

TO: James L. App, City Manager
FROM: Bob Lata, Community Development Director
SUBJECT: 2004 Consolidated Plan and Federal HOME and Emergency Shelter Grant (ESG) Programs
DATE: March 11, 2004

Needs: For the City Council to conduct a noticed public hearing and make a recommendation to the County Board of Supervisors regarding those activities to be approved for funding with the County's 2004 allotments of Federal Home Investment Partnership Act (HOME) and Emergency Shelter Grant (ESG) funds.

Facts:

1. HOME and ESG funds are federal funds allocated annually by the Department of Housing and Urban Development (HUD) to states, "urban counties" and entitled cities. Via a cooperative agreement, the City of Paso Robles is a member of an "urban county" along with the cities of San Luis Obispo, Atascadero, Arroyo Grande, and Grover Beach and the County of San Luis Obispo.
2. The cooperative agreement among the County and participating cities stipulates that CDBG funds will be allocated to each jurisdiction per a HUD-developed formula. The cooperative agreement does not provide for a similar allocation for HOME and ESG funds. The agreement does, however, provide that the County and participating cities cooperate in the allocation of HOME and ESG funds.
3. Federal Regulations governing the CDBG, HOME and ESG Programs require that housing and community development needs to which these funds are applied be addressed in a Consolidated Plan. In 2000, the Board of Supervisors adopted a Consolidated Plan for the urban county, taking into consideration recommendations from the participating cities. One chapter of this plan is the "Annual Action Plan", which is adopted annually.
4. Attached are "Facts About the 2003 HOME and ESG Programs" that contain background facts about the HOME and ESG Programs, and which lists those HOME and ESG applications being recommended by County Planning Staff for funding in 2004.
5. The proposed allocation of ESG funds does not propose to allocate any funds to the proposed new homeless shelter in the North County.
6. A public hearing on the Draft 2004 Consolidated Plan has been set for the Council's meeting of March 11, 2004. Notice of the public hearing was published in the *Tribune* on March 4. A copy of the newspaper notice is attached to the staff report on the CDBG Program.

Analysis and
Conclusion:

Although the proposed One-Year Action Plan does not include any allocation of 2004 HOME funds for projects in Paso Robles, ample allocations of HOME funds have been made in previous years to assist projects located in the City. The attached resolution encourages the Board of Supervisors to approve this proposed allocation.

Draft Annual Action Plan proposes an award of \$19,952 in 2004 ESG funds to the North County Women's Resources Center, which operates women's shelters in Atascadero and Paso Robles. The remaining \$74,000 in ESG funds are proposed to be allocated to homeless facilities located in the South County. While this is no change to past practice, the Council may want to consider recommending that future allocations of ESG funds be balanced between North and South Counties on the basis of population. The attached resolution to support the 2004 Draft Consolidated Plan includes such a recommendation.

Policy

Reference: Federal regulations for the HOME and ESG Programs

Fiscal

Impact: No impact to the General Fund.

Options: Upon completion of a public hearing, take one of the following actions:

- a. Adopt Resolution 04-xx supporting the HOME and ESG-funded activities listed in the 2004 Draft One-Year Action Plan.
- b. Amend, modify or reject the foregoing option.

Prepared By:

Ed Gallagher
Housing Programs Manager

Attachments:

1. Resolution Recommending Approval of the Draft 2004 Consolidated Plan
2. Facts About the 2004 HOME and ESG Programs

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RESOLUTION NO. 04-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
RECOMMENDING APPROVAL OF THE DRAFT 2004 CONSOLIDATED PLAN FOR THE
URBAN COUNTY OF SAN LUIS OBISPO AND ITS RECOMMENDATIONS FOR ALLOCATIONS
OF YEAR 2004 HOME AND ESG PROGRAM FUNDS

WHEREAS, on July 16, 2002 the City of El Paso de Robles (City) executed a Cooperation Agreement with the County of San Luis Obispo (County) to form an "Urban County" for purposes of allocating annual entitlements to the Community Development Block Grant (CDBG), Home Investment Partnership (HOME) and Emergency Shelter Grant (ESG) grant programs administered by the Federal Department of Housing and Urban Development (HUD); and

WHEREAS, via the Cooperation Agreement, the City agree to cooperate in the preparation of the Consolidated Plan and the annual allocation of HOME and ESG funds; and

WHEREAS, on September 21, 2003, the urban county published a "Request for Proposals" for projects to be funded under the 2004 HOME and ESG Programs, which provided that proposals were to be submitted by October 20, 2003; and

WHEREAS, on October 6, 2003, the urban county conducted a public hearing in Paso Robles for residents of the City and of northern San Luis Obispo County to ascertain the housing and community development needs to be addressed in the Consolidated Plan; and

WHEREAS, on January 15, 2004, the urban county released a Draft 2004 Consolidated Plan for public review; and

WHEREAS, the Urban County expects to receive about \$1,614,401 in HOME funds and about \$94,000 in ESG funds in 2003; and

WHEREAS, the North County Women's Resource Center has filed an application for ESG funds to support its women's shelters in Paso Robles and Atascadero; and

WHEREAS, the Economic Opportunity Commission of San Luis Obispo County has proposed establishing a North County Homeless Shelter, and has asked the cities of Paso Robles and Atascadero and the County of San Luis Obispo to collectively contribute \$200,000 annually for the operation of such a shelter; and

WHEREAS, the Draft Consolidated Plan only proposes that \$19,952 of the \$94,000 in 2004 ESG funds be allocated to the homeless needs of the North County, leaving the remainder of nearly \$74,000 to be used for homeless facilities in the South County; and

WHEREAS, on March 4, 2004, the County published a notice in the Tribune, indicating that a public hearing would be conducted on the Draft 2004 Consolidated Plan on March 11, 2004; and

WHEREAS, at its meeting of March 11, 2004, the City Council conducted a public hearing to obtain public testimony on the proposed Draft Consolidated Plan.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of El Paso de Robles, California, to recommend that the Board of Supervisors for the County of San Luis Obispo adopt the 2004 Consolidated Plan, a copy of which shall be kept on file in the Community Development Department, to include the activities listed below to be funded with the 2004 HOME and ESG funds.

HOME FUNDS

Applicant	Project	Community	Amount
Housing Authority of SLO	Tenant-Based Rental Assistance	County-wide	\$300,000
PSHHC *	Affordable housing project	Avila Beach	\$700,000
PSHHC	Affordable housing project	San Luis Obispo	\$292,961
Unallocated HOME Funds			\$205,000
County of SLO	Administrative Funds for HOME Program	County-wide	\$116,440
TOTAL			\$1,614,401

* PSHHC = Peoples' Self-Help Housing Corp.

ESG FUNDS

Applicant	Project	Community	Amount
Economic Opportunity Commission	Homeless Shelter Operation	San Luis Obispo	\$45,870
Economic Opportunity Commission	Homeless Day Center Operation	San Luis Obispo	\$15,493
SLO Women's Shelter	Women's Shelter Operation	San Luis Obispo	\$7,985
North County Women's Shelter	Women's Shelter Operation	North County	\$19,952
ECHO *	motel vouchers, program operating funds	Atascadero	\$4,700
TOTAL			\$94,000

* ECHO is the El Camino Homeless Organization, which provides homeless shelter services in Atascadero.

BE IT FURTHER RESOLVED, by the City Council of the City of El Paso de Robles, California, to recommend that the Board of Supervisors for the County of San Luis Obispo allocate an equitable share of 2005 and subsequent years' ESG funds to meet the needs of the North County's homeless on a proportionate population basis.

ADOPTED by the City Council of the City of El Paso de Robles at a regular meeting of said Council held on the 11th day of March 2004 by the following vote:

AYES:
 NOES:
 ABSTAIN:
 ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk

FACTS ABOUT THE 2004 HOME & ESG PROGRAMS

HOME FUNDS

1. HOME funds are federal funds that may be used to provide incentives to develop and support affordable rental housing and homeownership affordability for low income households (those earning 80% or less of the County median income).
2. Eligible uses of HOME funds include: site acquisition, construction costs* for new homes and apartments, on- and off-site improvements for housing, rehabilitation costs, financing costs, and first-time homeowner assistance.

* Note: CDBG funds may be used for all of the above, except for construction costs for new housing.

3. Federal regulations governing the HOME program requires that recipients provide a 25% match. Redevelopment Low and Moderate Income Housing (LMIH) funds may be used as a match. The value of “sweat equity” and welfare property tax exemptions may also be used as a match.
4. In the City of Paso Robles, HOME funds have been allocated to Peoples’ Self-Help Housing Corp. (PSHHC) and the Paso Robles Nonprofit Housing Corp. PSHHC has used HOME funds to assist in the acquisition of the land for the 71 lot Spring Meadows subdivision east of Airport Road. A total of \$475,000 in 2001 HOME funds have been allocated to assist PSHHC’s proposed Canyon Creek Apartments (68 units on the southwest corner of Nicklaus Drive and Oak Hill Road) and Creekside Gardens Apartments (29 senior units on the northwest corner of Nicklaus Drive and Oak Hill Road). \$700,000 in 2003 HOME funds was allocated to the Paso Robles Nonprofit Housing Corp.’s Oak Park Senior Housing Project.

Additionally, the County has used a portion of the urban county’s annual allotments of HOME funds for first-time homebuyers deferred payment loans, some of which have purchased homes in the City. Indirectly, the City benefited from HOME funds used by the County for consultant services to prepare loan documents prepared for the County’s HOME-funded First-Time Homebuyers Loan Program. The City basically used the County’s loan documents in the City’s CDBG-funded First-Time Homebuyers Loan Program.

5. Since 1994, the urban county, of which the City is a member, has received \$1.0 – 1.6 million in HOME funds annually. HOME funds are not allocated to member jurisdiction in the same manner that CDBG funds are. The cooperative agreement among the County and participating cities calls for all participants to cooperate in the allocation of HOME funds.
6. The Draft One Year Action Plan, prepared by County Planning Staff with comments from the participating cities, proposes that 2003 HOME funds be spent on the following projects:

Applicant	Project	Community	Amount
Housing Authority of SLO	Tenant-Based Rental Assistance	County-wide	\$300,000
PSHHC	Affordable housing project	Avila Beach	\$700,000
PSHHC	Affordable housing project	San Luis Obispo	\$292,961
Unallocated HOME Funds			\$205,000
County of SLO	Administrative Funds for HOME Program	County-wide	\$116,440
TOTAL			\$1,614,401

ESG FUNDS

1. Emergency Shelter Grants (ESG) are federal funds to be used to provide shelter for the homeless.
2. In 2003, the urban county received \$95,000, which were allocated to the Homeless Shelter in San Luis Obispo, Homeless Day Center in San Luis Obispo, Homeless Outreach Program in the North County, Women's Shelter in San Luis Obispo, and Women's Shelter in Atascadero. \$95,000 in ESG funds will be allocated to the County in 2003.
3. The Draft Consolidated Plan, prepared by County Planning Staff with comments from the participating cities, proposes that 2004 ESG funds be spent on the projects indicated below.

Applicant	Project	Community	Amount
Economic Opportunity Commission	Homeless Shelter Operation	San Luis Obispo	\$45,870
Economic Opportunity Commission	Homeless Day Center Operation	San Luis Obispo	\$15,493
SLO Women's Shelter	Women's Shelter Operation	San Luis Obispo	\$7,985
North County Women's Shelter	Women's Shelter Operation	North County	\$19,952
ECHO *	motel vouchers, program operating funds	Atascadero	\$4,700
TOTAL			\$94,000

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