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# CITY OF POMONA

## COUNCIL REPORT

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May 6, 2019

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Benita DeFrank, Neighborhood Services Director

**SUBJECT: Adoption of the FY 2019-2020 Annual Action Plan Funding with Recommendations for Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME) and Emergency Solutions Grant (ESG) Programs**

**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, ADOPTING THE FY 2019-2020 ANNUAL ACTION PLAN WITH FUNDING RECOMMENDATIONS FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG), HOME INVESTMENT PARTNERSHIPS (HOME) AND EMERGENCY SOLUTIONS GRANT (ESG) PROGRAMS;**

- 2) Approve final award recommendations for the FY 2019-2020 CDBG Program, as referenced in Exhibit A;
- 3) Approve final award recommendations for the FY 2019-2020 ESG Program, as referenced in Exhibit B;
- 4) Approve awarding \$87,600 in Emergency Solution Grant to Volunteers of America Los Angeles, under the current site operator agreement for the Hope for Home Service Center.
- 5) Approve final award recommendations for the FY 2019-2020 HOME Program;
- 6) Approve the inclusion of funding awards in the Annual Action Plan;
- 7) Adopt the FY 2019-2020 Annual Action Plan (Attachment 5) as amended by item 6 above; and
- 8) Authorize the City Manager to execute appropriate applications and certification documents for the Annual Action Plan for submittal to the U.S. Department of Housing and Urban Development (HUD).

## **EXECUTIVE SUMMARY:**

Annually, the City of Pomona 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 April 15, 2019, HUD informed the City of Pomona of final FY 2019-2020 funding awards for the following Entitlement Programs: CDBG, HOME and ESG funds. The funding levels include: CDBG Program funding at \$2,076,396, HOME Program funding at \$778,285 and ESG Program funding at \$183,894. CDBG Program funding was decreased by approximately 4% and HOME funding was decreased by approximately 3% from the previous year. While there were decreases for CDBG and HOME, the ESG Program received a slight increase of 1%. The total available for entitlement funding is \$3,038,575.

Beginning FY 2019-2020, HUD is requiring cities to use new Low- and Moderate-Income Summary Data (LMISD) to identify CDBG eligible geographic areas. This LMISD is based on the most recent American Community Survey (ACS) estimates and will replace prior LMISD for the purpose of complying with the CDBG National Objective to provide benefit to low- and moderate-income persons on an area basis. As such, CDBG Formula Allocations (Attachment 3) are based on both final CDBG funding awards and new CDBG eligible areas (Attachment 2) according to the percentage of low to moderate-income persons per district.

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 Action Plan funding. The draft Annual Action Plan was available for public review beginning April 1, 2019 through May 1, 2019. A public hearing was held on April 1, 2019 to receive preliminary input on funding recommendations. This is the second meeting required to adopt the Annual Action Plan and approve submission to HUD.

## 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. (Attachment 4)

## Annual Fund Amounts

It is estimated that the following funding amounts will be available for FY 2019-20:

<b>2019-20 ENTITLEMENT ALLOCATIONS &amp; REALLOCATED FUNDS</b>	<b>AMOUNT</b>
Community Development Block Grant (CDBG)	\$2,076,396
HOME Investment Partnership Program (HOME)	\$778,285
Emergency Solutions Grant (ESG)	\$183,894
<b>TOTAL ENTITLEMENT ALLOCATIONS</b>	<b>\$3,038,575</b>
NSP3 Program Income (PI) for Transfer to CDBG PI	\$312,156
CDBG PI	\$45,636
HOME Carryover Funds	\$1,007,208
HOME PI	\$355,223
<b>TOTAL ALL RESOURCES</b>	<b>\$4,758,798</b>

## 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. Based on HUD's mandate to use new Low- and Moderate-Income Summary Data (LMISD) for CDBG eligible geographic areas, the CDBG eligible areas map has been updated to reflect eligible census tracts and block group that meet the 51% low to moderate-income criteria. LMA percentages for each Council District are attached and staff utilized funding percentages for CDBG district allocations (See Attachments 1 - Exhibit A and Attachment 3). 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 2 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	\$ 311,459	(15% cap)
Non-Public Service Activities	\$1,349,657	(No cap)
Administration	\$ 415,279	(20% cap)

**TOTAL ENTITLEMENT FUNDING: \$2,076,396**

### **Citywide**

Based on input from the Community Needs Survey (See Attachment 3) 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. While addressing Homelessness is no longer ranked as the number one overall priority, it is still considered a high priority issue per residents. As such, the fiscal impact of 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. Staff is proposing additional service programs designed to meet high priority needs.

Citywide needs were given a priority in funding recommendations and include:

Code Enforcement	Infrastructure – ADA Path of Travel
Community Oriented Policing Program	Fair Housing Services
Housing Services	Public Service Programs
Homeless Services Programs	Housing Improvement Programs

**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. Eligible agencies and departments are listed on Attachment 1 – Exhibit A: CDBG Funding Options.

**CDBG Program Administration**

A total of \$415,279, or twenty percent 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 percent 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 high priority need this year will be 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.

CATEGORY	AMOUNT
Fair Housing Services	\$ 30,000
Other Public Service Activities	\$ 281,459

**TOTAL ENTITLEMENT FUNDING:                    \$311,459**

### **NSP Program Income (PI) for Transfer to CDBG PI**

During FY 2018-19, the City received approximately \$312,156 in Neighborhood Stabilization Program Income from payments for loans paid off under the program. As the NSP has come to a close, HUD approved the transfer of NSP PI to CDBG PI for use on CDBG eligible activities. In the FY 2019-20 City Operating Budget, twenty percent (\$62,431) was appropriated for Program Administration and 80% (\$249,725) was appropriated for eligible non-public services activities related to the Hope for Home Centralized Services Center in an effort to offset site improvement costs.

### **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 \$11,000 for 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.

CATEGORY	ENTITLEMENT AMOUNTS	CAP	CARRY OVER FUNDS	PROGRAM INCOME
Community Housing Development Organizations	\$ 116,742	(15% cap)	\$203,924	\$0
Administration	\$ 77,828	(10% cap)	\$5,000	\$35,522
Tenant Based Rental Assistance (TBRA)	\$ 0	(no cap)	\$248,284	\$0
First-Time Homebuyer Program	\$ 0	(no cap)	\$300,000	\$0
Single-Family Housing Rehabilitation	\$ 583,715	(no cap)	\$250,000	\$319,701

**TOTAL ENTITLEMENT FUNDING: \$778,285**

#### **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:

ESG CATEGORY	AMOUNT	CAP
Homeless Prevention	\$0	(No cap)
Street Outreach	\$0	(60%cap)
Emergency Shelter	\$110,336	(60% cap)
Rapid Re-Housing	\$0	(No cap)
HMIS	\$59,766	(No cap)
Administration	\$13,792	(7.5% cap)

**TOTAL ENTITLEMENT FUNDING: \$183,894**

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 City will award \$87,600 to Volunteers of America Los Angeles as the site operator of Hope for Home to reserve six crisis beds for exclusive City of Pomona referral. The total funding available for ESG activities is \$183,894 (See Attachment 1 - Exhibit B).

### **Preliminary Funding Recommendations**

Preliminary funding recommendations, as submitted by staff (See Attachment 1 - 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 May 6, 2019. This is the final meeting for adoption of the Annual Action Plan. The Annual Action Plan is due by May 17, 2019.

Prepared by:

Beverly Johnson, Housing Services Manager

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

Attachment No. 1 – Resolution No. 2019-40

Attachment No. 1 – Exhibit “A” - FY 2019-2020 CDBG Funding Options

Attachment No. 1 – Exhibit “B” - FY 2019-2020 ESG Funding Options

Attachment No. 2 – Updated CDBG Eligible Areas Map

Attachment No. 3 – CDBG Formula Allocations

Attachment No. 4 – 2019-20 Community Needs Survey

Attachment No. 5 – FY 2019-2020 Annual Action Plan