

EXECUTIVE SUMMARY

DATE ISSUED: December 11, 2009 **REPORT NO:** HCR 09-127
ATTENTION: Chair and Members of the Housing Commission
For the Agenda of December 18, 2009
SUBJECT: Application for Fiscal Year 2011 Community Development Block Grant Funds
(Council Districts 2 and 8)

SUMMARY:

The City will receive approximately \$16,500,000 of CDBG funding in FY11, which is about 10 percent more than the FY10 entitlement of \$15,027,728. Funding will be allocated to applicants and projects that address the priorities established in the Consolidated Plan and reviewed annually by the City Council.

It is recommended that the Housing Commission apply for \$1,500,000 of the City's FY11 CDBG funds for multifamily housing rehabilitation. Sites may include the Picador Apartments, 605 Picador Boulevard (Council District 8), and/or the Hotel Sandford, 1301 Fifth Avenue (Council District 2). The application deadline is January 6, 2010.

Should additional CDBG funding become available to the Housing Commission, a wide range of activities could be undertaken including: predevelopment loans, housing development loans, capacity building assistance to nonprofit builders, monitoring of City land use requirements, or funding a program relating to foreclosure activity.

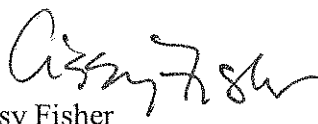
STAFF RECOMMENDATION:

Authorize the President and Chief Executive Officer or designee to apply to the City of San Diego for \$1,500,000 of FY11 CDBG funds for multifamily housing rehabilitation, and execute a contract with the City for the amount allocated to the Housing Commission.

FISCAL CONSIDERATIONS:

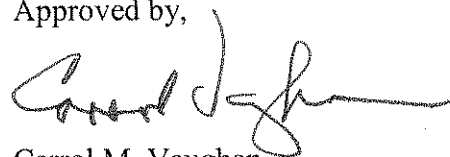
The amount the Housing Commission receives may be substantially different from the amount requested. Therefore, it is not possible to quantify fiscal impact at this point in the allocation process.

Respectfully submitted,



Cissy Fisher
Vice President
Special Housing Initiatives

Approved by,



Carrol M. Vaughan
Executive Vice President & Chief
Operating Officer



REPORT

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ATTENTION: Chair and Members of the Housing Commission
For the Agenda of December 18, 2009
SUBJECT: Application for Fiscal Year 2011 Community Development Block Grant Funds
(Council Districts 2 and 8)

REQUESTED ACTION:

Apply to the City of San Diego for FY11 Community Development Block Grant (CDBG) funds and execute a contract with the City for the amount ultimately allocated.

STAFF RECOMMENDATION:

Authorize the President and Chief Executive Officer or designee to apply to the City of San Diego for \$1,500,000 of FY11 CDBG funds for multifamily housing rehabilitation, and execute a contract with the City for the amount allocated to the Housing Commission.

BACKGROUND:

The CDBG Program is funded annually by the Department of Housing and Urban Development. The funding amount is determined by a formula that uses several objective measures of community needs, including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relationship to other metropolitan areas. There is a wide variety of eligible uses of funds including public facilities and improvements, economic development and business assistance, residential rehabilitation programs, affordable housing, public services, and community development and revitalization.

On November 24, 2009, the City Council amended Council Policy 700-02 (Attachment) making a number of systemic changes to the CDBG program. Removing a goal that 20 percent of the City's annual CDBG entitlement be used for affordable housing purposes and eliminating district allocations were among the more notable changes. Prior to this year, the Housing Commission applied for 20 percent of the City's CDBG funds but generally received a much smaller amount (typically \$1,277,478). This amount was used for operating funds for eligible Housing Commission activities and for programmatic allocations (e.g., rehabilitation of owner-occupied homes, first-time homebuyer and multifamily rental loans).

DISCUSSION:

The City will receive approximately \$16,500,000 of CDBG funding in FY11, which is about 10 percent more than the FY10 entitlement of \$15,027,728. Under the revised allocation process, funding will be allocated to applicants and projects that address the priorities established in the Consolidated Plan and reviewed annually by the City Council.

It is recommended that the Housing Commission apply for \$1,500,000 of the City's FY11 CDBG funds for multifamily housing rehabilitation. Sites may include the Picador Apartments, 605 Picador Boulevard (Council District 8), and/or the Hotel Sandford, 1301 Fifth Avenue (Council District 2). The application deadline is January 6, 2010.

Should additional CDBG funding become available to the Housing Commission, a wide range of activities could be undertaken including: predevelopment loans, housing development loans, capacity building assistance to nonprofit builders, monitoring of City land use requirements, or funding a program relating to foreclosure activity.

FISCAL CONSIDERATIONS:

The amount the Housing Commission receives may be substantially different from the amount requested. Therefore, it is not possible to quantify fiscal impact at this point in the allocation process.

COMMUNITY PARTICIPATION and PUBLIC OUTREACH EFFORTS:

The application for federal entitlement grants (which includes the City's CDBG entitlement grant) is referred to as the Consolidated Plan. The Consolidated Planning process includes a community input process, during which staff presents the Plan and requests feedback from each community planning group representing low and moderate income communities. Further, the process will be considered by the Public Safety and Neighborhood Services Committee and City Council in March and April 2010.

ENVIRONMENTAL REVIEW:

Application for funding is not a "project" within the meaning of the California Environmental Quality Act of 1970 and no environmental review is required. This activity is exempt from review under the National Environmental Policy Act pursuant to 24 CFR 58.34(a)(3).

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Residents of low and moderate income communities, community-based organizations, community planning groups, and other community development organizations.

Respectfully submitted,



Cissy Fisher
Vice President
Special Housing Initiatives

Approved by,



Carrol M. Vaughan
Executive Vice President & Chief
Operating Officer

Attachment: Council Policy 700-02

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

CURRENT

ATTACHMENT

SUBJECT: COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
(CDBG)
POLICY NO.: 700-02
EFFECTIVE DATE: November 24, 2009

BACKGROUND:

The Housing and Community Development Act of 1974 established the Community Development Block Grant Program. The enabling legislation has been reviewed and amended by Congress every three years since 1974. The purpose of the CDBG program is to provide an annual source of funds to local governments for the purpose of implementing activities to develop viable urban communities, including decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Federal administration of the program is the responsibility of the U.S. Department of Housing and Urban Development (HUD). The City of San Diego has participated in the program since its inception.

PURPOSE:

To establish the general guidelines by which the City will select and implement activities utilizing Community Development Block Grant funds.

POLICY:

It is the policy of the City Council to allocate Community Development Block Grant funds in accordance with the following standards.

1. Selection and implementation of program activities that meet the Congressional intent of the program and the specific eligibility requirements as outlined by the U.S. Department of Housing and Urban Development.
2. Funding will be allocated on a Fiscal Year basis (July 1 through June 30).
3. Funding priorities will be based on the City's 5-year Consolidated Plan and prioritized by the City Council annually.
4. Funding for the repayment of HUD Section 108 loans will be taken from the City's overall annual allocation prior to funding being made available to address other Consolidated Plan goals.

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5. Funding in the categories of “Planning and Administration” and “Fair Housing” will be taken from the City’s overall annual allocation prior to funding being made available to address other Consolidated Plan goals.
6. No allocation of CDBG funds will be made to an economic development or non-capital project of less than \$50,000.
7. No allocation of CDBG funds will be made to a capital project of less than \$100,000, unless funding at a lesser amount is necessary to complete a project and the project will be completed within 18 months.
8. Priorities of the City’s Capital Improvements Program will be developed irrespective of whether or not the City is to receive Community Development Block Grant funds. Community Development Block Grant funds if received are to be used to supplement the City’s Capital Improvements Program and not as a substitute for other City funds.
9. No allocation of CDBG funds will be made to projects that are phased over multiple years. (It is the intent of the City Council that this policy serve to ensure that priority be given to projects where the funding will complete the project.)
10. A portion of the funds in the category of “Planning and Administration” will be allocated for the purpose of capacity building in order to ensure that emerging non-profit organizations have the opportunity to qualify for future CDBG funding.
11. No allocation of CDBG funds will be made to a project for which a CDBG application has not been received by the City.
12. A Community Based Development Organization (CBDO) certification process will be conducted in an effort to fund eligible project activities, as defined in the applicable U.S. Department of Housing and Urban Development regulations.
13. No allocation of CDBG funds will be made to a subrecipient project in the category of “Planning and Administration,” except for those subrecipients certified by the City as a Community Based Development Organization.
14. All CDBG applicants shall attend mandatory workshops hosted by City staff during the annual CDBG application period.
15. All CDBG funds allocated to projects shall be used within 18 months of the date of the allocation, or such funds will be subject to reprogramming by the City Council.

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16. The public services category of activities shall be open to all eligible applicants, including City programs. A portion of the public service funds shall be set aside for the City's homeless programs that require funds to match other grants.
17. Beginning with Fiscal Year 2012 allocations, a Consolidated Plan advisory board will review applications and provide recommendations to the Council.

HISTORY:

"Leasing of City-owned Property in Industrial Park"

Adopted by Resolution R-174133 - 01/10/1963

Repealed by Resolution R-208090 - 06/05/1973

"Community Development Block Grant Program (CDBG)"

Adopted by Resolution R-259072 - 08/15/1983

Amended by Resolution R-281638 - 03/22/1993

Amended by Resolution R-282395 - 07/26/1993

Amended by Resolution R-287559 - 06/25/1996

Amended by Resolution R-303367 - 02/11/2008

Amended by Resolution R-305413 - 11/24/2009