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Title:	Report regarding a Public Hearing on the City of South San Francisco's Fiscal Year 2019-2020 (FY 19-20) One Year Action Plan for the Community Development Block Grant (CDBG) Program and a Resolution approving the FY 19-20 One Year Action Plan (Action Plan), authorizing submittal of the Action Plan and other required documents to the U.S. Department of Housing and Urban Development (HUD), authorizing a budget transfer to incorporate the CDBG and HOME Administrative Funds into the FY 19-20 Operating Budget, and authorizing the City Manager to execute all documents and certifications necessary to secure and award CDBG and HOME Administrative Funds for the City. (Kris Romasanta, Community Development Coordinator)		
Sponsors:	Economic & Community Development		
Indexes:			
Code sections:			
Attachments:	1. Attachment 1 - 2019-20 CDBG Budget, 2. Attachment 2 - 2019-20 CDBG Subcommittee Funding Recommendations, 3. Attachment 3 - 2019-20 One Year Action Plan, 4. Attachment 4 - City Council PowerPoint Presentation		

Date	Ver.	Action By	Action	Result
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Report regarding a Public Hearing on the City of South San Francisco's Fiscal Year 2019-2020 (FY 19-20) One Year Action Plan for the Community Development Block Grant (CDBG) Program and a Resolution approving the FY 19-20 One Year Action Plan (Action Plan), authorizing submittal of the Action Plan and other required documents to the U.S. Department of Housing and Urban Development (HUD), authorizing a budget transfer to incorporate the CDBG and HOME Administrative Funds into the FY 19-20 Operating Budget, and authorizing the City Manager to execute all documents and certifications necessary to secure and award CDBG and HOME Administrative Funds for the City. (Kris Romasanta, Community Development Coordinator)

RECOMMENDATION

Staff recommends that the City Council hear public testimony on the City's Fiscal Year 2019-2020 (FY 19-20) One Year Action Plan for the Community Development Block Grant (CDBG) Program and adopt a Resolution:

- **Approving the City's FY 19-20 One Year Action Plan;**
- **Authorizing the City Manager to execute all documents and certifications necessary to secure and award CDBG and HOME Administrative Funds for the City;**
- **Authorizing submittal of the City's FY 19-20 One Year Action Plan and all other required documents to the U.S. Department of Housing and Urban Development (HUD); and**
- **Authorizing a budget transfer to incorporate the CDBG and HOME Administrative Funds into the FY 19-20 operating budget.**

BACKGROUND/DISCUSSION

The purpose of this public hearing is to hear public comment on the City's draft FY 19-20 One Year Action Plan (Action Plan) for the Community Development Block Grant (CDBG) Program. The Action Plan assesses the City's housing, community, and economic development needs and available resources and outlines a strategy to address those needs. The Action Plan also includes the grant allocations to non-profit agencies for FY 19-20 funded by CDBG and HOME.

Federal legislation requires citizen participation in all phases of the development of an action plan; accordingly, two public hearings were scheduled. The first hearing was held on March 13, 2019 to obtain citizens' views on housing, community, and economic needs.

This hearing is the second and final hearing to hear public comment on the City's Action Plan. This is also the final public hearing regarding CDBG funding allocations for FY 19-20. The Action Plan was made available on March 25, 2019 for a 30-day public comment period. A public notice was published in the *San Mateo County Times* on March 20, 2019 announcing the availability of the Plan and the public hearing.

BUDGET

The City Council reviewed all funding requests and heard public comment at the March 13, 2019 City Council meeting. During the public hearing, 11 people representing 11 non-profit organizations made public comment. All of these non-profits were seeking CDBG or HOME Administrative Funds. They commented on their programs and thanked the City Council for their support.

At present, HUD has not notified the City of its entitlement allocation for FY 19-20. Typically, staff and Council identify their priorities and draft a budget under the assumption that the City will receive the same funding allocation as the previous year. The City received \$471,509 in FY 18-19. Staff anticipates the City's entitlement allocation for FY19-20 will be approximately \$450,000. The CDBG Subcommittee convened on March 15, 2019 to review the estimated FY 19-20 budget and to confirm budgets were in line with the overall goal of the Action Plan. Given uncertainty surrounding the entitlement awards by the federal government, staff recommends moving forward with an estimated budget. Should the final funding vary greater than 20 percent of this assumed budget, in accordance with HUD regulations, staff will return to the Subcommittee and/or City Council to refine the funding proposal.

With the anticipated entitlement and the rollover funding, the City may have a CDBG budget of approximately \$670,000 for FY 19-20. Additionally, the County of San Mateo (County) HOME Consortium provides the City one percent of its federal HOME entitlement amount on a yearly basis for administration costs. The City's FY 19-20 HOME allocation is expected to be \$12,000. This provides the City with an overall budget of \$682,000. Please refer to Attachment 1, lines 1 through 13, for details on the available funds.

Pursuant to federal spending limits, no more than 15 percent of the entitlement amount plus 15 percent of the prior year's program income (from FY 18-19) may be allocated to non-profit organizations for public service activities. The total funding allocation for public services is likely to be \$67,709 for FY 19-20. Please refer to Attachment 1, lines 14 through 22 for how this is calculated.

CDBG administration costs (i.e. City staff and consultant time) also have a mandated spending limitation of 20 percent of the entitlement amount plus 20 percent of estimated current year program income (from FY 19-20). The spending limitation for administrative costs is likely to be \$102,000. These spending limits are mandated by congressional statute and may not be exceeded with CDBG funds.

FUNDING RECOMMENDATIONS

The City Council reviewed all funding requests and heard public comment at the March 13, 2019 City Council meeting. The CDBG Subcommittee (Subcommittee) met on March 15, 2019 to prepare funding recommendations for the City Council (See Attachment 2). At its discretion, the City Council may adopt or modify the Subcommittee's preliminary funding recommendations.

Public Service & Minor Home Repair Activities

FY 18-19 marked the first year of the two-year funding cycle for public service and minor home repair/modification programs. Therefore, the City did not issue a request for proposals (RFP) for FY 19-20 funding for these types of activities. Those non-profits that received funds in FY 18-19 were required to submit a renewal application in order to receive FY 19-20 funds. The Subcommittee recommends renewing all of the public service and minor home repair grants. Please refer to at Attachment 2, lines 1-9 and lines 13-18. On March 15, 2019, the Subcommittee agreed to use this fiscal year's public services funding distribution with some minor changes. These modifications include:

- Increasing John's Closet allocation by \$800 and decreasing HIP Housing, Ombudsman Services, Samaritan House, and Star Vista by \$200
- Increasing CID's Housing Accessibility Modification Program by \$20,000 and decreasing the Housing Rehabilitation Loan Program by \$20,000

Public Service Activities

Attachment 2, lines 1-10, show the nine grantees providing public services to the community and the distribution percentages for each group.

The grantees include CORA, HIP Housing, John's Closet, Legal Aid Society, Ombudsman Services of San Mateo County, Rape Trauma Services Center, Samaritan House, and Star Vista.

Minor Home Repair Activities

The Subcommittee recommends funding the three non-profits (CID - Housing Accessibility Modification Program, El Concilio, and Rebuilding Together) that together implement four programs. All four of these programs have received CDBG funding in previous years. Please refer to at Attachment 2, lines 13-18.

Fair Housing

The City has allocated the HOME Administrative Funds it receives from the County for fair housing activities. CDBG regulations require the City to affirmatively further fair housing and fair housing activities be funded from administration or public service type funds. In FY 18-19, the HOME administrative funds were allocated to Project Sentinel, a non-profit fair housing provider. For FY 19-20, the Subcommittee recommends allocating

the anticipated \$12,000 in HOME Administrative Funds to Project Sentinel. Please refer to at Attachment 2, lines 31-33.

City-Sponsored Activities

The City funds the following programs:

1. Public Improvements
2. Housing Rehabilitation Loan Programs
3. Emergency Home Repair Grants
4. Debris Box Vouchers

Attachment 2, lines 19 through 23, provides details on funding for the City-Sponsored Activities.

Public Improvements

This fiscal year, \$206,000 of CDBG funding was used for the Americans with Disabilities Act (ADA) upgrades to ramps at intersections in the City. These projects are an ideal use of CDBG funding. Economic and Community Development Department staff have worked with the Parks and Recreation and Public Works Departments to identify potential projects for FY 19-20. The Subcommittee recommends budgeting \$265,041 of CDBG funds for public improvements at Gardiner Park.

Housing Rehabilitation Loan Program

This 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 Revolving Loan Fund (RLF) serves as a dedicated funding source for housing rehabilitation loans and allows the City to directly allocate program income received from prior loans to the RLF without requiring changes to the City's Annual Action Plan. Please refer to Attachment 2, line 20.

Debris Box Vouchers

These vouchers are issued to clear code violations and in emergencies. Debris box vouchers are targeted for the cleanup of conditions that affect the health, safety, or appearance of properties. The Subcommittee recommended budgeting \$2,000 of CDBG funds for the debris box vouchers. Please refer to Attachment 2, line 21.

Emergency Home Repair Vouchers

These vouchers are provided as grants of up to \$5,500 for qualifying homeowners. These vouchers apply to emergency 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. The Subcommittee recommended budgeting \$50,000 of CDBG funds for the home repair vouchers. Please refer to Attachment 2, line 22.

FISCAL IMPACT

Holding this Public Hearing has no fiscal impact on the General Fund. In order for the City to allocate federal

funds, two Public Hearings must be held. This is the second of two hearings.

RELATIONSHIP TO STRATEGIC PLAN

The CDBG Program addresses the following Strategic Plan areas:

- Strategic Plan Priority #2 Quality of Life,
- Initiative 2.3 - Promote a balanced mix of housing options in South San Francisco,
- Priority Area 3 Financial Stability, and
- Priority Area 6 Community Connections.

CONCLUSION

Staff recommends that the City Council hear public testimony on the City's FY19-20 One Year Action Plan for the Community Development Block Grant (CDBG) Program and adopt a Resolution:

- Approving the City's FY19-20 One Year Action Plan;
- Authorizing the City Manager to execute all documents and certifications necessary to secure and award CDBG and HOME Administrative Funds for the City;
- Authorizing submittal of the City's FY19-20 One Year Action Plan and all other required documents to the U.S. Department of Housing and Urban Development (HUD); and
- Authorizing a budget transfer to incorporate the CDBG and HOME Administrative Funds into the 2019-2020 operating budget.

As previously noted, should the CDBG entitlement allocation from the federal government vary greater than 20 percent of the estimated budget, staff will return to the Subcommittee and/or City Council to revise the funding proposal.

Attachments:

1. 2019-20 CDBG Budget
2. 2019-20 CDBG Subcommittee Funding Recommendations
3. 2019-20 One Year Action Plan
4. City Council PowerPoint Presentation