



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: SEPTEMBER 10, 2019

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: MEGAN HUNTER, DIRECTOR

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TITLE: SUBMISSION OF CONSOLIDATED ANNUAL PERFORMANCE
AND EVALUATION REPORT FOR FY 2018-19 TO UNITED
STATES DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT

RECOMMENDED MOTION:

It is recommended that the City Council adopt the following:

Resolution approving the Fiscal Year (FY) 2018-19 Consolidated Annual Performance and Evaluation Report (CAPER) and authorizing submittal to United States Department of Housing and Urban Development (HUD).

RECOMMENDATION:

The Community Development Department (CDD) recommends that the City Council adopt a Resolution approving the FY 2018-19 CAPER and authorizing submittal to HUD.

EXECUTIVE SUMMARY:

The City of Salinas (City) is designated as an entitlement jurisdiction for the following three HUD programs: 1) Community Development Block Grant (CDBG) Program, 2) HOME Investment Partnerships Program (HOME) and 3) Emergency Solutions Grants (ESG) Program. As a result, the City is required to submit a CAPER to HUD annually for CDBG, HOME and ESG. The CAPER summarizes the City's annual accomplishments for CDBG, HOME and ESG funds. The CAPER provides the community with a concise statement regarding HUD funds available for activities undertaken, and an evaluation of the City's progress in carrying out goals and objectives as stated in the FY 2015-19 Consolidated Plan (Con Plan) and the FY 2018-19 Annual Action Plan (AAP). All activities and projects completed by the City were eligible under CDBG, HOME and ESG. The CAPER is due to HUD by September 28, 2019.

BACKGROUND:

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 2018-19 and their relationship to

the City's priority housing, homeless and community development needs. HUD in accordance with the City's adopted Citizen Participation Plan (CPP) requires a minimum fifteen (15) day public comment period for the CAPER. As a result, the draft CAPER public notice was published in *The Californian* and *El Sol* newspapers on August 24, 2019. The draft CAPER was also made available to the public at the City's website, City libraries, City Clerk's office and the CDD. The minimum fifteen (15) day public comment period began on August 24, 2019 and ends on September 10, 2019. In addition, a CDBG/Housing Committee public hearing was held on August 20, 2019. This City Council public hearing also provides an additional opportunity for the public to advise the City Council with comments regarding the draft CAPER and provide input on community development needs within the City. A summary of all public comments received during the public comment period will be included in the CAPER.

The CAPER is due to HUD no later than ninety (90) days after the end of the City's FY 2018-19. This year, the CAPER is due to HUD by September 28, 2019.

DISCUSSION:

Entitlement Funding & Program Income (PI)

As mentioned above, the City is an entitlement jurisdiction for CDBG, HOME and ESG programs. HUD provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low and moderate-income persons. The City also utilizes program income (PI) to further fund certain eligible activities on an annual basis. PI is the gross income received by the City from the use of CDBG and HOME funds. The table below represents entitlement funding and PI available for FY 2018-19 for CDBG, HOME and ESG.

Fiscal Year	Funding Source	Entitlement Amount	Program Income	Total Available Funding
2018-19	CDBG	\$2,093,734	\$130,197	\$2,223,931
	HOME	\$838,381	\$192,104	\$1,030,485
	ESG	\$170,830	\$0	\$173,930*
	Total	\$3,102,945	\$322,301	\$3,425,246

**ESG FY 2017-18 carryover of \$3,100 was added to Total Available Funding.*

The table below represents entitlement and PI expenditures incurred in FY 2018-19 for CDBG, HOME and ESG.

Fiscal Year	Funding Source	Entitlement Amount Expended	Program Income Expended	Total Expenditures
2018-19	CDBG	\$952,767	\$117,542	\$1,070,309
	HOME	\$478,161	\$46,571	\$524,732
	ESG	\$515,583	\$0	\$515,583
	Total	\$1,946,511	\$164,082	\$2,110,624

Program Administration

Annually, the City may utilize a percentage of CDBG, HOME and ESG for program administration. HUD caps administration for CDBG at 20 percent, HOME at 10 percent and ESG at 7.5 percent. In addition, CDBG regulations allow 20 percent of PI and HOME regulations allow 10 percent of PI to be allocated toward program administration. Program administration may be used for costs incurred for general grant management, oversight, and coordination of planning activities. The table below represents the total program administration available and expended for FY 2018-19 CDBG, HOME and ESG.

Funding Source	Program Administration			Expenditures
	FY 17-18	FY 18-19	Available Funding	
CDBG	\$0	\$442,255	\$442,255	\$386,131
HOME	\$62,531	\$100,388	\$162,919	\$124,123
ESG	\$22,709	\$33,586	\$56,295	\$31,622
Total	\$85,240	\$576,229	\$661,469	\$510,254

CDBG Public Services

A portion of the annual CDBG entitlement amount (up to 15%) may be used specifically for public service activities. In addition to housing activities, CDBG regulations allow the use of grant funds for a wide range of public service activities, which may include, but are not limited to:

- Employment services (e.g., job training);
- Crime prevention and public safety;
- Childcare;
- Health services;
- Substance abuse services (e.g., counseling and treatment);
- Fair housing counseling;
- Education programs;
- Energy conservation;
- Services for senior citizens;
- Services for homeless persons; and
- Recreational services.

For FY 2018-19 the City utilized CDBG funding to support eight non-profit agency programs totaling \$313,000 for public services activities that addressed the needs of the elderly, youth, disabled and other important segments of our community. The table below shows the CDBG public services agency name, program name, total number of unduplicated persons served, budgeted amount and expenditures for FY 2018-19.

CDBG Public Services				
Agency	Program Name	Funding Amount	Expenditures	Unduplicated Persons Served
Alliance on Aging	Ombudsman & Tax Counseling	\$25,000	\$25,000	852
Boys & Girls Clubs	Catch the Bus (CTB) Transportation Program	\$30,000	\$30,000	711
Eden Council for Hope and Opportunity	Fair Housing and Tenant/Landlord Services	\$38,365	\$38,111	64
Food Bank for Monterey County	Food Distribution	\$103,850	\$103,850	1,696
Girl Scouts of California	Girl Scouts Alisal Program Center	\$35,000	\$35,000	310
Girls Inc. of the Central Coast	Girls Inc. of the Central Coast	\$25,000	\$25,000	149
Legal Services for Seniors	Legal Services and Fair Housing	\$25,000	\$25,000	500
Partners for Peace	Families are the Heart of the Community	\$30,785	\$30,785	144
Total		\$313,000	\$312,747	4,426

ESG Public Services

The ESG program utilizes federal funds to support communities in providing street outreach, emergency shelter, rental assistance, and related services. This program provides resources for adults and families with children experiencing or at-risk of homelessness. The purpose of the ESG program is to provide homelessness prevention assistance to households who would otherwise become homeless and to provide assistance to rapidly re-house persons who are experiencing homelessness. ESG funds are provided for a variety of assistance, including short-term or medium-term rental assistance, housing navigation and placement, and housing stability case management. ESG regulations allow the use of grant funds for a wide range of program components and activities. The street outreach and emergency shelter program components are capped at 60% of the total funding. The following are all eligible ESG activities:

- Street Outreach;
- Emergency Shelter;
- Homelessness Prevention;
- Rapid Re-housing;
- Homeless Management Information System (HMIS); and
- Administrative Activities.

For FY 2018-19 the City received a HUD ESG allocation of \$170,830 plus utilized \$3,100 of carryover funds for a total of \$173,930 in available funding. The City utilized ESG funding to support four non-profit agency programs and program administration totaling \$12,812 to address the needs of the homeless community. The table below shows the agency name, program name, total number of unduplicated persons served, budgeted amount and expenditures FY 2018-19.

ESG Public Services				
Agency	Program Name	Funding Amount	Expenditures	Unduplicated Persons Served
Central Coast Center for Independent Living	RRH Housing Assistance Program	\$51,952	\$51,952	49
Community Homeless Solutions	Warming Shelter	\$22,442	\$22,442	108
Interim, Inc.	MCHOME	\$79,724	\$79,724	38
Housing Resource Center	Rapid Re-Housing (HMIS)	\$7,000	\$7,000	26
City of Salinas	Program Administration	\$12,812	\$8,912	NA
	Total	\$173,930	\$170,030	221

CDBG Capital Improvement Projects (CIP's)

CDBG CIP's help the City enhance the overall quality of life of its residents by improving the physical structures, systems, and facilities that provide services to the community. Each year, a portion of the City's CDBG funds are allocated to CIP's. CDBG regulations allow the use of grant funds for a wide range of program components and activities not limited to the following:

- Public Facilities/Services;
- Establish/upgrade water supply distribution systems;
- Upgrade sanitary sewers;
- Improve water treatment facilities;
- Maintain and improve streets;
- Health and safety centers;
- Senior citizens centers; and
- Recreation facilities.

Sherwood Recreation Center (Old Municipal Pool)

The Sherwood Recreation Center, located at 920 N. Main Street was built in 1949. In 2009, after completion of the New Aquatic Center, the old municipal pool was drained, and the building has not been used since. The Sherwood Recreation Center project includes remodeling the old municipal pool into a recreational sports facility for City residents. The Sherwood Recreation Center is in its final phase (Phase III) and was allocated \$914,000 of FY 2018-19 CDBG funds. Phase III includes the removal of spectator seating so that existing offices, storage area and a mechanical equipment room underneath could be reconstructed as multi-use spaces. The existing women's restrooms, dressing room and shower areas will also be converted to a multi-use and greeting area. All remodeled areas will include new painting, flooring, electrical, plumbing and HVAC improvements. The table below shows the funding amount, expenditures and estimated completion date for Phase III.

Sherwood Recreation Center (Old Municipal Swimming Pool) Phase III			
Fiscal Year	Funding Amount	Expenditures	Est. Completion Date
FY 2018-19	\$914,000	\$112,300	November 2019

CDBG Housing Services Program

In FY 2018-19, the City used a portion of its CDBG funds for the following Housing Services Programs: 1) Low Interest Loan Program (Direct and Deferred Loans), 2) Housing Accessibility Assistance (HAA) Grant, 3) Lead-Based Paint (LBP) Grant and 4) GRID Alternatives Solar Program. Below is a brief description of each program.

- Low Interest Loan Program (Direct and Deferred Loans): Low interest loans for home repairs and improvements for low-income property owners. Eligible improvements and repairs include roofs, plumbing, windows, foundations, floors, electrical systems, bathrooms and kitchens.
- Housing Accessibility Assistance (HAA) Grant: Grants to assist qualifying property owners in removing architectural barriers that limit access or impede mobility, and to install fixtures, which may reduce hazards for those with a disability.
- Lead-Based Paint (LBP) Grant: Grants to assist qualifying property owners with lead-based paint remediation.
- GRID Alternatives Solar Program: Residential photovoltaic solar upgrade program at no-cost to eligible low-income homeowners.

The table below shows the program name, total number of households served, funding amount, and expenditure amounts for FY 2018-19.

Housing Services Programs			
Program Name	Households Served	Funding Amount	Expenditures
Low Interest Loan Program (Direct and Deferred Loans)	1	\$50,000	\$50,000
Housing Accessibility Assistance (HAA) Grants	2		
Lead-Based Paint (LBP) Grants	1		
Grid Alternatives Solar Program	10	\$55,000	\$55,000
Housing Services Program Activity Delivery	N/A	\$5,000	\$5,000
Total	14	\$110,000	\$110,000

CDBG & HOME Affordable Housing Multi-Family Projects

In FY 2018-19, the City used CDBG and HOME grant funds for various housing activities that expanded the supply of decent, safe and affordable housing. The bulk of CDBG and HOME housing development funds were passed through to subrecipients such as the Monterey County Housing Authority Development Corporation (MCHADC), Mid-Peninsula Housing Inc. (MidPen), and Community Housing Improvement Systems and Planning Association (CHISPA). These organizations used these funds to fill in financing gaps for affordable housing projects.

Below is a description of each CDBG and HOME affordable housing multi-family project for FY 2018-19.

- Vista de la Terraza (VDLT): CDBG and HOME funds were provided to CHISPA to acquire and rehabilitate the 40-unit dilapidated Vista de la Terraza (VDLT) project for lower income families. This project was at risk of converting to market-rate; however, CHISPA and the City partnered to preserve VDLT as affordable housing. CHISPA completed this 40-unit multi-family residential rehabilitation project on November 29, 2018. A total of eight (8) HOME-assisted units were generated as a result of this project.
- Haciendas Phase III (Hikari): The developer, Monterey County Housing Authority Development Corporation (MCHADC) received a final Certificate of Occupancy for this 50-unit modular multi-family residential new construction project on March 18, 2019. A total of nine (9) HOME-assisted units were generated as a result of this project.
- Moon Gate Plaza (formerly 21 Soledad Street): This mixed-use project consists of ground floor commercial/retail space along with 90 units of multi-family rental housing located in Chinatown. This project will include 12 HOME-assisted units. The project is currently under construction with an estimated completion date of November 2019.

The table below shows the agency, project name, description, type, total number of units, funding amount, expenditures and completion date.

Project Name	Description	# of Units	Funding Source	Funding Amount	Expenditures	Completion Date
Haciendas Phase III (Hikari)	New Construction Multi-Family	50	HOME	\$0	\$8,637*	March 2018
Moon Gate Plaza (21 Soledad Street)	New Construction Mixed-Use	90	HOME	\$793,138	\$10,731	November 2019 (Estimated)
			CDBG	\$497,988	\$0	
Vista de la Terraza (VDLT)	Rehabilitation Multi-Family	40	HOME	\$0	\$381,239*	November 2018
			CDBG	\$0	\$167,034*	
Total				\$1,291,126	\$567,641	

**Expenditures include previous years allocated funding*

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:

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. CDBG, HOME and ESG 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.

DEPARTMENT COORDINATION:

This agenda item is administered by the City's CDD Housing Division. However, other City departments that contributed with their staff time and resources included Finance, Legal, Public Works and Recreation and Community Services.

Department	Contribution
Finance	Assists with controlling expenditures and obligations, receipting and depositing all revenues, and accounting for all assets and capital project expenditures.
Legal	Assists with legal advice and examining and approving grant and loan contracts.
Public Works	Assists with the planning, management and construction of CIP's.
Recreation & Community Services	Assists the with the planning and management of CIP's.

FISCAL AND SUSTAINABILITY IMPACT:

There is no General Fund impact associated with this agenda item. CDBG, HOME and ESG funds are provided directly to the City by HUD and are non-General Fund dollars.

ATTACHMENTS:

- Resolution
- Draft CAPER