



MEMORANDUM

TO: City Council

FROM: Brian Pedrotti, Community Development Director

BY: Andrew Perez, Planning Manager

SUBJECT: Consideration of Preliminary Approval of Community Development Block Grant Projects for Year 2024 And Finding That This Action Is Exempt Under The California Environmental Quality Act, State Guidelines Section 15061

DATE: December 12, 2023

SUMMARY OF ACTION:

Conduct a public hearing to consider preliminary funding recommendations for the City's allocation of 2024 Community Development Block Grant (CDBG) funds, which will assist the County of San Luis Obispo with its 2024 Action Plan process. The recommended project funding allocations (see Table 1 below for more detail) are:

- Five Cities Homeless Coalition: \$12,283
- Curb Ramp and Sidewalk Improvement Project: \$53,228
- City Administration: \$5,732

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The County has estimated that \$81,889 in CDBG funds will be available to the City in the Fall of 2024. This represents a decrease of \$5,416 below last year's allocation. The County will help administer the CDBG program for the City, which will reduce City staff time involved. County staff will be paid for these administrative services through the CDBG program funds allocated to the City. Pursuant to the Cooperation Agreement between the County and the City approved by Council on June 13, 2023, for the term beginning on July 1, 2024, and ending on June 30, 2027, 65% of the total available administration funds, or \$10,646, will be deducted by the County to meet its obligations under the terms of the agreement for administrative costs. The remaining 35% of the total available administration funds, or \$5,732, is recommended to be allocated for City administration of the projects funded by the CDBG program.

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RECOMMENDATION:

Conduct a public hearing and provide preliminary approval of proposed projects to be funded with the City’s allocation of Community Development Block Grant (CDBG) funds for the Year 2024, as shown in Table 1 below, and find that the preliminary approval of projects is exempt from CEQA, pursuant to CEQA Guidelines Section 15061 subd. (b)(3). Final City approval of the CDBG allocation and projects will tentatively occur in March 2024.

Table 1: Recommended 2024 CDBG Allocations

Project and Category	2023 Allocation	2024 Requested	Proposed 2024 Allocation
Public Services (15% Cap - \$12,283)			
5 Cities Homeless Coalition	\$13,095	\$12,283	\$12,283
Subtotal	\$13,095	\$12,283	\$12,283
Public Facilities (No Cap)			
Curb Ramp and Sidewalk Improvement Project	\$56,749	\$53,228	\$53,228
Subtotal	\$56,749	\$53,228	\$53,228
Economic Development (No Cap)			
Subtotal	\$0	\$0	\$0
Area Benefit (30% Cap - \$24,567)			
Subtotal	\$0	\$0	\$0
Housing Rehabilitation (No Cap)			
	\$0	\$0	\$0
Administration (20% Cap - \$16,378)			
City Administration	\$6,111	\$5,732	\$5,732
County Administration	\$11,350	\$10,646	\$10,646
Subtotal	\$17,461	\$16,378	\$16,378
Total			\$81,889

BACKGROUND:

City Council approved a Cooperation Agreement with the County on [June 16, 2023](#) for the joint participation in the CDBG Program for Fiscal Years 2024 through 2026 (Attachment 1). The City, as a participant in the Housing and Urban Development (HUD)

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designated Urban County program, receives an annual formula-based allocation of CDBG funds. These funds are available for a variety of Community Development activities as long as the activities meet at least one of three national objectives. The objectives are:

1. Benefit low- and moderate-income persons;
2. Aid in the prevention or elimination of slums or blight; or
3. Address urgent community development needs that pose a serious or immediate threat to public health or welfare.

The County released a Notice of Funding Availability on October 6, 2023, and notified the public that the County and participating cities would accept applications for funding until November 5, 2023. 5 Cities Homeless Coalition (5CHC) was the only organization that submitted an application requesting funding from the City's allocation of CDBG funds (Attachment 2). The request is described in greater detail below.

If Council is supportive of staff's preliminary recommendations, they will be sent to the County for review to ensure eligibility for CDBG program funding. The County's Homeless Services Oversight Council will review applications requesting funding from the Public Services category in January 2024. The City will be informed of the outcome of that review and it will be incorporated into staff's final recommendation to Council, which is tentatively scheduled for March.

ANALYSIS OF ISSUES:

The Cooperation Agreement between the County and the City provides the City with discretion regarding the allocation of funds. Unless the City's recommendation to the County for funding is in conflict with CDBG regulations, the County will approve the recommendation. The County Board of Supervisors will make its final decision for funding priority in April 2024.

Public Services

The competitiveness for public service funds, which is capped at 15% of the City's CDBG allocation, had historically been strong with requests far exceeding available funds. As discussed in recent years regarding CDBG allocations, HUD has significantly increased its monitoring efforts of jurisdictions participating in the CDBG program, which means that local jurisdictions must increase their monitoring efforts of recipients as well. As stated in the Cooperative Agreement, only activities that can either individually or cumulatively receive more than \$8,000 in CDBG funding will be considered due to the staff cost of processing such awards in compliance with federal requirements.

Because public service organizations are more aware of the stricter CDBG regulations, because of the funding opportunity provided to non-profit organizations serving the Arroyo Grande community through the City's Community Service Grant Program (CSGP), and

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because the City Council had previously directed staff to apply CDBG funds toward Public Facility projects, the City has received very few applications over the past several years for CDBG funding. Consistent with previous direction from Council during the public hearing to approve projects for the 2023 CDBG program, the City publicized the application period for the 2024 program. These efforts included a press release, advertisement on the City’s website, and posts on the City’s social media platforms.

Despite the City’s efforts to publicize the CDBG application period, only one application was received requesting funding from this program. 5CHC’s application seeks funding to bolster its San Luis Obispo County Rapid Re-Housing/Homeless Prevention Program. This program provides financial assistance to low-income households and individuals facing homelessness to quickly identify and resolve barriers to gaining or maintaining housing. Financial assistance includes rental assistance, deposit assistance, and case management. The goal of the program is to assist participants to secure long-term, stable housing that they can afford to retain. The project aligns with the San Luis Obispo Countywide Plan to Address Homelessness. The total amount of CDBG funds requested by 5CHC from local agencies is provided in Table 2.

Table 2: 5CHC Funding Requests by Agency

Agency	Amount Requested
City of Arroyo Grande	\$13,095
City of Atascadero	\$4,667
City of Morro Bay	\$3,500
City of Paso Robles	\$16,333
City of Pismo Beach	\$5,238
City of San Luis Obispo	\$20,333
County of San Luis Obispo	\$29,167
Total	\$92,333

Council directed staff to prioritize the City’s available public service allocation of CDBG funding for homeless services during public hearings for allocations of CDBG funding in both 2022 and 2023. The request from 5CHC aligns with the San Luis Obispo Countywide Plan to Address Homelessness, and therefore, staff recommends funding 5CHC’s request of 2024 funds for \$12,283 to support its services for individuals facing homelessness.

Public Facilities

The City is committed to and prioritizing Americans with Disabilities Act (ADA) accessibility deficiencies. During the last several years, with Year 2018 being the exception, Council has allocated the majority of CDBG funds to help pay for disabled access barrier removal projects throughout the City. These projects include Hoosegow Park ADA improvements, mid-block crosswalk ADA improvements, the Arroyo Grande

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Woman's Club building barrier removal project, and various barrier removal projects at the Soto Sports Complex.

In 2022, the City Council approved allocating \$56,333 of the Public Facilities funds for improving curb ramp and sidewalk improvement infrastructure at the intersection of Alder Street and Farroll Avenue near Harloe Elementary to aid accessibility for residents with disabilities. Last year, Public Facilities funds were allocated to add City standard sidewalk and construct an ADA accessible curb ramp at the corner of Virginia Drive and S. Halcyon Rd.

Staff is again proposing to use CDBG funding to improve curb ramp to ADA standards adjacent to streets being paved. The replacement of existing curb ramps will be done in conjunction with scheduled pavement improvements, which are anticipated to occur in 2024. The use of CDBG funding furthers the objectives of the federal program while also allowing for the most efficient use of City's Pavement Management Program budget.

Housing Rehabilitation

The City did not receive any requests for housing rehabilitation projects.

Economic Development

The City did not receive any requests for economic development projects.

Area Benefit

The City did not receive any funding requests for this category.

Administration/Planning and Capacity Building

Planning and capacity building funds are limited to a 20% cap of the total CDBG funding available. Pursuant to the Cooperation Agreement between the County and the City, 65% of the available funds for planning and capacity building/administration, or \$10,646, will be deducted by the County to meet its obligations under the terms of the agreement for administrative costs. The remaining 35% of the total available funds, or \$5,732, is recommended to be allocated for administration of the CDBG funded projects.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Conduct a public hearing and approve preliminary funding for the CDBG programs for the Year 2024, as proposed in Table 1 on page 2 of this staff report;
2. Conduct a public hearing and modify and approve preliminary funding for the CDBG programs for the Year 2024; or
3. Provide other direction to staff.

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ADVANTAGES:

The recommended 2024 CDBG allocations fund important City priorities and are consistent with the Cooperation Agreement between the County and City. The City's Community Service Grant Program provides an additional funding opportunity, separate from CDBG, for local public service programs that address unmet needs in the community.

DISADVANTAGES:

There are no disadvantages identified at this time.

ENVIRONMENTAL REVIEW:

The preliminary approval of allocations from the 2024 CDBG program is exempt from CEQA on the basis that it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. (State CEQA Guidelines, § 15061, subd. (b)(3).) The allocation of funding itself will have no effect on the environment and environmental review will be conducted for each of the projects funding through this program.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

Attachments:

1. Cooperation Agreement
2. 5CHC Application