



# County of Monterey

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

## Board Report

---

**File #:** 12-507, **Version:** 1

---

- a. Approve Participation Agreements with the cities of Del Rey Oaks and Gonzales that formalize the jurisdictions commitment to participate in submitting an application to the Federal Department of Housing and Urban Development (HUD) for direct funding as an Urban County in the Community Development Block Grant (CDBG) program;
- b. Approve a Resolution to enter into a Joint Exercise of Powers Agreement and Cooperation Agreement with the cities of Del Rey Oaks and Gonzales to participate in the CDBG program for the period of October 1, 2013 to September 30, 2016;
- c. Authorize the County Administrative Officer to sign the Participation Agreements and Joint Exercise of Powers Agreement and Cooperation Agreement;
- d. Authorize the County Administrative Officer to make minor modifications to the Agreements as necessary to comply with federal requirements; and
- e. Authorize the Economic Development Director to submit an application to HUD to apply for and receive direct entitlement funds as an Urban County which includes the Participation Agreements and the Joint Exercise of Powers Agreement and Cooperation Agreement.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve Participation Agreements with the cities of Del Rey Oaks and Gonzales that formalize the jurisdictions commitment to participate in submitting an application to the Federal Department of Housing and Urban Development (HUD) for direct funding as an Urban County in the Community Development Block Grant (CDBG) program;
- b. Approve a Resolution to enter into a Joint Exercise of Powers Agreement and Cooperation Agreement with Del Rey Oaks and Gonzales to participate in the CDBG program for the period of October 1, 2013 to September 30, 2016;
- c. Authorize the County Administrative Officer to sign the Participation Agreements and Joint Exercise of Powers Agreement and Cooperation Agreement;
- d. Authorize the County Administrative Officer to make minor modifications to the Agreements as necessary to comply with federal requirements; and
- e. Authorize the Economic Development Director to submit an application to HUD to apply for and receive direct entitlement funds as an Urban County which includes the Participation Agreements and the Joint Exercise of Powers Agreement and Cooperation Agreement.

### SUMMARY:

The County must currently compete for Community Development Block Grant (CDBG) funding from the State for economic and community development projects. If the County was designated by HUD to become an Urban Community, the County and participating cities would receive funding directly from HUD without having to compete for those funds.

### DISCUSSION:

The CDBG entitlement program provides annual federal grants on a formula basis to entitled cities and counties to develop viable urban communities and to expand economic opportunities. HUD awards grants to entitlement

community grantees to carry out a wide range of economic and community development activities directed toward promoting economic development, revitalizing neighborhoods, and providing improved community facilities and services. Entitlement grantees must give maximum feasible priority to activities which benefit low- and moderate-(Low/Mod) income persons. CDBG funds may not be used for activities which do not meet these broad national objectives.

HUD determines the amount of each entitlement grant by a statutory formula which uses several objective measures of community needs including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relationship to other metropolitan areas.

To become a CDBG entitlement jurisdiction, the applicant must develop and submit to HUD: 1) an application for funding; and 2) a Consolidated Plan which is a jurisdiction's comprehensive planning document. Since the County does not meet the eligibility criteria on its own, it must enter into Cooperative Agreements with cities so that the total population represented by the Urban County is at least 100,000 and greater than 50% of the Low/Mod population of the non-entitled cities and county.

In its Consolidated Plan, the jurisdiction must identify its goals in order to meet national objectives. The goals will serve as the criteria against which HUD will evaluate a jurisdiction's Plan and its performance under the Plan. The Consolidated Plan must include several required certifications, including that not less than 70% of the CDBG funds received over a three year period will be used for activities that benefit Low/Mod income persons.

Currently, the County and nine cities, excluding Salinas, Monterey, and Seaside, are non-entitlement jurisdictions. As such, the amount of funding they receive through the State CDBG program can vary dramatically. Recent changes to the CDBG program make it likely that a jurisdiction will receive an award every other year. The State CDBG program is largely determined based upon the County's census data in regard to overcrowding, rental vacancy rate, poverty rate, and percentage of Low/Mod individuals. Because these statistics are on a county-wide basis, Monterey County does not score very competitively in comparison to other jurisdictions due to the statistics for high wealth areas such as Pebble Beach and Carmel Valley. As funding has been reduced, the program has become increasingly more competitive. The County applied for but was not awarded funds during the last three years.

HUD will not quantify the amount of funds that could be allocated to the Urban County until it is approved as such. However, it is estimated that the annual allocation would be approximately \$875,000. The County would receive 10% of the total allocation to cover management of the grant. The County's annual share of CDBG funding for projects is estimated at \$480,000. The County would also be eligible to receive a portion of an estimated \$130,000 set-aside that would be available to all jurisdictions.

#### OTHER AGENCY INVOLVEMENT:

The County is required by HUD to allow all nine non-entitlement jurisdictions to participate in its application for designation as an Urban County. Only two cities, Del Rey Oaks and Gonzales, are interested in joining the County's application. The Participation Agreement and Joint Exercise of Powers Agreement and Cooperation Agreement will govern how the cost of preparing the application is shared and the CDBG funding will be allocated among the participating jurisdictions.

#### FINANCING:

The cost of preparing the application to HUD was originally anticipated to be as much as \$100,000 including staff time. The cost estimate for a consultant was estimated at \$85,000 but is now estimated at \$67,000 with the two participating cities contributing a total of \$7,000. The County Administrative Office is working with the

Economic Development Department and has sufficient appropriations in the FY 2012-13 Recommended Budget for General Fund Unit 8038 - Other Financing Uses - to fund the net cost of \$60,000.

Prepared by:

---

Jane Royer Barr, ext. 5389  
Housing Program Manager

Approved by:

---

Jim Cook, ext. 5390  
Director of Economic Development

Attachments:

Participation Agreement with the City of Del Rey Oaks;

Participation Agreement with the City of Gonzales;

Resolution entering into a Joint Exercise of Powers Agreement and Cooperation -Agreement; and

Joint Exercise of Powers Agreement and Cooperation Agreement