

CITY COUNCIL: MAY 7, 2013

PUBLIC HEARING

SUBJECT: CDBG 2013/2014 ACTION PLAN

SOURCE: COMMUNITY DEVELOPMENT DEPARTMENT

COMMENT: The U.S. Department of Housing and Urban Development (HUD) requires all Community Development Block Grant (CDBG) entitlement cities to prepare a three or five-year Consolidated Plan. Porterville's 2010 Five-Year Consolidated Plan was adopted by the City Council on May 4, 2010, and subsequently submitted to and approved by HUD. This 2013/2014 Action Plan reflects the fourth year investment plan within the scope of the Consolidated Plan.

The Action Plan, provided as Attachment No. 2, identifies activities that the City will undertake during the next year to address priority needs of lower income households. Proposed activities are designed to benefit lower income households by maintaining affordable housing, achieving public housing improvements, removing barriers to affordable housing, evaluating and reducing lead-based hazards, reducing the number of households with incomes below the poverty line, improving job availability, enhancing the institutional structure to address the needs of lower income households, addressing obstacles to meeting under-served needs, and enhancing coordination between public and private housing and social service agencies.

The Action Plan presents ongoing and proposed CDBG funded programs for the Fiscal Year (FY) beginning July 1, 2013, through June 30, 2014. Implementation of the Action Plan includes administering approximately \$653,362 of 2013/14 CDBG entitlement funds for a variety of programs and projects accompanied by program income generated by the First-Time Low Income Home Buyer Program, the Owner Occupied Housing Rehabilitation and Public Utility Program, and the Business Assistance Loan Program. The proposed Entitlement funds are the same as the 2012/13 allocation. Due to the Sequestration and Continuing Resolution required by the Budget Control Act of 2011, HUD anticipates a probable reduction of 5% in CDBG appropriations. It is unclear how this program level reduction will affect individual allocations at this time. Grantees are encouraged to submit an Action Plan by the due date of May 15, 2013, with the best estimates and plan on amending them once the 2013 budget is authorized.

The table below provides an overview of the Entitlement funding allocation as presented to the Citizens Advisory and Housing Opportunity Committee plus the funds available from previous years' unexpended entitlement and program income, plus anticipated program income for the fiscal year. Attachment 1 will provide an overview of the revised Entitlement funding with 5% reduction as anticipated by HUD.

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ITEM NO. 20

**PROPOSED CDBG BUDGET
2013/14 ACTION PLAN**

PROGRAM	2013-2014Entitlement Allocation \$653,362	Anticipated Program Income 13/14	Expected carry over	Estimated Total Program Funds Available for 2013/2014
Administration	\$164,476 (20% cap of Entitlement (\$130,672)+ 20% of anticipated program income of \$169,022 (\$33,804)	\$0	\$0	\$165,000
City -Operated Youth Center	\$94,615 Part of 15% Public Service	\$0	\$0	\$94,615
Shelter Plus Care Program for the Homeless	\$15,000 Part of 15% Public Service	\$0	\$0	\$15,000
First Time Low Income Homebuyer	\$0	\$20,000	\$112,684	\$132,684
Homebuyer Education Program	\$0	\$0	\$2,000	\$2,000
Owner Occupied Housing Rehab	\$0	\$11,000	\$39,300 En \$95,500 PI	\$145,800
Parks (Murry and Lime Street)**	\$0	\$0	\$39,637	\$39,637
Neighborhood Improvement Program	\$0	\$0	\$0	\$0
Business Assistance Program	\$0	\$138,022	\$569,662	\$569,662
Santa Fe School Facility Project	\$37,552	\$0	\$0	\$37,552
Section 108 Debt Service	\$341,195.	\$0	\$0	\$341,195
Total	\$653,362	\$169,022	\$858,783	\$1,543,145

**Murry Park funds carryover. Lime Street funds have been expended

NOTE: SEE PROPOSED 5% REDUCTION CHANGES TO CDBG 2013/2014 BUDGET
(see Attachment 1)

Providing ongoing youth activities has continually been expressed as a high priority within the community. The City's Parks & Leisure Services Department has been operating the City's Youth Center since 1997 and has been located at the Heritage Center for six (6) years. Anticipated CDBG funding to the Parks & Leisure Services Department to administer the ongoing youth recreational program, including new programs that may be offered to the youth, is \$94,615. Reflecting the 5% reduction, the total allocated funds would be \$106,499 (the increase is due to unexpected program income received). Of this total, \$78,104 would come from new entitlement funds and \$32,799 from current fiscal year received program income. The Parks & Leisure Services proposal and budget for operating the Youth Center is included in the Action Plan, Section VIII.

Additionally, this is the third year of a five (5) year, \$15,000 per year, commitment to be expended as match for the Shelter + Care Program vouchers awarded through the Continuum of Care to address homelessness in the community. The Youth Center and Shelter + Care programs together will make up the allowed 15% allocation of the annual entitlement for public service projects. This amount would remain the same after the 5% entitlement allocation reduction.

In 2005/06, the City completed the construction of the Heritage Center building in Census Tract 41, utilizing Section 108 loan funds from HUD that were obtained exclusively for development of the community center and related improvements such as play areas, ball fields, and parking lots at the present location. Development of the parking lot for the future ball fields resulted in the utilization of the remaining loan funds that were restricted for use on this site. Using CDBG-R stimulus funds, along with other grant sources, construction was completed on the Rails to Trails Project that runs adjacent to the Heritage Center. The entitlement allocation for debt payments on the Section 108 loan in 2013/14 will be \$341,195, which is 52% of the anticipated entitlement allocation. Reflecting the entitlement funds reduction of 5%, this payment amount would represent 55% of the entitlement allocation. It is also important to note that the amount of debt service payments will continue to increase by \$3,500 annually until 2019/20 when the debt payment will be \$357,733. The total debt will be paid in 2023/24.

Administration of the CDBG program will be allocated \$165,000 which is the allowed 20% of the entitlement plus 20% of anticipated program income for the year. Reflecting the 5% reduction in entitlement allocation this amount would change to \$158,000.

For the 2012/13 program year, a proposed entitlement allocation of \$37,552 for the Santa Fe School Facility Improvement Program will utilize the remaining discretionary funds. An Amendment to the 2010 Five-Year Consolidated Plan is

being proposed to add the above mentioned program. The Santa Fe School facilities are used by the Youth Program administered by the City at the Heritage Center. With the 5% reduction in entitlement allocation there are \$0 discretionary funds available for this project. However, approval of this project is recommended so that in the event funds become available, these funds could be re-allocated to fund the project without the need of a Public Hearing.

The Owner Occupied Housing Rehabilitation and Public Utilities Loan Program (HRLP) and the First Time Low-Income Home Buyer Program (FTHB) will be funded from other grant sources (i.e. HOME and CalHOME), unexpended entitlement funds and program income. The Homebuyer Education Program and the Business Assistance Program will utilize unexpended entitlement funds from previous years' allocations and program income. The Neighborhood Improvement and Park Improvement Programs will also utilize unexpended entitlement funds from previous years' allocations. It is also being proposed that approximately \$167,000 in Neighborhood Improvement Program Funds which have been carried for several years without being expended, be reallocated to the Business Assistance Program to either assist individual businesses or to use for downtown parking lot rehabilitation.

Revised program models are included in the Action Plan.

On March 11, 2013, the CDBG Citizens' Advisory and Housing Opportunity Committee (Committee) held a public hearing to consider the proposed 2013/2014 Action Plan. The Committee unanimously recommended approval of the proposed Action Plan, as presented. Public notice was also published in English and Spanish announcing the thirty-day comment and review period which ended April 16, 2013. No written comments were received from the public.

The Annual Community Assessment for Program Year 2012/13 is provided as Attachment No. 3. This is HUD's review of the City's performance in implementing its fiscal year objectives. In this review, HUD found that the City was in compliance with its goals and objectives and expenditure ratios.

RECOMMENDATIONS: That the City Council:

1. Conduct a public hearing to solicit comments on the 2013/14 Action Plan;
2. Adopt the 2013/14 Action Plan resolution of approval reflecting the 5% reduction of Entitlement allocation.
3. Approve the Amendment to the 2010 Consolidated Plan; and
4. Authorize the City Manager to execute all necessary documents.

ATTACHMENTS:

1. Revised Proposed CDGB Budget
2. Draft Resolution
3. 2013/14 Action Plan Including Program Models
4. 2011/12 Program Year Annual Community Assessment

PROPOSED CDBG BUDGET PY 2013-2014

30-Apr-13

PROGRAM	2013-2014 Entitlement Allocation \$653,362 as presented to Action Comm.	2013-2014 Entitlement Allocation \$620,694 @ 5% Reduction	Anticipated Program Income	Expected Carry-Over	Estimated Total Program Funds Available
Administration	\$165,000.00	\$158,000.00	\$0.00	\$0.00	\$158,000.00
		20% cap of Entitlement of \$124,139 + \$33,804 (20% anticipated PI of \$169,022) = \$157,943			
City Operated Youth Center	\$94,615.00	\$106,499.00	\$0.00	\$0.00	\$106,499.00
		Part of 15% Public Service \$78,104 + \$32,799 (15% of \$218,659 actual PI) = 110,903			
Shelter+Care	\$15,000.00	\$15,000.00	\$0.00	\$0.00	\$15,000.00
		Part of 15% Public Service			
FTHB Program	\$0.00	\$0.00	\$20,000.00	\$112,684.00	\$132,684.00
HPRP Program	\$0.00	\$0.00	\$11,000.00	\$134,800.00	\$145,800.00
Homebuyer Education	\$0.00	\$0.00	\$0.00	\$2,000.00	\$2,000.00
Parks Improvement Program	\$0.00	\$0.00	\$0.00	\$39,637.00	\$39,637.00
Neighborhood Imp. Program	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Business Assistance Prog.	\$0.00	\$0.00	\$138,022.00	\$569,662.00	\$569,662.00
				(\$167,000 from Neigh. Imp)	
Section 108 Debt Service	\$341,195.00	\$341,195.00	\$0.00	\$0.00	\$341,195.00
Santa Fe School Facility Imp. Program	\$37,552.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL	\$653,362.00	\$620,694.00	\$169,022.00	\$858,783.00	\$1,510,477.00

**ATTACHMENT
ITEM NO. 1**

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
PORTERVILLE APPROVING THE 2013/2014 ACTION PLAN,
ACCOMPANYING PROGRAM MODELS AND PROPOSED USE OF COMMUNITY
DEVELOPMENT BLOCK GRANT FUNDS

BE IT HEREBY RESOLVED, that the City Council of the City of Porterville does hereby
approve the 2013/2014 Action Plan, accompanying Program Models, and proposed use of
Community Development Block Grant Funds with a 2013 Program Year Entitlement Allocation as
follows:

Administration	\$158,000
City-Operated Youth Center	\$106,499
Shelter Plus Care Voucher Program	\$ 15,000
Santa Fe School Facility Improvement Program	\$ 0
Section 108 Debt Service	<u>\$341,195</u>
Total Funding:	\$620,694

Virginia R. Gurrola, Mayor

ATTEST:

John D. Lollis, City Clerk

By _____
Patrice Hildreth, Chief Deputy City Clerk

ATTACHMENT NO. 2

Draft
City of Porterville
Community Development Block Grant
2013/2014 Action Plan

Due to the size of the document, this
item is available at the following
locations for review:

Community Development Department
Counter
City Clerk Counter
City of Porterville Website



U.S. Department of Housing and Urban Development

Region IX
Office of Community Planning & Development
600 Harrison Street
San Francisco, California 94107

JAN - 8 2013

John D. Lollis
City Manager
City of Porterville
291 Main Street
Porterville, CA 93257

Dear Mr. Lollis:

SUBJECT: City of Porterville
Annual Community Assessment
Program Year 2011 – Community Development Block Grant (CDBG) Program

The Housing and Community Development Act of 1974, as amended and the National Affordable Housing Act of 1990, require that a determination be made annually by HUD that the grant recipient is in compliance with the statutes and has continuing capacity to administer the programs for which assistance is received. The principal tool used by HUD to make this determination is the Consolidated Annual Performance and Evaluation Report (CAPER), which is submitted to the Department within 90 days of the completion of each Program Year. This letter transmits the results of the Department's assessment of Porterville's continuing capacity and its review of the City's 2011 CAPER, please see the attached summary of performance report for specific details.

The CAPER describes implementation of HUD programs and the community's progress toward meeting specific goals, measurable objectives and outcomes as reflected in its Consolidated Plan and Annual Action Plan. The Department's assessment of the City's performance also considered relevant information from the City's consolidated planning process; reviewing management of funds; determining progress made in carrying out Consolidated Plan policies and program, determining compliance of funded activities with statutory and regulatory requirements; determining the accuracy of required performance reports, and evaluating the City's progress in meeting key Departmental objectives.

The City of Porterville articulated four main goals in its 2010-2014 Consolidated Plan: 1) increase and improve quality and availability of affordable housing opportunities; 2) maintain the integrity of existing neighborhoods; 3) attract and retain commercial and industrial development; and, 4) provide development opportunities for Porterville youth. In reviewing the 2011 CAPER, the City provided CDBG funds for a variety of activities and to several service providers to support the goals described above.

**ATTACHMENT
ITEM NO. 4**

Community Development Block Grant (CDBG)

Primary Benefit: During Program Year 2011, the City of Porterville received \$724,320 in CDBG funds and is commended on spending 100% of its CDBG funds on activities that benefit low or moderate-income persons. The City of Porterville complied with the regulations at 24 CFR 570.200(a)(3) that requires that not less than 70% of aggregate CDBG fund expenditures benefit low- and moderate-income residents.

Overall Progress: The Department's CDBG timeliness standard, at 24 CFR 270.902(a)(1), states that 60 days before the end of the program year, a grantee may have no more than 1.5 times the program years grant amount in its line of credit. When the timeliness test was conducted, the ratio of funds available to the City was 1.02 and consequently in compliance with the regulation.

Planning and Administration: The Financial Summary indicated the City expended 19.37 percent of grant funds plus program income received during the program year. Therefore, Porterville was in compliance with the regulatory 20% administration cap in accordance with 24 CFR 270.200(g).

Public Service: The City of Porterville expended 14.97 percent of grant funds on public services and is compliance with the 15% public service cap regulations at 24 CFR 570.201(e).

CDBG Accomplishments: The City successfully completed eligible non-housing community development activities in three main areas during the program year including public service, infrastructure, code enforcement, economic development, and special needs groups. This included providing capital loans to small business and providing assistance to the Porterville Youth Center.

Housing and Homelessness: The City provides a range of programs to support the availability of affordable housing in the community including its Owner Occupied Rehabilitation Program, First Time Homebuyer Program, Public Utility Loan Program, and Homebuyer Education Program. The City is currently exceeding its goal for the Homebuyer Education Program and is making satisfactory progress with its other housing programs.

The City has also provided technical and financial support to the Kings-Tulare Continuum of Care. City staff assists in the organization and implementation of Continuum efforts to mitigate the effect of homelessness. Moreover, the City has provided \$15,000 to support the operations of a permanent supportive housing facility.

Recommendations

The City is reminded that per HUD Notice CPD 07-08, the costs of connecting existing residential structures to water distribution lines or local sewer connection lines is eligible when it is done as part of the rehabilitation of the property. The CAPER should clarify that the Public Utility Loan Program is associated with the rehabilitation of specific properties.

Additionally, the City reports that there was a balance of \$111,224.09 in program income from the Large Business Assistance revolving loan program available at the end of the 2011 program year. Per 24 CFR 500(b), each revolving loan fund's cash balance must be held in an interest-bearing account, and any interest paid on CDBG funds held in this account shall be

considered interest earned on grant advances and must be remitted to HUD for transmittal to the U.S. Treasury no less frequently than annually.

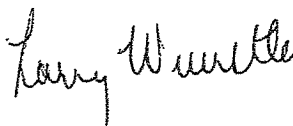
Conclusion

Based on the review of information pertaining to the City's performance in the CDBG program during Program Year 2011, we have determined that the City of Porterville has carried out its activities substantially as described in its Consolidated Plan. The Consolidated Plan submission as implemented complies with the requirements of the Housing and Community Development Act and other applicable laws and regulations. It has also been determined that the City of Porterville has the continuing capacity to carry out its approved programs and the City's overall progress and management of these HUD-funded programs is highly satisfactory and generally consistent with HUD statutes and regulations. This determination, however, does not reflect a comprehensive evaluation of specific activities.

This office congratulates the City of Porterville' progress and accomplishments during the past year on meeting stated goals and objectives of the Program Year 2011 Annual Action Plan and Fiscal Year 2010-2014 Consolidated Plan.

We look forward to continuing our partnership with the City of Porterville. Should you have any questions, please contact Damon Harris, Community Planning and Development Representative at (415) 489-6575 or via e-mail at Damon.A.Harris@hud.gov.

Sincerely,



for Maria Cremer
Director
Office of Community Planning
and Development

cc: Bradley D. Dunlap, Community Development Director
Denise Marchant, Housing Program Manager