



HUMAN SERVICES COMMISSION AGENDA REPORT

April 7, 2021
Item 3

TITLE: REVIEW AND ALLOCATE HOUSING AND HUMAN SERVICES GRANT FUNDS TO THE OPEN HEART KITCHEN VINEYARD 2.0 KITCHEN PROJECT FOR FISCAL YEAR 2021/2022 AND RECOMMEND CITY COUNCIL APPROVAL

SUMMARY

This report summarizes Open Heart Kitchen's Vineyard 2.0 kitchen project application requesting City of Pleasanton Housing and Human Services Grant (HHSG) program funds. The report provides an analysis of the application and a recommended funding allocation. This recommendation is tentatively scheduled to be reviewed by the City Council, with the recommendation from the Housing Commission regarding HOME Investment Partnership Program (HOME) and Low-Income Housing Funds (LIHF) funds, at its April 20, 2021 meeting. City Council will have a resolution for review and possible adoption on the funding plan for the City's HHSG program for fiscal year (FY) 2021/2022.

RECOMMENDATION

Review and allocate Housing and Human Services Grant Funds to the Open Heart Kitchen Vineyard 2.0 kitchen project for Fiscal Year 2021/2022 and recommend City Council approval.

FINANCIAL STATEMENT

The Human Services Commission (commission) previously approved approximately \$266,300 for projects and services that primarily offer direct benefit to low-income Pleasanton residents. Approximately \$186,700 would be provided by General Funds and \$79,600 would be provided by federal Community Development Block Grant (CDBG) funds for public services and capital improvements. With the City's \$362,689 federal CDBG funds allocation for FY 2021-2022, the City currently has approximately \$210,000 in unallocated CDBG funds that could be provided to an eligible capital improvement project such as Open Heart Kitchen's funding request for its Vineyard 2.0 kitchen project.

BACKGROUND

At its March 3, 2021 meeting, the Human Services Commission reviewed twenty (20) Housing and Human Services Commission (HHSG) applications eligible for HHSG funding for FY 2021/2022. Commission funding recommendations focused on the allocation of CDBG funds and City General Funds for human services and non-housing capital projects.

The commission supported the staff funding recommendation to forward to City Council funding allocations to 17 of the 19 applications for non-housing, public services projects. Staff also explained that Goodness Village, the sole capital improvement applicant, rescinded its \$35,000 funding request for a Laundry Facility. Without any other capital improvement applicant for consideration, the City currently has \$210,537 in unallocated CDBG funds that could be designated to other CDBG-eligible capital improvement projects, outlined at the bottom of Attachment 1.

DISCUSSION

On March 5, 2021, the City of Livermore, Open Heart Kitchen and the Housing Consortium of the East Bay (HCEB) staff contacted City staff about the Open Heart Kitchen Vineyard 2.0 kitchen project in Livermore. The Vineyard 2.0 project is a 24-unit affordable rental housing development for extremely low and very low income households with histories of homelessness. The mixed-use development will include 24 rental housing units as well as a 10,000 square foot commercial space consisting of a commercial kitchen, dining room, and a Homeless Resource Center. Open Heart Kitchen has partnered with HCEB, the project developer, to create a permanent home for its Tri-Valley based hot meals program.

Funding Request

Very recently, HCEB and Open Heart Kitchen finalized its bid estimate and identified the funding gap to complete the kitchen portion of the Vineyard 2.0 project. The City of Livermore is allocating internal funding to provide a large commitment that will supplement other private sources to cover a financial gap of up to \$2.4 million (or 60%) of the approximate \$4 million projected budget for the commercial kitchen. Open Heart Kitchen and HCEB are working to secure all financing commitments for the project by June, so the project may begin construction this summer. Livermore, HCEB, and Open Heart Kitchen staff discussed with City staff how Pleasanton could potentially allocate the fiscal year 2021/2022 unused City of Pleasanton CDBG Capital Project funds, towards the Vineyard 2.0 kitchen project to assist Livermore in reducing its financial contribution to the project. City staff was also advised that the City of Dublin has agreed to provide \$330,000 of federal CDBG funds to the project. If City CDBG funds are committed at this time, it will allow the project to complete its funding on time.

City staff required Open Heart Kitchen to submit its capital improvement project request through ZoomGrants. All commissioners were provided an opportunity to review, rate, recommend the application. The application received unanimous approval from the commission.

Staff's Funding Recommendation

Staff is recommending the commission further review and support the funding allocation of \$210,000 to Open Heart Kitchen's Vineyard 2.0 kitchen project. Staff considered many factors in developing this recommendation, including: an evaluation of the application against the commission's criteria; composite commission application scores; whether this project addresses a core safety net service or an identified service gap; and whether this project is a CDBG-eligible project.

Staff also considered that this Vineyard 2.0 kitchen project was submitted outside the HHSG program application cycle for FY 2021/2022 as the application was submitted after the January 18 deadline and after the commission finalized its the HHSG funding recommendation at its March 3 meeting. However, City staff is still recommending funding as this is a "shovel-ready" project that is on schedule to secure all financing commitments by June and begin construction this summer.

According to program guidelines, CDBG funds can be used for eligible costs during the construction stage of an eligible project but cannot be used for equipment and furnishings when the facility is fully constructed. Consequently, the opportune time for Pleasanton to support this project is now, prior to the start of construction. Pleasanton will be unable to support this project with CDBG funds in the next funding cycle (FY 2022/2023) because the kitchen would be completed and its remaining costs, such as kitchen equipment/appliances, cannot be supported with CDBG funds, per CDBG program guidelines.

Other capital improvement applications

To provide all potential capital improvement project applicants an equal opportunity with Open Heart Kitchen to submit a ZoomGrants application, City staff contacted all the agencies that attended the required virtual application workshop held on December 10, 2020. City staff reached out to these agencies (a total of 19 different agencies) because the HHSG policy guidelines stipulate that potential HHSG program applicants must attend this required application workshop to be eligible to submit an application. Each of the 19 agencies contacted confirmed with City staff that they did not have capital improvement projects at this time.

CONCLUSION

Staff is recommending that the commission review and allocate Housing and Human Services Grant Funds to the Open Heart Kitchen Vineyard 2.0 kitchen project for Fiscal Year 2021/2022 and recommend City Council approval.

The commission's recommendation for HHSG funding, which would include the funding recommendation for the Vineyard 2.0 kitchen project is tentatively scheduled to be reviewed by the City Council, along with the recommendation from the Housing Commission regarding HOME and LIHF funds, at its April 20, 2021 meeting. A finalized statement of federal funding will be submitted to HUD by the required May 14 deadline. Funds for FY 2021/2022 HHSG projects will be made available July 1, 2021.

Submitted by:

A handwritten signature in blue ink that reads "Jay Ingram". The signature is written in a cursive style with a large, looping initial "J".

Jay Ingram
Recreation Manager

Attachments:

1. Human Services Commission Recommended Funding Allocation FY 2021/2022