



Council Agenda Report

From: Darren Nash, City Planner

Subject: 2023 Community Development Block Grant (CDBG) Program and the Annual Action Plan.

CEQA Determination: The *Draft* Annual Action Plan is exempt from the California Environmental Quality Act (CEQA) pursuant to State Guidelines Sections 15060 and 15378 as it does not constitute a "project" under CEQA.

Date: March 7, 2023

Facts

1. The City receives its allocations of federal 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.
2. HUD is not expected to publish the amounts available for 2023 CDBG Program until Spring 2023. However, based on information from HUD, it is anticipated the City will be entitled to approximately \$226,994 for the 2023 Program.
3. November 14, 2022, was the deadline for submittal of applications for 2023 CDBG funds. As of that date, the City received six applications (including an application from the City for administrative use of CDBG funds).
4. 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.
5. The City Council reviews the applications and recommends to the San Luis Obispo County Board of Supervisors those applications to be included in the Final Action Plan as being recommended for funding.
6. As part of the Cooperation Agreement executed with the County in 2020, 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 \$45,389 proposed to be allocated for administrative purposes; \$29,509 would be allocated to the County and the remaining \$15,889 would be used by the City for administrative activities.
7. The anticipated award amount of \$197,484 is available to be divided among the proposed activities, as shown below:

i.	\$147,546	for low-income benefit, non-public service projects
ii	\$ 34,049	maximum for low-income benefit – public service programs
iii	\$ 15,889	maximum for City administration
iv.	\$197,484	Total Anticipated CDBG Award

8. At its meeting of [December 20, 2022](#), 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) Non – Public service projects	
Sidewalk and Ramp infill (Riverside Avenue)	\$147,546
b) Public services	
PSHH – supportive Housing	\$9,000
5CHC – Homeless Services	\$6,000
ECHO – Homeless Services	\$5,000
CAPSLO – Adult Day Care	\$14,049
c) Administration	\$15,889
Total (a+b+c)	\$197,484

Options

1. Take no action and choose not to apply for CDBG funds this cycle;
2. Approve CDBG allocations for the City's One-Year Action Plan to the County of San Luis Obispo as follows:

a) Non – Public service projects	
Sidewalk and Ramp infill (Riverside Avenue)	\$147,546
b) Public services	
PSHH – supportive Housing	\$9,000
5CHC – Homeless Services	\$6,000
ECHO – Homeless Services	\$5,000
CAPSLO – Adult Day Care	\$14,049
c) Administration	\$15,889
Total (a+b+c)	\$197,484

4. Amend or modify Option 2; or
5. Refer the item back to staff for additional analysis and funding scenarios.

Analysis and Conclusions

Summary of Public Improvement Project Applications

The City submitted one application for public improvement grants in 2023 totaling \$181,595. This amount is reduced to \$147,546 to provide for the 15 percent for public service grants.

1. City of Paso Robles – Riverside Avenue infill sidewalk and curb ramp project: \$147,546.
The Riverside Avenue, 18th Street to 21st Street 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 would install six missing curb ramps, three 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. street right of way as one project phase.

Summary of Public Service Applications

This would award the full public service grants to the four nonprofits in a manner distributed as follows:

PSHH – Supportive Housing	9,000
5CHC – Homeless Services	6,000
ECHO – Homeless Services	5,000
CAPSLO – Adult Day Care.....	14,049

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 2020, 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 \$45,389 proposed to be allocated for administrative purposes, \$29,509 would be allocated to the County and the remaining \$15,889 would be used by the City for administrative activities.

Fiscal Impact

Participation in the federal CDBG Program has evolved and will continue to demand a commitment of staff resources that are partially offset by the 20% administration funding. Utilizing CDBG funds makes it possible for the City to fund public accessibility improvements and public service funding support that might not otherwise be possible if reliance on General Funds were required.

Recommendation (Option 2)

Approve Resolution 23-XXX recommending CDBG allocations for the City's One-Year Action Plan to the County of San Luis Obispo as follows:

a) Non – Public service projects	
Sidewalk and Ramp infill (Riverside Avenue)	\$147,546
b) Public services	
PSHH – supportive Housing	\$9,000
5CHC – Homeless Services	\$6,000
ECHO – Homeless Services	\$5,000
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c) Administration	\$15,889
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Attachments

1. Resolution 23-XXX -