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# CITY OF POMONA

## COUNCIL REPORT

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April 1, 2019

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Benita DeFrank, Neighborhood Services Director

**SUBJECT: Public Hearing – Approval of the Draft 2019-2020 Annual Action Plan Funding Recommendations for Community Development Block Grant (CDBG), HOME Investment Partnership Act (HOME) and Emergency Solutions Grant (ESG) Funds**

### **RECOMMENDATION:**

It is recommended that the City Council take the following actions:

- 1) Adopt the following resolution:

**RESOLUTION NO. 2019-40 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, APPROVING DRAFT FY 2019-2020 ANNUAL ACTION PLAN WITH PROPOSED FUNDING FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG), HOME INVESTMENT PARTNERSHIPS (HOME) AND EMERGENCY SOLUTIONS GRANT (ESG) FEDERAL ENTITLEMENT PROGRAMS;**

- 2) Approve funding awards for the Fiscal Year (FY) 2019-20 Community Development Block Grant and Emergency Solutions Grant Programs;
- 3) Approve funding recommendations for the FY 2019-20 Home Investment Partnerships Program; and
- 4) Approve the inclusion of funding awards in the Annual Action Plan.

### **EXECUTIVE SUMMARY:**

Annually, the City receives entitlement funds from the U.S. Department of Housing and Urban Development (HUD) to address housing, homeless, community and economic development needs under the following programs: Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME) and Emergency Solutions Grant (ESG) Programs. As a condition of receipt of these funds, an Annual Action Plan must be submitted to HUD. The Annual Action Plan focuses primarily on the specific activities that the City will undertake and fund for FY 2019-20 to meet priority needs. It is due to HUD by May 17, 2019.

**FISCAL IMPACT:** As these are entitlement funds, they are included as revenue estimates in the FY 19-20 budget as special funds. There is no General Fund impact with this item.

**PUBLIC NOTICING REQUIREMENTS:** Notice was published on March 22, 2019, in the Inland Valley Daily Bulletin for the April 1, 2019 and May 6, 2019 Public Hearings.

## **DISCUSSION:**

On February 15, 2019, Congress approved the FY 2019 Omnibus spending package which contains funding for domestic programs including: CDBG, HOME and ESG funds from HUD. However, the City has not received final FY 2019-20 allocations for these funds and HUD has provided direction to plan according to estimated figures, based on current levels of funding. These funding levels include: CDBG Program funding at \$2,167,226, HOME Program funding at \$803,709 and ESG Program funding at \$181,281. The total anticipated funding is estimated to be \$3,152,216.

### **Citizen Participation**

In anticipation of receiving funding, staff completed the required citizen participation component for development of the Action Plan. In October 2018, a Community Needs Survey was made available to Pomona residents to solicit community input on needs for the upcoming year. The survey was placed on the City's website for online completion, and hard copies were delivered to thirteen community service centers. In addition, the survey was made available at four community meetings. Outreach efforts to promote the online survey included: mailing postcards to over 43,500 households, informing residents of community meetings/forums and requesting their input via the Community Needs Survey. Additional notification regarding the availability of the survey was posted on the citywide Nixle-system, Facebook, Twitter and in La Voz and Inland Valley Daily Bulletin Newspapers. Survey responses were accepted through January 31, 2019. As a result of outreach efforts, approximately 545 surveys have been received. Survey results are provided in Attachment 5.

### **Annual Fund Amounts**

It is estimated that the City will receive the following entitlement allocations for FY 2019-20:

<b>2019-20 ENTITLEMENT ALLOCATIONS &amp; REALLOCATED FUNDS</b>	<b>AMOUNT</b>
Community Development Block Grant (CDBG)	\$2,167,226
HOME Investment Partnership Program (HOME)	\$803,709
Emergency Solutions Grant (ESG)	\$181,281
<b>ENTITLEMENT ALLOCATIONS TOTAL</b>	<b>\$3,152,216</b>

The Annual Action Plan is due to HUD forty-five days prior to the start of the fiscal year or May 17, 2019 for this application cycle. This is a mandatory deadline that must be met in order to receive the Consolidated Plan funding. However, due to the fact that cities may not have final funding allocations by May 2019, HUD has granted an extension of Action Plan submissions until August 16, 2019, if necessary. The draft Annual Action Plan is available for public review beginning April 1, 2019 through May 1, 2019. This public hearing is the first of two meetings required to approve the Consolidated Plan and the Annual Action Plan for submission. The second meeting for adoption of the Annual Action Plan is scheduled for May 6, 2019, contingent on HUD's announcement of final funding awards.

## **COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM**

The primary purposes of (CDBG) Program funds are to: 1) provide decent housing; 2) provide a suitable living environment; and 3) expand economic opportunities, principally for low-to-moderate income persons. In accordance with the CDBG national objectives, an activity must meet one of three objectives: 1) serve low-moderate income persons; 2) aid in the elimination of slum and blight; or 3) address recent, urgent health or welfare needs (e.g., natural disaster). An activity may be eligible because it either benefits an area (activity serves a census tract which has 51% or more low-moderate income persons) or a limited clientele (persons and families with low-to-moderate income). More than 70% of all funds must be expended to assist low-to-moderate income persons and families. The City plans to expend 100% of CDBG funds to benefit low-to-moderate income persons and families.

### **Community Development Block Grant Low and Moderate Income Area Benefit**

The Low and Moderate Income Area (LMA) benefit category is the most commonly used national objective for activities that benefit a residential neighborhood. An area benefit activity is one that benefits all residents in a particular area, where at least 51% of the residents are Low to Moderate Income (LMI) persons. The LMA is determined by census data at the block group level, which is a smaller subset of the census tract. By City Council policy, within the City of Pomona, funding is distributed to each Council District based on the percentage of LMA within each district.

LMA percentages for each Council District are attached and staff will be utilizing funding percentages for CDBG district allocations (See Attachments 1 - Exhibit A/B and Attachment 2). Regardless of District allocations or percentage, project expenditures can only be made within the current HUD recognized LMA or on projects related to eligible LMI residents (See Attachment 3 for a CDBG Eligible Area Map).

### **Community Development Block Grant Eligible Activities**

Eligible activities fall into five general categories: Administration/Planning, Housing, Economic Development, Public Service, or Capital Improvement. Certain activities are not eligible, including single event functions, contingency funds, on-going clean-up activities, or improvements to buildings and areas for the general conduct of government (except in the case

of improvements designed to assist the disabled in public areas as required by the Americans with Disabilities Act).

Listed below is the breakdown of proposed CDBG funding allocations for FY 2019-20, based on HUD requirements. The amounts provided under “capped” categories are rounded down in dollar amount to ensure that these regulatory caps are not exceeded.

CDBG CATEGORY	AMOUNT	CAP
Public Service	\$ 325,083	(15% cap)
Non-Public Service Activities	\$1,408,698	(No cap)
Administration	\$ 433,445	(20% cap)

**TOTAL AVAILABLE FUNDING:            \$2,167,226**

### **Citywide**

Based on input from the Community Needs Survey and from City departments, there is a need for CDBG-funded citywide activities that otherwise could not be provided. These include projects that have been funded previously such as parks and recreation services, infrastructure projects, anti-crime programs and code enforcement. This year, per the city wide survey, residents prioritized public infrastructure, anti-crime programs and youth service as their top three areas of concern, with homeless prevention and parks and community centers closely following. A reduction or loss of CDBG funding would require the City to fund these activities from the General Fund or to significantly reduce and/or eliminate many of these services that principally benefit low-to-moderate income residents of the City. With this action, staff is proposing service programs designed to meet high priority needs. Citywide needs were given a priority in funding recommendations and include:

Infrastructure – ADA Path of Travel  
Public Service Programs  
Housing Services  
Fair Housing Services

Community Oriented Policing Program  
Homeless Services Programs  
Housing Improvement Programs  
Code Enforcement

### **Request for Proposal submittals, Late Requests, and Rejections:**

This year, the City received 30 applications for CDBG funds, excluding Administration. All 30 applications were reviewed by the Grants Administration Committee and met HUD requirements for eligibility. A list of the agencies that submitted applications, along with performance information for agencies previously funded, is attached. (See Attachment 4)

### **CDBG Program Administration**

A total of \$433,445, or 20% of the total anticipated CDBG funding allocation, is available in FY 2019-20 for Administration of the CDBG program, including general management, oversight, and coordination and monitoring of programs. HUD requires that municipalities cap administration costs at 20% of the total funding allocation.

### **Public Service Category**

The City has received a number of public service requests from City departments, as well as from community agencies. Based on community input, there is a continuing need for youth services, homeless services, and services to seniors. There is also an ongoing need for activities focused on safety and security. Staff is proposing a continuation of CDBG funding for the Police Department's Community Problem Oriented Policing (CPOP) Program. This program provides one officer for community policing and ombudsmen services in the City's residential low-to-moderate income neighborhoods. Under CDBG regulations, this program is considered to be a public service activity.

Another identified priority need is for Homeless Services. There is a public service request for a CDBG Homeless Services Program to provide an increase in services to the homeless.

The City also recommends funding after school recreation and youth programs. Public agency requests include youth services, leadership development, homeless services, counseling, food programs, education and services to victims of domestic violence.

The following table is a breakdown of available FY 2019-20 public service funds, including Federally-mandated Fair Housing Services in the amount of \$30,000, which is included in the HUD-required 15 percent public services cap.

<b>CATEGORY</b>	<b>AMOUNT</b>
Fair Housing Services	\$ 30,000
Other Public Service Activities	\$ 295,083

**TOTAL AVAILABLE FUNDING:        \$325,083**

### **Non-Public Service Category**

Non-public services include capital improvements, housing programs and Code Enforcement. In the Code Enforcement Division, the cost of operations and personnel are shared with the City's General Fund. This is based on the percentage of time spent in CDBG-eligible areas versus time spent in non-CDBG eligible areas. In accordance with Federal requirements, staff has identified target areas in which to concentrate CDBG-funded Code Enforcement activities. These activities target areas are based on a variety of factors, including the number of police reports, the number of code complaints filed, the number of abatements performed and the existence of Neighborhood Watch organizations within the area and those areas that are considered deteriorated. Areas must also be designated as slum and blighted areas.

In addition, staff is proposing to fund Housing Services in an effort to maintain current housing programs and staff to provide loan processing, housing counseling, preparation of work specifications in housing related projects, and housing inspections. Staff is also proposing continued infrastructure improvements based on Council direction, specifically ADA curb ramp improvements as proposed in consultation with the Public Works Department. Finally, the non-public service category includes \$10,700 on federally mandated Section 108 Loan re-payments.

**HOME INVESTMENT PARTNERSHIPS PROGRAM**

The Home Investment Partnerships Program (HOME) funds are used for the preservation and creation of affordable housing. Eligible activities include Single-Family Housing Rehabilitation, Multi-Family Housing Rehabilitation, First-Time Home Buyer Programs and Tenant-Based Rental Assistance. Below is a listing of eligible categories for the HOME Program and estimated funding levels.

<b>CATEGORY</b>	<b>AMOUNT</b>	<b>CAP</b>
Community Housing Development Organizations	\$ 120,556	(15% cap)
Administration	\$ 80,370	(10% cap)
Tenant Based Rental Assistance (TBRA)	\$ 0	(no cap)
First-Time Homebuyer Program	\$ 0	(no cap)
Single-Family Housing Rehabilitation	\$ 602,783	(no cap)

**TOTAL AVAILABLE FUNDING:**        **\$803,709**

**EMERGENCY SOLUTIONS GRANT PROGRAM**

Emergency Solutions Grant (ESG) program activities place emphasis on moving homeless persons from tentative, unstable living situations to more permanent, stable housing, and self-sufficiency.

These activities fall under six basic funding categories as listed below, pursuant to the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act), enacted into law on May 20, 2009. Each category requires a mandated 100% match for funds expended, except for Administration. To meet this obligation, each agency receiving ESG funds from the City are required to identify the source of its matching funds as part of the application process. The City operated programs provide match through the salaries of non-ESG funded staff that assist in administering the ESG grant. Any amounts funded for Street Outreach, Emergency

Shelter and Administration cannot exceed the statutory caps as regulated by HUD. The categories and suggested funding amounts for FY 2019-20 appear below:

<b>ESG CATEGORY</b>	<b>AMOUNT</b>	<b>CAP</b>
Homeless Prevention	\$0	(No cap)
Street Outreach	\$0	(60% cap)
Emergency Shelter	\$108,769	(60% cap)
Rapid Re-Housing	\$0	(No cap)
HMIS	\$58,916	(No cap)
Administration	\$13,596	(7.5% cap)

**TOTAL AVAILABLE FUNDING:**        **\$181,281**

The City did not solicit a Request for Funding Proposals for Homeless Services using ESG funds for FY 2019-20 because funds will be directed to the City's Hope for Home Services Center. ESG funds will be utilized primarily for shelter operations. The total funding available for ESG activities is \$181,281 (See Attachment 1 - Exhibit B)

### **Preliminary Funding Recommendations**

Preliminary funding recommendations, as submitted by staff (See Exhibit A), are based on priorities as established by prior year funding, Councilmember input, resident survey data and the good standing of agencies as established through annual performance evaluations. Under the direction of the Council, staff is authorized to bring the applications for funding to the City Council for a public hearing on April 1, 2019. The final meeting for adoption of the Annual Action Plan is tentatively scheduled for May 1, 2019, contingent on HUD funding availability. The Annual Action Plan is due by May 17, 2019 or by August 16, 2019, if an extension is required due to pending funding notification.

Prepared by:

Beverly Johnson  
Housing Services Manager

### **ATTACHMENT(S):**

Attachment No. 1 – Resolution No. 2019-40  
Attachment No. 1 – Exhibit “A” –FY 2019-20 CDBG Funding Options  
Attachment No. 1 – Exhibit “B” –FY 2019-20 ESG Funding Options  
Attachment No. 2 – CDBG Formula Allocations  
Attachment No. 3 – CDBG Eligible Areas Map  
Attachment No. 4 – RFP Funding Requests/Eligibility/Performance (Information Binder)  
Attachment No. 5 – 2019-20 Community Needs Survey