



**REPORT TO MAYOR, CITY COUNCIL, and
REDEVELOPMENT AGENCY BOARD**

AGENDA ITEM

TO: THE HONORABLE MAYOR,
CITY COUNCIL, AND
REDEVELOPMENT AGENCY BOARD

DATE: April 15, 2008

SUBJECT: Public Hearing on the 2008-2009 Community Development Block
Grant Annual Action Plan

Report in Brief

Each year, the City receives significant amount of federal funds through the Community Development Block Grant program. Staff has developed a process for soliciting applications from community based organizations for use of these funds, evaluating the applications and developing funding recommendations for the City Council's consideration. This process involves a public hearing to receive community input on the 2008-2009 CDBG Action Plan (Attachment A), and adopt the accompanying resolutions.

Staff recommends that the City Council:

- Approve the 2008-2009 CDBG Action Plan with the funding allocations as recommended by staff;
- Direct staff to complete the 2008-2009 Action Plan, as well as any other items required by the U.S. Department of Housing and Urban Development (HUD), incorporating the adopted funding allocations along with any public input received during the public comment period;
- Direct staff to forward the completed 2008-2009 Action Plan to HUD by May 15, 2008;
- Authorize the City Manager to execute any agreements, contracts or other documents with the appropriate entities to carry out the CDBG funded activities;
- Amend the 2007-2008 project description for the Yolo County Historical Museum to change their request for funding construction of an ADA bathroom to purchasing exterior lighting for Gibson Mansion and for the Yolo Community Care Continuum to change their request for funding to paint and replace kitchen countertops to renovate two bathrooms and install a new heating and air conditioning system;
- Amend the 2007-2008 CDBG Annual Action Plan to reprogram the \$134,720 allocated to the HUD Section 108 payment to the Housing Assistance Program; and
- Authorize the Finance Director to make the budget re-allocations as specified.

Staff recommends that the Redevelopment Agency:

- Allocate an estimated \$140,000 in Housing Set Aside Tax Increment funds to repay the HUD Section 108 2007-2008 program year loan payment and every year until 2014;
- Authorize the Finance Director to make the budget re-allocations as specified.

These actions are consistent with the CDBG Consolidated Plan goals to reduce slum and blight and assist low and moderate-income people.

Background

The City of Woodland receives Community Development Block Grant (CDBG) funds annually from the United States Department of Housing and Urban Development (HUD). CDBG funds must be used for activities that assist lower-income persons and to eliminate conditions of blight from the community. For program year 2008-2009, the City is expected to receive \$570,443 in CDBG funds. This is approximately a 4% reduction from last year's allocation amount. These funds are expected to be available by July 1, 2008.

Overview of 2008-2009 CDBG Budget

The City of Woodland was recently notified by HUD that its 2008-2009 CDBG entitlement amount is expected to be \$570,443. Table 1 displays the breakdown of the full \$1.3 million available in the City's 2008-2009 CDBG program. See Attachment B for 2008-2009 CDBG budget and staff recommended allocations.

**Table 1:
2008-2009 CDBG Entitlement Budget**

USES	08-09 Entitlement	Program Income	Unexpended Funds	TOTAL
20% Administration	\$114,089	\$8,000	\$0	\$122,089
15% Public Services	\$85,566	\$18,621	\$0	\$104,187
Public Facilities Improvements	\$370,788	\$122,225	\$590,860	\$1,083,873
TOTALS	\$570,443	\$148,846	\$590,860	\$1,310,149

Administration

As approved by City Council on March 4, 2008, 20% of entitlement is allocated to Planning and Administration Activities. This is the maximum percentage of entitlement available for administration activities according to HUD guidelines. Combined with the allowable program income, the total allocation for Administration for program year 2008-2009 is \$122,089.

Public Services

In 2008-2009, \$104,187 will be allocated to Public Service programs. According to HUD guidelines a maximum of 15% of entitlement can be allocated to Public Service programs. These grants are used to provide services to lower-income residents of Woodland (including seniors and children), provide food and shelter to homeless residents, prevent homelessness, and offer other public services eligible under HUD guidelines.

Public Facilities and Improvements

As indicated in Table 1, the combined total of Planning and Administration and Public Services, expenditures from the total 2008-2009 CDBG allocation amount provides the City with a balance of

approximately \$370,788 in new entitlement available for funding Public Facilities construction projects. In addition, staff aggressively completed past projects and identified unexpended or underutilized funds from previous year grants. These actions resulted in an additional \$372,985 to be allocated to Public Facilities construction projects in 2008-2009.

Previous Year Projects completed/closed out in 2007-2008:

- Downtown Kiosks
- Utility Rate Assistance
- Downtown Benches
- Sign Conversion
- ADA Improvements & Freeman Park
- Memorial Park Benches
- Downtown Commercial Façade
- Neighborhood Enhancement
- Beamer Park Facility Upgrades
(transferred to ADA)
- ADA Sidewalk Improvements and Ferns Park
- ADA Compliance Improvements
- Micro enterprise Training Program
- Micro enterprise Loan Program
- ADA Walkway at John Ferns Park
- ADA Improvements
- Woodland Summer House Roofing Project
- Yolo Continuum of Care-Safe Harbor

The total allocation available for Public Facilities construction projects is \$1,083,873. See Attachment C for a description of all the Public Facility construction projects being recommended for the 2008-2009 program year.

Housing Assistance Program

With the approval of the City Council on July 2, 2002, the City of Woodland applied for and received HUD approval of a Section 108 Loan Guarantee from HUD in the amount of \$1,000,000. The Section 108 Loan Guarantee was secured to assist Community Housing Opportunities Corporation (CHOC) in the acquisition and rehabilitation of the Dana/Woodland Mobile Home Parks, a mobile home park renovation project. The term of this loan is ten years, ending in August 2014. Payments of approximately \$140,000 have been made every year from CDBG entitlement funds since the loan was approved. However, according to the HUD Section 108 manager, funds other than CDBG can be used to make this payment. With the approval of the City Council on February 19, 2008, approximately \$140,000 in tax increment housing set aside funds was allocated to repay the HUD Section 108 loan and 08-09 CDBG funds were then reallocated to fund the Series Street lighting project (PPSS 08-06).

For the City's 2007-2008 Section 108 Loan payment, it is proposed that \$134,720 of CDBG funds be reprogrammed to the Housing Assistance Program and for tax increment housing set aside funds to be used instead for the Section 108 loan payment. This transfer will increase the amount available to the Housing Assistance Program. In the last year, the Housing Assistance Program has grown. In 2007-2008, the CDBG program issued three housing rehabilitation loans and three first-time homebuyer assistance loans for Spring Lake homebuyers compared to only one loan in the previous year. Currently, there are four households that have submitted housing rehabilitation loan applications and 19 households have requested applications. Without the additional CDBG funds, the Housing Assistance Program will only have sufficient funding for one loan to Woodland's low-

income homeowners in 2008-2009. The City's CDBG Consolidated Plan set a goal of rehabilitating 20 housing units between 2005 and 2010. To date, the City has rehabilitated seven units.

Amendments to Previous Action Plans

During the course of implementation, projects often change. To help facilitate the administration of the CDBG Program, staff recommends the following change to the 2007-2008 Action Plan. The amendment is:

- To change the project description for the Gibson Mansion Historical Museum from constructing an ADA bathroom to purchasing exterior lighting and to change Yolo Community Care Continuum's request to renovating two bathrooms and installing a new heating and air conditioning system; and
- To reallocate the \$134,720 allocated to the HUD Section 108 2007-2008 payment to the Housing Assistance Program.

Discussion

Staff believes that the funding allocations described for public service and public facility projects and programs is consistent with community needs and expectations as well as the attached 2008-2009 Action Plan. These funding allocations will provide needed support to the community's public services, such as food, shelter, counseling, etc., and rehabilitate valued community facilities.

Fiscal Impact

These actions reduce the amount of Redevelopment Housing Set Aside Tax Increment funds by \$134,720 for fiscal year 2008, but there are no other obligations on these funds.

The CDBG allocation recommended for the Public Works' Series Street Lighting Project (PPSS 08-06) relieves the General Fund of \$223,809. (The Workforce Housing Grant saves an additional \$192,101 in General Funds for this project.)

Public Contact

The draft 2008-2009 Annual Action Plan was made available for public review and comment on March 14, 2007 with the commenting period ending on April 14, 2007. Public notices were printed in the *Daily Democrat* and posted at City Hall. Comments that were received thus far were incorporated into the draft document.

Information regarding the CDBG program was also provided to the public through emails to interested parties and applicants and a public meeting held on March 5, 2008 to announce staff recommendations for the 2008-2009 CDBG program year.

Alternative Courses of Action

These are the alternatives open to the City Council and Redevelopment Agency Board:

1. Staff recommends that the City Council:

- Approve the 2008-2009 CDBG Action Plan with the funding allocations as recommended by staff;
- Direct staff to complete the 2008-2009 Action Plan, as well as any other items required by the U.S. Department of Housing and Urban Development (HUD), incorporating the adopted funding allocations along with any public input received during the public comment period;
- Direct staff to forward the completed 2008-2009 Action Plan to HUD by May 15, 2008;
- Authorize the City Manager to execute any agreements, contracts or other documents with the appropriate entities to carry out the CDBG funded activities;
- Amend the 2007-2008 project description for the Yolo County Historical Museum to change their request for funding construction of an ADA bathroom to purchasing exterior lighting for Gibson Mansion and for the Yolo Community Care Continuum to change their request for funding to paint and replace kitchen countertops to renovate two bathrooms and install a new heating and air conditioning system;
- Amend the 2007-2008 CDBG Annual Action Plan to reprogram the \$134,720 allocated to the HUD Section 108 payment to the Housing Assistance Program; and
- Authorize the Finance Director to make the budget re-allocations as specified.

2. Alternative

- Do not approve at this time. Council may request possible revisions.
- Do not reprogram \$134,720 in CDBG funds to the Housing Assistance Program

3. Staff recommends that the Redevelopment Agency

- Allocate an estimated \$140,000 in Housing Set Aside Tax Increment funds to repay the HUD Section 108 2007-2008 program year loan payment and every year until 2014;
- Authorize the Finance Director to make the budget re-allocations as specified.

4. Alternative

- Do not allocate \$134,720 in Housing Set Aside funds to repay the HUD 108 loan.

Recommendation for Action

Staff recommends that the City Council approve Alternative No. 1.

Staff recommends that the Redevelopment Agency Board approve Alternative No. 3.

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Redevelopment/Housing Analyst

Reviewed by: Cynthia Shallit
Redevelopment Manager

Barry Munowitch, AICP
Assistant City Manager

Mark G. Deven
City Manager

Attachment A: Draft Action Plan

Attachment B: CDBG Program Budget 2008-2009

Attachment C: Public Facility Project Descriptions

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WOODLAND
TO HOLD A PUBLIC HEARING TO RECEIVE COMMUNITY INPUT ON THE
2008-2009 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ACTION
PLAN AND APPROVE THE ANNUAL ACTION PLAN AND AMENDMENTS TO
THE 2007-2008 ANNUAL ACTION PLAN**

WHEREAS, the City of Woodland ("City") annually receives an allocation of Community Development Block Grant (CDBG) Funds from the Department of Housing and Urban Development (HUD);

WHEREAS, as part of the program requirements, the City must submit the Annual Action Plan that describes how the funding will be spent for the following program year; and

WHEREAS, the Annual Action Plan is required to be approved after receiving public input.

NOW, THEREFORE, BE IT RESOLVED, as follows:

Section 1: This City Council hereby finds and determines that the foregoing recitals are true and correct;

Section 2: This City Council hereby approves the 2008-2009 CDBG Annual Action Plan with the funding allocations as recommended by staff;

Section 3: This City Council hereby directs staff
(a) to complete the 2008-2009 Action Plan, as well as any other items required by the U.S Department of Housing and Urban Development (HUD), incorporating the adopted funding allocations along with any public input received during the public comment period and incorporates changes to past projects as proposed by staff;

(b) to forward the completed 2008-2009 Action Plan to HUD by May 15, 2008;

Section 5: This City Council hereby authorizes the City Manager to execute any agreements, contracts or other documents with the appropriate entities to carry out the CDBG Funded activities;

Section 6: This City Council hereby approves amending the 2007-2008 CDBG Annual Action Plan

(a) to reprogram \$134,720 for the HUD 108 loan payment to the Housing Assistance Program;

(b) to amend project description for the Yolo County Historical Museum to change their request for funding construction of an ADA bathroom to installing exterior lighting for Gibson Mansion and for the Yolo Community Care

Continuum to change their request for funding to paint and replace kitchen countertops to renovate two bathrooms and install a new heating and air conditioning system;

Section 9: This Resolution shall take effect from and after the date of its passage and adoption.

PASSED, APPROVED AND ADOPTED this 15th day of April, 2008 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

David Flory, Mayor

ATTEST:

Sue Vannucci, City Clerk

APPROVED AS TO FORM:

Ann M. Siprelle, City Attorney