A G E N D A

CITY OF SEASIDE
COMMUNITY DEVELOPMENT
ADVISORY COMMITTEE

REGULAR MEETING
OLDEMEYER CENTER
986 Hilby Avenue
Wednesday, February 21, 2018
6:30 PM

PLEASE TURN OFF YOUR CELL PHONES UPON ENTERING THE MEETING

COMMUNITY DEVELOPMENT ADVISORY COMMITTEE

ROLL CALL

Sue Hawthorne:Chair
Clementine Bonner-Klein: Vice Chair
John Francis
Rebecca Pieken
Nelson (Zeke) Rivera

A. WELCOME NEW CDAC MEMBER NELSON (ZEKE) RIVERA

PURPOSE: The purpose of this item is to welcome new CDAC member Nelson (Zeke) Rivera. Mr. Rivera was appointed to the CDAC by the City Council at their February 15 meeting.

RECOMMENDATION: It is recommended that the CDAC welcome their newest member.

2. PUBLIC COMMENT

3. APPROVAL OF MINUTES

A. APPROVAL OF REGULAR MEETING MINUTES NOVEMBER 15, 2017

B. APPROVAL OF REGULAR MEETING MINUTES FROM JANUARY 17, 2018

4. OLD BUSINESS

5. NEW BUSINESS

A. RECEIVE AN UPDATE ON THE STATUS OF THE CDBG PROGRAM AND DIRECTION FROM HUD REGARDING THE UPCOMING ANNUAL ACTION PLAN.

PURPOSE: The purpose of this item is to update the CDAC on CPD Notice 18-01 Guidance on Submitting Consolidated Plans and Annual Action Plans for Fiscal Year 2018 as well as an update on the proposed Federal Budget for 2019.

RECOMMENDATION: It is recommended that the CDAC receive the report.

B. DISTRIBUTE THE BOARDS AND COMMISSIONS WORK PLAN TEMPLATE TO THE CDAC. AS REQUIRED BY THE SEASIDE CITY COUNCIL, ALL BOARDS AND COMMISSIONS MUST COMPLETE A WORK PLAN AND SUBMIT TO THE CITY CLERK BY APRIL 1 OF EACH YEAR.

PURPOSE: The purpose of this item is to remind the CDAC of the upcoming Seaside City Council mandated Annual Work Plan and distribute the template. An approved Annual Work Plan must be submitted to the City Clerk by April 1.

RECOMMENDATION: It is recommended that the CDAC allow Staff to create a Draft Work Plan for the CDAC to review, revise if necessary and approve at the March CDAC meeting.

C. UPDATE ON THE JOINT ANALYSIS OF IMPEDIMENTS (FORMERLY AFFH) PROJECT

PURPOSE: The purpose of this item is to update the CDAC on the progress of the required analysis of impediments being undertaken as an MOU between the cities of Salinas, Monterey and Seaside as well as Monterey County (Urban County) and the Housing Authority of Monterey County.

RECOMMENDATION: It is recommended that the CDAC receive the report.

D. RECEIVE SECOND QUARTER 2017-2018 CDBG ACTIVITY REPORT

PURPOSE: The purpose of this item is for the CDAC to review the current fiscal year's CDBG activities through the end of the second quarter (December 31).

RECOMMENDATION: It is recommended that the CDAC receive the report.

E. CONSIDER PUBLIC SERVICE APPLICATIONS FOR RECOMMENDATION TO THE SEASIDE CITY COUNCIL FOR 2018-2020 CDBG FUNDING CYCLE

PURPOSE: The purpose of this item is for the CDAC to review the public service applications for City of Seaside CDBG subrecipient funding for the 2018-2020 cycle.

RECOMMENDATION: It is recommended that the CDAC review the applications and make recommendations for public service CDBG funding using their suggested caps between $5,000 and $15,000 to be fair to the applicants who followed the stated guidelines. Once the capped amounts are determined, the CDAC should discuss the merits of the applications and determine the best allocation of funds, bearing in mind community needs to make recommendations to the City Council using contingency provisions as recommended by HUD.

F. CONSIDER CAPITAL PROJECT APPLICATIONS FOR RECOMMENDATION

TO THE SEASIDE CITY COUNCIL FOR THE 2018-2020 CDBG FUNDING CYCLE

PURPOSE: The purpose of this item is for the CDAC to review the capital projects applications for City of Seaside CDBG funding for the 2018-2020 cycle.

RECOMMENDATION: It is recommended that the CDAC discuss the merits of the applications and determine the best allocation of the funding expected to be available, bearing in mind community needs to make recommendations to the City Council using contingency provisions as recommended by HUD.

6. REVIEW LONG RANGE CALENDAR

A. REVIEW THE CDAC LONG RANGE CALENDAR AND MAKE ADJUSTMENTS AS NECESSARY.

7. REPORTS FROM COMMITTEE MEMBERS

8. REPORTS BY STAFF

9. ADJOURNMENT

Next Regularly Scheduled Meeting:
March 21, 2018
6:30 PM

The City of Seaside is committed to providing accessible facilities and accommodating people with disabilities in all of its services programs and activities. If special considerations are needed by any person to fully participate in this meeting, they are asked to contact the City Clerk at 899-6707 no fewer than two business days prior to the meeting to allow reasonable arrangements. The City Council chamber is equipped with a portable microphone and assisted listening devices are available at all meetings.

City Council Meetings that are held in the City Council Chambers are broadcast live to all Seaside residents on Comcast Channel 25 and U-verse Channel 99. Meetings are also available through live streaming at:
http://cvp.telvue.com/player?id=T01629&video=52314&noplaylistskin=1&width=400&height=300
Videos of past meetings are available on demand through the City's website: http://www.ci.seaside.ca.us

Agenda-related writings or documents provided during public meetings are available for public inspection during the meeting or from the office of the City Clerk. This agenda is posted in compliance with California Government Code Section 54954.2(a) or Section 54956.

	MEETING MINUTES DRAFT	
CITY OF SEASIDE		CITY HALL 440 HARCOURT AVE.
COMMUNITY DEVELOPMENT ADVISORY COMMITTEE		OLDEMEYER CENTER
		6:30 P.M.

1.	**CALL TO ORDER AT – 6:41P.M.**
2.	**ROLL CALL – ESTABLISHMENT OF QUORUM**

MEMBERS	Sue Hawthorne, Clementine Bonner Klein, John Francis, Rebecca Pieken
PRESENT:	Hawthorne, Bonner Klein, Francis, Pieken
ABSENT:	None

3.	**PUBLIC COMMENT – None**
	APPLICATION WORKSHOP
4.	Patrice Clemons, MBI, presented a PowerPoint which gave the potential applicants information on the "Priority Needs" established at the September 20, 2017 CDAC "Community Needs Assessment Workshop" as well as examples of projects that qualify for CDBG funding and projects which do not qualify.
	APPROVAL OF MINUTES
5.	Regular Meeting Minutes from October 18, 2017

On motion by Member Pieken and Seconded by Member Francis and carried by the following vote, the CDAC approved the Regular Meeting Minutes for October 18, 2017

AYES	4	COMMITTEE MEMBERS	Hawthorne, Bonner Klein, Francis, Pieken
NOES	0	COMMITTEE MEMBERS	None
ABSENT	0	COMMITTEE MEMBERS	None
RECUSED	0	COMMITTEE MEMBERS	None

6.	**OLD BUSINESS**
	None

7. NEW BUSINESS

A. RECEIVE FIRST QUARTER REPORT FOR 2017-2018

Patrice Clemons, MBI, gave the following report to the CDAC:
Four of five public service organizations have submitted their first quarter reports and first reimbursement requests. Salvation Army had no first quarter report or requests for reimbursement and anticipate that they will be spending down funds beginning the second quarter. All reporting agencies for quarter 1 are on target to meet and*or exceed program goals. To date, approximately 30% of the $76,630 CDBG funds allocated for public services in 2017-2018 jas been reimbursed to the organizations.

B. RECEIVE A REPORT ON UPCOMING SUBRECIPIENT MONITORING ACTIVITIES

HUD, as well as the City of Seaside, require grantee monitoring of subrecipient activities under 2CFR Part 200 to ensure that awards are used in compliance with the terms and conditions of the Federal statutes and that performance goals are achieved.
Both HUD and the City of Seaside's procedures recommend a blend of desk reviews and site reviews. All subrecipients receive "desk reviews" quarterly with a review of their submittals. During 2017-2018, the City will conduct site reviews of The Village Project and the Salvation Army, which neither have experienced a recent site review and both agencies have had significant staffing turnovers. As a result, they are the most appropriate to visit on site during this fiscal year.

C. UPDATE ON MONTEREY REGIONAL ASSESSMENT OF FAIR HOUSING (AFH) PROJECT

An Assessment of Fair Housing report is required to be prepared in advance of the next cycle the five year Consolidated Plan for CDBG program participants. Seaside's next Consolidated Plan is due to HUD on May 14, 2020.

As a result of the nationwide requirement, the five HUD funding recipients in Monterey County (County of Monterey-Urban County, City of Monterey, City of Salinas, City of Seaside and the Housing Authority of Monterey County) joined in a Memorandum of Understanding to collaborate on a joint report. The MOU was fully exedcuted on April 27, 2017, with the City of Salinas taking the lead agency position.

An RFP was issued with six consultants submitting proposals . Veronica Tam and Associates was chosen as the consultant for the project and the City of Salinas executed the contract in October. Veronica Tam and Associates is the subconsultant with Raimi and Associates preparing the Housing Element for the General Plan Update process currently underway in Seaside.

	A kickoff conference call for the AFH with all participating agencies is scheduled for November 29, 2017.
8.	**REVIEW LONG RANGE CALENDAR** After review of the Long Range Calendar, only one single change was made. *On motion by Member Bonner Klein and Seconded by Member Pieken and carried by the following vote, the CDAC approved to cancel the December 2017 meeting and reconvene January 2018* AYES 4 COMMITTEE MEMBERS Hawthorne, Bonner Klein, Francis, Pieken NOES 0 COMMITTEE MEMBERS None ABSENT 0 COMMITTEE MEMBERS None RECUSED 0 COMMITTEE MEMBERS None
9.	**ADJOURNMENT** *On motion by Member Pieken and Seconded by Member Bonner Klein and carried by the following vote, the CDAC approved to adjourn the meeting at 7:47pm* AYES 4 COMMITTEE MEMBERS Hawthorne, Bonner Klein, Francis, Pieken NOES 0 COMMITTEE MEMBERS None ABSENT 0 COMMITTEE MEMBERS None RECUSED 0 COMMITTEE MEMBERS None

	MEETING MINUTES DRAFT	
CITY OF SEASIDE COMMUNITY DEVELOPMENT ADVISORY COMMITTEE		OLDEMEYER CENTER 986 HILBY AVE.
		JANUARY 17, 2018
		6:30P.M.

1.	**CALL TO ORDER AT – 6:31p.m.**
2.	**ROLL CALL – ESTABLISHMENT OF QUORUM**

MEMBERS	Sue Hawthorne, Clementine Bonner Klein, John Francis, Rebecca Pieken
PRESENT:	Hawthorne, Bonner Klein, Francis, Pieken
ABSENT:	None

3.	**PUBLIC COMMENT – None**
	APPROVAL OF MINUTES
4.	**None**
	OLD BUSINESS

5.

A. UPDATE ON THE STATUS OF THE REGIONAL COLLABORATION OF MONTEREY COUNTY ASSESSMENT OF FAIR HOUSING

On January 6, 2018, HUD issued a notice that the deadline for the AFH has been extended to consolidated plan participants until the next AFH submission deadline that falls after October 21, 2020. Agencies must continue to comply with the existing statutory obligations to affirmatively further fair housing.

As a result, the agencies must conduct an analysis of impediments to fair housing within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis and maintain records reflecting the analysis and actions.

6. NEW BUSINESS

A. DISTRIBUTION OF APPLICATIONS AND SCORING MATERIALS TO THE CDAC TO START THE REVIEW PROCESS BEGINNING THE RECOMMENDATION PROCESS FOR FUNDING ALLOCATIONS TO PRESENT TO CITY COUNCIL FOR FISCAL YEARS 2018-2019 AND 2019-2020.

	Staff distributed the applications for CDBG funding for the fiscal years 2018-2019 and 2019-2020. The CDAC received their (18) applications and scoring material for review. **B. ANNUAL PERFORMANCE ASSESSMENT FROM THE US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR THE SEASIDE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FOR PROGRAM YEARS 2015 AND 2016.** HUD assesses the performance of its grant recipients on a yearly basis. As the CDAC is aware, the City's CDBG program has participated in a repayment/reprogramming agreement as well as a timeliness work plan since 2013. The report received December 29, 2017 indicates that the City has complied with the requirements for program year 2015 and 2016. In 2016, it was noted that the city far exceeded the minimum of 70% of expenditures for low and moderate income persons and maintained its strong performance regarding timeliness, which is measured by expending CDBG funds in a prompt manner so that the amount 60 days prior to the end of the program year does not exceed 1.5 times the annual allocation. For the 2016 test on May 2, 2017, Seaside had 0.50 times its allocation. HUD has determined that the City has the continuing capacity to administer the CDBG program and the activities undertaken are consistent with the HUD approved Consolidated Plan.
7.	**REVIEW OF LONG RANGE CALENDAR** **A. REVIEW OF LONG RANGE CALENDAR AND DISCUSSION OF SCHEDULING OF POSSIBLE SPECIAL MEETINGS FOR CDBG APPLICATION REVIEW AND/OR SCHEDULING OF CDBG FUNDING APPLICANT PRESENTATIONS AS WELL AS OTHER ADJUSTMENTS AS NECESSARY** No changes were made to the Long Range Calendar at this time.
8.	**REPORTS BY STAFF** None
9.	**ADJOURNMENT** *On motion by Committee Member Francis and Seconded by Committee Member Pieken and carried out by the following vote, the CDAC approved to adjourn the Regular meeting at 7:25pm*

	AYES 3 COMMISION MEMBERS NOES 0 COMMISION MEMBERS ABSENT 1 COMMINSION MEMBERS RECUSED 0 COMMISION MEMBERS

CITY OF SEASIDE
STAFF REPORT

Item No.: 5.A.

TO: Community Development Advisory Committee

BY: Sharon Mikesell, Administrative Analyst

DATE: February 21, 2018

SUBJECT: **RECEIVE AN UPDATE ON THE STATUS OF THE CDBG PROGRAM AND DIRECTION FROM HUD REGARDING THE UPCOMING ANNUAL ACTION PLAN.**

PURPOSE

The purpose of this item is to update the CDAC on CPD Notice 18-01 Guidance on Submitting Consolidated Plans and Annual Action Plans for Fiscal Year 2018 as well as an update on the proposed Federal Budget for 2019.

RECOMMENDATION

It is recommended that the CDAC receive the report.

BACKGROUND

CPD Notice 18-01

The US Department of Housing and Urban Development has issued CPD Notice 18-01 Guidance on Submitting FY 18 Consolidated Plans and Annual Action Plans.

Once a Federal Fiscal Year's HUD appropriation is enacted, HUD determines the grantee's allocation amounts for their programs. The notice indicates that for FY 2018 HUD will not execute a grant agreement with a grantee (we are a grantee) until HUD has received a plan which incorporates the actual allocation amounts a grantee is to receive for FY 2018.

At this time HUD cannot predict when it will be able to announce the allocation amounts.

HUD has provided options on conducting the citizen participation activities on a draft plan and including contingency provision language which explains how the proposed plan will be adjusted to match the actual allocation amount, once they are known. The full memo is attached for you.

Since we are an entitlement recipient, we are advised to follow Section IV a. of the Notice.

IV. Development of Proposed Action Plans and Citizen Participation During the Interim

A grantee has several options regarding fulfilling its citizen participation obligations while waiting for HUD to announce FY 2018 allocation amounts:

a. A grantee may conduct citizen participation on its draft plan (with estimated funding amounts) according to its normal timetable and citizen participation procedures. (Grantees are cautioned, though, that they should not submit their plan until allocation amounts are known.) A grantee doing so should make clear that the funding levels shown are estimated amounts. In addition, the grantee should include "contingency provision" language in its action plan which explains how it will adjust its proposed plan to match its actual allocation amounts, once actual amounts become known. By including such contingency language, a grantee can avoid the need to make significant revisions to its plan (beyond incorporating the final allocation amounts into the plan and the SF-424 form). The grantee may also avoid the potential need to conduct additional citizen participation on a plan that has to be significantly revised in order to reflect actual allocation amounts.

Examples of contingency provisions include:

• A plan could state that all proposed activities' budgets will be proportionally increased or decreased from the estimated funding levels to match actual allocation amounts.

• A grantee could express its budget in terms of percentages of the allocation to be budgeted to each planned activity, along with the grantee's current estimate of how many dollars that equates to for each activity. [For example, regardless of what the final allocation amounts are, the United Interfaith Street Outreach Program will receive 22% (currently estimated to be approximately $38,000) of the grantee's total ESG allocation, and the Tenant-Based Rental Assistance activity will receive 10% (currently estimated to be about $68,750) of the HOME allocation.]

• A plan could state that any increase or decrease in funding to match actual allocation amounts will be applied to one or more specific activities (e.g., any increase or decrease relative to the grantee's estimated allocation amount will be applied to the single-family housing rehabilitation grant program).

• A plan could list its proposed activities in priority order and indicate that the East Side Sidewalk Replacement activity listed in the plan is a "backup" activity that will be funded only if sufficient CDBG funding exists; or conversely, if the grantee's actual allocation is less than estimated, the East Side Sidewalk Replacement activity will not be funded in FY 2018.

• A plan could state that, should the actual allocation amount exceed the grantee's estimate, the grantee will increase the Uptown Sewer Separation activity budget and will extend the service area block-by-block along the 600-900 blocks of Cherry Street, based on the amount of

additional funding available.

President's Budget Proposal

President Trump has released his budget proposal for Federal Fiscal Year 2019. His recommendation for the US Department of Housing and Urban Development is to eliminate the CDBG plan in its entirety. The proposal is attached.

FISCAL IMPACT

The fiscal impact of this item is great as it determines the entire future of the program. The decisions that will impact the program will be made at the Federal level.

ATTACHMENTS

1.

1. Pages from budget-fy2019
2. CPD Notice -Mark UP uidance onSubmitting Consolidated Plans and An

---

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Highlights:

- The Department of Housing and Urban Development (HUD) promotes decent, safe, and affordable housing for Americans and provides access to homeownership opportunities.
- The Budget reflects the President's commitment to fiscal responsibility by reforming programs to encourage the dignity of work and self-sufficiency while supporting critical functions that provide assistance to vulnerable households. The Budget recognizes a greater role for State and local governments and the private sector to address community and economic development needs and affordable housing production.
- The Budget requests $39.2 billion in gross discretionary funding for HUD, an $8.8 billion or 18.3-percent decrease from the 2017 enacted level.

The President's 2019 Budget:

HUD promotes affordable housing for low-income families and supports access to homeownership. A secure, healthy housing situation is a foundation on which families can establish economic security, improve their quality of life, and form strong communities. In a fiscally constrained environment, the Budget strategically invests $39.2 billion in programs to support HUD's core functions, and ensures HUD programs remain a vital resource to the most vulnerable households and first-time homeowners. The Budget provides $33.8 billion for HUD's rental assistance programs and requests legislative reforms to place these programs on a more fiscally sound path while encouraging work and self-sufficiency for tenants. The Budget also continues to support efforts across the United States to reduce homelessness and remove lead and other hazards from over 9,500 homes. For first-time and low- to moderate-income homebuyers, HUD's Federal Housing Administration (FHA) remains a critical source of mortgage financing.

The Budget also eliminates programs that are duplicative or have failed to demonstrate effectiveness, such as the Community Development Block Grant (CDBG) program, and devolves responsibility for community and economic development to State and local governments that are better equipped to respond to local conditions.

Reforms Rental Assistance. The Budget requests $33.8 billion across HUD's rental assistance programs, a decrease of 11.2 percent relative to the 2017 enacted level. To address the increasing and unsustainable Federal costs of rental assistance, the Budget requests legislative reforms that would produce significant cost savings. In addition to these reforms, the Budget proposes program-specific savings in the Housing Voucher and Public Housing programs. The Budget does not request funding for the Public Housing Capital Fund, as the provision of affordable housing should be a responsibility more fully shared with State and local governments. These funding levels, while significantly reduced from the 2017 enacted level, should support currently assisted households while strategically decreasing the Federal footprint of HUD's rental assistance programs over time.

Encourages Work Among HUD-Assisted Households. The Budget proposes legislative reforms to encourage work and self-sufficiency across its core rental assistance programs, consistent with broader Administration goals. Currently, tenants generally pay 30 percent of their adjusted income toward rent. The Administration's reforms require able-bodied individuals to shoulder more of their housing costs and provide an incentive to increase their earnings, while mitigating rent increases for the elderly and people with disabilities. The Administration's legislative proposal would also reduce administrative and regulatory burdens and allow communities further flexibility to develop tenant rent requirements that are consistent with local needs and objectives.

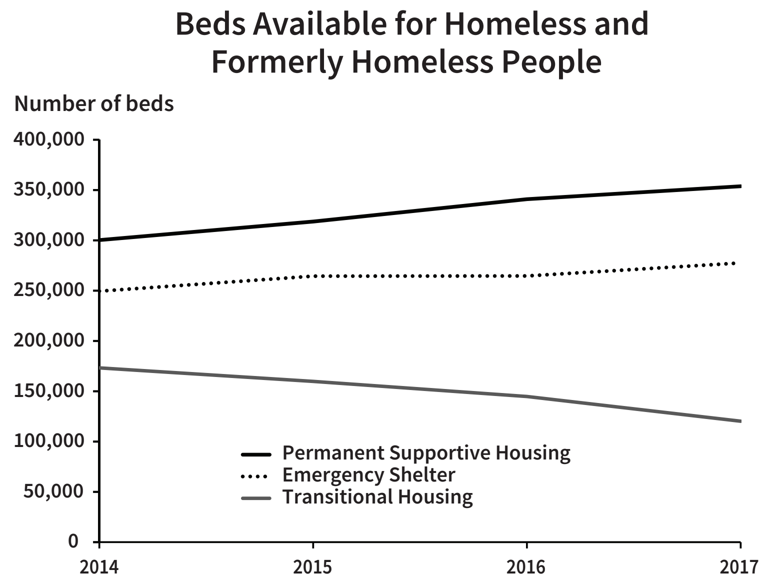
Leverages Private Capital for Housing Improvements. The Budget provides investments and statutory authorities to facilitate a shift from the Public Housing funding platform to Housing Vouchers and Project-Based Rental Assistance (PBRA). The Voucher and PBRA programs benefit from greater private sector involvement and are able to leverage private financing to modernize their units, generally resulting in higher quality housing for assisted low-income families. To further this objective, the Budget requests $100 million for the Rental Assistance Demonstration, which supports the redevelopment of Public Housing units through conversion to the Housing Voucher and PBRA funding platforms. Additional authorities in the Public Housing program, such as tenant protection vouchers and the strategic release of certain public housing assets, would also assist in this effort.

Establishes EnVision Centers for a Holistic Approach to Self-Sufficiency. On December 7, 2017, Secretary Ben Carson announced the launch of EnVision Centers to help HUD-assisted households achieve self-sufficiency and deliver on the President's commitment to a better future. Detroit, Michigan is home to the first of 10 sites that will be part of this demonstration. EnVision Centers will provide communities with a centralized hub for HUD's four pillars of self-sufficiency: 1) Economic Empowerment; 2) Educational Advancement; 3) Health and Wellness; and 4) Character and Leadership. Through partnerships with non-profits, corporations, and State and local governments, these EnVision Centers would leverage private and public resources for maximum community impact. The Budget requests funding to evaluate these EnVision Centers, and adjust the program design and improve implementation if needed to achieve better outcomes for individuals and communities.

> *"We need to think differently about how we can empower Americans to climb the ladder of success. EnVision Centers are designed to help people take the first few steps towards self-sufficiency."*
>
> Ben Carson
> Secretary
> December 7, 2017

Promotes Economic Mobility and Improves Quality of Life. The Budget requests $75 million for the Family Self-Sufficiency program and $10 million for the Jobs-Plus Initiative. By connecting HUD-assisted households to social services and employment resources, these programs help tenants maximize their earning potential and improve their financial situations and quality of life. Rigorous evaluations have shown that the Jobs-Plus program produces lasting increases in the wage earnings of tenants.

Continues Supporting Communities in their Efforts to Reduce Homelessness. The Budget requests $2.4 billion for the Homeless Assistance Grants (HAG) program, equal to the 2017 enacted level. HAG primarily funds the Continuum of Care program, which is designed to be a coordinated community-based network of programs to prevent and address local homelessness. HUD uses its annual grant competition to encourage grantees to allocate funds to evidence-based and cost-effective strategies. These policies have encouraged communities to increasingly support evidence-based interventions such as permanent supportive housing rather than models such as transitional housing that have been proven less effective. The Budget also requests $255 million for Emergency Solutions Grants, which would enable municipalities to support emergency shelter, rapid re-housing, and homelessness prevention.



Source: HUD's 2017 Annual Homeless Assessment Report to the Congress, December 2017.

Reduces Lead Exposure for Low-Income Children. Lead paint in housing presents a significant threat to the health, safety, and future productivity of America's next generation. The Budget continues to make progress to promote healthy and lead-safe homes by requesting $145 million, equal to the 2017 enacted level, for the mitigation of lead-based paint and other hazards in low-income homes, especially those in which children reside. This funding level also includes resources for enforcement, education, and research activities to further support this goal. Research suggests that this program generates high returns on investment due to higher wages and reduced medical costs.

Supports Sustainable Homeownership Opportunities and Upgrades FHA Operations. The Budget preserves access to sustainable homeownership opportunities for creditworthy borrowers through FHA and Ginnie Mae credit guarantees. FHA provides a crucial source of mortgage financing for first-time homebuyers, who accounted for over 80 percent of FHA-insured home purchase loans in 2017. FHA's activities enable these new homeowners to build wealth and establish economic security. The Budget requests an additional $20 million above the 2017 enacted level of $130 million for FHA to upgrade its operations by investing in information technology and contract support. This additional funding is fully offset by a modest new fee on FHA lenders, better aligning the responsibilities for the costs and benefits of this program.

Eliminates Major Block Grants. Similar to the 2018 Budget, the Administration continues to propose eliminating funding for programs that lack measureable outcomes and are ineffective. The Budget eliminates HUD's community and economic development as well as affordable housing production programs. The Budget eliminates CDBG, a program that has expended more than $150 billion since its inception in 1974, but has not demonstrated sufficient impact. Studies have shown that the allocation formula, which has not been updated since 1978, is ineffective at targeting funds to the areas of greatest need, and many aspects of the program have become outdated. The Budget also eliminates the HOME Investment Partnerships Program, which has not been authorized since 1994. The Budget devolves responsibility to State and local governments, which are better positioned to assess local community needs and address unique market challenges.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

Special Attention of:
All CPD Division Directors
HUD Field Offices
HUD Regional Offices
All CDBG Grantees
All HOME Participating Jurisdictions
All HTF Grantees
All ESG -Grantees
All HOPWA - Grantees

NOTICE: CPD-18-01

Issued: January 24, 2018
Expires: September 30, 2018

Cross Reference: 24 CFR Part 91

Subject: Guidance on Submitting Consolidated Plans and Annual Action Plans for Fiscal Year (FY) 2018

Purpose:

The purpose of this Notice is to instruct all Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Housing Trust Fund (HTF), Emergency Solutions Grants (ESG) and Housing Opportunities for Persons with AIDS (HOPWA) grantees on the timing of submission of FY 2018 consolidated plans and action plans. This Notice provides instructions to grantees/participating jurisdictions under each of these programs regarding costs incurred prior to execution of a grant agreement. This Notice further informs Entitlement CDBG grantees and HOME participating jurisdictions of waivers being made available to certain grantees/participating jurisdictions to assist in the implementation of the pre-award costs instructions. These procedures apply equally to grantees' 3-5-year consolidated plans as well as to annual action plans (either as a stand-alone document or as a component of the overall consolidated plan submission).

Notes regarding applicability:

This Notice uses the term "grantee" generically, to also include HOME participating jurisdictions, except where the term appears in discussions explicitly limited to one of the other covered funding programs. Provisions of this Notice covering the Entitlement CDBG program also apply to Insular Areas grantees and CDBG nonentitlement county grantees in Hawaii, as the Entitlement CDBG program regulations also apply to their CDBG funds.

Background:

Pursuant to 24 CFR 91.15(a)(1), each jurisdiction should submit its consolidated plan to HUD at least 45 days before the start of its program year. The earliest date on which HUD will accept a consolidated plan or action plan submission is November 15, 2017; and the latest submission deadline is August 16, 2018. However, in most years, HUD does not receive its annual funding appropriation until several months into the federal fiscal year (rarely earlier than December, and sometimes as late as April). Once a fiscal year's appropriation is enacted, HUD needs time to compute grantees' allocation amounts for the programs covered by the consolidated plan.

According to 24 CFR 91.500(a), a plan will be deemed approved 45 days after HUD receives the plan, unless HUD notifies the jurisdiction before that date that the plan is disapproved. In past years, HUD typically did not disapprove a plan solely because it was based on estimated allocation amounts. As a result, a plan submitted by a grantee before its allocation amounts are announced typically received automatic approval, even though the plan did not list the grantee's actual allocation amounts.

This practice resulted in significant additional work for both HUD and grantees. After the actual allocation amounts were announced, a grantee had to submit a revised, re-signed SF-424 form listing the actual allocation amounts for each of its grants. In many cases, the grantee had to make additional changes to amend its plan to reflect its actual allocation amounts. This may have constituted a substantial amendment under 24 CFR 91.505, which is subject to the grantee's citizen participation plan process. For FY 2018, HUD will not execute a grant agreement with a grantee until HUD has received a plan (or an amended plan) which incorporates the actual allocation amounts a grantee is to receive for FY 2018.

Revised Procedures for Submission of FY 2018 Consolidated Plans and Action Plans by Grantees with Early Program Year Start Dates:

HUD is issuing the following revised procedures to govern the submission and review of consolidated plans and action plans for FY 2018 funding prior to computation of FY 2018 allocation amounts. These procedures will apply to any grantee whose normal consolidated plan/action plan submission deadline (45 days before the start of the program year) falls either before, or less than 60 days after, the date HUD announces FY 2018 allocation amounts for CDBG, ESG, HOME and HOPWA funding. (See Section II. for a discussion of the timing of Housing Trust Fund allocations.)

Congress has not completed the appropriations process for HUD's FY2018 appropriation. At this time, HUD cannot predict when its FY 2018 appropriations bill will be enacted and when it will be able to announce FY 2018 allocation amounts. Thus, HUD cannot say how many grantees – or which program year start dates – will be subject to these revised procedures. Similarly, HUD cannot provide estimated FY 2018 allocation amounts for grantees to use for planning purposes in developing annual action plans.

Note: These procedures will not apply to grantees whose normal consolidated plan/action plan submission deadline is more than 60 days after HUD announcement of FY 2018 allocation amounts; those grantees should have sufficient time to revise their plans to match actual allocation amounts prior to the due date for their plan.

I. Revised Submission Dates for FY 2018 Action Plans for CDBG, ESG, HOME, HOPWA

Grantees are advised not to submit their consolidated plan/action plan until after the FY 2018 allocations have been announced. Grantees due to submit a new 3-5-year consolidated plan in FY 2018 should refrain from submitting the overall consolidated plan as well as the FY 2018 action plan contained within the overall document. HUD cannot complete its review of the overall consolidated plan components independent of the current year's action plan component. Once HUD informs grantees of their FY 2018 funding allocation amounts, each grantee should, prior to submission, ensure that the actual FY 2018 allocation amounts are reflected in the form SF-424, in the description of resources and objectives, and in the description of activities to be undertaken (or, for states, the method of distribution). It may be necessary for a grantee to revise its action plan before submission to HUD.

An affected grantee may delay submission of its consolidated plan or action plan to HUD until 60 days after the date allocations are announced, or until August 16, 2018 (whichever comes first). This delay will give a grantee time to revise its action plan to incorporate actual allocation amounts, and to conduct any additional citizen participation, if necessary.

For example, if HUD were to announce the FY 2018 allocation amounts to grantees on April 27, 2018:

- For grantees with January 1 – June 1 program year start dates, their normal plan submission date would have been before the date that HUD announced allocation amounts. These grantees would be able to postpone submission of their consolidated plan/action plan until June 26, 2018.

- For grantees with July 1 and August 1 program year start dates, their normal plan submission date would be less than 60 days after HUD's announcement of allocation amounts. These grantees would also be able to postpone submission of their consolidated plan/action plan until June 26, 2018.

- Grantees with September 1 and October 1 program year start dates would have more than 60 days between the date of announcement of allocations and the normal submission deadline for their consolidated plan/action plan. These grantees would be expected to submit their plan on time.

However, in no case may a consolidated plan/action plan be submitted to HUD later than August 16, 2018. Failure to submit an action plan for FY 2018 by August 16, 2018, will result in the automatic loss of FY 2018 CDBG funds to the grantee. This requirement is established by statute, and HUD cannot waive the August 16 submission deadline. Funding under other CPD formula programs are not subject to this deadline but, since virtually all CPD formula grantees receive CDBG funding, the CDBG submission requirement effectively establishes the deadline for submission of action plans.

The regulations, at 24 CFR 91.15(a)(1), state that "…each jurisdiction should submit its consolidated plan at least 45 days before the start of its program year." HUD has determined that it is not necessary to waive this provision in order to implement the procedures in this Notice for FY 2018 action plans. This provision does not prohibit a grantee from submitting a plan in the eCon Planning Suite after that time. It is not necessary for an affected grantee to request an exception to its normal action plan submission date under 24 CFR 91.15(a)(1), nor is it necessary for a field office to grant an exception to the action plan submission deadlines, under 24 CFR 91.20, in order to implement the procedures in this Notice.

II. Submission Process for the HTF Program

HTF is an affordable housing production program to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low-income and very low-income families. HTF is a formula grant program for states.

The HTF regulation at 24 CFR 93.100 requires each state to include its HTF allocation plan in its annual action plan as described at 24 CFR 91.320(k)(5). The HTF allocation plan describes the method for the distribution of funds, and establishes the application requirements and criteria for selecting applications. The rule also requires a local jurisdiction that receives a subgrant of HTF funds from the state to include a HTF allocation plan (24 CFR 91.220(l)(5)) in its annual action plan, but due to the timing of the publication of HTF allocations, the local jurisdiction may need to amend its annual action plan to include HTF.

The timing of the HTF allocations is different from other CPD formula programs (CDBG, HOME, HOPWA, and ESG) because the source of funding is the mandatory assessments on Fannie Mae and Freddie Mac rather than Federal appropriations. The earliest HUD expects to publish the HTF allocations is April 2018. If HTF allocations are not published before a state submits its consolidated plan/action plan, a state may submit its consolidated plan/action plan for the other CPD formula programs, then submit its HTF allocation plan as a substantial amendment to its annual action plan, after the HTF allocations are published.

III. HUD Review of Action Plans

HUD will review a consolidated plan/action plan in accordance with 24 CFR 91.500(b). The 45-day review period will begin whenever the eCon Planning Suite submission or original executed SF-424, certifications and applicable assurances are received by the field office, whichever is later. HUD will disapprove as substantially incomplete any consolidated plan or action plan covering FY 2018 funding that does not reflect actual CDBG, HOME, ESG and HOPWA allocation amounts on the form SF-424(s), in the description of resources and objectives, and in the description of activities to be undertaken (or, for states, the method of distribution). The HTF allocation must be included if the HTF allocations are published before the state submits its consolidated plan or action plan. (See Section II.) A grantee whose action plan is disapproved for this reason is advised to not resubmit a revised plan until HUD has announced the actual FY 2018 allocation amounts, and until the grantee has incorporated the actual allocation amounts into its plan.

24 CFR 91.500(b) states HUD may disapprove a plan or a portion of a plan if it is inconsistent with the purpose of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12703), if it is substantially incomplete, or, in the case of a CDBG certification under §91.225(a) and (b) or §91.325(a) and (b), if it is not satisfactory to the Secretary in accordance with §570.304, §570.429(g), or §570.485(c). The following are examples provided in §91.500(b) of substantially incomplete plans:

(1) A plan developed without the required citizen participation or the required consultation;

(2) A plan fails to satisfy all the required elements in 24 CFR Part 91, as reflected in the eCon Planning Suite. This includes when the grantee has not provided a final statement of community development objectives and the projected use of funds;

(3) A plan for which a certification is rejected by HUD as inaccurate, after HUD has inspected the evidence and provided due notice and opportunity for comment; and

(4) A plan without a description of the manner in which the unit of general local government or state will provide financial or other assistance to a public housing agency if the public housing agency is designated as "troubled" by HUD.

24 CFR 91.500(d) states that "(t)he jurisdiction may revise or resubmit a plan within 45 days after the first notification of disapproval." HUD has determined that it is not necessary to waive this provision in order to implement the procedures in this Notice for FY 2018 consolidated plans/action plans. This provision does not prohibit a grantee from re-submitting a plan after that time period.

24 CFR 91.105(c), 91.115(c) and 91.505 require a grantee to comply with citizen participation requirements when it undertakes a substantial amendment to an approved plan. A plan that has been disapproved by HUD is, by definition, not an approved plan. When a grantee's plan is disapproved by HUD, the consolidated plan regulations do not necessarily require a grantee to undertake further citizen participation on the changes the grantee makes before re-submitting it. (A major exception to this, however, would be if the reason for disapproval involved the grantee's failure to fulfill citizen participation requirements to begin with.) However, as noted in this Notice, there are circumstances in which a grantee may need to make major revisions to a disapproved plan, which could trigger further citizen participation efforts. A grantee with a disapproved plan should review its citizen participation plan and local policies to determine whether it will need to conduct further citizen participation as a result of the changes it makes to incorporate actual allocation amounts into its plan, prior to re-submission of the revised plan.

IV. Development of Proposed Action Plans and Citizen Participation During the Interim

A grantee has several options regarding fulfilling its citizen participation obligations while waiting for HUD to announce FY 2018 allocation amounts:

a. A grantee may conduct citizen participation on its draft plan (with estimated funding amounts) according to its normal timetable and citizen participation procedures. (Grantees are cautioned, though, that they should not submit their plan until allocation amounts are known.) A grantee doing so should make clear that the funding levels shown are estimated amounts. In addition, the grantee should include "contingency provision" language in its action plan which explains how it will adjust its proposed plan to match its actual allocation amounts, once actual amounts become known. By including such contingency language, a grantee can avoid the need to make significant revisions to its plan (beyond incorporating the final allocation amounts into the plan and the SF-424 form). The grantee may also avoid the potential need to conduct additional citizen participation on a plan that has to be significantly revised in order to reflect actual allocation amounts.

Examples of contingency provisions include:

- A plan could state that all proposed activities' budgets will be proportionally increased or decreased from the estimated funding levels to match actual allocation amounts.

- A grantee could express its budget in terms of percentages of the allocation to be budgeted to each planned activity, along with the grantee's current estimate of how many dollars that equates to for each activity. [For example, regardless of what the final allocation amounts are, the United Interfaith Street Outreach Program will receive 22% (currently estimated to be approximately $38,000) of the grantee's total ESG allocation, and the Tenant-Based Rental Assistance activity will receive 10% (currently estimated to be about $68,750) of the HOME allocation.]

- A plan could state that any increase or decrease in funding to match actual allocation amounts will be applied to one or more specific activities (e.g., any increase or decrease relative to the grantee's estimated allocation amount will be applied to the single-family housing rehabilitation grant program).

- A plan could list its proposed activities in priority order and indicate that the East Side Sidewalk Replacement activity listed in the plan is a "backup" activity that will be funded only if sufficient CDBG funding exists; or conversely, if the grantee's actual allocation is less than estimated, the East Side Sidewalk Replacement activity will not be funded in FY 2018.

- A plan could state that, should the actual allocation amount exceed the grantee's estimate, the grantee will increase the Uptown Sewer Separation activity budget and will extend the service area block-by-block along the 600-900 blocks of Cherry Street, based on the amount of additional funding available.

A grantee may include these or other comparable provisions singly or in any combination to meet its needs. A grantee may adopt a different contingency approach for each of the programs covered by this Notice (CDBG, ESG, HOME, HOPWA and HTF).

b. Alternatively, a grantee may prepare a proposed action plan according to its normal timetable, but wait until actual allocation amounts are known before undertaking citizen participation actions. Once allocation amounts are announced by HUD, the grantee will need to update relevant sections of its plan (such as the listings of resources and objectives, and the description of activities or the state's method of distribution) to reflect actual allocation amounts before conducting citizen participation. All grantees intending to incur pre-award costs under the programs covered by this Notice should be aware that this option will not be available to them, as citizen participation requirements must be met before pre-award costs are incurred. (See Section V. below.)

HUD has developed these procedures to minimize disruption to grantees and to minimize duplication of effort on grantees' part. A grantee that does not follow either option a. or b. above (i.e., the grantee undertakes citizen participation according to its normal timetable, based solely on estimated funding levels, and the plan does not contain any contingency language on how the final plan will be adjusted to match actual allocation amounts) runs the risk of increasing its own work obligations and costs. The grantee will still be required to update its plan to incorporate actual allocation amounts before submission to HUD. The grantee may need to undertake additional publication and citizen participation processes, depending on the difference between its actual allocation amounts and the estimated amounts in its proposed action plan, and how the grantee plans to adjust its proposed activities in order to match its actual allocation amounts. Local policies and procedures may also require the grantee to obtain re-approval of the revised plan from its legislative body or authorizing officials.

A plan that has not yet been submitted to HUD is also not an approved plan, and is not subject to the citizen participation requirements of a substantial amendment. However, a grantee that delays its plan submission should review its citizen participation plan and local policies to determine whether it will need to conduct further citizen participation as a result of the changes it makes to incorporate actual allocation amounts into its plan, prior to its submission.

V. Pre-Award Costs

A. General Provisions applicable to all Consolidated Plan programs

Special attention must be paid to situations in which a grantee wishes to incur costs prior to grant award. For example, under certain programs, a grantee may want to execute annual renewals of agreements with social service providers in order to prevent interruption of social services. The annual performance cycle of these agreements might normally begin after the grantee's official program year start date but, under this Notice the grantee cannot even submit its Action Plan until after the date that the agreements need to be executed. Thus, the timing instructions in this Notice may cause some program costs to be classified as pre-award costs where they would otherwise not have been.

The government-wide Uniform Administrative Requirements, Cost Principles and Audit Requirements regulation, at 2 CFR Part 200, contains language concerning agency approval of pre-award costs. The language at 2 CFR 200.458 applies to any program that does not have its own separate provisions concerning authorization of pre-award costs:

§ 200.458. Pre-award costs. Pre-award costs are those incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.

The ESG, HOPWA and HTF program regulations do not contain program-specific language establishing pre-award cost requirements for those programs; the CDBG and HOME program regulations do contain pre-award cost requirements unique to those programs. (However, the HOME requirements apply only to certain types of pre-award costs.) The following guidance applies to all five programs. Additionally, guidance unique to each separate program is provided below.

The Part 91 consolidated plan regulations make distinctions between a "proposed plan" and "a plan". Most notably, 24 CFR 91.105(b) and 91.115(b) describe the citizen participation requirements for a grantee's proposed plan. For purposes of this Notice regarding pre-award costs, HUD considers a grantee's plan to have moved from being "a proposed plan" to being "a plan" once a grantee has completed the publication, public hearing and public comment requirements at 24 CFR 91.105(b)(2), (3) and (4) or 91.115(b)(2), (3) and (4), and has developed its written summary of comments received pursuant to 24 CFR 91.105(b)(5) or 91.115(b)(5).

To minimize additional workload on grantees and HUD field offices, this Notice establishes the following procedures implementing the 2 CFR 200.458 requirements cited above. This Notice provides HUD approval to incur pre-award costs if and when the grantee completes the following documentation in its local files:

1. The grantee documents that the costs incurred prior to grant award are necessary for efficient and timely performance of the activity in question.

2. The grantee documents that the costs are for eligible activities under the regulations for the applicable funding program;

3. The grantee documents that the grantee has complied with all other requirements for pre-award costs under the regulations for the applicable funding program or as described below;

4. The activity for which costs will be incurred is included in a consolidated plan/action plan;

5. The grantee documents completion of its citizen participation process by including in its files a written, dated summary of citizen participation comments received on its plan, pursuant to 24 CFR 91.105(b)(5) or 91.115(b)(5) as applicable.

If the grantee's files contain all other necessary documentation supporting the costs (described below for each program), the date of HUD approval for pre-award costs is the date of the written summary of citizen participation comments, or the grantee's program year start date, whichever is later.

B. Additional Provisions: Entitlement CDBG Program

The Entitlement CDBG program regulations specify, at 24 CFR 570.200(h), the situations under which a grantee may incur costs prior to the effective date of its grant agreement. The provisions of this Notice will affect how grantees comply with the pre-award cost reimbursement requirements.

1. 24 CFR 570.200(h) defines the effective date of a grantee's agreement as the grantee's program year start date or the date that the consolidated plan/action plan is received by HUD (whichever is later). Under the provisions of this Notice, a grantee's action plan may not be submitted to (and thus received by) HUD until several months after the grantee's program year start date. This may negatively affect grantees' ability to incur pre-award costs.

2. Therefore, HUD has issued a waiver of 24 CFR 570.200(h) to the extent necessary to implement the following requirement: the effective date of a grantee's FY 2018 grant agreement will be considered to be the earlier of the grantee's program year start date or the date that the consolidated plan/action plan (with actual allocation amounts) is received by HUD. Attachment A contains the HUD memorandum authorizing this waiver. This waiver is applicable to any Entitlement CDBG grantee seeking to incur pre-award costs, whose action plan submission is delayed past the normal submission date because of delayed enactment of FY 2018 appropriations for the Department. An affected community applying this waiver shall document in writing the conditions giving rise to the need to use this waiver, and maintain the documentation for HUD's review. Grantees' authority to make use of this waiver is only in effect until August 16, 2018, as that is the last date that a grantee may submit its FY 2018 action plan.

3. 24 CFR 570.200(h)(1)(i) requires that the activity for which the costs are being incurred must be included in a consolidated plan/action plan prior to the costs being incurred; grantee compliance with steps 4 and 5 under the general pre-award cost provisions above will meet that requirement. However, grantees must also comply with §570.200(h)(1)(ii), which further specifies that the plan must advise citizens of the extent to which the pre-award costs will affect future grants. CDBG grantees intending to incur pre-award costs are cautioned that option b. described in Section IV above is not likely to be a feasible alternative for them. HUD advises any Entitlement CDBG grantee intending to incur pre-award costs to follow the process described in Section IV. a. above; in doing so, the grantee will need to ensure that it has met the citizen participation and notification requirements above.

4. Pursuant to § 570.200(h)(1)(iii) and § 570.604, the costs and corresponding activities must comply with the environmental review requirements at 24 CFR Part 58.

C. Additional Provisions: HOME Program

The HOME regulations specify situations under which a grantee may incur costs prior to the effective date of its grant agreement. The provisions of this Notice will affect how grantees comply with the pre-award cost reimbursement requirements.

1. 24 CFR 92.212(b) defines the effective date for incurring administrative and planning costs to be charged to the HOME allocation as the beginning of the participating jurisdiction's consolidated program year or the date that the consolidated plan is received by HUD (whichever is later). Under the provisions of this Notice, a participating jurisdiction's action plan may not be submitted to (and thus received by) HUD until several months after the PJ's program year start date. This may negatively affect a participating jurisdiction's ability to incur planning and administrative pre-award costs. Therefore, HUD has issued a waiver of 24 CFR 92.212(b) to the extent necessary to implement an alternative requirement: the effective date of a grantee's FY 2018 grant agreement will be considered to be the earlier of the participating jurisdiction's program year start date or the date that the consolidated plan/action plan (with actual allocation amounts) is received by HUD.

2. Attachment A contains the HUD memorandum authorizing this waiver. This waiver is applicable to any HOME participating jurisdiction seeking to incur pre-award administrative and planning costs, whose action plan submission is delayed past the normal submission date because of delayed enactment of FY 2018 appropriations for the Department. An affected participating jurisdiction applying this waiver shall document in writing the conditions giving rise to the need to use this waiver, and maintain the documentation for HUD's review. A participating jurisdiction's authority to make use of this waiver is only in effect until August 16, 2018, as that is the last date that a grantee may submit its FY 2018 action plan.

D. Additional Provisions: ESG Program

An ESG grantee is permitted to incur pre-award costs against its FY 2018 grant, provided that the grantee has met the general conditions described above, plus the following conditions:

1. The costs and corresponding activities must comply with the Emergency Solutions Grants (ESG) Program regulations at 24 CFR Part 576.

2. The costs and corresponding activities must comply with environmental review requirements. The "Moving Ahead for Progress in the 21st Century Act" (MAP-21), (Public Law 112-141) made several changes to HUD's homeless assistance programs, including authorization to permit recipients and other responsible entities to assume HUD environmental review responsibilities in accordance with 24 CFR Part 58. Initially, for FY 2012 ESG funds, ESG projects were subject to the environmental review procedures under 24 CFR Part 50, which assigns HUD all environmental review responsibilities due to the HEARTH Act's repeal of Section 443 of the McKinney-Vento Homeless Assistance Act. Now, recipients or other Responsible Entities assume environmental review responsibilities under 24 CFR Part 58.

E. Additional Provisions: HOPWA Program

A HOPWA grantee is permitted to incur pre-award costs against its FY 2018 grant, provided that the grantee has met the general conditions described above, plus the following conditions:

1. The costs are incurred for eligible activities undertaken in accordance with HOPWA program regulations at 24 CFR Part 574.

2. The costs and corresponding activities must comply with environmental review requirements at 24 CFR 574.510.

F. Additional Provisions: HTF Program

HUD is authorizing HTF grantees to incur pre-award costs permitted under 2 CFR 200.458 for planning activities and preparation of the HTF allocation plan. Eligible pre-award costs may include the cost of public hearings, consultations, and publication of public notices, as well as developing program guidelines. Pre-award costs may not exceed 5% of the minimum allocation amount of $3 million. This is one half of the grant amount that the state may use for administration and planning in accordance with 24 CFR 93.202, based on receiving a minimum grant amount. The costs and corresponding activities must comply with the environmental review requirements at 24 CFR 93.301(f).

VI. Applicability of This Notice to Future Years

This Notice only applies to consolidated plans/action plans submitted for FY 2018 funding on or before August 16, 2018, or 60 days after HUD announcement of the FY 2018 allocation amounts for CDBG, ESG, HOME, and HOPWA funding (whichever is earlier). HUD anticipates revising the Consolidated Plan regulations (and other related regulations) to explicitly include, as a basis for disapproval of a plan, that a plan does not contain and reflect a grantee's actual allocation amounts. For further information on potential rulemaking in this area, see HUD's June 3, 2015, Federal Register Notice (80 FR 31538). That document solicited public comments on possible amendments to the Consolidated Plan regulations and the CDBG Entitlement regulations to effect such a change. See in particular Sections II.B.1., II.B.2 and II.B.7 of the Notice, pages 31544 and 31546. (Please note, however, that the public comment period for that Federal Register Notice has closed.)

For further information:

Grantees with questions concerning this Notice should direct their inquiries to their local HUD Field Office Community Planning and Development Division. Field Offices should direct their questions to the following Headquarters program offices as applicable:

Office of Block Grant Assistance at (202) 708-1577 for the Entitlement CDBG program or (202) 708-1322 for the State CDBG program
Office of Affordable Housing Programs at (202) 708-2684
Office of Special Needs Assistance Programs at (202) 708-4300
Office of HIV/AIDS Housing at (202) 708-1934 or at hopwa@hud.gov

ATTACHMENT A

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

DEC 12 2017

MEMORANDUM FOR: All Community Planning and Development Field Office Division Directors

FROM: Neal Rackleff, Assistant Secretary, D

SUBJECT: Availability of Waivers of Community Planning and Development Grant Program Requirements to Facilitate the Ability to Incur Pre-Award Costs in FY 2018

PURPOSE:

This memorandum explains the availability of waivers of certain statutory and regulatory requirements associated with two Community Planning and Development (CPD) grant programs to facilitate the continuation of eligible activities and ongoing planning and administrative costs due to a delay by HUD in the receipt of annual appropriations for FY 2018. This memorandum covers the following CPD programs:

- Community Development Block Grant (CDBG), and
- HOME Investment Partnerships (HOME)

BACKGROUND:

HUD is issuing procedures to govern the submission and review of action plans for FY 2018 funding prior to the enactment of a FY 2018 appropriation bill. Grantees are advised to not submit a consolidated plan or action plan until the FY 2018 formula allocations have been announced. However, an action plan must be submitted to HUD no later than August 16, 2018.

The likelihood of delays in the receipt of annual appropriations by HUD and implementation of these procedures for FY 2018 may have negative consequences for CDBG and HOME grantees that intend to incur eligible costs prior to the award of FY 2018 funding. Some activities might otherwise be interrupted, and grantees might not otherwise be able to use CDBG or HOME funds for planning and administrative costs of administering their programs.

NOTIFICATION PROCESS:

This waiver will apply to any Entitlement, Insular or Hawaii nonentitlement CDBG grantee and to any HOME participating jurisdiction whose program year start date for FY 2018 funding occurs during the period starting October 1, 2017, and ending August 16, 2018 or 60 days after HUD announcement of FY 2018 allocation amounts for formula program funding (whichever comes first). This waiver is available for use by any applicable CDBG grantee or HOME participating jurisdiction whose action plan submission is delayed past the normal submission date because of delayed enactment of FY 2018 appropriations for the Department.

Any affected grantee taking advantage of this waiver shall document in writing the conditions giving rise to the need to use this waiver, and shall maintain such documentation for HUD's review. This waiver authority is only in effect until August 16, 2018.

WAIVER AUTHORITY:

Without this waiver, some activities might be interrupted while implementing these procedures. In addition, grantees might not otherwise be able to use CDBG and HOME funds for ongoing planning and administrative costs of administering their programs. To address communities' needs and to ensure that programs can continue without disturbance, I find that good cause exists pursuant to 24 CFR 5.110 to waive the CPD program regulatory requirements set forth below.

WAIVER AVAILABILITY:

1. Pre-award Costs

Requirement: The effective date of the grant agreement is the program year start date or the date that the consolidated plan is received by HUD. These dates determine when a grantee may incur pre-award costs.

Citations: 24 CFR 570.200(h) (Entitlement CDBG program, the Insular Areas CDBG program, and for grants to nonentitlement counties in Hawaii) and 24 CFR 92.212(b) (HOME participating jurisdictions)

Explanation: This waiver will allow a grantee or participating jurisdiction to treat the effective date of the grant agreement as the program year start date or the date that the consolidated plan/action plan (with actual allocation amounts) is received by HUD, whichever is *earlier*.

Justification: HUD recognizes that some activities may be interrupted, and grantees might not otherwise be able to use CDBG and HOME funds for ongoing planning and administrative costs.

Applicability: This authority is in effect until August 16, 2018.

CITY OF SEASIDE
STAFF REPORT

Item No.: 5.B.

TO: Community Development Advisory Committee

BY: Sharon Mikesell, Administrative Analyst

DATE: February 21, 2018

SUBJECT: **DISTRIBUTE THE BOARDS AND COMMISSIONS WORK PLAN TEMPLATE TO THE CDAC. AS REQUIRED BY THE SEASIDE CITY COUNCIL, ALL BOARDS AND COMMISSIONS MUST COMPLETE A WORK PLAN AND SUBMIT TO THE CITY CLERK BY APRIL 1 OF EACH YEAR.**

PURPOSE

The purpose of this item is to remind the CDAC of the upcoming Seaside City Council mandated Annual Work Plan and distribute the template. An approved Annual Work Plan must be submitted to the City Clerk by April 1.

RECOMMENDATION

It is recommended that the CDAC allow Staff to create a Draft Work Plan for the CDAC to review, revise if necessary and approve at the March CDAC meeting.

BACKGROUND

The Seaside City Council adopted the current Boards and Commissions Handbook in July 2017.

Each Commission is required to provide an update to the City Council about its past and future activities through an Annual Work Plan. (Please note this is separate from the HUD required Annual Action Plan. That would be included as an activity within the Annual Work Plan.)

Work Plans are updated each fiscal year in accordance with a template and instructions provided by the City Clerk. The Work Plans are to be completed by each Commission and approved at a regular Board or Commission meeting no later than April 1 of each year. The Office of the Clerk will transmit the Work Plans to the City Council for approval in May.

The Work Plan must include

Cover Sheet (Page 1)
Mission Statement (Page 2)
Historical Background (Page 2)
Fiscal Year Work Plan (Page 3)
Prior Year Accomplishments (Page 4)
Ongoing Projects (Page 5)

Since the CDAC's activities are primarily directed by HUD and clearly documented in our Calendar, the Annual Work Plan for CDAC can easily be created by Staff and a draft prepared for review and approval at the March 2018 CDAC meeting as indicated on the Calendar.

FISCAL IMPACT

There is no fiscal impact regarding this item.

ATTACHMENTS

1.

1. Annual Work Plan Template and Instructions

ANNUAL WORK PLAN TEMPLATE AND INSTRUCTIONS

This is a standard template for use by Boards and Commissions in completing their annual Work Plans. Work Plans are based on a fiscal year rather than a calendar year. Work Plans are to be completed by each Board and Commission and approved at a regular Board or Commission meeting no later than April 1 of each year. The Office of the Clerk will then transmit the Work Plans to the City Council for approval in May.

Please use the following instructions when completing the Work Plan:

Cover Sheet (Page 1): This area should include the name of the Board or Commission, the timeframe covered by the Work Plan (i.e. Fiscal Year 2016, July 1, 2015 – June 30, 2016), members' names, Chairperson's name, and vacancies as of April 1. Do not list Commissioner addresses or phone numbers on the Work Plan. This page will need to be updated each year.

Mission Statement (Page 2): This area of the Work Plan should clearly state the mission of the Board or Commission. The mission may be extracted from the enabling legislation (i.e. Ordinance, Board action, Resolution) that formed the Board or Commission or may be a purpose statement approved by the Board or Commission and derived from the enabling legislation. This section may also contain the roles and responsibilities of the Board or Commission. This page may not need to be updated each year.

Historical Background (Page 2): This area should provide the reader with some historical information about the Board or Commission (i.e. when it was formed, issues of focus in years' past, significant outcomes of work by the Board or Commission). NOTE: Accomplishments from the previous year should not be discussed here – there is another area on the Work Plan where this is done. This page may not need to be updated each year.

Fiscal Year Work Plan (Page 3): This area should provide the goals/objectives (no more than five) of the Work Plan, the activities planned to accomplish the goals, the priority ranking of each goal and the timeline anticipated to accomplish the goal. This page will need to be updated each year.

Prior Year Accomplishments (Page 4): This area should address the prior year Work Plan accomplishments including each goal/objective, activities that supported the successful completion of the goal and the status of the goal. The status column should inform the reader whether the goal was a) completed, b) not started and why, c) in process and expected completion date, or d) eliminated and why. This page will need to be updated each year.

Ongoing Projects: (Page 5) This area provides the Board or Commission with an opportunity to inform the reader of ongoing projects that the Board or Commission is continuing to work on. This page may not need to be updated each year.

CITY OF SEASIDE
STAFF REPORT

Item No.: 5.C.

TO: Community Development Advisory Committee

BY: Sharon Mikesell, Administrative Analyst

DATE: February 21, 2018

SUBJECT: **UPDATE ON THE JOINT ANALYSIS OF IMPEDIMENTS (FORMERLY AFFH) PROJECT**

PURPOSE

The purpose of this item is to update the CDAC on the progress of the required analysis of impediments being undertaken as an MOU between the cities of Salinas, Monterey and Seaside as well as Monterey County (Urban County) and the Housing Authority of Monterey County.

RECOMMENDATION

It is recommended that the CDAC receive the report.

BACKGROUND

Outreach efforts are currently underway for the analysis of impediments. The five agencies held a conference call with Veronica Tam and Associates on February 14 and rolled out the link to the Monterey County Analysis of Fair Housing resident survey that afternoon.

The survey is expected to be live for at least three months at https://www.surveymonkey.com/r/Monterey_AI

The survey will be promoted in Seaside on the City website and through social media. The survey is in both English and Spanish.

FISCAL IMPACT

An analysis of impediments is required to be completed prior to the next 5 year Consolidated Plan. This is a requirement for the agencies involved to remain eligible for HUD funding. Seaside's portion of the cost is being paid from CDBG allowable administration allocation.

ATTACHMENTS

1.

1. IMG_8738_1

●○○○○ AT&T 5:53 AM 100%

Notifications

MBEP and 3 others Retweeted your Tweet

Participate in the Monterey County Analysis of Fair Housing Resident Survey surveymonkey.com/r/Monterey_AI

MBEP and **Wendy Root Askew** liked your Tweet

Participate in the Monterey County Analysis of Fair Housing Resident Survey surveymonkey.com/r/Monterey_AI

COMMUNITY DEVELOPMENT
440 Harcourt Avenue Telephone (831) 899-6725
Seaside, California 93955 FAX (831) 899-6211

To: Community Development Advisory Committee Members

From: Patrice Clemons, Michael Baker International

Cc: Sharon Mikesell

Date: February 21, 2018

Re: FY2017-2018 SECOND QUARTER REPORT

2017-18 USES OF FUNDS

Please find a summary budget below.

Total CDBG Budget	
Grant Award 17-18	$363,989
Embassy Suites Program Income 2016	$103,100
Loan Principal Program Income (in May a loan was paid)	$43,778
Total Funds	**$510,867**

CDBG Allocations	
Obligatory Expenditures (Section 108 Loan)	$15,218
Program Administration	$102,173
Public Service Program	$76,630
Eligible Projects	$316,846
Total	**$510,867**

OBLIGATORY EXPENDITURES (SECTION 108 LOAN) – $15,218

In 1996, the City of Seaside applied for and received a Section 108 Loan Guarantee as part of a redevelopment project for the installation of public works improvements in the City Center Revitalization Area. The repayment of this loan is an eligible CDBG expense. Using CDBG funds to repay this loan alleviates an expense to the General Fund. This loan was re-financed in 2010. In 2016-17, the payment was for $304,426.50; and the final payment in 2017-18 is for $15,218 which was submitted in July shortly after the City's 2017-2018 fiscal year began.

PROGRAM ADMINISTRATION – $103,100

CDBG program administration funds will be used to plan, implement, and evaluate the CDBG program. Grant management activities may include, but are not limited to, federal reporting, budget oversight, subrecipient monitoring, policy development and writing, citizen and community outreach, and coordination and supplemental grant writing to enhance CDBG-funded activities. In plan year 2017–18, the City is retaining part-time contract staff to support the CDBG program and is participating in the AFH MOU with the other CDBG recipients in Monterey County for a contracted consultant. Expenditures for program income are capped at 20% of the annual entitlement plus plan year program income.

PUBLIC SERVICE PROGRAM– $76,630

All five public service organizations have submitted their first and second quarter reports and reimbursement requests. All reporting agencies for Quarter 2 are on target to meet and/or exceed program goals. To date, approximately 61 percent of the $76,630 CDBG funds allocated for public services in 2017-18 has been reimbursed to the organizations.

Organization	FY2017-18		QUARTER 1		QUARTER 2		FYTD Total	
	CDBG Funds	Persons to be served	Persons Served	Funds Requested	Persons Served	Funds Requested	Persons Served	Funds Requested
CPY	$17,126	415	418	$11,094.51	20	$5,286.44	438	$16,380.95
Girls Inc.	$10,126	65	25	$4123.03	45	$2,000.99	70	$6,124.02
LSS	$17,126	180	87	$4281.50	63	$4,281.50	150	$8,563.00
Salv.	$16,126	40	56	$4,032.00	10	$4,032.00	66	$8,064.00
TVP	$16,126	27	38	$4031.50	41	$4,031.50	79	$8,063.00
Total	**$76,630**	**727**	**624**	**$23,530.50**	**179**	**$19,632.43**	**803**	**$47,194.97**

ELIGIBLE PROJECTS – $316,816

For FY2017–18, the City of Seaside allocated funds to three projects: Boys and Girls Club of Monterey County Clubhouse improvements, the Community Human Services Genesis House improvements, and Cutino Park improvements. The City's Library ADA improvement is also underway from previous funding years. As of today, all have Environmental reviews completed.

Project Name	CDBG Funds	Funds reported Expended Q2	Accomplishments Q2
Boys & Girls Club of Monterey County: Seaside Clubhouse Improvements	$41,171	$0	Preparation for bidding process. Project includes replacement of new locks, doors and windows.
Community Human Services; Genesis House Facility Improvement	$61,171	$0	Preparation for bidding process, bidding to begin end of February. Project description: Installation of approximately 72 new energy efficient windows.
Cutino Park Improvements	$215,503	$0	Processing environmental review. Project includes accessibility features added to entrances, pathways, restrooms, snack shack, playground and spectator seating.
Library ADA Improvements (Previous Year)	$77,722	$0	Construction near completion. Project includes accessibility improvements to railings, emergency exits, meeting and break rooms, entry vestibule, restrooms, and drinking fountain.
Total	**$445,538**	**$0**	

CITY OF SEASIDE
STAFF REPORT

Item No.: 5.E.

TO: Community Development Advisory Committee

BY: Sharon Mikesell, Administrative Analyst

DATE: February 21, 2018

SUBJECT: **CONSIDER PUBLIC SERVICE APPLICATIONS FOR RECOMMENDATION TO THE SEASIDE CITY COUNCIL FOR 2018-2020 CDBG FUNDING CYCLE**

PURPOSE

The purpose of this item is for the CDAC to review the public service applications for City of Seaside CDBG subrecipient funding for the 2018-2020 cycle.

RECOMMENDATION

It is recommended that the CDAC review the applications and make recommendations for public service CDBG funding
using their suggested caps between $5,000 and $15,000 to be fair to the applicants who followed the stated guidelines. Once the capped amounts are determined, the CDAC should discuss the merits of the applications and determine the best allocation of funds, bearing in mind community needs to make recommendations to the City Council using contingency provisions as recommended by HUD.

BACKGROUND

The CDAC has an opportunity to review 10 applications for subrecipient funding for the CDBG program for the 2018-2020 cycle. All applications have been posted on the City website since their public release on January 17, 2018 and distribution of the binder boxes to CDAC.

The 2018-2020 cycle of Seaside CDBG public services funding requests included 10 applicants asking for a total of $199.445 for 2018-2019 and $147,065 for 2019-2020 (one applicant asked for the first year only, all others requested the same amount for both years).

The CDAC's goal is to determine funding recommendations to the City Council for the most appropriate uses for the City of Seaside to allocate the limited amount of CDBG funding available. For planning purposes, it is anticipated that the amount of CDBG funding available for public services will be $69,450.

The CDAC may use whatever method they choose to determine their funding recommendations. The scoring tool is a method that can be used. It has been noted by the CDAC that in past scoring efforts, the scores have proven to be extremely close and may not be a good indicator in a situation where the applicants are all of high quality and as a result, the differences are historically minimal.

Should the CDAC decide at this point that all proposals are of essentially equal quality, one possibility is to use the CDAC suggested cap on the recommendations between $5K and $15K. This step alone would reduce the subtotal of requested dollars to $132,065. By figuring the percentage of the total capped amount each potential recipient requested and deduct the overage by that amount, all applicants would receive funding (although it would be greatly reduced from the requests).

Other possible methods include (but are not limited to) these examples noted in the CPD-18-01 issued by HUD

• *A grantee could express its budget in terms of percentages of the allocation to be budgeted to each planned activity, along with the grantee's current estimate of how many dollars that equates to for each activity. [For example, regardless of what the final allocation amounts are, the United Interfaith Street Outreach Program will receive 22% (currently estimated to be approximately $38,000) of the grantee's total ESG allocation, and the Tenant-Based Rental Assistance activity will receive 10% (currently estimated to be about $68,750) of the HOME allocation.]*

• *A plan could state that any increase or decrease in funding to match actual allocation amounts will be applied to one or more specific activities (e.g., any increase or decrease relative to the grantee's estimated allocation amount will be applied to the single-family housing rehabilitation grant program).*

• *A plan could list its proposed activities in priority order and indicate that the East Side Sidewalk Replacement activity listed in the plan is a "backup" activity that will be funded only if sufficient CDBG funding exists; or conversely, if the grantee's actual allocation is less than estimated, the East Side Sidewalk Replacement activity will not be funded in FY 2018.*

Also attached to this report is an excerpt from HUD's publication Managing CDBG with basic requirements and a suggested checklist that can be utilized. The CDAC can review applications in whatever manner they feel will determine the best recommendation of utilization of the limited CDBG funds that are expected to be available.

All CDBG funding applications will remain posted on the City's website and available for the public and City Council to review throughout the preparation of the Annual Action Plan.

Note: since we are working with estimated funds, all recommendations should be noted to

be adjusted equally upward or downward to correspond with the actual allocations if/when they are announced by HUD for FY 2018-2019. NOTE: President Trump has recommended that the CDBG program be eliminated in its entirety in 2019. Should the program end, there will be no grant funds to award for the second year of the cycle.

It is recommended by staff that the CDAC use their suggested caps of recommendations between $5,000 and $15,000 to be fair to the applicants who followed the stated guidelines. Once the capped amounts are determined, the CDAC could discuss the merits of the applications and determine the best allocation of funds, bearing in mind the community needs and the applicant's programs. In all cases, the applications represent quality activities programs and the applicants are appreciated for their efforts to improve the quality of life in Seaside.

FISCAL IMPACT

This activity is currently based on estimated funding for FY 2018-2019. Actual entitlement grantee funding for the City of Seaside has not yet been announced by HUD. The CDBG subrecipient funding recommendations are separate from the Seaside General Fund.

ATTACHMENTS

1.

1. Scenario with Capped PS funding
2. Tips for success page from powerpoint for Workshop 11-15-17 11
3. Basic Elements and Checklist-from Managing CDBG

Organization	2018-2019 Request	2018-2019 Capped	% of total capped	$ of % of overage	Total capped minus overage	
Action Council (Palenke)	$ 15,000.00	15,000	0.11358043	$ 7,111.84	$ 7,888.16	
CPY	$ 15,000.00	15,000	0.11358043	$ 7,111.84	$ 7,888.16	
Del Monte Manor-after school	$ 52,380.00	15,000	0.11358043	$ 7,111.84	$ 7,888.16	
ECHO	$ 7,065.00	7,065	0.05349638	$ 3,349.68	$ 3,715.32	
Food Bank for Monterey County	$ 25,000.00	15,000	0.11358043	$ 7,111.84	$ 7,888.16	
Girls Inc of Central Coast	$ 10,000.00	10,000	0.07572029	$ 4,741.23	$ 5,258.77	
Greater Victory Temple-Computer Pgm	$ 30,000.00	15,000	0.11358043	$ 7,111.84	$ 7,888.16	
Legal Services for Seniors	$ 15,000.00	15,000	0.11358043	$ 7,111.84	$ 7,888.16	
Meals on Wheels of the Monterey Penir	$ 10,000.00	10,000	0.07572029	$ 4,741.23	$ 5,258.77	
The Village Project	$ 20,000.00	15,000	0.11358043	$ 7,111.84	$ 7,888.16	
Subtotal	**$ 199,445.00**	**132,065**			**$69,450.00**	**Total estimated funding if all applicants are recommended**
Requested difference	$ (129,995.00)	$ (62,615.00)				
Estimated Available for Public Services	**$ 69,450.00**					

2018 –20 CDBG Application TIPS FOR SUCCESS

- Public Service funding applications between $5,000 and $15,000
- Provide direct and concise answers
- **Submit a complete application**
- Don’t wait until the last minute
- Ask questions when in doubt!

Basic Elements of a Subrecipient Application for Funding and Applicable Federal Regulations

✔	Data	Description	Some Key Applicable Regulations
	1. Project Summary	A brief project description including: • Need or problem • Population to be served • Geographic service area • Description of work and how it addresses the problem • Schedule for completion • Proposed accomplishments • Eligibility/National Objective • Proposed budget • Intended staffing • Other sources of funding	24 CFR 570.200(a), 570.201–570. 208, 507.503
	2. Agency Background	• Years in operation • Purpose • Type of services provided • Agency's capabilities • Experience with Federal Programs • Number/characteristics of clients served • License to operate	24 CFR 570.506, 570.507, 570.610; 24 CFR Parts 84 or 85
	3. Personnel	Describe: • Staff positions and qualifications • Policy/procedures manual	24 CFR 570.506, 570.507, 570.601, 570.602, 570.607(b), 570.611
	4. Financial	Describe: • Operating budget • Commitments for ongoing funding • Fiscal management (reporting, records, accounting principles)	24 CFR 570.502–570.504, 570.506, 570.507, 570.610; 24 CFR Parts 84 or 85, and OMB Circulars A-87 or A-122; Treasury Circular 1075
	5. Audit Requirements	Organizations receiving $300,000 or more in Federal financial assistance in a fiscal year must secure an audit.	OMB Circular A-133
	6. Insurance/Bonding/Worker's Compensations	Indicate if agency: • Has liability insurance • Pays payroll taxes and worker's compensation • Has fidelity bond coverage	24 CFR Parts 84 or 85
	7. Additional Information	Any other pertinent information	
	8. Standard Documents for Submission	• Articles of Incorporation/Bylaws • Non-profit determinations • List of Board of Directors • Authorization to Request Funds • Authorized official designation • Organization Chart • Resumes of Chief Program Admin. and Chief Fiscal Officer • Financial Statement and Audit • Conflict of Interest Questionnaire • Framework for Documenting Compliance with National Objectives	24 CFR 570.208, 570.500(c), 570.611 *Although these regulations do not require formal submission of all these documents at the point of application, the grantee can still request this information to obtain a better understanding of the organization, systems, and personnel of a potential subrecipient.

SUBRECIPIENT SELECTION CHECKLIST

This checklist provides useful criteria for selecting subrecipients and assessing risk. A grantee should use such criteria to determine whether a prospective subrecipient has the necessary systems in place for the Federal requirements that impact the type of activity being proposed. The grantee should "walk through" a hypothetical scenario involving the proposed activity to assess how the requirements on the checklist will be handled. This will allow the grantee to gauge the completeness of the prospective subrecipient's systems and determine whether any technical assistance and/or close oversight will be necessary.

- ❑ Project is eligible and meets one of the three broad National Objectives:
  - Principally benefits low- and moderate-income persons;
  - Prevents or eliminates slum or blight;
  - Addresses an urgent need or problem in the community.
- ❑ Project fits into the community priorities set out by the Consolidated Plan.
- ❑ Project can be completed within a reasonable time frame.
- ❑ Prior experience with CDBG related activities, **and/or**
- ❑ Prior experience with other grant programs, and proven record carrying out similar projects in the community.
- ❑ Financial capacity as indicated by audited financial statements and banking/credit references.
- ❑ Financial stability (not total dependence on CDBG funds) as indicated by other funding sources and amounts, over time.
- ❑ Adequate staffing (number of staff and qualifications).
- ❑ Organizational strength, including:
  - record-keeping methods;
  - filing system;
  - financial systems;
  - existence of a written procedures manual for financial management and personnel.

CITY OF SEASIDE
STAFF REPORT

Item No.: 5.F.

TO: Community Development Advisory Committee

BY: Sharon Mikesell, Administrative Analyst

DATE: February 21, 2018

SUBJECT: **CONSIDER CAPITAL PROJECT APPLICATIONS FOR RECOMMENDATION TO THE SEASIDE CITY COUNCIL FOR THE 2018-2020 CDBG FUNDING CYCLE**

PURPOSE

The purpose of this item is for the CDAC to review the capital projects applications for City of Seaside CDBG funding for the 2018-2020 cycle.

RECOMMENDATION

It is recommended that the CDAC discuss the merits of the applications and determine the best allocation of the funding expected to be available, bearing in mind community needs to make recommendations to the City Council using contingency provisions as recommended by HUD.

BACKGROUND

The capital project applications also far exceeded the expected available funding. As received, the applications totaled $560,635 and expected availability is $300,950.

Community Human Services (CHS) has a standing Joint Powers Authority agreement with the City of Seaside to be funded $30,000 per year. This funding is not required to be from the CDBG program, but by funding via CDBG, the obligation is not paid through the General Fund. Staff recommends that the CHS application be recommended to City Council to avoid use of general fund dollars for the obligation.

Upon Staff review, it was noted that the Del Monte Security application included security guards as well as equipment. Staff reviewed this request with the HUD San Francisco Field office. Security guard costs are not a CDBG allowable capital expense. However, the purchase of security hardware is allowable. **As a result, the Del Monte Manor Security Application is partially eligible for consideration by the CDAC in the amount of $15,000.**

The Boys and Girls Club, CHS and the City of Seaside are all current recipients of CDBG funding and have demonstrated awareness of the program rules regarding prevailing wages and knowledge that the CDBG program is a reimbursement grant. CDBG funds are only issued by the City after proof of payment of eligible expenses has been made by the subrecipient.

The DelMonte Manor applications and the Veterans' Transition Center applications did not specifically indicate that the labor costs for their projects were projected at prevailing wage or expressed a full understanding that the program reimburses them for qualified paid expenses. Staff suggests that the CDAC ask these applicants to provide written proof that this is understood.

The Veterans' Transition Center indicated that the procurement of bids and contractors had already taken place. This appears to be in violation of CDBG rules and Staff has asked for guidance from the HUD SF Field office regarding the proposal's eligibility. It should also be a consideration of the CDAC that this applicant has indicated that they are also asking for $50,000 in CDBG funding from Monterey County for this same project. It is unclear how the VTC will be determining that they will be serving Seaside specific residents. In addition, should the VTC application be acceptable and recommended, full award would mean that several other projects would be bumped. Less than full award may put their project on hold. Recommendation of this project for the 2019-2020 would allow funding of allowable proposed projects. However, it must be taken into consideration the possible elimination of the CDBG program in 2019-2020.

Projects could possibly be shifted for partial funding between the two years so that all requests are funded on some level. This should be discussed with the applicants if the CDAC feels it is a viable option. The agencies involved are most likely exploring multiple funding sources for their projects.

NOTE: ALL awards are contingent upon continued federal funding of the CDBG program. President Trump has recommended that the CDBG program be eliminated in its entirety in 2019. Should the program end, there will be no grant funds to award. Since the calculations are with estimated funds, all recommendations should be noted to be adjusted equally upward or downward to correspond with the actual allocations if/when they are announced by HUD.

FISCAL IMPACT

All CDBG activities in the City of Seaside are done on a reimbursement basis. The City (or the subrecipient) makes payments, submits the proof of payment to the Staff Liaison and the City reimburses subrecipients and then HUD reimburses the City.

Capital projects generally involve much higher dollar amounts than public service activities and all labor involved must be paid at prevailing wage. Reducing or eliminating the funding allocations for requested items may reduce the scope and/or projected timeline of the project.

ATTACHMENTS

1.

1. Capital Projects scenario

Organization	2018-2019	2018-2019 Adjusted	2019-2020
Boys and Girls	$ 71,507.00	$ 71,507.00	$ 22,000.00
Community Human Svcs	$ 30,000.00	$ 30,000.00	$ 30,000.00
Del Monte Manor-Playground	$ 16,000.00		
Del Monte Manor-Security	$ 93,128.00	$ 15,000.00	
Veterans' Transition Renovations	$ 200,000.00		
Seaside Engineering-Cutino Equipment	$ 65,000.00	$ 65,000.00	
Seaside Econ Dev-Microbusiness Assista	$ 25,000.00	$ 25,000.00	$ 25,000.00
Seaside Engineering- Wanda Sidewalk	$ 60,000.00	$ 60,000.00	
Subtotal	**$ 560,635.00**	**$ 266,507.00**	**$ 77,000.00**
Estimated available for Capital Projects	**$ 300,950.00**		**$ 300,950.00**
Estimated difference	***$ (259,685.00)***		***$ 223,950.00***
Total without yellow applications	$ 251,507.00		*$ 277,000.00 if VTA moved to 2019-2020*
Add DMP Playground and allowed security		$ 282,507.00	

Yellow=unclear if prevailing wages are being considered. Prevailing wage IS mandated by HUD. Other applicants have experience with the program and are aware of this requirement.

Per HUD SF field office: Security GUARDS are not a CDBG qualified Capital projects expense. Purchase of security equipment IS a CDBG qualified capital projects expense. $15,000 of the proposal is allowable for consideration.

CHS has a Joint Powers Authority agreement with the City of Seaside to be funded $30,000 per year. Traditionally, this has been through CDBG funds to avoid General Fund expenses.

VTC indicated that the bids/contractors are already in place. This may not be allowable under CDBG rules. SF HUD field office is reviewing.

CITY OF SEASIDE
Community Development Advisory Committee (CDAC)
Long Range Calendar
July 2017- – June 2018

July CDAC Meeting Orientation Presentation Elect Officers Status of AAP	**July 19,2017**
Staff draft Consolidated Annual Performance & Evaluation Report (CAPER)	July and August
AAP Due to HUD with appropriate attachments/certifications	August 15, 2017
Funding Approval Document received and contract documents to sub recipients	August-upon HUD approval of AAP
August CDAC Meeting - CAPER preview - Discuss 2016-2017 CDBG Subrecipient Monitoring Schedule - Fourth Quarter (Apr-Jun) and Annual Program Reports	**August 16, 2017**
Annual Planning Notice & Notice of CAPER Publication - notice of community workshop	August 31 2017
Draft CAPER publication (15 day comment)	September 6, 2017
September CDAC Meeting and Community Workshop - Annual Community Needs Assessment Workshop - There WILL be a FULL application process this year	**September 20, 2017**
City Council public hearing CAPER	September 21, 2017
CAPER due to HUD	September 30, 2017
October CDAC Meeting - Annual Priority Needs - Update of Affirmatively Furthering Fair Housing/Countywide Collaboration efforts	**October 18, 2017**
City Council - informational item to present the needs identified at the September workshop and discuss the annual process/two year cycle	November 2, 2017
NOFA announcement in Monterey County Weekly	**November 2, 2017**
November CDAC Meeting/MANDATORY PROPOSAL WORKSHOP Also: First Quarter Program Report (Jul-Sep) Review Plans regarding public service monitoring	**November 15, 2017**
December CDAC Meeting (if needed)	**December 20, 2017**
PROPOSALS DUE FOR 2018-2020 Public Service and City/Subrecipient Projects	**January 12, 2018 at 5PM**
January CDAC Meeting - Discuss mid-year re-allocation (if needed) - Distribute Proposals	**January 17, 2018**
February CDAC Meeting Second Quarter Program Report (October-December) Review of ranking of applications for 2018-2020	**February 21, 2018**
Administrative draft Annual Action Plan to CDAC	March 16, 2018
March CDAC Meeting	**March 21, 2018**

Review AAP and recommend to start Public Comment Period/City Council approval process ***NEW in 2018-ANNUAL WORK PLAN to present to City Council (must be approved by CDAC by April 1)-City Council will review/approve in May***	
Advertisement to run for Annual Action Plan/Public Hearing for AAP	April 6, 2018,
City Council - present CDAC recommendations for annual Action Plan	**April 6, 2018**
April CDAC Meeting (likely to be cancelled)	**April 18, 2018**
City Council – public hearing - adopt annual Action Plan	May 3, 2018
Action Plan Due to HUD	May 15, 2018
May CDAC Meeting - 3rd Quarter sub recipient reports - Update on CDBG program/AFH	**May 16, 2018**
June CDAC Meeting (if needed) - Elections	**June 20, 2018**
Conditional notice of awards to Subrecipients	*TBD*