



## **CITY COUNCIL STAFF REPORT**

**ITEM NO. 6.2**

**DATE:** April 15, 2024

**TO:** Honorable Mayor and City Council

**FROM:** Paul Spence, Assistant City Manager

**SUBJECT:** Hearing to consider a resolution approving the FY 2024-25 Annual Action Plan and application for a new Section 108 Guaranteed Loan; authorizing submittal to the U.S. Department of Housing and Urban Development; and authorization execution of associated documents.

### **RECOMMENDED ACTION**

The Human Services Commission and staff recommend the City Council adopt a resolution:

1. Approving the FY 2024-25 Annual Action Plan, attached hereto as Exhibit A, and authorizes submission of the Action Plan to Alameda County for inclusion with the Alameda County HOME Consortium report for submittal to HUD;
2. Authorizing the submittal of a final Section 108 guaranteed loan application to HUD for the Tri-Valley Haven for Women Emergency Shelter Project in an amount not to exceed \$1,200,000;
3. Authorizing the City Manager, or her designee, to accept the Section 108 for the Tri-Valley Haven for Women Emergency Shelter Project if approved by HUD;
4. Authorizing the City Manager, or her designee, to negotiate and execute all documentation and agreements with HUD and any subgrantees that are necessary and appropriate to effectuate the FY 2024-25 Annual Action Plan and the new Section 108 guaranteed loan, including, without limitation, the FY 2024-25 Entitlement Certifications, attached hereto as Exhibit B, and the Section 108 loan certifications, attached hereto as Exhibit C; and
5. Authorizing the City Manager, or her designee, to take whatever actions are necessary and appropriate to carry out the purpose and intent of this resolution, including approving minor changes to the FY 2024-25 Annual Action Plan and the Section 108 guaranteed loan application.

### **SUMMARY**

The U.S. Department of Housing and Urban Development (HUD) requires that all state, county, and local governments receiving Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) funds complete an Annual Action Plan that identifies federal, state, and local funding resources the City will utilize to meet the priorities established in its Five-Year Consolidated Plan

(Consolidated Plan) covering Fiscal Years 2020-2024.

The FY 2024-25 Action Plan includes a new Section 108 guaranteed loan to demolish and rebuild the Tri-Valley Haven for Women Emergency Shelter Project in Livermore in an amount up to \$1,200,000. If approved, the total amount of the Section 108 guaranteed loan funds is expected to be made available for FY 2024-25 and will be used to benefit low-and moderate-income persons.

## **DISCUSSION**

### ***FY 2024-25 Action Plan***

The Annual Action Plan includes agencies that are recommended to receive CDBG and HOME funds through a public Human Services Commission and City Council process. The agencies selected for funding meet the funding goals and priorities established in the City's Consolidated Plan, which describes the ways in which CDBG and HOME funds will be leveraged with other local resources.

A needs assessment survey is conducted each year to determine grant priorities for the next grant cycle. In July 2023, staff emailed a needs assessment survey to the Human Service Interest List which included the local non-profit providers and posted the survey on the City's website. Additionally, CityServe of the Tri-Valley collected surveys from their clients at the Multi-Service Center, and City staff attended five (5) outreach events to collect surveys and information regarding the needs in the community. The survey was available in English and Spanish. The City received 109 completed surveys.

On September 12, 2023, the Human Services Commission considered the results of the survey and recommended four funding priorities for the next Housing and Human Services Grant cycle. On October 23, 2023, Council approved the four priorities: Housing Services, Homeless Services, Public Health, and Social Safety Net Access.

The Action Plan identifies federal, state, and local resources available to the City of Livermore that will be utilized to meet the priorities established in the Consolidated Plan. Priorities and goals identified in the Action Plan will support a continuum of programs that help low-income, underserved Livermore families achieve a goal of self-sufficiency. Also included in the Action Plan are programs to support a continuum of housing resources to assist low-income renters and homeowners, persons experiencing homelessness and/or persons at risk of homelessness, and to reduce incidents of housing discrimination through education on fair housing laws. The programs funded will also support a wide range of services that assist limited English-speaking persons and special needs populations, including persons with disabilities and seniors.

As a part of the application process, subrecipients of grant funds are required to identify how they will complete quantifiable goals related to creating suitable living environments, decent affordable housing, and/or increasing economic opportunities for low-income persons.

The City has not received its allocation of CDBG and HOME funds for FY 2024-25 due to federal budgeting delays. The amounts in the draft action plan are estimates based on the prior year allocation. Once the final allocation is received from HUD, the estimated grant amounts will be increased or decreased proportionally, except for the Section 108 loan repayments which are on a fixed schedule. The City will also utilize \$30,000 of unallocated FY 2022-23 CDBG funds in FY 2024-25. The FY 2024-25 Action Plan includes two capital projects, payment on two Section 108 loans, a new section 108 loan,

two public services projects, and administration for the CDBG program as outlined in the chart below:

<b>Organization</b>	<b>Project</b>	<b>CDBG</b>	<b>HOME</b>	<b>Total</b>
Tri-Valley Haven for Women	Tenant Based Rental Assistance	\$59,322	\$60,000	\$119,322
Abode Services	Tenant Based Rental Assistance	\$37,210	\$79,648	\$116,858
Section 108 Loan-Axis Community Health	Annual Principal and Interest Payment	\$27,336	\$0	\$27,336
Section 108 Loan-Hagemann Farms	Annual Principal and Interest Payment	\$85,940	\$0	\$85,940
Section 108 Loan-Emergency Shelter Project	Annual Principal and Interest Payment	\$83,355*	\$0	\$83,355
Open Heart Kitchen	Senior Meal Program	\$25,000	\$0	\$25,000
Spectrum Community Services	Meals on Wheels Program	\$35,730	\$0	\$35,730
Administration	Administration	\$80,972	\$8,475	\$89,447
	<b>Total</b>	<b>\$434,865</b>	<b>\$148,123</b>	<b>\$582,988</b>

\*Includes \$30,000 of FY 2022-23 unspent CDBG Entitlement Funds

The FY 2024-25 Annual Action Plan has been available for public review for a 30-day public comment period beginning on March 15, 2024, as required by HUD.

### ***Proposed Section 108 Loan Application***

The FY 2024-25 Action Plan includes a new Section 108 guaranteed loan to demolish and rebuild the Tri-Valley Haven for Women Emergency Shelter Project in Livermore in an amount up to \$1,200,000. The Section 108 Loan Program provides CDBG entitlement communities with the opportunity to leverage their annual grant allocation to access the low-cost, flexible financing for larger projects that meet the CDBG program national objectives, including those that benefit low and moderate-income persons. The Section 108 guaranteed loan would be repaid over 20 years and allow the City to help Tri-Valley Haven for Women close the funding gap on this project. The total amount of the Section 108 guaranteed loan funds is expected to be made available for FY 2024-25.

Section 108 Project Description: The proposed project would include demolition of the two existing buildings and three smaller shed structures, and the development of three, one-story buildings, which would serve as the new emergency shelter. Design and entitlement plans have yet to be reviewed however the proposed "Building A" would consist of an approximately 7,563-square-foot (sf) residential building with 14 rooms and a total of 37 beds for tenants. Indoor amenities within Building A would include a kitchen, shared bathrooms, living area, quiet room, laundry room, two indoor playrooms, and a dining area. "Building B" is proposed to be an approximately 3,535-sf residential building with two apartment units. Each apartment would house three to five people for a 45-bed total capacity. "Building C" is proposed to be an approximately 1,392-sf office building or services. Outdoor amenities would include an approximately 5,136-sf outdoor play area located in the northeast corner of the project site, and a 7,563-sf private courtyard located between the three buildings.

The total cost of the project is anticipated to be approximately \$7,845,000. The demolition and rebuilding of the Emergency Shelter is necessary due to the age and condition of the current buildings which are unsafe for occupation. The shelter residents have been temporarily relocated to a safe location. The expansion of the shelter will increase the shelter capacity by 50 percent, which will assist in meeting the current and future needs of the Tri-Valley. Demolition of the existing buildings is anticipated to begin in June 2024, with construction to start in early Fall 2024, contingent upon the project securing all necessary funding. Construction is targeted for completion by the end of 2025.

In the FY 2023-24 Action Plan, the City of Livermore, City of Pleasanton, and Dublin/Alameda County have committed a total of \$774,051 of CDBG funding toward the project. Livermore has already committed \$283,846 of CDBG funding for the demolition of the buildings. Tri-Valley Haven has secured an additional \$5,050,308 from a variety of other sources, including Alameda County Measure A funds, additional funding from the County of Alameda, private donations, and funding from foundations. Tri-Valley Haven for Women has also requested an additional \$500,000 of CDBG funding between the City of Pleasanton and County of Alameda/City of Dublin in FY 2024-25.

The proposed Section 108 guaranteed loan application has been available for public review for a 30-day public comment period beginning on March 15, 2024, as required by HUD. If approved by Council, staff will prepare and submit a final Section 108 loan application to HUD for approval. The final loan application will include additional details to be received from the Tri-Valley Haven on the project budget, final funding sources, loan securities, and project timelines.

### **FISCAL AND ADMINISTRATIVE IMPACTS**

Funding for the projects and/or programs identified in the Action Plan will be made available through federal CDBG funding (Fund 613) in the estimated amount of \$434,865 and federal HOME funding (Fund 671) in the estimated amount of \$148,123 in FY 2024-25. Once the final allocation is received from HUD, the estimated grant amounts will be increased or decreased proportionally, except for the Section 108 loan repayments which are on a fixed schedule. Administrative costs associated with preparation and execution of the FY 2024-25 Action Plan and the environmental review are reimbursed through the City's CDBG and/or HOME entitlement allocations.

If approved, the City of Livermore would request from HUD a Section 108 guaranteed loan for of up to \$1,200,000, less any financing fees associated with the issuance of the loan for the demolition and rebuilding of Tri-Valley Haven for Women Emergency Shelter. The loan financing fee is currently 1.65%, or approximately \$19,800, of the maximum loan amount. Section 108 loan proceeds are anticipated to be received and appropriated in FY 2024-25.

The loan would be repaid over 20 years. Staff estimates an annual principal payment obligation to the City's annual CDBG entitlement of approximately \$60,000 per year based on the maximum loan amount. The loan would be subject to a variable floating interest rate, 35 basis points (0.35%) above the 3-Month T-Bill Auction High Rate until such time as HUD conducts a public offering to fix the loan interest rate. Approximately every two years, HUD conducts a public offering, however HUD expects to conduct a public offering in Fall 2024. At that time, the City can opt in to be included in the public offering, which would convert the variable rate interest rate to a permanent fixed rate financing.

### **COMMUNITY PILLAR**

1: A Safe Community that Thrives

**GOAL**

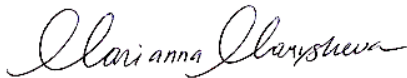
8: Expand and improve access to human services

**ATTACHMENTS**

1. Resolution
2. Exhibit A - FY 2024-25 Draft Annual Action Plan
3. Exhibit B - HUD Certifications FY 2024-25 Entitlement
4. Exhibit C - HUD Certifications- Section 108 Loan
5. Exhibit D - Proposed Section 108 Loan Application

Prepared by: Amy Walker  
Management Analyst 1

Approved by:



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Marianna Marysheva  
City Manager

Fiscal Review by:



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Tina Olson  
Administrative Services Director