



## Staff Reports Details (With Text)

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Date	Ver.	Action By	Action	Result
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To: Honorable Mayor and Members of City Council

From: Rick Tooker, Community Development Director

Prepared By: Stephanie Gaul, Management Analyst II

### TITLE:

Proposed Funding for the 2017-2018 Community Development Block Grant (CDBG) Program

### RECOMMENDED ACTION:

Receive the report on the Community Development Block Grant (CDBG) Fiscal Year 2017-2018 funding recommendations and provide direction on funding allocations.

### DISCUSSION:

The City of Napa receives an annual allocation of Community Development Block Grant (CDBG) funding from the U.S. Department of Housing and Urban Development (HUD). Under CDBG regulations, up to 20% of the annual allocation plus the current year's program income may be spent on planning and administrative activities. Up to 15% of the allocation plus the prior year's program income may be spent on public service activities. All remaining funds are to be used for community development activities.

The applications for Fiscal Year 2017-2018 funding were received and reviewed by staff in January 2017. During the staff review process, staff contacted many of the applicants to ask clarifying questions on the proposed projects in order to verify eligibility with CDBG regulations and consistency with Consolidated Plan goals. Staff also prepared preliminary funding recommendations which were presented to the CDBG Citizens Advisory Committee (the "Committee"). The Committee listened to applicant presentations, reviewed the applications and made funding recommendations on February 6, 2017. The recommendations of the Committee aligned with the recommendations of

staff.

Because the 2017-2018 funding allocation was not yet known, the Committee (and staff) made recommendations based on the current fiscal year's allocation. During its discussions, the Committee directed staff to proportionally adjust its recommendations if the actual CDBG funding allocation differed from the current year funding level. If the funding level differs by more than 5%, the Committee requested to reconvene to revisit the recommendations. As of the writing of this report, the funding allocation has not been released by HUD. Therefore, staff is still working on the assumption that the Fiscal Year 2017-2018 allocation will be similar to the current year's entitlement.

With the CDBG fund receiving program income from the sale of 1201 Main Street in the Fiscal Year 2016-2017, the cap on the public service category in Fiscal Year 2017-2018 is significantly greater than the public service cap in a typical year. Staff and the Committee had to make difficult funding decisions in order to maximize the benefit of the annual entitlement. The summary below outlines each category of recommended funding.

#### Planning and Program Administration Budget

CDBG regulations cap funds spent on planning and program administration at 20%. Based on the estimated funding allocation, up to \$136,912 would be available. The Committee and staff both recommend to maximize the administrative category by funding the administration of the CDBG program in the amount of \$135,000, along with a portion of Fair Housing Napa Valley's funding request, \$1,912 (with additional funding for Fair Housing provided under the Public Services category).

#### Public Service Budget

Because of the current year's large amount of program income, the estimated maximum amount available for public service activities is \$448,088. The public service category applications received totaled \$271,777. In recent history, the public service cap has typically been approximately \$110,000. If the public services were fully funded at the requested levels, there would only be approximately \$272,000 available for community development projects. In addition to the concerns of funding available for projects, a one-time funding increase to the public service recipients might cause the non-profit organizations to rely on operational funding that the CDBG fund cannot sustain. Because of this unique situation, the Committee and staff both recommend funding the public service recipients at an amount more aligned with historical funding levels as outlined in Attachment 1. This includes \$35,000 for NEWS to fund a bilingual counselor to assist victims of domestic violence, \$18,000 for Fair Housing Napa Valley (in addition to the funding received under the Administrative category, \$10,000 for Catholic Charities for Rainbow House transitional housing operations, and \$75,000 for South Napa Homeless Shelter operations.

#### Community Development Budget

Assuming that the administrative and public service categories are funded at the levels described

above, approximately \$405,735 would be available to fund community development projects in Fiscal Year 2017-2018. Three applications were submitted in this category, and each project would achieve goals identified in the Consolidated Plan. Staff and the Committee are recommending to fully funding the CDBG-eligible portions of the Senior Center ADA project (\$113,850) and the Mayacamas Village Insulation Replacement Project (\$83,130). In addition to fully funding these two projects, staff and the Committee recommend the remaining funds, estimated to be \$208,755, be allocated to the Housing Rehabilitation Loan Program. The Housing Rehabilitation Loan Program also receives revolving loan funds from repayments of previously issued loans, so staff anticipates the program would be able to continue to deliver much needed rehabilitation projects to the community even with this partial funding.

#### **FINANCIAL IMPACTS:**

There is no fiscal impact at this time. The City Council recommendations will be incorporated into the CDBG Annual Plan which will be adopted at a future Council meeting once the actual funding allocation is known.

#### **CEQA:**

The Community Development Director has determined that the Recommended Action described in this Agenda Report is not in-and-of-itself a “project” (pursuant to CEQA Guidelines Section 15378) since it does not result in a physical change in the environment. However, the Recommended Action is a part of a larger project that will be subject to environmental review in accordance with CEQA at the “earliest feasible time” prior to approval consistent with CEQA Guidelines Sections 15004 and 15352. The larger “project” is adoption of the 2017-2018 Annual Action Plan, and staff will provide a CEQA analysis of that project when the Annual Action Plan is brought to Council for adoption at a future meeting.

#### **DOCUMENTS ATTACHED:**

Attachment 1: CDBG Fiscal Year 2017-2018 Funding Recommendations

#### **NOTIFICATION:**

The CDBG Citizens’ Advisory Committee met and provided funding recommendations on February 6, 2017 at a public meeting. In addition, staff notified the applicants of CDBG funding recommendations.