TO: Mayor and City Council

FROM: David Harzoff, Director
Revitalization Department

SUBJECT: PUBLIC HEARING: AMENDMENT TO THE 2008-2009 ACTION PLAN FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT RECOVERY PROGRAM

RECOMMENDATION

It is recommended that at the conclusion of the public hearing the City Council adopt a resolution approving an amendment to the 2008-2009 One-Year Action Plan, with any modifications deemed appropriate, for the addition of the Community Development Block Grant Recovery Program and the revision of the Citizen’s Participation Plan, and authorizing the City Manager to execute all documents and forward the Action Plan Amendment to the U.S. Department of Housing and Urban Development and to take appropriate actions to carry out the intent of the resolution.

SUMMARY

In May, 2009, Stockton received notice that it had been given a preliminary allocation of $1,128,456 through the Community Development Block Grant Recovery Program (“Recovery Program”). This program implements one portion of the American Recovery and Reinvestment Act of 2009 (“Recovery Act”). As with prior stimulus funds, to receive the allocation jurisdictions must submit an amendment to their 2008-2009 Action Plan to the U.S. Department of Housing and Urban Development. The amendment for this program is due by June 5, 2009. The amendment recommends funding the following activities:

- Diamond Cove I Townhomes Rehabilitation Project $350,000
- Commercial Facades and/or Rehabilitation Project $150,000
- South Stockton Storm Drainage Project $515,611
- Program Administration $112,845

It is also being recommended that the Citizen Participation Plan for the Community Development Block Grant, HOME Investment Partnerships, and Emergency Shelter Grant programs be amended to use the Council Housing Committee as the reviewing body in place of the Community Development Committee.
PUBLIC HEARING: AMENDMENT TO THE 2008-2009 ACTION PLAN

(Page 2)

DISCUSSION

Background

Community Development Block Grant Recovery Program

On May 5, 2009, Stockton received notice from the U.S. Department of Housing and Urban Development that it had been given a preliminary allocation of $1,128,456 through the Community Development Block Grant Recovery Program. This program was developed to implement one portion of the American Recovery and Reinvestment Act of 2009 ("Recovery Act"). The Recovery Act provided $1 billion in Community Development Block Grant Recovery (CDBG-R) funds for communities to carry out, on an expedited basis, activities eligible under the Community Development Block Grant program. The U.S. Department of Housing and Urban Development allocated the funds based on the same formula used for the regular Community Development Block Grant program. The formula considers a jurisdiction’s population, poverty rate, percentage of overcrowded housing units, and the age of the housing.

As required for prior stimulus funds, to receive an allocation of Recovery Program funds, jurisdictions must submit an amendment to their 2008-2009 Action Plan to the U.S. Department of Housing and Urban Development. The amendment must be submitted by June 5, 2009. The City’s annual Action Plan identifies how federal funds, including Community Development Block Grant, HOME Investment Partnerships, and Emergency Shelter Grant funds will be used to meet the priority needs and specific objectives that are identified in the City’s 2005-2010 Consolidated Plan.

While grantees may use the Community Development Block Grant Recovery funds for all activities eligible under the regular Block Grant program, Congress intends the Recovery Program funds to be used primarily for economic development, housing, infrastructure, and other public facility activities that will quickly spur further economic investment, increased energy efficiency, or assist those most impacted by the recession. The U.S. Department of Housing and Urban Development is encouraging the use of funds for hard development costs and for projects that can award contracts within 120 days from the date the funds are made available to the grantee.

The program requires that all iron, steel, and manufactured goods used in construction, rehabilitation, or maintenance of a public building or a public works project be produced in the United States unless a specific exception is approved by the U.S. Department of Housing and Urban Development.

Grantees must spend the Recovery Program funds by September 30, 2012. Ten percent of a jurisdiction’s allocation may be used for eligible planning and general administration activities over the three year duration of the program.
PUBLIC HEARING: AMENDMENT TO THE 2008-2009 ACTION PLAN

(Please 3)

Citizen’s Participation Plan

In 1995 the City of Stockton adopted the “Citizen’s Participation Plan for the Development of a Consolidated Housing and Community Development Block Grant Program, Home Investment Partnerships Program and Emergency Shelter Grant Program.” The plan, which is required by the U.S. Department of Housing and Urban Development, establishes a local process for citizens who are likely to be affected by proposed community development and housing activities to participate in the planning, implementation, and evaluation of the programs. To provide a mechanism for citizen input from all portions of the community, the current Plan established a Council-appointed citizen’s committee. The Committee, called the Community Development Committee, provides recommendations to the City Council on funding for the above programs and reviews the City’s annual performance evaluation report.

In 2003, the City Council established an Affordable Housing Ad-Hoc Committee. In 2006, the Ad-Hoc Committee was re-established as a Special Committee and in 2007 the Special Committee became a standing committee of the City Council. Among the topics the Housing Committee is to discuss are how to address the housing needs of our diverse community and the development of affordable housing programs. Because the housing programs being discussed by the Housing Committee are funded in part by the programs being reviewed by the Community Development Committee, there is duplication in the areas the two committees are addressing. Revitalization staff is currently preparing information for both committees and staffing the meetings, often taking the same items to both committees.

Present Situation

Community Development Block Grant Recovery Program

As required, the City is preparing an Action Plan Amendment for the Community Development Block Grant Recovery Program. The amendment must describe the activities that the jurisdiction will undertake with the funds and how the proposed use of the funds meets the requirements of the Recovery Act. The following are the activities proposed for funding under the Community Development Block Grant Recovery program:

- **Diamond Cove I Townhomes Rehabilitation Project** $350,000

Visionary Home Builders has requested funding to install a vapor barrier to prevent additional water damage, replace damaged siding and windows, and repaint the exterior of the 60-unit complex located on Carrington Circle. In 1999, the City loaned Visionary $1.4 million for the acquisition and rehabilitation of the complex. Since that time, the building has sustained significant dry rot damage on the exterior.
PUBLIC HEARING: AMENDMENT TO THE 2008-2009 ACTION PLAN

Visionary is in the process of obtaining bids for the necessary work and will be able to begin the rehabilitation as soon as the City receives the funds.

- **Commercial Facades and/or Rehabilitation Project**
  - $150,000

  In the past, the City has allocated Community Development Block Grant funds to the Façade Program. Through this program, the City offers forgivable loans to enhance the exterior of commercial properties and to promote the creation and retention of jobs. In previous years, up to $300,000 of Block Grant funds have been allocated to the Façade Program. However, since a significant portion of the Block Grant funds are now going to debt repayment, the allocation to the Façade Program in the 2009-10 fiscal year was only $90,000. These Recovery Funds will supplement this prior allocation and allow additional businesses to receive assistance.

- **South Stockton Storm Drainage Project**
  - $515,611

  During the preliminary design review for an affordable housing project in South Stockton, the City’s Municipal Utilities staff determined that the existing Somerset-Flemons Storm Drainage Pump Station, constructed in the early 1970’s, is undersized to accommodate both existing development and proposed future development within the watershed area at the level of service required by City standards. The watershed area shown on Exhibit “A” is bounded on the south by the Biegalie Drain, on the east by State Highway 99, on the northeast by Farmington Road, and the Montclair Terrace subdivision on the northwest. The watershed area extends west to the Hamilton Jr. High and Monroe Elementary schools, but does not include these properties.

  To identify needed improvements, the Somerset-Flemons Master Storm Drainage Plan was prepared and adopted by the Council in July 2008. The improvements identified in the Master Plan would serve approximately 110 currently undeveloped acres, including two affordable housing projects. These Recovery Program funds will be combined with funds available from the Municipal Utilities District to upgrade the pump station, construct a detention basin, install storm drain lines and relocate a portable school building which is located at the site where the detention basin will be constructed.

- **Program Administration**
  - $112,845

  The Recovery Program allows a jurisdiction to use up to ten percent of its allocation for administration over the three year term of the program. In addition to covering the staff costs associated with administering the program, these funds will be used to pay the cost of documenting compliance with the prevailing wage requirements. If funds are not needed, they will be moved to other activities.

Citizen’s Participation Plan
PUBLIC HEARING: AMENDMENT TO THE 2008-2009 ACTION PLAN

(Page 5)

In an effort to streamline the public review process and reduce staff and material costs, it is being recommended that the Citizen’s Public Participation Plan be revised to use the Housing Committee as the reviewing body for the Community Development Block Grant, HOME Investment Partnerships, and the Emergency Shelter Grant programs in place of the Community Development Committee. The requirements for public meetings and involvement, public notices and out-reach into the community remain in place. The use of the City’s website to disseminate information to the public regarding the use of funds has also been included in the revised Plan.

Citizen Participation Process

The U.S. Department of Housing and Urban Development requires the public to have an opportunity to review and comment on proposed amendments to the Action Plan. In compliance with these requirements, a notice of the proposed amendment, including the public hearing date, was printed in The Record and posted on the Revitalization Department’s website on May 25, 2009. This notice started a seven-day public review and comment period. At the time of the preparation of this staff report, no comments on the amendment had been received.

FINANCIAL SUMMARY

The Action Plan Amendment includes an estimated appropriation for the Community Development Block Grant Recovery Program in the amount of $1,128,456 which will be added to the Revitalization Department’s 2009-10 budget. This appropriation is dependent upon the receipt of anticipated funds from the U.S. Department of Housing and Urban Development and may vary based upon actual funding received from the federal government.

Respectfully submitted,

DAVID HARZOFF, DIRECTOR
REVITALIZATION DEPARTMENT

DH:LI:myb

APPROVED BY

J. GORDON PALMER, JR.
CITY MANAGER
Resolution No. __________

STOCKTON CITY COUNCIL


Title XII of Division A of the American Recovery and Reinvestment Act of 2009 appropriated funds for the Community Development Block Grant Recovery ("CDBG-R") Program for communities to carry out, on an expedited basis, eligible activities under the Community Development Block Grant ("CDBG") Program; and

The U.S. Department of Housing and Urban Development ("HUD") established the guidelines for implementation of the CDBG-R Program and determined that each grantee eligible to receive funds already receives an annual Community Development Block Grant allocation and therefore has a Consolidated Plan, an annual action plan, and a citizen participation plan. The Consolidated Plans already discuss the needs related to the major HUD grant programs and the annual action plan describes the activities budgeted under each of these annual programs. HUD has therefore determined that a grantee's use of its CDBG-R Program grant is a substantial amendment to its current approved annual action plan; and

In compliance with 24 CFR, Parts 91, 92, 570, 574, 576 and 968, which address the Consolidated Plan Submission for Community Planning and Development Programs, the City prepared a Citizen's Participation Plan and a Consolidated Plan for CDBG, HOME and ESG Programs; and

Each year the City prepares a One-Year Action Plan, which updates the Consolidated Plan; and

The 2008-2009 One Year Action Plan was approved by the City Council on April 29, 2008, and subsequently approved by HUD on June 18, 2008; and

On May 25, 2009, a public notice of the proposed amendment to the 2008-2009 One-Year Action Plan was published in *The Record*, the local newspaper of general circulation and posted on the City's website, thereby beginning a seven-day period for citizens to review and comment on the draft amendment; and

On June 2, 2009, the City Council held a public hearing, during which: (1) staff presented an overview of the proposed amendment to the 2008-2009 One-Year Action

City Atty:
Review
Date May 27, 2009

165
Plan, and (2) citizens were provided an opportunity to comment, and all persons requesting to be heard were heard and their comments considered; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The City Council hereby approves the amendment to the 2008-2009 One-Year Action Plan and all related documents, all of which are on file with the Office of the City Clerk and the Revitalization Department.

2. The City Manager is authorized to take other actions as are appropriate to carry out the purpose and intent of this resolution, including furnishing such additional documentation as may be required by HUD and the execution of any related documents.

PASSED, APPROVED AND ADOPTED__________________________.

______________________________
ANN JOHNSTON, Mayor
of the City of Stockton

ATTEST:

______________________________
KATHERINE GONG MEISSNER
City Clerk of the City of Stockton