TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER
DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT
DATE: MAY 7, 2007
CMR: 228:07
SUBJECT: FINANCE COMMITTEE RECOMMENDATION REGARDING:
PROPOSED FISCAL YEAR 2007/09 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING ALLOCATIONS AND DRAFT ACTION PLAN

RECOMMENDATION
The Finance Committee and staff recommends to the City Council approval of the following:

1. Allocate CDBG funding as recommended by staff and the Citizens Advisory Committee (CAC) in the 2007/08 Action Plan.

2. Adopt the minor amendments to the 2005-2010 Consolidated Plan to conform to new HUD regulations.

3. Authorize staff to submit the 2007/08 Action Plan to the Department of Housing and Urban Development (HUD) by the May 15, 2007 deadline.

4. Authorize the City Manager, on behalf of the City, to execute the 2007/08 application and Action Plan for CDBG funds and any other necessary documents concerning the application, and to otherwise bind the City with respect to the application and commitment of funds.

COMMITTEE REVIEW AND RECOMMENDATIONS
The staff and the CAC recommendations were presented to the Finance Committee on April 17, 2007. First, staff summarized the recommendations and then the CAC spokesperson gave a brief overview of the CAC discussions regarding the recommendations. The Committee voted unanimously to recommend to Council the staff and Citizens Advisory Committee recommendations.

The attached Draft Action Plan has been revised to include a section relating to a potential conflict of interest with regard to the Bridge Housing proposal for the Fabian Way Senior Housing project. A paragraph has been added to page 16 that explains that the relationship
between 901 San Antonio Road LLC, BUILD LLC, and BRIDGE Housing Corporation may constitute a conflict of interest under CDBG regulations 570.611 (b) and (c) with regard to the property acquisition. Staff will work with BRIDGE Housing and HUD to ensure compliance with all federal regulations before final allocation of funding.

POLICY IMPLICATIONS
All of the applications recommended for funding in fiscal years 2007/2008 and 2008/09 are consistent with the priorities established in the City’s adopted Consolidated Plan for the period 2005 to 2010. They are also consistent with the housing programs and policies in the adopted Comprehensive Plan.

RESOURCE IMPACT
Funding of the proposed public services projects, capital improvement projects and fair housing costs will not impact the City’s General Fund as the funds will be provided through the U.S. Department of Housing and Urban Development grant. A portion of the staff salaries needed to administer the CDBG program is subsidized by the City’s General Fund, while the rest comes from the HUD grant.

ENVIRONMENTAL REVIEW
For purposes of the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA), budgeting in itself is not a project. HUD environmental regulations for the CDBG program are contained in 24 CFR 58 “Environmental Review Procedures for Title I Community Development Block Grant Programs”. The regulations require that entitlement jurisdictions assume the responsibility for environmental review and decision-making under NEPA. Prior to the commitment or release of funds for each of the proposed projects, staff will carry out the required environmental reviews or assessments, and certify that the review procedures under CEQA, and HUD and NEPA regulations have been satisfied for each particular project.

ATTACHMENTS
Attachment A: Fiscal Year 2007-08 and 2008-2009 Funding Recommendation Chart
Attachment B: CDBG Funding Resolution for fiscal years 2007/08 and 2008/09
Attachment C: CMR 186:07 (with revised Draft Action Plan)
Attachment D: Minutes of April 17, 2007 Finance Committee Meeting

Prepared by: ________________________________
Chitra Moitra, Planner-CDBG

Department Head: ____________________________
STEVE EMSLIE, Director
Planning and Community Environment
City Manager Approval: ___________________________________
EMILY HARRISON
Assistant City Manager

Cc: CDBG Citizens Advisory Committee Members
2007/2009 CDBG Applicant Agencies