

Agenda Report

MARCH 28, 2004

TO: CITY COUNCIL

THROUGH: LEGISLATIVE POLICY COMMITTEE

FROM: CYNTHIA J. KURTZ, CITY MANAGER

SUBJECT: ADOPTION OF A RESOLUTION OPPOSING REORGANIZATION OR REDUCTION OF FUNDING TO THE FEDERAL COMMUNITY DEVELOPMENT BLOCK PROGRAM

RECOMMENDATION:

It is recommended that the Pasadena City Council adopt the attached resolution rejecting the Administration's proposal to eliminate the Community Development Block Grant Program and opposing any reorganization or reduction of funds that would diminish the CDBG Program as it currently exists and would thereby significantly impact affordable housing, community services and economic development in the City of Pasadena.

BACKGROUND:

The FY 2006 budget proposal released by the White House includes a plan to consolidate and drastically cut funding to 18 federal community and economic development programs. The programs, now spread among five agencies, would be merged into a single program at the Department of Commerce called the Strengthening America's Communities Grant Program (SACGP). SACGP would be funded at \$3.71 billion in FY 2006, 22 percent less than the \$4.7 billion provided for CDBG alone in FY 2005. It is estimated that the plan would ultimately reduce CDBG funding by at least 40 percent.

Administration staff argue that it is difficult to gauge the effectiveness of current CDBG programs and that a significant portion of the funding goes to affluent communities that do not need assistance. They intend to correct these issues under the SACGP by distributing funds according to a new formula based on job loss, unemployment levels and poverty. The dramatic decrease in funding however would result in significantly less programs and services, regardless of how the funds are administered.

In response, the National League of Cities, U.S. Conference of Mayors, the National Association of Counties and a coalition of business leaders have joined forces to fight this proposal and mounted a campaign to educate elected officials about the tremendous impact of these funds at the local level. They are encouraging all cities to adopt resolutions detailing the impact of CDBG funds on their community.

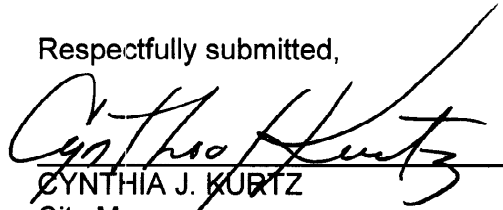
Senator's Boxer and Feinstein are both in opposition to the proposal and signed a joint letter prepared by a bipartisan coalition of 55 United States Senators to the chairman and Ranking Member of the Senate Budget Committee urging the committee to reject the Administration's proposal to eliminate the CDBG program.

The City of Pasadena is an entitlement city and receives approximately \$2.7 million in CDBG funds annually. These funds are used to supplement services and programs to low/moderate income households in the CDBG Benefit Service Area. Programs include financial support to local social service agencies, economic development activities, affordable housing programs and code enforcement programs. A more detailed account of service programs is included in the attached resolution. These services and programs would not otherwise be provided or would not be provided at the same level.

FISCAL IMPACT:

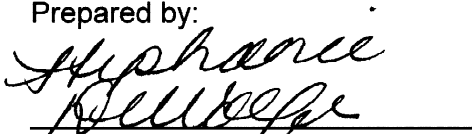
Elimination of the CDBG program would result in the loss of \$2.7 million in revenue annually and would cause severe cuts to community and economic development programs.

Respectfully submitted,



CYNTHIA J. KURTZ
City Manager

Prepared by:



Stephanie DeWolfe
Deputy Director, Planning & Development

Approved by:



RICHARD BRUCKNER
Director, Planning & Development

RESOLUTION NO _____

A RESOLUTION OF THE CITY OF PASADENA
OPPOSING THE REORGANIZATION AND REDUCTION OF CDBG FUNDS

WHEREAS, the Community Development Block Grant (CDBG) Program is the cornerstone of our nation's future, and without proper funding, we risk undermining the creation of future economic development opportunities that build strong, viable communities. These opportunities will benefit future generations, the local economy and the national economy as a whole; and

WHEREAS, the CDBG Program is a jobs creator:

For example, the City of Pasadena awarded \$275,000 in CDBG funds to leverage investments in its Business Incubator and Small Business Assistance Programs. The Business Incubator (Pasadena Enterprise Center) provides 15,000 square feet of commercial office space to its "member firms" and has been an outstanding leader in the economic development arena since 1987. Currently the Incubator is home to 26 firms. Project services include the rental of commercial office space at below market rates, use of the conference room, free parking, answering service, FAX and high speed Internet Access. Annually 50 jobs are created/retained by the member firms. These firms contribute collectively over \$1,000,000 in gross revenue to the local Pasadena business economy. It is estimated that approximately \$100,000 funds are leveraged from other financial sources to support the Incubator.

The Small Business Assistance Program (Pasadena Development Corporation) provides business development classes, business counseling, technical and financial assistance to local small/start-up businesses. The Program supports women and minority owned businesses as well as those local businesses that are considered "unbankable" by traditional commercial banking institutions. Through the use of the CDBG Program's Revolving Loan Fund, the Business Assistance Program is able to direct approximately \$300,000 in loan funds into the local economy each year. Approximately 33 jobs are created/retained. Local businesses that participate in this program are encouraged to hire low/moderate income persons who reside in the CDBG Benefit Service area of the City – Northwest Pasadena.

Additionally, in June 2004 PDC was designated by the U.S. Department of Treasury as a Certified Community Development Financial Institution (CDFI). Because of this designation the agency is able to leverage additional loan funds from non-CDBG sources and to channel those funds into the community. It is estimated that PDC attracts over \$50,000 in equity investment dollars in addition to the CDBG funds it receives annually; and ,

WHEREAS, the CDBG Program is a powerful economic engine:

For example, the City of Pasadena used \$165,000 of its CDBG funds to support several local non-profits that provide economic development opportunities in the community: a) the Economic Development project provides job fairs, information assistance related to employment opportunities in “high end” trades (i.e., construction, electrical, etc.); b) the Community Job Center provides over 2,000 temporary job assignments annually to low/mod unskilled workers; c) Project Advance creates/retains over 40 jobs to a unique, underserved population; and,

WHEREAS, The CDBG Program is a catalyst to help maintain affordable housing:

For example, the City of Pasadena used over \$1,000,000 in CDBG funds to rehabilitate single-family housing, provide exterior home improvements, and to ensure compliance with the City’s housing and building codes. This was accomplished through the City’s Maintenance Assistance Services to Homeowners (MASH) Program, Code Enforcement Task Force and in partnership with a local non-profit agency - Pasadena Neighborhood Housing Services. Much of the housing stock within the City that is available to low/moderate income families (rental/ownership) is often older housing and in most cases maintenance issues have been deferred for years. As a result of these housing related activities, residents have developed a greater sense of pride in their homes, property values have increased and the neighborhoods are esthetically improved. CDBG-funded housing rehabilitation has resulted in over 50 homes receiving rehab annually and over 1,300 property inspections are conducted in the targeted area. All of these efforts together help to ensure the residents of the City are able to live in housing that is decent, safe and sanitary; and,

WHEREAS, the CDBG Program is a mechanism for building public infrastructure:

For example, the City of Pasadena has used over \$600,000 in CDBG funds over the past few years to help to augment the cost of public facility improvements (Capital Improvements). Some of these improvements include a) the renovation at Villa Parke Community Center to enlarge/improve the Women’s Infant and Children (WIC) clinic; b) installation of a computer lab, carpeting, painting, etc., at La Pintesca Library; d) installation of special scratch resistant windows and new flooring at Jackie Robinson Community Center (JRC); and c) planning/architectural activities related to the renovation and expansion of the Alkebu-Lan Cultural Center, a City owned facility that is leased to the non-profit; and,

WHEREAS, the CDBG Program has directly improved a blighted intersection at Fair Oaks and Orange Grove in the City of Pasadena:

For example, the City of Pasadena used approximately \$4 million in CDBG funds to acquire the land that was used for the construction of the Renaissance Plaza Shopping Center. The land acquisition phase of the project was accomplished through the use of the HUD Section 108 Loan Program. The area is located within the CDBG Benefit Service Area (Northwest Pasadena). Prior to the construction of the Shopping Center the area was blighted and known to be an area of drug activity, gang violence and loitering. As part of the Fair Oaks/Orange Grove Master Plan this project now stands on approximately 5 acres of commercial real estate. The Shopping Center has revitalized the area. Currently 12 local businesses are operating, employing over 35 low/moderate income persons. Businesses include a major super market (bank and pharmacy), and national retail franchise establishments such as Starbucks, Sally Beauty Supplies, Ashley Stewart and Subway. More recently, the Shopping Center serves as an example of a mixed use project, providing commercial/retail goods and services and the professional office space for the City of Pasadena, Planning and Development Department, Housing/Community Development Division.

NOW, THERE, BE IT RESOLVED by the City Council that the City of Pasadena hereby rejects the any proposal to eliminate the Community Development Block Grant Program and opposes any reorganization or reduction of funds that would diminish the CDBG Program as it currently exists and would thereby significantly impact affordable housing and economic development in the City of Pasadena.

AYES:

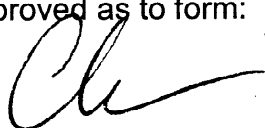
NOES:

ABSENT:

ABSTAIN:

Jane L. Rodriguez, CMC
City Clerk

Approved as to form: 3/23/08

for 

Michele Beal Bagneris (Rodriguez)
City Attorney