



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: AUGUST 4, 2020

DEPARTMENT: COMMUNITY DEVELOPMENT DEPARTMENT

FROM: MEGAN HUNTER, COMMUNITY DEVELOPMENT DIRECTOR

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TITLE: UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FY 2020-2024 CONSOLIDATED PLAN, FY 2020-2021 ANNUAL ACTION PLAN AND ALISAL NEIGHBORHOOD REVITALIZATION STRATEGY AREA

RECOMMENDED MOTION:

It is recommended that the City Council approve a Resolution approving the United States Department of Housing and Urban Development (HUD) Fiscal Year (FY) 2020-2024 Consolidated Plan (Con Plan), FY 2020-2021 Annual Action Plan (AAP), Alisal Neighborhood Revitalization Strategy Area (ANRSA) and authorize submittal to HUD.

RECOMMENDATION:

The Community Development Department recommends that City Council approve the HUD FY 2020-2024 Con Plan, FY 2020-2021 AAP, ANRSA and authorize submittal to HUD.

EXECUTIVE SUMMARY:

The City of Salinas (City) has effectively administered HUD programs for over thirty-five (35) years. The City currently administers three federal HUD entitlement programs; 1) Community Development Block Grant (CDBG), 2) HOME Investment Partnerships Program (HOME), and 3) Emergency Solutions Grants (ESG) which has assisted and improved numerous low and moderate-income households and neighborhoods in Salinas. In order for the City to remain eligible to receive CDBG, HOME and ESG funding, the City must prepare and submit a FY 2020-2024 Con Plan and FY 2020-2021 AAP to HUD for approval. In addition, the City is also updating the ANRSA concurrently with the FY 2020-24 Con Plan and FY 2020-2021 AAP. The ANRSA will provide a valuable tool by allowing greater flexibility of HUD funding to be utilized in a specific targeted geographic area.

BACKGROUND:

As required by the City's HUD approved Citizen Participation Plan (CPP), citizens must be provided with a reasonable opportunity to participate in an advisory role in planning, implementing and assessing programs and proposals. The City's HUD approved CPP sets forth policies and procedures to provide for and encourage participation by the residents of the City in the development of the City's FY 2020-2024 Con Plan, FY 2020-2021 AAP and ANRSA. In

accordance with the City’s HUD approved CPP, the following table below summarizes the measures taken to encourage and involve the public throughout the planning and development process of the FY 2020-2024 Con Plan, FY 2020-2021 AAP and ANRSA.

FY 2020-2024 Con Plan, FY 2020-2021 AAP and ANRSA Public Participation Summary	
Activity	Time Period
Bilingual (English and Spanish) Survey	October 22, 2019 – April 16, 2020
Community Meeting #1 – Cesar Chavez Library	January 22, 2020
Community Meeting #2 – City Hall	January 23, 2020
8 Community Outreach Events – Various Locations	February 19, 2020 – March 6, 2020
CDBG/Housing Committee – Public Meeting	January 28, 2020
CDBG/Housing Committee – Public Meeting	March 10, 2020
*Housing and Land Use Committee – Public Meeting	June 16, 2020
**Public Review and Comment Period - Started	June 27, 2020
Salinas Californian Newspaper Public Notice Published	June 27, 2020
El Sol Newspaper Public Notice Published	June 27, 2020
***City Hall, City Permit Center, City Libraries and City Website Postings of Public Notice	June 27, 2020
City NOFA/Distribution List Public Notice Notification	June 27, 2020
City Council – Public Hearing	August 4, 2020
**Public Review and Comment Period – End	August 4, 2020

**Formerly CDBG/Housing Committee*

***HUD required minimum thirty (30) day public review and comment period*

****Draft documents of FY 2020-2024 Con Plan, FY 2020-2021 AAP and ANRSA were made available at these locations*

DISCUSSION:

FY 2020-2024 Consolidated Plan

The City is currently operating under its HUD approved FY 2015-2019 Con Plan which covers the period of July 1, 2015 through June 30, 2020 which was approved by City Council in May 2015. The FY 2020-2024 Con Plan covers the period of July 1, 2020 through June 30, 2025 and identifies the housing and community development needs in the City and sets forth a five-year strategic plan for addressing the identified needs within the context of HUD entitlement CDBG, HOME and ESG funding. The FY 2020-2024 Con Plan also satisfies the minimum statutory

requirements for CDBG, HOME and ESG. The FY 2020-2024 Con Plan serves as the official application to HUD for CDBG, HOME and ESG and includes the first year FY 2020-2021 AAP which covers the period of July 1, 2020 through June 30, 2021. The FY 2020-2024 Con Plan was developed from a coordinated and robust outreach effort to engage the community regarding housing and community development 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.

Goals and priorities for the FY 2020-2024 Con Plan were based off of the following factors; 1) HUD activity eligibility, 2) community input and 3) City planning efforts which include:

- Salinas Plan
- Economic Development Element
- Chinatown Revitalization Plan
- Alisal Vibrancy Plan
- Parks, Recreation & Libraries Master Plan
- Regional Analysis of Impediments to Fair Housing Choice

FY 2020-2021 Annual Action Plan (AAP)

The FY 2020-2021 AAP describes proposed activities, projects, programs and funding amounts to be implemented with HUD CDBG, HOME and ESG from July 1, 2020 to June 30, 2021. The FY 2020-2021 AAP goals, priorities and proposed activities must be in alignment with the FY 2020-2024 Con Plan. The City issues a competitive Notice of Funding Availability (NOFA) application annually for CDBG, HOME and ESG programs. CDBG, HOME and ESG NOFA applications go through a competitive rating and ranking process. CDBG non-public services activities and HOME activities are competitively ranked on a one-year funding cycle. The most critical standard for rating and ranking HOME NOFA applications is activity eligibility and project readiness. CDBG and ESG public services activities are competitively ranked on a two-year funding cycle. FY 2020-2021 is the first year of a two-year funding cycle for CDBG and ESG public services activities. CDBG and ESG public services agencies funded in FY 2020-2021 that demonstrate satisfactory performance during the program year, will be automatically renewed for FY 2021-2022.

The FY 2020-2021 AAP includes estimated HUD allocations and Program Income (PI) in the amount of \$2,024,219 (CDBG); \$50,000 (CDBG PI); \$803,851 (HOME); \$552,868 (HOME PI) and \$179,001 (ESG). The tables below summarize staff recommendations for the proposed FY 2020-2021 AAP activities, agencies and funding allocations for CDBG, HOME and ESG. To see the full list of agencies that applied for FY 2020-2021 CDBG, HOME and ESG funding see attachment No. 3 entitled “FY 2020-2021 Annual Action Plan Staff Funding Recommendations”.

FY 2020-2021 Community Development Block Grant Funding Recommendations		
Agency	Activity	Staff Recommendation
City of Salinas Housing Division	Program Administration (20%)	\$414,843
City of Salinas Housing Division	Program Delivery	\$143,122
City of Salinas Housing Division	Housing Services Program	\$50,000
City of Salinas Plan and Project Implementation Division	Grow Salinas Fund	\$202,621
City of Salinas Recreation and Community Services Department	Sherwood Recreation Center – Phase 4	\$728,633
Interim, Inc.	Sun Rose Apartments	\$500,000
Girl Scouts of California	Girl Scouts Alisal Program Center	\$35,000
	Total Funding Recommendations	\$2,074,219

FY 2020-2021 HOME Investment Partnerships Program Funding Recommendations		
Agency	Activity	Staff Recommendation
City of Salinas Housing Division	Program Administration (25%)	\$339,179
City of Salinas Housing Division	Program Delivery	\$60,000
Monterey County Housing Authority Development Corporation	Parkside Apartments – Phase 1	\$600,000
Future Agency To Be Determined	Future Activity To Be Determined	\$357,540
	Total Funding Recommendations	\$1,356,719

FY 2020-2021 Emergency Solutions Grants Funding Recommendations		
Agency	Activity	Staff Recommendation
City of Salinas Housing Division	Program Administration (7.5%)	\$13,425
City of Salinas Housing Division	Street Outreach Program	\$79,000
Central Coast Center for Independent Living (CCCIL)	CCCIL Rapid Re-Housing and Homeless Prevention Program	\$55,176
Community Homeless Solutions	Salinas Warming Shelter and Trailers Operations	\$31,400
	Total Funding Recommendations	\$179,001

Alisal Neighborhood Revitalization Strategy Area (ANRSA)

Under CDBG, HUD offers a special tool to deliver focused revitalization activities through Neighborhood Revitalization Strategy Area (NRSA) regulations. Typically, expenditure of CDBG funds must meet strict eligibility and record keeping requirements. In order to be designated as a NRSA, the targeted neighborhood must be a contiguous area and primarily residential. The area must also contain at least fifty-one (51) percent of low and moderate-income (LMI) households. Communities with approved NRSA's are offered enhanced flexibility in undertaking economic development, housing, and public services activities with CDBG funds within the NRSA. This flexibility is designed to promote innovative programs in economically disadvantaged areas of the community. The City's ANRSA was last updated in 2015. As a result, the City is also updating its ANRSA concurrently with the FY 2020-2024 Con Plan. The ANRSA goals, strategies, objectives and performance measures were based off of the following factors; 1) HUD activity eligibility, 2) community input and 3) goals and priorities of the Alisal Vibrancy Plan. In addition, the benefits of a HUD approved ANRSA include:

- The City may classify job creation and retention efforts focused on the targeted neighborhood as meeting the low and moderate-income area (LMA) benefit national objective requirement.
 - Businesses that receive such assistance do not need to track the specific income of newly hired employees. This provision reduces the administrative burden to businesses and is intended to provide an incentive for job creation and retention requirements.
- The City is allowed to aggregate housing units for which CDBG funds were obligated during each program year and treat them as a single structure.

- At least fifty-one (51) percent of total number of units must be occupied by LMI households. This permits greater flexibility in applying the LMI housing national objective criteria for the housing category, instead of qualifying on a per unit basis.
- Economic development activities carried out in the ANRSA may be excluded from the “aggregate public benefit” standards. This reduces recordkeeping requirements. This affords greater flexibility in selecting and implementing economic development activities and reduces the amount and scope of information that must be collected and documented.
- All public services offered within the ANRSA and carried out as part of qualified projects under the ANRSA by a Community Based Development Organization (CBDO) are exempt from the fifteen (15) percent public services “cap.” This permits the City to offer a more intensive level of public services within a targeted neighborhood, as needed to stimulate revitalization.

CEQA CONSIDERATION:

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

This agenda item is in alignment with the following City Council strategic goals:

- Investment Strategy/Risk Management
- New Revenue
- Operational Efficiencies
- Public Safety

DEPARTMENT COORDINATION:

This agenda item is solely administered by the City’s Community Development Department Housing Division. However, other City departments and divisions that contributed with their staff time and resources included Finance, Legal, Recreation and Community Services and Plan and Project Implementation. The Housing Division also coordinated with HUD.

Department/ Division	Contribution
Finance	Assists in helping manage expenditures related to HUD grant contracts.
Legal	Provides legal guidance on all contracts and legal documents related to this agenda item.
Recreation & Community Services	Assist in helping facilitate and manage certain HUD Capital Improvement Projects (CIPs) related to parks and community facilities.
Plan & Project Implementation	Assist in helping facilitate and manage certain HUD economic development activities.

FISCAL AND SUSTAINABILITY IMPACT:

By City Council approving this agenda item, it is estimated that the City would be eligible to receive a total of \$10,000,000 (CDBG), \$4,000,000 (HOME) and \$900,000 (ESG) of HUD funding allocations during the FY 2020-2024 Con Plan period. No General Fund impact is associated with this agenda item.

ATTACHMENTS:

1. Resolution
2. FY 2020-2024 Consolidated Plan (includes FY 2020-2021 Annual Action Plan)
3. FY 2020-2021 Annual Action Plan Staff Funding Recommendations
4. Alisal Neighborhood Revitalization Strategy Area