

RESOLUTION NUMBER R- 303367

DATE OF FINAL PASSAGE FEB 11 2008

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO
AMENDING COUNCIL POLICY NO. 700-02 (COMMUNITY
DEVELOPMENT BLOCK GRANT PROGRAM) AND
DIRECTING CITY STAFF REGARDING VARIOUS MATTERS

WHEREAS, the City Council adopted Council Policy No. 700-02, entitled, "Community Development Block Grant Program (CDBG)," on August 15, 1983 (Resolution No. R-259072), and subsequently amended Council Policy No. 700-02 on March 22, 1993 (Resolution No. R-281638), on July 26, 1993 (Resolution No. R-282395), and on June 25, 1996 (Resolution No. R-287559); and

WHEREAS, in August 2007, the City received notice from the U.S. Department of Housing and Urban Development [HUD] of its findings and concerns regarding the City's compliance with HUD regulations, and in response, it was determined, among other things, that Council Policy No. 700-02 would need to be amended; and

WHEREAS, on November 19, 2007, the City's Economic Development Division reviewed the aforementioned findings and concerns with the Audit Committee; and

WHEREAS, on December 6, 2007, January 9, 2008, and January 16, 2008, the Budget and Finance Committee accepted the following recommendations:

A. That Council Policy No. 700-02 be amended to include the following:

1. A prohibition on any allocation of CDBG funds to a project for which a CDBG application has not been received by the City;

2. A prohibition on any allocation of CDBG funds to a project of less than \$25,000, unless funding at a lesser amount is necessary to complete a project already in progress;
3. The deletion of Paragraph No. 6 of Council Policy No. 700-02 (which addressed "core" assistance to community development corporations);
4. The implementation of a "Community Based Development Organization [CBDO] Certification Process" in an effort to fund eligible project activities;
5. A prohibition on any allocation of CDBG funds to a subrecipient project in the category of "Planning," except for those subrecipients certified by the City as a Community Based Development Organization;
6. A requirement of mandatory workshops for all CDBG applicants; and
7. A requirement that all CDBG funds allocated to projects be used within three years of the date of the allocation, or such funds will be reprogrammed by the City Council;

B. That City staff be directed as follows:

1. To provide the City Council a comprehensive list of projects from the past one year that were ineligible for funding under the supplanting prohibition, along with a plan for how these projects will be funded in the future;
2. To forward all CDBG applications for projects deemed questionable or ineligible by City staff to the City Council, with a recommendation that these projects not be funded;

3. To return to the Budget and Finance Committee in sixty to ninety days with reports on the City's Fair Housing Plan and Management Plan, as required by HUD;
4. To return to the Budget and Finance Committee, following completion of the Annual Budget process (in June or July 2008), with a report on the City's Strategic Plan for the CDBG Program in FY 2010, including a plan for enhancing public participation; and
5. To return to the Budget and Finance Committee in the future, following the completion of the HUD audit, with a report on the Redevelopment Agency loan issue; and

WHEREAS, on January 29, 2008, the City Council approved the aforementioned recommendations, with the following modifications:

- A. As to recommendation A.2 above, the amendment to Council Policy 700-02 shall read:
"No allocation of CDBG funds will be made to a project of less than \$25,000, unless funding at a lesser amount is necessary to complete a project. (It is the intent of the City Council that this policy serve to reduce the total number of CDBG-funded contracts annually.)"; and
- B. As to recommendation A.7 above, the amendment to Council Policy 700-02 shall read:
"All CDBG funds allocated to projects shall be used within three years of the date of the allocation, or such funds will be subject to reprogramming by the City Council.";

NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, as follows:

1. That Council Policy No. 700-02, entitled, "Community Development Block Grant Program (CDBG)," is hereby amended as set forth in the attached Council Policy and filed in the Office of the City Clerk as Document No. RR- 303367.

2. That the City Clerk is instructed to add the aforesaid to the Council Policy Manual.

3. That City staff is directed to provide the City Council a comprehensive list of projects from the past one year that were ineligible for funding under the supplanting prohibition, along with a plan for how these projects will be funded in the future.

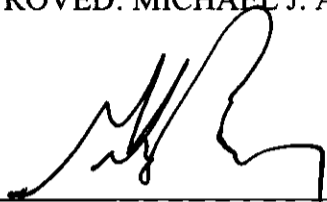
4. That City staff is directed to forward all CDBG applications for projects deemed questionable or ineligible by City staff to the City Council, with a recommendation that these projects not be funded.

5. That City staff is directed to return to the Budget and Finance Committee in sixty to ninety days with reports on the City's Fair Housing Plan and Management Plan, as required by HUD.

6. That City staff is directed to return to the Budget and Finance Committee, following completion of the Annual Budget process (in June or July 2008), with a report on the City's Strategic Plan for the CDBG Program in FY 2010, including a plan for enhancing public participation.

7. That City staff is directed to return to the Budget and Finance Committee in the future, following the completion of the HUD audit, with a report on the Redevelopment Agency loan issue.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By 
Michael D. Neumeyer
Deputy City Attorney

MDN:nda
01/31/08
Or.Dept: City Planning & Community Investment
R-2008-584
MMS#5803

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JAN 29 2008.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 2-11-08
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

SUBJECT: COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)
POLICY NO.: 700-02
EFFECTIVE DATE: February 11, 2008

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. 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. Priorities of the 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.
3. Funding will be allocated on a Fiscal Year basis (July 1 through June 30).
4. Allocation of Community Development Block Grant entitlement funds will be on an formulated basis, with 60% of the annual entitlement going to individual Council Districts and 40% allocated on a City-Wide basis. The percentage of funds each Council District will receive is based upon the number of low/mod individuals in each Council Districts when compared to the low/mod income population of the entire City. Data from the most recent census will be used to determine the percentage each Council District will receive.

5. Allocate 15% of each year's Community Development Block Grant entitlement funds to be expended for social services as defined in the applicable U.S. Department of Housing and Urban Development regulations.
6. A target of 20% of the annual Community Development Block Grant entitlement to be used for affordable housing purposes is hereby established. In addition, 100% of the housing loan repayments are pledged to the Housing Trust Fund for affordable housing purposes.

The targeted goal of 20% for affordable housing purposes can be specified projects and/or made available to the Housing Trust Fund at the discretion of the City Council.

7. No allocation of CDBG funds will be made to a project for which a CDBG application has not been received by the City.
8. No allocation of CDBG funds will be made to a project of less than \$25,000, unless funding at a lesser amount is necessary to complete a project. (It is the intent of the City Council that this policy serve to reduce the total number of CDBG-funded contracts annually.)
9. 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.
10. No allocation of CDBG funds will be made to a subrecipient project in the category of "Planning," except for those subrecipients certified by the City as a Community Based Development Organization.
11. All CDBG applicants shall attend mandatory workshops hosted by City staff during the annual CDBG application period.
12. All CDBG funds allocated to projects shall be used within three years of the date of the allocation, or such funds will be subject to reprogramming by the City 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