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Report regarding holding a Public Hearing on the City’s housing, community, and economic development needs for the 2023-2027 Five-Year Consolidated Plan and 2023-2024 Annual Action Plan and providing direction to the Community Development Block Grant Standing Committee regarding funding priorities. (Heather Ruiz, Management Analyst II)

RECOMMENDATION

Staff recommends that the City Council hear public testimony on the City’s housing, community, and economic development needs for the 2023-2027 Five-Year Consolidated Plan and the 2023-2024 Annual Action Plan and provide direction to the Community Development Block Grant Standing Committee regarding funding priorities.

BACKGROUND

The U.S Department of Housing and Urban Development (HUD) requires local jurisdictions to prepare a Five-Year Consolidated Plan (Consolidated Plan), this cycle is from 2023 to 2027, as well as an Annual Action Plan (Action Plan) for the upcoming program year, 2023-2024, in order to receive funds through the Community Development Block Grant Program (CDBG). As part of the development of the Consolidated and Action Plans, the City is required to hold two public hearings. The purpose of the March 8, 2023, public hearing is to obtain citizens’ views on housing, community, and economic development needs which will inform the Plans.

Additionally, for those non-profit organizations seeking CDBG funds, they may use this public hearing to make brief comments to City Council regarding their programs. The City Council can take this opportunity to ask the nonprofit organizations questions regarding their proposed activities and to give direction to the CDBG Standing Committee on funding priorities. A notice of public hearing was published in the San Mateo County Times on February 6, 2023. The second public hearing is scheduled for April 26, 2023. At this meeting, Council will consider adopting the Consolidated and Actions Plans, and make final allocations of CDBG funding.

DISCUSSION

Funds Available for Program Year (PY) 23-24

The City's entitlement allocation for PY23-24 is \$457,048. Since the City received its entitlement amount earlier than in previous years, the CDBG Standing Committee and City Council can make final budget allocation for public service non-profit organizations and programs, which can be used to draft the Action Plan.

Pursuant to federal spending limitations, a total of 15% of the entitlement amount plus 15% of prior year Program Income (from PY22-23) may be allocated to non-profit organizations for public service activities. The amount available for public services is \$69,000.

CDBG administration costs (i.e., the cost of City staff time to administer the grant) also have a mandated spending limitation of 20% of the entitlement amount plus 20% of estimated current year Program Income (from PY23-24). This line item's spending limits are mandated by congressional statute and may not be exceeded with CDBG funds.

The following is a summary of currently funded activities under the CDBG program.

CDBG Programs

Program Year 23-24 marks the second year of a two-year funding cycle for Public Service non-profits. The City's current non-profits submitted renewal applications on Thursday, January 12, 2023, for PY23-24 funding. A summary of the funding requests and performance goals are provided in Attachment 1. The full public service renewal applications are provided in Attachment 2.

In PY22-23, in response to the concerns regarding income verification processes and to fund fewer Public Service non-profits at a higher level to maximize their impact, as directed by HUD, several non-profits were funded through the City's Housing fund (Fund 205) instead of CDBG. These grantees include CORA, HIP Housing, Legal Aid, LifeMoves, StarVista, and Samaritan House in which their programs provided services such as shelters, transitional housing, and housing referrals.

Fair Housing

The City has targeted the HOME administrative funds it receives from the County for fair housing activities since the CDBG regulations require the City to affirmatively further fair housing and fair housing activities can only be funded from administration or public service type funds. In PY22-23, the HOME Administrative funds were allocated to Project Sentinel, a non-profit fair housing provider. Project Sentinel has submitted a renewal application for the cycle. No other sub-recipients have requested HOME Administrative Funds.

City Sponsored Housing Rehabilitation Loan Program

The Housing Rehabilitation Loan Program assists low and moderate-income homeowners with housing loans and/or grants to rehabilitate their homes. This program demonstrates the City's commitment to maintaining affordable housing and anti-blight and anti-displacement efforts. The Housing Rehabilitation Loan Program is being modified to improve efficiency and to reduce administrative cost. Staff continues to work with other members of the CDBG cohort of entitlement cities to improve this process.

Debris Box Vouchers

Debris Box Vouchers are issued to clear code violations and for emergencies. Debris box vouchers are targeted for the cleanup of conditions that affect the health, safety, or appearance of properties.

Emergency Home Repair Vouchers

Emergency Home Repair Vouchers are provided as grants of up to \$5,500 for qualifying homeowners. These vouchers apply to minor home repairs and minor code violations, such as broken sewer lines, water heater

replacement, roof repairs, broken windows, etc. These grants have no fees or charges except any required permit fees. The homeowner is responsible for any costs beyond the grant amount.

Public Improvements Program

For Public Improvements, for PY22-23, approximately \$150,000 of CDBG funding is being used for the ADA Curb Ramp Replacement project. The project which will install 17 curb ramps in CDBG eligible areas, addressing ADA accessibility and improving existing public facilities that service the CDBG service area. Such additional projects could include updating and improving lighting to address safety concerns in the public right of way; improving public pathway improvements; or ADA access improvements.

FISCAL IMPACT

There is no fiscal impact on the General Fund to hold this Public Hearing. For the City to allocate federal funds, two Public Hearings must be held. This is the first of two hearings. At a subsequent City Council meeting, Council will be asked to consider adopting the Annual Action Plan following the second Public Hearing.

RELATIONSHIP TO STRATEGIC PLAN

By completing the HUD-mandated public process, including the required Annual Action Plan, the City will be able to secure its allocation of CDBG funds for the coming year. This, in turn will advance several components of the City's Strategic Plan, in particular:

- Provide funding for social services and public projects to support residents (Strategic Plan Priority #2 Quality of Life)
- Help fund non-profits that work to address various affordable housing-related issues (Initiative 2.3 - Promote a balanced mix of housing options)
- Shift the financial burden away from the City's General Fund by securing Federal grant funds (Priority Area 3 Financial Stability)
- Partner with non-profits that provide information to residents and help strengthen community relationship (Priority Area 6 Community Connections)

CONCLUSION

It is recommended that the City Council conduct a public hearing, take testimony on the City's housing, community, and economic development needs for the 2023-2027 Consolidated Plan and 2023-2024 Annual Action Plan, and provide direction to the CDBG Subcommittee regarding funding priorities.

Attachments:

1. Public Service non-profits' PY23-24 goals and funding requests
2. Public Service non-profits' PY23-24 renewal applications