

Agenda Report

May 23, 2011

TO: CITY COUNCIL/PASADENA COMMUNITY DEVELOPMENT COMMISSION

FROM: HOUSING DEPARTMENT

SUBJECT: JOINT PUBLIC HEARING: APPROVAL OF A SUBSTANTIAL AMENDMENT TO THE 2010-2011 CDBG ANNUAL ACTION PLAN TO ALLOW FOR THE REPROGRAMMING OF FUNDS

RECOMMENDATION:

1. It is recommended that the City Council/Pasadena Community Development Commission, following the public hearing, adopt a resolution approving the submission, to the U.S. Department of Housing and Urban Development (HUD), of a Substantial Amendment to the 2010-2011 Annual Action Plan to allow for the reprogramming of funds as described in this agenda report.
2. Approve a journal voucher recognizing \$717,493 in program income in the Community Development Block Grant Fund 219 and appropriate these funds to the Housing Department's FY 11 operating budget.

BACKGROUND:

As a recipient of community development and housing funds from the U.S. Department of Housing and Urban Development (HUD), the City is required to prepare and submit to HUD an Annual Action Plan. The Annual Action Plan generally describes how the City will utilize and distribute funds between eligible activities during the program year. The 2010-2011 Annual Action Plan which was approved by City Council on May 10, 2010. In accordance with HUD regulations, any significant change to the Annual Action Plan must be approved by the local government body in the form of a Substantial Amendment.

In November 2010, the City was notified that Pasadena Neighborhood Housing Services (PNHS) was exploring the option of filing bankruptcy. As a result the City rescinded the organization's Community Development Block Grant (CDBG) award in the amount of \$207,000 and requested the return of all money related to the Revolving Loan Funds, Holding Accounts and loan pay-offs totaling \$592,423.

PNHS is cooperating with the City and it is expected that the funds will be returned the week of 5/23. This amount totals approximately \$799,423. The recovery of these funds will be considered CDBG Program Income and must be treated in accordance with HUD CDBG Rules and Regulations.

Among other things, HUD Rules and Regulations stipulate that the City cannot have more than 1 ½ times its annual allocation unallocated. Given that HUD's allocation of funds to the City for 2011-2012 will be reduced by 16.2% compared to the current year's level, the Housing Department recommends reprogramming/ allocating \$717,493 of the \$799,423 in program income and unallocated CDBG funds to avoid having any of the funds recaptured by HUD.

These funds will be reallocated to:

A) Pay off debt service in the amount of \$145,802. This payment reimburses the General Fund for a loan made to fund the purchase of real property for Chef's Center of California (formerly Mama's Small Business Kitchen Incubator);

B) Cover additional administrative costs in the amount of \$148,728 which includes the funding of the Analysis of Impediments to Fair Housing. These funds would be used to augment the current costs of administering the CDBG program.

C) Fund two capital improvement projects in the amount of \$122,963. The first project is the Brookside restrooms adjacent to Reese's Retreat. The restrooms will be rehabilitated and made ADA compliant. The funds appropriated for the Brookside Restroom Rehabilitation will go into CIP account #77365 (Brookside Park – Park Play Equipment Safety Replacement and New Playground -Reese's Retreat). The other capital improvement project will fund ADA accessibility, driveway and sidewalk improvements for the Nehemiah Court affordable housing project.

D) Fund some of the pre-construction costs for Robinson Park Phase II and III in the amount of \$300,000. On May 9, 2011, City Council approved the submission of a Section 108 Application to HUD for \$6 million to fund the rehabilitation of the Robinson Park Community Center. These funds will assist with immediate pre-development costs for the project.

These funds will be allocated on or before June 30, 2011.

The Draft Substantial Amendment was issued for Public Review from April 15, 2011 through May 16, 2011.

ADVISORY BODY RECOMMENDATION:

At the Northwest Commission meeting of March 24, 2011, the Commission reviewed and approved the staff recommendation for the allocation/ reprogramming of the CDBG funds.

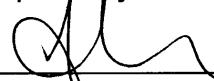
COUNCIL POLICY CONSIDERATION:

This proposed action supports the City Council Strategic Planning Three-Year Goals specifically in the areas of supporting the quality of life and the local economy.

FISCAL IMPACT:

Approval of the subject recommendation will result in the reallocation of approximately \$717,493 in new Community Development Block Grant revenues for FY 2011 which shall be recognized by the recommended journal voucher appropriation. This action will also increase the General Fund balance in the amount of \$145,802 from the retirement of the debt service on the General Fund loan to Chef's Center of California (formerly Mama's Small Business Kitchen Incubator).

Respectfully submitted,



for William K. Huang
Housing Director

Prepared by:



Valerie Babinski-Manlic
CDBG Program Coordinator

Approved by:



MICHAEL J. BECK
City Manager

Attachments:

Exhibit A- Substantial Amendment

Projected Necessary Expenses for FY 2010			
Source of Funding	Projected Amount	Entitlement	Administration
Estimated Amount to be Spent in 2010	\$ 717,493.00	\$ 568,765.00	\$ 148,727.00
Payoff for Chefs Center of Cal.	\$ 145,802.00	\$ 145,802.00	\$ -
Administration Costs*	\$ 133,755.00	\$ -	\$ 133,754.00
1/2 of the Analysis of Impediments	\$ 14,973.00	\$ -	\$ 14,973.00
Nehemiah Court Project	\$ 25,320.00	\$ 25,320.00	
Capital Project-ADA Restrooms at Brookside	\$ 97,643.00	\$ 97,643.00	\$ -
Robinson Park Phase II Pre-Construction Costs	\$ 300,000.00	\$ 300,000.00	
Total	\$ -	\$ -	\$ -

RESOLUTION NO. _____

A RESOLUTION OF THE PASADENA CITY COUNCIL AUTHORIZING THE SUBMITTAL OF A SUBSTANTIAL AMENDMENT TO THE ANNUAL ACTION PLAN (2010-2011) TO ALLOW THE CITY OF PASADENA TO ALLOCATE \$717,493 IN PROGRAM INCOME AND COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS FROM THE U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT FOR THE CITY'S FISCAL YEAR 2010-2011, AND AUTHORIZATING THE CITY MANAGER TO EXECUTE THE SUBSTANTIAL AMENDMENT AND ALL OTHER RELATED DOCUMENTS, AGREEMENTS, AND CERTIFICATIONS.

WHEREAS, the City of Pasadena ("the City") is a municipal corporation which exercises governmental functions and powers, and is a chartered city organized and existing under the laws of the State of California; and

WHEREAS, after publication of notice, a public hearing has been duly held by the City Council to consider 1) authorizing the submittal to the U. S. Department of Housing and Urban Development (HUD) of a Substantial Amendment to the Annual Action Plan (2010-2011) for the Community Development Block Grant; 2) authorizing the City Manger to execute the Substantial Amendment and all other related documents, agreements and certifications.

NOW, THEREFORE, BE IT RESOLVED by the Pasadena City Council as follows:

1. The terms and provisions of the Substantial Amendment to the Annual Action Plan (2010-2011) are hereby approved and the City Manager is hereby authorized and directed to submit the Substantial Amendment to the Annual Action Plan (2010-2011) to HUD, together with any and all other documents, assurances and certificates as are lawful and necessary to complete the City's reprogramming of funds and to secure the obtainment thereof under the Community Development Block Grant Program.

2. The City Clerk is hereby authorized and directed for and on behalf of the City to attest any documents, assurances and certificates executed by the City Manager which are deemed necessary and appropriate by HUD to complete the City's reprogramming of funds, to

secure the obtainment thereof under the Community Development Block Grant Program.

3. That the allocation of the funds to be allocated to the City by HUD under the Community Development Block Grant Program, for the activities described in the Substantial Amendment to the Annual Action Plan (2010-2011) and the agenda report presented to the City Council at the meeting at which this resolution was adopted, is hereby approved by the City Council.

Adopted at the regular meeting of the Pasadena City Council on the _____ day of MAY 2011, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

MARK JOMSKY, CMC
CITY CLERK

APPROVED AS TO FORM:



BRAD L. FULLER
ASSISTANT CITY ATTORNEY