



THE CITY OF SAN DIEGO

Report to the City Council

DATE ISSUED: April 11, 2017 REPORT NO: 17-023

ATTENTION: Honorable Council President and Members of the City Council

SUBJECT: FY 2018 U.S. Department of Housing and Urban Development (HUD) Entitlement Program Allocations, FY 2018 Annual Action Plan and Substantial Amendment to the FY 2015- FY 2019 Consolidated Plan for City of San Diego HUD Programs

REQUESTED ACTIONS:

1. Authorize the Chief Financial Officer to accept, appropriate, and expend FY 2018 Community Development Block Grant (CDBG) entitlement funds from the U.S. Department of Housing and Urban Development (HUD), in the total amount provided in the final Program Year 2017 / Fiscal Year 2018 CDBG Grant agreement between the City and HUD, estimated at \$10,352,384, contingent upon FY 2018 CDBG Program grant funding being secured.
2. Approve the funding recommendations for the City's FY 2018 CDBG Program as detailed in Attachment 1 (FY 2018 Public Services), Attachment 2 (FY 2018 Challenge Grant), Attachment 3 (FY 2018 Community/Economic Development Projects), Attachment 4 (FY 2018 Nonprofit Capital Improvement Projects), Attachment 5 (FY 2018 Nonprofit Sustainability Projects, and Attachment 6 (FY 2018 City Capital Improvement Projects) to this report, contingent upon the Chief Financial Officer certifying that FY 2018 CDBG Program funds are available.
3. Approve the allocation of FY 2018 CDBG entitlement funding to the San Diego Housing Commission in a total amount not to exceed \$1,318,078 for the homeless programs identified in the FY 2018 Annual Action Plan and listed in Attachment 7 (FY 2018 CDBG Homeless Set-Aside Projects), pursuant to Council Policy 700-02, contingent upon the Chief Financial Officer certifying that FY 2018 CDBG Program funds are available.
4. Approve the allocation of FY 2018 CDBG program income funds for the City's FY 2018 CDBG Reinvestment Initiative Programs as detailed in Attachment 8 (FY 2018 CDBG Reinvestment Initiative Programs), contingent upon the Chief Financial Officer certifying that FY 2018 CDBG Program funds are available.
5. Authorize the Chief Financial Officer to accept, appropriate and expend FY 2018 HOME Investment Partnerships Program (HOME) funds from HUD in the total amount provided in the final Program Year 2017 / Fiscal Year 2018 HOME Program

grant agreement between the City and HUD, estimated at \$3,889,156 for the City's FY 2018 HOME Program, contingent upon FY 2018 HOME Program grant funding being secured.

6. Authorize the Chief Financial Officer to increase the FY 2017 HOME funds by \$21,979 and to accept, appropriate and expend up to \$21,979 in additional FY 2017 HOME funds from HUD for the City's FY 2017 HOME Program, contingent upon the Chief Financial Officer certifying that FY 2017 HOME Program funds are available.
7. Authorize the Chief Financial Officer to accept, appropriate and expend FY 2018 Emergency Solutions Grant (ESG) funds from HUD in the total amount provided in the final Program Year 2017 / Fiscal Year 2018 ESG grant agreement between the City and HUD, estimated at \$942,974, for the City's FY 2018 ESG Program, contingent upon FY 2018 ESG Program grant funding being secured.
8. Authorize the Mayor, or designee, to negotiate and enter into subrecipient agreements on behalf of the City with those nonprofit and governmental organizations whose projects or programs are approved by the Council for CDBG funding and identified in the FY 2018 Annual Action Plan, contingent upon the Chief Financial Officer certifying that funds are available.
9. Authorize the Mayor, or designee to enter into a second amendment to that certain FY 2016 Emergency Solutions Grant (ESG) Sub-Recipient Agreement between the City of San Diego and the San Diego Housing Commission effective July 2, 2015, to extend the term of the agreement through FY 2018.
10. Authorize the Mayor, or designee, to enter into a second amendment to that certain Amended and Restated FY 2016 CDBG and General Fund Agreement between the City of San Diego and the San Diego Housing Commission effective September 15, 2015, to extend the term of the agreement through FY 2018.
11. Authorize the Mayor, or designee, to enter into a second amendment to that certain FY 2016 HOME Investments Partnerships Grant (HOME) Sub-Recipient Agreement between the City of San Diego and the San Diego Housing Commission, effective July 2, 2015, to extend the term of the agreement through FY 2018.
12. Authorize the Chief Financial Officer to accept the repayment of CDBG debt from the Successor Agency, as approved by the California Department of Finance, in a total amount not to exceed \$17,656,000, as "Program Income" under Title 24 Code of Federal Regulations § 570.500, in the following amounts:
 - a. \$500,000 included in the Successor Agency's Ninth "Recognized Obligation Payment Schedule" submitted to the California Department of Finance for FY 2016 (ROPS 9),
 - b. \$8,000,000 included in the Successor Agency's Tenth "Recognized Obligation Payment Schedule" submitted to the California Department of Finance for FY 2017 (ROPS 10), and
 - c. \$9,156,000 included in the Successor Agency's Eleventh "Recognized Obligation Payment Schedule" submitted to the California Department of Finance for FY 2018 (ROPS 11, also known as 'ROPS 17-18').

13. Authorize the Chief Financial Officer to appropriate and expend a total amount not to exceed \$17,656,000 in FY 2018 CDBG debt repayment Program Income from the Successor Agency, as listed on ROPS 11 (ROPS 17-18), for CDBG projects or programs approved by Council for CDBG funding and identified in the FY 2018 Annual Action Plan, contingent upon the Chief Financial Officer certifying that such funds are available.
14. Authorize the Mayor, or designee, to negotiate and enter into a Memorandum of Understanding (MOU) with the San Diego Workforce Partnership (Workforce Partnership) establishing a Code San Diego and Internship Program (referenced in Attachment #8 to this Report) and providing for the Workforce Partnership to administer such programs, contingent upon the Chief Financial Officer certifying that such funds are available.
15. Authorize the Chief Financial Officer to:
 - a. Appropriate and expend \$1,230,110.73 [\$462,710.19 (general) and \$767,400.54 (FY 2018 debt repayment)] of Program Income in Fund 600100.
 - b. Transfer appropriations of \$57,159 of FY 2016 Unobligated CDBG Program in Fund 600000, Grant 1000003-2016, IO UC1000003-16 and \$1,231,443.27 of FY 2017 Unobligated CDBG Program in Fund 600000, Grant 1000003-2017, IO UC1000003-17
 - c. Appropriate and expend \$3,416,287 of the FY 2018 CDBG Program Funds to increase the FY 2018 Capital Improvement Project (CIP) Program Budget in Fund 600000, Grant 1000003-2018, CDBG 2018, contingent upon certification of fund availability by the Chief Financial Officer.
16. Authorize the Chief Financial Officer to increase the FY 2018 Capital Improvement Project (CIP) Program Budget in Fund 600000, Grant 1000003-2018, up to \$5,935,000, contingent upon the adoption of the Fiscal Year 2018 Appropriation Ordinance, contingent upon grant funding being secured, and contingent upon the Chief Financial Officer certifying funds necessary for the expenditure are, or will be, on deposit with the City Treasurer, for the following stand-alone CIPs:
 - a. Park de la Cruz Community Center & Gym Building – S16059 (\$3,700,000)
 - b. Bay Terraces Community Center – S16060 (\$500,000)
 - c. Memorial Community Park Playground ADA Upgrades – S16020 (\$1,300,000)
 - d. Silver Wing Park Ballfield Lighting Phase II – S16051 (\$435,000)
17. Authorize the Mayor, or designee, to reprogram CDBG funds allocated to a City CIP in any fiscal year prior to Fiscal Year 2018 to any other existing or future City CIP, consistent with the applicable Annual Action Plan and Consolidated Plan, if the Mayor, or designee, determines that both: (1) because such prior fiscal year City CIP is not expending the CDBG funds (entitlement grant or Program Income) allocated to it within a certain time period, the City is at risk of being subject to corrective action by HUD pursuant to Title 24 Code of Federal Regulations section 570.902 for failing to carry out CDBG activities in a timely manner; and (2) CDBG funds are available in Fiscal Year 2018 to replace the reprogrammed funds for future pursuit of the City CIP from which CDBG funds are reprogrammed. Upon such a determination by the Mayor or designee, the Chief Financial Officer is authorized to appropriate and expend the CDBG funds allocated to a CIP in any fiscal year prior to FY 2018 to any other existing or future CIP, consistent with the applicable Annual Action Plan and Consolidated Plan, for the purpose of reprogramming CDBG funds.

18. Authorize and direct the Mayor, or designee, to stabilize the City's Fiscal Year 2018 CDBG program at \$12,500,000 by using Fiscal Year 2018 Program Income, to the extent that the City's CDBG entitlement grant amount is less than \$12,500,000, to completely fund the activities listed in Attachments 1 through 7 to this Report, with the activities listed in Attachment 8 to this Report being funded in the order listed in Attachment 8, as and to the extent any remaining Fiscal Year 2018 Program Income is available to fund such activities.
19. Authorize the Chief Financial Officer to increase appropriations in Unobligated CDBG for Program Income revenue.
20. Authorize the Chief Financial Officer to transfer balances from declined, completed, or ineligible projects to Unobligated CDBG.
21. Approve the City of San Diego's Fiscal Year 2018 Second Substantial Amendment to the FY 2015 – FY 2019 Consolidated Plan (Substantial Amendment), in substantially the form of Attachment 9 to this Report.
22. Approve the City of San Diego's FY 2018 Annual Action Plan (Action Plan), in substantially the form of Attachment 10 to this Report.
23. Authorize the Mayor, or designee, to make non-substantive revisions to the Action Plan and Substantial Amendment to ensure that all approved activities and all public comments about such plans received by the City during the 30-day public comment period are included in the final plans, as applicable, and further authorize the Mayor, or designee, to submit the final Action Plan and Substantial Amendment to HUD for approval.

STAFF RECOMMENDATION:

Approve the requested actions.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

Background

The City receives annual federal entitlement program allocations from the U.S. Department of Housing and Urban Development (HUD). The four (4) HUD entitlement programs are:

Community Development Block Grant Program (CDBG): The primary objective of CDBG is the development of viable urban communities through the provision of improved living environments, expansion of economic opportunity and decent housing. Funds are intended to primarily serve low- and moderate-income residents and areas.

HOME Investment Partnerships Program (HOME): HOME is dedicated to increasing affordable housing opportunities for low-income households through the development and rehabilitation of affordable housing units and through direct financial assistance to low-income owners and tenants.

Emergency Solutions Grant Program (ESG): ESG provides funding to (1) engage homeless individuals and families living on the street, (2) improve the number and quality of emergency shelters for homeless individuals and families, (3) help operate these shelters, (4) provide essential services to shelter residents, (5) rapidly re-house homeless individuals and families, and (6) prevent families/individuals from becoming homeless.

Housing Opportunities for Persons with AIDS Program (HOPWA): HOPWA is dedicated to the housing needs of people living with HIV/AIDS and their families.

While the City of San Diego is the entitlement grantee for each of these four programs, the San Diego Housing Commission (Housing Commission) administers the HOME and ESG programs on behalf of the City and the County of San Diego (County) administers the HOPWA program on behalf of the City. As of the date of this Report, HUD has not released its Program Year 2017 (City of San Diego Fiscal Year 2018) entitlement grant amounts. Therefore, the actions before Council assume a 5% reduction in the entitlement grant amounts from FY 2017 and request authority to adjust the FY 2018 allocations for HUD programs based upon the federal appropriation and the final entitlement grant agreements between the City and HUD.

The City allocates these federal entitlement program funds based on the City's approved FY 2015 – FY 2019 Consolidated Plan (Con Plan). The Con Plan assesses community development and affordable housing needs, identifies six (6) high priority goals, and outlines strategies to help the City meet those goals.

The City's current Con Plan was approved by the Council in Resolution #R-308904, effective April 30, 2014 and was subsequently amended by Council Resolution #R-310407, effective May 4, 2016.

In FY 2011, the City established a Consolidated Plan Advisory Board (CPAB) to serve in an advisory capacity to the Mayor, Council and City management on policy issues related to the Con Plan and provide recommendations regarding the allocation of HUD Program funds. Inclusive of FY 2018, the CPAB has now served in an advisory capacity to the Council regarding the CDBG allocation process for seven (7) years.

The City's FY 2018 Substantial Amendment and Action Plan must be submitted to HUD by May 15, 2017; therefore, timely consideration of the recommended actions is critical in order to meet this federally mandated deadline.

FY 2018 CDBG Allocations – General Entitlement Categories Competitive Award Process

A significant portion of the FY 2018 CDBG entitlement funds are recommended for activities based on a competitive application process, as defined by the approved Con Plan and Council Policy 700-02. Nonprofit organizations seeking funds in the following general budgetary categories were required to participate in a two-step, online application:

- Public Services
- Community Economic Development and Homebuyer Assistance
- Nonprofit Capital Improvements and Housing Rehabilitation
- Challenge Grants
- Nonprofit Sustainability Improvements/Projects

The City sponsored a "Partnering with the City: Are You CDBG Ready?" workshop on October 17, 2016 to provide nonprofit organizations with details regarding the upcoming application process. Over 50 organizations attended the workshop.

The City issued a Request for Qualifications (RFQ) available from October 24, 2016 through November 18, 2016. Seventy-six (76) nonprofit or government organizations provided RFQ

responses to the City’s Economic Development Department, Community Development Division (CDD). This number of responses is a 33% increase over FY 2017. CDD staff reviewed these submittals for completeness and eligibility and 70 of the 76 nonprofit or government organizations met all applicable requirements, possessed the overall capacity needed to carry-out eligible CDBG activities and were deemed “qualified” to participate in the subsequent Request for Proposals (RFP) process. RFPs were released by the City on January 5, 2017, and only qualified nonprofit or government organizations were invited to respond.

Pursuant to Council Policy 700-02, all applicant nonprofit or government organizations must attend a mandatory application workshop during the RFP phase in order remain eligible for consideration. A total of three (3) mandatory application workshops were conducted by CDD staff. In an effort to make workshop attendance more convenient for qualified nonprofit or government organizations, all RFP project categories were discussed at each of the workshops, thus giving applicants a more flexible scheduling choice. Workshop attendance details are as follows:

1. January 9, 2017	10:00 a.m.	30 organizations	42 attendees
2. January 9, 2017	1:00 p.m.	24 organizations	38 attendees
3. January 12, 2017	10:00 a.m.	26 organizations	37 attendees

All applicant nonprofit or government organizations were represented at the workshops.

In addition to the mandatory workshops, applicants were provided with one-on-one technical assistance appointments during both the RFQ and RFP processes. During the month of January 2017 alone, CDD staff held a total of 16 half-hour technical assistance meetings (totaling 8 hours) with applicant organizations. CDD staff also responded to questions by email, providing direct feedback on ninety-one (91) questions and/or inquiries. In addition, “Frequently Asked Questions” were posted online on the City’s ED Grants website.

Fifty-four (54) nonprofit or government organizations submitted proposals, for a total of seventy-six (76) unique projects, by the submittal deadline of January 27, 2017. For the first time, the RFP submittal process was conducted through the ED Grants System, a web-based portal built upon a Salesforce platform.

CDD staff reviewed the seventy-six (76) RFP submittals for completeness and eligibility. Based upon the results of the review, a total of three (3) applications were deemed ineligible. Two (2) were deemed ineligible because they did not demonstrate a program design and/or program beneficiaries required of the RFP category and one (1) was ineligible because it was submitted in the incorrect RFP category.

CPAB Review and Scoring

Seventy-three (73) RFP applications were forwarded to the CPAB for review and scoring on February 5, 2017. Along with the RFP applications, the reviewers were provided with online resources including the following:

1. FY 2018 CPAB Review Panel Handbook
(including the Conflict of Interest and Confidentiality information)
2. FY 2018 Scoring Criteria Rubrics
3. List of Applicants and Proposed Projects

4. List of Applicant Organization Board Members
5. Performance Reports for FY 2015 and FY 2016
6. Eligible Census Tract Tables
7. Maps of Geographic Targeting Areas

During the January 11, 2017 CPAB meeting, two (2) Ad Hoc committees were established for the purpose of asking questions and exchanging considerations about the RFP applications. The Ad Hoc committees were limited to no more than three (3) CPAB participants at any one time. A total of two (2) Ad Hoc committee meetings were held (with three CPAB participants in each). CDD staff was in attendance at each Ad Hoc committee meeting and provided technical assistance. A total of four (4) hours were dedicated to Ad Hoc meetings. No group scores were developed and each reviewer was asked to complete his/her scoring forms independently.

As specified in the FY 2018 Scoring Criteria, four sections of the RFP are assigned scores by CDD staff. These sections are:

1. Section 3. d. – Secured Funding (all RFP categories)
2. Section 5. a. ii. – Environmental Review (Nonprofit CIP and Sustainability RFP categories only)
3. Section 5. b. i. and 5.b.ii. – Scope of Work Eligibility and National Objective (all RFP categories)
4. Section 6 – Performance Indicators (all RFP categories, when applicable)

All CPAB members submitted complete scoring sheets by March 6, 2017. The average score for each proposal was calculated through ED Grants and projects were ranked by individual RFP category in descending order (Attachments 1-5). The ranked project listings were posted on the City's CDBG webpage and emailed to the CDD distribution lists on March 6 and 7, 2016.

On March 9, 2017, the CPAB ratified the scores and funding recommendations as indicated in Attachments 1-5. The funding recommendations were based on the highest scoring applications and the funds available to fully fund activities.

City Capital Improvement Projects

As previously mentioned, the Con Plan outlines high priority goals for the CDBG Program funds. One of the goals is to strengthen neighborhoods by investing in the City's critical public infrastructure needs to support neighborhood safety and improve livability.

The proposed FY 2018 City Capital Improvement Projects are Park de la Cruz Community Center, Bay Terraces Community (Senior) Center, Memorial Community Park Playground ADA Upgrades and Silver Wing Park Ballfield Lighting Phase II. All proposed locations are within HUD qualified low and moderate income census tract block group areas. The City Capital Improvement Projects are proposed to be funded with the estimated FY 2018 CDBG annual entitlement allocation, program income and reprogrammed funds. Reprogrammed funds are derived from multiple sources, including CDBG projects that withdraw, cancel or return unexpended funds, as well as from unallocated balances of CDBG funds.

The Con Plan outlines a strategy to work with the City's Capital Improvements Program Review and Advisory Committee (CIPRAC) to review and recommend approval of City projects. CDD staff began this process last summer and the process has included:

August 11, 2016	Call memorandum for project applications from City Asset Managing Departments
August 31, 2016	CDBG Bowl- project committee review
November 17, 2016	Economic Development and Intergovernmental Relations Committee approval of CDBG Reinvestment Initiative
December 6, 2016	Council approval of CDBG Reinvestment Initiative
March 1, 2017	CIPRAC approval
March 9, 2017	CPAB approval
March 22, 2017	Infrastructure Committee

Descriptions of the recommended City Projects can be found in Attachment 6 to this Report. Each project has been reviewed for HUD Program eligibility, funding sources, and project readiness.

Substantial Amendment to the Con Plan

In 2010, the City and the former Redevelopment Agency of the City of San Diego (RDA) entered into a CDBG Repayment Agreement to address findings from the HUD Office of the Inspector General (OIG) about the City’s CDBG Program. In FY 2010-2019, the City’s CDBG Program was to receive an estimated \$78 million in escalating repayments under the CDBG Repayment Agreement. With the dissolution of redevelopment in California in 2012, the State of California Department of Finance (DOF) suspended approval of the payments, leaving \$64 million in outstanding debt repayment under the CDBG Repayment Agreement. Senate Bill 107, enacted in September 2015, permitted the Successor Agency to the former RDA to resume including repayments under the CDBG Repayment Agreement on its annual Recognized Obligation Payment Schedule (ROPS). In addition to reinstating the CDBG Repayment Agreement payments, Senate Bill 107 resulted in the DOF authorizing the repayment of an additional \$151 million in CDBG program income from the Successor Agency under a separate Long-Term Miscellaneous CDBG Debt Agreement between the City and former RDA.

Two debt repayment schedules provide for the Successor Agency to pay the outstanding \$64 million in CDBG Repayment Funds and the \$151 million in Long-Term Miscellaneous CDBG Debt, bringing the total repayments to the City to \$215 million. The Successor Agency repayment, though, are subject to approval by the DOF as part of each annual Successor Agency ROPS process. The funds repaid are CDBG “Program Income”.

EDD worked with various community stakeholders and the CPAB to create recommendations for programs to utilize the FY 2018 portion of the Successor Agency repayments. Development of these programs was approved by the Council in Resolution #R-310811, effective December 16, 2016, collectively referred to as the “Reinvestment Initiative.”

The Substantial Amendment is required to address the anticipated \$17 million in FY 2018 Successor Agency repayments, incorporate the programs in the Reinvestment Initiative, and identify Reinvestment Initiative projects in the Action Plan.

The anticipated FY 2018 Successor Agency repayments were included in the ROPS 11. The DOF has until April 15, 2017 to make a determination regarding the enforceable obligations listed in ROPS 11. Because funds from the Successor Agency repayments could be made available to the City's CDBG Program as early as July 1, 2017, FY 2018 Reinvestment Initiative projects and programs have been identified to expend these funds. However, it is possible the DOF will disapprove all or a portion of such repayment obligations for FY 2018, or any subsequent fiscal year, and the City will not receive all or a portion of such scheduled repayments.

The Substantial Amendment will also revise how the City allocates other reprogrammed funds and general program income to provide for greater flexibility in meeting the six (6) Con Plan goals. The current Con Plan indicates reprogrammed funds and general program income will be directed to City Projects. The FY 2018 Substantial Amendment will allow for reprogrammed funds and general program income to be directed, at the City's discretion, to City Projects, Homeless Projects, Affordable Housing Projects, and other projects fulfilling one or more of the City's six (6) Con Plan goals.

The second Substantial Amendment to the Con Plan does not alter the six (6) Con Plan goals.

FY 2018 Annual Action Plan

The FY 2018 draft Action Plan serves as the City's application to HUD for entitlement grant funds and identifies the proposed projects and programs to be funded by the City in FY2018 (the fourth year of the City's HUD-approved Con Plan). The FY 2018 Action Plan has been prepared by the EDD in partnership with the Housing Commission and the County of San Diego.

The Con Plan establishes budgetary priorities for CDBG allocations. There is a 20% expenditure cap for Administration and Planning efforts established by federal regulations. In addition, Council Policy 700-02 requires that funding in the categories of Administration and Planning (including Fair Housing and the Nonprofit Accelerator Program) be allocated from the City's overall annual allocation prior to making funds available to address other Con Plan goals. Federal regulations also limit Public Services expenditures to 15% of the annual entitlement, with Council Policy 700-02 requiring a set-aside from this amount not to exceed \$1,318,078 for homeless programs and services.

Other components of the proposed FY 2018 CDBG Program budget include the recommended budget priorities of ten percent (10%) of the annual entitlement allocation for Community/Economic Development projects and fifty-five percent (55%) for Capital Improvement Projects (60% of this amount for City Projects and 40% for Nonprofit Projects).

The proposed FY 2018 CDBG Program budget is comprised of three sources: the City's annual entitlement allocation, anticipated CDBG Program Income, and estimated reprogrammed funds. Reprogrammed funds are derived from multiple sources, including CDBG projects that withdraw, cancel or return unexpended funds, as well as from unallocated balances of CDBG entitlement funds. The recommended FY 2018 CDBG allocations above are the basis of the CDBG portion of the Action Plan. A cumulative summary of the FY 2018 CDBG Program budget and allocations can be found in Attachment 11 to this Report.

Budgetary priorities for the ESG and HOME programs have been established by the Housing Commission, within the framework of the Con Plan, and are included in the FY 2018 Housing Commission budget. Budgetary priorities for HOPWA are determined by the County of San Diego, within the framework of the Con Plan, and all activities funded will meet the needs of persons with HIV/AIDS and their families through the provision of housing, health and support services.

As of the writing of this report, HUD has not released its Program Year 2017 (City of San Diego Fiscal Year 2018) entitlement grant amounts. Therefore, the projects listed in the Annual Action Plan can be fully-funded under the assumption the City will receive a 5% reduction in the entitlement grant amounts from FY 2017. Should the entitlement amount received by the City from HUD be reduced by more than the 5% estimate, the City will stabilize the CDBG Program at \$12,500,000 using Program Income to completely fund the activities listed in Attachments 1 through 7, with remaining activities to be funded in the order listed in Attachment 8, as and to the extent funds are available.

Public Comment

The draft Substantial Amendment and Action Plan were released for a 30-day public comment and review period on March 29, 2017. Hard copies of the Substantial Amendment and Action Plan were made available for public review in the reference sections of select City libraries (Central, Malcolm X, San Ysidro, Logan Heights and City Heights/Weingart), the Bayside Community Center, the Jacobs Center for Neighborhood Innovation, and the Economic Development Department. The draft Substantial Amendment and Action Plan were also available for public review on the City's website (www.sandiego.gov/cdbg) and the Housing Commission's website (www.sdhc.org). The public comment period will conclude on April 27, 2017.

CITY STRATEGIC PLAN GOAL(S)/OBJECTIVE(S):

Goal #2: Work in partnership with all of our communities to achieve safe and livable neighborhoods

Objective #3: Invest in infrastructure

Objective #4: Foster services that improve quality of life

Goal # 3: Create and sustain a resilient and economically prosperous City.

Objective #1: Create dynamic neighborhoods that incorporate mobility, connectivity and sustainability.

FISCAL CONSIDERATIONS:

These actions result in no fiscal impact to the City's General Fund. All funding referenced in the requested actions originates from HUD.

ENVIRONMENTAL IMPACT:

The proposed activities related to the acceptance and allocation of CDBG funds to community economic development, capital improvement and public service projects are not a project pursuant to Section 15060(c)(3) of the State of California Environmental Quality Act Guidelines. Projects identified in the draft Substantial Amendment and Action Plan have been or are in the process of being reviewed or will require review under CEQA at a future time in accordance with the City's Land Development Code. This determination is predicated on Section 15004 of the State CEQA Guidelines which provides direction to lead agencies on the appropriate time for environmental review.

At this time, the City is allocating proposed funding for programs and projects, subject to future approval from HUD and awarding of or entering into contracts for specific projects. The City is not committing funding to or to undertaking any project in a manner that will have an adverse environmental impact or that forecloses reasonable alternatives or mitigation measures that would ordinarily be part of NEPA or CEQA review for any project. As part of the HUD process for releasing CDBG funds to the City, before the City commits to funding or awards or enters into a contract for a project and when more meaningful information for environmental assessment is available for certain of the anticipated projects, the City will comply with the applicable requirements of NEPA and/or CEQA for each project. [24 C.F.R. section 58.22(a) and 14 C.C.R. section 15004(b).]

EQUAL OPPORTUNITY CONTRACTING INFORMATION: (if applicable)

All contracts and agreements associated with the proposed actions are subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517) and will be reviewed by the City's EOC Contract Compliance Office for conformance with all applicable requirements prior to their execution.

PREVIOUS COUNCIL and/or COMMITTEE ACTIONS:

On November 17, 2016, the Economic Development and Intergovernmental Relations Committee considered the Reinvestment Initiative and made a recommendation to Council to approve.

On December 6, 2016, the Council considered and approved the Reinvestment Initiative.

On March 22, 2017, the Infrastructure Committee recommended Council approval of the CDBG funding for the City Capital Improvement Projects listed in Attachment 6.

On April 5, 2017, the Public Safety & Livable Neighborhoods (PSLN) Committee recommended Council approval of the requested actions.

COMMUNITY PARTICIPATION AND OUTREACH EFFORTS:

CPAB held publicly noticed meetings to discuss the FY 2018 RFP Application process, scoring criteria, City Projects and/or funding recommendations on the following dates: August 10, 2016, September 14, 2016, October 12, 2016, November 9, 2016, December 14, 2016, January 11, 2017, February 8, 2017, March 9, 2017.

On October 12, 2016, the CPAB unanimously recommended the proposed Reinvestment Initiative for Council approval.

On March 9, 2017, the CPAB considered the FY 2018 CDBG allocations and FY 2018 City Projects (listed in Attachments 1 -6) and made a recommendation for the Council to approve the allocations and projects.

On April 18, 2017, the CPAB will consider the Substantial Amendment and Action Plan in order to make a recommendation to the Council. The results of the CPAB meeting will be presented verbally to the Council when the actions requested in this Report are considered.


CPAB meeting notices, agendas and RFP scoring results were distributed by email to interested stakeholders and posted on the City's CDBG webpage at www.sandiego.gov/CDBG.

Notices of all pertinent meetings were distributed through the CDD email distribution list and notices posted by the City Clerk. Public notices of the 30-day comment period, as well as the Council meeting, were published in the San Diego Daily Transcript, Voice and Viewpoint and El Latino.

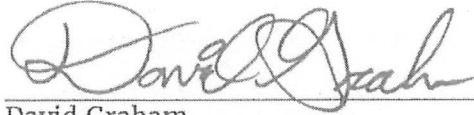
KEY STAKEHOLDERS AND PROJECTED IMPACTS

Those affected by the proposed actions include low- and moderate-income (LMI) individuals and households; those presumed by HUD to be principally LMI (abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS and migrant farm workers), community-based organizations and the community at large.

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Erik Caldwell
Director
Economic Development Department



David Graham
Deputy Chief Operating Officer
Neighborhood Services

Attachments:

1. Proposed FY 2018 Public Services Projects
2. Proposed FY 2018 Challenge Grant Projects
3. Proposed FY 2018 Community/Economic Development Projects
4. Proposed FY 2018 Nonprofit Capital Improvement Projects
5. Proposed FY 2018 Nonprofit Sustainability Projects
6. Proposed FY 2018 City Capital Improvement Projects
7. Proposed FY 2018 CDBG Homeless Set-Aside Projects
8. FY 2018 CDBG Reinvestment Initiative Projects and Programs
9. Draft Second Substantial Amendment to the FY 2015 - FY 2019 Consolidated Plan
10. Draft FY 2018 Annual Action Plan
11. Cumulative Summary of FY 2018 CDBG Budget and Allocations