



City of Carson Report to Mayor and City Council

December 18, 2012
New Business Discussion

SUBJECT: CONSIDER REVISED GUIDELINES FOR COMMUNITY DEVELOPMENT BLOCK GRANT FUNDING REQUESTS

Submitted by Clifford W. Graves
Director of Community Development

Approved by David C. Biggs
City Manager

I. SUMMARY

Staff is preparing to solicit requests for Community Development Block Grant (CDBG) funding for the 2013/14 program year. Given the near certainty that the City will again receive a reduced CDBG allocation, and a multiplicity of citywide needs that could qualify for this funding source, staff recommends revised guidelines for consideration of these funding requests.

II. RECOMMENDATION

TAKE the following actions:

1. ADOPT the recommended policy guidelines for Community Development Block Grant funding requests.
2. DIRECT staff and the Citywide Advisory Commission to apply these guidelines to the review, evaluation, and recommendation of requests for funding.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

The City of Carson has received CDBG funding from the U. S. Department of Housing and Urban Development (HUD) each year since the program was authorized by the Housing and Community Development Act of 1974. The City receives this funding directly from HUD due to its status as an "entitlement" community (having a population above 50,000, and meeting a number of other criteria based on the proportion of low- and moderate-income residents). CDBG funds can be used to support a variety of services aimed at improving the quality of life for residents in urban communities, particularly persons of low and moderate income.

CDBG regulations govern the manner in which grantee jurisdictions can allocate funds to particular purposes. No more than 20% of the annual entitlement allocation can be used for administrative purposes, and no more than 15% can be

used for public services (the community services provided each year by several local non-profit human and social service providers). Carson has each year budgeted up to these limits, reserving the remaining 65% for eligible brick-and-mortar projects. In Carson, this 65% has been used primarily to fund the City's residential and commercial rehabilitation programs, but occasionally CDBG funds have been used to fund public facilities and improvements such as park and recreation facilities (for example, the Dominguez Park pool project) and street, curb, and gutter improvements in eligible target areas.

As can be seen in Exhibit No. 1, the City's CDBG entitlement allocation, though fluctuating somewhat from year-to-year, has declined over the past five program years (accentuated by a reduction of nearly 30% from the previous year to the current year). With this decline in funding, the application of the 20% cap on administration and the 15% cap on public services has resulted in a diminished ability to recover the cost of administering the CDBG program from CDBG funds, and the diminished ability to provide support to the community non-profit human and social service providers.

City Council has over the years adopted and modified a set of policy guidelines for staff and the Citywide Advisory Commission to apply in their respective review of requests for funding (Exhibit No. 2). The most recent of these modifications was adopted on January 17, 2012.

Given the competing interests and demands for CDBG funding, staff recommends additional guidelines (Exhibit No. 3), which would accomplish the following:

Fair Housing

CDBG regulations mandate that grantee jurisdictions ensure fair housing opportunities within their communities. To meet this requirement, the City has contracted with a qualified provider (currently the Los Angeles-based Housing Rights Center) to administer a fair housing program. As is permitted by CDBG regulations, the City has historically included the cost of providing fair housing services (\$32,240.00 in the current program year) within the 20% cap for administrative costs. However, under another section of the CDBG regulations, fair housing is included among the services that are eligible for inclusion within the 15% public services cap, and a number of jurisdictions do so. It is recommended that for program year 2013-14 and beyond, fair housing services be shifted from the administration to the public services section of the budget so as to enable the City to recoup a greater portion of its cost of CDBG administration from CDBG funds. This would save a minimum of \$32,000.00 in General Fund costs for CDBG administration. This recommendation would correspondingly reduce the available funding for other public services (which in

the current program year is \$105,241.00). As a consequence, under the existing policy guidelines setting a minimum allocation for each approved public service program of \$10,000.00 (which staff recommends be kept intact), the policy guideline directing staff and the Citywide Advisory Commission to recommend no more than seven such programs for funding may need to be revised to no more than five such programs.

Neighborhood Assistance

Though Council's existing policy guidelines are limited to the public services portion of the CDBG allocation, staff recommends the adoption of guidelines enabling a portion of the annual CDBG allocation to be applied to eligible services in a neighborhood in need of intensive services. This would enable the City to utilize CDBG funds to address conditions in Scottsdale, and similar conditions could also be addressed in other areas of the city, provided that areas designated for that assistance have a majority of low- and moderate-income residents. Examples might include targeted housing rehabilitation, preservation, and intensified code enforcement activities. The City's existing Neighborhood Pride Program (NPP) is an example of such an eligible rehabilitation and preservation activity. NPP program guidelines would have to be modified to include condominiums and townhomes among the housing types served by the program. The NPP is currently limited to single-family homes and mobilehomes.

Public Services

The City has historically made the 15% (maximum) of the CDBG funds permitted to be used for public services available to a variety of non-profit service providers. Existing records do not indicate that a neighborhood or homeowners' association has ever received, or for that matter applied for, such funding, though it does not appear that a non-profit neighborhood or homeowners' association would be precluded from receiving such funding. To clarify this issue, staff is recommending the adoption of a policy guideline providing that a non-profit neighborhood or homeowners' association may indeed receive consideration for eligible public services in its designated service area.

V. FISCAL IMPACT

The specific fiscal impact of the recommended actions cannot yet be determined, as there has been no indication yet what the City's CDBG allocation is likely to be in program year 2013-14.

VI. EXHIBITS

1. City of Carson – CDBG Entitlement Allocation, Past Five Program Years.
(pg. 5)
2. Existing Policy Guidelines for Considering Requests for CDBG Funding.
(pg. 6)
3. Recommended New CDBG Funding Guidelines. (pg. 7)

Prepared by: Keith Bennett

TO:Rev09-04-2012

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Public Works
Community Development	Community Services

Action taken by City Council	
Date _____	Action _____

City of Carson – CDBG Entitlement Allocation
Past Five Program Years

Program Year	Entitlement Allocation	≤ 20 % for Administration	≤ 15% for Public Services
2008-09	\$1,094,743	\$ 218,948	\$ 164,211
2009-10	\$1,103,520	\$ 220,704	\$ 165,528
2010-11	\$1,190,528	\$ 238,105	\$ 178,579
2011-12	\$ 993,792	\$ 198,759	\$ 149,069
2012-13	\$ 701,609	\$ 140,322	\$ 105,241

EXISTING POLICY GUIDELINES FOR CONSIDERING REQUEST FOR
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING

JANUARY 17, 2012

1. Programs with less than satisfactory program monitoring results, but with ten (10) or more years of funding history will be given two years to correct identified deficiencies before being denied the opportunity to apply for or receive funding.
2. Applicants must receive a minimum score of 70% to advance to the Citywide Advisory Commission for funding recommendations.
3. The minimum annual grant amount for CDBG funding is increased to \$10,000.00. However, "startup" organizations or programs will not be considered eligible for funding. "Startup" is defined as a program that has an operational history of less than two years, regardless of the length of time the organization proposing to operate the program has been in existence.
4. Applications for funding shall be compared for administrative versus direct client service costs and collaboration with other entities in providing services.
5. The number of programs awarded CDBG funding shall not be more than a maximum of seven (7) per program year.
6. Programs that have been funded for ten (10) years or more may receive a maximum of ten (10) bonus points.
7. Applicants must attend one of two pre-application workshops in order for applications for funding to be accepted.



POLICY GUIDELINES FOR CONSIDERING REQUEST FOR
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING

RECOMMENDED

1. Programs with less than satisfactory program monitoring results, but with ten (10) or more years of funding history will be given two years to correct identified deficiencies before being denied the opportunity to apply for or receive funding.
2. Applicants must receive a minimum score of 70% to advance to the Citywide Advisory Commission for funding recommendations.
3. The minimum annual grant amount for CDBG funding is increased to \$10,000.00. However, "startup" organizations or programs will not be considered eligible for funding. "Startup" is defined as a program that has an operational history of less than two years, regardless of the length of time the organization proposing to operate the program has been in existence.
4. Applications for funding shall be compared for administrative versus direct client service costs and collaboration with other entities in providing services.
5. **The required fair housing services program shall be funded from the maximum 15% of the CDBG allocation permitted to be used for public services.*
6. **In addition to the required fair housing services program, the number of programs funded from the maximum 15% of CDBG allocation permitted to be used for public services shall be limited to no more than five per program year.*
7. **A portion of the annual CDBG allocation (aside from the maximum 20% permitted to be used for administration and the maximum 15% permitted to be used for public services) shall be reserved for CDBG-eligible services in an area or areas of the City identified as being in need of intensive services.*
8. **Neighborhood and/or homeowners' associations having non-profit status shall receive consideration for funding for eligible services from the maximum 15% of the CDBG allocation permitted to be used for public services.*
9. Programs that have been funded for ten (10) years or more may receive a maximum of ten (10) bonus points.
10. Applicants must attend one of two pre-application workshops in order for applications for funding to be accepted.

* Recommended revisions