



CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of City Council
FROM: Terri C. Schaeffer, Housing Program Manager
MEETING DATE: November 15, 2017
SUBJECT: Grant Application to the California State Department of Housing and Community Development for Funding under the State Community Development Block Grant Program
CEQA: This does not constitute a “Project” under the California Environmental Quality Act (CEQA).

RECOMMENDATION

Approve a resolution authorizing the City Manager to submit a \$500,000 application to the California Department of Housing and Community Development for funding under the Community Development Block Grant Program to fund Housing Rehabilitation Loans.

BACKGROUND

Please Note: *The grant application is quite lengthy. A summary of the application is included in this report. The full application is available for review at the Community Development Department, Library, and City Hall. A copy will be provided upon request.*

The State Department of Housing and Community Development (HCD) published a “Notice of Funding Availability” (NOFA) on September 1, 2017, announcing the availability of Community Development Block Grant (CDBG) funds. These CDBG funds are allocated to the State from the Federal Department of Housing and Urban Development (HUD).

Federal Citizen Participation requirements include two public hearings prior to submitting a grant application to HCD. The first public hearing was held by the Planning Commission on November 2, 2017. The primary focus of the Planning Commission public hearing was to inform citizens about the CDBG Program and to receive suggestions and public input during the project (grant application) design stage. The second public hearing must be held by the City’s governing body and it must provide specific information about the CDBG program and the proposed grant application. Housing staff also held a Brown Bag workshop on the Housing Rehabilitation Loan Program and the CDBG NOFA on October 27, 2017. The following information is required for public hearing and comment.

- The CDBG Program is authorized by the Housing and Community Development Act of 1974 and is intended to carry out at least one of the three national objectives of benefiting:
 1. Low-income households or persons,
 2. Elimination of slums and blight, or
 3. Meeting urgent community development needs.
- The recently published NOFA applies to four allocations: Community Development, Economic Development, Colonia and Native American. Pacific Grove is eligible to apply to the Community Development and Economic Development allocations. Typical activities funded under these allocations include: housing rehabilitation programs and projects; home ownership assistance programs; housing acquisition projects; business assistance projects and programs; micro-enterprise assistance programs; public infrastructure projects attached to housing development; public facility projects; public services programs; and planning and technical assistance grants.
- Under this NOFA, approximately \$27,000,000 for the program year 2017 is available.

DISCUSSION

The City of Pacific Grove has over 30 years experience in administering its Housing Rehabilitation Loan Program. Since 2008, using a combination of CDBG and CalHome funds, the City has processed 28 loans totaling \$1,653,000, the average loan amount was \$59,000, and of those loans, 9 loans have been repaid in the amount of \$477,437 to date. These funds have assisted homeowners in making needed improvements to their homes and are a vital part of our long-term efforts at upgrading and updating the City's housing stock. Without access to programs like this, the City would see more deteriorated houses and, eventually, more homes lost to demolition or replacement, which would negatively impact the historic ambience so prized in many older Pacific Grove neighborhoods. The opportunity to apply for this funding is important because the City currently has closed out the 2013 Grant and the only available funding is limited to the CDBG Program Income and CalHome Reuse funds.

Staff has sought input from the public and the Planning Commission and discussed the application at length with HCD staff. Based upon the information received from HCD staff and upon review of the grant criteria we have developed a \$500,000 application to fund the City's Housing Rehabilitation Loan Program. The City is obligated to spend Program Income first and staff anticipates approximately \$100,000 of Program Income will be expended. If approved, it is anticipated that the grant would fund approximately 6 rehabilitation loans. The term of the grant is three years.

Ratings. The State's rating criteria is heavily weighted in favor of communities with high poverty levels, overcrowding, etc. Many of the 1000 rating points are completely based on Census data criteria, of which we have no control. Historically, this criterion has given our community little chance for competitive rankings, so we have learned to take every opportunity to tailor our applications to the criteria and objectives over which we have control. Our strengths are the age of our housing stock, our 30-year history administering a housing rehabilitation loan program, our readiness to put loans out to the community, our high

performance evaluations with previous CDBG grants, and our State approved loan program guidelines. Additionally, the City has an opportunity to qualify for State-Objective bonus points due to our long term disaster planning and Fair Housing outreach.

Use of Funds. Allocation of the \$500,000 will be done in accordance with HCD guidelines as follows:

\$ 34,884	General Administration
\$ 465,116	Housing Rehabilitation Loans-Single Unit Residential
\$ 500,000	Total Grant

OPTIONS

1. Do nothing.
2. Make modifications to the application prior to approving the resolution.
3. Provide alternative direction to staff regarding this matter.

CEQA

Approval of this grant application does not constitute a “Project” as that term is defined under the California Environmental Quality Act (CEQA), CEQA Guideline Section 15378.

GOAL ALIGNMENT

1. Financial Sustainability
7. Neighborhoods

FISCAL IMPACT

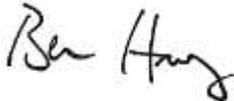
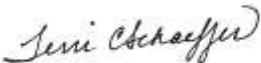
Housing Funds are budgeted for grant preparation and submittal. If the grant is approved the General Fund provides an allocation for the grant amount (up to \$500,00) that is reimbursed by the State as projects are completed.

ATTACHMENTS

1. Draft Resolution No. 17-_____

RESPECTFULLY SUBMITTED:

REVIEWED BY:



Terri C. Schaeffer
Housing Program Manager

Ben Harvey
City Manager

RESOLUTION NO. 17-XXX

A RESOLUTION APPROVING AN APPLICATION FOR FUNDING AND THE EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO FROM THE 2017 FUNDING YEAR OF THE STATE CDBG PROGRAM

FACTS

1. The State Department of Housing and Community Development (HCD) published a “Notice of Funding Availability” (NOFA) on September 1, 2017, announcing the availability of Community Development Block Grant (CDBG) funds.
2. These CDBG funds are allocated to the State from the Federal Department of Housing and Urban Development (HUD). The CDBG Program is authorized by the Housing and Community Development Act of 1974 as amended, and Subpart 1 of the Federal Community Development Block Grant regulations. The requirements of the State CDBG Program are in Health and Safety Code, Section 50825, and Title 25 of the California Code of Regulations, Section 7050, et seq.
3. Under this NOFA, approximately \$27,000,000 for the program year 2017 is available.
4. The City has prepared an application for up to \$500,000 for the following activities:

	<u>Amount</u>
<i>General Administration</i>	\$ 34,884
<i>Housing Rehabilitation Program – Single Unit Residential</i>	\$ 465,116
TOTAL GRANT	\$ 500,000

5. The City Council has determined that state and federal citizen participation requirements were met during the development of this application.
6. The City is obligated to spend Program Income funds of up to \$100,000 prior to expenditure of any awarded grant funds.
7. The action proposed by this Resolution does not constitute a “Project” as that term is defined under the California Environmental Quality Act (CEQA), CEQA Guideline Section 15378.

NOW THEREFORE, THE COUNCIL OF THE CITY OF PACIFIC GROVE DOES RESOLVE AS FOLLOWS:

SECTION 1. The City Council finds the Facts set forth above to be true and correct, and by this reference incorporates each as an integral part of this Resolution.

SECTION 2. The City Council has reviewed and hereby approves an application for up to \$500,000 for the Housing Rehabilitation Loan Program (Single Unit Residential).

SECTION 3. The City Council hereby authorizes and directs the City Manager, or his/her designee, to sign this application and act on the City's behalf in all matters pertaining to this application.

SECTION 4. If the application is approved, the City Manager, or designee is authorized to enter into and sign the grant agreement and any subsequent amendments with the State of California for the purposes of this grant.

SECTION 5. If the application is approved, the City Manager, or designee, is authorized to sign Funds Requests and other required reporting forms.

SECTION 6. This Resolution shall take effect immediately following its adoption.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE THIS ____ day of _____, 2017, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

BILL KAMPE, Mayor

ATTEST:

SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:

DAVID C. LAREDO, City Attorney