



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: MAY 14, 2019

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: MEGAN HUNTER, COMMUNITY DEVELOPMENT DIRECTOR

BY: CHRISTOPHER VALENZUELA, PLANNING MANAGER

TITLE: FY 2019-20 ANNUAL ACTION PLAN AND 2019 REGIONAL ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

RECOMMENDED MOTION:

It is recommended that the City Council:

1. Conduct a Public Hearing for the FY 2019-20 Annual Action Plan (AAP) and 2019 Regional Analysis of Impediments to Fair Housing Choice (AI); and
2. Continue consideration and action on this item to the June 4, 2019 City Council meeting to allow the minimum forty-five day (45) public comment period to close and consider final approval of a Resolution for the FY 2019-20 AAP and 2019 AI.

RECOMMENDATION:

Staff recommends that the City Council; 1) conduct a Public Hearing for the FY 2019-20 AAP and 2019 AI and 2) continue consideration and action on this item to the June 4, 2019 City Council meeting to allow the minimum forty-five day (45) public comment period to close and consider final approval of a Resolution for the FY 2019-20 AAP and 2019 AI.

EXECUTIVE SUMMARY:

Annual Action Plan

The draft FY 2019-20 AAP describes the eligible proposed projects and programs to be funded by the following three City of Salinas (City) administered United States Department of Housing and Urban Development (HUD) entitlement grant programs: 1) Community Development Block Grant (CDBG), 2) Home Investment Partnerships (HOME) and 3) and Emergency Solutions Grants (ESG). The budget presented in the draft FY 2019-20 AAP is based on HUD's most recently published FY 2019-20 allocations: \$2,037,160 CDBG; \$763,800 HOME; and \$177,658 ESG.

Analysis of Impediments to Fair Housing Choice

The purpose of the AI is to assemble fair housing information, identify any existing barriers that limit housing choice, and propose actions to overcome those barriers. HUD defines impediments to fair housing choice as:

- Any actions, omissions or decisions taken because of race, color, religion, sex, disability, familial status or national origin which restrict housing choices or the availability of housing choices.

HUD requires jurisdictions such as the City of Salinas to develop and update an AI periodically, typically every five years. The AI will satisfy HUD requirements for the next Consolidated Plan (Con Plan) period of FY 2020-24.

BACKGROUND:

Annual Action Plan

The City annually receives HUD entitlement CDBG, HOME and ESG allocations and administers the grants in accordance with HUD rules and regulations. HUD rules stipulate that the City must prepare, on an annual basis, an AAP for expending HUD funds, and have its own set of funding parameters by which programs are funded. 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 through a Consolidated Plan (Con Plan). The City is currently operating under its FY 2015-19 Con Plan, approved by the City Council in May 2015. This FY 2019-20 AAP represents the fifth and final year of the FY 2015-19 Con Plan. The City continues to remain in good standing with HUD. Annually, the City utilizes HUD entitlement CDBG, HOME and ESG funds to assist numerous non-profit agencies that provide services for the community and continues to invest in housing, economic development and capital improvement projects.

Analysis of Impediments to Fair Housing Choice

HUD encourages a “regional collaboration approach” that includes public housing authorities and neighboring jurisdictions to conduct and submit a regional AI. As a result, in 2016 the City began discussions with neighboring jurisdictions throughout Monterey County along with the local Housing Authority of the County of Monterey. After multiple discussions and meetings with other prospective collaborating entities, the City entered into a Collaboration Agreement on April 27, 2017 as the lead agency and partnered with the City of Monterey, City of Seaside, Housing Authority of the County of Monterey and County of Monterey (Urban County) which is comprised of the cities of Gonzales, Greenfield, Sand City along with the unincorporated areas of the County for the update of the AI. Shortly after, the City issued a Request for Proposals on July 7, 2017 and entered into a consultant contract with Veronica Tam and Associates on October 24, 2017 who assisted the collaborating entities with the update of the AI.

The AI presents a demographic profile of each of the collaborating entities, assesses the extent of fair housing issues among specific groups, and evaluates the availability of a range of 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.

Public Hearings and Citizen Participation

In accordance with the City’s HUD approved Citizen Participation Plan (CPP) the following public hearings were conducted regarding the AAP and AI:

- CDBG/Housing Subcommittee – April 9, 2019
- CDBG/Housing Subcommittee – May 7, 2019

- City Council – May 14, 2019
- City Council – June 4, 2019

Notice of Funding Availability (NOFA) and public hearing notices were published in The Salinas Californian and in the El Sol newspapers on the following dates:

- AAP NOFA – January 5, 2019
- AAP NOFA Amendment No. 1 – March 2, 2019
- AI – March 30, 2019
- AAP NOFA Amendment No. 2 – April 20, 2019

Copies of the draft AAP and AI were placed at the following locations:

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

Draft documents of the AAP and AI were also available on the City website. The minimum forty-five day (45) public comment period began on April 9, 2019 and will end on June 4, 2019.

DISCUSSION:

Annual Action Plan

The City was notified on April 15, 2019 that HUD published the FY 2019-20 CDBG, HOME and ESG allocations. The FY 2019-20 CDBG, HOME and ESG allocations are higher than the prior FY 2018-19. The difference in the increased FY 2019-20 funding allocations are: \$139,521 CDBG; \$172,616 HOME; and \$6,828 ESG. The table below shows the FY 2019-20 CDBG, HOME and ESG allocations, program income, carryover funds and total available funding.

Funding Source	FY 19-20 Allocation	Estimated Program Income for FY 19-20	Estimated Carryover Funds from FY 18-19	Moon Gate Plaza HOME/CDBG Funding Swap*	Total Funding
CDBG	\$ 2,037,160	\$ 67,876	\$ 0	\$ 965,682	\$ 3,070,718
HOME	\$ 763,800	\$ 50,001	\$ 190,000	\$ 0	\$ 1,003,801
ESG	\$ 177,658	\$ 0	\$ 0	\$	\$ 177,658
Totals	\$ 2,978,618	\$ 117,877	\$ 190,000	\$ 965,682	\$ 4,252,177

* CDBG funds from FY 17-18 & FY 18-19 will be swapped with HOME FY 19-20 funds.

The table below shows the FY 2019-20 CDBG, HOME and ESG program administration allocation percentages and dollar amounts.

Funding Source	% of Allocation for Administration	Total Program Administration
CDBG	20% of Allocation Plus Program Income	\$ 421,007
HOME	10% of Allocation Plus Program Income	\$ 81,380
ESG	7.5% of Allocation	\$ 13,324
	Totals	\$ 515,711

CDBG Public Services

CDBG public services can be utilized for a combination of eligible activities not limited to homeless, seniors, fair housing, mental health, youth, employment training and persons with disabilities. The City is in the second year (FY 2019-20) of a two-year funding cycle (FY 2018-19 and FY 2019-20). FY 2018-19 CDBG public service applications will be renewed for FY 2019-20 if the agency remains in good standing. HUD rules limit the amount of CDBG funds available for public services based upon 15% of the annual CDBG allocation. For FY 2019-20, the 15% cap allows up to \$311,574 for public service activities. The table below details the FY 2019-20 CDBG public service agency name, program name, amount requested, and CDBG/Housing Subcommittee recommendation.

Agency & Program	Amount Requested	CDBG/Housing Subcommittee Recommendation
Girl Scouts of California – Alisal Program Center	\$ 35,000	\$ 35,000
Boys & Girls Clubs of Monterey County – Catch the Bus Transportation Program	\$ 30,000	\$ 30,000
Partners For Peace – Families are the Heart of the Community	\$ 30,785	\$ 30,785
Alliance on Aging, Inc. – Tax Counseling and Ombudsman	\$ 25,000	\$ 25,000
Girls Inc. of the Central Coast – Girls Inc.	\$ 25,000	\$ 25,000
Food Bank for Monterey County – Food Bank*	\$ 150,000	\$ 102,424
Eden Council for Hope and Opportunity – Fair Housing and Tenant/Landlord Services	\$ 38,365	\$ 38,365
Legal Services for Seniors – Legal Services and Fair Housing	\$ 25,000	\$ 25,000
Totals	\$ 359,150	\$ 311,574

** For FY 18-19 Food Bank was funded at a higher amount of \$103,850 due to higher PI during FY 17-18.*

CDBG & HOME Housing Projects

CDBG and HOME housing project funds can be utilized for a combination of eligible activities such as predevelopment, acquisition, rehabilitation and construction of residential single family and multi-family projects. The table below details the FY 2019-20 CDBG/HOME housing projects

agency name, project/program name, amount requested, and CDBG/Housing Subcommittee recommendation.

Agency	Project/Program	Amount Requested	CDBG/Housing Subcommittee Recommendation		
			CDBG	HOME	Total
City of Salinas	Housing Services Program	\$ 159,873	\$ 293,963	\$ 0	\$ 293,963
City of Salinas	Housing Services Program Activity Delivery	\$ 15,987	\$ 29,104	\$ 0	\$ 29,104
MidPen	Moon Gate Plaza (21 Soledad St.)	\$ 700,000	\$ 0	\$ 900,809	\$ 900,809
City of Salinas	Moon Gate Plaza Activity Delivery	\$ 67,066	\$ 0	\$ 21,612	\$ 21,612
Grid Alternatives	City of Salinas Solar Affordable Housing Program	\$ 50,000	\$ 50,000	\$ 0	\$ 50,000
City of Salinas	City of Salinas Solar Affordable Housing Program Activity Delivery	\$ 5,000	\$ 5,000	\$ 0	\$ 5,000
Interim, Inc.	Catalyst Renovation	\$ 500,000	\$ 500,000	\$ 0	\$ 500,000
City of Salinas	Catalyst Renovation Activity Delivery	\$ 50,000	\$ 50,000	\$	\$ 50,000
Interim, Inc.	Soledad House Reconstruction	\$ 50,000	\$ 0	\$ 0	\$ 0
Monterey County Housing Authority	Parkside Apartments	\$ 600,000	\$ 0	\$ 0	\$ 0
TOTALS		\$ 2,197,926	\$ 928,067	\$ 922,421	\$ 1,850,488

CDBG Economic Development and Capital Improvement Projects (CIP's)

CDBG economic development and CIP funds can be utilized for a combination of eligible activities not limited to direct financial assistance to for-profit businesses, technical assistance, microenterprise assistance, neighborhood facilities, street improvements, child care centers and park facilities. The table below details the FY 2019-20 CDBG economic development and CIP agency name, project name, amount requested, and CDBG/Housing Subcommittee recommendation.

Agency	Project	Amount Requested	CDBG/Housing Subcommittee Recommendation
City of Salinas	Closter & Natividad Creek Community Parks Restroom Rehabilitation	\$ 270,709	\$ 401,882
City of Salinas	Closter & Natividad Creek Community Parks Restroom Rehabilitation Activity Delivery	\$ 27,082	\$ 40,188
Alisal Union School District	Early Childhood Education Center	\$ 880,000	\$ 880,000
City of Salinas	Early Childhood Education Center Activity Delivery	\$ 88,000	\$ 88,000
Downtown Streets Team	Salinas Downtown Streets Team	\$ 255,343	\$ 0
Total		\$ 1,521,134	\$ 1,410,070

ESG Public Services

ESG public service funds may be spent on five eligible components: 1) emergency shelter, 2) homeless prevention, 3) street outreach, 4) rapid re-housing, and 5) implementation of the Homeless Management Information System (HMIS). HUD ESG entitlement regulations require a maximum cap of sixty percent (60%) of the total grant for the following two eligible components: 1) emergency shelter and 2) street outreach. The City is in the second year (FY 2019-20) of a two-year funding cycle (FY 2018-19 and FY 2019-20). FY 2018-19 ESG public service applications will be renewed for FY 2019-20 if the agency remains in good standing. The table below details the FY 2019-20 ESG public service agency name, program name, amount requested, and CDBG/Housing Subcommittee recommendation.

Agency	Program	Amount Requested	CDBG/Housing Subcommittee Recommendation
City of Salinas	Program Administration	\$ 12,812	\$ 13,324
Interim, Inc.	MCHOME	\$ 79,724	\$ 79,724
Central Coast Center for Independent Living	CCCIL Rapid Re-Housing and Homeless Prevention Program	\$ 51,952	\$ 51,952
Community Homeless Solutions	Warming Shelter	\$ 22,442	\$ 32,658
TOTAL		\$ 166,930	\$ 177,658

Alternate Projects

Alternate projects may be possible depending on funding levels of Program Income (PI), carry over funds or additional funding from HUD. The AAP will recommend the following non-public service alternate projects:

- Housing Services Program (HSP) which includes the Housing Accessibility Assistance (HAA) grant, Lead-Based Paint (LBP) grant, single-family housing rehabilitation and Grid Alternatives Solar Program;
- Acquisition of property for housing rehabilitation and/or development;
- Acquisition and rehabilitation of multi-family or single-family housing to be rented to low and moderate-income households in the City in conjunction with a non-profit housing developer or non-profit housing organization that provides supportive services and management;
- Public facilities and improvement projects; and
- HOME PI to be applied toward HOME Activity Delivery.

Analysis of Impediments to Fair Housing Choice (AI)

The collaborating entities have established a commitment towards providing equal housing opportunities for their residents. Through federally funded programs such as CDBG, HOME, and ESG programs, along with other state and local programs, the collaborating entities work diligently to provide a decent living environment for all residents. Pursuant to CDBG regulations [24 CFR Subtitle A §91.225(a)(1)], in order to receive CDBG funds, a jurisdiction must certify that it “actively furthers fair housing choice” through the following:

- Conduct an AI;
- Take actions to overcome impediments; and
- Maintain records on analysis and actions.

The AI included both regional and local data sources along with planning documents to provide an overview of the laws, policies, procedures, and circumstances that shape housing choice for individuals and households throughout Monterey County. The AI requires communities to take the data and planning efforts one-step further by taking actionable steps to meet fair housing goals. The rationale for the collaborative effort is that fair housing issues expand across jurisdictional boundaries and all HUD program participants are required to conduct an AI whether or not they choose to work with regional partners. It was, therefore, in the City's best interest to partner with the collaborating entities to share the costs of the AI. The regional collaboration promotes 1) fair housing goals, 2) priorities in community development and 3) priorities in housing planning processes that lead to meaningful actions that help overcome discrimination and promote fair housing choice.

The City Council approved the City's share of AI funding up to \$42,755 under Resolution No. 21139 on March 21, 2017. The AI funding is part of CIP 9215 that included the HUD Con Plan. The total cost of the AI was \$125,000; however, the City's portion was only \$42,755. The shared cost allocation was determined by a calculation of population by region or number served plus a \$10,000 base cost share. There was significant cost savings due to the shared cost among the collaborating entities. The table below details the total costs to each jurisdiction involved in the AI.

Program Participant	Population	Share of Population	Base Cost	Population Share Cost	Total
Housing Authority of the County of Monterey	8,135	2.4%	\$10,000	\$1,771	\$11,771
City of Monterey	27,810	8.1%	\$10,000	\$6,055	\$16,055
City of Salinas	150,441	43.7%	\$10,000	\$32,754	\$42,755
City of Seaside	33,025	9.6%	\$10,000	\$7,190	\$17,190
Urban County	125,064	36.3%	\$10,000	\$27,229	\$37,229
Total	344,475		\$50,000	\$75,000	\$125,000

Throughout the AI update process, there was extensive public outreach which included a total of eight stakeholder interviews, two fair housing partner forums and four community workshops. In addition, an on-line fair housing survey (English and Spanish) was created and additional public outreach included e-blasts, website updates, social media, phone calls and news media. The AI

will be submitted to HUD concurrent with the AAP for review and approval. If approved by HUD, the AI will satisfy the collaborating entities HUD requirements for the next Con Plan period of FY 2020-24.

DEPARTMENT COORDINATION:

This agenda item is solely administered by the City's Community Development Department Housing Division. However, other City departments that contributed with their staff time and resources included Finance, Legal and Parks and Recreation. The Housing Division was also required to coordinate with other outside agencies for the AI such as County of Monterey (Urban County), City of Monterey, City of Seaside and Housing Authority of the County of Monterey.

Department	Contribution
Finance	Assists in helping manage grant revenue and expenditures related to HUD entitlement grants.
Legal	Provides legal guidance on all contracts and legal documents related to HUD entitlement grants.
Parks and Recreation	Provides guidance on highest priority needs projects.

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.

Some projects that receive HUD funding through this AAP also may require National Environmental Protection Agency (NEPA) review, which is overseen by the Community Development Department Housing Division.

STRATEGIC PLAN INITIATIVE:

HUD 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, and furthering partnerships with public service organizations addressing the human service needs of the City's low-income, elderly, and special needs communities. The AI ensures that impediments to fair housing are reduced or eliminated and housing opportunities for all residents are increased. The AAP and AI 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:

HUD programs such as CDBG, HOME and ESG return federal tax dollars to the community. An updated AAP and AI is a prerequisite for continued HUD funding for the City and failure to submit an acceptable AAP and AI will jeopardize a variety of activities scheduled to receive financial support from HUD.

ATTACHMENTS:

- Resolution
- Draft Annual Action Plan
- Draft Annual Action Plan Funding Recommendation Tables
- Draft Analysis of Impediments to Fair Housing Choice