

# Capitola City Council

## Agenda Report



**Meeting:** September 26, 2024

**From:** Community Development Department

**Subject:** 2024 CDBG Grant Application

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**Recommended Action:** Adopt a resolution authorizing staff to prepare and submit an application under the 2024 Community Development Block Grant Program for the Jade Street Community Center Project Phase II and Public Service Food Distribution Programs.

**Background:** The U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) program authorizes the use of funds to assist low- and moderate-income families or aid in the prevention or elimination of blight. There are two types of CDBG programs: “entitlement” and “non-entitlement”. Large metropolitan cities and urban counties are entitled to receive annual grants under the “entitlement” program directly from HUD. The City falls within the “non-entitlement” program, which is administered by the State Department of Housing and Community Development (HCD) and where the City can apply for funding under a competitive application process.

The City is required to conduct public outreach regarding potential CDBG-eligible projects that could be considered for an application, including holding a public hearing to discuss potential application(s) and allow for public input. On July 24, 2024, in anticipation of the Notice of Funding Availability (NOFA) release, staff held a public meeting to seek public input regarding the overall CDBG program and potential projects the community might be interested in seeking.

On August 30, 2024, HCD released the 2024 NOFA that allows a jurisdiction to apply for up to three applications for a maximum of \$3.6 million. Funding limits for the NOFA are as follows:

- Over-the-Counter (OTC) Project (public improvement, public facility, etc.) – Up to \$3.3 million
- OTC Program (housing programs, economic development programs, etc.) – Up to \$1.5 million
- Competitive Program (public services, planning study, etc.) – Up to \$300,000

**Discussion:** In order to be considered eligible for this 2024 CDBG NOFA, a project/activity must benefit to low- and moderate-income persons. In order to benefit low- or moderate-income persons, the project must either benefit an area that is comprised of at least 51% low- or moderate-income households, or benefit individually qualified households (i.e., each household is income-certified). Staff has confirmed that the Census block groups adjacent to the Jade Street Community Center meet this threshold. The public service programs serve a clientele who also meet this income requirement.

In order to provide the City Council with a list of potential projects, staff reviewed City Council-adopted policies, the City’s Capital Improvement Program, and potential projects that fit into the category of “shovel ready”. To best meet the CDBG criteria for this NOFA, staff is recommending the following project/programs:

**Public Facility:** Jade Street Park Improvements. The City was successful in receiving grant funds in the last CDBG NOFA for Jade Street Community Center Improvements, which focused on the rehabilitation of the interior and exterior of the building. The proposed project will include the following components: replace the existing playground structure with a universally accessible playground, renovate the restrooms on in the park to improve accessibility, and rehabilitate the outdoor/patio space adjacent to the community center. The current estimate for this project is approximately \$4,000,000. Staff is recommending that \$3.3 million be requested from CDBG with the gap being provided by the Friends of Santa Cruz County Parks.

**Public Service:** In 2021, the City was awarded public service dollars for three non-profits for their food distribution programs from CDBG: Grey Bears (\$52,950), Second Harvest Food Bank (\$112,000), and

Community Bridges (\$299,720). The City is only able to apply on behalf of two of these organizations. Currently, Grey Bears has exhausted all grant funds and Second Harvest is nearing that as well. Because Community Bridges still has sufficient grant funds from the previous cycle, staff recommends applying for funds for Grey Bears and Second Harvest to continue operating their food distribution programs. The maximum funding requested would be \$300,000.

Fiscal Impact: If successful, the \$3.6 million requested would be 100% grant funded. Adams Ashby Group, the City CDBG consultant, will be preparing the three applications for \$13,500. The costs associated with the preparation of the application are an eligible expenditure under the existing CDBG grants the City currently has with HCD.

Attachments:

1. Resolution

Report Prepared By: Katie Herlihy, Community Development Director

Reviewed By: Julia Gautho, City Clerk, and Samantha Zutler, City Attorney

Approved By: Jamie Goldstein, City Manager