

THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: March 12, 2014 REPORT NO: 14-024

ATTENTION: Public Safety & Livable Neighborhoods Committee
Agenda of March 19, 2014

SUBJECT: Draft FY 2015-FY 2019 Consolidated Plan and FY 2015 Annual Action Plan – City of San Diego HUD Entitlement Programs

REQUESTED ACTION:

Approval of the City's Draft FY 2015-FY 2019 Consolidated Plan and FY 2015 Annual Action Plan by the Public Safety & Livable Neighborhoods Committee and authorization to forward to the City Council.

STAFF RECOMMENDATION:

Approve the requested action.

BACKGROUND:

The United States Department of Housing and Urban Development (HUD) requires local jurisdictions to prepare a Consolidated Plan (Con Plan) in order to receive federal housing and community development funding for all HUD entitlement grants.

There are four HUD entitlement grant programs to be addressed in the City of San Diego's Consolidated Plan and Annual Action Plan:

- Community Development Block Grant (CDBG): The primary objective of the CDBG program is the development of viable urban communities through the provision of improved living environments, expansion of economic opportunity and decent housing. Grant funds are intended to serve principally persons of low and moderate income.
- HOME Investment Partnerships Program (HOME): The HOME program is dedicated to the establishment of affordable housing for low-income households
- Emergency Solutions Grant (ESG): The purpose of the ESG program is to assist individuals and families regain housing (temporary and permanent) after experiencing a housing crisis or homelessness

- Housing Opportunities for Persons with AIDS (HOPWA): HOPWA funds may be used for a wide range of housing, social services, program planning, and development costs for the benefit of individuals living with HIV/AIDS and their families.

The main purposes of the Consolidated Plan are to:

1. Identify the City's housing and community development needs (including those at the neighborhood-scale, as well as economic development needs), priorities, and goals;
2. Identify other federal, state, county, local, and private sources of funding that may be utilized in order to leverage the CDBG, HOME, ESG, and HOPWA resources; and
3. Arrive at the Strategic Plan the City will follow annually in order to address needs, priorities, and goals while considering the availability of other resources and mechanisms.

The City of San Diego Consolidated Plan is updated every five years and the FY 2015 – FY 2019 Consolidated Plan (July 1, 2014 – June 30, 2019) must be submitted to HUD for review and approval no later than May 15, 2014.

The City developed its Con Plan in consultation with those intended as the primary beneficiaries of these HUD entitlement programs: the community-at-large and non-profit, for-profit and faith-based community-serving organizations. Because the HUD programs referenced above have limited funding, the City must determine how to best use these program funds to achieve the greatest public benefit. Part of the Consolidated Plan process included assessing community needs, setting goals and developing strategies to address priorities needs and objectives. The goals and objectives established in the Con Plan will direct the allocation of FY 2015 – FY 2019 HUD grant program funds.

The FY 2015 Annual Action Plan (Action Plan) represents the first year of the City's Consolidated Plan for the Fiscal Years 2015 – 2019, once it is approved by HUD. The Action Plan is the City of San Diego's application for HUD entitlement grants and identifies the proposed programs and projects to be funded during the City's Fiscal Year 2015.

The Annual Action plan identifies how the City of San Diego, as the HUD entitlement grantee for the four programs referenced above, works in collaboration with the Housing Commission (as the administrator of the HOME and ESG programs) and the County (as the administrator of the HOPWA program). The Annual Action plan proposes how the City intends to utilize these funds in the upcoming fiscal year to address its community development, housing and public services goals and priorities as described in the FY 2015 – 2019 Consolidated Plan. The Annual Action Plan also describes other projects and programs that leverage those funded by CDBG, HOME, ESG, and HOPWA and further support the City's efforts to address its goals and priorities as identified in the Consolidated Plan.

The City's Consolidated Plan update coincides with the development of the first year Action Plan and the competitive FY 15 Request for Proposal (RFP) process. Due to this, the first Action

Plan will continue the prior years' practice of allocating CDBG funds to projects based upon applications received through the competitive RFP process. At the time of writing this report, the FY 15 CDBG applications were under review by the Consolidated Plan Advisory Board (CPAB). The CPAB is scheduled to finalize their scoring and ranking of FY 15 CDBG applications at their meeting on Wednesday, March 12, 2014. It is anticipated the City Council will be presented with the CPAB's scoring recommendations at its March 25, 2014 Council meeting. Once the FY 15 CDBG application review and ranking is complete, the FY 15 Action Plan will be finalized and added to the Consolidated Plan before the start of the 30-day public comment review process on April 1, 2014.

DISCUSSION:

The Con Plan update process is a year-long exercise that began in July 2013, with the City conducting some initial public outreach during the Consolidated Plan Advisory Board (CPAB) meetings.

In September 2013, staff presented an informational item to the Public Safety and Neighborhood Services (PS&NS) Committee regarding the CDBG application process. At this hearing, staff discussed the progress made to-date in updating the Con Plan goals, changes made to the application process, revisions in the review and scoring criteria, and new application guidelines. Staff also described the next steps in the Con Plan process and informed the PS&NS Committee that outreach and data analysis would be conducted over the months of October and November in order to bring new goals forward for adoption in December 2013.

In October, the City engaged the services of LeSar Development Consultants (LDC) to assist with the development of the FY 2015- FY 2019 Consolidated Plan and the formulation of the recommended Con Plan goals. Throughout the months of October and November 2013, LDC, in conjunction with City staff, engaged in an extensive community outreach program to solicit input from the direct beneficiaries of the HUD grant programs, as well as the agencies that utilize HUD funds.

Based on the information gathered through the community forums, surveys and other source data, the Con Plan goals were developed and approved by the City Council on December 17, 2013 (R-#308656). The FY 2015- FY 2019 Consolidated Plan goals approved by Council and included in the draft Con Plan are:

- GOAL 1: Enhance the City's economic stability and prosperity by increasing opportunities for job readiness and investing in economic development programs.
- GOAL 2: Strengthen neighborhoods by investing in the City's critical public infrastructure needs.
- GOAL 3: Improve housing opportunities by creating and preserving affordable rental and homeowner housing in close proximity to transit, employment and community services.

GOAL 4: Assist individuals and families to stabilize in permanent housing after experiencing a housing crisis or homelessness by providing client-appropriate housing and supportive service solutions.

GOAL 5: Invest in community services and non-profit facilities that maximize impact by providing new or increased access to programs that serve highly vulnerable populations such as youth, seniors and food insecure households.

GOAL 6: Meet the needs of persons with HIV/AIDS and their families through the provision of housing, health, and support services.

The six Consolidated Plan goals represent high priority needs for the City of San Diego and serve as the basis for the Strategic Actions the City will use to meet these needs. As mentioned previously, the first year Action Plan will continue the prior years' practice of allocating CDBG funds to projects based upon the RFP process. Subsequent Annual Action Plans will incorporate the Strategic Actions listed below:

Strategic Actions

1. Program Development, Directing Investment and Influencing Outcomes

In an effort to proactively direct critical HUD resources and make demonstrable progress toward achieving the six Consolidated Plan Goals, the City will develop the following programs with budgetary considerations:

- **Community Services (Public Services)** [up to 15% annually]

Activities funded through this program are comprised of public services that provide direct services to help the City's most vulnerable populations.

A portion of the Community Services funding will continue to be set-aside to assist the homeless population, pursuant to Council Resolution No. R-307701 adopted September 25, 2012. This Resolution dedicates up to \$1,318,078 in CDBG Public Service funds to assist with the costs of the operation of the Neil Good Day Center, Cortez Hill Family Shelter, Veterans Emergency Shelter and the Housing Connections (PATH) Interim Bed Program.

- **Community/Economic Development** [up to 10% annually]

Activities funded through this program will create economic opportunities including job readiness and business/microenterprise development. The City will explore options for creating new economic development programs that complement existing incentives and support the City of San Diego's Economic Development Strategy.

- **Capital Improvement** [up to 55% annually]

This program will strengthen neighborhoods by dedicating funds to:

- 1) Investing in the City’s critical public infrastructure needs to support neighborhood safety and improved livability such as sidewalks, streetlights, and other community enhancements;
- 2) Funding critical improvements to non-profit public facilities that will improve or expand service delivery to serve the City’s most vulnerable populations; and
- 3) Establishing housing rehabilitation programs that support housing stabilization such as emergency repairs, public health and safety issues, weatherization, and energy efficiency improvements.

The recommended annual budgetary priorities for these CDBG programs during fiscal years 2016 – 2019 are as follows:

Fiscal Year 2016-2019 Annual Budgetary Priorities (up to %)		
*Illustrative Estimate Only	\$11,000,000	
Administration and Planning	20%	\$2,200,000
Public Services	15%	\$1,650,000
Community/Economic Development	10%	\$1,100,000
Capital Improvement Projects	55%	\$6,050,000
<i>Nonprofit</i>	<i>40%</i>	<i>\$2,420,000</i>
<i>City</i>	<i>60%</i>	<i>\$3,630,000</i>
Total	100%	*\$11,000,000

Leverage and Geographic Targeting: In the context of the City’s HUD Programs, “leverage” means bringing other local, state or federal financial resources to each entitlement program in an effort to maximize the impact and sustainability of those programs. “Geographic Targeting” is a mechanism by which the City may stabilize and improve neighborhoods in San Diego by directing HUD Program funds, including capital improvement, economic development, and community services resources, to areas identified to be the most underserved.

Increasing Administrative Efficiencies: The HUD Programs Administration Office is responsible for ensuring the City is in compliance with all rules and regulations associated with all four HUD entitlement programs: CDBB, HOME, ESG, and HOPWA. This includes regular monitoring, verifying compliance, and heightened administrative oversight. The Consolidated Plan also calls for the increase in operational efficiencies of HUD Programs through enhanced coordination and technical assistance and outreach. The Consolidated Plan Advisory Board will continue to advise City Council on HUD Programs and Council Policy 700-02 will be reviewed and updated as needed.

At this time, HUD has not identified the FY 2015 funding allocations for the CDBG, HOME, ESG and HOPWA programs. The initial FY 2015 estimated budgets for each of these programs will be developed with the expectation that funding levels will remain consistent with the prior year’s allocation based on input from HUD. It is worth noting that a great deal of uncertainty regarding the FY 2015 allocations remains at the time of the writing of this report and final allocations may or may not be reduced.

The draft Con Plan and Action Plan will be released for a 30-day public review beginning on April 1, 2014. Hard copies of the Con Plan and Action Plan will be available in various community centers, City libraries, the HUD Programs Administration Office and the Office of the City Clerk. The Con Plan and Action Plan will also be posted on the City's website (see <http://www.sandiego.gov/cdbg/index.shtml>) and its release will be widely noticed. The purpose of this review is to provide the public with an opportunity to provide comments regarding the proposed projects and programs, as well as any of the other information included in the plans.

FISCAL CONSIDERATIONS: None at this time. Each of the projects and programs proposed to be funded in Fiscal Year 2015 is dependent on the amount of funding received by the City of San Diego as part of its annual CDBG, HOME, ESG and HOPWA entitlements and subsequent approval of the projects as identified in the City of San Diego Action Plan by the US Department of Housing and Urban Development (HUD).

EQUAL OPPORTUNITY CONTRACTING: Not applicable with this action.

ENVIRONMENTAL IMPACT: This activity will not result in a direct or reasonably foreseeable indirect physical change in the environment, and is not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(2).

PREVIOUS COUNCIL and/or COMMITTEE ACTION: On December 17, 2013, the City Council adopted Resolution No. R-308656, approving the FY 2015-FY 2019 Consolidated Plan goals.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: The proposed FY 2015 – FY 2019 Consolidated Plan has been discussed at public meetings held by the Consolidated Plan Advisory Board (CPAB) on November 13, 2013, December 2, 2013 and, most recently at its March 12, 2014 meeting.

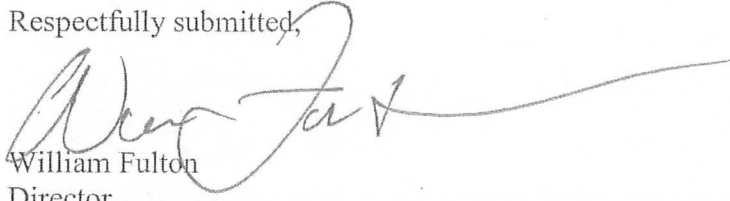
The proposed FY 2015 CDBG allocations were discussed at the February 12, 2014 CPAB meeting and will be considered for recommendation to the City Council for approval at the March 12, 2014 CPAB meeting. Results of the March 12th meeting can be reported to the Committee in staff's verbal presentation.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: Those affected by the proposed actions including 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.

Attachments: 1. DRAFT / FY 2015 – FY 2019 Consolidated Plan

Please note the DRAFT FY 15 – FY 19 Consolidated Plan can be viewed at:
<http://www.sandiego.gov/cdbg/general/consolidatedplanmaterials.shtml>

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William Fulton", with a long horizontal flourish extending to the right.

William Fulton

Director

Planning, Neighborhoods & Economic Development Department