



## **CITY OF SALINAS COUNCIL STAFF REPORT**

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**DATE:** September 19, 2017

**DEPARTMENT:** COMMUNITY DEVELOPMENT

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

**TITLE:** Submission of Consolidated Annual Performance and Evaluation Report (CAPER) for 2016-2017 to U.S. Department of Housing and Urban Development (HUD); Substantial Amendment for Additional FY 17-18 Entitlement, Emergency Solutions Grant (ESG) Funding Allocation; HUD Substantial Amendment for Community Development Block Grant (CDBG) FY 2016-2017 and FY 2017-2018 Annual Action Plans (AAP); and Amendment to the City's HUD Citizen Participation Plan (CPP)

### **RECOMMENDED MOTION:**

Staff recommends that the City Council approve the following items included in the two attached Resolutions:

1. Approve a Resolution for the submission of the FY 2016-2017 CAPER to HUD; and
2. Approve a Resolution for the following items:
  - HUD Substantial Amendment for additional FY 2017-2018 Entitlement, Emergency Solutions Grant (ESG) Funding Allocation; and
  - HUD Substantial Amendment to the FY 2016-17 and FY 2017-18 Annual Action Plans (AAP) for Community Development Block Grant (CDBG); and
  - Amendment to the City's HUD Citizen Participation Plan (CPP).

### **RECOMMENDATION:**

Staff recommends that the City Council approve two Resolutions approving the following items:

1. Submission of the Consolidated Annual Performance and Evaluation Report (CAPER) to the United States Department of Housing and Urban Development (HUD) by September 28, 2017; and
2. HUD Substantial Amendment for Additional FY 2017-2018 Entitlement, Emergency Solutions Grant (ESG) Funding Allocation; and
3. HUD Substantial Amendment to the FY 2016-17 and FY 2017-18 Annual Action Plans (AAP) for Community Development Block Grant (CDBG); and
4. Amendment to the City's HUD Citizen Participation Plan (CPP).

Staff recommends City Council conduct a public hearing at this City Council Meeting to allow the public to provide input on the FY 2016-2017 CAPER, HUD Substantial Amendment (Amendment) for the FY 2017-2018 additional ESG funds, Amendment to the FY 2016-2017 and FY 2017-2018 Annual Action Plans (AAP) for CDBG and amendment to the Citizen Participation Plan (CPP).

## EXECUTIVE SUMMARY:

### CAPER

The City is required to submit the Consolidated Annual Performance and Evaluation Report (CAPER) to the United States Department of Housing and Urban Development (HUD) by September 26, 2017. The CAPER is an annual report required by HUD to detail the spending of HUD funding on an annual basis, including HOME, CDBG and ESG.

### SUBSTANTIAL AMENDMENTS

#### **FY 2017-2018 Substantial Amendment: Additional Entitlement ESG funding**

The City Council approved the HUD AAP for FY 2017-2018 funding, including Entitlement<sup>1</sup>, ESG funds in the amount of \$173,179 on May 2, 2017. On June 30, 2017, the HUD San Francisco office notified the City that additional Entitlement, ESG funding was available to the City in the amount of \$274,641. This additional funding is available to assist homeless residents throughout Monterey County.

If approved, the City will move forward with a Request for Proposal (RFP) to solicit proposals from qualified non-profit agencies for the unspent funds for Street Outreach/Engagement and Housing Navigation to Rapidly Rehouse people experiencing homelessness. This program will lead the effort to end homelessness through targeted efforts and following HUD best practices. The Housing Program combines street outreach/engagement and housing navigation to rapidly re-house those experiencing homelessness.

On July 5, 2017, HUD allocated an additional \$274,641 of ESG entitlement funding to the City for FY 2017-2018 (July 1, 2017 – June 30, 2018). The original FY 2017-2018 ESG entitlement funding allocated to the City was \$173,179. The total amount of ESG entitlement funding for FY 2017-2018 is now \$447,820 (\$173,179 - original allocation plus \$274,641 - additional allocation). Due to the additional funding, the City needed to amend the Action Plan to include additional funds for programming.

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<sup>1</sup> The City of Salinas is allocated Entitlement ESG funds directly from HUD. The City also receives State ESG funds. Funds received directly from HUD are referred to as “Entitlement” ESG funds.

**FY 2016-2017 and FY 2017-2018 Substantial Amendment:** Unspent CDBG Funds-  
Reprogramming Recommendation

The AAP for HUD FY 2016-2017 funding was approved on May 3, 2016 and Rebuilding Together –Monterey/Salinas (RTMS) received an allocation of \$40,000. Due to organizational capacity issues, RTMS spent only \$2,030 of their full allocation. The City also allocated \$40,000 in FY 17-18, as an automatic renewal in the second year of the two-year funding cycle. Rather than renewing funding, staff recommends that funds are discontinued due to lack of performance in FY 16-17. Therefore, it is recommended that Program funds in the amount of \$37,970 from FY 2016-2017 and \$40,000 from FY 2017-2018 are deallocated from RTMS. Staff is also recommending that City Council reallocate the RTMS CDBG Activity Delivery funds in the amount of \$4,443.61 from FY 2016-2017 and \$4,000 from FY 2017-2018. Activity Delivery for Grid Alternatives (GRID) will be \$2,413.61 and the remaining Activity Delivery of \$6,030 will be reallocated to the program through this Amendment process.

The public demand and need for the GRID Solar Program greatly outweighs the existing available resources. Adding photovoltaic solar panels to low-income households within Salinas at no cost to the homeowner is a great benefit to achieving overall energy efficiency and reducing housing costs. GRID has shown operational efficiency by increasing their overall production with the same level of funding. For FY 2015-2016 GRID served 10 households and for FY 2016-2017, a total of 15 households were served with the same level of funding. GRID also expressed to the City that they can utilize additional future CDBG funding within the HUD timeliness ratio requirements and bring additional services to more Salinas low-income households. Additional funding to GRID will remain within the same rehabilitation CDBG category as the RTMS funding.

<b>FY 16-17 RTMS Allocation</b>  Program: \$40,000  Activity Delivery \$6,000	<b>Unspent funds:</b>  Program: \$37,970  Activity Delivery: \$4,443.61  <i><b>Total Unspent: 42,413.61</b></i>	<b>FY16-17 Reprogrammed Funds to Grid Alternatives</b>  <i><b>Total Program Funds: \$40,000.00</b></i>  <i><b>Activity Delivery: \$2,413.61</b></i>
<b>FY 17-18 RTMS Allocation</b>  Program: \$40,000  Activity Delivery: \$4,000	<b>Unspent: \$40,000</b>  Activity Delivery: \$4,000  <i><b>Total Unspent: \$44,000.00</b></i>	<b>FY 17-18 Reprogrammed Funds to Grid Alternatives</b>  <i><b>Total Program Funds: \$44,000.00</b></i>
	<b>Total Unspent Funds: \$86,413.61</b>	<b>Total Reprogrammed Funds: \$86,413.61</b>

## **Amendment to the Citizen Participation Plan**

The City is amending the Citizen Participation Plan. The City recently amended its CPP on May 2, 2017. However, the CPP is being further amended to streamline the overall public hearing process by adding two (2) public hearings annually during the AAP process and not requiring a public hearing during the CAPER. In FY 2017-2018, the City held two public hearings during the Action Plan period to introduce projects to the Council and public prior to adopting the Action Plan. This proposed change will allow people to have more participation and public comment when it is needed on proposed projects before the Action Plan is finalized.

### **BACKGROUND:**

The City of Salinas (City), as an entitlement community for the Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME) and Emergency Solutions Grant (ESG). As an Entitlement grantee, the City is required by HUD to submit a CAPER describing the activities undertaken for each of the federal grant programs. The fiscal year FY 2016-2017 (July 1, 2016 – June 30, 2017) CAPER evaluates the City's progress in carrying out the goals and objectives of the adopted Five Year 2015-2019 Consolidated Plan (Con Plan). The City of Salinas used the e-Con Plan software when preparing the 2015-2019 Con Plan that was adopted by City Council on May 12, 2015. However, to become familiar with the type of data and analysis that will be required for the new format of the CAPER, this CAPER mirrors the requirements of the e-ConPlan software.

### **DISCUSSION:**

#### **CAPER and Public Hearing**

The City of Salinas has prepared a draft FY 2016-2017 (July 1, 2016 – June 30, 2017) CAPER for submittal to HUD. The CAPER discusses the City's use of CDBG, HOME, and ESG funds. The CAPER is a one-year plan which describes the eligible projects, programs and activities that were undertaken with CDBG, HOME and ESG funds during FY 2016-17 and their relationship to priority housing, homeless and community development needs of the City of Salinas. The CAPER assesses the City's activities and accomplishments in relation to the 2015-2019 Con Plan and the FY 2016-17 AAP. The purpose of the CAPER is to show how the City has carried out its HUD-funded activities in accordance with the applicable regulations and the priorities identified in the Con Plan.

The public was invited to comment on the City's performance with regard to CDBG, HOME, and ESG programs. A draft CAPER and draft CPP was released to the public on August 19, 2017. HUD only requires a minimum 15-day CAPER public comment period but the City allowed a full 30-day comment period from August 19, 2017 to September 19, 2017. Today's public hearing provides an opportunity for the public to advise the City Council with comments regarding the City's use of these HUD grant funds during FY 2016-2017 and provide input on spending of HUD funds. A summary of any public comments received at today's hearing will be included in the CAPER prior to submittal to HUD (due September 26, 2017).

The CAPER is due to HUD no later than 90 days after the end of the City's fiscal year. This year, the CAPER is due to HUD on September 26, 2017. The CAPER provides HUD with the required information detailing the City's performance on spending grant funds during FY 2016-2017. The City was awarded \$1,923,629 of CDBG, \$590,679 of HOME funds and \$178,203 of ESG funds in FY 2016-2017. HUD reviews the CAPER for completeness and provides the City comments.

The CPP was published on the City's website and made available at the three City libraries, the City Clerk office and the Community Development Department.

### **Substantial Amendments for CDBG and ESG Additional Allocation**

Through an Amendment, the additional ESG funding will be updated in the FY 2017-2018 AAP. The AAP describes the proposed activities to be implemented with FY 2017-2018 HUD federal entitlement CDBG, HOME, ESG and includes HCD ESG funds. The AAP is a one-year plan which describes the eligible programs, projects and activities to be undertaken with funds expected during FY 2017-2018 and their relationship to the priority housing, homeless and community development needs of the City of Salinas.

The City had already planned the ESG funding of \$173,179 as part of the 2017-2018 AAP in May, prior to receiving additional funding in July. The additional \$274,641 will be programmed as follows: The City plans on soliciting proposals from qualified non-profit agencies to implement a street outreach/engagement and housing navigation team to permanently house persons experiencing homelessness and living on the streets of Salinas. These ESG funds may be used to house people within all of Monterey County. When released, the RFP can be accessed on the City's website: [www.cityofsalinas.org](http://www.cityofsalinas.org). The RFP will be released in 2017 after City Council approval of the proposed increase of ESG funds and their usage.

City proposes to deallocate Rebuilding Together –Monterey/Salinas (RTMS) CDBG funds in the amount of \$37,970 from FY 2016-2017 and \$40,000 from FY 2017-2018 through this Amendment process. In addition, the City plans to deallocate RTMS CDBG Activity Delivery funds in the amount of \$4,443 from FY 2016-2017 and \$4,000 from FY 2017-2018. As a result, the City plans to reallocate CDBG funds in the amount of \$84,000 from RTMS to GRID for FY 2017-2018. The City also plans to reallocate CDBG Activity Delivery funds for \$2,413 from RTMS to GRID Activity Delivery for FY 2017-2018. The additional GRID funding will be updated in the FY 2017-2018 AAP.

### **Amendment to HUD Citizen Participation Plan**

The CPP sets forth policies and procedures as required by HUD in order to provide for and encourage participation by residents of Salinas in the development of the housing planning documents such as the City's Con Plan, AAP, and Assessment of Fair Housing (AFH). The City recently amended its CPP on May 2, 2017. However, the CPP will be further amended in order to streamline the overall public hearing process by adding two (2) public hearings annually during the AAP and not requiring a public hearing during the CAPER.

### **ANALYSIS**

This section summarizes the lengthier CAPER report with brief accounts of the more important activities, accomplishments and concerns of the reporting period. For clarity, this section is divided into three parts: Housing, Community Development, and Grants Administration

## HOUSING

The City uses HOME grant funds for housing activities that expand the supply of decent, safe, sanitary and affordable housing. The bulk of housing development funds are passed through to subrecipients such as the Monterey County Housing Authority Development Corporation (MCHADC), Community Housing Improvement Systems and Planning Association, Inc. (CHISPA), Interim, Inc., and Mid-Peninsula Housing Inc. (MidPen). Organizations use these funds to fill in financing gaps in multi-million-dollar affordable housing projects.

**Affordable Housing Multi-Family and Single-Family:** HOME funds were previously provided to CHISPA to acquire and rehabilitate the 40-unit dilapidated Vista de la Terraza (VDLT) project for lower income families. For FY 2016-2017, additional HOME funds in the amount of \$49,590 for the rehabilitation of an accessible unit and \$100,000 for extensive termite work in Phase I and Phase II. The City also funded the MCHADC Haciendas III 50-unit project with \$640,476 of HOME funds.

In addition, the City continued to operate its housing rehabilitation programs (Housing Rehabilitation Direct and Deferred Loans, Housing Accessibility Assistance (HAA) Grants, Lead Based Paint Grants, RTMS and Grid which benefited a total of 19 households in FY 2016-2017. A total of three (3) households were assisted under the Housing Rehabilitation Direct and Deferred Loan program in which two (2) of the households received a lead based paint grant and HAA grant. Grid completed fifteen (15) owner occupied housing rehabilitation projects providing solar upgrades to low-income households. RTMS completed one (1) owner occupied housing rehabilitation project to a low-income household.

**Affordable Housing Projects:** The following are ongoing projects funded either in prior fiscal years or this period:

Subrecipient/ Project Name	CDBG (C) or HOME (H) Total Funding	Description / Target Population	Type	Total # of Units*	Anticipated Completion Date
MCHADC/ Haciendas III	H-\$640,476	New construction, multi-family residential low- income project.	Rental	50	Currently under construction, proposed to be completed in 2018
MCHADC/ Haciendas IV (Seniors)	H-\$350,000	New construction, multi-family residential low- income senior project.	Rental	41	Project completed in 2016; City closed out project in 2017

CHISPA/ Vista De La Terraza (VDLT)	H-\$49,590 H-\$100,000	Multi-family residential low- income rehabilitation project.	Rental	40	Project approximately 60% complete
MidPen/ 21 Soledad St.	C-\$400,000	New construction, multi-family residential low- income project	Rental	90	Pending TCAC approval. Funds to be used for soil remediation measures prior to construction

\*Column reflects total project units and not assisted units.

During FY 2016-2017, Housing Division staff worked on VDLT, Haciendas III and Haciendas IV (Seniors) affordable housing projects as staff assisted with earmarking and approving funding for these projects and the close out of Haciendas Seniors. Staff also reviewed and continues to monitor the work with MidPen on the funding and design of the 21 Soledad Street, Chinatown affordable housing project. MidPen also recently was approved for \$2.5 million in grant funds from the Central California Alliance for Health. This grant entails partnering with the County Health Department, specifically through their Whole Person Care Pilot and dedicating 20 units to High Utilizers of the health care system.

Housing Division staff continues to process all the loan servicing functions of the City's loan (multifamily and single-family units) portfolio (HOME, CDBG, NSP, FTHB and HSA/SERAF) using City Data Services (CDS). Tasks include, but are not limited to; an annual affidavit process, annual income re-certifications, monthly payments/receipts, property inspections, residual receipts, loan subordinations/payoffs inquiries, preparation of title/escrow documentation resales.

## **COMMUNITY DEVELOPMENT**

### **Public Services:**

#### **CDBG**

In addition to housing activities, CDBG funds support activities designed to improve the quality of life of our residents, particularly those of lower income. CDBG funding supported grants to 15 non-profit agency programs totaling \$285,844 for public services activities that address the needs of the elderly, of youth, the disabled and other important segments of our community.

#### **ESG**

The City received ESG funds for homeless and homeless prevention activities. ESG funds totaled \$178,203 in FY 2016-2017. Funds were awarded in FY 2016-2017 to Interim Inc., Franciscan Workers of Junipero Serra, and Housing Resource Center of Monterey County.

**Section 108 Loan Pool:** On December 11, 2012, Council approved the First Amendment to the FY 2010-2015 Con Plan, to allow the City to submit an application to HUD that would establish

a Section 108 Guaranteed Loan Pool. With the Section 108 program, the City has the ability to access up to five times its annual CDBG allocation, or approximately \$9,390,000 based on the City's 2012 allocation as additional loan funding that is guaranteed through the HUD CDBG program. The funds will be loaned to CDBG-eligible projects at a low interest rate and a maximum twenty-year repayment term. The City submitted its Section 108 application on December 27, 2012, with a list of specific projects. National Development Corporation (NDC) and City staff have worked to provide additional information requested by HUD headquarters in Washington, D.C. to meet CDBG eligibility under Economic Development. Although HUD approval was not announced during FY 2012-2013, the City was ready to proceed with financing urgent projects in FY 2013-2014 as soon as approval was secured.

The City was able to commit and began the Industrial Waste Water Conveyance System Improvements Project (IWWCS) in 2014 and received written determination for the proposed use of Guaranteed Loan Funds from HUD in May 2014. The City of Salinas utilized \$4.0 million of its approved \$9.39 million HUD 108 Loan Fund to fund the replacement of a waste water conveyance system for industrial agricultural businesses which rely for their water needs. The NEPA and CEQA environmental review were completed, and the project has since been completed. The City finalized the job retention requirements with HUD numbers with local businesses this year.

The IWWCS consisted of the following CDBG eligible activity and national objective.

CDBG Eligible Activity: 24 CFR 570.703 (l) – acquisition, construction, reconstruction, rehabilitation or installation of public facilities (except for buildings for the general conduct of government), public streets, sidewalks, and other site improvements and public utilities.

CDBG National Objective: 24 CFR 570.208 (a)(4) Retention of Jobs Filled by Low- and/or Moderate-income Persons.

There are two common methodologies to document job creation/retention. Below are the two methodologies that could be utilized for the IWWCS.

<b>Methodology 1</b>	<b>Methodology 2</b>
Per job cost is less than \$10,000 of CDBG/Section funds expended for a public facility/improvement created by more than one business under 570.208(a)(4)(vi)(F)(1).	Per job cost is \$10,000 or more of CDBG/Section funds expended for public facility/improvement created by more than one business under 570.208(a)(4)(vi)(F)(2).
<b>Summary</b>	<b>Summary</b>
This requirement may be met by aggregation of jobs created/retained by those businesses for which the facility/improvement is principally undertaken.	<p>This requirement must be met by aggregation of jobs created/retained by all the businesses in the service area benefitting from the development of the public facility/improvement.</p> <p>Such an assisted activity must comply with 570.209 (b) – “Standards for evaluating public benefit.” This requirement includes</p>



	standards for individual activities (\$50,000/job) and standards for activities in the aggregate (\$35,000/job).  This \$10,000 or more requirement is applicable based on the date the activity is included in the city's action plan under Part 91 and the completion of the facility/improvement.
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Since the City of Salinas' 2015-2019 Con Plan included the Section 108 activity, the project needs to, at least, meet basic public benefit requirements specified in 24 CFR 570.209. In general, this would be the creation/retention of 1 job per \$50,000 per specific activity or 1 job per \$35,000 on an aggregate basis.

In consultation with area businesses it was determined that documenting retained employees through their residence would be less intrusive while meeting HUD requirements. Employees living in census tracts and block numbering areas with at least 70% of those households at or below 80% of area median incomes are deemed to be low- and/or moderate-income by definition. The City created a mapping tool that would allow businesses to map the residence for their employees and determine the eligibility of that address as meeting this presumed benefit standard. The job creation/retention approach was confirmed by Hugh Allen, Deputy Director of Financial Management Division of HUD, in December 2016. Employers were provided an excel database with ALL census tracts and addresses that meet HUD's presumed benefit standard. Employers mapped each employee's home address to determine if the household met the presumed benefit criteria, in which the job and full-time employee (FTE) status was then noted in the excel database. All eligible jobs were then converted to FTE status and added within the excel database in order to document the City had met all of the job creation/retention requirements. A copy of the job creation/retention instructions and mapping tool along with prior reports are included in the project file.

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<b>Project Name</b>	<b>FY 16-17 Funding</b>	<b>Description</b>	<b>Anticipated Completion Date</b>
City of Salinas, Public Works Department -Old Municipal Swimming Pool Building Retrofit Phase I /Phase II	\$667,060	The work for Phase I shall include the demolition/removal of the existing swimming pool deck and the top 18” of vertical pool wall, structural backfill of the existing pool, construction of new and reinforced concrete slab/surfacing, installation of basketball goals, minor ADA upgrades in the restroom areas and installation of new emergency exit door mechanisms. The proposed improvements will restore the building for use as a recreational center and will provide much needed recreational opportunities geared toward youth sports programs.  The work for Phase II shall provide additional ADA improvements. The project will replace all windows in restrooms, all exterior doors, remove and replace roll up doors with walls or roll up doors, and remove all mechanical and electrical units that serviced the swimming pool. The scope also includes items such as the HVAC unit, full electrical replacement, carpentry and framing work for new walls, painting, lead and asbestos abatement work and testing and professional oversight of this process.	March 2018

Taylor Farms (211.6 low/mod employees) and Mann Packing Company (51 low/mod employees) have completed reports that are included in the project file. A total of 262.6 FTE’s were documented as being retained by low/mod households, which results in 1 job retained per \$15,232 of CDBG/Section 108 funding assistance. The final job creation/retention results exceed the public benefit requirement for the Section 108 loan.

**Capital Improvements:** Each year, a portion of CDBG funds is allocated to capital improvement projects. Housing Division staff works closely with City Public Works staff to ensure that applicable federal grant regulations are met. A total of \$667,060 was allocated in FY 2016-2017. The following projects and their allocations are shown in the tables below:

### **GRANTS ADMINISTRATION**

The declining level of annual grant amounts from HUD, when combined with increased regulations and statutory “caps” on administrative expenses, have required extra staff effort in the face of declining administrative funding. As shown in the table below, annual grant amounts steadily declined from FY 2003-2004 to FY 2008-2009, with slight increases for FY 2009-2010 and 2010-2011. The grant period from 2011-2012 saw a significant 16.6% decrease from the prior year, and the declining trend continued to FY 2012-2013, with a 15.5% decrease. The FY 2013-2014 grant period saw a 4.57% increase. The FY 2014-2015 year had a \$30,709 increase or 1.56% increase; The FY 2015-2016 year had a \$15,578 decrease or 0.78% decrease. This past fiscal year was yet another decrease in FY 2016-2017 by \$55,960 or 2.83%. Over a 14-year period, CDBG

funds have been cut by 37.56% while, alarmingly, the City's population and needs for these funds continue to grow.

<b>Annual grant period</b>	<b>CDBG grant amount</b>	<b>Dollar difference from <i>prior</i> year</b>	<b>Percentage difference from <i>prior</i> year</b>
2003-2004	\$ 3,081,000		
2004-2005	\$ 3,004,000	\$ (77,000)	-2.50% decrease
2005-2006	\$ 2,839,031	\$ (164,969)	-5.49% decrease
2006-2007	\$ 2,550,674	\$ (288,357)	-10.16% decrease
2007-2008	\$ 2,537,808	\$ (12,866)	-0.50% decrease
2008-2009	\$ 2,441,464	\$ (96,344)	-3.80% decrease
2009-2010	\$ 2,464,666	\$ 23,202	0.95% increase
2010-2011	\$ 2,664,453	\$ 199,787	8.11% increase
2011-2012	\$ 2,222,808	\$ (441,645)	-16.58% decrease
2012-2013	\$ 1,878,586	\$ (344,222)	-15.49% decrease
2013-2014	\$ 1,964,458	\$ 85,872	4.57% increase
2014-2015	\$ 1,995,167	\$ 30,709	1.56% increase
2015-2016	\$ 1,979,589	\$ (15,578)	-0.78% decrease
2016-2017	\$ 1,923,629	\$ (55,960)	-2.83% decrease

CDBG regulations limit expenses for planning and administration to no more than 20% (applied against the total of the grant amount and program income). Thus, when grant amounts and program income decline, available administrative funds also decline. Not revealed by these figures, however, are the other HUD entitlement grant programs that rely on CDBG funding for administration activities: HOME and ESG. The HOME program is governed by a much more complex set of regulations, yet has an administrative cap that is half of the CDBG cap (i.e., 10%). The HOME program allocation for Salinas has also been cut significantly (49% over a 10-year period). The HOME program is bracing for further cuts in the future along with stricter spending regulations. Therefore, Salinas must augment administrative funding for HOME with CDBG administrative funds, allowable per CDBG regulations. The FY 2012-2013 allocation for HOME funds was \$515,527 and the FY 2013-2014 allocation was \$540,913. The FY 2014-2015 funding was \$591,448. The FY 2013-2014 funding cycle saw a slight 4.7% increase in funding and there was a \$50,535 increase in FY 2014-2015 to 591,448 or 9.3%. There was a decrease in FY 2015-2016 to \$543,081 or a decrease of 8.18%. In FY 2016-2017 there was an increase to \$590,679 or increase of 8.76%

The Entitlement ESG administrative funds are limited to a total of seven and half percent (7.5 %) of the annual grant amount, effective as of the implementation of the ESG second allocation; thus in 2013-2014, the total budgeted towards administrative expenses was \$10,278. This sum is woefully inadequate to oversee this program, and during mid-year, City General Funds provided \$15,000 to cover administrative expenses related to ESG. In the meantime, the planning, recordkeeping, and reporting required by HUD (e.g., IDIS, CAPER, "performance measurement") have been increasing. ESG funds decreased in 2013-2014 from the prior funding period by \$55,441, a 29% decrease from \$192,489 in FY 2012-2013 to \$137,048 in FY 2013-2014. In FY 2014-2015, the City received \$159,590, an increase from the prior fiscal year of \$22,542 or 16.4%.

In FY 2015-2016, there was an increase of \$18,252 to \$177,842 or 11.44%. In FY 2016-2017 was an increase of \$361 to \$178,203 or 0.20%

### **Public Hearing and Citizen Participation**

The City Council's consideration of the AAP includes a Public Hearing per the CPP to allow for input from the public regarding the planned uses of HUD grant funds for FY 2017-2018. A notice of the public hearing was published in The Salinas Californian and in the El Sol on August 19, 2017. Although HUD only requires a 15-day public review for the CAPER, the City conducted a 30-day public review period for the substantial amendment, CAPER and CPP. The 30-day public review period was provided from August 19, 2017 through September 19, 2017. Copies of the draft Action Plan and draft CPP were placed at the following locations on August 18, 2017:

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

### **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).

### **STRATEGIC PLAN INITIATIVE:**

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.

### **FISCAL AND SUSTAINABILITY IMPACT:**

CDBG, HOME and ESG funds are provided directly to the City by HUD and are non-General Fund dollars.

The FY 2017-2018 Amendment for the additional allocation of \$274,641 in ESG funding will provide further assistance and resources for Homeless individuals throughout Monterey County including the City of Salinas.

The Amendment to the FY 2016-2017 and FY 2017-2018 AAP's which includes deallocating \$86,413.61 of CDBG funding from RTMS and reallocating to GRID will increase efficiency, production and overall performance within the same CDBG rehabilitation category.

The amendment to the CPP will assist by streamlining the overall public hearing process by adding two (2) public hearings annually during the AAP and not requiring a public hearing during the CAPER.

ATTACHMENTS:

- Resolution – CAPER
- Resolution – Substantial Amendments and Citizen Participation Plan (CPP)
- CAPER
- CPP