



Staff Reports

File #: 1385-2018, **Version:** 1

To: Honorable Mayor and Members of City Council
From: Rick Tooker, Community Development Director
Prepared By: Stephanie Gaul, Management Analyst II

TITLE:

Community Development Block Grant (CDBG) Program for the 2018-2019 Fiscal Year

RECOMMENDED ACTION:

Receive the report on the Community Development Block Grant (CDBG) Fiscal Year 2018-2019 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 2018-2019 funding were received and reviewed by staff in January 2018. During the staff review process, staff contacted applicants to ask clarifying questions as was necessary. 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 January 22, 2018. The recommendations of the Committee aligned with the recommendations of staff.

Because the 2018-2019 funding allocation was not known at the time of the Committee meeting, the Committee (and staff) made recommendations based on the current fiscal year's CDBG 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 differed by more than 5%, the Committee requested to reconvene to revisit the recommendations. On May 1, 2018 HUD released the allocations and the funding was 3% greater than expected. The recommendations presented are adjusted for the actual allocation.

Planning and Program Administration Budget

CDBG regulations cap funds spent on planning and program administration at 20%. Based on the funding allocation and estimated program income, up to \$136,539 will be available. The Committee and staff both recommend maximizing the administrative category by funding the administration of

the CDBG program in the amount of \$136,539.

Public Service Budget

The CDBG regulations cap funds spent on public services at 15%. The estimated maximum amount available for public service activities is \$114,387. The public service category applications received totaled \$249,255. The Committee and staff both recommend funding the public service recipients at the maximum allowable. This includes \$29,010 for NEWS to fund a bilingual counselor to assist victims of domestic violence, \$14,920 for Fair Housing Napa Valley, \$8,288 for Catholic Charities for Rainbow House transitional housing operations, and \$62,169 for South Napa Homeless Shelter operations.

Community Development Budget

If the administrative and public service categories are funded at the levels described above, \$401,730 would be available to fund community development projects in Fiscal Year 2018-2019. The only application received in this category was for the Housing Rehabilitation Loan Program. While the Housing Rehabilitation Loan Program would receive more funding than applied for, there is a strong demand for the program which has already exhausted its Fiscal year 2017-2018 funding. Thirty-five low-income homeowners have been assisted this fiscal year, and another five are on a waiting list. Staff is hopeful that the lack of applications in this category is a rare occurrence and staff intends to provide increased outreach for the next round of available 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.

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 2018-2019 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:

ATCH 1 - CDBG Fiscal Year 2018-2019 Funding Recommendations

NOTIFICATION:

The CDBG Citizens’ Advisory Committee met and provided funding recommendations on January 22, 2018 at a public meeting. A Public Hearing Notice was published on May 25, 2018. In addition, staff notified the applicants of CDBG funding recommendations.

