

STAFF REPORT**CITY OF OCEANSIDE**

DATE: April 28, 2015

TO: Chairperson and Members of the Housing Commission

FROM: Neighborhood Services Department

SUBJECT: **ACCEPTANCE OF THE DRAFT 2015-2020 CONSOLIDATED PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT**

SYNOPSIS

Staff recommends that the Housing Commission recommend that the City Council accept the draft 2015-2020 Consolidated Plan, recommend submission to the U.S. Department of Housing and Urban Development of the 2015-2020 Consolidated Plan and 2015–2016 Annual Action Plan, and authorize the City Manager to submit the Plans to the U.S. Department of Housing and Urban Development for funds under the Community Development Block Grant and HOME Investment Partnership Programs, and sign and execute required forms and documents for the grant funds.

BACKGROUND

The Consolidated Plan for Housing and Community Development is a statutory requirement to receive funding through the Community Development Block Grant (CDBG) and the HOME Investment Partnership (HOME) programs. The U.S. Department of Housing and Urban Development (HUD) allocates funding for these programs to eligible jurisdictions based on an annual appropriation by Congress. The Consolidated Plan identifies a jurisdiction's overall housing and community development needs and outlines a five-year strategy to address those needs. The primary purpose of the Consolidated Plan is to address the needs of low- and moderate-income persons, households and neighborhoods. Low-income households are defined as households earning less than 80 percent of the area median income (AMI); low-income neighborhoods are defined as census tracts with 51 percent or more households with income less than the AMI.

The Consolidated Plan is a five-year strategic plan that addresses the overall needs of the City for that period. The statutory goals of the Consolidated Plan and annual Action Plans are to provide decent housing, a suitable living environment, and enhanced economic opportunity for all residents of the City. The annual Action Plan sets forth specific objectives and strategies to address community needs in the areas of affordable housing, homeless individuals and families, public services, community facilities and neighborhood revitalization. The Action Plan describes the City's proposed housing and community development activities for the program year and

identifies resources available to fund those activities. It offers local jurisdictions the opportunity to shape the various housing and community development programs into effective, coordinated neighborhood and community development strategies. It also creates the opportunity for strategic planning and citizen participation to take place in a comprehensive context, and to reduce duplication of effort at the local level.

The current five-year Consolidated Plan for the City of Oceanside expires June 30, 2015. Staff in the Neighborhood Services Department has been working with other City departments, City advisory commissions, neighborhood organizations, and non-profit social service and health agencies to gather information and review proposed objectives (Exhibit 1) for the 2015-2020 Consolidated Plan. City staff has also reviewed current population and demographic data to identify neighborhoods in the City that qualify for CDBG-funded programs. The 2015–2016 Annual Action Plan narrative (Exhibit 2) includes allocation of funds to entitlement programs for which the City is eligible to receive funding from HUD and is part of the initial Consolidated Plan submission.

The federal statutes for the Consolidated Plan set forth three basic goals (National Objectives) against which the plan and the jurisdiction's performance under the plan will be evaluated by HUD. Each jurisdiction's plan must state how it will pursue these goals for community development programs as well as housing programs, especially for low- and moderate-income individuals, families, and neighborhoods.

ANALYSIS

The Neighborhood Services Department has prepared a draft 2015-2020 Plan for review and comment. HUD regulations require that the preparation of a consolidated plan by a local jurisdiction include at least two public hearings prior to submission to the local governing authority for approval. The April 1, 2015, Public Hearing was the first public hearing and the second Public Hearing will be held before the Housing Commission on April 28, 2015. The second public hearing must be held near the time when the draft plan is made available to the public for a thirty-day review and comment period; no action is required at either of these hearings. The primary purpose of the public hearings is to receive comments on proposed objectives and strategies that the City will use to address the National Objectives for the CDBG and HOME programs.

Neighborhood Services Department staff prepares the overall CDBG budget (Exhibit 3) with funding recommendations.

Staff anticipates that the City will receive \$1,209,134 in CDBG funding, \$53,242 in CDBG program income, and \$402,249 in HOME funding. These figures reflect a slight increase in CDBG funds and a nine percent decrease in HOME programs from FY 2014-15. The City's CDBG funding allocation for FY 2015-16 increased by \$8,489. This reduction in overall grant funding impacts how much can be used for administration and planning, and how much for public services, which are restricted by percentage "caps".

The City of Oceanside's CDBG funding has decreased by approximately 39 percent, where in the first year of the 2010–2015 Consolidated Plan cycle was at \$1,960,622 to the last year of that cycle which is currently at \$1,200,645. For the 2015–2020 funding cycle, staff anticipates following the Council direction of limiting public service proposals. The plan proposes that such CDBG public service funds that are available under the 15 percent cap will be limited to activities that benefit the neediest and most at-risk populations in the City, including:

1. Programs for at-risk children and youth provided by the City Parks & Recreation Division at the Joe Balderrama and Melba Bishop Recreation Centers;
2. Programs for at-risk youth in neighborhood revitalization areas provided by Vista Community Clinic at the Libby Lake Community Center and North County Lifeline at the Crown Heights Resource Center;
3. Operation of the Crown Heights Resource Center in the very low-income Crown Heights neighborhood and the Chavez Resource Center in the low-income Eastside neighborhood;
4. Services for low- and very low-income seniors provided by the Oceanside Senior Citizens Association and Vista Community Clinic; and
5. The winter homeless shelter program sponsored by the Alliance for Regional Solutions.

While use of CDBG funds for public services is an option open to participating jurisdictions and not a requirement in HUD regulations, the City does not want to eliminate all public services funding. At the same time, it is clear that the City must determine how best to use limited CDBG funds. Staff proposes to not issue an open call for applications for CDBG public services funds during the 2015–2020 Consolidated Plan term unless or until CDBG funds increase by 25 percent or more, which would equate to an approximate increase of \$44,000 future available public service dollars.

1. Public Services Funding

The Public Services category includes services and programs for youth, senior citizens, adults with disabilities, and homeless persons, and other activities that benefit low- and moderate-income individuals, families, and neighborhoods. Per HUD regulations, CDBG public service funds will be capped at approximately \$190,676. The list of agencies and programs recommended for CDBG public services funding in FY 2015-2016 is shown in Exhibit 3. 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. Staff anticipates maintaining last year's public service allocations. 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. Exhibit A shows an allocation of \$15,000 (planning and administration) to Community Housing Works for this work. The proposed CDBG budget will fund two community resource center staff persons (public services) in the Crown Heights and Eastside neighborhoods.

3. Homeless Prevention and Homeless-serving Programs

The City 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. Existing housing programs are funded with prior year dollars; the 2015-2016 budget does include \$200,000 for project management and loan services.

5. Code Enforcement

For the past ten years CDBG funds have supported code enforcement activity in targeted low-income neighborhoods. This program has been very successful in alleviating conditions that cause established neighborhoods to decline, both in appearance and in property value. Enhanced code enforcement has been of particular importance as part of the Calle Montecito Neighborhood Revitalization Strategy, and the Crown Heights/Eastside neighborhood revitalization program. The proposed FY 2015-2016 CDBG budget will 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; the proposed FY 2015-2016 CDBG budget of \$252,475 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 2008-2009 and are amortized over twenty years, with \$277,452 due in FY 2015-2016.

8. Allocation Process

Action by the City Council will be to approve, modify, or deny the overall CDBG budget, including the public service allocation. Upon approval, staff will incorporate the proposed activities into the Action Plan along with other housing and community development activities. The Action Plan will include all activities supported by HUD funding, including HOME funds.

The draft Action Plan was available for public review beginning April 2, 2015. Following a 30-day comment period, the City will submit the Consolidated Plan which includes the first-year Action Plan to the Council for review and approval on May 6, 2015. The City must submit an approved 2015-2020 Consolidated Plan and FY 2015-2016 Action Plan to the HUD Los Angeles Field Office for review no later than May 15, 2015. CDBG entitlement funds will be available for expenditure beginning July 1, 2015, 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.

The City will seek additional funding for housing and community development activities through grant applications to federal and state agencies and to private foundations. The City will apply for CalHOME funds and Mortgage Credit Certificates for the City's first-time homebuyer program. The City will utilize State Multifamily Housing Program (MHP) and tax credit programs for development of rental housing that is affordable especially to very low-income households.

The 2015–2020 Consolidated Plan and 2015–2016 Annual Action Plan have been made available for public review at the Oceanside Library(s), the City Clerk's office, and at the Neighborhood Services Department office. Public comment has been requested through an advertisement in the *San Diego Union Tribune*. The City is required to respond to all the written comments as well as those comments made at the public hearing. Summaries of public comments and staff responses to the comments will be included in the final Consolidated Plan and Action Plan documents.

Copies of the draft Plan are available at the Oceanside Public Library, at the offices of the Neighborhood Services Department, and on the City website. Interested persons may submit written comments until May 4, 2015.

FISCAL IMPACT

The Consolidated Plan refers to the City’s planned use of federal and state entitlement funds. These funds must supplement and not supplant existing funding sources. Staff anticipates that the City will receive \$1,209,134 of CDBG entitlement funds and an estimated \$53,242 in program income. The CDBG and HOME grant allocations will be incorporated into the City’s FY 2015-2016 budget. Public service and planning and administration allocations must be used by the end of the particular program year; capital projects should be completed within 24 months.

CITY ATTORNEY’S ANALYSIS

Does not apply.

RECOMMENDATION

Staff recommends that the Housing Commission recommend that the City Council accept the draft 2015-2020 Consolidated Plan, and authorize the City Manager to submit the Plans and execute all related documents.

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SUBMITTED BY:



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Director of Neighborhood Services

- Exhibit 1. 2015-2020 Consolidated Plan Projects and Objectives
- 2. 2015–2016 Annual Action Plan narrative
- 3. 2015–2016 Community Development Block Grant Budget