



CITY OF MOUNTAIN VIEW

MEMORANDUM

Community Development Department

DATE: March 1, 2018

TO: Human Relations Commission

FROM: Yesenia Jimenez, Associate Planner
Wayne Chen, Housing and Neighborhood Services Manager/
Assistant Community Development Director

SUBJECT: **Recommendations for Fiscal Year 2018-19 Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) Capital Project Funding Requests**

RECOMMENDATION

1. Hear presentations from the agencies requesting Fiscal Year 2018-19 Community Development Block Grant (CDBG) and Home (HOME) Investment Partnership capital project funding.
2. Make funding recommendations to the City Council for the following Fiscal Year 2018-19 CDBG and HOME capital projects:
 - Rebuilding Together Peninsula—\$20,000 for the operation of a minor home repair program (Safe at Home Program) for lower-income households. (CDBG)
 - Hope's Corner, Inc.—\$120,000 for site and building accessibility improvements at a local church that provides services to the homeless. (CDBG)
 - New Units at Shorebreeze Apartments—\$192,000 (CDBG) and \$171,000 (HOME) to help fund sixty-two (62) proposed new family units at Shorebreeze Apartments, an existing subsidized rental complex serving lower-income families and seniors.

BACKGROUND

Purpose

The purpose of this hearing is for the Human Relations Commission (HRC) to make capital project funding recommendations for Fiscal Year 2018-19 Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) funding. Staff from the agencies will be present to answer questions about their funding proposals. The CDBG/HOME capital project summaries (Attachment 1), information in the applications (Attachments 2 through 6), and the assessment factors (Attachment 7) may be used to review and help evaluate the funding applications. Only capital project funding requests are being considered for this funding cycle. Capital project applications are annually considered while public service programs are funded on a two-year cycle. Public service agencies funded in Fiscal Year 2017-18 will continue to receive funding in Fiscal Year 2018-19 proportionate to the available budget.

As has been the case in recent years, Congress has not completed the appropriation process for Fiscal Year 2018-19; thus, the amounts of the CDBG and HOME allocations, program income, and carryover funds presented in this HRC staff report are estimates. At this time, HUD cannot predict when its appropriation bill will be enacted. Once the final Fiscal Year 2018-19 allocation is confirmed and actual program income and carryover amounts are available, awarded funding will be proportionately adjusted to match allocation amounts.

ANALYSIS

Fiscal Year 2018-19 CDBG/HOME Funding

When factoring in the estimated HUD allocation, program income (loan repayments from completed capital projects) and unused funds from completed projects (carryovers), the City estimates it will have around \$508,000 in CDBG and \$190,000 in HOME funds available in Fiscal Year 2018-19, as shown in Table 1.

Table 1: Estimated Fiscal Year 2018-19 CDBG Funding

Sources of Estimated CDBG Funds	CDBG	HOME
Allocation from HUD	\$480,000	\$190,000
Program Income ¹	\$0	\$0
Carryover ²	\$28,000	\$0
Total	\$508,000	\$190,000
Uses of CDBG Funds		
Administration	\$96,000	\$19,000
Public Services	\$80,000 ³	N/A
Capital Projects	\$332,000	\$171,000
Total	\$508,000	\$190,000

The City reserves 20 percent of the CDBG (roughly \$96,000) and 10 percent of the HOME (about \$19,000) HUD allocation for administration, as allowed under Federal regulations. Fifteen percent (15%) of the CDBG allocation from HUD (roughly \$72,000) and 15 percent of CDBG program income from the prior year (roughly \$8,000) may be used for public services, for a total of \$80,000. Remaining funds are available for capital projects.

In addition to the estimated Fiscal Year 2018-19 CDBG allocation, the City estimates it will have CDBG program income from capital loan repayments and unused CDBG funds to budget. The estimated CDBG program income for Fiscal Year 2018-19 is \$47,000. Due to the uncertainty of when program income becomes available, as well as the amount of the program income, the \$47,000 is not factored into the Fiscal Year 2018-19 budget, but instead will be allocated to the Fiscal Year 2019-20 budget when the funds become available. The carryover amount of \$28,000 consists of \$20,000 of unused funds from completed CDBG projects from prior years and \$8,000 of prior year (Fiscal Year 2017-18) program income that is proposed to be allocated to public services in Fiscal Year 2018-19. There is no anticipated HOME program income, so the amount available for Fiscal Year 2018-19 consists of the HUD allocation only.

¹ Program income is generated from loan repayments.

² Carryover consists of program income received but not yet allocated; funds left over from completed capital projects where all the budgeted funding was not used because project bids came in lower than expected; and, in some years, excess funding when there is more funding than capital project requests.

³ Public Services estimate of \$80,000 includes \$8,000 from Fiscal Year 2017-18 program income.

Fiscal Year 2018-19 Capital Project Requests

Using the current estimates, approximately \$332,000 in CDBG funds and \$171,000 in HOME funds could be allocated to capital projects. There are five capital funding requests to consider as shown in Table 2: four CDBG requests and one request for both CDBG and HOME. The funding applications are provided in Attachments 2 through 5.

Table 2: 2018-19 Capital Project Funding Requests

Sponsor	Project	CDBG	HOME
		Funding Requested	Funding Requested
Quetzal House Security System	Installation of a video surveillance system at a local youth shelter	\$10,025	N/A
Rebuilding Together Peninsula (RTP)	Safe at Home Program (Minor home repair and accessibility modifications)	\$30,000	N/A
Graduate House	Rehabilitation of a permanent supportive housing site	\$58,800	N/A
Hope's Corner	Accessibility improvements	\$191,784	N/A
Mid-Pen Housing	New Units at Shorebreeze Apartments 120 low-income senior and family units	\$480,000	\$190,000
Total Amount of Funds Requested		\$770,609	\$190,000
Estimated Amount of Funds Available		\$332,000	\$171,000

While there is only one HOME proposal that would use all of those funds, there are five CDBG proposals and not enough funds for all of those projects. The amount of CDBG funding requested exceeds the estimated available amount by about \$438,609. Below

are project summaries, followed by considerations the HRC may find helpful for evaluating the CDBG and HOME capital project funding requests.

Quetzal House Security System

Bill Wilson Center has owned and managed Quetzal House since 2008 and is seeking funding to install a security video surveillance system. Quetzal House functions as a group home for runaway and at-risk youth and serves about 20 to 40 youths annually. The proposal states the installation of a security video surveillance system will increase the safety and security of the youth at the Quetzal House. The proposal also states that the video surveillance would improve the efficiency of daily operation by increasing staff's ability to observe youth and respond to incidents in a more appropriate and timely manner.

The Bill Wilson Center has been operating programs for at-risk youth since 1973 and also owns 12 other properties in other cities throughout the County. In 2016, the Quetzal House received \$50,000 in CDBG funds for building rehabilitation, including kitchen and dining area renovations and new windows, ventilation, flooring, lighting, cabinets, and energy-efficient appliances. The work has since been completed.

Of the \$10,025 in funds requested, only \$6,725 would be eligible for CDBG funding. While the security system itself is eligible for CDBG funding, the proposal includes third-party monthly monitoring service fees for a five year-period, an expense that is not a qualifying CDBG activity.

Safe at Home Program

Rebuilding Together Peninsula (RTP), a nonprofit based in Redwood City, is requesting funding to operate a rehabilitation program benefitting low-income homeowners in Mountain View. RTP is proposing to continue operation of its *Safe at Home* program, which provides clients with minor home repairs and renovations, and accessibility modifications. RTP is seeking \$30,000 that would be leveraged with other funding to continue to provide these services. RTP has been awarded between \$10,000 to \$50,000 per year since 2014, including \$50,000 in Fiscal Year 2016-17 and \$40,000 in Fiscal Year 2017-18.

RTP staff reports that many of their Mountain View clients are seniors who live in mobile homes. Minor home repair service requests typically consist of door and window repairs, minor plumbing, and electrical fixes and other basic maintenance, up to \$2,500 per household. Common requests for accessibility modifications consist of the

installation of grab bars, handrails, ramps, and the removal of tripping hazards in and around the interior and exterior of the house. There may be instances where service requests may be slightly higher than \$2,500, and these requests would be evaluated by RTP and City staff on a case-by-case basis. RTP intends to serve a minimum of 10 households, but more may be accommodated since the average per-unit cost is usually less than \$1,000.

Graduate House Rehabilitation Project

LifeMoves is requesting \$58,800 in CDBG funds for the rehabilitation of their permanent supportive housing facility called “Graduate House.” The applicant indicates that the facility provides long-term transitional housing to chronically homeless individuals as they reenter the workforce and become independent. The facility houses five individuals at any one time and seven to 10 individuals per year. Two of the five units on-site are reserved for Mountain View residents. In addition to providing housing to those who would otherwise be unable to support themselves and face homelessness, the program provides case management, housing and employment resources, child-care services, health and wellness programs, and mental health treatment.

Proposed work consists of the reuse of existing cabinets, installation of countertops, installation of sink aerators, replacement of windows, and the installation of energy-efficient lighting and appliances. The project is expected to be completed within 30 to 45 days from the beginning of construction, and it would not require the relocation of existing tenants. LifeMoves is a current Fiscal Year 2017-18 CDBG public services grant-recipient, and the agency also receives funding from the City’s General Fund to provide the aforementioned services to homeless clients. Since Fiscal Year 2013-14, LifeMoves (previously under the name Inn Vision Shelter Network) has been awarded a cumulative total of approximately \$78,000 in CDBG funds and an additional \$15,000 from the City’s General Fund. The submitted application is the first capital project application for the agency.

Hope’s Corner, Inc. Accessibility Improvements

Hope’s Corner, Inc., has submitted an application to undertake site and building accessibility modifications at a local church in which the organization provides free meals and showers to homeless and low-income people. The agency has operated the program since September 2011 in downtown Mountain View. The applicant indicates that approximately 200 people are served a free meal every Saturday and a range of 150 to 200 showers are provided each month. The project site serves as a hub of programs

available to low-income people and the homeless, with case management, parent education, and a cold-weather shelter on-site. The applicant also indicates that culinary training for the homeless is planned to be provided in the future.

Proposed accessibility improvements consist of repairing and replacing sections of the sidewalk, a new curb ramp at the corner of Hope and Mercy Streets, new ramps improving access to the disabled, and repairing and/or replacing connecting walkways. Hope's Corner, Inc. will also construct a commercial kitchen and make additional improvements to the building to support the cold-weather shelter and a planned culinary training center. In August 2017, Hope's Corner obtained approval from Santa Clara County to fund the construction of the kitchen and associated building improvements. The agency is now in the process of signing agreements with the County.

New Units at Shorebreeze Apartments

MidPen Housing is requesting \$480,000 in CDBG and \$190,000 in HOME funds that would be used toward the development of sixty-two (62) proposed new family units at Shorebreeze Apartments. The existing subsidized rental complex currently provides 120 units serving very low-income families and seniors. The proposed project consists of removing 12 existing townhomes and replacing them with 62 apartment flats in two new buildings on the property. With a net gain of 50 units, the complex would consist of 170 affordable housing units after project construction. Tenants in the 12 units proposed for demolition would be temporarily relocated and moved back to the property into the new units. Twenty (20) of the 62 new units (approximately one-third) are proposed to be two- and three-bedroom units, which tend to serve families with three or more persons.

In February 2014, the City of Mountain View released a Notice of Funding Availability (NOFA) for new affordable housing developments. MidPen submitted a proposal through this process to access local affordable housing funds, Below-Market-Rate (BMR) Housing In-Lieu Fee, Rental Housing Impact Fee, and Housing Impact Fee funds, which would be the majority of funding for the project. The NOFA Review Committee approved the request for local housing funds in August 2016 and Council subsequently authorized a \$6.3 million funding reservation in September 2016. In January 2018, MidPen received land use entitlements and funding approvals from Council, which included CDBG and HOME funds as part of the financing package considered.

Key Considerations for the CDBG and HOME Projects

Funding proposals are evaluated based on their consistency with the City's Consolidated Plan and on assessment factors (refer to Attachment 7). The Consolidated Plan is a five-year planning document that identifies housing and community development needs, analyzes existing Federal resources, and establishes strategies and priorities for addressing the identified needs.

The City's 2015-2020 Consolidated Plan identifies the following goals to use the Federal funds it receives to benefit low income persons and areas:

- Goal No. 1: Support affordable housing for lower-income and special-needs households.
- Goal No. 2: Support activities to prevent and end homelessness.
- Goal No. 3: Support activities that provide basic needs to lower-income households and special-needs populations, such as seniors, abused and neglected youth, and the disabled.
- Goal No. 4: Support programs and activities that strengthen neighborhoods.
- Goal No. 5: Promote fair housing opportunities.

Due to the limits of available funding, not every request can be granted.

Assessment factors are considered to help in the recommendations for funding allocations.

Key assessment factors include:

- Need for project: Does the project address the most urgent needs of lower-income residents? Will the project address the needs of lower-income residents as identified in the City's Consolidated Plan?
- Number and percentage of low-income Mountain View residents served: How many Mountain View residents would be served by the project? Are at least 51 percent of the Mountain View residents served low income as required by Federal regulations?

- **Project Schedule:** Is there a realistic schedule indicating when funds will be needed, when the project is to be implemented, and when it will be completed? Does the project provide for the expeditious expenditure of funds?
- **Leveraging of funds:** Does the agency have any other funds or funding commitments to assist in financing the project?

Additional Considerations for the CDBG Projects

- By April 30 of every year, CDBG jurisdictions must not be holding more than 1.5 times the annual grant for that year. However, the requirement has become challenging to meet for many local jurisdictions, especially those with small allocations such as the case with Mountain View. Funding fewer, larger activities could enable the City to spend the funds in a timely manner and meet the annual CDBG expenditure requirement.

Additional Considerations for the HOME Project

- The HOME funds are restricted to affordable housing activities and accompanied by very detailed monitoring and reporting requirements. HOME funds must be committed (placed under agreement) within a two-year period and 15 percent of the funds must be reserved to a “Community Housing Development Organization” (CHDO) – an organization that develops affordable housing.

RECOMMENDATIONS

Due to the \$770,609 in CDBG funding requested versus the estimated \$332,000 available, staff recommends partial funding of three of the applications and not funding two of the applications. The recommendations take into account the Consolidated Plan goals that the projects would help address shown in Attachment 1 and the assessment factors shown in Attachment 7. Any funds that are not allocated during this funding cycle will be made available during the Fiscal Year 2019-20 funding cycle.

Recommendations:

- **Partial funding for RTP’s Safe at Home program with \$20,000 in CDBG funds.** RTP’s Safe at Home program has been operating for four years in Mountain View and over seven years in San Mateo County. There is steady demand for the program, which specifically caters to lower-income senior and disabled households who typically have limited incomes but need basic maintenance

services, rehabilitation, and accessibility modifications for their units. The neighborhood improvements would help support Consolidated Plan Goal No. 4: support programs and activities that strengthen neighborhoods. The project's need, history, schedule, leveraging of funds, and the number of Mountain View clients served are key assessment factors considered in the recommendation for funding.

- **Partial funding for the proposed accessibility modifications at Hope's Corner, Inc., in the amount of \$120,000 in CDBG funds.** This project would support Consolidated Plan Goal No. 3: supporting activities that provide basic needs to special-needs populations such as the disabled. As noted above, the proposed project is located at a church in downtown Mountain View—a central location in which many people, such as the disabled and homeless, can go and obtain the most basic needs such as meals, showers, and shelter. The project would help address the need for basic services to disabled populations as it would improve accessibility to a core facility that provides an array of services to them, the homeless, and to low-income people in general. The project's need, schedule, leveraging of funds, and the potential number of Mountain View clients served are key assessment factors considered in the recommendation for funding. The project would be able to successfully proceed taking into account the timing of when the CDBG funds are estimated to be available, given that there are several funding sources being leveraged, and it would also help meet the CDBG expenditure requirement as larger expenditures would be made than with smaller projects.
- **Partial CDBG funding, in the amount of \$192,000, and reserving all available capital project HOME funds, estimated at \$171,000, for the proposed new units at Shorebreeze Apartments.** Affordable housing is in high demand, and this project would add needed subsidized units to the City's housing stock. Use of HOME funds for this project would enable the City to commit all of the available funds and comply with HOME's two-year deadline and comply with HOME's 15 percent CHDO set-aside requirement. HOME funding for new units at Shorebreeze Apartments is consistent with prior Council action to use the Federal funds for new affordable development projects, and the Council approved the project in January 2018. This project would help address Consolidated Plan Goal No. 1: Support affordable housing for lower-income and special-needs households. In addition, this project would address Council's own goal to increase the quantity of affordable housing in the City. The project ranked the highest with regard to assessment factors, meeting nearly all listed on Attachment 7. The project would address one of the most urgent needs of lower-income residents in the City by providing 50 additional subsidized rental units, potentially serving

many Mountain View residents and families, as two- and three-bedroom units are proposed. MidPen Housing has produced many affordable housing developments in the City and around the region, and the project's schedule, cost, and leveraging of funds help make it a good proposal. Additionally, funding this large development would more effectively aid the City to meet the CDBG expenditure requirement as larger expenditures would be made than with smaller projects.

Both the Graduate House and the Quetzal House meet Consolidated Plan goals in providing housing for lower-income and special-needs households and in supporting needs and activities to prevent and end homelessness. However, the applications ranked lower than the other three received.

The Quetzal House security video surveillance system application is a very small project in scope and the City's cost of administering the project, as required by HUD, could exceed the cost of the project itself. As noted above, the Quetzal House recently completed a \$50,000 renovation at the site using Fiscal Year 2016-17 CDBG funds. The Quetzal House could reapply for capital project funds during the next funding cycle and include the security system as part of a larger proposal.

The Graduate House rehabilitation project ranked lower than the three recommended projects because the proposal is smaller in scope, there would be fewer beneficiaries, there is no leveraging of funds, and, unlike the Quetzal House and Rebuilding Together, there is no recent capital project history.

ALTERNATIVES

1. Support staff recommendations.
2. Provide other input for funding recommendations.

CONCLUSION

The HRC will make capital project funding recommendations for Fiscal Year 2018-19 on March 1, 2018. The HRC's recommendations will be presented to the City Council in April 2018, which will make final funding decisions. The City Council's funding decisions will then be incorporated into the City's annual Action Plan that will be submitted to HUD prior to that agency's May 15, 2018 submittal deadline.

WC-YJ/1/CDD
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- Attachments:
1. Summary of Fiscal Year 2018-19 CDBG and HOME Capital Project Funding Requests
 2. [Bill Wilson Center's Quetzal House Funding Application](#)
 3. [Rebuilding Together Peninsula's Safe at Home Funding Application](#)
 4. [Graduate House Rehabilitation Project](#)
 5. [Hope's Corner, Inc. Accessibility Improvements](#)
 6. [MidPen Housing's Shorebreeze Apartments Funding Application](#)
 7. Assessment Factors