

# CITY COMMISSION WORKSHOP

## CDBG

City Hall Training Room  
February 17, 2009 5:30 p.m.

### I. Call to Order

Mayor Fred Costello called the meeting to order at 5:30 p.m.

Present were Mayor Fred Costello, Commissioners Lori Gillooly, Troy Kent, Ed Kelley, and Bill Partington, City Attorney Randy Hayes, City Manager Joyce Shanahan, and Grants Coordinator Loretta Moisiso.

### II. Community Development Block Grant Program Presentation

Ms. Loretta Moisiso, Grants Coordinator, introduced Ms. Diana Phillips, Manager of Volusia County's Housing and Grants Administration, and Ms. Donna Lamison, Volusia County's Community Development Block Grant (CDBG) Coordinator. She stated that Ms. Phillips would discuss a power point presentation with the Commission.

#### Federal Entitlement

Ms. Phillips stated that CDBG was a federal entitlement program administered through the U.S. Department of Housing and Urban Development authorized by Statute 24 CFR 570. She stated the primary objective was to develop viable communities by providing decent housing, a suitable living environment, and expanded economic opportunities for persons of low and moderate income. She stated the award amount was based on the approved legislative budget. She stated last year's allocation was about \$1.9 million with a fiscal year of October 1 through September 30.

Ms. Phillips stated that most Volusia County cities participated with the County, but Daytona Beach, Deltona and Port Orange were their own entitlement communities, and Ponce Inlet chose not to participate because they were an affluent community where it was difficult to find ways to spend the money; and Oak Hill opted out of the entitlement program this year and was planning to apply to the Competitive Community Development Block Grant Program in the State of Florida. She stated that Ormond Beach and the other cities had signed three-year Cooperation Agreements which allowed the County to review the population of low income folks in the community to determine the amount of CDBG funds that each city would receive.

Commissioner Kent stated that Daytona Beach, Deltona and Port Orange were over the 50,000 population threshold and that was the reason they had their own entitlement. He asked about administrative fees; whereby, Ms. Phillips stated that they would receive funds directly from HUD and could use 20% of those funds for administrative costs.

Commissioner Kent asked how this program got started; whereby, Ms. Phillips stated that it was part of a Housing and Community Development Act in the 1980's.

Mayor Costello stated that the County used 38.8% but Daytona Beach could use 20% for administrative costs; whereby, Ms. Phillips stated that Volusia County retained 38.8% for the allocation of administrative costs and countywide housing programs. She stated their administrative costs averaged about 15%, and they had the same regulations of not using more than 20%.

Ms. Phillips stated that the percentage of allocation for this year had increased because the City of Oak Hill pulled out and their funding was divided equally between the remaining cities.

Mayor Costello asked if Deland's allocation was higher because they had a project that was uniquely special, and he asked if the city could get a higher allocation if we had a similar project; whereby, Ms. Phillips stated the percentages were developed in 1985, and she believed they were set due to favors, relationships, etc. She stated since that time, when a city pulled out, they had insured that the percentages were allocated equally. She stated there had been discussions of revamping the whole distribution percentage, and she suggested the city send a letter in favor of that idea.

Commissioner Kent stated that the County's administrative cost was about \$300,000, whereby, Ms. Phillips stated that covered the salaries of herself, a CDBG coordinator, a capital projects coordinator, a housing inspector, three housing specialists, and a housing coordinator.

#### Consolidated Plan

Ms. Phillips stated they developed an annual and five-year Consolidated Plan, which was the grant application for the CDBG program, the Home Investment Partnership Program (HOME), and the Emergency Shelter Grant (ESG) program. She stated they provided annual planning and subrecipient training. She stated they performed CDBG regulatory review of all projects, an environmental review and mitigation planning of all projects, reviewed and approved all funds reimbursement requests, reviewed and processed project amendments, capital project implementation, ensured

timeliness of expenditures, implemented a countywide housing rehabilitation and homebuyer assistance program, completed an Annual Performance and Evaluation Report, and provided technical assistance as needed.

Ms. Phillips stated HUD had to approve the Consolidated Plan, and then funds were awarded to Volusia County using a statutory formula including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag.

Mayor Costello asked about the evaluation of the formula; whereby, Ms. Phillips stated she did not know how often it was evaluated, but she did not think it was on an annual basis.

Mayor Costello asked if a letter needed to be written because the extent of poverty had gone up in the County, population had gone down in relationship to other counties, and population growth lag caused the loss of school kids, He stated he felt we could show that we deserved more; whereby, Ms. Phillips stated it was a nationwide program and to look at the formula on an annual basis might be a huge task.

Ms. Phillips stated the Consolidated Plan identified annual goals for all programs that served as the criteria against which HUD would evaluate the jurisdiction's performance. She stated that citizen participation was a requirement in developing the plan, such as a public hearing requirement to obtain citizen's views, proposals and questions, as well as to provide progress and past performance. She stated they must also provide a timely response to complaints and grievances.

Ms. Phillips stated that once the allocation was known, the city would identify proposed projects and budgets for the County to determine whether or not the project was within the listing of statutory eligible activities, whether it fell within a category of explicitly ineligible activities, met a national objective of the program, costs were reasonable, and/or whether environmental protection regulations could be met if the activity was implemented.

Ms. Phillips stated that as long as eligible activities and national objectives could be documented, then the program could move forward. She stated there were three national objectives, which were benefiting low-income persons, eliminating slums or blight, and meeting urgent community development needs that posed health and safety issues where no other source of funding existed. She stated that funds could serve a low-income area, be used to benefit a limited clientele, be used to provide housing for low-income persons, or be used to create jobs for low-income persons. She

stated a low-income area was an area where 51% of the population had low incomes as provided by census tracts and block groups.

Ms. Phillips stated that HUD presumed that certain populations had low incomes because of their circumstances, and if an activity exclusively benefited those populations, then it was eligible for funding. She stated these populations were homeless individuals, persons 62 years of age or older, abused children, battered spouses, severely disabled persons, illiterate persons, persons living with AIDS, and migrant farm workers. She stated these activities could take place at any location.

Ms. Phillips stated that Daytona Beach Shores was the only city that spent all of its CDBG money during the fiscal year for operating costs at their senior citizens center who serves persons over 62 years of age. She stated it had to be marketed in such a way so that the public knew that it was used exclusively for that reason.

Commissioner Gillooly asked if the money could be used to enhance Meals on Wheels for a certain population as long as it could be documented; whereby, Ms. Phillips stated that it could be done as long as it showed it benefited that population.

Ms. Phillips stated that a limited clientele could be proved by collecting information on family size and income to determine that at least 51% of the clientele were persons whose family income did not exceed the limit. She stated this was a difficult task for municipalities that did not have those types of programs.

Commissioner Gillooly asked about summer employment for a low income citizen that would be in charge of obtaining third party documentation; whereby, Ms. Phillips stated that she would qualify that as an economic development activity, rather than an administrative cost.

#### Subrecipient Agreement

Ms. Phillips stated that either the participating city or county could implement CDBG projects as long as all regulations were followed. She stated that if a city implemented it, a Subrecipient Agreement was developed that outlined the rules, and special federal construction and procurement rules applied to CDBG funded projects.

Ms. Phillips stated that there were two types of amendments to the Consolidated Plan, substantial amendments and technical corrections. The substantial amendment included a change in the stated purpose or beneficiaries, a change in the scope as it relates to the types of eligible

activities, canceling or adding an activity, a change in location, or a change in the dollar amount by 50% or more. She stated the city would submit a detailed written request for an amendment change whereby the county would determine eligibility, national objective compliance, and complete an environmental review, which would be approved by the County and submitted to HUD and the applicable modifications made to the subrecipient agreement. She stated that a technical correction included a change in implementation responsibility or a change in the dollar amount by less than 50% whereby the city would submit a detailed written request for the change and modify the subrecipient agreement.

Ms. Phillips stated that an entitlement jurisdiction could have more than 1½ times its current allocation in its line of credit on July 30. She stated that Community Assistance would be asking the County Council to require all participating cities to encumber their annual allocation within 12 months and expend within 18 months; and if approved, this change would become effective with the 2009-10 allocations.

#### Average vs. Median

Commissioner Kelley asked about the per capita benefit of the non-participating cities; whereby, Ms. Phillips stated that Deltona's allocation was about \$650,000, and Oak Hill was applying for \$625,000 from the State.

Commissioner Kelley stated that it was unfair to use an average for a federal program because that could affect some areas where there was a high level only on one street, and he suggested that our congressmen should be made aware of it; whereby, Ms. Donna Lamison, Volusia County CDBG Coordinator, stated that the County was looking at doing something to address some of those issues, as the calculation was very biased toward higher priced homes.

Mayor Costello stated that Commissioner Kelley was specifically asking Volusia County to consider changing the calculations to median rather than the average.

Ms. Elwillie Daniels, 56 Fairview Avenue, stated that it would be difficult to meet the national objective on the east side of Ormond Beach and she asked Ms. Phillips what they could do in order to make it work; whereby, Ms. Phillips stated that some of the eligible activities were park improvements, streetscape improvements, and resurfacing of roads.

Commissioner Kelley asked about saving one's home; whereby, Ms. Phillips stated that any housing rehabilitation activity should be automatically

directed to Community Assistance, which was determined by personal income.

#### Painting

Mayor Costello stated that at one time the city volunteered to pay for paint, but there were liability issues and red tape involved whereby the city ended up not helping.

Commissioner Gillooly suggested subcontracting for the painting; whereby, Ms. Phillips stated that painting was not rehabilitation, but it would have to be proven that it was a blighted area in the community before something could be done. She stated the activity would have to be competitively bid out.

Ms. Joyce Shanahan, City Manager, stated there was an organization called World Changers that they used at a former city. She stated they received SHIP funding whereby the dwellings could be renter occupied, rather than owner occupied. She stated World Changers was part of the Baptist Church, and was used successfully to rehabilitate about 20 homes per year for about five years. Ms. Phillips stated that World Changers was a great organization, but they were exclusively a religious organization who limited participation in the program to those working for them.

Mayor Costello stated he favored using an organization like World Changers if they would rehabilitate any home, but he would not favor using them if they were limited to only their religion.

Mayor Costello stated that the city had roughly \$125,000 to determine an *outstanding* use for, but he did not want to just spend the money. Commissioner Gillooly stated she thought we already had projects for that money; whereby, Ms. Moio stated that most of those projects were underway, and they were working very hard to work within the timeframe.

Mayor Costello clarified that there would be about \$125,000 for next year, and he tasked the Neighborhood Improvement Advisory Board to come up with some programs by a certain date, otherwise he wanted to rehabilitate homes, create jobs, or do something for the homeless in conjunction with the rest of the Halifax area.

#### Senior Center

Commissioner Partington suggested using the money for the Senior Center if they served only those 62 and older or disabled persons, and the city set aside the same amount for our neighborhood improvement program out of our tax money.

Ms. Karen Dellecker, 316 River Bluff Drive, asked about the difference between a code enforcement and maintenance issue; whereby, Ms. Phillips stated that code issues should be referred immediately to Community Assistance so they could be put on a rehabilitation program, and a maintenance issue would look at documentation of blighted areas.

Mayor Costello stated he favored Commissioner Partington's suggestion and desired a response back on it, and he challenged them to come up with programs in that area that were not controversial that would be supported by the community.

Ms. Jean Dwyer, 170 East Granada, suggested providing care to abused children, such as dental assistance; whereby, Ms. Phillips suggested they contract with a non-profit organization that provided such services. She stated the services had to be determined in a competitive manner.

#### Detailed Plan

Ms. Phillips stated it was very helpful for them to have a detailed plan to determine eligibility as it was very difficult to say if a project was eligible off the top of their heads. She stated the activities needed to be well thought out and enough detail included that would allow them to look at all the parameters of the activity.

Mayor Costello suggested maybe an after school program for kids. He stated he had learned a lot about the CDBG program tonight.

Commissioner Kent stated he really liked Commissioner Partington's idea and wanted to make sure they got a response back on it.

Mayor Costello stated they were trying to fit a need for people that needed help. He recommended that other communities also have them to their city to talk about CDBG.

### **III. Close the Meeting**

The meeting was adjourned at 6:33 p.m.

Transcribed by: Lois Towey