



CITY OF POMONA COUNCIL REPORT

April 6, 2020

To: Honorable Mayor and Members of the City Council

From: James Makshanoff, City Manager

Submitted By: Benita DeFrank, Neighborhood Services Director

SUBJECT: Public Hearing Approving the Draft 2020-2021 Annual Action Plan Funding 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. 2020-49 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, APPROVING DRAFT FY 2020-2021 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) 2020-2021 Community Development Block Grant and Emergency Solutions Grant Programs;
- 3) Approve funding recommendations for the FY 2020-2021 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 2020-2021 to meet priority needs. It is due to HUD by May 17, 2020.

FISCAL IMPACT: The total anticipated funding is \$3,111,329. As these are entitlement funds, they are included as revenue estimates, with corresponding expenditures in the FY 2020-2021 Proposed Budget as special funds. .

PUBLIC NOTICING REQUIREMENTS: Notice was published on March 23, 2020, in the Inland Valley Daily Bulletin for the April 6, 2020 and May 4, 2020 Public Hearings.

DISCUSSION:

On February 14, 2020, HUD released formula allocations for the CDBG, HOME and ESG Programs. The City of Pomona will receive the following allocations: CDBG: \$2,077,103; HOME: \$851,778; and ESG: \$182,448. The total anticipated funding is \$3,111,329. The FY 2020-2021 Annual Action Plan provides a 1-year roadmap for spending these funds on activities that benefit low to moderate income persons.

Citizen Participation

To ensure citizen and stakeholder participation in the development of the Action Plan, outreach efforts included mailing informational postcards to over 43,500 households, informing them of community meeting dates and requesting their input via a Community Needs Survey. Surveys were delivered to over thirteen community service centers, available online at the City's website, available at the City Hall Housing counter and available at all Action Plan related community meetings. The Community Needs Survey was available on line beginning October 24, 2019. The final due date for submission of both on-line and paper surveys was January 31, 2020. The FY 2020-2021 Community Needs Survey was distributed in English and Spanish. Survey responses were accepted through January 31, 2020. As a result of outreach efforts, approximately 520 surveys have been received. Survey results are provided in Attachment 5.

Annual Fund Amounts

The City will receive the following entitlement allocations for FY 2020-2021:

2020-2021 ENTITLEMENT ALLOCATIONS & REALLOCATED FUNDS	AMOUNT
Community Development Block Grant (CDBG)	\$2,077,103
HOME Investment Partnership Program (HOME)	\$851,778
Emergency Solutions Grant (ESG)	\$182,448
ENTITLEMENT ALLOCATIONS TOTAL	\$3,111,329

The Annual Action Plan is due to HUD forty-five days prior to the start of the fiscal year or May 17, 2020 for this application cycle. This is a mandatory deadline that must be met in order to receive the Consolidated Plan funding. The draft Annual Action Plan is available for public review beginning April 1, 2020 through May 4, 2020. This public hearing is the first of two meetings required to approve the Annual Action Plan for submission.

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 2020-2021, 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	\$ 311,565	(15% cap)
Non-Public Service Activities	\$1,350,118	(No cap)
Administration	\$ 415,420	(20% cap)

TOTAL AVAILABLE FUNDING: \$2,077,103

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. However, addressing Homelessness is now ranked as the highest priority 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 31 applications for CDBG funds, excluding Administration. All 31 applications were reviewed by the Grants Administration Committee, with one deemed ineligible. A list of the agencies that submitted eligible applications, along with performance information for agencies previously funded, is attached. (See Attachment 4)

CDBG Program Administration

A total of \$415,420, or twenty percent of the total anticipated CDBG funding allocation, is available in FY 2020-2021 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 2020-2021 public service funds, including Federally-mandated Fair Housing Services in the amount of \$20,000 and requested Legal Services in the amount of \$10,000, which are included in the HUD-required 15 percent public services cap.

CATEGORY	AMOUNT
Fair Housing Services	\$ 20,000
Legal Services	\$ 10,000
Other Public Service Activities	\$ 281,565

TOTAL AVAILABLE FUNDING: \$311,565

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 \$13,000 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	AMOUNT	CAP
Community Housing Development Organizations	\$ 127,766	(15% cap)
Administration	\$ 85,177	(10% cap)
Tenant Based Rental Assistance (TBRA)	\$ 0	(no cap)
First-Time Homebuyer Program	\$ 638,835	(no cap)
Single-Family Housing Rehabilitation	\$ 0	(no cap)

TOTAL AVAILABLE FUNDING: **\$851,778**

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

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Shelter and Administration cannot exceed the statutory caps as regulated by HUD. The categories and suggested funding amounts for FY 2020-2021 appear below:

ESG CATEGORY	AMOUNT	CAP
Homeless Prevention	\$0	(No cap)
Street Outreach	\$0	(60%cap)
Emergency Shelter	\$109,468	(60% cap)
Rapid Re-Housing	\$0	(No cap)
HMIS	\$59,297	(No cap)
Administration	\$13,683	(7.5% cap)

TOTAL AVAILABLE FUNDING: \$182,448

The City did not solicit a Request for Funding Proposals for Homeless Services using ESG funds for FY 2020-2021 because funds will be directed to the City's Hope for Home Centralized Services Center. ESG funds will be utilized primarily for shelter operations. The total funding available for ESG activities is \$182,448 (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 6, 2020. The final meeting for adoption of the Annual Action Plan is tentatively scheduled for May 4, 2020. The Annual Action Plan is due by May 17, 2020.

Prepared by:

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Housing Services Manager

ATTACHMENT(S):

Attachment No. 1 – Resolution No. 2020-49
Attachment No. 1 – Exhibit “A” -2020-2021CDBG Funding Options
Attachment No. 1 – Exhibit “B” -2020-2021ESG 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 – 2020-2021 Community Needs Survey