

MONTEREY URBAN COUNTY  
STANDING COMMITTEE

<b>MEETING:</b>	March 8, 2017	Agenda Item:	3
<b>SUBJECT:</b>	<ol style="list-style-type: none"><li>1. Receive a report regarding Urban County allocations for projects and services based upon an anticipated U.S. Department of Housing and Urban Development (HUD), Community Development Block Grant (CDBG) funding of \$1,230,025, Program Income of \$166,258, and rollover funds of \$146,000 for total available funding of \$1,542,283 during Program Year (PY) 2018/19;</li><li>2. Provide direction on how to allocate the available funding; and,</li><li>3. Direct staff to prepare the Annual Action Plan for PY2018/19 for consideration by the full Board of Supervisors as required by HUD.</li></ol>		
<b>DEPARTMENT:</b>	Economic Development		

**RECOMMENDTION**

It is recommended that the Standing Committee:

1. Receive a report regarding Urban County allocations for projects and services based upon an anticipated U.S. Department of Housing and Urban Development (HUD), Community Development Block Grant (CDBG) funding of \$1,230,025, Program Income of \$166,258, and rollover funds of \$146,000 for total available funding of \$1,542,283 during Program Year (PY) 2018/19;
2. Provide direction on how to allocate the available funding; and,
3. Direct staff to prepare the Annual Action Plan for PY2018/19 for consideration by the full Board of Supervisors as required by HUD.

**BACKGROUND**

Since Monterey County was first designated an Urban County in 2013, it has received nearly \$4,997,300 in CDBG funds. Over the six years of the Urban County program, these funds have been used to support projects in the Cities of Del Rey Oaks, Gonzales, and Greenfield and the unincorporated areas of Monterey County. The Urban County is open to any jurisdiction within Monterey County that is not designated a HUD Entitlement Community.

Each year, the Urban County is required to submit an Action Plan to HUD which includes approved funding recommendations for projects, services, and administration. Consideration of funding requests by the Standing Committee is the first step in the development of the Action Plan. On January 12, 2016, the Board of Supervisors reappointed Supervisors Phillips and Salinas to the Urban County Standing Committee to review and recommend Urban County funding for projects and services

It is recommended that the Standing Committee consider the recommendations of member jurisdictions for projects and the recommendations of staff from all four jurisdictions regarding services. Attachment 1 summarizes the applications by major activity area: Public Services, Public Facilities/Improvements and Owner/Renter Occupied Housing Rehabilitation. Attachment 2 provides additional information on the proposed projects, target populations, project need and performance measures/outcomes.

HUD qualifies the Urban County on a three-year cycle and the next cycle begins in 2018. To date the cities of Del Rey Oaks, Gonzales, Greenfield, and Sand City have indicated that they will participate in the Urban County during the next three-years. The County has reached out to the cities of Carmel-by-the-Sea, King City, Marina, Pacific Grove, and Soledad to offer them the opportunity to join the Urban County. Under HUD guidelines, these jurisdictions have until June 12, 2018, to formally notify the County and HUD whether they will participate in the Urban County.

On December 8, 2017, a Notice of Funding Availability (NOFA) was issued and an informational workshop held to begin soliciting applications for funds for PY 2018/19 CDBG projects and services. Twenty applications requesting more than \$2 million were received on or before the due date of January 17, 2018.

### **DISCUSSION:**

Total expected funding available for PY 2018/19 is \$1,542,283. The sources and uses of these funds are shown in Table 1.

Table 1  
Urban County PY2018-2019  
Summary of Anticipated Sources & Uses

Sources		Uses	Allocation Funding
Rollover From Prior Years	\$146,000	15% Public Service Cap	\$201,042
PY 2018/19 Grant	\$1,230,025	20% Gen. Admin. Cap	\$248,005
PY 2018/19 P.I.	\$10,000	Del Rey Oaks Projects	\$56,000
PY 2017/18 P.I. - Brooklyn St.	\$110,258	Gonzales Projects	\$164,955
Del Rey Oaks P.I.	\$46,000	Greenfield Projects	\$518,476
Total Sources	<u>\$1,542,283</u>	Sand City Projects	\$40,000
		County Projects	\$313,805
		Total Uses	<u>\$1,542,283</u>

As noted in Table 1, the Urban County may allocate up to 15% of the FY2018/19 grant to public service activities and up to 20% to general administrative activities. Should the Urban County elect not to fund public services and/or general administration at the maximum allowed level, the excess funds will be available for public facilities, infrastructure, and housing rehabilitation programs. Unless otherwise indicated, the Program Income and carry forward are all from Monterey County loans or savings from projects originally undertaken by Monterey County for use on CDBG eligible activities. These funds have been reallocated to the Monterey County funding pool.

### **PUBLIC SERVICES**

CDBG regulations limit the amount that the Urban County may allocate to public services to 15%

of the current year grant funding and 15% of the program income received (not forecast) the prior year. Historically, the Urban County has only allocated the current year grant funding for these activities. For PY 2018/19, the Urban County received 12 applications requesting a total of \$250,360 on available funding of \$201,000. In developing the staff funding recommendation, staff considered two alternatives to allocating the available funds:

1. Fund the existing public services at the PY2017/18 levels and split the remaining funds among the three new applicants. This approach is like what has been done in prior years.
2. Provide the additional funding requested by existing service providers at the expense of being able to accommodate new funding requests.

City and County staff recommend continuing the prior practice of fully funding existing applicants and allocating the remaining funds to new applicants.

#### PUBLIC FACILITIES/IMPROVEMENTS

If the Urban County Committee and Board of Supervisors authorize funding for public services and general administration at the maximum amounts allowed, the Urban County will have approximately \$313,800 for County sponsored public facilities/improvements and housing rehabilitation projects. The Urban County received four applications requesting \$765,000 for these projects. In addition to the regular application requests, the cities of Del Rey Oaks and Sand City have requested forward funding of their entire three-year allocation during PY2018/19. Under the Urban County program small cities are allocated a minimum of \$10,000 per year or \$30,000 during the three-year term of the program.

Sand City deferred funding for the first three-years and is requesting that the County forward fund the next three-years so that it has the capacity to undertake a single, large project. Del Rey Oaks is rejoining the Urban County after an internal audit uncovered previously unreported CDBG PI that must either be used through the Urban County or returned to the State. To maximize the impact the available PI can have in the community, Del Rey Oaks has also requested that the Urban County forward fund the City's three-year allocation during PY2018/19. Staff is recommending that these requests be funded. Should the Urban County Committee and Board of Supervisors elect to honor these requests, the County will have \$273,800 available for projects in PY 2018/19 and an additional \$20,000 in each of the subsequent two years.

#### GENERAL ADMINISTRATION

General administration costs are limited to 20% of the award. The Urban County has historically used 10% of the allowed cap. During PY2018/19, the Urban County anticipates that as much as \$135,000 of the general administration cap maybe used to complete the Affirmatively Furthering Fair Housing Analysis and Phase 1 and Phase 2 environmental studies of Public Works Yards in Greenfield and King City. The King City yard is specifically being evaluated for other uses, including as a location for affordable housing. Any unused general administrative funds remaining at the end of PY2018/19 will be available for County sponsored projects in PY 2019/20.

#### OTHER CONSIDERATIONS

As a part of the recommendations for funding, the Urban County must address how it will amend recommendations if the actual amount of funding received is different from the \$1,230,025 anticipated in this staff report. Should more funding be received from HUD, the Urban County will distribute the additional funds as follows:

1. Up to 15% of additional funds, but not to exceed \$21,310, so that total funding to these public services is:
  - a. Monterey County Housing Development Corporation at \$20,000,
  - b. United Way Monterey County at \$20,000; and,
  - c. North County Recreation and Park District at the \$11,310 level.
2. 15% of additional funds to be set aside for general administration.
3. The funds remaining after the allocations described in numbers 1 and 2 above will be distributed to the participating jurisdictions on the following pro rata basis:
  - a. 0.65% - Del Rey Oaks
  - b. 10.70% - Gonzales
  - c. 21.08% - Greenfield
  - d. 0.34% - Sand City
  - e. 67.23% - County Projects, with the first \$423,653 allocated to the Environmental Justice Coalition for Water

Should less funding be received,

*"If the CDBG allocation is less, funding levels for all jurisdictions and services will be adjusted downward on a pro rata basis except for Gonzales whose allocation shall not be reduced below \$150,000 and the cities of Del Rey Oaks and Sand City whose allocations shall not be reduced below \$10,000 per year."*

Unspent funds from the previous program year, projects may carry forward funding into the next program year to complete the project. However, service funds are not carried forward as they are only designated for services in the fiscal year period. Should there be any unspent service allocations, those funds will be reallocated to the County for use in projects. Staff recommends that unless there are more than \$100,000 in unexpended funds after all prior year projects have been completed, that the balance be rolled in the PY2019/20 pool.

Regarding Program Income, any shortfall of Program Income will be deducted from the project that requests the last drawdown of funds. The shortfall will then be allocated in the next fiscal year's allocation of funding. If there is Program Income received more than what was estimated and allocated, then those funds may be applied to current projects or carried forward for funding in the next fiscal year.

Darby Marshall  
Redevelopment & Housing Analyst