



## **Staff Report**

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### RESOLUTION APPROVING A THREE-YEAR EXTENSION OF THE COOPERATION AGREEMENT WITH SAN MATEO COUNTY FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING

Honorable Mayor and Council Members:

#### **Summary**

On April 8, 2005, the City was notified by San Mateo County that the cooperation agreement for Belmont's participation in the San Mateo County Urban County Program for Community Development Block Grants (CDBG) would automatically renew for three years unless action is taken by the City by June 1, 2005 to terminate the agreement. Staff has invited a representative from the County CDBG program to attend the Council meeting to answer question in advance of any Council decision regarding the agreement. No noticed public hearing is required for this action.

#### **Background**

The Community Development Block Grant (CDBG) is a federal program that channels funds to local governments for special needs groups, typically lower income households, disabled persons and seniors. Staff posed some background questions to the County and received the following responses from Steve Cervantes, Director of the San Mateo County Office of Housing, who will attend the Council meeting:

1. Please provide some background on the CDBG program operated by the County for the contracted cities (including Belmont)?
  - A. *This is the 31st year of the CDBG Program. We receive the funding from HUD as the Urban County representing ourselves and the smaller cities with populations under 50,000. Overall this has been a very successful program throughout the county and country. It allows the local communities to determine local priorities. The program is focused to benefit the lowest income population, 50% below the median area income. You must understand that this current administration (federal) is proposing to eliminate this CDBG Program starting in 06 (next year's budget).*
2. How much money is involved?

- A. *The amount of money varies from year to year. This past year we received a reduction of approximately 5.75%. This past year we received \$3,261,347 in CDBG funding. The funding is typically allocated based on HUD requirements. No more than 15% of the CDBG allocation can be used for Public Service and Homeless Service and typically that is where we receive most applications.*

*HUD requires an extensive Community Participation Process as part of this federal funding process. The Board of Supervisors appoints a 15 member Housing and Community Development Committee (HCDC) composed of various areas and representation of the special needs in the County. On that committee is Mr. Tom Diridon, a Belmont resident and real estate Member-at-Large. The HCDC over the past few years has committed approximately 45% of the CDBG funding to support the development or acquisition/rehab of housing. The remaining category is Economic Development/Public Facilities.*

3. What is Belmont's "share"?

- A. *There is no share. The City of Belmont is eligible to apply for and may support and leverage funding for eligible projects that meet the community need.*

*There have been many projects funded that provide direct benefit to the Cities Participation in our Urban County funding. Listed below are some samples:*

- *Belmont AIDS Hospice (now converted to a group home operated by KAINOS--\$260,000*
- *Alexander Park--Accessibility Improvements--\$20,000*
- *Belmont Apartments--24 Unit Housing Development by Mental Health Association \$313,750(HOME Funding)*
- *CID Facility Rehab--\$18,000(02-03) and \$20,000(99-00)*
- *Bonnie Brae Rehab--\$275,000*
- *Bonnie Brae Fire Upgrades--\$151,000(05-06) and \$266,185 (04-05)*
- *CID--receives annual funding for minor rehab assistance to clients of \$65,000 to \$70,000*
- *General Rehabilitation Program--\$341,000 (from 94-95 to 03-04)*
- *General Rehabilitation Program--\$ (from 04-05 to 05-06)*
- *General Funding Mandated Legal Services--Approximately \$40,000 per year*

*In summary based on the above funding Belmont projects have received approximately \$1.8 million in funding.*

4. How does the County decide how the money is spent?

- A. *Each year we hold a community needs workshop to determine the Countywide needs.*

*Housing has been viewed as a top priority as well as safety net services and services for the homeless. We publicly advertise a Notice of Funding Available (NOFA) which is published in the San Mateo County Times and we sent our letters to all past participants as well and participating cities. We also publish the NOFA on our County Web Site with the Application and the Process which outlines the due dates and other requirements for participating in the program. Once we receive the applications, staff is divided into three categories of Housing, Public Services/Homeless Services and Economic Development/Public Facilities. Each application is rated based on its ranking as a local priority, the readiness of the project and the leverage of funding to complete the project.*

*We then meet with the entire HCDC and brief them on this year's application process and divide the committee into the same three categories. They each review the application and they each subcommittee holds a Public Hearing where each applicant is allowed to present their project and answer specific questions.*

*Each subcommittee makes recommendation to the Full HCDC committee and the full HCDC committee makes final funding recommendation to the Board of Supervisors. The Board of Supervisors holds a public hearing, this past one was held on May 3, 2005, and they make the final funding recommendation which is included in our Annual Action Plan that must be submitted to HUD by May 15, each year.*

5. What are typical programs funded by CDBG in the County?
  - A. *Housing, Safety-Net & Homeless Programs, Public Facilities Projects, and Housing Rehabilitation. All must benefit low and moderate income households below 50% of AMI.*
6. Which ones provide service / benefit to Belmont residents?
  - A. *As you review the list above several programs and services directly benefit eligible Belmont residents.*
7. How can Belmont become more involved in the County's CDBG program?
  - A. *First, Council members can volunteer to service on the HCDC of which two seats are appointed by the Council of Cities.*

*Residents that are interested in learning more and participating in the annual local priorities meeting should contact our office to be added to the mass mailing list that we send out inviting participation. Denise Milner 802-5048 will be the support staff that maintains that mailing list.*

8. What other options does the City have to access CDBG funds?

- A. *The only other option that may be available is applying to the state for their CDBG funding. But the question would be why aren't you applying and participating with the County Urban County effort.*

It should be noted that the City does not have in-house experience with the CDBG program – we have contracted with the County since 1996. We have also learned that the City's continued participation in the CDBG program means that:

1. The City would also be a participant in the HOME Program, based on a the eligibility of San Mateo County, and
2. The City would NOT be ineligible to apply for grants under the HUD-administered Small Cities or State CDBG programs.

If the City declines to participate in San Mateo's Urban County CDBG Program, we must notify both the County and HUD no later than June 1, 2005.

**Fiscal Impact**

There would be no impact on continuing the cooperation agreement. Developing another option would require a commitment of staff time to research and organize a new relationship with the State of California or other entity, if possible.

**Public Contact**

Posting of City Council agenda.

**Recommendation**

It is recommended that the Council adopt the attached resolution to extend the CDBG cooperation agreement with San Mateo County.

**Alternatives**

1. Direct staff to investigate other means of accessing CDBG funds.

**Attachments**

- A. Draft Resolution Extending the Existing CDBG Cooperation Agreement
- B. Existing CDBG Cooperation Agreement with San Mateo County
- C. Letter of April 8, 2005 from Norman Pascoe, County of San Mateo

Respectfully submitted,

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Craig A. Ewing, AICP  
Planning and Community  
Development Director

Daniel Rich  
Interim City Manager

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT APPROVING A RENEWAL OF THE EXISTING COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) COOPERATION AGREEMENT WITH THE COUNTY OF SAN MATEO COUNTY**

**WHEREAS**, the City of Belmont has participated in the San Mateo County Urban County Program in order to access Community Development Block Grant (CDBG) funding since 1996; and,

**WHEREAS**, the City of Belmont has benefited from the County’s CDBG program, receiving approximately \$1.8 million in funding for local projects, including Alexander Park, Belmont House, Bonnie Brae Apartments and the Mental Health Association “F” Street Apartments; and

**WHEREAS**, the City’s participation in the Urban County CDBG Program is provided for by a Cooperation Agreement between the City and the County, which is renewed every three years and the latest renewal term will expire on June 30, 2005 unless renewed by June 1, 2005; and

**WHEREAS**, the City Council wishes to continue to receive CDBG funds as a source of financing for housing and other programs to assist lower income households, the disabled and seniors.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Belmont directs staff to notify the County of San Mateo that the City renews the Cooperation Agreement for San Mateo County Urban County CDBG Program through the Fiscal Year ending June 30, 2008.

\* \* \* \* \*

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on May 24, 2005 by the following vote:

AYES, COUNCIL MEMBERS: \_\_\_\_\_

NOES, COUNCIL MEMBERS: \_\_\_\_\_

ABSTAIN, COUNCIL MEMBERS: \_\_\_\_\_

ABSENT, COUNCIL MEMBERS: \_\_\_\_\_

\_\_\_\_\_  
City Clerk, City of Belmont

APPROVED:

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Mayor, City of Belmont