

STAFF REPORT**CITY OF OCEANSIDE**

DATE: May 7, 2014

TO: Honorable Mayor and City Councilmembers

FROM: Neighborhood Services Department

SUBJECT: **2014-2015 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
ADOPTION AND SUBMISSION**

SYNOPSIS

Staff recommends that the City Council adopt the FY 2014-2015 Community Development Block Grant program budget; approve the funding allocation for various housing and community development activities, planning, and program administration; approve the grant funding allocation for various public services and homeless programs; and authorize the City Manager to approve and execute all related grant documents.

BACKGROUND

On March 19, 2014, the City conducted a public hearing regarding the proposed uses of Oceanside's fiscal year (FY) 2014-2015 Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) funds. Congress appropriates funding for Consolidated Planning & Development (CPD) programs each year as part of the U.S. Housing & Urban Development (HUD)/Transportation appropriations bill. HUD determines the entitlement grant for each participating jurisdiction by a formula based on a number of factors including population, poverty level and the age of housing in the jurisdiction. Oceanside is receiving \$1,200,645 CDBG dollars and \$432,059 HOME dollars.

CDBG Program: The primary objective of the CDBG Program is the development of viable urban communities, principally for low- and moderate-income persons, through decent housing, a suitable living environment and expanded economic opportunity. The City may allocate its CDBG funding to a range of eligible activities, including housing rehabilitation, home ownership, capital improvement projects, public services, code enforcement, economic development, and other community development activities. HUD regulations limit ("cap") use of CDBG funds for administration to twenty percent and public services to fifteen percent of the entitlement grant for the year. All activities funded through the CDBG program must meet one of three National Objectives:

1. Primarily benefit low- and moderate-income individuals, families and neighborhoods;
2. Prevent or eliminate slums and blight;
3. Meet an urgent local need (such as the firestorms in San Diego County).

HOME Program: HUD regulations require that participating jurisdictions use HOME Program funds to promote home ownership, rehabilitation and/or to develop housing projects affordable to low- and very low-income individuals and families. This year's HOME funds will be allocated to the Mission Cove mixed-use housing development on Mission Avenue. HUD regulations limit ("cap") use of HOME funds for program management to ten percent of the entitlement grant for the year. The allocation of HOME funds will be addressed at a future City Council meeting.

ANALYSIS

HUD regulations require that participating jurisdictions adopt five-year Consolidated Plan for Housing and Community Development. This Plan provides the framework for the City's annual Action Plan. The Action Plan presents the available resources and specific strategies and activities the City will undertake to fulfill the goals and objectives during the year. The City Council adopted the 2010-2015 Consolidated Plan on May 5, 2010, and it will be in effect until June 30, 2015. The Action Plan was open for public review from March 19 through April 19, 2014. No comments were received during the comment period.

Neighborhood Services Department staff prepared the CDBG budget (Exhibit A) that outlines the any changes from the prior fiscal year. As discussed at the March Public Hearing, the FY 2014-15 CDBG allocation is \$60,041 less than the existing allocation. Program administration and public service allocations are based on the CDBG allocation and cannot be offset by program income. The percentage caps are 20% for program administration and 15% for public service. The administration budget was reduced by \$12,008 and Community Resource Centers in the public service budget was reduced by \$4,901. Fortunately, these reductions have been offset due to increased rents at the Libby Lake Resource Center. Additionally, the administration of Club 55 has been transitioned from Oceanside Senior Center Association to Vista Community Clinic. No other CDBG public services were impacted.

1. Public Services Funding

Per HUD regulations CDBG public service funds are capped at 15% or \$192,188. The list of agencies and programs recommended for CDBG public services funding in FY 2014-15 is shown in Exhibit A. The recommendations are consistent with direction to limit funding to programs and activities that work out of City resource centers, recreation facilities and senior centers, or that serve CDBG-eligible neighborhoods. The limitations on available funding mean that no CDBG funds will be available for emergency services, health services or programs for children and youth other than those at City recreation centers or community resource centers. CDBG funds must be used to supplement, not supplant other funding including existing General Fund support for programs.

2. Neighborhood Revitalization

The City works with Community HousingWorks as a Community-Based Development Organization for implementation of goals and objectives of the Crown Heights / Eastside Neighborhood Revitalization Strategy Area (NRSA) Plan. The

\$15,000 (planning and administration) will fund two community resource center staff persons (public services) in the Crown Heights and Eastside neighborhoods.

3. Homeless Prevention and Homeless-serving Programs

Staff recommends using local housing program funds to support the Alliance for Regional Solutions winter shelters.

4. Housing Programs

The Neighborhood Services Department manages housing rehabilitation programs including loans to low-income homeowners and grants to very low-income mobilehome owners with prior year dollars; the 2014-15 budget does include \$100,000 for project management and loan services.

5. Enhanced Code Enforcement

CDBG funds have supported code enforcement activity in targeted low-income neighborhoods; specifically as part of the Calle Montecito Neighborhood Revitalization Strategy and the Crown Heights/Eastside neighborhood revitalization program. This program has been very successful in alleviating conditions that cause established neighborhoods to decline, both in appearance and in property value. The FY 2014-15 CDBG budget will fully fund three Code Enforcement officers for this work.

6. Administration, Planning, and Housing Rehabilitation

The Administration and Planning category includes housing program development, grants administration, activities to promote fair housing and management of neighborhood revitalization programs. Per HUD regulations administration and planning activities are capped at 20%; the FY 2014-15 CDBG budget of \$250,777 is at the cap.

7. Other CDBG-Funded Activities

The City received \$3,500,000 through the Section 108 Loan Guarantee Program for construction of Fire Station 7. Payments on this loan began in FY 2008-09 and are amortized over twenty years, with \$275,131 due in FY 2014-15.

8. Allocation Process

Based on prior City Council direction, the City did not receive applications for CDBG funding. The Action Plan was open for public review from March 19 through April 19, 2014. No comments were received. The City must submit the FY 2014-15 Action Plan to the HUD Los Angeles Field Office by May 15, 2014. CDBG entitlement funds will be available for expenditure beginning July 1, 2014, although the City cannot sign contracts with CDBG subrecipients or approve payments until the City has signed funding agreements with HUD and completed all environmental reviews.

FISCAL IMPACT

The City will receive \$1,200,645 of CDBG entitlement funds and an estimated \$53,2421 in program income. The CDBG grant allocation has been incorporated into the City's FY 2014-15 budgets. Public service and planning and administration allocations must be used by the end of the particular program year; capital projects should be completed

within twenty-four months. CDBG funds are drawn down only as reimbursement for expenditures. All expenditures must be for eligible activities and according to the budget approved by the City Council. CDBG funds are in Fund number 237. The CDBG Program has no impact on the General Fund.

COMMISSION OR COMMITTEE REPORT

The ad hoc application review committee did not meet. The goals, objectives and strategies of the FY 2014-15 Action Plan were to be presented to the Housing Commission at the February 25th meeting but the meeting was cancelled due to a lack of a quorum.

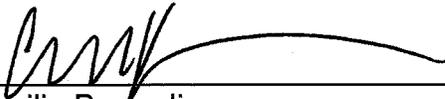
CITY ATTORNEY'S ANALYSIS

City Council analysis does not apply.

RECOMMENDATION

Staff recommends that the City Council adopt the FY 2014-2015 Community Development Block Grant program budget; approve the funding allocation for various housing and community development activities, planning, and program administration; approve the grant funding allocation for various public services and homeless programs; and authorize the City Manager to approve and execute all related grant documents.

PREPARED BY:



Cecilia Barandiaran
Management Analyst

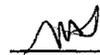
SUBMITTED BY:



Steven R. Jepsen
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager



Margery M. Pierce, Director, Neighborhood Services



James R. Riley, Director, Financial Services



ATTACHMENTS:

Exhibit A: FY 2014-15 CDBG Budget with changes from FY 2013-14

CDBG PROGRAM BUDGET 2014-15 (approved by City Council March 19, 2014)

| Revenue | FY 2013-14 | FY 2014-15 | Change from FY 2013-14 |
|--|---------------------|---------------------|-----------------------------------|
| a. CDBG entitlement grant | \$ 1,260,686 | \$ 1,200,645 | (60,041.00) |
| b. Program income prior year (est.) | \$ 53,242 | \$ 80,611 | 27,369.00 |
| c. Program income current year | \$ 53,242 | \$ 53,242 | No Change |
| Total CDBG Revenue current year | \$ 1,313,928 | \$ 1,253,887 | (60,041.00) |

Expenditures 2014-15

a. CDBG Administration and Planning:

| | | | |
|--|-------------------|-------------------|--------------------|
| 1. Housing Program Development | \$ 141,045 | \$ 132,520 | (8,525.00) |
| 2. Fair Housing Programs | \$ 20,000 | \$ 20,000 | No Change |
| 3. Grants Administration | \$ 86,740 | \$ 83,257 | (3,483.00) |
| 4. Neighborhood Revitalization (CHW) | \$ 15,000 | \$ 15,000 | No Change |
| Total Administration and Planning / Cap | \$ 262,785 | \$ 250,777 | (12,008.00) |

Admin and Planning cap figured at 20% entitlement plus current year program income

b. CDBG Public Services:

| | | | |
|--|-------------------|-------------------|----------------------|
| 1. Parks & Recreation Teens | \$ 18,600 | \$ 18,600 | No Change |
| 2. Parks & Recreation 4 Kids Sake | \$ 18,200 | \$ 18,200 | No Change |
| 3. Oceanside Senior Citizens Association | \$ 33,330 | \$ 25,830 | \$ (7,500.00) |
| 4. Vista Community Clinic Teen REACH | \$ 13,580 | \$ 13,580 | No Change |
| 5. Vista Community Clinic Club 55 | \$ - | \$ 7,500 | \$ 7,500.00 |
| 6. Community Resource Centers | \$ 99,799 | \$ 94,898 | (4,901.00) |
| 7. North County Lifeline Youth Programs | \$ 13,580 | \$ 13,580 | No Change |
| Total Public Services and Cap | \$ 197,089 | \$ 192,188 | \$ (4,901.00) |

Public Services cap figured at 15% entitlement plus prior year's program income

c. Housing Rehabilitation

| | | | |
|---|-------------------|-------------------|------------------|
| 1. Single Family Rehabilitation Loans* | \$ - | \$ - | |
| 2. Mobilehome Rehabilitation Grants | \$ - | \$ - | |
| 3. Program Management and Loan Services | \$ 100,000 | \$ 100,000 | No Change |
| Total Housing Rehabilitation | \$ 100,000 | \$ 100,000 | No Change |

d. Section 108 Loan Payment

| | | | |
|--|------------|------------|--------|
| | \$ 274,302 | \$ 275,131 | 829.00 |
|--|------------|------------|--------|

e. Code Enforcement

| | | | |
|--|------------|------------|-----------|
| | \$ 355,000 | \$ 355,000 | No Change |
|--|------------|------------|-----------|

CDBG Program Expenditures

| | | | |
|--|--------------|--------------|-------------|
| | \$ 1,189,176 | \$ 1,173,096 | (16,080.00) |
|--|--------------|--------------|-------------|

f. Contingency

| | | | |
|--|------------|-----------|-------------|
| | \$ 124,752 | \$ 80,791 | (43,961.00) |
|--|------------|-----------|-------------|

Total CDBG Budget 2014-15

| | | | |
|--|--------------|--------------|-------------|
| | \$ 1,313,928 | \$ 1,253,887 | (60,041.00) |
|--|--------------|--------------|-------------|

g. Local housing program funds 2014-15

| | | | |
|--------------------------------|-----------|-----------|-----------|
| Total homeless programs | \$ 30,000 | \$ 30,000 | No Change |
|--------------------------------|-----------|-----------|-----------|