Grant (ESG). The budget presented in the draft ACTION PLAN is based on the final FY2015-16 allocation released by HUD on February 11, 2015: \$1,979,589 of CDBG; \$543,081 of HOME; and \$177,842 of ESG.

The following is a summary of the proposed allocations according to general categories: administration; affordable housing; public facilities and improvements; public services and fair housing; economic development; homeless services, and relocation and contingency.

The Housing Division administers the three HUD grants (CDBG, HOME, and ESG), as well as a variety of the City's housing activities including: housing rehabilitation loan program; first-time homebuyer loan program; multi-family affordable housing (funded by HUD and the Successor Housing Agency) and inclusionary and density bonus housing.

Each HUD program has a cap or maximum percentage of the grant that may be spent on administration and program delivery costs. Prior to FY 2013-14, available HUD funds for administration and delivery costs had been sufficient to maintain 8.5 staff positions, cover materials and supplies, rent and overhead charges paid to the General Fund. However, the significant decline of CDBG and HOME funds in FY 2012-13 resulted in elimination of two (2) program administrative positions and the identification of other funding sources such as the Housing Trust Fund and Housing Successor Agency. Meanwhile, federal regulations are changing, and program requirements and scrutiny are increasing. In FY 2013-14, with the end of the NSP program, the administration budget was balanced by eliminating a rehabilitation specialist position. The NSP program is closing out and there is a small balance that will be returned to the State to close out the program.

Despite increasing staff efficiency with the City Data Services online grants management system, and conservative management of staff resources, limited administrative funds are not sufficient to administer the HUD programs. As indicated in the tables below, a total of \$123,600 is needed from the General Fund in order to maintain staffing sufficient to administer the HUD programs, in comparison

with a \$765,532 total available from HUD and other administrative sources. This budget also anticipates the increase costs going to a 40 hour work week.

General Funds needed to maintain HUD programs	
Program	Amounts
HOME	\$83,600
CDBG	\$25,000
ESG	\$15,000
TOTAL	\$123,600

The following table shows the funding projected to be available for administration in FY 2015-16:

Program	Funding Source	Available
CDBG Admin (20% cap)	CDBG	\$ 408,000
Home Admin (10% cap and including prior year carryover)	HOME	\$ 70,000
ESG Admin (7.5% cap)	ESG	\$ 13,000
HOME Program Delivery	CDBG/HOME	\$ 118,242
NSP*	State of CA/NSP	\$ 4,000
Housing Successor Agency**	City of Salinas HSA	\$ 119,290
Inclusionary**	Housing Trust Fund	\$ 20,000
ESG Admin**	City Of Salinas General Funds	\$ 13,000
	TOTAL	\$ 765,532

*NSP Close-out, not included in Action Plan spreadsheet

** Not included in Action Plan spreadsheet

AFFORDABLE HOUSING

Housing activities proposed for funding include: Housing Resource Center (CDBG \$10,000) to provide homeownership education and counseling; the City's Housing Rehabilitation Loan program (CDBG \$150,000 and HOME \$100,000); the City's Housing Accessibility Grant program (CDBG \$70,000); and Grid Alternatives (CDBG \$50,000) to install ten solar electric systems on ten single family houses.

Vista de La Terraza

Vista de la Terraza (VDLT) is a housing cooperative of forty (40) units for low-income households at 165-177 Carr Avenue. A HOME allocation of \$714,400 was allocated in FY 13-14 for rehabilitation of the dilapidated property, constructed in 1983-84. SERAF loan funds of \$500,000 was provided July 31, 2014. Prior to that, a grant of \$95,000 from SRA was allocated. The property has significant structural issues that need to be addressed. Recommended FY 2015-16 CDBG funding includes \$809,155 for the Phase II to include the stabilization of Building H (#168) and F (#167) to bring the structures into code compliance. Rehabilitation is comprised of the underpinning of both buildings with helical foundation piers as well as a new drainage system to collect and convey surface storm water to the existing storm drain system. Phase II is part of a three phase rehabilitation process.

Further, as the VDLT affordable housing development requires extensive rehabilitation and as the project is being rehabilitated as part of a three phased project, with Phase III being the final phase, staff

requests the City Council approve additional HOME funds in the amount of \$388,727 towards Phase III, contingent upon the HOME program commitment requirements being successfully achieved and upon the successful acquisition of the VDLT property and completion of the Phase I scope of work and successful completion of the Phase II scope of work.

PUBLIC FACILITIES/IMPROVEMENTS

The Public Works Department submitted two applications that are recommended for funding, the Renovation of 10 Soledad Street, and the Chinatown Renewal Street and Pedestrian Light Installation Project.

The Renovation of 10 Soledad Street Rehabilitation, design/construction, is recommended for funding this fiscal year as it is part of the City's Chinatown Renewal Project Plan, supported by the City through numerous financial investments as part of the former Salinas Redevelopment Agency. The City Council has included the Chinatown Renewal Plan as part of the City Council 2013-2015 identified priority initiatives.

The Public Facilities/Improvements projects identified in the Action Plan include:

Project	Site	Request	Recommended
City of Salinas Public Works- Building rehabilitation at 10 Soledad Street (Design/Construction)	10 Soledad Street	\$150,000	\$150,000
City of Salinas Public Works – Chinatown Renewal Street and Pedestrian Light Installation Project (Design/Construction)	Central City Redevelopment Project Area	\$547,845	\$547,845
Total		\$697,845	\$697,845

PUBLIC SERVICES AND FAIR HOUSING

For FY 2014-15, applications for CDBG Public Service funding totaled \$472,709. HUD rules limit the amount of CDBG funds available for public services based upon 15% of the annual CDBG amount. Applying the 'cap' to the estimated CDBG funding level, \$305,000 is projected for public services activities.

In 2003, the City Council established the "Public Services Funding Parameters," to provide a framework for the allocation of very limited public services dollars. The Parameters include allocating CDBG public services funds using the following categories and percentages: Senior 10%; Neighborhood Services 13%; Fair Housing 10%; and 67% Youth. Also, the City Council established a minimum funding allocation of \$10,000, beginning in FY 2014-15.

Staff reviewed all proposals received and presented a slate of recommended allocations at the April 6, 2015 City Council CDBG Subcommittee meeting. The following table describes recommended funding that combines the CDBG Subcommittee's recommendations.

Public Services Provider	Category	Request	Recommended CDBG*
Legal Services for Seniors - Fair Housing	Fair Housing	\$10,000	\$10,000
Project Sentinel	Fair Housing	\$20,000	\$20,000
Central Coast Center for Independent Living	Neigh. Serv.	\$10,000	\$10,000
Food Bank of Monterey County	Neigh. Serv.	\$15,000	\$10,000
Housing Resource Center	Neigh. Serv.	\$40,000	\$10,000
Alliance on Aging, Inc. - Ombudsman	Senior	\$10,000	\$10,000
Alliance on Aging, Inc. - Tax Services	Senior	\$10,000	\$10,000
Legal Services for Seniors - Legal Services	Senior	\$15,000	\$10,000
Legal Services for Seniors – Fair Housing	Senior	\$10,000	\$10,000
Meals on Wheels of the Salinas Valley	Senior	\$50,000	\$10,000
Boys & Girls Club	Youth	\$10,000	\$10,000
Girls Inc.	Youth	\$10,000	\$10,000
City of Salinas Breadbox Recreation Center	Youth	\$55,140	\$50,140
City of Salinas Hebbbron Family Center	Youth	\$79,169	\$64,860
Community Human Services - Super Parents	Youth	\$10,000	\$10,000
Family Service Agency – Suicide Prevention	Youth	\$10,000	\$10,000
Girl Scouts of California Central Coast	Youth	\$20,000	\$10,000
Rancho Cielo, Inc.	Youth	\$15,000	\$10,000
Salinas Area Youth Drug (Sunrise House) T C	Youth	\$10,000	\$10,000
Salinas Area Youth Drug (Sunrise House) 7 C	Youth	\$10,000	\$10,000
Second Chance Youth Program	Youth	\$20,000	\$10,000
TOTAL		\$472,709	\$305,000
*CDBG Subcommittee recommendations of April , 2015			

HOMELESS SERVICES

The City anticipates receiving \$177,842 in FY 2015-16 ESG funds, which reflects an 11% increase as compared to prior year funding. Proposals were received from the five (5) agencies currently supported with City ESG funds. However, Parker Advocacy Group (Central Coast HIV/AIDS Services) withdrew their application on April 2, 2015 realizing they would not be able to serve enough of just Salinas clients. The City Council's CDBG Subcommittee met on April 6, 2015 and prepared recommendations to the City Council for funding FY 2015-16 ESG homeless services. The Subcommittee recommended more than 100% of the funding requests from three of the four agencies. Due to the increase of funds and the withdraw of the Parker Advocacy Group application, all agencies, except Interim Inc. received more than their request to ensure the City allocates the full amount of the funds allocated by HUD to meet the needs of the community. Each agency was consulted on the needs and under which of the five categories they would be able to utilize the money prior to the subcommittee meeting. This allowed for all of the agencies to increase funding to the Homeless Management Information System (HMIS) budget. HMIS is the reporting system utilized by Homeless Services Providers. Unfortunately, due to the ESG programmatic cap of sixty percent to emergency shelter and street outreach, Interim's budget for street outreach was reduced to \$51,000 from their original request of \$69,724 to allow the other agencies (Shelter Outreach Plus and Franciscan Workers) to receive the funding they requested under Street Outreach and Emergency Shelter. Interim

did receive an additional \$2,000 in HMIS and they still received the largest allocation of ESG funds of \$53,000.

ESG funds may be spent on five categories of activities: emergency shelter, homeless prevention, street outreach, rapid re-housing, and implementation of the Homeless Management Information System (HMIS). HUD regulations include a cap of sixty percent (60%) of the total grant on two of the categories: emergency shelter and street outreach. The table below represents the CDBG Subcommittee's recommendations for funding emergency shelter applications at over 100% of their request.

ESG Services Provider	Request	CoC Approved	Recommended*
Franciscan Workers of Junipero Serra - Emergency Shelter	\$ 30,000	\$ 30,000	\$ 30,000
Franciscan Workers of Junipero Serra - HMIS	\$ 0	\$ 5,390	\$ 5,390
Housing Resource Center – Homeless Prevention	\$ 11,250	\$ 13,230	\$ 13,230
Housing Resource Center – Rapid Rehousing	\$ 26,250	\$ 30,922	\$ 30,922
Housing Resource Center – HMIS	\$ 2,500	\$ 2,920	\$ 2,920
Interim, Inc. – MCHOME - Emergency Shelter	\$ 69,724	\$ 51,000	\$ 51,000
Interim, Inc. – MCHOME - HMIS	\$ 0	\$ 2,000	\$ 2,000
Shelter Outreach Plus – Salinas I-Help Program - Emergency Shelter	\$ 25,000	\$ 25,000	\$ 25,000
Shelter Outreach Plus – Salinas I-Help Program - HMIS	\$ 0	\$ 4,380	\$ 4,380
City of Salinas – Administration (7.5% of cap)	\$ 13,000	\$ 13,000	\$ 13,000
TOTAL	\$ 177,724	\$ 177,842	\$ 177,842
*CDBG Subcommittee's recommendation of April 6, 2015 and staff recommendation to reflect correct categories within 60% cap on emergency shelter and street outreach.			

ECONOMIC DEVELOPMENT

The City has not allocated CDBG funds for economic development activities until recently. In the fall 2013 round of supplemental CDBG funding for the FY 2013-14 program, the City received an application from the University Corporation of California State University Monterey Bay (CSUMB) for microenterprise technical assistance provided at the Small Business Development Center (SBDC) in downtown Salinas. The University Corporation submitted an FY 15-16 application for the SBDC to continue offering microenterprise technical assistance to Salinas residents and microenterprises. The proposed program of individualized counseling for low-moderate microenterprise businesses or potential low-moderate microenterprise businesses is recommended for FY 2015-16 CDBG funding of \$67,449.

RELOCATION AND CONTINGENCY

CDBG and HOME funding in the amount of \$1,625 is proposed for FY 2015-16 potential contingencies, program changes, cost overruns and relocation costs. No contingency is proposed for ESG as all funds are to be used within the program year. Such contingency funds are not spent without first transferring the relevant appropriation to a Council-approved project or activity.

REVISIONS TO ESG AND CDBG PUBLIC SERVICES FUNDING PARAMETERS

In November 2003, the City Council implemented a CDBG public services fund allocation process which established funding parameters for the allocation of public services funding. From time to time, the City Council has amended the funding parameters.

At the City Council's CDBG Subcommittee meeting of April 6, 2015, the Subcommittee first reviewed and recommended changes to Public Services parameters that are reflected in the attached "Funding Parameters FY 15-16" by *italics* and ~~strikethroughs~~ for changes. For Public Services, the Subcommittee recommended changes to specifically include eligibility of funding for City programs or City-sponsored organizations, and that there be some flexibility in public services allocations based on overall funding percentages [*Youth (67%), neighborhood services (13%), senior services (10%) and fair housing activities (10%)*] as loose guidelines. The Subcommittee recommended no changes to the ESG parameters.

ISSUE:

Shall the City Council approve:

- 1) the FY2015-2019 Consolidated Plan;
- 2) the Analysis of Impediments to Fair Housing Choice;
- 3) the Alisal Neighborhood Revitalization Strategy Area; and
- 4) the FY2015-16 Action Plan governing the use of HUD entitlement grant funds and associated revenues to be received in the coming fiscal year and updates to the Funding Parameters for Public Services and ESG?

And direct staff to submit the FY 2015-2019 Consolidated Plan, Analysis of Impediments to Fair Housing Choice, Alisal Neighborhood Revitalization Strategy Area, and the FY 2015-2016 Action Plan to HUD. The Updates to the Funding Parameters will be included in the FY 16-17 Action Plan process.

COMMISSION, COMMITTEE, COUNCIL SUBCOMMITTEE RECOMMENDATIONS:

A key part of the process for considering the various HUD-related documents and plans is the review by the City Council CDBG Subcommittee (Mayor Gunter and Councilmembers McShane and Lutes.) A duly noticed CDBG Subcommittee meeting was held on Monday, April 6, 2015, at 3:30 pm, whereby the public and applicants could comment on staff recommendations and proposals. The CDBG Subcommittee's recommendations are reflected in this staff report and in the documents themselves.

Immediately following the CDBG Subcommittee meeting on April 6, 2015, the Housing Subcommittee (Mayor Gunter and Councilmembers De La Rosa and Lutes.) met in a duly noticed public meeting to discuss proposed allocations of CDBG, HOME and Housing Successor Agency (HSA) funds for FY 15-16, as well as other housing-related initiatives. Again, opportunities were provided for public comment and the Subcommittee's recommendations are reflected in this staff report and the attached documents.

FISCAL IMPACT:

HUD programs such as CDBG return federal tax dollars to the community. An updated ConPlan is a prerequisite to continued HUD funding for the City and failure to submit an acceptable document will jeopardize the variety of activities scheduled to receive financial support from the HUD grants. While a General Fund contribution of \$123,600 would be required to support the HUD programs in FY 15-16, this year's ACTION PLAN allocates \$4,319,997 of Federal tax dollars that are being returned to the community.

TIME CONSIDERATIONS:

HUD has 45 days from receipt to consider the City's Consolidated Plan and ACTION PLAN. Therefore, the target date for submittal is May 17, 2015 (45 days from the start of the new program year on July 1, 2015). Any later submission could jeopardize the City's receipt of HUD funding for FY 2015-16.

ALTERNATIVES/IMPLICATIONS:

Subject to the underlying HUD regulations, Council may direct staff to modify any portion of the ConPlan, the AI, the ANRSA, and the FY15-16 Action Plan or provide other direction to staff.

CITY COUNCIL GOALS:

The CDBG, HOME, and ESG funding received by the City allows the undertaking of a variety of programs that are instrumental in providing affordable housing, providing homeless and homelessness prevention services, improving public facilities, making infrastructure improvements in lower income areas, and furthering partnerships with public service organizations addressing the human service needs of the City's low-income, elderly, and special needs communities. The funding and its implementation supports activities and projects that implement all of the City Council's strategic goals: 1) Economic Diversity and Prosperity; 2) Safe, Livable Community; 3) Effective, Sustainable Government; 4) Excellent Infrastructure; and 5) Quality of Life.

CONCLUSIONS:

Following the public hearing, Council will consider a resolution approving the ConPlan, AI, ANRSA, and FY2015-16 Action Plan and the FY 15-16 Funding Parameters. Council will direct staff to submit the FY 2015-2019 Consolidated Plan, Analysis of Impediments to Fair Housing Choice, Alisal Neighborhood Revitalization Strategy Area, and the FY 2015-2016 Action Plan to HUD. The Updates to the Funding Parameters will be included in the FY 16-17 Action Plan process.

Distribution:

City Council
City Manager
City Attorney
Department Directors

Back Up Pages:

Draft FY2015-2019 Consolidated Plan
Draft Analysis of Impediments to Fair Housing Choice
Draft Alisal Neighborhood Revitalization Strategy Area
Draft FY2015-2016 Action Plan
City Council Resolution
Funding parameters FY 15-16

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