



Council Agenda Report

From: Darren Nash, City Planner

Subject: Approval of 2024 Community Development Block Grant Program and the Final Annual Action Plan

CEQA Determination: The Annual Action Plan is exempt from the California Environmental Quality Act (CEQA) pursuant to State Guidelines Section 15061(b)(3) and 15378, as it does not constitute a "project" under CEQA.

Date: March 5, 2024

Facts

1. The Community Development Block Grant (CDBG) is a federal program that supports community development activities to build stronger and more resilient communities. Activities may address needs such as infrastructure, public services, code enforcement, and homeowner assistance services that benefit low- and moderate-income persons.
2. The City receives its annual allocation of CDBG funds through the County of San Luis Obispo, where the County takes the lead role in administration of the CDBG program. This includes the preparation, adoption, and annual updating of a "Consolidated Plan," which the U.S. Department of Housing and Urban Development (HUD) approves following adoption by the County Board of Supervisors. Under a cooperation agreement with the County, the City retains the right to decide how its allocation of CDBG funds will be used.
3. In February or March, the County will publish a Draft "Consolidated Plan," which will list summaries of the activities that are recommended for consideration by the local city councils and Board of Supervisors at public hearings to be conducted in February, March, and/or April 2024.
4. The purpose of this report is for the City Council to review all applications and recommend to the San Luis Obispo County Board of Supervisors those applications to be included in the Annual Action Plan.
5. The deadline for submittal of applications for 2024 CDBG funds was on November 5, 2023. As of that date, the City received five applications, including an application from the City for administrative use of CDBG funds, for a total amount of funding requested of \$183,428. A summary of the 2024 applications is attached and a summary of the individual requests are included in the staff report below.
6. HUD is not expected to publish the amounts available for 2024 CDBG Program until Spring 2024. However, based on information from HUD, it is anticipated the City will be entitled to approximately \$172,350 for the 2024 Program.
7. Federal regulations impose several limits on the use of CDBG funds, as follows:
 - a. At least 70% of all funds *must* be spent on activities that benefit low-income persons, and no more than 30% *can* be spent on activities that eliminate blight;
 - b. No more than 15% of CDBG funds *can* be used for public service activities; and
 - c. No more than 20% of CDBG funds *can* be used for City/County administrative uses.
8. As noted in Fact No. 7, the CDBG Program allows for a maximum of 20% of the funds to be allocated toward administrative activities. As part of the Cooperation Agreement executed with the County in 2023, the City has agreed to allocate 13 percent of the City's CDBG allocation to the County for its

administrative activities that directly benefit the City. Therefore, of the \$39,621 proposed to be allocated for administrative purposes; \$25,753 would be allocated to the County and the remaining \$13,867 would be used by the City for administrative activities.

9. On December 19, 2023, the City Council reviewed all the applications and directed staff to include the following list of applications in the Final Action Plan recommended to the Board of Supervisors, as shown below:

a) Public improvement projects

Sidewalk and Ramp infill (Riverside Avenue)	\$128,768
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b) Public services

CAPSLO – Adult Day Care	\$14,500
ECHO – Homeless Services	\$15,215
5CHC – Homeless Services	\$0

c) Administration

\$13,867

Total (a+b+c)

\$172,350

10. With the review of the Final Annual Action Plan, City Council has the discretion to modify the recommended scenario listed above and can consider any of the applications filed by November 5, 2023, to be included for funding in the Draft Consolidated Plan, if the scenario complies with the federal regulations outlined in fact No. 7 of this staff report.

Community Outreach

Various workshops were held by the County of San Luis Obispo related to the 2024 CDBG application process.

Options

1. Take no action;
2. Approve CDBG allocations for the City's One Year Action Plan to the County of San Luis Obispo as presented.
3. Amend or modify Option 2.
4. Provide alternative direction to staff.

Analysis and Conclusions

Summary of Public Improvement Project Applications

The City submitted one application for public improvement grants for 2024 totaling \$128,768. The Riverside Avenue Pedestrian Improvements Project would upgrade the accessible path along the west side of Riverside Avenue from 18th Street to 21st Street by infilling locations that are currently dirt or gravel with ADA compliant concrete facilities. This project along with the 2032 CDBG grant for Riverside Avenue together will construct approximately twelve missing or non-compliant curb ramps, four hundred and fifty linear feet of missing sidewalk, and four ADA-compliant driveway approaches where no driveway approaches are currently installed. All work will be done within existing Riverside Ave. right of way as one project phase.



Summary of Public Service Applications (Total requested: \$40,793 – Total Available: \$29,715)

The City received three applications for public service grants in 2024 totaling \$40,793. Since the City's anticipated allocation would be \$29,715, it is necessary to reduce the grant amounts requested by \$11,078. Council could consider reducing the public service grant amounts as follows:

- Distributing the maximum grant amount of \$29,715 evenly amongst the three public service applicants, meaning each grant amount would be allocated \$9,905 each.
 - Approve one to three public service grant requests in a manner that would result in a total grant amount of \$29,715.
 - Do not fund any of the public service requests and put all funds (less administration) toward the Riverside Avenue sidewalk and ramp infill project.
1. **El Camino Homeless Organization (ECHO):** \$9,960 requested. El Camino Homeless Organization (ECHO) maintains 50 emergency and transitional shelter beds at the Black Oak Drive Home Key shelter in Paso Robles, housing 200 adults and children each year from throughout San Luis Obispo County. ECHO is in the process of transitioning to a 24/7 shelter, accessible to clients during daytime hours, and will be adding 10 additional shelter beds. In addition to the physical shelter, staff provide the case management and supportive services needed for clients to increase their income and secure permanent housing.
- Applicant's Project Description:** ECHO operates two Navigation Centers with overnight shelters, ECHO Atascadero and ECHO Paso Robles, housing residents from throughout San Luis Obispo

County. Requested funds from CDBG, ESG, PLHA, and GFS will support shelter services at both sites, including shelter and outreach case management, shelter coordination, and volunteer coordination for 950 clients during the 2024-25 year. In addition to providing shelter, ECHO's Navigation Centers operate 90-day programs that support people experiencing homelessness in finding permanent housing; with this support, over 50% of clients find a home.

2. **CAPSLO:** \$14,500 requested. The Adult Day Center (ADC) in Paso Robles is San Luis Obispo County's only non-profit adult day care center. Providing quality care to older adults with early stages of Alzheimer's disease, dementia, and other cognitive impairments, ADC serves up to 20 seniors/day, 8 am – 5 pm, Monday through Friday. ADC provides nutritious snacks and lunch, mentally stimulating activities, opportunities for socialization, and supervision so family caregivers can work or have respite, and clients can remain safely living at home.

Applicant's Project Description: The Adult Day Center (ADC) in Paso Robles, which provides a quality, stimulating environment to assist low-income adults with early stage Alzheimer's disease, dementia, and other cognitive impairments to maintain their highest level of cognitive functioning. Open Monday through Friday, 8 AM to 5 PM and provides a social model day program with activities that are designed to maximize the living skills and abilities of participants based upon a sliding fee scale. ADC also offers caregiver respite, and conducts community outreach and education regarding Alzheimer's disease, aging, and caregiving issues.

3. **5 Cities Homeless Coalition – Homeless and Rental Assistance Programs (5CHC):** \$16,333 requested. This program will provide emergency subsistence and deposit payments, with case management services. These emergency subsistence payments (rental assistance) and deposits will be provided on behalf of people who are homeless or at risk of becoming homeless as allowed per 24 CFR 570.207(4) of the CDBG regulation. Services will assist those who are homeless and those at risk of homelessness to develop a housing stability plan and provide short-term emergency homeless prevention rental assistance or move-in deposits. This program will be augmented by other services also provided by 5CHC, including benefits determination, and streamlining access, client resource center (mailing address, computer access, printer, phone, internet), transportation and utilities assistance, family reunification opportunities, and documentation assistance

Applicants Project Description: 5CHC's housing and stabilization services including landlord cultivation, case management support, and subsistence payments for rent, application fees, and deposits to individuals, following a coordinated entry assessment and progressive engagement model. With these activities 5CHC will work to quickly identify and resolve barriers to gaining or maintaining housing.

Summary of Administration Application

CDBG regulations provide that no more than 20% of all entitlement CDBG funds in any program year may be used for administrative purposes. Administration refers to staff time and expenses directly related to managing the CDBG program and those activities funded with CDBG funds. As a condition of accepting CDBG funds, the city must ensure compliance with numerous federal regulations that govern aspects such as public hearings, environmental review, procurement, labor laws, and filing of quarterly reports on progress made and the socioeconomic profile of beneficiaries served by the funded activities.

As part of the Cooperation Agreement executed with the County in 2023, the City has agreed to allocate 13 percent of the City's CDBG allocation to the County for its administrative activities that directly benefit the City. Therefore, of the \$39,621 proposed to be allocated for administrative purposes, \$25,753 would

be allocated to the County and the remaining \$13,867 would be used by the City for administrative activities.

Fiscal Impact

Based on the foregoing analysis and after reviewing the proposed applications, staff recommends City Council consider in the Annual Action Plan as follows:

a) Public improvement projects	
Sidewalk and Ramp infill (Riverside Avenue)	\$128,768
b) Public services	
CAPSLO – Adult Day Care	\$14,500
ECHO – Homeless Services	\$15,215
5CHC – Homeless Services	\$0
c) Administration	
	\$13,867
Total (a+b+c)	\$172,350

There is no direct fiscal impact by approving the Annual Action Plan; however, participation in the federal CDBG Program has evolved and will continue to demand a commitment of staff resources (which is partially offset by the 20% administration funding). Regardless, utilizing CDBG funds makes it possible for the City to fund public accessibility improvements and public services that might not otherwise be possible if reliance on General Funds were required.

CEQA

The Annual Action Plan is exempt from the California Environmental Quality Act (CEQA) pursuant to State Guidelines Section 15061(b)(3) and 15378 as it does not constitute a “project” under CEQA because it can be seen with certainty that there is no potential the action will result in direct, or reasonably foreseeable indirect, physical change in the environment.

Recommendation (Option 2)

Approve Resolution 24-XXX, recommending CDBG allocations for the City’s Annual Action Plan to the County of San Luis Obispo as follows: \$128,768 for Riverside Avenue sidewalk and ramp infill; \$14,500 to CAPSLO for Adult Day Care services; \$15,215 to ECHO for Homeless Services; and \$13,867 for program administration, for a total of \$172,350.

Attachments

1. Application Summary Table
2. Resolution 24-XXX – CDBG Allocations – City’s Annual Action Plan