

Agenda Report

TO: CITY COUNCIL **DATE:** OCTOBER 23, 2006

FROM: CITY MANAGER

SUBJECT: PUBLIC HEARING: DRAFT CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT (CAPER) JULY 1, 2005-JUNE 30, 2006 FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG); EMERGENCY SHELTER GRANT (ESG); HOME INVESTMENT PARTNERSHIP ACT; HUMAN SERVICES ENDOWMENT FUND (HSEF); OTHER FEDERAL GRANT PROGRAMS; APPROVAL OF THE NEEDS ASSESSMENTS/PROGRAM PRIORITIES FOR THE NON-PUBLIC SERVICE PROJECTS UNDER THE CDBG PROGRAM FOR THE 2007-2008 PROGRAM YEAR; AND APPROVAL OF MODIFICATIONS TO THE CDBG/ESG/HSEF ALLOCATION PROCESS

RECOMMENDATIONS

It is recommended that City Council take the following actions:

1. Hold a public hearing to receive public comment on the Draft Consolidated Annual Performance and Evaluation Report (CAPER) 2005-2006; which includes the Project Performance Assessment for the CDBG/ESG/HSEF and HOME funded projects (Exhibits A – E), and
2. Upon close of the public hearing approve:
 - a. Needs Assessment and Program Priorities for Non-Public Services activities under the CDBG Program for the 2007-2008 Program Year (PY); and
 - b. Proposed Modifications to the CDBG/ESG/HSEF Allocation Process (Exhibit G).

RECOMMENDATIONS FROM ADVISORY BODIES

Northwest Commission

On Tuesday, October 10, 2006, the Northwest Commission finalized the non-public services needs assessment/program priorities for the 2007-2008 PY. Additionally, the

Commission reviewed the proposed modifications to the allocation process and recommended City Council's approval as set forth in this report.

Human Services Commission

On Wednesday, October 11, 2006, the Human Services Commission reviewed the proposed modifications to the process and recommended Council's approval as contained in this report. The Human Services Commission has previously been approved for a two-year funding cycle and therefore will not participate in the Request for Proposal process in the forthcoming program year.

EXECUTIVE SUMMARY

The purpose of the public hearing is to receive public comments on the draft Consolidated Annual Performance and Evaluation Report (CAPER) which includes the Annual Project Performance Assessment for the CDBG/ESG/HOME and HSEF projects as specified in Exhibits A-E. Additionally, based on the recommendations of the Northwest Commission and Human Services Commission, respectively, City Council is also being requested to approve the Needs Assessment/Program Priorities noted on page 3 and the Proposed Modifications to the Allocation Process noted on page 4. The 2007-2008 Allocation Schedule is highlighted in Exhibit F and Exhibit G contains a detailed summary of the proposed modifications to be implemented. To ensure equity and consistency in the distribution of the federal resources the proposed modifications will be implemented as part of the 2008 - 2009 PY funding allocation process.

BACKGROUND

Draft Consolidated Annual Performance/Evaluation Report (CAPER) 2005-2006 PY

The City of Pasadena, as a federal grant recipient, is required by the U. S. Department of Housing and Urban Development (HUD) to submit a Consolidated Annual Performance and Evaluation Report (CAPER) that describes the progress it has made in carrying out its Five-Year Consolidated Plan and Annual Action Plan. The CAPER covers July 1, 2005 - June 30, 2006. The purpose of the CAPER is to provide a comprehensive format for reporting the use of federal funds for the CDBG/HOME/ESG and other federal grant programs.

Each jurisdiction is required to make the Draft CAPER available for a fifteen-day public comment period where citizens are able to review and give public comment on the report prior to its submission to HUD. The public comment period was October 6 - 23, 2006. As part of the public access requirement, public notices (English/Spanish) were published in the Pasadena Journal and La Opinion newspapers. Copies of the draft CAPER were made available at community centers, all branches of the public library and the Office of the City Manager, Housing/Community Development. Public comments received will be included in the final document (CAPER). A copy of the Draft CAPER is on file with the City Clerk's Office.

The Office of the City Manager, Housing/Community Development, performs the administrative oversight and program administration for the CDBG/ESG/HOME Programs. An annual on-site monitoring assessment (fiscal and programmatic) is conducted of each funded project. The monitoring review is performed in accordance with the provisions of the Code of Federal Regulations (CFR) which requires the City, as grantee, to make annual determinations that all sub-recipients are in compliance with the federal statutes and have the continuing capacity to administer and/or implement the project for which federal assistance has been provided. As part of the ongoing program administration, each sub-recipient is also required to provide monthly progress/activity reports and to submit monthly invoices (including documentation) for reimbursement of approved costs for the funded project.

The Human Services and Recreation Department performs the administrative oversight and program administration for the Human Service Endowment Fund (HSEF) projects. It is not a federal requirement that the public/human services projects funded under the HSEF Program be included in the CAPER. However, these activities are included in Exhibit B of this report for Council's information and review.

Northwest Commission: Non-Public Services Needs Assessment/Program Priorities

In an effort to assess the City's non-public service community development needs, the Northwest Commission undertook extensive community outreach efforts, a review of current socio-economic data (i.e., The City of Pasadena Five Year Consolidated Plan, etc.) and related documentation, solicited community input through a survey, and conducted a public meeting on September 26, 2006, to hear public testimony related to unmet community development needs. The Commission deliberated and finalized the funding priorities on Tuesday, October 10 2006. Subsequently, the Commission is recommending Council's approval of its needs assessment/program priorities as listed below:

Non-Public Services Program Funding Priorities (2007-2008 PY) *

- **Housing (Most urgent Priority Need):** Affordable housing, maintaining and improving the current housing stock, including the preservation of historical homes and the preservation of existing rental/affordable housing was determined to be of equal importance as economic development. Priority consideration will be given to proposals which target deteriorated and vacant single-family dwellings and offer the financing of such property for the continued or future occupancy by the elderly and working poor. Proposals will be encouraged to address housing related activities that complement affordable housing production activities (i.e., first-time homebuyers, rental/homeownership). This priority includes consideration for proposed projects that demonstrate employment of local residents.
- **Economic Development-with a Childcare Component (Second Most Urgent Priority Need):** The emphasis in this category is for job creation, business development, particularly the stabilization and expansion of existing local businesses in

the CDBG Benefit Service Area, the recruitment of new labor intensive businesses (job creation/retention; acquisition, construction and assistance to micro-enterprises, etc.).

- **Code Enforcement:** Code Enforcement (inspections) with an emphasis on the required corrections of deficiencies. It is anticipated that code enforcement together with public and/or private improvements can make a visible positive impact in the target area. Many properties in the CDBG Benefit Service Area are blighted, deteriorating and/or owned by absentee landlords.
- **Public Facilities and Improvements:** Limited priority consideration shall be given to public improvement projects within the CDBG Benefit Service Area (e.g., neighborhood facilities, parks, facilities that serve seniors and/or persons with special needs, etc.).
- **Planning/Administration:** Limited consideration will be given for Planning/Administration proposals which demonstrate the potential to lead to the development of strategies for future projects/activities that focus on housing revitalization and economic development. This priority will include the provision of fair housing services. Funding will not be recommended for planning/administration proposals which do not have a direct emphasis on housing or economic development activities.
- **Additional Requirement - Youth Programs/Services:** Priority consideration (in all areas) will be given to proposed projects demonstrating a commitment to contracting with organizations that are committed to job training and employment of local youth/young adults of the community with the provision of after school services, enrichment activities and other youth oriented programs/services.

As mandated by federal requirements, the City Council and the community are asked to review and approve the proposed program priorities before commencement of the allocation process. This will ensure that the allocation of federal dollars are in agreement with the City Council's annual budget priorities and afford the City the opportunity to supplement those areas of service delivery which would otherwise not be addressed due to budgetary constraints.

Proposed Modifications to the CDBG/ESG/HSEF Allocation Process

On June 26, 2006 City Council directed staff to formulate recommendations to streamline and enhance the allocation process. The modifications presented below are in response to City Council's directive. As stated above, both Commissions (Northwest/Human Services) have reviewed and discussed the proposed modifications and recommend City Council's approval.

The proposed modifications are as follows:

1. Preliminary Proposal Process - allow pre-screening of proposals.
2. Needs Assessment/Funding Priorities - enhance the needs assessment process.
3. Paperwork Reduction - reduce the volume of documents distributed during the process.

4. Rating/Ranking of Proposals - limit rating points to only pertinent proposal documents.
5. Limit/Amount of Awards - establish a specific range of funding awards.
6. Consecutive Funding - limit/reduce repeat funding of the same project(s).
7. New Proposals - priority consideration for the development of new and innovative proposals.
8. Commissioners' Orientation - extensive Commissioners' Orientation Workshop.

An in-depth discussion of the proposed modifications is included in Exhibit G.

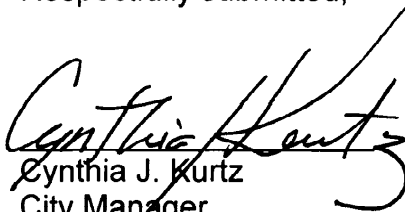
CHILDREN, YOUTH AND FAMILY IMPACT

The CDBG/ESG/HSEF Programs provide an array of community development activities and services (direct/indirect) to over 20,000 low/moderate income residents of Pasadena annually. Services include, but are not limited to, the provision of economic development, housing activities, code enforcement, planning/administration, public/human services, homeless prevention activities, etc. The provision of these services contributes to the achievement of the City's goal of providing a balanced and enhanced quality of life for all residents - children, youth, and families.

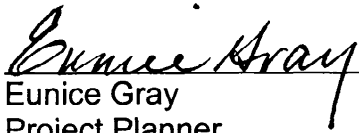
FISCAL IMPACT

The CDBG/ESG/HSEF Program provides approximately \$4 million in federal/local funds to the community annually. These funds can be used to supplement City delivered services to low/moderate income residents. Approval of this recommendation will establish the 2007-2008 PY CDBG non-public services funding priorities and institute additional fiscal controls for the allocation of limited federal and local resources commencing with the 2008-2009 allocation process.

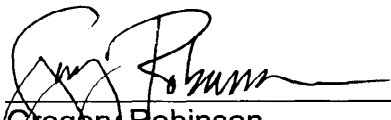
Respectfully submitted,


Cynthia J. Kurtz
City Manager

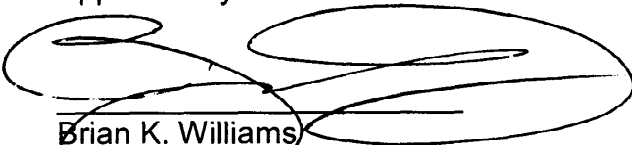
Prepared by:


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Approved by:


Brian K. Williams
Assistant City Manager

Concurrence:


Patricia A. Lane
Director, Human Services and Recreation Department

A copy of the Draft CAPER (2005-2006) is on file in the City Clerk's Office

Attachments: Exhibit A-Project Performance Assessment Definitions
Exhibit B-Public/Human Services (CDBG/ESG/HSEF)
Exhibit C-Non-Public Services (CDBG)
Exhibit D-Continuing Projects (CDBG)
Exhibit E-HOME Projects
Exhibit F-CDBG Non-Public Services Allocation Schedule (2007 - 2008 PY)
Exhibit G-Modifications to the CDBG/ESG/HSEF Allocation Process