



Staff Reports

File #: 255-2020, **Version:** 1

To: Honorable Mayor and Members of City Council
From: Vincent Smith, Community Development Director
Prepared By: Stephanie Gaul, Assistant Housing Manager

TITLE:

Community Development Block Grant (CDBG) Consolidated Plan and Annual Plan

RECOMMENDED ACTION:

Adopt a resolution adopting the Community Development Block Grant (CDBG) Program 2020-2025 Consolidated Plan and the Fiscal Year 2020-2021 Annual Action Plan and Program Budget, approving program certifications, authorizing the City Manager to execute all documents and determining that the actions authorized by this resolution are exempt from CEQA.

DISCUSSION:

As an entitlement jurisdiction for Community Development Block Grant (CDBG) funds, the City of Napa is required to adopt a Consolidated Plan every five years. The Consolidated Plan serves as a planning document which identifies needs for affordable housing and community development, provides a five-year strategy to address these needs, and describes the City's performance during the previous five-year Consolidated Plan cycle.

The City must prepare and submit all CDBG plans and reports using HUD's on-line reporting system. The structure of the Consolidated Plan and Annual Action Plan follows HUD's prescribed template.

The Consolidated Plan will serve as the guiding document for funding projects and programs with CDBG funds over the next five years. The Draft 2020-2025 Consolidated Plan was prepared by City staff and its consultant, BAE Urban Economics. In order to obtain public input for the Consolidated Plan, the City held numerous meetings. Meetings included an internal stakeholder meeting, two external stakeholder meetings comprised of governmental and service agencies, and two public meetings including one held in Spanish. An on-line survey was conducted in English and Spanish to obtain community input on community needs. Public input was supplemented with data from the U.S. Census, the recently completed Analysis of Impediments to Fair Housing Choice, the Housing Element, and other planning documents.

The community needs assessment and annual funding allocation for Fiscal Year 2020-2021 were substantially complete when shelter-at-home orders were issued in March 2020 in response to the COVID-19 coronavirus. Because of the significant economic and health impacts caused by COVID-19, staff delayed adoption of the Consolidated Plan in order to incorporate the resulting changes in community needs into the draft Consolidated Plan. While the Consolidated Plan presented here has not added any new priority needs or goals from the public participation process, staff is aware that

there might be additional needs during the duration of the Consolidated Plan.

The Consolidated Plan as presented lists all of the City's identified affordable housing and community development needs for the Plan cycle - even though the anticipated CDBG funding is insufficient to address all of these needs. In some cases, other resources, such as State HOME Program funds, Section 8 rental assistance funding, Affordable Housing Impact fees, 1% TOT for Affordable and Workforce Housing, State Permanent Local Housing Allocation, and other funds have been identified as potential funding sources to help address identified needs. Because, during the five-year Consolidated Plan cycle, CDBG funds can only be used to address the priority needs specifically identified in the Plan, the Draft Consolidated Plan includes many needs without any anticipated funding (such as the need for childcare facilities). Including unfunded needs provides the City with flexibility to later decide to allocate CDBG funding to these activities without having to go through a Consolidated Plan amendment. If it is determined that an amendment to the Consolidated Plan is warranted, a process including public participation will follow. The priorities identified in the draft Consolidated Plan include:

- Housing rehabilitation*
- Construction of new affordable rental units
- Acquisition and rehabilitation of existing units
- Provision of rental assistance
- Farmworker housing
- First time homebuyer assistance
- Permanent supportive housing
- Emergency shelter services*
- Outreach/referral for racial/ethnic minority groups*
- Fair housing activities*
- Services for youth transitioning from foster care
- Non-profit capital improvement projects
- In-fill sidewalks in low-income neighborhoods
- Improvements to City facilities and parks
- Affordable childcare facilities
- Local business support
- Green space expansion/improvement in areas of need
- Improvement of access to parks and recreation facilities*
- Bicycle and pedestrian improvements
- Expansion of programming at parks and recreation facilities
- Physical/mental/behavioral health services
- Flexible funding to prevent homelessness

(* denotes priorities with CDBG funding anticipated during the five-year Consolidated Planning cycle)

The CDBG Citizens' Advisory Committee reviewed the draft Consolidated Plan and recommends adoption by Council. Once adopted, the Consolidated Plan will become the single, coordinated document to guide the City's CDBG funding over the next five years.

Fiscal Year 2020-2021 Annual Action Plan and Funding Recommendations

The City's Consolidated Plan includes the first year's Annual Action Plan. The Annual Action Plan identifies specifically how the City's CDBG funding shall be allocated for Fiscal Year 2020-2021. This

must be done in accordance with the priorities identified in the Consolidated Plan.

The total available CDBG funding for Fiscal Year 2020-2021 is \$692,015 (comprised of \$590,446 of CDBG grant funds and \$101,569 of reprogrammed prior year's funds). Under CDBG regulations, up to 20% of the City's CDBG funding is available for planning and administration while normally no more than 15% of the CDBG grant and previous year's program income may be used on public service activities. The remaining funds must be spent on Community Development activities. However, under the CARES Act, HUD has temporarily waived the 15% cap on public service activities. This is because prior to HUD providing a waiver on public service caps, the CDBG Citizens' Advisory Committee met and made funding recommendations for the entire Fiscal Year 2020-2021 allocation. Additionally, the City received a separate allocation of CDBG CARES funding which provides additional funding that can be used for public service activities. The CDBG CARES funding will be allocated under a separate item on the City Council's August 18, 2020 agenda item. Therefore, staff recommends the City still follow the public service cap and allocate funding based on the CDBG Citizens' Advisory Committee recommendations for the regular (non-CARES) CDBG allocation.

The CDBG Citizens' Advisory Committee reviewed applications and has made the below funding recommendations to Council. The amount of funding requested exceeded available funding by over \$329,000. The specific funding allocations provided in the attached Annual Action Plan were made after staff received direction from the CDBG Citizens' Advisory Committee at its February 26, 2020 meeting.

As recommended by the CDBG Citizens' Advisory Committee, the following funding allocations have been incorporated into the City's Fiscal Year 2020-2021 Annual Action Plan and Program Budget:

- CDBG planning and administration \$135,100
- NEWS for a bilingual case manager (public service) \$25,443
- Fair Housing Napa Valley (public service) \$13,085
- Abode Services South Napa Shelter (public service) \$54,523
- Catholic Charities Rainbow House Family Shelter (public service) \$7,269
- Housing Rehabilitation Program (community development) \$328,395
- Napa Valley Community Housing Oran Court re-roof (community development) \$103,200
- Senior Activity Center ADA upgrades \$25,000

FINANCIAL IMPACTS:

Approval of the City's Fiscal Year 2020-2021 Annual Action Plan and CDBG Program budget will commit \$692,015 to the activities described above. The CDBG Program budget has been incorporated into the City's budget for Fiscal Year 2020-2021. No General Funds are committed by this action.

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. The individual activities and projects contemplated under the Consolidated and Annual Plans and CDBG Budget are either 1) not subject to CEQA pursuant to CEQA Guidelines Sections 15060(c), as they will not result in a direct or

reasonably foreseeable indirect physical effect on the indirect physical effect on the environment; or (2) exempt from CEQA pursuant to CEQA Guidelines Section 15301, which exempts the repair or minor alteration of existing private and public structures, streets, sidewalks and gutters and Section 15303 which exempts the construction and location of limited numbers of new, small facilities or structures.

DOCUMENTS ATTACHED:

ATCH 1 - Resolution adopting Consolidated Plan and Annual Action Plan and CDBG Program Budget with Exhibits "A", "B", "C", "D", and "E"

EX A - Draft Annual Action Plan

EX B - CDBG Funding Chart

EX C - CDBG Certifications

EX D - SF424

EX E - SF424D

NOTIFICATION:

Notice announcing the availability of the Draft Annual Action Plan for public review was published in the Napa Valley Register on August 8, 2020. Notice was also placed on the City's website and posted at Puertas Abiertas and Hispanic markets. Copies of the Draft Consolidated Plan and Annual Action Plan were made available by contacting the Housing Division. Copies of this staff report were e-mailed to the CDBG Citizens' Advisory Committee and CDBG applicants.