

PORT ST. LUCIE CITY COUNCIL

Agenda Item Request

**MEETING:** CITY COUNCIL Regular  X  Special

**DATE:** JUNE 25, 2012 REGULAR COUNCIL MEETING

Public Hearing  X  Ordinance   Resolution   Motion

**ITEM:** Public hearing on allocation of \$755,777 in 2012/2013 Community Development Block Grant (CDBG) funding and public review of the Action Plan.

**RECOMMENDED ACTION:** Open the public hearing for comments. At the close of the public hearing staff recommends a motion for approval of the following allocations and the 2012/13 Action Plan.

Recommended for Funding

Recommended	Department	Activity
\$271,008	Community Services	Rehab nine (9) houses
\$149,915	Engineering	Chartwell/Tunis sidewalks & ADA improvements - connect Villa Seton with Darwin Square shopping center
\$163,699	Engineering	Village Green sidewalks & ADA improvements - connect Spanish Lakes Golf Village to existing sidewalk on Walton Road
20,000	Police	Upgrade flooring in PAL's youth building
\$604,622		Total

To address the recurring timeliness issues associated with utilizing annual CDBG funding the following alternate projects are recommended to be pursued if the projects approved by Council do not move forward in a timely fashion or if a portion of the funding remains after the project is completed:

- Additional funding for Repair/Rehabilitation of low to moderate income homes;
- Additional funding for Parks & Recreation scholarship programs; and/or
- Additional ADA retrofits and/or upgrade or replacement of infrastructure in low/moderate income neighborhoods.

**EXHIBITS:** 2012-2013 Draft Action Plan Executive Summary and Memo

SUMMARY EXPLANATION/BACKGROUND INFORMATION: This is a required public hearing for the 2012/13 CDBG allocation of funding for inclusion in the 2012/13 Action Plan. The Action Plan is due to HUD by August 15, 2012.

IF PRESENTATION IS TO BE MADE, HOW MUCH TIME WILL BE REQUIRED?

SUBMITTING DEPARTMENT: Community Services

DATE: 6/15/11

# MEMORANDUM

**To:** Gregory J. Oravec, City Manager

**From:** Pat Selmer, Acting Director of Community Services

**Subject:** Public Hearing for Community Development Block Grant (CDBG) Funding Allocation and Action Plan for 2012-2013



**RECEIVED**

**JUN 13 2012**

**Date:** June 15, 2012

City Manager's Office

The department would like to hold a public hearing for 2012-2013 Community Development Block Grant (CDBG) allocations on June 25, 2012 at 7:00 pm during a regularly scheduled City Council meeting.

The City will receive \$755,777 in Community Development Block Grant (CDBG) funds for the 2012/2013 program year which runs from October 1, 2012 through September 30, 2013. The CDBG program provides federal funds for projects and programs that will improve the physical, economic and social conditions of the community. In general, eligible projects must benefit low and moderate-income persons, address an urgent need or address slum and blight. Eligible activity categories include public facilities, public services, housing, and community and economic development.

The Community Services Department solicited requests for eligible projects from city departments and analyzed those requests. All of the projects were eligible and worthwhile; however, not all could be funded this year. Therefore, of the \$755,777 CDBG allocation the following is recommended for the 2012-2013 Action Plan: \$151,155 to be reserved for administration and the remaining \$604,622 to be allocated for projects as follows:

Recommended for Funding		
Recommended	Requested	Department/ Activity
\$271,008	\$300,000	Community Services - Rehab nine (9) houses
\$149,915	\$149,915	Engineering - Chartwell/Tunis sidewalks & ADA improvements - connect Villa Seton with Darwin Square shopping center
\$163,699	\$163,699	Engineering - Village Green sidewalks & ADA improvements - connect Spanish Lakes Golf Village to existing sidewalk on Walton Road
\$20,000	\$20,000	Police - Upgrade flooring in PAL's youth building
\$604,622	<b>Total Recommended for Funding</b>	

The following requests are not recommended for funding in 2012-13:

Not Recommended for Funding		
Recommended	Requested	Department/ Activity
0	\$500,000	Utilities - Upgrade two (2) aging wastewater lift stations in Spanish Lakes Golf Village
0	\$23,500	Parks & Recreation - Provide recreational scholarships for low income youth
0	\$200,000	Engineering - Improvements to H10 drainage to mitigate flooding

To address the recurring timeliness issues associated with utilizing annual CDBG funding the following alternate projects are recommended to be pursued if the projects approved by Council do not move forward in a timely fashion or if a portion of the funding remains after the project is completed:

- Additional funding for Repair/Rehabilitation of low to moderate income homes;
- Funding for Parks & Recreation scholarship programs; and/or
- Additional ADA retrofits and/or upgrade or replacement of infrastructure in low/moderate income neighborhoods.

I would use this memo and attachments explaining the recommended projects as backup for the Council agenda if you approve. Please let me know if you have any questions or concerns regarding the recommendations.



# Second Program Year Action Plan

The CPMP Second Annual Action Plan includes the SF 424 and Narrative Responses to Action Plan questions that CDBG, HOME, HOPWA, and ESG grantees must respond to each year in order to be compliant with the Consolidated Planning Regulations.

## Narrative Responses

### GENERAL

#### Executive Summary

The Executive Summary is required. Include the objectives and outcomes identified in the plan and an evaluation of past performance.

#### Program Year 2 Action Plan Executive Summary:

The City of Port St. Lucie is a 115 square mile community located in southern St. Lucie County. Port St. Lucie was a rapidly growing community for a number of years, until the housing bubble of 2008. In 1970 we had 331 permanent residents; we have over 166,041 as of April 2011. General Development Corporation originally developed the City as a retirement community with 80,000 individual platted residential lots. No consideration was given to industrial or commercial land use for job creation and economic stability; little consideration was given to infrastructure.

The City, therefore, has set its funding priorities based upon a need to stimulate economic development while also improving the health and safety of its residents. We have annexed commercial/industrial land to the West and South of our existing borders, planning to add new infrastructure as the land is developed. We are rebuilding and/or improving some of the older or inadequate infrastructure that is failing as funds are made available for the projects. Emphasis continues to be placed on public infrastructure.

Affordable housing has also been a very important focus for the City. The gap between the lowest home prices or monthly rental amounts and the lower income citizen's ability to afford the home has narrowed for those who have been able to retain their jobs. But many of those households have not been able to save for down payment and closing costs or first and last month's rent; they still need assistance to get into a home. Others have lost the earnings from one or more jobs that were contributing to household income. For this reason, efforts to provide housing will continue to be one of the City's priorities.

Current low-income homeowners also have maintenance and home repair issues because they often do not have the extra funds needed to keep their homes in good repair. The City has focused on those

households for a number of years, providing funding for repair/rehab and hazard mitigation. Special needs retrofits are also made available with our repair programs.

The City of Port St. Lucie receives federal funds each year through the Community Development Block Grant (CDBG) program. The City also has been receiving funding from the State Housing Initiatives Partnership (SHIP) affordable housing program, which has been used in concert with the federal funds. That funding was restricted for the 2009/2010 fiscal year (July 1, 2009 to June 30, 2010) and provided funds for tax credit advances only. Funding for 2011/2012 was limited to \$200,000. Funding for 2012/2013 is not expected. The City has received an allocation of federal funds through the Neighborhood Stabilization Program 1 (NSP1) of \$13,523,132. This funding has been used to purchase and repair foreclosed properties, so that we can improve neighborhoods and assist low to middle income households to purchase these homes. Twenty-five percent of the funds (\$3,380,783) will be utilized to assist households at 50% of median income or less to purchase a home. The remaining funding may be used for moderate and middle-income clients. The City was awarded NSP3 funding of \$3,515,509. That funding will also be used to purchase foreclosed single family homes, repair those homes and provide purchase assistance for low to middle income eligible clients to purchase those homes. Other grant funding, when available, is utilized by the City of Port St. Lucie to leverage federal and state funds or to provide for activities not covered by CDBG, SHIP or NSP1 and 3.

A public hearing will be held on June 25, 2012 to seek community input on housing and community development needs and to allocate 2012/2013 funding. The Draft Plan will also be advertised and will be made available for public review during a thirty-day comment period beginning on July 2, 2012 through August 1, 2012.

There were no other comments received from the public and no written comments were submitted.  Responses to comments are attached to the Action Plan. If applicable, a summary of comments not accepted and the reasons they were not accepted is also included.

### **ACTION PLAN OBJECTIVES FOR 2012/2013:**

In accordance with the City's 2011-2016 Consolidated Plan, the City has established the following objectives:

#### **Objective One: Provide a suitable living environment**

Community development activities intended to meet this objective are as follows:

1. Community self-investment in low/moderate income areas
2. Facilities/services to address public infrastructure needs
3. Facilities/services for seniors, children and persons with special needs
4. Expanded economic opportunities through use of grant funding

## **Objective Two: Provide decent housing**

Housing and homeless activities intended to meet this objective are as follows:

5. Housing revitalization for low-moderate income homeowners.
6. High-quality affordable housing
7. Housing purchase and/or repair assistance
8. Services/housing for the homeless

After consulting with our public/private partners, the City will establish specific priorities for allocating its funding each year. As indicated above, the City places its highest priorities on the physical revitalization of its older infrastructure in low-income neighborhoods and self-investment in low/moderate income areas. These activities include physical improvements such as roads, storm drainage, water & sewer, and sidewalks; public facilities such as parks, recreation areas, senior centers, community centers and public safety facilities.

High priorities are also given to helping low income home-owners maintain their homes and helping low-income renters achieve homeownership. This will be accomplished through a variety of mechanisms including housing rehabilitation, and principal reduction/closing cost assistance in conjunction with the Neighborhood Stabilization Program. The City's SHIP housing assistance program has no funding remaining for repair/rehab activities. Therefore, CDBG funding is being utilized to complete housing repairs/rehab for low and moderate income homeowners. The Neighborhood Stabilization Program (NSP) is allowing the City to purchase foreclosed homes, rehab them, and sell them with home purchase assistance to low to middle income households.

The City has given the Non-Homeless Persons with Special Needs a medium priority and plans no major activities in this area.

**In order to accomplish the City's overall goals/objectives, the following Specific Annual Objectives, Outcomes and Output Indicators are planned for FY 2012/2013:**

**OBJECTIVE AND OUTCOME ONE:** The city intends to **create a suitable living environment** by improving accessibility to a number of community development facilities as follows:

### **SPECIFIC COMMUNITY DEVELOPMENT OBJECTIVES, OUTCOMES AND OUTPUT INDICATORS**

**1. CDBG ENTITLEMENT FUNDING (Administered by HUD – federal):** CDBG funding for 2012/2013 fiscal year in the amount of \$755,777 has been allocated to community development, housing and administrative activities. Administrative funding totals \$151,155; CDBG project funding for 2012/2013 totals \$604,622.

Funding allocated for housing is outlined in the "Affordable Housing" section below; funding for community development projects is allocated as follows:

CDBG funding for the 2012/2013 fiscal year for community development was approved to be utilized as follows:

Strategy/ Activity	Description	Output Indicator	
		Units	Amount
Construct new sidewalk in low/moderate income neighborhood	Design and construct Chartwell/Tunis sidewalk and ADA improvements - connect Villa Seton with Darwin Square shopping center (2104/3)	1	\$149,915
Construct new sidewalk in low/moderate income neighborhood	Design and construct Village Green sidewalk and ADA improvements - connect Spanish Lakes Golf Village to existing sidewalk on Walton Road (1603/2)	1	\$163,699
Upgrade flooring	Improvements to floor in PAL youth building	1	\$20,000
<b>TOTAL</b>			<b>\$333,614</b>

To address the recurring timeliness issues associated with utilizing annual CDBG funding the following alternate projects are also approved to be completed if the projects (shown above) do not move forward in a timely fashion or if a portion of the funding remains after the projects are completed:

**Alternative Projects:**

- Additional funding for Repair/Rehabilitation of low to moderate income homes;
- Funding for Parks & Recreation scholarship programs; and/or
- Additional ADA retrofits and/or upgrade or replacement of infrastructure in low/moderate income neighborhoods.

**2. CDBG DISASTER FUNDING (Administered by Florida Department of Community Affairs – Federal)** Port St. Lucie received \$3 million in Tropical Storm Fay funding which is intended to be expended on the following projects:

Strategy/Activity	Description	Output Indicator	
		Units	Amount
Hogpen Slough H-16 Canal	Upgrade of H-60 control structure and associated flood mitigation and drainage improvements. Tract 1603 Block Group 3.	1 Facility	\$412,293
D-9 Canal improvements	Drainage improvements and flood mitigation. Tract 2005, Block Group 1	1 Facility	\$1,572,814

**OBJECTIVE AND OUTCOME TWO:** The City’s affordable housing goals have been focused on helping low income households purchase homes and/or maintain their current primary residences through repair-rehab or hazard mitigation activities. In the past, the City has utilized State Housing Initiatives Partnership (SHIP) and Hurricane Housing Recovery (HHR) funding to furnish home purchase assistance, repair-rehab and hazard mitigation funding for low to moderate income residents. HHR funding terminated on June 30, 2009; remaining funds were transferred to SHIP. In addition, SHIP funding for 2011/2012 is limited to expenditure of program income, as new funding for the program was suspended.

Because of the absence of additional moneys from SHIP and HHR, and a waiting list for repair/rehab the City began using CDBG funds for repair-rehab of low to moderate income homes

in 2009. Table 3B attached shows the Annual Affordable Housing Completion Goals set for the 2012/2013 fiscal year with the funding allotted.

**Affordable Housing:** The City intends to **provide decent housing** by improving affordability through the following housing programs:

**1. CDBG YEARLY ENTITLEMENT FUNDING-Housing (Administered by HUD – Federal): Allocations for 2012/2013 are outlined above.**

Funding for housing activities will be utilized as follows:

Strategy/ Activity	Description	Output Indicator	
		Units	Amount
Repair/ rehab of existing homes	Repair/rehabilitation of approximately 9 homes for low to moderate income homeowners selected from existing newly established waiting list. (See Repair/Rehab Strategy attached)	9 households	\$271,008

**2. STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) PROGRAM YEARLY ENTITLEMENT ALLOCATION (Administered by Florida Housing Finance Corporation - State):**

The State has suspended SHIP funding for 2012/2013 but the City will have approximately \$54,000 from program income. Units being funded will be counted as completed in 2011/2012 as follows:

Strategy/Activity	Output Indicator	
	Units	Amount
Repair/Rehab –for low-mod	2	\$54,000

**3. NEIGHBORHOOD STABILIZATION PROGRAM [NSP] (Administered by HUD – Federal)**

HUD allocated \$13,523,132 in NSP1 funding to the City of Port St. Lucie for purchasing, rehabbing and reselling foreclosed homes for low to middle income households with \$1,352,313 available for program administration. HUD allocated an additional \$3,515,509 in NSP3 funding with \$351,550 reserved for project administration. Project funding is expected to be utilized as follows in the coming year:

Strategy/Activity	Output Indicator	
	Units	Amount
Acquisition, rehab, homebuyer assistance for eligible applicants and reconstruction of demolished homes and resale or rental to eligible clients.	52	\$4,000,000

When houses are sold to eligible homebuyers a portion of the funding will come back to the program and will be used to reconstruct, or purchase, rehab and sell to other eligible households.

## **EVALUATION OF PAST PERFORMANCE:**

The City of Port St. Lucie has used a large portion of its CDBG funding for infrastructure, a top priority, for many years. The City has planned many of its CDBG projects to mitigate flooding and add sidewalks; these projects were always located in low income areas that needed these improvements to create a suitable living environment for the local residents. CDBG disaster funding has also provided major assistance in some of these same areas. We are still working with disaster funding for drainage projects in the eastern area of the City.

As we have pointed out, the state SHIP funds have been suspended; we now have to expend our CDBG funding on repair/rehab if we want to accomplish our goal of providing decent affordable housing. The new NSP program will begin to fill the gap for homeownership assistance. But the repairs must be completed before the homes can be sold to qualified households. We have, therefore, been able to accomplish portions of our goals in the areas where we needed the most assistance. Other goals have been delayed as we changed to alternate funding sources.