

Lompoc City Council Agenda Item



City Council Meeting Date: May 21, 2013

TO: Laurel M. Barcelona, City Administrator

FROM: Paul M. Swift, Community Development Program Manager
p_swift@ci.lompoc.ca.us

SUBJECT: FY 2013-14 Budgets for the Community Development Block Grant (CDBG), Human Services, and HOME Investment Partnership (HOME) Programs; Adoption of Resolution No. 5843(13)

Recommendation:

Staff recommends City Council:

- 1) Decide on the selection of Capital Improvement Projects under the CDBG Program for FY 2013-14;
- 2) Receive public testimony, direct staff to make any changes, and adopt Resolution No. 5843(13), approving the FY 2013-14 budget for the CDBG, Human Services, and HOME program funds for inclusion in the draft Santa Barbara County HOME Consortium/CDBG Urban County Partnership ("Consortium") Action Plan ("Action Plan") for FY 2013-14, which is scheduled for consideration by the Santa Barbara County Board of Supervisors on June 18, 2013; and
- 3) Authorize the City Administrator or her designee to sign any agreements or certifications that authorize the City to receive these funds.

Background/Discussion:

The Action Plan is prepared by Santa Barbara County on behalf of the Consortium, and includes how the City proposes to use its Federal CDBG and HOME funds. The County has informed Consortium members HUD has yet to provide final CDBG entitlement allocations for FY 2013-14. Lacking a specific allocation, this year's CDBG budget reflects the same allocation amount of \$388,304 received in FY 2012-2013. The City's annual CDBG allocation has decreased 34 percent or \$195,156 between 2005 and 2012, which is consistent with national trends in the reduction of federal entitlement programs. Amounts available for Program Administration and Public (Human) Services have also decreased by 15 percent from FY 2011-2012. The impact of those reductions were addressed in FY 2012-2013 and in this budget, through the use of CDBG program income and Human Service fund donations and reserves, which will be addressed in greater detail later in this staff report.

The City projects to receive an estimated \$169,834 in CDBG program income, \$186,000 in HOME funds, and \$42,994 in Human Services Donations, in addition to the projected FY 2013-14 CDBG grant allocation of \$388,304.

Use of CDBG funds must show at least one of the following three national objectives is being met:

- 1) Benefit “low- and moderate-income persons” as annually defined by HUD,
- 2) Removal of community slum and blight, or
- 3) Meet an urgent community need where other funds are not available, such as addressing conditions resulting from natural disasters.

Below are program objectives for Lumpoc CDBG funds:

- Maintain and upgrade existing low-income affordable housing stock;
- Develop and promote programs that create affordable housing for extremely-low to low-income persons;
- Support rehabilitation of public facilities and affordable housing that incorporate energy-efficiency and conservation-design measures;
- Promote and provide services that prevent discrimination and eliminate barriers to housing;
- Promote and provide services that assist persons with special needs;
- Support public service programs for low- and moderate-income households, including programs for housing and other community development needs;
- Support economic development that creates or retains jobs, including those for low- and moderate-income persons;
- Provide assistance for revitalization and enhancement of low-income neighborhoods and communities by improving their physical character, including streets and sidewalks, parks, and other community improvements;
- Provide assistance to low-income neighborhoods by funding critical community facilities, such as neighborhood centers or libraries;
- Address barriers to providing community services to persons with mobility and other impairments, as promoted under the Americans with Disabilities Act (ADA).

CDBG funds may not replace any City- or State-funded functions. Human Services Donations from Comcast and Lompoc utility customers are restricted for human services activities and are not used for administrative costs. HOME funds may only be used for affordable housing projects, such as housing rehabilitation, acquisition, new construction and rental assistance. All funds must be used for activities which benefit low-income persons. Expenditures that are not in compliance with HUD regulations must be paid back from the City's General Fund.

Community Involvement

Community involvement is an important factor in identifying projects for funding under CDBG and HOME. To meet that objective, the City held a Needs Assessment public hearing on October 29, 2012, in Council Chambers, with a display notice inviting grant proposals published in the Lompoc Record. Notices were also mailed out to over 200 persons and groups whom had requested to be notified when funds were available. A sign-in list and minutes of the meeting are shown as Attachment 4.

Fiscal Impact:

Administration

The amount requested in FY 2013-14 (\$105,853) for Program Administration is a \$1,967 increase over the \$103,886 amount approved in FY 2012-13. Up to 20 percent of projected FY 2013-14 CDBG funds combined with prior year CDBG Program Income (\$161,054) may be used for Program Administration. Staff is recommending Council allocate \$77,661 (20 percent) from projected FY 2013-14 CDBG funds (\$388,304) and \$28,192 (18 percent) from FY 2012-13 CDBG Program Income (\$161,054) be allocated towards FY 2013-14 Program Administration, which includes salaries and supplies.

Contractual Services

Staff is requesting \$5,775 be allocated from FY 2013-14 projected Program Income to fund a fair-housing education and compliance contract with the Legal Aid Foundation of Santa Barbara County.

Capital Projects

The City may use 65 percent (\$252,397) of its projected FY 2013-14 CDBG grant (\$388,304) allocation towards new Capital Projects. 'Capital Projects' include all uses of CDBG funds, such as Code Enforcement, Public Facility (City) and Capital Improvement (Non-City) requests, but excludes General Program Administration and the Human Service Program.

With the reservation of \$118,715 for Code Enforcement activities, a balance of \$113,682 (\$252,397-\$118,715) in projected FY 2013-14 CDBG allocations may be used to fund Capital Projects.

1. Code Enforcement Program

Consistent with past Council direction, the CDBG Code Enforcement Program is budgeted at \$118,715. That amount covers a percentage of staff salaries assigned to Code Enforcement, but does not include the cost of supplies and legal services estimated to cost an additional \$30,000. The Program funds inspections for possible code violations, enforcement activities, and legal proceedings within the low- and moderate-income census tract areas (Attachment 6.2).

2. Public Facility and Capital Improvement Projects

The CDBG Program includes two Public Facility and two Capital Improvement requests, which are summarized in the following chart:

PUBLIC FACILITY PROJECTS (2)

	Project Name	Sponsor	Purpose	Amount
1.	Library Shelving Stabilization	City of Lompoc	Address building code requirement to anchor library shelving.	\$35,879
2.	Lompoc Civic Auditorium	City of Lompoc	To augment funding needed towards project completion (Install permanent sound system). (Please see staff request below)	\$36,488

CAPITAL IMPROVEMENT PROJECTS (2)

1.	Youth Corp Special Projects	Community Action Commission of Santa Barbara (CAC)	Youth will perform a variety of special projects at City Parks that benefit low to moderate income residents.	\$26,315
2.	Emergency Repair Grant Program	Catholic Charities	Emergency repairs to mobile homes/trailers for eligible low-income and/or disabled clients.	\$35,000
TOTAL CAPITAL FUND REQUESTS (4)				\$133,682
TOTAL AVAILABLE TO ALLOCATE FROM PROJECTED CDBG FY 2013-14 FUNDS:				\$133,682

Lompoc Civic Auditorium

Due to higher than anticipated costs for the ADA retrofit of the lobby restrooms, staff is requesting that portion of the project be programmed as a new project to be funded at a later date. Funding requested in the FY 2013-14 budget to offset costs for the installation of the permanent sound system will allow for the remaining work to be completed and the project to be closed out. The lighting system, electrical updates, carpeting, dressing room mirrors, orchestra pit railings, and stage back-drop wall are either completed or in the process of completion. With Council's approval of the requested funding for the sound system installation, this work will commence.

Public Service Programs

1. Housing Rehabilitation Revolving Loan Fund

HUD regulations require CDBG funded code enforcement efforts be accompanied by public or private improvements or services. The Housing Rehabilitation Revolving Loan Fund, coupled with other Action Plan Projects for FY 2013-14, address those regulations. Earmarking up to \$150,000 in available CDBG Program Income Reserves establishes program capacity for Housing Rehabilitation Loans in FY 2013-14. Based on funding availability, qualified applicants can apply for needed housing rehabilitation loans of up to \$50,000 to address life safety and code violations. Loan funds used to make home repairs assist the local economy by benefitting local contractors and suppliers.

2. Economic Development Revolving Loan Fund

Staff is requesting an allocation of \$30,000 in available CDBG Program Income Reserves to establish program capacity for up to \$30,000 in the Economic Development Revolving Loan Fund.

Efforts are currently underway to finalize loan negotiations with Rocket Town Chrysler Dodge Dealership for a \$200,000 Economic Development Revolving Loan to be funded from FY 2012-13 CDBG Program Income Reserves. It is important to note that \$200,000 is the only funding allocation that exists for the Economic Development Revolving Loan Fund Program. The \$30,000 Economic Development Revolving Loan Fund capacity request will serve to earmark funding as it becomes available.

The total requested appropriation from projected FY 2013-14 CDBG Program Income Reserves for Public Service Programs is \$180,000.

Public Service Programs Delivery

Projected CDBG Program Income Reserves of \$56,588 and projected Program Income of \$114,700 are needed to fund \$171,288 in Loan Program Delivery costs in FY 2013-

14. The function of the Loan Administration Program involves the processing of new loan requests and the administration of a portfolio consisting of 37 active Housing Rehabilitation Revolving Loans totaling \$1,032,999. Loan funds which are paid back to the City are recycled into new loans and assist public service agencies with grant funds.

The total requested appropriation from projected FY 2013-14 CDBG Program Income Reserves for Public Service Programs Delivery is \$171,288.

HOME Program Funds

Since HUD has yet to release final allocation amounts for HOME Program funds, the City has not received a final allocation amount from Santa Barbara County. Therefore, staff recommends the Council reserve up to a projected \$186,000 in HOME allocation funds for use at a later time. That will also allow staff to receive final HOME allocation figures from HUD and then process a Notice of Funding Availability (NOFA) by August, and later return to Council with eligible project recommendations.

Human Services Program

The City received 19 applications for a total funding request of nearly \$226,000. The City's Human Services Commission met on March 27, 2013, to formulate its recommendations to Council. Those recommendations are presented in Attachment 6.4.

The City may use up to 15 percent of its projected FY 2013-14 CDBG allocation and CDBG Program Income from the prior year to fund Human Services Programs. Staff recommends up to \$123,000 be allocated towards funding Human Services Programs for FY 2013-14. Allocations will consist of \$58,246 (15 percent) from the projected CDBG allocation of \$388,304; \$19,760 from projected CDBG Program Income of \$168,427; \$2,000 from Human Services Reserves; and a balance of \$42,994 from Human Services Donations. The Human Services Donations amount requested for the Human Services Programs in FY 2013-14 is comprised of a \$25,000 donation from Comcast and \$17,994 in estimated donations from utility customers.

Due to the high demand for non-profit funding and the obvious need to maintain adequate reserves, staff recommends, and the Human Services Commission concurs, only \$2,000 in Human Services Donations funding reserves be allocated in FY 2013-14 towards the Human Services Program.

Conclusion:

Since the City has not received a final allocation amount from Santa Barbara County or any requests for HOME Program funds, staff recommends Council reserve a projected \$186,000 HOME allocation for use at a later time.

The FY 2013-14 projected CDBG grant of \$388,304 is equal to that of FY 2012-13 and approximately 15 percent less than the FY 2011-12 grant of \$455,088. That reduction reflects a continuing trend within the CDBG program as evidenced by the 34 percent reduction experienced by the City in CDBG funds since 2005.

In order to provide necessary levels of service delivery, staff is requesting Council fund the Loan Administration Program by appropriating \$56,588 from projected FY 2013-14 CDBG Program Income Reserves and \$114,700 from projected CDBG program Income. The amount requested for the Loan Administration Program in FY 2013-14 has been increased to \$171,288 from \$151,588 requested in FY 2012-13.

Staff is requesting Council approve the recommended allocations for the Public Facility and Capital Improvement Projects.

Staff also requests Council direct staff to make any changes and adopt Resolution No. 5843(13), approving the FY 2013-14 CDBG, HOME, and Human Services Programs budget.

Paul M. Swift, Community Development Program Manager

APPROVED FOR SUBMITTAL TO THE CITY ADMINISTRATOR:

Teresa Gallavan, Assistant City Administrator / Economic Development Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Laurel M. Barcelona, City Administrator

Attachments: 1) [Resolution No. 5843 \(13\)](#)
2) [Budget Summary Worksheet](#)

- 3) [Public Notice](#)
- 4) [Needs Assessment Minutes and Sign-In Sheet](#)
- 5) [CDBG Census Tract Map](#)
- 6) [Budget Detail:](#)
 - 6.1 [Administration](#)
 - 6.2 [Code Enforcement](#)
 - 6.3 [Housing Rehabilitation/ Economic Development Revolving Loan Fund Program](#)
 - 6.4 [FY 2013-14 Human Services Agencies Funding Requests](#)