

# Agenda Report

DATE: May 17, 1999

TO: City Council/Community Development Commission

FROM: City Manager/Chief Executive Officer

SUBJECT: Joint Public Hearing: 1999-2000 Consolidated Plan Action Plan for Community Development Block Grant (CDBG) program; Emergency Shelter Grant (ESG) and Home Investment Partnership Act (HOME) programs; and Human Services Endowment Fund

## **RECOMMENDATIONS:**

1. It is recommended that the City Council and the Community Development Commission hold a joint public hearing to consider:
  - (a) The 1999-2000 Consolidated Action Plan for participation in U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) program, emergency Shelter Grant (ESG) and Home Investment Partnership Act (HOME) programs; and
  - (b) The proposed projects and recipient and/or sub-recipient allocation of the City of Pasadena Human Services Endowment Fund (HSEF) for Program Year 1999-2000.
2. It is recommended that the City Council adopt a resolution:
  - (a) Approving the filing with HUD of the City's 1999-2000 Consolidated Action Plan (see Attachment G);
  - (b) Approving the following items as components of the 1999-2000 Consolidated Action Plan in accordance with the proposed projects in this report:
    - (1) An application for CDBG funds in the amount of \$2,514,000 for entitlement funds and \$17,431 for reallocated HUD;
    - (2) The reallocation of prior years' CDBG funds in the amount of \$650,000;
    - (3) An application for ESG program funds in the amount of \$89,000;

- (4) An application for HOME program funds in the amount of \$1,152,000;
  - (c) Authorizing the City Manager to execute, and the City Clerk to attest, the 1999-2000 Consolidated Action Plan and any and all other documents deemed necessary by HUD to obtain the allocation of the aforementioned federal CDBG, ESG and HOME funds in accordance with the plan;
  - (d) Upon approval by HUD of the City of Pasadena's application, authorizing the City Manager to execute, and the City Clerk to attest, the recipient and/or sub-recipient agreements, in a form acceptable to the City Attorney, with all of the recipients and/or sub-recipients recommended for a funding allocation as contained in this report.
  - (e) Approving an annual allocation in the amount of \$510,710 from the City of Pasadena's Human Services Endowment Fund (HSEF) in accordance with the proposed projects as contained in this report; and authorizing the City Manager to execute, and the City Clerk to attest, the sub-recipient agreements, in a form acceptable to the City Attorney, with all of the recipients and sub-recipients recommended for a funding allocation as contained in this report;
3. It is recommended that the Community Development Commission:
- (a) Appropriate \$99,000 from the Low and Moderate Income Housing Trust Fund in accordance with proposed emergency shelter service projects recommended herein; and
  - (c) Authorize the City Manager/Chief Executive Officer on behalf of the City of Pasadena and the Community Development Commission to execute, and the City Clerk to attest, the recipient and/or sub-recipient agreements with the approved emergency shelter service providers in a form acceptable to the City Attorney, General Counsel and the Commission.

**BACKGROUND:**

*Consolidated Plan*

In January 1995, HUD required local jurisdictions to consolidate the planning, funding and reporting aspects of Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), Home Investment Partnership Act (HOME) and Housing Opportunities for Persons with AIDS (HOPWA) – to encourage the development of viable communities by providing decent housing, suitable living environments and expanding economic opportunities principally for low- and moderate-income persons through a planned and well-coordinated comprehensive program.

The 1999-2000 Consolidated Plan functions as a planning document, an application for federal funds, a strategy tool to carry out federal programs, and an action plan that provides a basis for assessing performance.

After approval in July 1995 of the City of Pasadena's 1995-2000 Consolidated Plan, HUD now requires the submission of an annual plan.

*Funding Sources:*

Five funding sources are available for allocation to recipients/sub-recipients for the provision of "public/human service" and "non-public service" activities. "Non-public service" activities include economic development, housing, capital improvement, acquisition, planning and administration, and code enforcement. The City of Pasadena was notified that its annual 1999-2000 entitlement allocation totals \$3,755,000 (see breakout of funding under Recommendation #2). In addition, the following was approved: an additional \$650,000 of CDBG reallocated prior years' funds; \$17,431 in HUD reallocated funds; \$99,000 of matching emergency shelter Housing Trust Funds; and \$150,710 of Human Services Endowment Funds. This represents a total available allocation of \$4,672,141.

1. Community Development Block Grant (CDBG) Program:

The City's entire 25th Program Year (1999-00) CDBG Entitlement is \$2,514,000. The City has been advised that \$17,431 in HUD reallocated funds will be available to the city in the 1999-00 allocation cycle. An additional \$650,000 (reallocated prior years funds) is also available. Of the total CDBG funds 15% or \$477,215 (Entitlement allocation \$377,100; HUD reallocated funds \$2,615; and 97,500 of prior years' reallocated funds) is available for public/human service activities. The remaining \$2,704,216 in CDBG funds must be utilized for non-public service activities, such as planning, administration, economic development, housing rehabilitation, code enforcement, acquisition of real property and capital improvement projects. No more than 20% (\$502,800) of the total new Entitlement allocation can be expended for planning and administrative activities.

**Section 108 Loan Guarantee Repayment:**

In 1991, the City Council approved the Fair Oaks/Orange Grove Master Plan, which called for the redevelopment of the existing neighborhood commercial shopping center located at the southwest corner of Fair Oaks Avenue and Orange Grove Boulevard.

To partially finance this redevelopment activity, the City obtained a \$3.7 million Section 108 Loan from HUD, which is to be repaid from the annual CDBG program entitlement allocation. As a result, \$387,416 of Program Year 1999-2000 funds must be appropriated this year for repayment of this loan. The loan payment represents the repayment of HUD funds used for land assembly for Fair Oaks Renaissance Plaza. This financial obligation of the CDBG program funds continues annually until 2012. This amount is included in the city's CDBG set-aside.

2/3. Emergency Shelter Grant (ESG) Program and Housing Trust Fund Grant:

The ESG program is designed to provide essential services in connection with emergency shelter services for the homeless. The City's ESG allocation from HUD is \$89,000. The McKinney Homeless Assistance Act requires that the City match the ESG funds with non-federal dollars. With the Commission's appropriation of \$99,000 from the Housing Trust Fund, a total of \$188,000 is available for allocation to emergency shelters for Program Year 1999-00. The 1999-2000 ESG allocation from HUD is \$10,000 less than the previous program year. \$10,000 of CDBG funds will be used to offset the funding for emergency shelters during the 1999-00 Program Year, bringing the total to \$198,000. See Attachment "C."

4. City of Pasadena - Human Services Endowment Fund (HSEF)

In 1992, the City Council adopted and established the Human Services Endowment Fund to address human service needs in the community. An annual appropriation from the HSEF in the amount of \$150,710 is currently available for allocation during Program Year 1999-2000.

5. Home Investment Partnership Act Program (HOME) Funds

In March 1992, the City of Pasadena was designated by HUD as a participating jurisdiction pursuant to the federal Home Investment Partnership Program (HOME), enacted under Title II of the National Affordable Housing Act of 1990. This action entitled the City to receive a formula allocation from HUD to carry out eligible activities in accordance with the HOME federal regulations. In April, 1992, the Pasadena City Council authorized and directed the Pasadena Community Development Commission to administer the City's HOME program.

The City's HOME program allocation for Program Year 1999-00 is \$1,152,000. Of the entitlement allocation, no more than 10% can be expended for planning and administrative activities. The remaining funds must be utilized for affordable housing activities such as, tenant-based rental assistance services, first-time homebuyers programs, rental and homeowner rehabilitation activities, new construction and acquisition. See Attachment "E".

*History of Funding Cycle:*

On April 23, 1992, the City Council approved the concept of a two-year funding cycle for the 15% public/human services activities. At its October 25, 1993 meeting, the Human Services Commission approved implementation of the two-year funding cycle for the allocation of CDBG, ESG and HSEF funds. The Northwest Commission voted to remain on an annual funding cycle.

On January 25, 1999, the City Council approved modifications to the CDBG, ESG and HSEF application review and funding allocation process, effective Program Year 1999-2000. A summary of the modifications is included in the Citizen Participation section of this report and in the Consolidated Plan Action Plan.

On April 21, 1999, the Northwest Commission finalized funding recommendations for CDBG Program Year 1999-2000 non-public service activities. Fourteen activities in the economic development, housing, capital improvement, and planning/administration categories were

recommended for funding totaling **\$1,204,800**. The Northwest Commission funding recommendations are listed on Attachment "A-1" and represent a modification of \$90,000 to the originally proposed staff recommendation. The staff recommendation is included in Attachment "A-2". Attachment "A-3" identifies the Northwest Commission's modifications to the staff recommendations and also provides the Commission's rationale for these modifications.

The Human Services Commission finalized their funding recommendations at their April 6, 1998 meeting, for the public service CDBG, ESG and HSEF Program funds (1998-2000 Program Years). The Commission's recommendation represents a total of **\$815,925** (\$89,665 of which will be reprogrammed at a later date) for public/human services activities. Twenty-one activities were recommended for continued, second-year funding based on program performance, continuing need for services and availability of funds. The target populations included children, youths, families, young adults, adults, seniors, homeless and persons with disabilities/special needs. The service categories included dependent care, job preparation/training, safety, health, information and referral services, education, transportation, youth diversion and homelessness. The Human Services Commission funding recommendations are listed on Attachment "C."

### **CITIZEN PARTICIPATION PLAN**

HUD's Consolidated Submission for Community Planning and Development Programs (24 Code of Federal Regulations, Part 91 et al.) requires that each local jurisdiction (City Council) provide for at least 2 public hearings per year to be conducted at a minimum of two distinctly different time periods of the Fiscal Year to obtain citizen views, and respond to proposals and questions.

On October 6, 1997, to ensure the City's compliance with the federal regulations, the City Council approved revisions to the City's CDBG Citizen Participation Plan to provide for two City Council-convened public hearings during the CDBG Program Year. The first public hearing will take place when the City Council approves the annual priorities for the next program year; the second will take place when the City Council formally approves and adopts the City's Consolidated Plan-Action Plan (HUD application) for the next program year.

On October 6, 1997, the City Council at its public hearing approved the needs assessments and priorities as determined by the Human Services Commission for the 1998-2000 Program Years. On December 14, 1998, the City Council approved the needs assessment and funding priorities for the Northwest Commission along with the Request for Proposal (RFP) evaluation/review criteria for the 1999-2000 allocation process. The evaluation criteria categories consisted of Program Description; Experience/Administrative Capacity; Financial Capacity/Collaboration/Leveraging; Priority Need; and Local Preference.

On January 25, 1999, the City Council approved the following modifications to the review and funding recommendation process for the CDBG, ESG and HSEF programs:

- a) Human Services and/or Northwest Commissioners will not participate in the review or recommendation process in a category where a conflict of interest and/or an appearance of impropriety exists;

- b) Each commission may use the “Rule of Necessity” to reach a quorum when necessary;
- c) The Request for Appeal Process will include a “Public Meeting”;
- d) Written notification shall be provided to all proposers informing them of the preliminary and final funding recommendations of the commissions;
- e) The City Council may annually set-aside CDBG, ESG and HSEF funds in an appropriate amount to fund eligible City-administered activities/projects recommended by the City Manager.

This report also includes the following attachments:

- "A-1" Non-Public Service Proposers and Northwest Commission Allocation Process
- "A-2" Staff recommendations to Northwest Commission – April 7, 1999
- "A-3" Northwest Commission rationale for modifications/changes
- "B" Correspondence from PDC including support letters
- "C" Human Services Commission funding recommendations
- "D" 3/22/99 Agenda Report Regarding CDBG Set-Aside Funding
- "E" Home Investment Partnership Act Program Housing Activities – Program Year 1999-2000
- "F" Funding Resources Chart – Program Year 1999-2000
- "G" Draft 1999-2000 Consolidated Plan Action Plan

### **FISCAL IMPACT**

Approval of the Consolidated Plan Action Plan (Attachment “G”) by the City Council/Commission and subsequent approval by HUD will contribute federal funds in the amount of \$4,422,431 (\$3,772,431 in new allocation and \$650,000 in CDBG reprogrammed prior years’ funding) for achievement of the affordable housing, community development and public/human services goals of the City through funding allocations from the Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG) and Home Investment Partnership (HOME) programs. Additionally, approval of the Action Plan enables the City to be eligible for other federally funded programs requiring consistency with an adopted Consolidated Plan and annual Consolidated Plan Action Plan.

Approval of the 1999-2000 HOME program funding recommendations as submitted will obligate \$1,152,000 for the proposed projects.

Approval of the 1999-2000 Program Year CDBG Program funding recommendations will obligate \$3,181,431 for the proposed projects.

Approval of the ESG program funding recommendations, as submitted by the Human Services Commission, will also obligate \$188,000 (\$89,000 in ESG funds and \$99,000 in matching grant funds from the Commission's Low and Moderate Income Housing Trust Fund) for the proposed projects.

Approval of the Human Services Endowment Fund (HSEF) funding recommendations as submitted by the Human Services Commission will obligate \$150,710 for the proposed projects from HSEF

accrued interest earnings.


It is estimated that approximately \$1.6 million in Low and Moderate Income Housing Trust Funds will also be available to augment federal funds allocated for affordable housing project/program activities.

Respectfully submitted,

---

**CYNTHIA J. KURTZ**  
City Manager/Chief Executive Officer


Prepared by:

---

**EUNICE GRAY**  
Program Coordinator III

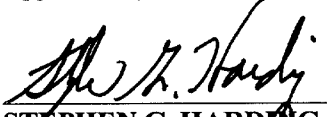
Reviewed by:

---


**GREGORY ROBINSON**  
Housing Administrator

Approved by:

---

**STEPHEN G. HARDING**  
Interim Director, Housing and  
Development Department

---

**PATSY LANE**  
Director, Human Services, Recreation and  
Neighborhoods Department