

M E M O R A N D U M

DATE: February 7, 2013
TO: City of Santa Cruz Community Programs Committee
FROM: Carol Berg, Housing and Community Development Manager
SUBJECT: CDBG & HOME Funding for the 2013-2014 HUD Action Plan

The City receives Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) entitlement funding annually from the U.S. Department of Housing and Urban Development (HUD). In the last two years the federal government has severely reduced program funding. The City's HOME allocation has been cut by about 48% and CDBG by about 33%. Given the uncertainty about the federal budget this year, we may not know what our 2013-2014 Plan Year (PY) allocations are until after March. The attached draft 2013-2014 PY budget is based last year's CDBG and HOME allocations. Expectations are that our CDBG and HOME budgets will be level once the federal budget is approved. Our HUD representative noted that even if sequestration occurs at the end of March, all indicators suggest that it is likely that any reductions in CDBG or HOME Program funding would be less than 9%.

The budget process and timing for the City's CDBG and HOME Programs is based on requirements established by HUD and outlined in the City's Housing and Community Development Program's Citizen Participation Plan (CPP). The City's Annual Action Plan with CDBG and HOME Program budgets must be submitted to HUD no later than May 15th of each year. Prior to this, the City must hold one public hearing in March and another in April. For this reason the HUD program budgets must be approved prior to the City's Budget. Ultimately the CDBG and HOME budgets approved by the City Council in April are incorporated in the City's annual budget in June.

The first step in the approvals process is funding recommendations from the Community Programs Committee (CPC). This year will be the second time CDBG community service program allocations will be considered in conjunction with the city-wide CP budget approval process. To make this link, non-profit organizations receiving CDBG funding will also be expected to submit a CP funding application. Final coordination in the first year of the 2 year CP allocation cycle can be done prior to final approval of the City's budget. HUD allows limited changes in the budget without HUD's involvement. However, if CDBG funds are severely reduced in the second year of the CP cycle, adjustments may be required for both the CDBG and City CP budgets.

CDBG and HOME Funding Applications

The City has received five requests for community service program operation funding and four requests from City departments for CDBG project funding. No applications were received by non-profit organizations for capital improvement projects. Two of the City requests are for ongoing CDBG funded City programs, including the Code Enforcement in Target Areas and Rehabilitation Program Delivery Costs.

New CDBG requests include one from the Economic Development Department for its Façade Improvement Program, which lost funding with the dissolution of RDA. Because CDBG funds can only be used in low income target areas for this program the CDBG funded program would be called the Target Area Store Front Improvement Program. Using a name that is different than the Façade Improvement Program will help address potential confusion regarding the different program requirements resulting from the added layer of HUD regulations.

The second new CDBG project application is for the San Lorenzo River Trestle Bridge Connections Project. Although this project’s funding needs far exceed the availability of CDBG funds, it is being included to initiate discussions about potential multi-year CDBG funding options.

HOME Program funding requests include one on-going program (First Time Homebuyer Program), a new program that was previously funded by RDA (Security Deposit Program), and three housing projects.

The following table lists the CDBG and HOME Program funding requests.

Fund	Applicant	Project/Program	Request
CDBG Programs/ Projects	SC Planning Dept.	Code Enforcement Program	\$185,000
	SC Economic Dev. Dept.	Store Front Improvement Program	\$55,000
	SC Public Works Dept.	S.L. River Trestle Bridge Project	\$400,000
	SC Economic Dev. Dept.	Rehab Program Delivery Costs	\$15,500±
CDBG Service Provider Operating Expenses	BFCC/Community Bridges	Youth Program	\$30,000
	Familia Ctr./Com. Bridges	Client Services	\$65,000
	SC Parks & Rec. Dept.	Teen Center	\$35,000
	Homeless Services Ctr.	Day Center & Paul Lee Loft	\$40,000
	Senior Network Services	Housing Placement Program	\$10,000
HOME Programs	SC Economic Dev. Dept.	First Time Homebuyer	\$140,000
	SC Economic Dev. Dept.	Security Deposit Program	\$60,000
HOME Projects	Habitat for Humanity	207 Park Place Ownership Unit	\$65,000
	Mid-Peninsula the Farm,	Jesse Street Rehabilitation	\$263,700
	Christian Church Homes	Garfield Park Village Rehab.	\$46,853

Funding Restricted by HUD Formulas

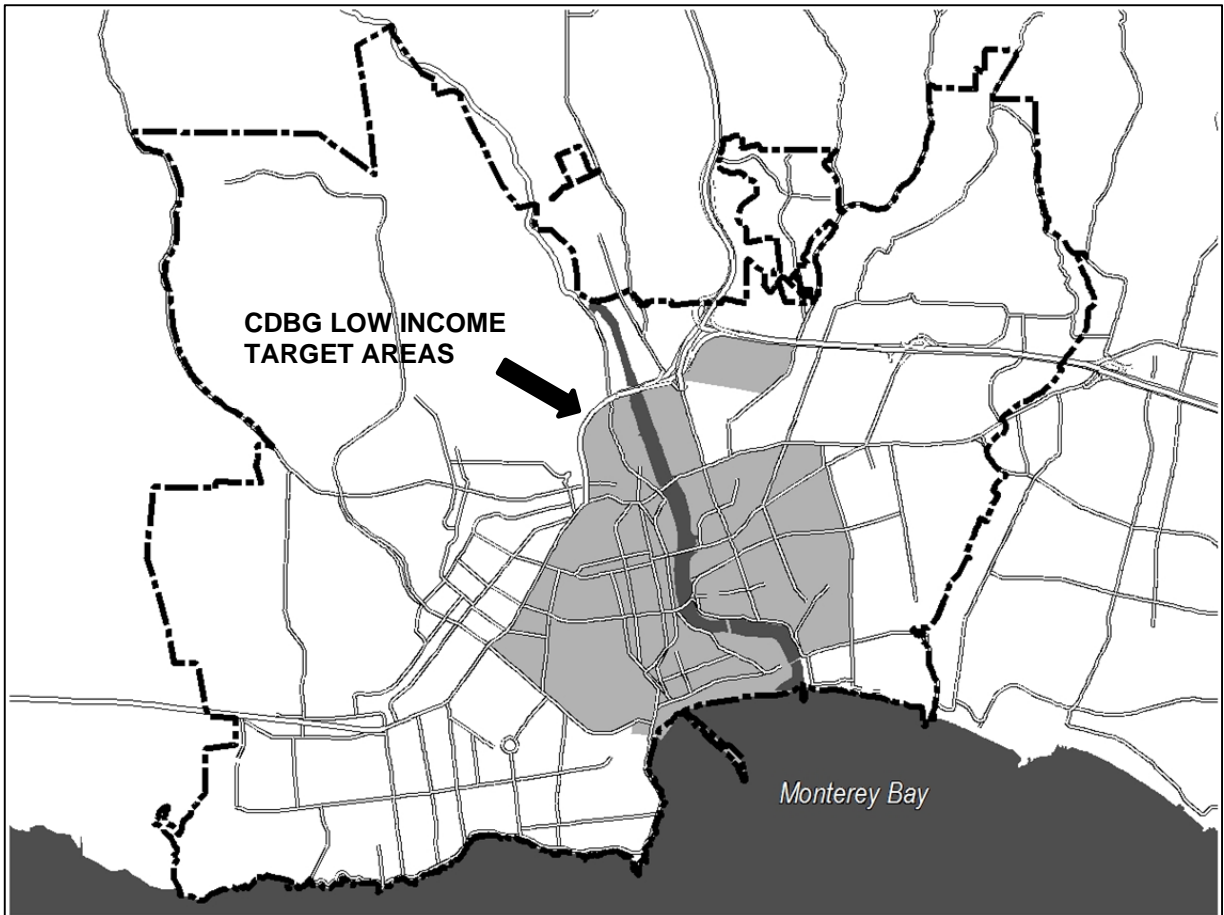
HUD has a number of regulations that affect the amount of funding available for community service program operating expenses. Up to 15% of the City’s annual CDBG allocation plus CDBG program income can be used to fund operations – with one exception. Operational funding for a City certified Community Based Development Organization (CBDO) can exceed this 15% cap if the CBDO serves a Neighborhood Revitalization Strategy Area (NRSA) and meets other CBDO requirements. Applications for CBDO status must be renewed annually with the CDBG application process. Familia

Center and the Beach Flats Community Center have submitted applications. They both serve the City's Beach/South of Laurel and Lower Ocean NRSA.

Funding for CDBG and HOME administration costs, including City staff and consultants, is also restricted by formulas with the exception of CDBG funding for staffing directly tied to the City's Unified Housing Rehabilitation Program projects. The funding for this is included in the table above as the Rehab Program Delivery Cost Program.

CDBG Target Areas

CDBG funding regulations limit how CDBG funds can be used. The City's CDBG funded programs or projects are set up to either benefit low income areas or low income individuals. For the latter, income, race, ethnicity, and other data must be collected for each person in a program or receiving assistance. For area benefit, assistance must be focused on neighborhoods in low income areas of the City. The following map shows census tracts and block groups meeting HUD's definition for a low income area. This includes census tracts 1007, 1008, 1010 and block groups 6 and 7 in census tract 1002.



The following attachments include preliminary drafts of CDBG and HOME budgets followed by a brief summary and staff evaluation of each CDBG or HOME Program funding request.

**City Of Santa Cruz Community Program Committee (CPC) Review
2013-14 Plan Year Preliminary Draft CDBG/HOME Budget**

**HOUSING & COMMUNITY DEVELOPMENT (HCD) PROGRAM
2013-2014 PROGRAM YEAR (PY) BUDGET**

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

A.	\$490,000	2013-2014 CDBG entitlement
B.	\$17,500	Estimated current program income (PI)
C.	\$20,000	<i>Estimated Prior Year PI (For Public Service Cap Calculations only.)</i>
D.	\$0	Estimated prior year funds to be reprogrammed

CDBG PROGRAM RESTRICTIONS ON MAXIMUM FUNDING LEVELS BY HUD FORMULAS

E.	\$76,500	<i>Public services cap (= 15% x ("A" new entitlement + "C" prior year PI))</i>
F.	\$102,000	<i>Administration (= 20% x ("A" new entitlement + "B" current year PI))⁽¹⁾</i>

TOTAL AVAILABLE CDBG FUNDS FOR:

G.	\$507,500	Total CDBG Program Budget (= "A"+"B"+"D")
H.	\$329,000	Non-Formula CDBG Funding for Projects & CBDOs (= "G"-"F"-"E")

NOTE: (1) If additional PI from unscheduled loan payoffs or actual PI is than estimated during the Program Year the Administration budget shall be adjusted accordingly by 20% of the amounts over or below in the estimated PI.

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

I.	\$312,500	2013-2014 HOME Entitlement Grant
J.	\$0	Estimated Current Year Program Income (PI)
K.	\$20,344	Prior year unused project/program funds to be reprogrammed
L.	\$46,853	Prior year CHDO set-aside funds to be reprogrammed
M.	\$19,014	Prior year remaining administration funds to be reprogrammed

HOME PROGRAM RESTRICTIONS ON FUNDING LEVELS BY HUD FORMULAS

N.	\$46,875	<i>Minimum CHDO set-aside (= 15% x "I" new entitlement)</i>
O.	\$31,250	<i>Maximum Admin. Allocation (=10% x ("I" new entitlement + "J" PI)</i>

TOTAL AVAILABLE HOME FUNDS FOR:

P.	\$254,719	Non-CHDO projects or programs. (= "I"+"J"+"K"-"N"-"O")
Q.	\$348,447	CHDO projects or programs. (= "L"+"N"+"P")
R.	\$50,264	Administration (= "M"+"O")

**City Of Santa Cruz Community Program Committee (CPC) Review
2013-14 Plan Year Draft CDBG Budget Options**

CDBG PROGRAM FUNDING DISCUSSION FOR PLAN YEAR 2012-2013	2013-2014 PY BUDGET	
	FUNDING REQUEST	STAFF RECOMMEND.
PROJECTS & CODE ENFORCEMENT		
<i>Activity:</i> Target Area Store Front Improvement Program <i>Applicant:</i> City of Santa Cruz Economic Development Department	\$55,000	\$55,000
<i>Activity:</i> San Lorenzo River Trestle Bridge Connections Project <i>Applicant:</i> City of Santa Cruz Public Works Department	\$400,000	\$0 but discuss multi-year options.
<i>Activity:</i> Code Enforcement Target Area Program <i>Applicant:</i> City of Santa Cruz Planning & Community Development	\$185,000	\$185,000
<i>Activity:</i> Rehabilitation Program Delivery Costs <i>Applicant:</i> City of Santa Cruz Economic Development Department	\$15,500	\$15,500
TOTAL PROJECTS & CODE ENFORCEMENT FUNDING	\$655,500	\$255,500
PUBLIC/COMMUNITY SERVICES		
<i>Activity:</i> Beach Flats Community Center Youth Program <i>Applicant:</i> Community Bridges	\$30,000	\$25,000
<i>Activity:</i> Familia Center <i>Applicant:</i> Community Bridges	\$65,000	\$75,000
<i>Activity:</i> Teen Center <i>Applicant:</i> City of Santa Cruz Parks & Recreation Department	\$35,000	\$35,000
<i>Activity:</i> HSC Day Center <i>Applicant:</i> Homeless Services Center	\$16,000	\$15,000
<i>Activity:</i> Senior Housing Placement <i>Applicant:</i> Senior Network Services	\$10,000	\$0
TOTAL PUBLIC/COMMUNITY SERVICES FUNDING	\$156,000	\$150,000
ADMINISTRATION		
<i>Activity:</i> Grant Administration and Planning <i>Applicant:</i> City of Santa Cruz Economic Development & Redevelopment	\$102,000 (By Formula)	\$102,000
TOTAL ADMINISTRATION FUNDING	\$102,000	\$102,000
GRAND TOTAL CDBG FUNDING	\$913,500	\$507,500

City Of Santa Cruz Community Program Committee (CPC) Review 2013-14 Plan Year Draft HOME Budget Options

HOME PROGRAM FUNDING DISCUSSION FOR PLAN YEAR 2013-2014	FUNDING REQUEST S	FUNDING OPTIONS			SUGGESTED BUDGET		
		OPTION A	OPTION B	OPTION C	CHDO SET-ASIDE	OTHER HOME	TOTAL HOME
TOTAL FUNDS AVAILABLE FOR PROJECTS		Staff Recomm.			\$93,728	\$254,719	\$348,447
PROJECT & PROGRAM APPLICATIONS							
<i>Activity:</i> Jesse Street Rehabilitation <i>Applicant:</i> Mid-Peninsula the Farm, Inc.	\$263,700	\$15,000 Soft Costs ⁽¹⁾	\$213,447	\$263,700	\$15,000	\$0	\$15,000
<i>Activity:</i> 207 Park Place Affordable Ownership Unit <i>Applicant:</i> Habitat for Humanity	\$65,000	\$65,000	\$65,000	\$0	\$65,000	\$0	\$65,000
<i>Activity:</i> Garfield Park Village <i>Applicant:</i> Christian Church Homes (CHDO)	\$46,853 Replaces 2012 CHDO Funds	\$46,853	\$0	\$0	NA	\$46,853	\$46,853
<i>Activity:</i> Security Deposit Program⁽³⁾ <i>Applicant:</i> City of Santa Cruz Economic Development	\$60,000	\$60,000	\$0	\$0	NA	\$60,000	\$60,000
<i>Activity:</i> First Time Homebuyer Program <i>Applicant:</i> City of Santa Cruz Economic Development	\$140,000	\$140,000	\$70,000	\$84,747	NA	\$140,000	\$140,000
TOTAL PROJECT FUNDING	\$575,553	\$326,853	\$348,447	\$348,447	\$80,000	\$246,853	\$326,853
HOME FUNDS REMAINING FOR FUTURE ALLOCATION		\$21,594 Remaining HOME Funds ⁽⁴⁾	\$0	\$0	\$13,728 Remaining CHDO Funds	\$7,866 Remaining Non-CHDO Funds	\$21,594 Total Remaining HOME Funds ⁽⁴⁾
ADMINISTRATION							
<i>Activity:</i> Grant Administration & Planning⁽⁵⁾ <i>Applicant:</i> City of Santa Cruz Economic Development	\$50,264	\$50,264	\$50,264	\$50,264	\$0	\$50,264	\$50,264
TOTAL ADMINISTRATION	\$50,264	\$50,264	\$50,264	\$50,264	\$0	\$50,264	\$50,264
TOTAL HOME FUNDING	\$676,082	\$377,117	\$398,711	\$398,711	\$80,000	\$297,117	\$377,117
NOTES:	<p>(1) Funding would be contingent upon City approval of MidPen the Farm as a CHDO for the City of Santa Cruz. HUD allows soft and site control costs to be allocated to a CHDO without a requirement that the project is completed. Loan may be forgiven. For non-CHDO projects, soft and site control costs must be paid back or HUD will take back City funding.</p> <p>(2) Staff has requested clarification if purchase of an easement could be considered as obtaining site control under the HUD provisions for soft costs and site control. Preliminary response by HUD was that it could not since the organization controls the housing portion of the site.</p> <p>(3) Non-administrative HOME funding can only be used to pay for direct tenant security deposit assistance. Housing Authority administration costs to process applications would need to be paid from another source. HSC has agreed to cover costs of 180/180 campaign placements. ED general funds would be needed for other applicants.</p> <p>(4) City may allocate any funds not budgeted for a specific activity for projects that may arise during the Plan Year. If not used n-unallocated funds may be carried over to the next Plan Year for budgeting at that time.</p> <p>(5) Admin budget includes 10% of HOME allocation and Program Income plus any unused administration funds from prior years. If HOME allocation decreases, this amount will be reduced.</p>						

CDBG APPLICATION SUMMARY: Community Programs

ACTIVITY NAME: BEACH FLATS COMMUNITY CENTER (BFCC) YOUTH PROGRAM

Grantee Name: Beach Flats Community Center Program/ Community Bridges

Activity Address: 200 Raymond Street, Santa Cruz, CA 95060

Program Description: CDBG funds will be used to staff a Youth Program which provides homework assistance as well as environmental and nutritional education. In order to minimize the number of latch key children in the summer, the Program also provides two 3 week recreation sessions. BFCC is operating under Community Bridges and is applying as a CBDO.

Target Population: BF Neighborhood with Youth Program serving ages 7-18 years.

Est. # to be Served: 50 youth.

Service Area: Beach Flats/Lower Ocean neighborhoods

HUD Eligibility: 24 CFR, Part 570.201(e); Limited Clientele Benefit

Conformance with Consolidated Plan: Strategy CD.1(a) Assist other City Departments, non-profit organizations, and neighborhoods in providing services and community building activities.

Environmental: Determined to be an exempt activity from NEPA per 24 CFR 58.34(a)(4) as a public service that will not have a physical impact or result in any physical changes. CEQA not applicable.

CDBG \$ Request: \$30,000 **Program Budget:** \$30,000

Prior Yr. Funding: \$25,000 (CDBG) **Other City Assistance:** \$25,000 (Red Cross)

Use of City Owned Facility

Other Program Funds: Other Federal \$0 Private \$0

State \$0 Other \$15,203

Non-City Local \$0 In-kind volunteers

Comments/Prior Yr. Evaluations: BFCC continues to serve the predominantly Latino community in the Beach Flats and Lower Ocean areas. The high school dropout rate for Latinos is 24% and only 29% of Latino students complete college prep courses. Latino parents are more likely to report that their children do not have enough after school activities (34%). Parents find they cannot help with homework, and do not have the resources to pay for tutoring. The need for a youth program serving this community is very high.

Staff Recommends: Funding at previous year's level of \$25,000.

CDBG APPLICATION SUMMARY: Community Programs

ACTIVITY NAME: TEEN CENTER OPERATING EXPENSES

Grantee Name: Department of Parks and Recreation/City of Santa Cruz

Activity Address: 301 Center Street, Santa Cruz, CA 95060

Program Description: The Center, which is located in the Louden Nelson Community Center, provides a safe environment for teens to “hang out”, play, do homework, pursue other interests, and socialize. Activities include workshops and performances to develop and foster creativity, individuality, community and alternative forms of education.

Target Population: Youth ages 12 to 18.

Est. # to be Served: Approximately 420 teens are registered as members of the Teen Center. In the first two quarters of the 2013 FY, about 100-120 teens participated in the Teen Center, 25-30% of whom were Latino. Average daily attendance is 15.

Service Area: Primarily central Santa Cruz including the downtown, Beach area, and Lower Ocean

HUD Eligibility: 24 CFR, Part 570.201(e); Low/Mod Clientele

Conformance with Consolidated Plan: Strategy CD.1(a) Assist other City Departments, non-profit organizations, and neighborhoods in providing services and community building activities.

Environmental: Determined to be an exempt activity from NEPA per 24 CFR 58.34(a)(4) as a public service that will not have a physical impact or result in any physical changes. CEQA not applicable.

CDBG \$ Request:	\$35,000	Total Budget:	\$155,892
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Prior Yr. Funding:	\$35,000 (CDBG)	Other City Assistance:	\$120,892 (General Fund)
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Other Funds:	Other Federal	\$0	Private	\$0
	State	\$0	Other	\$0
	Non-City Local	\$0		

Comments/Prior Yr. Evaluations: Met goals in the 2011 PY and appears to be on track in the 2012 PY. The Teen Center is one of very few centers in the county that provides a place for teens to feel safe and supported. There are so many teens whose needs are not being met in the traditional ways such as school and sports programs. These teens find their way to the Teen Center where they are not judged or “made to perform” in a certain way. The program is recreational in nature but also fulfills many other social and educational needs.

Staff Recommends: Funding at current \$35,000 level.

CDBG APPLICATION SUMMARY: Community Programs

ACTIVITY NAME: HSC DAY RESOURCE CENTER AND PAUL LEE LOFT

Grantee Name: Homeless Services Center (HSC)

Activity Address: 115 Coral St, Santa Cruz, CA 95060

Program Description: Located on the HSC campus, the Day Resource Center offers mail service, hygiene and laundry access, telephone access, computer/internet access and training, job and housing search assistance, and 2 meals per day. The Paul Lee Loft Shelter is a 30 day 46 bed emergency shelter.

Target Population: Homeless individuals.

Est. # to be Served: Estimate of 1,800 persons will be assisted.

Service Area: North Santa Cruz County

HUD Eligibility: 24 CFR, Part 570.201(e); Limited Clientele

Conformance with Consolidated Plan: Strategy HO.1 (a): Continue to provide annual funding for operation of facilities on the Homeless Services Center (HSC) campus including Homeless Resources Center and other facilities operated by HSC and the River Street Shelter operated by the Santa Cruz Community Counseling Center (SCCCC).

Environmental: Determined to be an exempt activity from NEPA per 24 CFR 58.34(a)(4) as a public service that will not have a physical impact or result in any physical changes. CEQA not applicable.

CDBG \$ Request:	\$40,000	Total Budget:	\$779,529
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Prior Yr. Funding:	\$16,000 (CDBG)	Other City Assistance:	\$63,000 (CP Funding)
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Other Funds:	Other Federal	\$13,439	Private	\$0
	State	\$50,400	Other	\$75,000
	Non-City Local	\$71,206		In kind contributions.

Comments/Prior Yr. Evaluations: Met goals in the 2011 PY and appears to be on track in the 2012 PY. Continues to be critical facility serving City's homeless population.

Staff Recommends: Funding at \$15,000 with an additional \$1,000 being allocated under the CP Program as noted above under Familia Center's Staff Recommendation section. Since HSC receives funding under both CDBG and the CP budgets, it has been designated as the Program where funding might need to shift between the funding sources if there was a major change in CDBG funding. This year, if there is a significant cut in CDBG allocation, the CP Committee can address this during its budgeting process.

CDBG APPLICATION SUMMARY: Community Programs

ACTIVITY NAME: SENIOR HOUSING PLACEMENT PROGRAM OPERATING EXPENSES

Grantee Name: Senior Network Services (SNS)

Activity Address: 1777-A Capitola Road, Santa Cruz, CA 95062

Program Description: Counseling and shared housing placement services for low-income seniors. CDBG funds will be used for staff salaries and benefits, miscellaneous overhead costs, rent and similar operating costs.

Target Population: Low income seniors.

Est. # to be Served: In the 2012 FY, 470 seniors who were residents of the City were assisted. SNS estimates that 300 will be assisted in the 2014 FY and 8 persons placed in shared housing.

Service Area: City-wide

HUD Eligibility: 24 CFR, Part 570.201(e); Low and Moderate Income Limited Clientele

Conformance with Consolidated Plan: Strategy SP.1 (b): Continue to provide CDBG funds to Senior Network Services to assist with their programs for housing assistance to elderly households.

Environmental: Determined to be an exempt activity from NEPA per 24 CFR 58.34(a)(4) as a public service that will not have a physical impact or result in any physical changes. CEQA not applicable.

CDBG \$ Request:	\$10,000	Total Budget:	\$39,000
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Prior Yr. Funding:	\$9,000 (CDBG)	Other City Assistance:	
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Other Funds:	Other Federal	\$0	Private	\$11,704
	State	\$0	Other	\$0
	Non-City Local	\$17,926		

Comments/Prior Yr. Evaluations: Met goals in the 2011 PY and appears to be on track in the 2012 PY. SNS is the only non-profit that helps seniors obtain housing. The need for SNS services will increase as the City's population ages.

Staff Recommends: \$0 in CDBG funds. Staff recommends that the SNS Program funding source be changed to CP funding as noted above. Additional CP funding will be available if the \$10,000 in CP funding previously allocated to Familia Center in the last CP budget is now funded by CDBG. The purpose for the change is to reduce the added HUD administrative burden for small grantees like SNS.

CDBG APPLICATION SUMMARY: Projects and Programs

ACTIVITY NAME: CODE ENFORCEMENT TARGET AREA PROGRAM

Grantee Name: City of Santa Cruz, Department of Planning & Community Development

Activity Address: 809 Center Street, Santa Cruz, CA 95060

Program Description: Funding for enhanced code enforcement in predominantly residential low-income target areas that have been determined to be deteriorating or deteriorated. Activities also include community education and community outreach through neighborhood clean-ups and other events.

Target: City code violators that contribute to deterioration of low income areas.

Est. # to be Served: 200 cases per year.

Service Area: Low/Moderate income areas in City including Census Tracts 1007, 1008, 1010 and Block Groups 6 and 7 in Census Tract 1002.

HUD Eligibility: 24 CFR, Part 570.202(c); Area Benefit

Conformance with Consolidated Plan: Objective AH.5: Provide Code Enforcement Program for low-income Target Areas.

Environmental: Determined to be an exempt activity from NEPA per 24 CFR 58.34(a)(5) under Inspections and testing of properties for hazards or defects.

CDBG \$ Request:	\$185,000	Total Budget:	\$213,000
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Prior Yr. Funding:	\$185,000 (CDBG)	Other City Assistance:	\$28,000± (Fines & Rental Inspection Program staff)
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Other Funds:	Other Federal	\$0	Private	\$0
	State	\$0	Other	\$0
	Non-City Local	\$0		

Comments/Prior Yr. Evaluations: Although Code Enforcement covers most of the predominantly residential areas within the Low Income Target Area, the majority of the Code Enforcement cases still occur in the Beach Flats/South of Laurel and Lower Ocean neighborhoods. In the prior year there were about 240 open cases. Code Enforcement staff sponsored 3 clean-ups and attended numerous community meetings to help educate residents. The program continues to be effective in helping improve these areas.

Staff Recommends: Funding at the requested level of \$185,000.

CDBG APPLICATION SUMMARY: Projects and Programs

ACTIVITY NAME: TARGET AREA STORE FRONT IMPROVEMENT PROGRAM

Grantee Name: City of Santa Cruz, Department of Economic Development

Activity Address: 337 Locust Street, Santa Cruz, CA 95060

Program Description: Funding for façade improvements in low income target areas. On Pacific Avenue this will be limited to businesses that serve the downtown residents. Non-CDBG funds will continue to fund façade improvements outside of the target areas and other businesses. Program is staffed by Economic Development.

Target: Commercial buildings and store fronts that diminish the visual quality and character of a neighborhood.

Est. # to be Served: 2-3 facades per year.

Service Area: Low/Moderate income areas in City including Census Tracts 1007, 1008, 1010 and Block Groups 6 and 7 in Census Tract 1002.

HUD Eligibility: 24 CFR, Part 570.202(a)(3); Area Benefit

Conformance with Consolidated Plan: Strategy CD.6 (a): Continue to provide the Façade Improvement Program.

Environmental: NEPA: Will be addressed on a case by case basis.

CDBG \$ Request:	\$55,000	Total Budget:	\$67,000
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Prior Yr. Funding:	\$0,000 (CDBG)	Other City Assistance:	\$12,000 (ED staff)
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Other Funds:	Other Federal	\$0	Private	\$0
	State	\$0	Other	\$2 -\$5,000 per facade
	Non-City Local	\$0		(Owner funding.)

Comments/Prior Yr. Evaluations: Program makes significant differences in the appearance of an area.

Staff Recommends: Fund at requested level or if the City's CDBG allocation is reduced, then funding amount may be decreased as needed.

CDBG APPLICATION SUMMARY: Projects and Programs

ACTIVITY NAME: SAN LORENZO RIVER TRESTLE BRIDGE CONNECTIONS PROJECT

Grantee Name: City of Santa Cruz, Department of Public Works

Activity Location: San Lorenzo River - Beach Street to East Cliff Drive

Program Description: Construction of a replacement ramp from the west end of the San Lorenzo River railroad trestle, across Seaside Company property, to the levee path. This provides a safer and accessible access alternative to the current illegal track crossing.

Target/Goal: Improve pedestrian and bike access between neighborhoods.

Est. # to be Served: Population of Beach Flats and Lower Ocean Street neighborhoods.

Service Area: Beach Flats and Lower Ocean Street neighborhoods.

HUD Eligibility: 24 CFR, Part 570.201(c); Area Benefit

Conformance with Consolidated Plan: Objective CD.3 - Construct infrastructure improvements within the NRSA and other low income areas to enhance quality of life and community safety.

Environmental: NEPA: Not done; CEQA: Completed but has expired and needs updating.

Project Readiness Permitting, right-of-way acquisition and design are complete. Coastal Permit has expired and will need to be re-approved. Design may also need to be modified to meet current codes.

CDBG \$ Request:	\$400,000	Total Budget:	\$600,000
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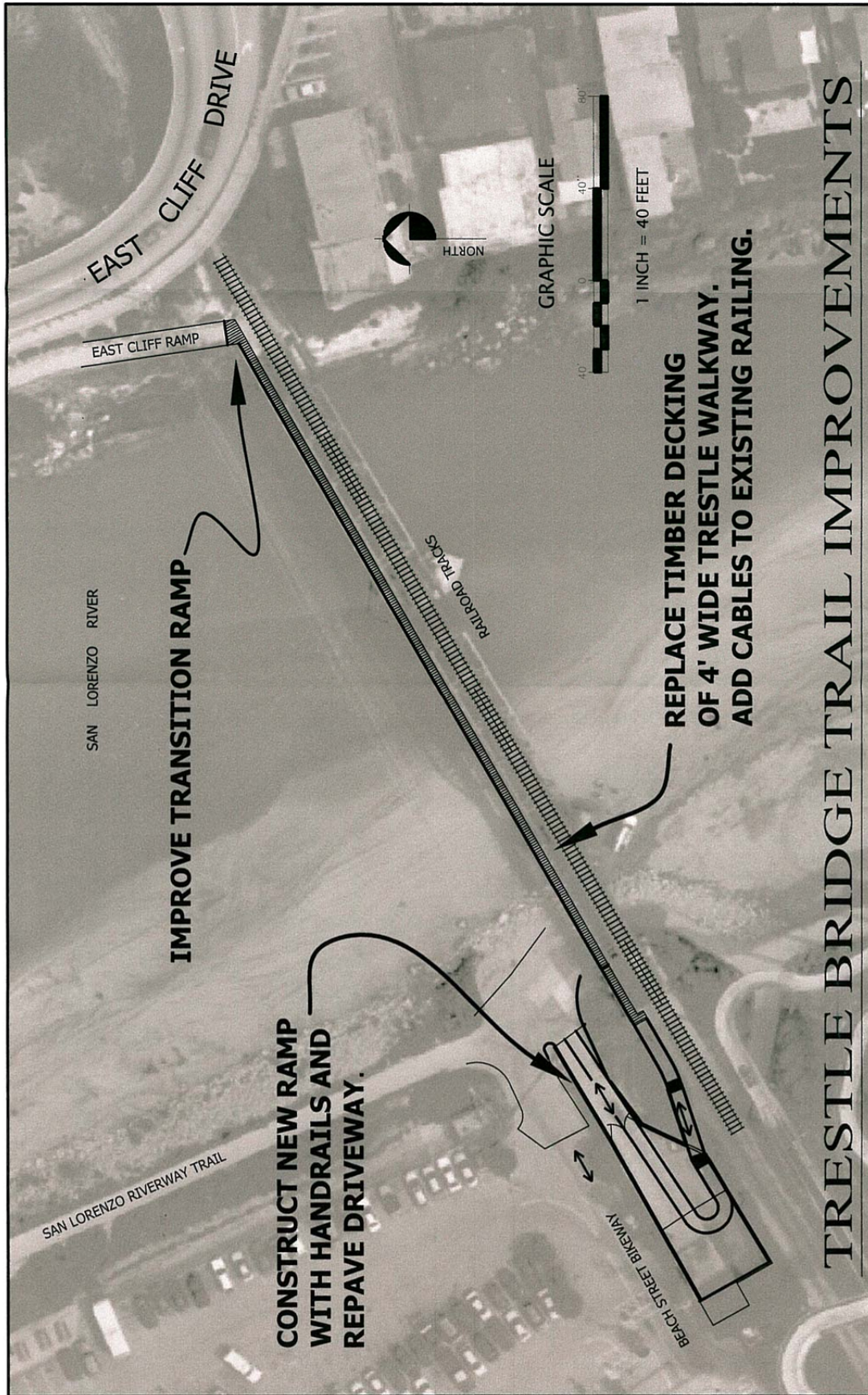
Prior Yr. Funding:	\$0,000 (CDBG)	Other City Assistance:	\$75,000 Trans. Impact Fee
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Other Funds:	Other Federal	\$0	Private	\$125,000 (Seaside Co.)
	State	\$0	Other	\$0
	Non-City Local	\$0		

Comments/Prior Yr. Evaluations: New ramps would improve safety of pedestrian and bike access between Beach Flats and Lower Ocean neighborhoods. The Project would contribute to the NRSA by facilitating safer access to CDBG funded programs at Beach Flats Community Center and Familia Center as well as improved access to jobs, schools, and other activities for residents of these areas.

Staff Recommends: Since the Project far exceeds available CDBG funding staff recommends the CPC discuss project in terms of multi-year funding under HUD approval of pre-spending CDBG funds or a Section 108 loan.

CDBG APPLICATION SUMMARY: Projects and Programs



CDBG APPLICATION SUMMARY: Projects and Programs

ACTIVITY NAME: REHABILITATION PROGRAM DELIVERY COSTS

Grantee Name: City of Santa Cruz, Department of Economic Development

Activity Address: 337 Locust Street, Santa Cruz, CA 95060

Program Description: Funding for Unified Housing Rehabilitation Program (UHRP) staff costs supporting HOME funded rehab projects such as the Neary Lagoon and Garfield Park Rehabilitation Projects.

Target: Multi-family rental housing rehab projects.

Est. # to be Served: 11 HOME assisted units each in Neary Lagoon and Garfield Park.

Service Area: City-wide

HUD Eligibility: 24 CFR, Part 570.202; Low & Moderate Income Housing

Conformance with Consolidated Plan: Strategy AH.3 (a): Continue to implement the UHRP with an emphasis on multi-family properties that have low income tenants.

Environmental: Determined to be an exempt activity from NEPA per 24 CFR 58.34(a)(3) as administrative and management activities.

CDBG \$ Request: \$15,500 **Total Budget:** \$15-20,000

Prior Yr. Funding: \$3,726 (CDBG) **Other City Assistance:** HOME & CDBG Admin Funds

Other Funds:	Other Federal	\$0		Private	\$0
	State	\$0		Other	\$0
	Non-City Local	\$0			

Comments/Prior Yr. Evaluations: Other than the limited CDBG and HOME administration formula funding, the only other staff costs that be funded under HUD regulations are for implementation of housing rehabilitation programs. Since CDBG or HOME admin funds are not sufficient to fully fund the HUD program staff, funding staff costs for the UHRP reduces staff funding from the General fund .

Staff Recommends: Fund at requested level. If the City's CDBG allocation is reduced, then funding for this activity may be used to absorb reductions as needed.

HOME APPLICATION SUMMARY: Projects and Programs

ACTIVITY NAME: PARK PLACE HABITAT HOME

Grantee Name: Habitat for Humanity **CHDO Status:** Application Pending

Activity Address: 207 Park Place, Santa Cruz, CA 95060

Program Description: Construct a 1,281 square foot two story 3 bedroom, two bathroom single-family home and convert the existing 160 square foot building on site into a single car garage. Construction will utilize self-help labor provided by the participant family and volunteers. The home will be sold to a low-income participant household with 0% interest provided by Habitat.

Targeted Income : Very low-income households at or below 60% of Area Median Income (AMI) adjusted for household size. Outreach being done in Beach Flats.

Number/type Unit(s): 1 single family ownership unit.

HUD Eligibility: 24 CFR, 92.205 (a); National Objective: Low & Moderate Income Housing

Conformance with Consolidated Plan: Strategy AH.4 (b): Assist Habitat for Humanity with the construction of at least 1 new affordable ownership unit, if feasible.

Fair Housing: Potential issue of being located in predominantly low income area. Fair Housing law discourages clustering of low income units.

Environmental: NEPA: underway; CEQA: Not required for infill development.

Project Readiness

- Developer completed purchase of property.
- Conditional Use and Design Permits: March 2013;
- Building Permit : May 2013;
- Construction start: May 15;
- Completion: December 2013.

HOME \$ Request:	\$65,000	Total Budget:	\$328,127
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Prior Yr. Funding:	\$0,000	Funding Gap:	\$0
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Other Funds:	Other Government	\$0	Loans	\$15,000
	Sponsor/Developer	\$28,056	Other	\$46,671
	Local Grants	\$188,000		In-kind donations

Comments: Project is in the City's Neighborhood Revitalization Area (NRSA) and will help to improve a deteriorated property as well as provide a much needed new low income unit. Habitat has a proven track record of building housing in the City of Santa Cruz and working with HOME funds.

Staff Recommends: Funding at requested level of \$65,000.

HOME APPLICATION SUMMARY: Projects and Programs

ACTIVITY NAME: JESSE STREET APARTMENTS REHABILITATION PROJECT

Grantee Name: Mid-Peninsular the Farm, Inc. **CHDO Status:** Application Pending

Activity Address: 314 Jesse Street, Santa Cruz, CA 95060

Program Description: Rehabilitation of 13 units of extremely low income housing and one managers unit that predominantly serves persons with physical or mental disabilities. The complex includes a primary building with 13 units (10 1 bedroom and 3 studio units) and a separate managers unit. Costs include acquisition of an easement or purchase of the property that provides access to the Project. Rehab work would include replacement of the decks, asphalt drive and parking, and roofs and improvements to the foundation, concrete walkways, and upgrades of unit interiors.

Targeted Income : Very low-income or extremely low-income persons primarily having physical or mental disabilities.

Number/type Unit(s): 14 multi-family rental units

HUD Eligibility: 24 CFR, 92.205 (a); National Objective: Low & Moderate Income Housing

Conformance with Consolidated Plan: Strategy AH.3 (a): Continue to implement the Unified Housing Rehabilitation Program with an emphasis on multi-family properties that have low income tenants.

Strategy SP.1 (d). Continue to work with non-profit organizations in providing housing options for the special needs populations of elderly, persons with physical disabilities, persons with mental disabilities and persons with HIV/AIDS.

Fair Housing: Potential issue of being located in predominantly low income area. Fair Housing law discourages clustering of low income units.

Environmental: NEPA: not completed; CEQA: Not required for rehab of infill housing.

Project Readiness

- Application did not provide project schedule.
- Developer has site control of buildings, not access parcel.

HOME \$ Request:	\$263,700	Total Budget:	\$351,600
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Prior Yr. Funding:	\$0,000	Funding Gap:	TBD
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Other Funds:	Other Government	\$0	Loans	\$0
	Sponsor/Developer	\$87,900	Other	\$0
	Local Grants	\$0		

Comments: Mid-Pen the Farm has a proven track record for affordable housing. However, the application exceeds the amount of HOME funds available. Their letter indicates that they may apply for tax credit funding in the future.

Staff Recommends: Funding \$15,000 for predevelopment costs (design, permits, and legal fees) pending approval of CHDO application. Consider funding Project in the next Plan Year and/or in conjunction with tax credit funding of a more extensive rehab project. City's HOME allocation cannot fill funding gap as it stands.

HOME APPLICATION SUMMARY: Projects and Programs

ACTIVITY NAME: GARFIELD PARK VILLAGE REHABILITATION PROJECT

Grantee Name: The Christian Church Homes of Northern California

Activity Address: 721 Bay Street, Santa Cruz, CA.

Program Description: Substantial rehabilitation of 94 rental units of senior housing originally constructed in 1964. HOME funding will be used to assist 11 of these units. Project was approved by the City Council for funding in 2012. Funding would replace previously approved CHDO set-aside funding approved in 2012. The developer is unable to meet HUD's new CHDO requirements.

Targeted Income : Very low-income or extremely low-income seniors.

Number/type Unit(s): 11 HOME assisted senior rental units; total project is 94 units.

HUD Eligibility: 24 CFR, Part 92.205; National Objective: Low & Moderate Income Housing

Conformance with Consolidated Plan: Strategy AH.3 (a): Continue to implement the Unified Housing Rehabilitation Program with an emphasis on multi-family properties that have low income tenants
Strategy SP.1 (d). Continue to work with non-profit organizations in providing housing options for the special needs of elderly, persons with physical disabilities, persons with mental disabilities and persons with HIV/AIDS.

Fair Housing: Supports fair housing goals.

Environmental: NEPA: completed; CEQA: Not required for rehab of infill housing.

Project Readiness

- Designs complete.
- Permits – June 2013.
- Construction – October 2013-March 2015.

HOME \$ Request:	\$46,853	Total Budget:	\$27,130,000
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Prior Yr. Funding:	\$400,000 (2011 PY) \$355,000 (2012 PY)	Funding Gap:	\$0
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Other Funds:	Other Fed	\$732,000	Private	\$2,350,000 (loan)
	State (Tax Credits)	\$9,330,000	Private	\$8,780,000 (Dev-Property)
	State (CDLAC)	\$73,000	Other	\$4,650,000
	Developer Reserve	\$460,000		Tax Exempt Bond

Comments: Project was previously funded with under the 2011 and 2012 PY Action Plans. Under new HUD rules, the developer was unable to establish themselves as a CHDO. Following a reduction in previous HOME funding this allocation would restore the \$755,000 funding approved by the City Council in 2012.

Staff Recommends: Funding at requested level. This funding request would replace 2012 Action Plan CHDO funding which will be reallocated under the 2013 Plan.

HOME APPLICATION SUMMARY: Projects and Programs

ACTIVITY NAME: SECURITY DEPOSIT PROGRAM

Grantee Name: City of Santa Cruz, Department of Economic Development

Activity Address: 337 Locust Street, Santa Cruz, CA 95060

Program Description: Program assists low income households to access housing by providing funds for security deposits. The County of Santa Cruz Housing Authority (HA) processes applications for the Program.

Targeted Income : Low-income households at or below 80% AMI adjusted for household size.

Number Assisted: 50-60 low income households per year

HUD Eligibility: 24 CFR, Part 92.205(a)(1); National Objective: Low/Mod Income Housing

Conformance with Consolidated Plan: Strategy HO.4 (b): Continue to implement the Security Deposit Assistance Program through the Housing Authority of Santa Cruz County which provides security deposits to 10-20 households to assist in their transition out of homelessness.

Fair Housing: Promotes fair housing.

Environmental: Exempt from NEPA per 24 CFR 58.34(a)(2) as financial assistance.

Program Readiness Additional administration funding must be secured.

HOME \$ Request:	\$60,000	Total Budget:	\$81-86,000 (est.)
Prior Yr. Funding:	\$0	Funding Gap:	Admin for general applicants.

Other Funds:	Other Government	\$0	Loans	\$0
	Sponsor/Developer	\$0	Other	\$10-15,000 (HA admin)
	City Red Cross	\$11,000		(Partial funding by HSC)

Comments: Available CDBG funding can only be used to fund the security deposits, not HA costs. Alternative funding will be needed for administrative costs for households located in areas other than the Beach Flats/Lower Ocean neighborhoods where \$11,000 in Red Cross funding is available. The Homeless Services Center (HSC) has agreed to fund HA admin costs for chronically homeless households that have been provided with HUD Section 8 vouchers as part of the 180/180 Campaign which is a county-wide effort to house 180 of the most vulnerable homeless. HA admin charges for Program are \$500/month admin fee plus a \$135 per check fee. Program is critical to house homeless households and individuals who have Section 8 vouchers or a limited income but no funds to pay a security deposit.

Staff Recommends: Funding at requested level and discussion regarding HA administrative costs for households that are not part of the 180/180 campaign.

HOME APPLICATION SUMMARY: Projects and Programs

ACTIVITY NAME: FIRST TIME HOMEBUYER (FTH) PROGRAM

Grantee Name: City of Santa Cruz, Department of Economic Development

Activity Address: 337 Locust Street, Santa Cruz, CA 95060

Program Description: The First Time Homebuyers Program funds 2-3 “silent” second mortgages to assist in purchasing a home by qualified low income households. The “silent” second mortgage is due only upon sale or refinancing of the home. Repayment terms are a proportional share of the equity.

Targeted Income : Low-income households at or below 80% of Area Median Income (AMI) adjusted for household size. .

Number/type Unit(s): 2-3 FTH loans to low income households per year

HUD Eligibility: 24 CFR, Part 92.205; National Objective: Low & Moderate Income Housing

Conformance with Consolidated Plan: Strategy AH.4 (a): Continue to implement the First Time Homebuyer Program, assisting 2-3 low and/or moderate-income households annually to purchase a home.

Fair Housing: No apparent issues.

Environmental: Exempt from NEPA per 24 CFR 58.35(b)(5) as assistance to homebuyers to purchase an existing unit or a unit under construction; CEQA not required.

Program Readiness Ongoing Program.

HOME \$ Request:	\$140,000	Total Budget:	\$210,000
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Prior Yr. Funding:	\$138,900	Funding Gap:	\$0
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Other Funds:	Other Government	\$0	Loans	\$0
	Sponsor/Developer	\$0	Other	\$70,000 (Prior Yr. FTH funds to be carried forward)
	Local Grants	\$0		

Comments: Program provides opportunity for low income households to become homebuyers.

Staff Recommends: Funding at requested level unless there is a decrease in the City’s HOME funding allocation. If that occurs this Program could be used to absorb reductions.