



City of Gilroy

STAFF REPORT

Agenda Item Title: Approval of the Community Development Block Grant and Housing Trust Fund Public Service Grant Allocations and Community Development Block Grant Annual Action Plan for Fiscal Year 2021-2022

Meeting Date: May 3, 2021

From: Jimmy Forbis, City Administrator

Department: Administration

Submitted By: Jimmy Forbis

Prepared By: Maria De Leon
Maria De Leon

Strategic Plan Goals

- | | | |
|--|---|---|
| 
<input type="checkbox"/> Fiscal Stability | 
<input type="checkbox"/> Downtown Revitalization | 
<input type="checkbox"/> Economic Development |
| 
<input checked="" type="checkbox"/> Neighborhood Services | 
<input type="checkbox"/> Enhanced Public Safety | |
| 
<input type="checkbox"/> Workforce Stability | 
<input type="checkbox"/> Public Engagement | |

RECOMMENDATION

- a) Conduct a public hearing and solicit comments on the draft 2021-2022 Annual Action Plan.
- b) Approve the Community Development Block Grant (CDBG) and Housing Trust Fund (HTF) public service grant allocations for Fiscal Year 2021-2022.

EXECUTIVE SUMMARY

Each year, to be eligible to receive Community Development Block Grant (CDBG) funds from the federal Department of Housing and Urban Development (HUD), several requirements must be met. This includes holding a minimum of two public hearings for

the funding cycle, having a Five-Year Consolidated Plan, and submitting an Annual Action Plan that identifies the specific activities the City will undertake during the Program Year that support the goals of the Consolidated Plan.

As part of this process, the City of Gilroy elects to include the use of Housing Trust Fund (HTF) dollars in its Annual Action Plan and utilize the Housing and Neighborhood Revitalization Committee (HNRC) to make funding recommendations for the portion of the CDBG and HTF funds set aside for Public Services and Housing Rehabilitation.

For Program Year 2021-2022, the City will receive \$439,371 in CDBG Funding. This funding will be used to support a variety of programs and projects including funding for Public Services in the form of grants to local nonprofits, housing rehabilitation and other projects that meet CDBG criteria. As in previous years, the City has allocated up to an additional \$168,000 in HTF funding to support grants to local nonprofits. Although a separate, city-controlled funding source, and not subject to HUD requirements, the process and timing of awarding HTF funding is blended with CDBG grant funding.

Staff requests that City Council consider any comments received through the Public Hearing regarding the 2021-2022 Annual Action Plan and approve the following;

- Recommendations by the Housing and Neighborhood Revitalization Committee (HNRC), for Community Development Block Grant (CDBG) and Housing Trust Fund (HTF) funding as follows;
 - Public Services Grants in the amount of \$195,440
 - Housing Rehabilitation Program in the amount of \$140,000
- The 2021-2022 Annual Action Plan detailing the use of funding for the various eligible uses. In addition to the Public Service Grants and Housing Rehabilitation Program above, the plan includes CDBG funding for the following;
 - \$38,452 for the Gilroy Youth Center programs
 - \$75,000 for hot water recirculation system repair and fire alarm system equipment replacement at Cherry Blossom Apartments
 - \$70,592 for design work and environmental for Pedestrian Crossing Safety Improvements near Monterey Gateway Senior Apartments (CIP Project EN2154)
 - \$87,874 for program administration

The above projects represent a total investment of \$607,358 into the Gilroy community.

On April 2, 2021, a draft of the Annual Action Plan was made available on the City's website for a 30-day public review period. Comments on the draft plan were to be received by May 2.

BACKGROUND

This year's funding cycle included the following steps and actions;

January 1	Released Notice of Funding of Availability (NOFA) for 21/22 CDBG & HTF Funds
January 7	Public Hearing – Review of NOFA and application process for organizations interested in Public Services and Housing Rehab grants
January 13	HNRC orientation regarding funding programs and application process.
February 22	Grant proposals due to City of Gilroy
February 17 & 26	HNRC Meeting - grant applicant presentations
March 3	HNRC Evaluations and funding recommendations submitted to City Staff (staff develops summary based on results)
March 10	HNRC Recommendation Meeting / Approval
April 2 to May 2	Public comment period on Draft 2021-22 Annual Action Plan (30 days)
May 3	Public Hearing before the City Council on the Draft 2021-22 Annual Action Plan
May 15	Deadline to submit 2021-22 Annual Action Plan to HUD

COMMUNITY DEVELOPMENT BLOCK (CDBG) GRANTS

The use of CDBG entitlement funds may be used for a wide array of activities that meet at least one of the National Objectives:

- Benefit to low and moderate income persons
- Aid in the prevention of slums or blight
- Urgent need

Eligible activities include, but are not limited to;

- Public Services such as meal delivery, health care, youth, senior and homeless services, fair housing services
- Housing rehabilitation
- Public infrastructure or improvements
- Economic Development including loans and grants to businesses
- Removal of architectural barriers to the elderly and disabled

Annual CDBG allocations are limited as follows;

- 15% maximum for Public Services
- 20% administrative costs
- Remainder may be used for any other CDBG eligible projects and programs

For Program Year 2021-2022, the City will receive \$439,371 in CDBG Funding.

HOUSING TRUST FUND (HTF)

In addition to the annual CDBG allocation, the City also made available up to \$168,000 from its local Housing Trust Fund (HTF). The HTF funds are for services that are primarily related to housing and homelessness. The HTF was established by the City of Gilroy in 1997 to create a funding source to assist in the local development of affordable housing. Funding of the HTF comes primarily from the repayment of promissory notes secured by the trust deeds recorded on property titles and equity share payments from sale, or resale, of Below Market Rate (BMR) properties in Gilroy.

CONSOLIDATED PLAN & ANNUAL ACTION PLAN (AAP)

To receive federal funds, the City must submit a strategic plan, the Consolidated Plan, every five years to HUD. Additionally, an Annual Action Plan must be submitted each year detailing the use of funding for the various eligible uses. On July 1, 2020, City Council approved the 2020-2025 Consolidated Action plan with the following goals:

- Preserve Affordable Housing for Home Ownership

- Small Business Expansion
- Supportive Services for Homeless
- Fair Housing Support
- Install Safety & Enhanced Public Improvements
- Workforce Development
- Supportive Services for Special Needs Populations
- Neighborhood Revitalization

Staff is now seeking approval of the 2021-2022 Annual Action Plan, which supports the Consolidated Plan goals.

ANALYSIS

For the 2021-2022 Funding Cycle, several steps, as noted above, have been completed to date including HUD requirements. The next step is a public hearing to receive any comments on the draft Annual Action Plan, consideration of the funding recommendations by the HNRC and approval of the Annual Action Plan.

The 2021-2022 Annual Action Plan marks the 2nd year of the five-year Consolidated Plan period, which runs from 2020-2025. The Annual Action Plan describes to the public

and HUD how the City will specifically utilize CDBG monies in the coming program year (July 1, 2021 - June 30, 2022) and references HTF funding as well.

The HNRC evaluated and ranked Public Service and Housing Rehabilitation grant applications received through a Request for Proposals process as noted in the timeline above. Requests for funding exceeded the amount available, so the HNRC had the challenging job of evaluating each proposal, selecting those to be funded and determining the amount of funding. Funding recommendations below also include staff recommendations for public infrastructure and improvement projects.

Agency	Project	Funding Amount	Funding Source
Live Oak Adult Day Services	Adult Day Care: Gilroy Center	\$8,560	CDBG Public Service
Bay Area Community Health	Community Outreach and Navigation: PrEP	\$10,250	CDBG Public Service
The Health Trust	Meals on Wheels	\$8,643	CDBG Public Service (\$13,347 will also be given to this program with HTF funds for a total allocation of \$21,990)
City of Gilroy Recreation Department	Gilroy Youth Center	\$38,452	CDBG Public Service
South County Compassion Center	Day Center and Outreach for the Homeless	\$45,660	Housing Trust Fund
St. Joseph's Family Center	Gilroy Street Team	\$23,780	Housing Trust Fund
St. Joseph's Family Center	Homeless Prevention Services	\$54,650	Housing Trust Fund
Project Sentinel	Landlord/Tenant Counseling and Dispute Resolution	\$15,960	Housing Trust Fund
The Health Trust	Meals on Wheels	\$13,347	Housing Trust Fund (\$8,643 will also be given to this program with CDBG Public Service funds for a total allocation of \$21,990)
Project Sentinel	Project Sentinel Fair Housing	\$14,590	Housing Trust Fund
Rebuilding Together Silicon Valley	Rebuilding Home Repair, Rehabilitation and Accessibility Modification Program	\$140,000	CDBG Non-Public Service
City of Gilroy Facilities Division	Hot Water Recirculation System & Fire Alarm System Equipment Replacement Repair at Cherry Blossom Apartments	\$75,000	CDBG Non-Public Service

City of Gilroy Public Works Department	Design & environmental for Pedestrian Crossing Safety Improvements near Monterey Gateway Senior Apartments (CIP Project EN2154)	\$70,592	CDBG Non-Public Service
Program Administration	20% of grant allocation will be used to pay for staff time and consultant time related to the overall management and oversight of the CDBG Program	\$87,874	CDBG Administration
TOTAL CDBG Funds		\$439,371	
TOTAL HTF Funds		\$167,987	
TOTAL ALL FUNDS		\$607,358	

This year's request will cover a one year funding cycle rather than a two-year funding cycle as has been done in the past. City staff plan to evaluate the current CDBG and HTF funding process as well as an analysis of the HTF funds and will be presenting findings to the Council this summer for consideration. At that time, if there are any changes to the process, those can be incorporated into the next funding cycle.

ENVIRONMENTAL ASSESSMENT

All projects that receive Block Grant funding will undergo the appropriate environmental assessment prior to the release of funds.

ALTERNATIVES

The City Council may elect not to approve the funding recommendations and instead to allocate the funds as it deems appropriate. This action is not recommended.

FISCAL IMPACT/FUNDING SOURCE

CDBG funds are allocated by HUD on an annual basis. The City also contributes up to \$168,000 from the Housing Trust Fund to grant funded services. The CDBG and HTF funding recommendations will be reflected in the upcoming FY 2021-2022 budget. CDBG Fund 254 will include revenue and expenditures of \$439,371 and HTF Fund 259 will include \$167,987 in expenditures. Sufficient funds are available in the HTF for the recommended awards.

PUBLIC OUTREACH

Public Outreach for the funding cycle was in alignment with the Citizen Participation Plan as detailed in Section AP-12 (page 19) of the Annual Action Plan. This item includes a public hearing to receive comments on the Annual Action Plan which was posted for review on the City's website on April 3.