

## CITY COUNCIL

For City Clerk's Use:

☐ **APPROVED** ☐ **DENIED**

Reso No. \_\_\_\_\_ File No. \_\_\_\_\_

Ord No. \_\_\_\_\_

**Agenda Item No.:11**

**Date: April 25, 2012**

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Jerry Van Leeuwen, Director of Community Services  
Rich Buquet, Neighborhood Services Manager

**SUBJECT:** Public Hearing to Approve the FY 2012-2013 One-Year Action Plan for Use of Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) Funds

### RECOMMENDATIONS:

1. Solicit and consider citizen input on the FY 2012-2013 Action Plan for use of CDBG and HOME funds;
2. Adopt Resolution No. 2012-70 approving the HOME budget and authorizing the Director of Community Services and City Clerk to execute contracts as appropriate; and
3. Approve the submittal of the FY 2012-2013 Action Plan to the U.S. Department of Housing and Urban Development (HUD).

In the alternative, Council may choose to modify the recommended FY 2012-2013 Action Plan for the allocation of CDBG and HOME funds.

### FISCAL ANALYSIS:

The City of Escondido receives annual formula allocations of HOME and CDBG funding from HUD. All expenses for activities and administration of activities outlined in this report are paid for with HOME and CDBG funds and do not impact the City's general fund.

It is anticipated that the City of Escondido will receive approximately \$1,380,516 in CDBG entitlement funds as well as approximately \$216,000 in program income generated from the sale of the property located at 2196 Montemar Avenue and \$406,866 in HOME entitlement funds for FY 2012-2013. Should the actual allocation be substantially higher or lower than estimated, a public hearing will be scheduled for a future date to approve an Action Plan amendment revising the allocation amounts. The City defines a substantial change to the scope of a project as a change that affects the funding level by greater than 25 percent for projects budgeted at more than \$100,000. Non-substantial increases or decreases to the HOME or CDBG allocations will be proportionally dispersed to current distributions.

## FY 2012-2013 One-Year Action Plan for CDBG and HOME

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### PREVIOUS COUNCIL ACTION:

On March 24, 2010, Council held a public hearing and approved the FY 2010-2015 Consolidated Plan and the FY 2010-2011 Action Plan for CDBG and HOME funds.

On March 28, 2012, Council held a public hearing and reaffirmed the community development priorities adopted in the FY 2010-2015 Five-Year Consolidated Plan and approved an allocation process for FY 2012-2013 CDBG funds.

### BACKGROUND:

Based on community needs assessments and public participation, six community development priorities were identified and adopted as part of the FY 2010-2015 Consolidated Plan for CDBG and HOME.

In accordance with the City of Escondido's public participation plan, Council held a public hearing on March 28, 2012, and reaffirmed those priorities for FY 2012-2013. The FY 2012-2013 Action Plan for use of CDBG and HOME funds describes the specific activities the City will carry out to address those priorities during the third year of the five year period.

### HOME Funds

The City anticipates receiving \$406,866 in HOME funds for FY 2012-2013. Ten percent of that amount and ten percent of the projected program income derived from loan repayments (a total of \$63,185) is reserved for the City's costs of administering the program. A minimum of 15 percent of the annual allocation of HOME Program funds (\$61,299) must be reserved for the housing development activities of Community Housing Development Organizations (CHDOs). A total of five percent of the HOME grant may also be used to provide operating funds to certified CHDOs, but is not required to be used for that purpose. HOME Program funds must be committed or reserved within two years and expended within five years of allocation.

### FY 2012-2013 Housing Activities

A variety of programs and projects have been utilized to address the priorities of the 2010-2015 Consolidated Plan, which was adopted in March 2010. There are six adopted housing priorities, many of which overlap and could be achieved within the same activities. As adopted by the Consolidated Plan, they include: 1) Increasing homeownership opportunities; 2) Conserving the supply of existing ownership housing; 3) Expanding the stock of affordable rental housing; 4) Promoting neighborhood stability by increasing the length of stay in rental housing; 5) Increasing the supply of well-designed multi-family housing units; and 6) Expanding the supply of three- and four-bedroom rental units.

### Homeownership Opportunities

Priorities 1 and 2 relate to the need for homeownership in Escondido. The rate of homeownership in Escondido is 54 percent, which is lower than the state and national averages of 57 percent and 67 percent respectively as reported by the 2010 Census. The anticipated FY 2012-2013 One-Year Action Plan will address the need to reduce turnover rates and increase a sense of ownership within the community. The issuance of Mortgage Credit Certificates (MCCs) and Homebuyer Entry Loan Program (HELP) loans to assist first-time homebuyers in the purchase of their homes will contribute to increased stability. The five year Consolidated Plan's objective is to assist approximately 15 households per year with HELP loans and assist three households per year with MCCs.

### HELP Program

The HELP program is a City-administered first-time homebuyer program that currently provides loans up to 5 percent of the purchase price of a home (maximum \$25,000) to assist homebuyers earning 80 percent or less of the San Diego County area median income (\$64,250 for a household of four) to purchase their first home. The HELP program has been funded with HOME funds since September of 1996. In FY 2009-2010, 47 HELP loans were issued; during fiscal year 2010-2011 37 HELP loans were issued. During the first half of FY 2011-2012, 42 loans were issued. While the maximum loan is \$25,000, the average loan is \$9,820; the reduced amount allows for the issuance of more loans and thus more opportunities for first-time homebuyers to purchase a home. In anticipation that the coming year will be similar to this year, and due to the continued high rate of home loan foreclosures and proportionate need for home loan assistance, staff is anticipating the need for much of the Housing Development HOME funds to be allocated to the HELP program for issuance of loans for the upcoming fiscal year. The remainder is allocated to Community HousingWorks.

### Rental Housing Assistance

Priorities 3, 4, 5 and 6 relate to the improvement of the supply of rental housing in the City to meet the needs of Escondido residents. The Consolidated Plan cites overpayment for housing as a widespread housing problem in Escondido, especially among lower-income renters. Additionally, the rate of overcrowding is especially acute for large-related renter households. This trend reflects in part the limited supply of large rental units in Escondido. The Consolidated Plan sets forth an objective of assisting in the provision of 23 deed-restricted rental units for families per year, four of which would be three- or four-bedroom units. 55 deed-restricted rental units (the Crossings) were completed in FY 2011-2012.

### Affordable Housing Project Development

As a strategy toward meeting related priorities, the anticipated City's FY 2012-2013 One-Year Action Plan will place an emphasis on the rehabilitation and, where appropriate, new construction of rental

units. Redevelopment and rehabilitation will occur with the assistance of HOME funding and recycled Housing Set-Aside Funds, as leverage to other funding sources. During the upcoming fiscal year, the City anticipates the completion of the redevelopment of the El Norte Apartments at the intersection of Broadway and El Norte Parkway, providing 36 multi-family rental units that include two-, three- and four-bedroom units by Community HousingWorks. Funding for this project included previously committed HOME funding and current CHDO HOME funding. Urban Housing Communities anticipates completing the redevelopment of 6 manufactured home units at Mountain Shadows and Escondido Views Mobile Home Parks for ownership, funded with NSP funding. In addition, San Diego Habitat for Humanity will commence self-help construction on a minimum of 11 town homes for first time homebuyers, developing two unimproved lots on Elm Street adjacent to the Escondido Creek Trail, utilizing previously committed HOME funding.

#### Analysis of Impediments to Fair Housing (AI)

The City participates with regional partners to assess impediments to fair housing. The regional partners selected a consultant to prepare an Analysis of Impediments to Fair Housing in order to adequately assess any impediments on a regional basis. The consultant held several workshops throughout the county and provided the jurisdictions with a plan. The "San Diego Regional Analysis of Impediments to Fair Housing Choice" is available on the Housing Division Web page for public review. It was submitted to HUD in July, 2011.

#### CDBG Funds

The City of Escondido anticipates receiving \$1,380,516 in CDBG entitlement funds for FY 2012-2013 as well as approximately \$216,000 in program income, generated from the sale of the property located at 2196 Montemar Avenue. No more than 15 percent of the entitlement funds (\$207,077) may be used for public service activities, and no more than 20 percent (\$276,103) may be expended for administrative activities. There is no limit to the percentage that may be expended for capital improvement or other neighborhood revitalization activities in low- and moderate -income neighborhoods.

#### CDBG Review Process:

The City of Escondido accepts and reviews applications for CDBG funding throughout the year. A description of the CDBG funding process, application materials and resources for technical assistance are posted on the Neighborhood Services Web site and are provided by staff upon request. In accordance with the City's Consolidated Plan public participation policy, the City conducts two public hearings to solicit and consider citizen input.

To date, the City of Escondido has received four proposals from outside agencies for FY 2012-2013 CDBG funding. Three requests are for public service funds: 1.) Angels Depot requesting \$9,442 for a senior emergency meal box program; 2.) Escondido Community Child Development Center (ECCDC)

requesting \$20,000 for a Child Enrichment Program focused in the Mission Park area 3.) Meals on Wheels, whom we currently fund, requesting \$14,300 for in home meal delivery to moderate and low income seniors and one request for uncapped, capital improvement funds from The Center for Community Solutions requesting \$15,000 for roof replacement on 6 transitional housing units.

Staff has reviewed the applications for completeness and eligibility. Specific allocation recommendations for CDBG-funded activities are included as Appendix C in the attached FY 2012-2013 Action Plan.

#### FY 2012-2013 CDBG-Funded Activities

The Action Plan describes all the activities the City will carry out during fiscal year 2012-2013 to address the priorities of the Consolidated Plan. The priority areas are youth, economic development, transportation for seniors, neighborhood revitalization, homelessness and ADA improvements to public facilities. Specific activities recommended for FY 2012-2013 funding are described below. Specific allocation recommendations for these activities are included as Appendix C in the attached FY 2012-2013 Action Plan.

#### Proposed Capital Improvement and Neighborhood Revitalization Activities

##### **CDBG-Funded Code Enforcement**

CDBG-funded neighborhood revitalization efforts would include funding two part-time Code Enforcement Officers to work in commercial areas of CDBG-eligible census tracts. The officers would address code issues relating to business licensing, illegal signage and other appearance and compliance issues generally associated with commercial areas.

##### **Elm Street/Habitat for Humanity Project**

This project will include full street improvements consisting of new curbs, gutters, retaining walls, sidewalks, street lights and new surfacing of streets in public rights of way on Elm Street between Washington and the Escondido Creek Trail and will incorporate elements to facilitate future revitalization of the Escondido Creek Trail.

##### **Grape Street Improvement Project**

This project will include full street improvements consisting of new curbs, gutters, retaining walls, sidewalks, street lights and new surfacing of streets on Grape Street, between Washington and Mission Avenues.

##### **Tulip Street Multi Phase Improvement project**

Funding for the Tulip Street, multi-year, multi-phase Improvement Project, which includes full street improvements consisting of new curbs, gutters, retaining walls, sidewalks, street lights and new surfacing of streets, is included in the FY 2012-2013 Action Plan allocations. This will be combined with future CDBG funding, if needed, to complete the entire project from 9th to 2nd Avenues.

### **Grants to Blocks**

Implemented to address the neighborhood revitalization priority, this program addresses the need to fund multiple, small neighborhood revitalization projects such as the Neighborhood Clean-ups or the Right-of-Way Enhancement Program as well as support neighborhood organization efforts in low-income neighborhoods.

### Proposed Public Service Activities

The FY 2012-2013 Action Plan includes activities which address the priorities of the Consolidated Plan. Staff recommends continued funding for the following programs.

- Learn to Swim program, providing water safety training to low-income youth and adults in the Mission Park area;
- Exceptional Promise scholarship program, providing opportunities for low- and moderate-income individuals to participate in activities offered by the Escondido Recreation Division which might otherwise be economically unfeasible;
- Bi-lingual, workforce-oriented computer training targeted at Mission Park area residents;
- Workforce-oriented computer lab at the Escondido Public Library;
- Food 4 Kids Backpack program providing 50 very low income students at Lincoln Elementary with backpacks full of healthy food each week;
- Older-Adult services provided by the City's Community Services Department, including a low-cost transportation program, Senior Nutrition and CARE Program at the Joslyn Senior Center;
- Meal delivery services for homebound seniors and people with disabilities;
- SAFEWALK, a parent volunteer effort to ensure students can walk to and from school safely, leveraging Escondido Union School District funds;
- Regional Winter Shelter, which serves homeless men and women during the cold winter months.

FY 2012-2013 One-Year Action Plan for CDBG and HOME

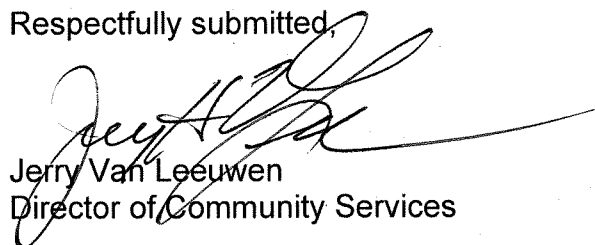
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The maximum allowable allocation for administration of the CDBG program (20%) is also included in the FY 2012-2013 Action Plan allocation recommendations per Council's recommendations at the March 28, 2012 public hearing.

The FY 2012-2013 Action Plan for CDBG and HOME will be available for a 30-day public review and comment period from April 3 - May 2 on the City's Web site [www.escondido.org](http://www.escondido.org) and upon request from the Neighborhood Services Division. Public input received will be incorporated into the final Action Plan document which will be submitted to HUD in May 2012.

Respectfully submitted,



Jerry Van Leeuwen  
Director of Community Services



Danielle M. Lopez  
Neighborhood Services Management Analyst

Signing for:

Rich Buquet  
Neighborhood Services Manager

**City of Escondido**

**FY 2012-2013 One-Year Action Plan  
Third Program Year  
CDBG and HOME**

**Sam Abed  
Marie Waldron  
Olga Diaz  
Ed Gallo  
Michael Morasco**

**Mayor  
Deputy Mayor  
Councilmember  
Councilmember  
Councilmember**

**DRAFT**

**Available for Public Review and Comment  
April 3, 2012 – May 2, 2012**

**Submitted to the U.S. Department of Housing and Urban Development  
May 10, 2012**

**City of Escondido  
Neighborhood Services Division  
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## **EXECUTIVE SUMMARY**

Each year, the City is required to prepare an action plan specifying how resources will be allocated to address the priorities established in the Consolidated Plan.

The FY 2012-2013 One-Year Action Plan specifies how CDBG and HOME Investment Partnership funds will be allocated to achieve the community development and affordable housing priorities of the 2010-2015 Consolidated Plan. The FY 2012-2013 One-Year Action Plan includes the following components:

The FY 2012-2013 Action Plan covers the third year in the City's FY 2010-2015 Consolidated Plan period. The Five-Year Consolidated Plan and the One-Year Action Plan are required as part of the application and planning processes for four formula-based federal housing and community development programs: Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Emergency Shelter Grants (ESG) and Housing Opportunities for Persons with AIDS (HOPWA). The City of Escondido directly receives and distributes CDBG and HOME funds. ESG and HOPWA funds are received indirectly through the County of San Diego.

The statutes for the grant programs included in the Consolidated Plan set forth three basic goals to benefit low and very low-income persons:

1. Provide a suitable living environment. This includes improving the safety and livability of neighborhoods, organizing working and viable neighborhood groups, increasing access to quality facilities and services, reducing the isolation of income groups within areas by expanding affordable housing opportunities and revitalizing deteriorating neighborhoods, restoring and preserving natural and physical features of special value for historic, architectural, or aesthetic reasons and conserving energy resources.
2. Provide decent housing. This includes retaining the affordable housing stock, increasing the availability of permanent housing that is affordable to low-income households without discrimination, assisting homeless persons to obtain affordable housing and increasing supportive housing that includes structural features and services to enable persons with special needs to live independently.
3. Expand economic opportunities. This includes creating and retaining jobs accessible to low and very low-income persons, providing access to credit for community development that promotes long-term economic and social viability and empowering low-income persons in federally-assisted and public housing to achieve self-sufficiency.

The consolidated strategy allows communities to establish a unified vision for housing and community development activities through a collaborative effort and process. By consolidating the submission and reporting requirements for HUD formula programs, the federal government is providing local jurisdictions with an opportunity to better shape the various programs into effective, coordinated neighborhood and community development strategies. It also creates the opportunity for strategic planning and citizen participation to take place in a comprehensive

framework and reduces duplication of effort at the local level. It integrates economic, physical, environmental, community and human development in a comprehensive and coordinated fashion so that families and communities can work together and succeed.

The City of Escondido's current Consolidated Plan was developed through a collaborative community process that identified needs, established priorities and developed goals, objectives and performance benchmarks for housing and community development actions. The Plan covers the period of FY 2010 – 2015 and was approved by City Council through a public process on March 24, 2010. The housing needs are similar to those discussed in the California State mandated Housing Element.

In FY 2012-2013, the City of Escondido will use a multi-faceted approach to provide affordable housing and meet community development needs. The critical factors in this approach are: the formation of partnerships among public, private and nonprofit agencies and the leveraging of resources to revitalize low-income neighborhoods to acquire and rehabilitate affordable housing; to develop first-time homebuyer opportunities; to create jobs and prepare low-income individuals to secure and maintain employment; to transition homeless families/individuals to self-sufficiency; and to provide health and human services to meet the needs of special populations.

The City defines a substantial change to the scope of a project as a change that affects the funding level by greater than 25 percent for projects budgeted at more than \$100,000. Non-substantial increases or decreases to the HOME or CDBG allocations will be proportionally dispersed to current distributions. The City of Escondido will work to identify opportunities to leverage resources from other sources of funding to offset reductions as appropriate.

The recent loss of redevelopment funds requires us to evaluate what other funding sources may be available to continue programs and meet anticipated accomplishments related to the Housing priorities in the Consolidated Plan. The Housing Division will reassess our priorities and objectives to see if there are other possible implementing programs or funding sources that would allow us to continue to fulfill our one-year and five-year goals.

## **GEOGRAPHIC AREA**

To best address the priorities of the Consolidated Plan, CDBG resources are concentrated in specified low-income areas to achieve a more targeted benefit (see Appendix E - "Distribution of CDBG-Funded Projects by Local Priority.") These areas include the Mission Park area, which includes two low-income census tracts (Census Tracts 202.02 and 202.12) which have been identified as two of the lowest income tracts in the entire county, requiring significant resources to address quality-of-life issues such as employment and services for at-risk youth and their families, the Westside area (Census Tract 205.00) and other low-income areas which are targeted for residential and commercial/industrial revitalization.

## **PUBLIC AND PRIVATE RESOURCES**

Many federal, state and local resources are expected to be available to address the housing and community development priority needs identified in the 2010-2015 Consolidated Plan.

## **Leveraging**

The City of Escondido's policy is to use CDBG and HOME funds to leverage additional private and public resources, including in-kind resources from organized neighborhood groups, to address the Consolidated Plan priorities. The City encourages partnerships and collaborative efforts with private enterprises, neighborhood groups and nonprofit agencies. In addition, the City encourages shared funding arrangements with agencies or subrecipients requesting CDBG and HOME funding. In evaluating projects and services to be funded with CDBG and HOME funding, their ability to leverage and contribute other resources is heavily considered. The City has leveraged HOME funds with resources such as Neighborhood Stabilization Program funds, Tax Credits, Set-Aside Redevelopment funds and private mortgages. Leveraging resources will continue to be a priority, although Redevelopment funds will no longer be available.

## **Supportive Housing Program (SHP) Funds**

Escondido's homeless service providers have been very successful in competing for SHP funds. These funds provide transitional housing and support services for homeless families and a variety of special populations. The Supportive Housing Program is a critical source of funding for Escondido's Continuum of Care.

The Spruce Street Project provides stabilization, support services and short-term housing with a capacity to support 34 homeless adult individuals with alcohol, drug and/or mental health problems. Interfaith Community Services is the lead agency and has leased the City-owned property on Spruce Street for the past 15 years. In January 2011, the City terminated the lease for the purposes of future redevelopment and the terms of the lease transitioned to a month to month basis. On January 25, 2011 the City issued notice to the leaseholder extending the lease until June 30, 2011 with no change in rent. Therefore, the lease termination date was extended to June 30, 2011.

The Escondido New Resolve project will be supported by \$56,000 in Veterans Affairs per-diem funds through Interfaith Community Services, \$230,000 in VA Homeless Grant funds, \$37,000 in resident rent, and approximately \$36,000 in Parolee Partnership funds for a total of approximately \$516,000 during FY 2010-2011. The Vietnam Veterans of San Diego is the lead agency for this 44-bed transitional housing and supportive services project, which houses 33 homeless veterans and 11 homeless non-veterans. Residents participate in a variety of programs, including drug treatment, mental health services for trauma and other problems, and job training and placement.

Genesis I and II are transitional housing projects for homeless families with children, sponsored by Interfaith Community Services. A one-year SHP renewal grant for Genesis I (\$103,415) and a one-year grant for Genesis II (\$64,214) that began in January 2011 and March 2011, respectively, maintain these 92 beds. The renewal grants support intensive case management, vocational rehabilitation, psychological counseling and life skills training to help homeless families achieve self-sufficiency. Interfaith Community Services will continue to reapply in annual federal NOFAs for a similar amount of funding.

Interfaith receives an annual \$82,129 in HUD SHP funds for the CASA program, which serves women and children with a disability and/or a history of domestic violence. This is a longer-term transitional housing program with intensive case management and related support services. CASA has its renewed grant funding start again each April 1.

Interfaith also receives two additional SHP grants, each funding six permanent supportive housing beds for chronically homeless seniors with disabilities. The first grant, Raymond's Refuge I, is for \$558,732 and covers the period of August 2008 to July 2011. The second grant, Raymond's Refuge II, is for \$575,735 and covers the period of May 2009 to April 2011.

### **Shelter Plus Care**

Shelter Plus Care funds, administered by the County of San Diego, provide transitional housing and support services for homeless individuals and families who are disabled, mentally ill, or substance abusers. Interfaith Community Services received \$193,382 for a one-year renewed sponsor-based contract. The County of San Diego HCD partners with Mental Health Systems annually to renew the Shelter Plus Care Tenant Based Program which provides permanent housing to individuals and families receiving supportive services. This renewal process generally occurs each Spring-Summer.

### **Department of Justice**

The City of Escondido Police Department successfully competes for grants for programs which support Consolidated Plan objectives. \$2.3 million in funds is being received from the U.S. Department of Justice Community Oriented Policing Services (COPS) Hiring Recovery Program Grant, which supports the City's priority to revitalize low-income neighborhoods through direct citizen involvement in improving the physical and social environment. By definition, community-oriented policing involves direct citizen participation. COPS officers work closely with Neighborhood Services and Code Enforcement to address neighborhood code violations, abandoned vehicles and engage in other neighborhood revitalization activities.

The Escondido Police Department received \$20,000 in Project Safe Neighborhood funds from SANDAG to work local gun suppression operations to keep illegal guns off Escondido's streets.

The California Gang Reduction, Intervention and Prevention Plan grant allows the Escondido Police Department and Escondido Education COMPACT to proactively identify at-risk youth and provide proper gang intervention. The \$250,000 in grants funds support a multi-disciplinary approach to gang prevention, intervention, and suppression in the City of Escondido.

### **Federal Emergency Management Agency (FEMA) Emergency Food and Shelter Program (EFSP)**

Federal ARRA funding, which, in combination with other HUD monies and private donations, is used to address the City's priority homeless needs. For FY 2009-2010, Interfaith Community Services received \$56,999.10 from ARRA funds for Motel Voucher Program and for Congregate

and Supplemental Food. Through the 2011-2011 year, funding from these federal streams consisted of the following:

- ARRA - \$183,404, processed as a supplement to Interfaith's normal annual FSS contract via Lifeline Community Services for Family Self-Sufficiency
- FEMA EFSP assistance -
  - 19,353 pounds of food for pantry distribution, valued at \$16,329
  - \$43,245 reimbursement for congregate (served) meals in the Escondido area
  - \$20,807 worth of rent/mortgage assistance, provided from May – July 2010; provided from Interfaith's Escondido office (not necessarily just to Escondido residents)
  - \$15,180 in hotel/motel vouchers

Interfaith expects to apply for the 2011-2012 cycle of FEMA EFSP assistance during April when the RFP is released, with awards made in July of 2011.

### **Department of Labor/Workforce Investment Act (WIA) Programs**

Workplace Investment Act (WIA) programs and the Homeless Veterans Reintegration Program (HVRP) are also offered within Escondido. Interfaith Community Services operates a variety of programs for veterans, which provide supportive services, case management, psychological counseling (including specialized PTSD/TBI treatment), and employment services. Interfaith has received over \$2,959,150 for WIA programs for veterans over the past 3 years. This includes a WIA grant (January 2009 – December 2011) for Recently Separated and Dislocated Veterans in the amount of \$500,000 and an HVRP grant (FY 2009-2012) in the amount of \$900,000.

In addition, North County Inland Career Center receives WIA funding grants to operate its one-stop shop consolidated career center offering a variety of services for the unemployed and for those at risk. Ongoing programs at NCICC include case management, job skills assessment, occupational skills training, job search assistance and computer classes. The North County Career Centers received approximately \$980,000 dollars in WIA funds to assist job seekers with retraining or On the Job (OTJ) opportunities.

The Escondido Education COMPACT receives Workforce Investment Act funding to provide workforce development services (including education support, work-readiness training, work-based opportunities and youth leadership development) for youth ages 14 to 21 in Escondido and neighboring North County cities. COMPACT has just been awarded \$488,480 in WIA funding for the FY 2012-2013 to provide these youth services.

In addition, COMPACT has received over \$150,000 in WIA funding to provide a 2012 Summer Youth Employment Program for youth ages 14 to 21 in Escondido and neighboring North County cities.

### **Department of Health and Human Services (HHS)**

HHS funds essential services for programs with children and maternal health components, as well as domestic violence programs. A variety of programs are operated by Neighborhood Healthcare including medical, dental, behavioral health, pharmacy, HIV outreach, education and treatment for the uninsured.

### **Other Federal Healthcare Resources**

Primary medical and behavioral health care integration program in collaboration with Mental Health Systems, Council of Community Clinics, Community Research Foundation, Imperial Beach Health Center, and the County of San Diego. This funding originates with the Federal SAMHSA program.

Clinic services, outreach and health education related to family planning. This funding originates from Federal Title X.

Healthcare for the Homeless provides for medical, dental and behavioral health services to individuals who meet the 'homeless' criteria. These funds originate from Federal programming.

Healthcare services, including primary care, behavioral health and oral health for the uninsured are supported in part by the Federal Health Resources and Services Administration Agency (HRSA)

### **Department of Veterans Affairs (VA)**

The VA funds essential housing and supportive services for homeless and non-homeless veterans in Escondido. In FY 2010-2011, Veterans Village of San Diego (VVSD) expects to receive approximately \$360,000 from the VA and \$209,000 from HUD to provide mental health, alcohol/drug treatment and job training services for homeless veterans. In addition, through the 2011-2012 fiscal year, Interfaith Community Services will receive VA reimbursement funding for Escondido-based housing including Veterans transitional housing on Aster Street, the 44-bed Merle's Place transitional housing program, and a Recuperative Care program for ten Veterans at a time on Aster Street. The total annual dollars for these three programs is expected to be approximately \$1,146,500.

### **Social Security Administration**

The Social Security Administration (SSA) has, in the past, provided grant funds for programs that serve chronically homeless disabled persons with services including Social Security eligibility screening and application assistance, housing, drug/alcohol treatment, therapy, case management and other supportive services. Although funding from SSA ended in April 2008, through the successful leveraging of other resources Interfaith Community Services has continued to provide advice and referrals for Social Security eligibility, and continues to provide the other services to the chronically homeless population in Escondido.

### **County of San Diego**

The County of San Diego supports a wide range of services in Escondido that contribute to achieving the Consolidated Plan's community development objectives. The County's Aging and Independence Services division supports nutrition and transportation services for older adults in Escondido. In addition, mental health counseling and treatment, residential and non-residential alcohol/drug recovery services, juvenile diversion, child abuse prevention and public health services are all provided through County offices located in Escondido and through local nonprofit organizations supported with County funds.

During FY 2011-2012, Palomar Family Counseling Services, Inc. (PFCS) anticipates receiving funds from County Children's Mental Health (CMH) Services to provide on-site counseling and case management services at the Escondido Union High School District's various locations. In addition, PFC anticipates receiving funds from CMH to provide individual and group counseling and case management for preschool age children and their parents. PFC is also receiving funds from the County's Health and Human Services Agency – School Age Services for a North County Prevention and Early Intervention program (NCPEI) for elementary age school children and their families at Rose and Pioneer elementary schools.

Neighborhood Healthcare receives funding from the First 5 Commission of San Diego that partially provides for services of a part-time pediatric dentist, care coordination for high-risk children 0-5 years of age and prenatal women, and a treatment fund for uninsured children and prenatal women. This funding originates from the State and goes to the County.

CalFresh Outreach Program, previously the Food Stamp program, provides outreach, application assistance and general support to applicants in an effort to improve access to Cal Fresh benefits. This funding originates from Federal programming.

The Low Income Health Program (LIHP) is no cost insurance for adults between the ages of 19 - 64 years of age who are not eligible for Medi-Cal and meet established financial guidelines. A majority are those with chronic conditions such as diabetes and/or hypertension. The program pays for office visits to a primary care provider, case management, care coordination, nutrition/diabetes education classes, prescription medicines and dental services. County funding provides for outreach, application assistance, enrollment, retention and utilization activities. This funding originates from State/Federal matching funds.

Funds from First 5 Commission of San Diego are used to assist with enrolling children, 0-5 years old and pregnant women in a public health insurance program such as Healthy Families, Medi-Cal, AIM, California Kids, Kaiser Child Health Plan, helping them maintain coverage, and instructing on appropriate use of covered services. This funding originates from the State.

### **State of California**

The State of California supports numerous programs within Escondido that support achievement of the Consolidated Plan priorities, including funds from the Department of Education, Child Development Division to support childcare facilities and to subsidize tuition for low-income residents and families in Escondido.



For FY 2011-2012, Escondido Community Child Development Center will receive Department of Education funds totaling \$2,849,091. ECCDC has three licensed facilities with 100 employees. The Agency is fully subsidized to serve 67 infants, 146 toddlers, and 190 preschool age children for a total of 403 children daily. Children are offered two main meals and two snacks each day: ECCDC serves over 300,000 meals per year subsidized by the California Adult and Child Food Program (CACFP).

The State receives Federal funds which are matched to provide Neighborhood Healthcare reimbursement for services provided for Medi-Cal, Denti-Cal and FPACT (Family Planning, Access, Care, Treatment).

Redwood Elderlink receives Department of Education funds totaling approximately \$28,000 per year for enhanced meal and nutrition programs offered to seniors and disabled adults.

Redwood Elderlink also receives approximately \$54,000 per year from the State of California (via the County of San Diego Aging and Independence Services Division) in an adult day care contract to provide specialized Alzheimer's care and supportive services to families. Elderlink also receives approximately \$18,000 in a Title III contract for adult day care services for eligible seniors.

### **Local School Districts**

Palomar Family Counseling Service, Inc. (PFCS) anticipates receiving funding from the Escondido Union High School District for site-based counseling services.

In addition, the Escondido Police Department received a Safe Schools/Healthy Students (SS/HS) Initiative CARE Youth Project Grant of \$35,900 through the Escondido Union School District (EUSD). This is a federal program designed to prevent violence and substance abuse among the nation's youth, schools and communities. The grant covers salary and overhead expenses for a part-time Police Reserve Officer who will be assigned to work with EUSD to prevent gang violence in elementary and middle schools.

The School Community Violence Prevention Program Grant provides \$54,000 from the San Diego County Office of Education to pay an Intervention Case Worker dedicated to the School Community Violence Program/Family Intervention Team (F.I.T.) Project. Under the project the Intervention Case Worker: participates in all home visits and parent workshops coordinated by F.I.T.; provides technical assistance and support to F.I.T. regarding project timeline, objectives, and data collection; and collects all necessary data from Escondido Police Department to finalize evaluation reports.

### **California State Library**

The California State Library awards approximately \$50,000 in funds to the Escondido Library for adult, family and mobile Literacy services. In addition, these funds provide staffing to support the services provided. Funding for these programs is also provided through Literacy Friends Group and the Library Trust Fund.

## **Department of Mental Health**

The California Department of Mental Health Support Services Initiative Act (SSIA) provides funds for psychiatric and psychological services to chronically mentally ill, homeless adults.

## **Redevelopment Set-Aside Fund**

The 20% tax increment Redevelopment Set-Aside Funds have been Escondido's most significant local resource for housing development, rehabilitation, acquisition, tenant rental assistance, new construction, homebuyer assistance, and support services for the City for several years. Redevelopment funds have entirely funded a rental subsidy program for seniors/disabled tenants, a single-family rehabilitation loan program and a first-time homebuyer program for moderate income buyers, in addition to providing funding to many new development and acquisition/rehabilitation projects. The recent loss of redevelopment funds requires the City to evaluate what other funding sources may be available to continue programs and meet anticipated accomplishments related to the Housing priorities in the Consolidated Plan. Since this will no longer be a source of available funding after the middle of FY 2011-2012, the Housing Division will reassess our priorities and objectives to see what other possible implementing programs or funding sources would allow us to fulfill our five-year priorities.

## **Successor Agency Funds**

The Community Development Commission of the City of Escondido was dissolved in January 2012 after 27 years. During those years funds were set aside and held in a low- and moderate-income housing fund. Based on current legislation, any funds that were held in the low- and moderate-income housing fund will be returned to the Redevelopment Property Tax Trust Fund in the County. Assets held by the low- and moderate-income housing fund, including repayments of loans originally funded from Housing Set-Aside Funds are retained by the Successor Agency. Under the Community Redevelopment Law, these funds must be used to increase and improve the supply of low- and moderate-income housing within Escondido.

## **California Housing Finance Agency (CalHFA) HELP Program**

The goal of the CalHFA HELP (Housing Enabled by Local Partnerships) program was to provide affordable housing opportunities through program partnerships with local government entities, consistent with their affordable housing priorities. While the program has been temporarily suspended, there are five developments that have been assisted with a low-interest, ten-year CalHFA loan in the last ten years, three of them within the previous five-year Consolidated Plan period. Juniper Senior Village, a 61-unit affordable senior development, benefited by a CalHFA loan in 2008 and was completed in fiscal year 2010-2011. The City does not expect any additional CalHFA loans to be available in the upcoming fiscal year.

## **Section 8 Vouchers**

The Section 8 rental assistance program is administered for Escondido residents by the County of San Diego. The total number of households served by Section 8 rental assistance in the City of Escondido for FY 2010-2011 was 1,089. An average of \$786,306 was spent on the program each month, totaling \$9,435,675.81 for the year. It is anticipated that a similar number of households in Escondido will be assisted in FY 2012-2013.

**Low-Income Housing Tax Credits** In the past, the City has been successful in assisting affordable housing developments that have received tax credits. The City assisted in two recent tax credit applications for projects that were completed and another application for a project that is currently in the development process. All three projects were awarded tax credit allocations. Juniper Senior Village, a 61-unit (60 affordable) senior housing development on Washington Avenue developed by National Community Renaissance (CORE), was awarded tax credits during the 2009-2010 Fiscal Year in the amount of \$863,947 annually and was completed in FY 2010-2011. The Crossings at Escondido, a 55-unit family rental development on Mission Grove Place, developed by Urban Housing Communities was awarded tax credits in the amount of \$2,033,305 annually in September, 2009. The project was completed in Summer 2011.

Community HousingWorks is proposing a 36-unit affordable rental project in Escondido, and was awarded tax credits in September, 2011, in the amount of \$658,287 annually. The project is expected to break ground in late FY 2011-2012.

#### **Private Resources, Nonprofit Agencies**

**United Way** - United Way supports achievement of the Consolidated Plan priorities in two important ways: by providing grant funds for specific projects and by partially funding the general operating expenses of nonprofit health and human service providers in Escondido. A wide range of services are provided with United Way funding. These services contribute to creating Escondido's comprehensive service systems for special populations and the continuum of care for the homeless.

**Easter Seals** – Provides services to people with autism and other disabilities through their Adult Services and Child Development Centers in Escondido.

**Private Foundations and Funds** - The City works with and funds local nonprofit agencies which actively seek private foundation and other funding to help achieve the community development priorities of the Consolidated Plan. Human service agencies funded by the City receive funding from a variety of private foundations. In some cases, CDBG funds are leveraged to acquire these private resources.

**Bank Mortgages** - Private financing coming from banks and other financial institutions represents a significant contribution to the City's total housing program funding resources. These private funds are used in mobilehome park conversions, first-time homebuyer loans, acquisition, rehabilitation and new construction programs.

**Local Initiatives Support Corporation (LISC)** - LISC's mission is to assist community residents and Community Development Corporations (CDCs) in their efforts to transform distressed neighborhoods into healthy and sustainable communities. This organization believes that building Sustainable Communities will help improve and strengthen neighborhoods, provide a means to achieve positive community change for the benefit of low- and moderate-income persons, and help residents enjoy more fulfilling lives. In the past, LISC has assisted Community Housing of North County (now Community HousingWorks), a local nonprofit housing development organization, with funding commitments for its new construction and rehabilitation of affordable housing projects. Besides financial assistance, LISC also provides training, technical and organizational support to local nonprofit developers.

## **INSTITUTIONAL STRUCTURE**

The City of Escondido Neighborhood Services Division will serve as the lead agency in the administration of all CDBG projects proposed in this plan. The City will contract with local nonprofit organizations to administer public service and fair housing activities in addition to administering some projects directly. Where applicable, contract agencies (subrecipients) will be responsible for program implementation. Contract performance will be monitored by the City of Escondido.

The City of Escondido will serve as the lead agency in the administration of HOME projects/programs proposed in this plan. The City will contract with local housing developers and lending institutions to help implement housing programs. City staff will work jointly in developing required reports.

Housing and community development programs in the City of Escondido will be carried out by an institutional structure that includes public institutions, nonprofit organizations, educational institutions and private industry. The institutional capacity of these agencies includes human resources to assist in the development, implementation and monitoring of housing and community development programs.

An assessment of the institutional structure in the City of Escondido indicates various agencies and organizations are actively collaborating to develop and administer programs and policies to increase affordable housing units and address community development needs. Examples of collaborators include:

- Escondido's 15 organized neighborhood groups
- SAFEWALK parent volunteer program members
- Escondido Workforce Roundtable
- Alliance for Regional Solutions
- Regional CDBG Administrators Group
- Fair Housing Resources Board
- Emergency Food and Shelter Program Board
- Escondido Police Department Gang Prevention Programs

### **Enhanced Coordination Between Public and Private Agencies**

The City will work closely with other public and private agencies in order to implement and coordinate the objectives, programs and policies for producing and preserving affordable housing

and meeting community development needs. The City encourages the participation of other agencies in the development of affordable housing programs and social services aimed at reducing the number of households with incomes below the poverty line. Several nonprofit organizations in the community have been working with the City under different projects and programs. These organizations address the lower income segment of this community by providing services such as support services, education, job training, budget counseling and assistance in obtaining permanent housing.

Two nonprofit organizations located in Escondido are currently certifiable as Community Housing Development Organizations (CHDOs) by the Housing Division. They are San Diego Habitat for Humanity and Community HousingWorks. This certification promotes better coordination of available HOME federal funds for development of affordable housing. It also enhances coordination between public and social service agencies.

To coordinate the use of funding sources to develop Housing programs and projects and Community Development projects, a staff development review committee is utilized. The committee is made up of representatives from various City departments and divisions such as Housing, Neighborhood Services, Planning, Building, Code Enforcement, Finance, Engineering, Fire and the City Attorney's Office. Various members of the group meet as needed to discuss the physical development of the projects, as well as the use of HOME funds and other sources of funds for the development of the projects. This provides an effective method of coordinating the various departments, people, programs, and funding sources to be used in the jurisdiction.

### **Foster Resident Initiatives**

The City of Escondido utilizes CDBG funds to directly involve residents in improving the physical and social environments of their neighborhoods. The City serves as a catalyst to stimulate residents' participation in the revitalization of their community by providing resources, technical expertise and support. Documented decreases in crime, code issues and graffiti have resulted from this partnership between neighborhood groups and the City.

## **CITIZEN PARTICIPATION**

### **Public Hearings**

Two public hearings were held to develop the FY 2012-2013 One-Year Action Plan. Both hearings were noticed in the *North County Times* in both English and Spanish in accordance with the city's Citizen Participation Plan. In addition, outreach was conducted through various channels including the monthly *Neighborhood News* e-newsletter sent out by the City's Neighborhood Services Division, E-mail notifications to interested parties and through the City's 15 organized neighborhood groups.

The first public hearing was held on March 28, 2012 to establish priorities and a process for the allocation of FY 2012-2013 Community Development Block Grant Funds for public service projects that support the Consolidated Plan objectives. At the March 28, 2012 hearing, one public comment was received and Council approved staff's recommendation to reaffirm the

existing priorities with one change to the Homelessness/Aids priority. Council voted to eliminate Aids from the priority as they felt the two do not relate.

At the second Public Hearing on April 25, 2012, staff presented specific program recommendations to support the five-year Consolidated Plan priorities and objectives. Proposals for funding were also presented to Council by members of the public. Public comments were heard. After considering all comments and requests for funding, the Council approved??? the activities as set forth in the Planned Activities sections and in the CDBG Allocations Tables.

### **FY 2012-2013 One-Year Action Plan Public Review and Comment Period**

The FY 2012-2013 One-Year Action Plan was available for public review and comment from April 3, 2012 through May 2, 2012 in the Neighborhood Services Division at Escondido City Hall, 201 N. Broadway in Escondido, and on the City's Web site at [www.escondido.org](http://www.escondido.org). Notice of the public review and comment period was published in both English and Spanish in the North County Times on March 27, and April 2, 2012. During that time, XXX comments were received.

### **MONITORING STANDARDS**

As an entitlement city in the CDBG program and a participating jurisdiction in the HOME program, the City of Escondido is responsible for ensuring that federally-assisted projects and programs comply with all applicable statutes and regulations. The City will monitor the activities of all entities receiving funds from the City to ensure compliance with requirements and for taking necessary corrective action should performance problems occur.

#### **Monitoring Standards for Home-Assisted Rental Projects and Program**

Prior to disbursement of HOME funds to any entity, the City shall enter into a written agreement with the entity ensuring compliance with all applicable statutes and regulations. Agreements will remain in effect for the requisite period of affordability. The city will ensure all subrecipients comply with all pertinent regulations governing their operations, monitor their performance, and evaluate the capacity to perform the proposed work. In addition, invoices and reports are reviewed for progress and performance.

The City is responsible for the review of activities of owners of HOME-assisted rental housing to determine compliance with applicable regulations and written agreements. Post-completion property inspections shall be conducted to ensure that properties meet all local codes and standards. Multi-family housing projects containing at least 26 units shall be inspected on-site annually to determine compliance with housing codes and HOME regulations. and written agreements. For rental projects containing five to 25 units, an on-site review shall be made once every two years. Projects containing one to four units shall be inspected every three years. Review of rent levels and recertifications of tenant income levels, and compliance with HOME regulations and written agreements shall be conducted on an annual basis for all projects. The results of all reviews shall be and have been included in the HOME annual performance report (CAPER) and shall be and were made available for public review.

For HOME ownership projects the City verifies residency periodically through access to property tax rolls, other intra-agency resources, utility bills and mortgage statements. In the event that the unit is no longer owner-occupied during the required affordability period, the loan is due in full and staff will pursue recapture of HOME funds.

### **Monitoring Standards for CDBG Projects and Program**

Recipients of CDBG funds (subrecipients) are required to enter into written agreements with the City prior to receipt of CDBG funds. The agreements govern the activities of subrecipients and specify regulations and conditions under which funds will be provided. Additionally, agreements define the purpose and nature of services and projects and where they will be provided, the tasks to be performed, the level of service to be offered in quantifiable units, performance measurements and a project implementation schedule within a defined contract period.

The City will monitor all CDBG project and program activities on an ongoing basis to ensure compliance with HUD regulations and City policies, facilitate timely completion of projects and provide opportunities for dialogue with subrecipients. Monitoring strategies will include on-site field visits, telephone calls, monthly review of financial records, quarterly review of agency performance reports and the provision of technical assistance as needed. Annual site visits will be conducted for all subrecipients new to the CDBG program, those with previous compliance or performance problems and those carrying out multiple or high-risk CDBG activities.

## **LEAD-BASED PAINT**

The City of Escondido is committed to addressing lead-based paint hazards. On January 24, 2001, the Escondido Community Development Commission approved a grant program for lead-based paint testing and hazard reduction in pre-1978 housing, in conjunction with the Owner-occupied Housing Rehabilitation Loan Program. The program grants owner-occupants (who are rehabilitating their homes through the City's Rehabilitation Program) funding to conduct required lead-based paint related activities under Title X regulations such as paint testing, risk assessment, hazard reduction, or abatement and clearance. In the past grants were paid with Housing Set-Aside Funds budgeted for the Rehabilitation Program each year. It is anticipated that money for FY 2012-2013 will also be budgeted for lead-based paint activities for any rehabilitation programs or acquisition/rehabilitation projects, although it will not be available from Redevelopment Funds. City staff will continue to attend meetings, seminars and training regarding lead-based paint hazard testing and reduction, when possible. Staff will also continue to provide informational brochures to the public regarding lead-based paint hazard reduction.



## **HOUSING**

### **Housing Resources**

The City is a participating jurisdiction for the federal HOME program and anticipates receiving \$406,866 for fiscal year 2012-13, which is the HUD FY 2012-2013 HOME allocation. This represents a reduction of 49% from the allocation amount in FY 2011-2012 (\$798,518). The City also anticipates the ability to use loan repayments of approximately \$25,000. These monies will provide for first-time homebuyer loans for low-income residents, the development of future affordable housing, and administration costs. City staff will review any potential applications for additional federal and/or state resources, and any available private funding sources, in order to further leverage the currently available revenue streams.

The City of Escondido uses HOME funds to assist first-time homebuyers through the Homebuyer Entry Loan Program (HELP). The funds are used as a direct subsidy to the homeowner for closing costs, escrow costs or principal. The HELP program offers a loan amount of 5% of the purchase price, up to a maximum of \$25,000.

The City imposes recapture requirements that comply with the standards of the HOME Final Rule under Title 24 Section 92.254. If the property that is assisted with HOME funds is no longer owner-occupied, is refinanced or is sold during the first ten years, the homeowner is responsible for repaying the entire principal amount plus interest to the City. Interest is forgiven after ten years, but repayment of principal is still required. Recaptured funds are re-invested by the City into the HELP Program.

To accommodate the current trends in the housing market, including an increase in the number of property foreclosures and short-sales, the City has revised the loan documents for the HELP Program to protect the City's HOME funds. The documents have been revised to include specific language related to the Recapture Provisions required in CFR 982.254(a)(5)(ii). The language specifies what repayment the City would require if there were no net proceeds from a home sale or if the amount of net proceeds was less than the amount owed to the City through the HELP loan.

### **Affordable Housing Activities**

A combination of housing programs and projects will be utilized in FY 2012-2013 to address the priorities of the 2010-2015 Consolidated Plan. There are six adopted housing priorities, several of which overlap and could be achieved within the same activities. Priority 5 will be combined with Priority 3, since all new rental units will be well-designed. As listed in the 2010-2015 Consolidated Plan, the housing priorities include:

1. Increasing homeownership opportunities;
2. Conserving the supply of existing ownership housing;
3. Expanding the stock of affordable rental housing;

4. Promoting neighborhood stability by increasing the length of stay in rental housing;
5. Increasing the supply of well-designed multi-family housing units; and,
6. Expanding the supply of three- and four-bedroom rental units.

The loss of redevelopment funding will have a negative impact on some of the Housing Division's programs, although the City will evaluate what other funding sources may be available to continue programs and meet anticipated accomplishments related to the Housing priorities.

Priorities 1 and 2 relate to the need for homeownership in Escondido. The rate of home ownership in Escondido is 54 percent, which is lower than the state and national averages of 57 percent and 67 percent, respectively, as reported by the 2010 Census. This FY 2012-2013 One-Year Action Plan addresses the need to reduce turnover rates and increase a sense of ownership within the community. The issuance of Mortgage Credit Certificates (MCCs) and HELP (Homebuyer Entry Loan Program) loans will assist first-time homebuyers in the purchase of their homes and contribute to neighborhood stability. Escondido participates in the San Diego County regional MCC program, with an independent firm administering the program. Each city pays a portion of the administration costs related to the number of MCCs issued in its jurisdiction. The City proposes to continue to provide funding toward administration of the MCC contract.

At the inception of the HELP program, over 50 loans were issued annually. The number of HELP loans declined considerably when housing prices escalated. However, with the recent foreclosure problem loan activity has increased substantially. During fiscal year 2008-09 71 HELP loans have were issued, during fiscal year 2009-2010 47 HELP loans were issued, and during FY 2010-2011 37 HELP loans were issued. During the first half of FY 11-12 42 HELP loans were issued. Staff continues to anticipate the need for much of the Housing Development HOME funds to be allocated to the HELP program for the issuance of subordinate deferred loans for the upcoming fiscal year.

Lower-income owner-occupants who live in substandard units have been designated a high priority for assistance in maintaining their homes. In keeping with the Consolidated Plan, the City expected to fund an average of 22 owner-occupied, single-family and mobile home rehabilitation loans each year. Funding of loans was planned to be accomplished with Housing Set-Aside (Redevelopment) Funds, which no longer exist. During the first half of FY 11-12 14 rehabilitation loans were funded to mobilehome owners. No additional loans were made to owners of single-family residences. The program is being discontinued with no additional source of funding identified.

Priorities 3, 4, 5 and 6 relate to the improvement of the supply of rental housing in the City to meet the needs of Escondido residents. The Consolidated Plan cites overpayment for housing as a widespread housing problem in Escondido, especially among lower-income renters. Additionally, the rate of overcrowding is especially acute for large, related renter households. This trend reflects in part the limited supply of large rental units in Escondido that are affordable to lower-income households. Priority 5 will no longer be a separate priority as all new multi-

family rental units will be well-designed. The Consolidated Plan sets forth an objective of providing 23 additional deed-restricted rental units for families per year. As a strategy toward meeting related priorities, the City's FY 2012-2013 One-Year Action Plan places an emphasis on the rehabilitation and, where appropriate, new construction of rental units. Redevelopment and rehabilitation will occur with the assistance of HOME funding and recycled Housing set-aside funds, as leverage to other funding sources.

During the 2009-2010 fiscal year the City continued to assist National CORE (formerly SoCal Development) in its redevelopment of a dilapidated mobilehome park into a senior complex with 61 rental units on Washington Avenue. The project opened in December 2010. The city also assisted Urban Housing Communities in its redevelopment of The Crossings (formerly Elder Place), a severely declining area of the Mission Park Neighborhood, into 55 multi-family rental units that include 17 three and four bedroom units. Occupancy of the units began in the summer of 2011.

During the upcoming fiscal year, the City anticipates the completion of the El Norte Apartments, which will provide 36 multi-family rental units that include two-, three- and four-bedroom units by Community HousingWorks. The units will be affordable to families earning between 30 and 60% AMI. The City also anticipates the completion of the redevelopment of six manufactured home units at two mobilehome parks, for ownership. In addition, it is anticipated that San Diego Habitat for Humanity will develop a minimum of eleven town homes, affordable to low-income first-time homebuyers.

In order to address the increasing need for housing for low-income seniors, the Consolidated Plan sets an objective to fund commitments to assist an average of 295 elderly households per year with rental assistance. The rental subsidy program has been funded entirely by Redevelopment funds, which no longer are available. 276 residents were being served at the time redevelopment funding was suspended. The program has been continued an additional month after the end of redevelopment funding for those most in need (those with an income of no more than 30% AMI). It is not known at this time whether a funding source will be found to maintain this program in FY 12-13.

### **Needs of Public Housing**

There is no public housing in the City of Escondido. San Diego County administers section 8 rental assistance to Escondido residents in need of affordable housing.

### **HOME/American Dream Down Payment Initiative (ADDI)**

ADDI funds are not anticipated for this year.

### **HOMELESS AND SPECIAL NEEDS POPULATIONS**

#### **Continuum of Care for the Homeless**

Support for Escondido's homeless individuals and families will continue in FY 2012-2013 through participation on regional boards, commissions and other discussion forums which ensure

support for the series of programs that constitute Escondido's Continuum of Care. The One-Year Action Plan also includes the Regional Winter Shelter program, providing \$33,000 in funds which, leveraged with funds from several other cities in the region, provide emergency shelter for men and women during the cold winter months.

At its entry point, the Continuum consists of basic survival services such as food, clothing, shelter and case management. Additional services include job training and placement, life-skills training, childcare, support groups and residential care. These projects are part of Escondido's Continuum of Care for the homeless and are primarily funded through the Supportive Housing Program and supplemented with CDBG and other federal, state and private resources. These resources are listed and described in the Community Resources section of this report.

### **Activities to Meet the Needs of Special Populations**

Nearly all of the CDBG-funded projects proposed for FY 2012-2013 are designed to meet the needs of special populations, including homeless, senior citizens and persons with physical disabilities. During FY 2012-2013, the City will support the following projects with CDBG funds to meet the needs of special populations:

- Workforce-oriented computer access and support at the library for individuals seeking job information, filling out online job applications, writing résumés, applying online for unemployment benefits, locating housing and searching for other workforce-related community resources;
- Daily in-home meal delivery for homebound, low-income seniors and people with disabilities;
- Daily hot meals to seniors;
- Specialized, coordinated transportation services for low-income seniors and people with disabilities;
- Case management and referral services for low income seniors;
- Emergency shelter and case management services for homeless men and women during the cold winter months;
- Weekend supplies of healthy food to very low-income elementary school students living in the Mission Park area;
- ADA improvements to City facilities and public capital projects.

Projects funded for FY 2012-2013 are well distributed throughout the City, with targeted concentration in the Westside and Mission Park areas. Specific project descriptions and allocation amounts are identified in "Appendix C - CDBG Allocations Tables." All proposed projects are required to undergo and receive environmental clearance in order to receive funding.

## **Emergency Shelter Grants (ESG)**

Emergency Shelter Grant (ESG) funds are not directly received by the City of Escondido; however, local eligible agencies receive ESG funds through the County of San Diego. ESG funds sponsor women's and children's programs and sheltering programs for single individuals and families. For example, Interfaith Community Services received \$46,745 in FY 2011-2012. They anticipate receiving the same amount in fiscal 2012-2013.

## **COMMUNITY DEVELOPMENT PRIORITIES**

The City of Escondido Neighborhood Services Division will serve as the lead agency in the administration of all CDBG projects proposed in this plan. The City will contract with local nonprofit agencies and organizations to administer public service and fair housing activities described in the One-Year Action Plan in addition to administering some projects directly. Contract agencies (subrecipients) will be responsible for program implementation. Contract performance will be monitored by the City of Escondido.

The FY 2010-2015 Consolidated Plan specifies six community development priority areas:

1. Youth and Families
2. Economic Development
3. Senior Transportation
4. Neighborhood Revitalization
5. Homelessness
6. Americans with Disabilities Act (ADA) community facility improvements

## **CDBG-FUNDED ACTIVITIES**

To best address these priorities, CDBG resources are concentrated in specified low-income areas, to achieve a more targeted benefit. These areas include the Mission Park Area (Census Tracts 202.02 and 202.12) which includes two low-income census tracts that require significant resources to address quality-of-life issues such as employment and services for at-risk youth and their families; the Westside Area (Census Tract 205.00); and other low-income areas targeted for residential and commercial/industrial revitalization. The City of Escondido is anticipating receiving approximately \$1,380,516 in CDBG funds for FY 2012-2013, an approximate 12% reduction from the previous year. For a complete description of all CDBG funded activities and specific allocation recommendations see "Appendix C – CDBG Allocations Table."

### **Activities to Benefit Youth and Families**

The Five-Year Consolidated Plan places great emphasis on addressing the needs of youth and families in the Mission Park area which encompasses two low-income census tracts located in the City's urban core.

Escondido's "Learn to Swim" program will continue to receive CDBG public service funds in FY 2012-2013, providing water safety classes in a low-income neighborhood. The program,

now in its third year of operation, served 102 youth with varying levels of swimming skill and experience during the first year and 182 youth in the second year. In the first half of FY 2011-2012, it had already seen an increase in participation with 168 participants enrolled.

Administered by the San Diego Food Bank, the Food 4 Kids backpack program provides discrete backpacks full of healthy foods, nutrition information and resource referral information to very low-income students at Lincoln Elementary each Friday before they leave school. The program has shown to improve school attendance and student performance for children who might not otherwise have enough to eat over the weekend.

Escondido Recreation Exceptional Promise scholarship program, provides bridge scholarship funding to low-income athletes who show exceptional promise in athletic activities, as identified by City recreation staff. Building on the success of the Share a Dream scholarship program, which has a cap of \$150 per family annually, Exceptional Promise scholarships will focus on empowering promising young athletes to pursue more advanced athletic goals. Specifically, the success of the previously mentioned Learn to Swim program which has led to an increased number of low-income young people becoming more interested in advancing their aquatics skills. Through this scholarship program, those young athletes will continue to have opportunities to pursue advanced athletic goals, such as joining the Escondido Swim Club, for which costs might normally be prohibitive.

Safe Walk, a volunteer based program, run by the Escondido School District, ensures low-income, at-risk elementary and middle school students a safe walk to and from school. With over 75 trained, parent volunteers monitoring the streets around the schools in the morning and afternoon.

### **Economic Development Activities**

The Economic Development priority is being addressed with a continued program at the Escondido Public Library which provides computer access for individuals seeking job information, filling out online job applications, writing résumés, applying online for unemployment benefits, locating housing and finding out about other workforce-related community resources.

Additionally, the Economic Development priority is being addressed with a continued public service allocation to provide important job-readiness computer skills targeted at residents of the Mission Park Area.

Finally, a capital improvement project at the Oak Hill Child Care facility managed by North County Community Services and approved in FY 2010-2011 will also address the Economic Development priority by increasing the child care capacity at the facility by 48 children, enabling more families to enter or remain in the workforce and/or further their education.

### **Transportation Alternatives for Seniors**

Another priority specified in the Consolidated Plan is the provision of low-cost transportation

alternatives for seniors. This priority will continue to be supported in FY 2012-2013 through the City's Older Adult Services Division, which has assumed the role of the City's coordinating agency for transportation services. The division chooses services (based on the community's needs) and maintains contracts with existing organizations and programs for low-cost transportation and assistance for a minimum of 150 older adults, including transportation to and from nutrition programs, free medical screenings, exercise programs and other activities offered at the Park Avenue Community Center (formerly known as Joslyn Senior Center) . These services prevent isolation and also prevent reliance on other more expensive forms of transportation.

In conjunction with senior transportation services, the senior nutrition program at Park Avenue Community Center (JSC) is included among the public service projects to receive continued funding in FY 2012-13. The JSC Nutrition Program serves hot lunch to seniors Monday through Friday. Attributed to the strained economic state, the JSC Nutrition Program has been experiencing a large and unexpected increase in the number of seniors ages 62+ dining in the program. In addition, they have expanded their program to include a weekend meal program, Park Avenue Café at Home (PACAH) which provides nutritious, frozen meals on Friday that can be simply reheated in a microwave on conventional oven.

Also supported in FY 2012-2013 and run by the City's Older Adult Services Division, is the CARES Program. This program, also based out of the Park Avenue Community Center , provides case management and referral services to low-income seniors, assisting them to meet the needs of daily living and preventing isolation.

Lastly, in regard to the senior transportation priority, the City will continue to support Meals on Wheels, in FY 2012-2013, for in home meal delivery services for 130 homebound seniors and people with disabilities.

### **Neighborhood Revitalization Activities Add Grape St, Elm St & Oak Hill**

Neighborhood revitalization is identified as one of the City's key community development priorities in the FY 2010-2015 Consolidated Plan, and is intended to improve identified low-income areas, including the Mission Park area, the Westside area and other low-income neighborhoods. The City of Escondido's revitalization strategy focuses on efforts that are neighborhood-based with a high level of involvement by residents, businesses and human service agencies. The City's FY 2012-2013 One-Year Action Plan continues to place emphasis on completing comprehensive neighborhood street improvements in those targeted low-income areas.

Project NEAT (Neighborhood Enhancement, Awareness and Training) is a CDBG-funded activity implemented to address the neighborhood revitalization priority. The goal of Project NEAT is to improve the appearance and safety of neighborhoods through mediation, education and fostering relationships with neighbors. Project NEAT works with Escondido's organized neighborhood groups to resolve potential code compliance issues, mostly with regard to yard maintenance and other appearance-related issues, before they reach the level of code enforcement cases.

Project NEAT currently utilizes one Department Specialist working within the boundaries of Escondido's 15 organized neighborhood groups. To date, 295 Project NEAT cases have been opened and 253 have been resolved. Additionally, 10 cases have been referred directly to Code Enforcement which were obvious health and safety concerns and beyond the scope of Project NEAT.

Currently, Project NEAT is effectively resolving neighborhood appearance issues and continues to address the Consolidated Plan's neighborhood revitalization priority as well as the Council Action Plan Image and Appearance priority.

In addition to Project NEAT, CDBG-funded neighborhood revitalization efforts would include funding two part-time Code Enforcement Officers to address commercial properties in CDBG-eligible census tracts. This code enforcement activity works in conjunction with Project NEAT and other neighborhood revitalization efforts to address appearance and compliance issues relating to commercial properties in CDBG-eligible census tracts. While costs associated with correcting code violations are not eligible under CDBG regulations, costs incurred for code enforcement efforts are eligible provided that the enforcement takes place in deteriorating areas and in conjunction with other services (such as fostering relationships with the City's 15 organized neighborhood groups, neighborhood cleanups, street improvement projects like the Tulip Street Improvement Project, Grants to Blocks projects, etc.) According to CDBG regulations, both residential and commercial structures may be included in code enforcement efforts. The eligible area includes approximately 25,790 households and 1,852 businesses. The area is mostly residential, and this enhanced code enforcement acknowledges that the appearance and condition of business properties in a neighborhood greatly contribute to the overall appearance and economic vitality of that neighborhood.

Another project, implemented to address the neighborhood revitalization priority, is our Grants to Blocks Program. This program addresses the need to fund multiple, small neighborhood revitalization projects such as the Neighborhood Clean-ups or the Right-of-Way Enhancement Program as well as support of neighborhood organization efforts in low-income neighborhoods.

A capital improvement project to revitalize the Escondido Creek Trail is included in the FY 2012-2013 Action Plan to continue the momentum started with the Escondido Creek Trail Vision Plan (completed in March 2011).

To date, the City of Escondido has allocated approximately \$4 million in CDBG funds to the multi-phase Tulip Street Improvement Project in Census Tract 205.00. The first phase of this project, which included comprehensive street improvements on Tulip Street from 9th to 7th Avenues, was completed in June 2008. The second phase, which included comprehensive street improvements on Tulip Street from 7th to 5th Avenues, was completed in November 2009 and the third phase, which included comprehensive street improvements on Tulip Street from 5<sup>th</sup> to 3<sup>rd</sup> Avenues, was completed in January 2012. Funding for Phase 5 of construction is included in the FY 2012-2013 Action Plan allocations, which will be combined with future CDBG funding to complete the entire project from 9th to 2nd Avenues.

### **ADA Improvements to Public Facilities**



In FY 2011-2012, the City will use general funds to continue to make improvements to public facilities as they are prioritized in the City's ADA Transition Plan, in addition to including ADA improvements in the design and construction of all capital improvement projects using CDBG funds.

Specific CDBG funding allocations for FY 2012-2013 are listed in "Appendix C – CDBG Allocations Table."

## **PROGRAMS TO REDUCE THE NUMBER OF POVERTY-LEVEL HOUSEHOLDS**

### **Economic Development Master Plan and Comprehensive Economic Development Strategy (CEDs)**

At the start of FY 2011-2012, the City assigned staff in the City Manager's Office to work on economic development activities. Their efforts focus on executing the strategies outlined in the FY 2011-2012 Council Action Plan for Economic Development. The primary strategy in the plan entails hiring a consultant to complete an Economic Development Master Plan for the City. The plan is in progress and will be completed by the end of FY 2011-2012. The plan will include strategies for business attraction, retention and expansion, as well as workforce development and other efforts to raise the City's median income and reduce poverty. The plan will be based on analyses of existing data and extensive stakeholder engagement. In addition, the plan will qualify under the Federal Economic Development Administration as a Comprehensive Economic Development Strategy (CEDs) which will allow the City to apply for federal funding for projects and programs that create jobs.

The Escondido Workforce Roundtable was expanded in early 2012 to include other North County cities and is emerging as a regionally focused group with an emphasis on flexibility and addressing employers' needs. Its members include government, education, business and workforce service providers. The goal of the Roundtable is twofold: to tie education (K-12, adult education, colleges and universities) with preparing youth and adults with relevant training and skills that will allow them to find well-paying jobs and to address employers' needs in filling their staff needs with well-educated, well trained employees.

### **Small Business Resources**

The City refers small businesses to the Small Business Development Center (SBDC) at Mira Costa College for training in the areas of financing, marketing, business planning and other topics relevant to entrepreneurs. The SBDC conducts dozens of small business seminars each year. Business consultants from the SBDC offer free and low-cost 1:1 counseling to small businesses and can be contacted directly at the SBDC office in Oceanside.

### **Business Enhancement Zone**

Established in February 2000 and modified in 2006, the Escondido Business Enhancement Zone (BEZ) has been an economic development tool that has helped a number of businesses establish or expand in Escondido. Development activities have picked up significantly in the last year, and new or expanding projects include the Westfield North County regional mall expansion, the new Palomar West hospital, multi-family housing projects that had been stalled and other private

investment. BEZ incentives are available to all commercial-use properties in Escondido, provided they meet the public benefit criteria. Incentives are granted on a case-by-case basis.

### **Mercado Business District**

The Mercado Business District is located in the urban core of the City and within one of Escondido's low-income census tracts. In Spring 2011, a \$1.3 million street improvement project was completed on Grand Avenue. Grant funds from SANDAG (San Diego Association of Governments) financed most of the project cost. The improvements make the area more pedestrian friendly and attractive to residents and visitors. The design includes new sidewalks, street and pedestrian lighting, landscaping, fountains and a new traffic signal.

### **Transit Oriented Development**

The Escondido Transit Center provides full bus service and access to the Sprinter light rail line. The Sprinter provides an alternative mode of transportation from Oceanside to Escondido. Numerous stops along the Highway 78 corridor allow Escondido residents to get to places of employment and institutions of higher education.

Future plans for intensive development around the Escondido Transit Center are being analyzed, with partners including the North County Transit District, local government agencies and private developers.

### **Permit Processing Fee Incentives for Targeted Commercial Areas**

The City of Escondido has a long-time policy that provides fee waivers of up to \$500 for minor processing of applications and permits, in targeted commercial areas. This incentive allows small business owners in three targeted revitalization areas to process minor expansion and encroachment permits, and to receive permits for new signs, awnings, and façade improvements without the burden of City fees. Many of the business owners are in the low- and moderate-income level and operate their own businesses with a minimal number of employees.

### **Recycling Market Development Zone**

The Recycling Market Development Zone (RMDZ) provides incentives and loans to encourage new "added-value" recycling businesses to locate in Escondido.

## **Section 3**

As required by Section 3 of the Housing and Urban Development Act of 1968 (Section 3), and as amended by Section 915 of the Housing and Community Development Act of 1992, the City will ensure that economic opportunities generated by HUD financial assistance for housing and community development (such as HOME and CDBG funding) will be targeted to low- and very low-income individuals. Pursuant to Section 3, economic opportunities will include, but are not limited to, job training, employment, contracting, and subcontracting, and will be monitored and documented in the Annual Performance Report for the upcoming fiscal year.

### **Childcare Programs**

ECCDC has three licensed facilities with 100 employees. The Agency is fully subsidized to serve 67 infants, 146 toddlers, and 190 preschool age children for a total of 403 children daily. Children are offered two main meals and two snacks each day: ECCDC serves over 300,000 meals per year subsidized by the California Adult and Child Food Program (CACFP).

Additionally, the Oak Hill Childcare Facility and street improvements project will expand childcare resources in Escondido as facilitated by North County Community Services, leveraging State of California grant funding.

### **Recreation and/or After-School Programs for Low-Income Youth**

Also during FY 2012-2013, the City will use State of California After School Education and Safety (ASES) funding through a contract with the school district for the provision of after-school care at several elementary schools in low-income census tracts. The City will continue to encourage the provision of expanded recreation services at schools located in targeted geographic areas.

## **NON-HOMELESS SPECIAL NEEDS HOUSING**

In order to foster and maintain affordable housing, the City will continue to implement and coordinate the objectives, programs and policies for producing and preserving affordable housing. The Housing Division will bring to City Council recommended uses for the available funds within the parameters of federal regulations and the priorities of the Consolidated Plan.

### **Housing Opportunities for Persons with AIDS (HOPWA)**

HOPWA funds are not directly received by the City of Escondido; however, local eligible agencies receive HOPWA funds directly from the County's Department of Housing & Community Development (HCD). HOPWA funds provide housing assistance for people living with AIDS/HIV. Agencies administering HOPWA subsidies also provide supportive services to subsidy recipients such as transportation, emergency food, legal assistance, benefits counseling and support groups.

Approximately \$381,955 is expected to be awarded in FY 2011-2012 to Fraternity House, Inc. for its residential care facilities in Escondido and Vista. Fraternity House, Inc. is San Diego County's only licensed provider of Residential Care Facilities for the Chronically Ill (RCF-CI) disabled by HIV/AIDS. The organization's programs meet basic needs and provide direct services including housing, 24-hour personal care, assistance adhering to complex medication regimens, nutritious home-cooked meals, access to medical care, clothing, transportation, organized activities and emotional support. Skilled staff is on-site 24 hours a day. The organization is currently caring for two Escondido residents.

### **Specific HOPWA Objectives**

The City of Escondido does not receive HOPWA funds.

## **OTHER REQUIREMENTS**

### **Process for Amending the One-Year Action Plan**

In accordance with the Citizen Participation Plan, amendments to the One-Year Action Plan are to be considered any time that a "substantial change" to a project is intended. A "substantial change" is defined as a change in the location of a project, a change in scope of a project which affects the funding level of *more than* \$25,000 for projects budgeted at \$100,000 or less, or greater than 25 percent of projects budgeted at more than \$100,000.

Any time an amendment to the One-Year Action Plan is made, a public hearing will be conducted and the public hearing will be noticed in local English and Spanish-language

publications. The notice will provide an explanation of the changes and describe how the changes will affect future funding. A 30 day public comment and review period will be provided before the amendment is submitted to HUD.

### **Affirmatively Furthering Fair Housing**

The City of Escondido has made a strong commitment to the provision of fair housing in its community. The goal of the City's Fair Housing Program is to affirmatively further fair housing through specific educational, outreach, and monitoring activities.

Currently, the City contracts with the North County Lifeline to provide comprehensive fair housing services. The contract with North County Lifeline includes landlord/tenant counseling, which is administered by a full-time bilingual counselor/mediator who is available by phone on a daily basis. In addition, the provider educates property owners and managers and assists them to comply with fair housing regulations.

The City completed an analysis of impediments (AI) to Fair Housing in 1996 and participated in the completion of a Regional AI in 2000 and another in 2004. A new Assessment of Impediments to Fair Housing Choice (AI) has recently been prepared on a regional basis. A notice regarding citizen input was placed in local newspapers and the draft document was available for public review and comment for thirty days. The Fair Housing Resource Board (FHRB) a group made up of staff from local jurisdictions participating in the Regional AI, met several times to discuss collaborative actions to be taken with emphasis on determining solutions that can be implemented county-wide. The City will continue to address impediments to fair housing regionally and in Escondido as identified in the AI, and implement any solutions, programs and policies necessary. The current AI, submitted to HUD in 2011, includes regional and Escondido specific impediments, corresponding completion dates and recommendations. A summary of the impediments, the Fair Housing Action Plan, is included in Appendix A.

### **Affirmative Marketing**

The City of Escondido requires compliance to affirmative fair housing marketing practices when landlords and owners of assisted units are advertising the availability of housing units to solicit applications from persons of all ethnic, racial and gender groups. Affirmative marketing practices include, but are not limited to, collection of race/ethnic origin data, community marketing efforts and waiting lists.

- Written material on Federal Fair Housing Laws will be distributed to owners/tenants. All advertisements and/or public announcements regarding the program will include the "Equal Housing Opportunity" logo.
- Each property assisted will be marketed in a manner to affirmatively further fair housing, including, but not limited to, the following:

Listing available units with the Section 8 Existing Marketing Section of HCD;

Attempting to fill vacant units with families who are active certificate holders through the Section 8 program or who are applicants on the waiting list for Section 8 Certificates/Vouchers;

Using the "Equal Housing Opportunity" logo in any newspaper advertisement, or written communication to community groups, organizations, agencies or other community contacts.

- To inform and solicit applications from those persons in the housing market area least likely to apply for the housing unit, owners will utilize various community contacts to advertise unit availability.
- The City will periodically review affirmative marketing efforts made by owners to ensure compliance with Equal Housing Opportunity provisions. Where an owner has failed to follow affirmative marketing requirements, appropriate actions available under program regulations and/or applicable laws will be taken to enforce conformity.

Owners will be encouraged to comply with provisions of affirmative marketing of the units for no less than seven years after the completion date of the project.

### **Outreach to Minority and Women Owned Businesses**

Pursuant to our contracts and loan documents, all Escondido HOME fund recipients who are developing or producing affordable housing, and all CDBG fund recipients, are required to maintain records which demonstrate compliance with the Equal Opportunity and Fair Housing requirements, including documentation and data on the steps taken to implement outreach programs to minority-owned and female-owned businesses.

The City continues to ensure that documentation indicates the racial/ethnic or gender character of each business entity receiving a contract or subcontract of \$10,000 or more paid, or to be paid, with HOME or CDBG funds

### **Barriers to Affordable Housing**

In Escondido and Southern California in general the biggest barrier to affordable housing continues to be cost, although the recent drop in home prices has opened up additional opportunities for first-time homebuyers. The rate of homeownership in Escondido is 54 percent, which is lower than the state and national averages of 57 percent and 67 percent respectively as reported in the 2010 Census. The City seeks to provide assistance to homebuyers by providing the HELP first-time homebuyer program, which provides assistance with the purchase price and closing costs for families earning up to 80 percent of AMI. The city anticipates facilitating ownership for low- and moderate-income households through its first-time homebuyer program in the upcoming fiscal year.

In order to remove barriers to affordable housing, City staff will continue to monitor and review planning and housing policies and ordinances for impacts on the ability of developers to produce affordable housing units. The purpose of this review is to reduce governmental constraints on the production and preservation of housing for very low-income and low-income households.

RESOLUTION NO. 2012-70

A RESOLUTION OF THE CITY COUNCIL OF  
THE CITY OF ESCONDIDO, CALIFORNIA,  
ADOPTING THE HOME BUDGET FOR  
FISCAL YEAR 2012-13 AND AUTHORIZING  
THE COMMUNITY SERVICES DIRECTOR  
AND CITY CLERK TO EXECUTE  
AGREEMENTS FOR USE OF COMMUNITY  
DEVELOPMENT BLOCK GRANT FUNDS

WHEREAS, the City is a recipient of HOME Investment Partnerships Program and Community Development Block Grant ("CDBG") funds from the United States Department of Housing and Urban Development; and

WHEREAS, a total of 15% of HOME funds received by the City must be used for the provision of affordable housing by eligible Community Housing Development Organizations ("CHDOs"); and

WHEREAS, a total of 10% of the HOME funds received by the City may be used for administration; and

WHEREAS, the remaining HOME funds (75%) received by the City may be used for Housing Development; and

WHEREAS, the City Council desires at this time, and deems it to be in the best public interest, to adopt the HOME budget for FY 2012-13, attached as Exhibit "A" and incorporated by this reference.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:



1. That the above recitations are true.
2. That the HOME budget and administration of its programs for the period of July 1, 2012, through June 30, 2013 inclusive, contained in the FY 2012-13 Home Investment Partnership Program Budget Document, attached as Exhibit "A," is adopted as the final budget for the 2012-13 fiscal year.
3. That non-substantial changes to the HOME budget within 25%, whether above or below the projected allocation, will be proportionally dispersed to current distributions.
4. That the budget includes proposed expenditures of the City for the provision of affordable housing and proposed expenditures of CHDOs for the provision of affordable housing.
5. That the budget also reflects the work program for the coming year based on the City's Action Plan for FY 2012-13 which identifies the Housing goals and priorities, established in the 2010-2015 Consolidated Plan, and which examines the City's achievements in the previous year's work program.
6. That the Director of Community Services and the City Clerk are hereby authorized to execute contracts with the following providers for use of CDBG funds in the following amounts, attached as Exhibit "B" to this resolution and incorporated by this reference, using the general form of contract, attached as Exhibit "C", and incorporated by this reference, subject to minor adjustments as may be approved by the Director and subject to final approval as to form by the City Attorney.

# HOME INVESTMENT PARTNERSHIPS PROGRAM FY 2012

## SUMMARY OF HOME FUNDING CATEGORIES

FUNDING CATEGORY	AMOUNT AVAILABLE
2012 Allocation	\$406,866
Interest	5,000
Loan Repayments	<u>25,000</u>
<b>TOTAL AVAILABLE FUNDS</b>	<b>\$436,866</b>
<i>10% of Allocation</i>	<b>\$ 40,685</b>
<i>10% of Program Income*</i>	<u><b>22,500</b></u>
City's Administrative Cost	<b>\$63,185</b>
<b><u>Mandatory</u></b>	
CHDO Set-Aside (15% of allocation)	<b>\$61,299</b>
Housing Development	<b>\$312,382</b>
<b>TOTAL EXPENDITURES</b>	<b>\$436,866</b>

\* Generated from Loan Repayments received in previous fiscal years

### Appendix B Summary

City of Escondido Proposed FY 2012-2013 CDBG Allocations

Estimated Allocation: \$1,380,516

Estimated Program Income (PI): \$216,000

<b>Administration - 20% cap of allocation (\$276,103 max.)</b>	
CDBG Administration	\$248,557
Fair Housing	\$27,546
<b>Total</b>	<b>\$276,103</b>
<b>Public Service - 15% cap of total available (\$207,077 max. from allocation, \$5,123 from PI)</b>	
Learn to Swim	\$25,500
Exceptional Promise Scholarship	\$22,500
Workforce Assistance Computer Lab	\$14,800
Senior Transportation	\$24,900
Senior Nutrition	\$47,500
Senior CARE	\$6,000
Bilingual Computer Training	\$8,800
In Home Meal Delivery	\$12,500
SAFEWALK	\$5,000
Food 4 Kids Backpack Program	\$11,400
Winter Shelter	\$33,300
<b>Total</b>	<b>\$212,200</b>
<b>Uncapped Capital Improvement &amp; Other Neighborhood Revitalization Activities - (No max.)</b>	
Grape Street Improvements	\$200,000
Code Enforcement	\$60,000
Grants to Blocks	\$200,000
Elm St/Habitat for Humanity	\$100,000
Tulip Street Improvements	\$337,335
<b>Total</b>	<b>\$897,335</b>

**Total CDBG Allocations**

**\$1,385,638**

**AGREEMENT**  
**BETWEEN THE CITY OF ESCONDIDO AND**  
**XXX**  
**FOR THE USE OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS**

This Agreement, made and entered into by and between the City of Escondido, a municipal corporation of the state of California, hereinafter "CITY," and **XXX**, hereinafter "SUBRECIPIENT."

WITNESSETH:

RECITALS:

1. CITY is recipient of funds from the United States Department of Housing and Urban Development (hereinafter "HUD") pursuant to Title I of the Housing and Community Development Act of 1974 (41 U.S.C. 5301-5320) as amended (hereinafter "ACT").
2. CITY has approved the provision of federal funds under the Act to be used by the SUBRECIPIENT as provided in its "Work Plan," attached hereto as Attachment "A" and as further modified by any negotiated Statement of Work.
3. SUBRECIPIENT represents that it shall perform the work as set forth in the Work Plan and Statement of Work.
4. SUBRECIPIENT warrants that it has the expertise and experience to perform the work set forth in the Work Plan and Statement of Work.
5. SUBRECIPIENT represents that it shall perform the work as set forth in the Work Plan and Statement of Work pursuant to the "Budget," attached hereto as Attachment "B" and incorporated herein by reference.
6. CITY shall provide Community Development Block Grant "CDBG" funds to the SUBRECIPIENT in the amount set forth in the Budget, and pursuant to the terms of this Agreement.

NOW THEREFORE, in consideration of the foregoing recitals and based on the mutual covenants below, the parties hereby agree as follows:

1. The term of this Agreement shall be FY 2012-2013 (July 1, 2012 – June 30, 2013).
2. Upon the termination or expiration of the term of this Agreement, SUBRECIPIENT shall transfer to CITY any CDBG funds on hand at the time of such termination or expiration and any accounts receivable attributable to the use of CDBG funds.

A. SUBRECIPIENT OBLIGATIONS

1. Use of Funds. SUBRECIPIENT agrees to use federal funds provided by CITY to SUBRECIPIENT pursuant to the provisions of this Agreement, the Work Plan and

Statement of Work, and Budget for said program. SUBRECIPIENT'S failure to perform as required may, in addition to other remedies set forth in this Agreement, result in readjustment of the amount of funds CITY is otherwise obligated to pay to SUBRECIPIENT under Section B hereof.

SUBRECIPIENT agrees to use said funds to pay for necessary and reasonable costs to operate said program. Said amount shall include wages, administrative costs, employee benefits comparable to other similarly situated employees, and other allowable program costs as detailed in the Budget.

If SUBRECIPIENT uses the federal funds provided by CITY for the purpose of acquisition of real property or to reduce the cost of financing of acquisition of real property, there shall be no alteration of the use of the real property so acquired and no additional encumbrances placed on such property during the period of this agreement without the prior written consent of CITY, which consent shall not be unreasonably withheld.

SUBRECIPIENT shall, upon receipt of such federal funds for the purpose of acquiring or improving real property, cause a Deed of Trust, secured by a Promissory Note, to be executed and recorded, in favor of the CITY, for the amount of the federal funds provided by the CITY.

If SUBRECIPIENT uses federal funds provided by the CITY as set out in the preceding paragraph, and further encumbers the real property acquired without first giving notice to the CITY, and obtaining the CITY's written consent, which consent shall not be unreasonably withheld, such action on the part of the SUBRECIPIENT will be cause for termination or revocation of this Agreement and reversion of assets as delineated in paragraph A.(15.) or collection on any Promissory Note executed in favor of the CITY.

2. Statement of Work. SUBRECIPIENT represents that it will negotiate a Statement of Work in accordance with the Work Plan that will include an accurate schedule for performance and completion of the work. These items shall be in sufficient detail to provide a sound basis for the City to effectively monitor performance under the Agreement.
3. Budget. SUBRECIPIENT represents that the Budget includes only allowable costs and an accurate analysis of costs applicable to CDBG funds pursuant to 24 CFR 570.502, which includes requirements for compliance with the following in addition to other requirements:

- a. If SUBRECIPIENT is a governmental entity, Office of Management and Budget ("OMB") Circular Nos. A-87, A-128 (24 CFR Part 44), and with certain sections of 24 CFR Part 85; or
- b. If SUBRECIPIENT is not a governmental entity, OMB Circular No. A-122, "Cost Principles for Nonprofit Organizations" or OMB Circular No. A-21, "Cost Principles for Educational Institutions," as applicable, and certain Attachments to OMB Circular No. A-110 (A, B, C, F, N, H & O).

These items shall be in sufficient detail to provide a sound basis for the City to effectively monitor performance under the Agreement.

4. Records and Reports. The SUBRECIPIENT shall maintain records and reports as required by Federal Regulation 24 CFR 570.506, 570.503, OMB A-110, and 24 CFR 85.32-34 which may include but are not limited to:

- a. Records.

- (1) Documentation providing a full description of the activity undertaken.
- (2) Documentation demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program.
- (3) Documentation of the number, race and income level of persons and/or families participating in or benefiting the SUBRECIPIENT'S program.
- (4) Documentation of all CDBG funds received from CITY.
- (5) Documentation of expenses as identified in the Budget.
- (6) Property and equipment acquisition, management and disposition documentation.
- (7) Any such other related records as CITY shall require.

- b. Reports.

- (1) Payment Request/Invoice
- (2) Quarterly Performance and Demographic Reports
- (3) Final Evaluation Report
- (4) Any such other reports as CITY shall reasonably require.

5. Program Income. Transfers of grant funds by the City to the SUBRECIPIENT shall be adjusted according to the principles described in 24 CFR 570.504(b)(2)(i) and (ii), and 24CFR570.504(2)(i). Any program income on hand when this Agreement expires, or received after this Agreement's expiration, shall be paid to the CITY as required by Section A-15 of this Agreement and 24 CFR 570.503(b)(8).

6. Uniform Administrative Requirements. The SUBRECIPIENT shall comply with applicable uniform administrative requirements as described in 24 CFR 570.502, OMB Circular A-133 and 24 CFR 570 Subpart K.
7. Separation of Accounts. All funds received by SUBRECIPIENT from City pursuant to this Agreement shall be maintained separate and apart from any other fund of SUBRECIPIENT or of any principal or member of SUBRECIPIENT in an account in a federally insured banking or savings and loan institution. No monies shall be withdrawn from such account except for expenditures authorized by this Agreement.
8. Retention of Records. All accounting records and evidence pertaining to all costs of SUBRECIPIENT and all documents related to this Agreement shall be kept available at SUBRECIPIENT'S office or place of business for the duration of the Agreement and thereafter for three (3) years after completion of an audit. Records which relate to (a) complaints, claims, administrative proceedings or litigation arising out of the performance of this Agreement, or (b) costs and expenses of this Agreement to which CITY or any other governmental agency takes exception, shall be retained beyond the three (3) years until resolution or disposition of such appeals, litigation claims, or exceptions.
9. Compliance with Applicable Laws. SUBRECIPIENT agrees to comply fully with all applicable federal, state and local laws, ordinances, regulations, and permits including but not limited to federal CDBG financial and contractual procedures, and OMB Circular Nos. A-87, A-122, and A-110 with Attachments A, B, C, F, H, N, and O, as set forth in 24 CFR 570.502(b). Said federal documents are on file in the City of Escondido Community Development Block Grant Division, 201 N. Broadway, Escondido, CA 92025, and are incorporated herein by reference. The SUBRECIPIENT shall secure any new permits required by authorities herein with jurisdiction over the project, and shall maintain all presently required permits. The SUBRECIPIENT shall ensure that the requirements of the California Environmental Quality Act are met for any permits or other entitlements required to carry out the terms of this Agreement.

SUBRECIPIENT agrees to comply fully with all applicable federal, state and local laws, ordinances, regulations, and permits regarding provision of services to non-U.S. citizens.

No federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the

making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement;

If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

10. Affirmative Action Policy.

a. Provision of Program Services.

- (1) SUBRECIPIENT shall not, on the ground of race, color, national origin, sex or disability, exclude any person from participation in, deny any person the benefits of, or subject any person to discrimination under any program or activity funded in whole or in part with CDBG funds.
- (2) SUBRECIPIENT shall not, under any program or activity funded in whole or in part with CDBG funds, on the ground of race, color, national origin, sex or disability:
  - (a) Deny any facilities, services, financial aid or other benefits provided under the program or activity.
  - (b) Provide any facilities, services, financial aid or other benefits which are different or are provided in a different form from that provided to others under the program or activity.
  - (c) Subject to segregated or separate treatment in any facility in, or in any matter of process related to receipt of any service or benefit under the program or activity.
  - (d) Restrict in any way access to, or in the enjoyment of any advantage or privilege enjoyed by others in connection with facilities, services, financial aid or other benefits under the program or activity.
  - (e) Treat an individual differently from others in determining whether the individual satisfies any admission, enrollment, eligibility, membership, or other requirement or condition which the individual must meet in order to be provided any facilities, services or other benefit provided under the program or activity as an employee.



- (f) Deny an opportunity to participate in a program or activity as an employee.
- (3) SUBRECIPIENT may not utilize criteria or methods of administration which have the effect of subjecting individuals to discrimination on the basis of race, color, national origin, sex or disability, or have the effect of defeating or substantially impairing accomplishment of the objectives of the program or activity with respect to individuals of a particular race, color, national origin, sex or disability.
- (4) SUBRECIPIENT, in determining the site or location of housing or facilities provided in whole or in part with CDBG funds, may not make selections of such site or location which have the effect of excluding individuals from, denying them the benefits of, or subjecting them to discrimination on the ground of race, color, national origin, sex or disability, or which have the purpose or effect of defeating or substantially impairing the accomplishment of the objectives of the Civil Rights Act of 1964 and amendments thereto.
- (5)
  - (a) In administering a program or activity funded in whole or in part with CDBG funds regarding which the SUBRECIPIENT has previously discriminated against persons on the ground of race, color, national origin, sex or disability, the SUBRECIPIENT must take affirmative action to overcome the effects of prior discrimination.
  - (b) Even in the absence of such prior discrimination, a SUBRECIPIENT in administering a program or activity funded in whole or in part with CDBG funds should take affirmative action to overcome the effects of conditions which would otherwise result in limiting participation by persons of a particular race, color, national origin, sex or disability, to exclude individuals from participation in, to deny them the benefits of, or to subject them to discrimination under any program or activity to which CDBG funding applies, the SUBRECIPIENT has an obligation to take reasonable action to remove or overcome the consequences of the prior discriminatory practice or usage, and to accomplish the purpose of the Civil Rights Act of 1964.
  - (c) A SUBRECIPIENT shall not be prohibited by this part from taking any eligible action to ameliorate any imbalance in services or facilities provided to any geographic area or specific group of

persons within its jurisdiction where the purpose of such action is to overcome prior discriminatory practice or usage.

- (6) Notwithstanding anything to the contrary in Sections A.10.a(1-5), nothing contained herein shall be construed to prohibit any SUBRECIPIENT from maintaining or constructing separate living facilities or rest room facilities for the different sexes. Furthermore, selectivity on the basis of sex is not prohibited when institutional or custodial services can properly be performed only by a member of the same sex as the recipients of the services.

b. Employment Discrimination.

- (1) SUBRECIPIENT shall not discriminate against any employee or application for employment because of race, color, religion, sex, national origin, age or disability. SUBRECIPIENT shall take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, national origin, age or disability. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation and selection for training including apprenticeship. SUBRECIPIENT agrees to post in conspicuous places available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- (2) SUBRECIPIENT shall, in all solicitations or advertisements for employees placed by or on behalf of SUBRECIPIENT, state that all qualified applications will receive consideration for employment without regard to race, color, religion, sex, national origin, age or disability.
- (3) SUBRECIPIENT shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contractor understanding, a notice to be provided by CITY'S contracting officers advising the labor union or workers' representative of SUBRECIPIENT'S commitments under Section 202 of Executive Order No. 11246 of September 14, 1965, and shall post copies of the notices in conspicuous places available to employees and applicants for employment.

- (4) SUBRECIPIENT shall comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (5) SUBRECIPIENT shall furnish to the CITY all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the related rules, regulations, and orders.
- (6) In the event of SUBRECIPIENT'S failure to comply with any rules, regulations, or orders required to be complied with pursuant to this Agreement, CITY may cancel, terminate, or suspend in whole or in part its performance and SUBRECIPIENT may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions as may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- (7) SUBRECIPIENT shall include the provisions of Section A.10.B, "Affirmative Action Policy," Paragraphs 1 through 6, in every subcontract or purchase order unless exempted by rules, regulations, or order of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. SUBRECIPIENT shall take such action with respect to any subcontractor or purchase order as the CITY may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that in the event SUBRECIPIENT becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the CITY, SUBRECIPIENT may request the United States to enter into such litigation to protect the interests of the United States.
- (8) SUBRECIPIENT shall not discriminate on the basis of age in violation of any provision of the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) or with respect to any otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794). SUBRECIPIENT shall also provide ready access to and use of all CDBG fund assisted buildings and programs to qualified persons with disabilities in compliance with the Americans with Disabilities Act of 1990.
- (9) SUBRECIPIENT will provide a drug-free workplace by:

- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition.
- (b) Establishing an ongoing drug-free awareness program to inform employees about:
  - 1) The dangers of drug abuse in the workplace.
  - 2) The grantee's policy of maintaining a drug-free workplace.
  - 3) Any available drug counseling, rehabilitation, and employee assistance programs.
  - 4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
- (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a).
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will:
  - 1) Abide by the terms of the statement.
  - 2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five (5) calendar days after such conviction.
- (e) Notifying the agency, in writing, within ten (10) calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant.
- (f) Taking one of the following actions, within thirty (30) calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted:

- 1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended;

OR

- 2) Requiring such employee to participate satisfactorily in a drug-abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a)-(f).

- (h) "Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15). "Conviction" means a finding of guilt (through a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the federal or state criminal drug statutes.

"Criminal drug statute" means a federal or nonfederal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance.

"Employee" means the employee of a SUBRECIPIENT directly engaged in the performance of work under this contract including: (i) All "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and (iii) temporary personnel and consultants who are directly engaged in the performance of work under this contract and who are not on the SUBRECIPIENT'S payroll. This definition does not include workers not on the payroll of the SUBRECIPIENT (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the payroll; or employees of SUBRECIPIENTS or subcontractors in covered workplaces).

- c. Remedies. In the event of SUBRECIPIENT'S failure to comply with any rules, regulations, or orders required to be complied with pursuant to this Agreement, the CITY may cancel, terminate, or suspend in whole or in part its performance

and SUBRECIPIENT may be declared ineligible for further government contracts and any such other sanctions as may be imposed and remedies invoked as provided by law.

11. Ineligibility of Subrecipients of Contractors. SUBRECIPIENT shall not use CDBG funds directly or indirectly in its operations or to employ, award contracts to, or otherwise engage the services of, or fund any contractor during any period of debarment, suspension, or placement in ineligibility status of the SUBRECIPIENT or such contractor under the provisions of 24 CFR Part 24.
12. Conflict of Interest. In the procurement of supplies, equipment, construction and services by SUBRECIPIENT, the conflict of interest provisions in Attachment O of OMB Circular No. A-110 and 24 CFR 570.611 shall apply.
13. Condition for Religious Organization. SUBRECIPIENT shall comply with all applicable conditions prescribed in 24 CFR 570.200(j) and by HUD for the use of CDBG funds by religious organizations if SUBRECIPIENT is a religious organization.
14. Suspension and Termination. In accordance with 24 CFR 85.43, suspension or termination may occur if SUBRECIPIENT materially fails to comply with any term of this Agreement and/or the award, of this Agreement and/or the award may be terminated for convenience in accordance with 24 CFR 85.44.
15. Reversion of Assets. Upon termination or expiration of the term of this Agreement, the SUBRECIPIENT shall transfer to the CITY any CDBG funds on hand at the time of such termination or expiration and any accounts receivable attributable to the use of CDBG funds. Any real property under the SUBRECIPIENT'S control that was acquired or improved in whole or in part with CDBG funds shall either be:
  - a. Used to meet one of the national objectives stated in 24 CFR 570.208 until five (5) years after termination or expiration of this Agreement, or for such longer periods of time as determined to be appropriate by the CITY; or
  - b. Disposed of in a manner that results in the CITY'S being reimbursed in the amount of the current fair market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, or improvement to, the property. Reimbursement to the CITY shall not be required after the period of time specified in Section A.15.a of this Agreement.
16. Independent Contractor. SUBRECIPIENT agrees that the performance of obligations hereunder are rendered in its capacity as an independent contractor and that it is in no way an employee or agent of the CITY.

17. Licensing. SUBRECIPIENT agrees to obtain and maintain all licenses, registrations, accreditations, and inspections from all agencies governing its operations. SUBRECIPIENT shall insure that its staff shall also obtain and maintain all required licenses, registrations, accreditations, and inspections from all agencies governing SUBRECIPIENT'S operations hereunder.
18. Inspection of Records. CITY and the United States government and/or their representatives shall have access for purposes of monitoring, auditing, and examining SUBRECIPIENT'S activities and performance, to books, documents and papers, and the right to examine records of SUBRECIPIENT'S subcontractors, bookkeepers and accountants, employees and participants in regard to said program. CITY and the United States government and/or their representative shall also schedule on-site monitoring at their discretion. Monitoring activities may also include, but are not limited to, questioning employees and participants in said program and entering any premises or any site in which any of the services or activities funded hereunder are conducted or in which any of the records of SUBRECIPIENT are kept. Nothing herein shall be construed to require access to any privileged or confidential information as set forth in federal or state law.  
  
SUBRECIPIENT agrees to provide notification of any audits or investigations, including copies of results, findings, and/or liens.  
  
In the event SUBRECIPIENT does not make the above-referenced documents available within the City of Escondido, California, SUBRECIPIENT agrees to pay all necessary and reasonable expenses incurred by CITY in conducting any audit at the location where said records and books of account are maintained.
19. Assignability. SUBRECIPIENT shall not assign or transfer any interest in this Agreement, whether by assignment, delegation or novation, without the prior written consent of CITY; provided, however, that claims for money due or to become due to SUBRECIPIENT from CITY under this Agreement may be assigned to a bank, trust company or other financial institution, or to a trustee in bankruptcy, without such approval. Any assignment, delegation or novation other than as provided above shall be void and inoperative. Notice of any proper assignment or transfer shall be promptly furnished to CITY.
20. Hold Harmless.
  - a. SUBRECIPIENT shall indemnify and save harmless CITY, its officers and employees, from and against any and all damages to property or injuries to or death of any person or persons, including property and employees or agents of CITY, and shall defend, indemnify and save harmless CITY, its officers, and

employees from and against any and all claims, demands, suits, actions or proceedings of any kind or nature, including, but not by way of limitation, workers' compensation claims, resulting from or arising out of the negligent acts, errors or omissions of SUBRECIPIENT, its employees or subcontractors.

- b. SUBRECIPIENT, shall indemnify and save harmless CITY, its officers, and employees from and against any and all damages to property or injuries to or death of any person or persons, including property, and employees or agents of CITY, and shall defend, indemnify and save harmless CITY, its officers, and employees from and against any and all claims, demands, suits, actions or proceedings therefrom, resulting from or arising out of the intentional or malicious acts of SUBRECIPIENT, its employees or subcontractors.

21. Insurance.

- a. The SUBRECIPIENT shall secure and maintain at its own cost, for all operations, the following insurance coverage, unless reduced by the City Attorney:
  - (1) General liability insurance. Occurrence basis with minimum limits of \$1,000,000 each occurrence, \$2,000,000 General Aggregate, and \$1,000,000 Products/Completed Operations Aggregate; and
  - (2) Automobile liability insurance of \$1,000,000 combined single-limit per accident for bodily injury and property damage, unless waived as provided in 8(b) below; and
  - (3) Workers' compensation and employer's liability insurance as required by the California Labor Code, as amended, or certificate of sole proprietorship; and
  - (4) Errors and Omissions professional liability insurance with minimum coverage of \$1,000,000.
- b. It is the parties' understanding that the use of a motor vehicle is not a primary subject of this Agreement. SUBRECIPIENT acknowledges that operating a motor vehicle is outside the scope of this Agreement and occurs only at the convenience of the SUBRECIPIENT. A waiver of automobile liability insurance is only effective if both sets of initials appear below, otherwise such insurance is required.

Acknowledged by SUBRECIPIENT \_\_\_\_\_

Waiver appropriate by CITY \_\_\_\_\_



- c. Each insurance policy required above must be acceptable to the City Attorney.
  - (1) Each policy must provide for written notice within no more than thirty (30) days if cancellation or termination of the policy occurs. Insurance coverage must be provided by an A.M. Best's A- rated, class V carrier or better, admitted in California, or if non-admitted, a company that is not on the Department of Insurance list of unacceptable carriers.
  - (2) All non-admitted carriers will be required to provide a service of suit endorsement in addition to the additional insured endorsement.
  - (3) Both the General Liability and the Automobile Liability policies must name the CITY specifically as an additional insured under the policy on a separate endorsement page. The CITY includes its officials, employees, and volunteers. The endorsement must be ISO Form CG 20 10 11 85 edition or its equivalent for General Liability endorsements and CA 20 01 for Automobile Liability endorsements.
  - (4) The General Liability policy must include coverage for bodily injury and property damage arising from SUBRECIPIENT'S work, including its on-going operations and products-completed operations hazard.
  - (5) The General Liability policy must be primary and noncontributory and any insurance maintained by CITY is excess.
- d. In executing this Agreement, SUBRECIPIENT agrees to have completed insurance documents on file with the CITY within fourteen (14) days after the date of execution. Failure to comply with insurance requirements under this Agreement will be a material breach of this Agreement, resulting in immediate termination at CITY's option.

B. CITY OBLIGATIONS

- 1. Payment of Funds. CITY shall pay to SUBRECIPIENT from CDBG funds, when, if and to the extent received from HUD, amounts expended by SUBRECIPIENT in carrying out said program pursuant to this Agreement up to a maximum aggregate payment of \$x,xxx in installments determined by CITY. Payment shall be made to SUBRECIPIENT through the submission of monthly invoices, in a form prescribed by CITY, detailing such expenses. CITY shall pay such invoices within thirty (30) days after receipt thereof, provided CITY is satisfied that such expenses have been incurred within the scope of this Agreement and that SUBRECIPIENT is in compliance with the terms and conditions of this Agreement.
- 2. Audit of Account. CITY shall include an audit of the account maintained by SUBRECIPIENT pursuant to Section A.8 of this Agreement in CITY'S annual audit of all CDBG funds pursuant to federal regulations found in Title 24 of the Code of Federal Regulations and other applicable federal laws and regulations.

C. MISCELLANEOUS PROVISIONS.

1. Termination of Agreement. CITY or SUBRECIPIENT may terminate this Agreement by giving written notice to the other party thirty (30) days prior to the effective date of termination. Additionally, the CITY shall have the right, in accordance with 24 CFR 85.43, to terminate this Agreement immediately or withhold payment of any invoice for failure of the SUBRECIPIENT to comply with the terms and conditions of this Agreement. Should the CITY decide to terminate this Agreement after a full evaluation of all circumstances has been completed, the SUBRECIPIENT shall, upon written request, have the right to an appeal process. A copy of the appeal process will be attached to any termination notice.

If the CITY finds that the SUBRECIPIENT has violated the terms and conditions of this Agreement, the SUBRECIPIENT may be required to:

- a. repay all monies received from the CITY under this Agreement; and/or
- b. transfer possession of all materials and equipment purchased with grant money to the CITY.

In the case of early termination, a final payment may be made to the SUBRECIPIENT upon receipt of a final payment may be made to the SUBRECIPIENT upon receipt of a Final Report and invoices covering eligible costs incurred prior to termination. The total of all payments, including the final payment, shall not exceed the amount specified in this Agreement.

2. Notices. All notices to the parties required by this Agreement shall be in writing and addressed as follows:

TO CITY:                      City of Escondido  
                                     Neighborhood Services Division  
                                     201 N. Broadway  
                                     Escondido, CA 92025

TO SUBRECIPIENT:    **Subrecipient Name**  
                                     Address

3. Exclusivity and Amendment of Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the services of SUBRECIPIENT and provision of CDBG funds by CITY and contains all the covenants and agreements between the parties with respect to the conditions of said services and funding in any manner whatsoever. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement or amendment hereto

shall be effective unless executed in writing and signed by both CITY and SUBRECIPIENT.

4. Laws Governing This Agreement. This Agreement shall be governed by and construed in accordance with the laws of the state of California, all applicable federal statutes and regulations as amended, and all applicable local laws.
5. Severability. The invalidity in whole or in part of any provision of this agreement shall not void or affect the validity of any other provisions of this Agreement.
6. Construction of Agreement. The provisions of this Agreement and its Exhibits shall be construed as a whole. The captions preceding the text of each section are included only for convenience of reference and shall be disregarded in the construction and interpretation of this Agreement.
7. E-Verify Participation. CONTRACTOR agrees to enroll in and begin use of the United States Department of Homeland Security's ("DHS") E-Verify program ("E-Verify") within thirty (30) days of the execution of this Agreement to confirm employment eligibility of all of CONTRACTOR'S potential new hires. CONTRACTOR agrees and understands that E-Verify enrollment requires CONTRACTOR to sign a Memorandum of Understanding ("MOU") with DHS which provides the E-Verify terms of use. Any violation of the MOU by CONTRACTOR is grounds for DHS' termination of CONTRACTOR'S participation in the E-Verify program. Any such termination by DHS shall constitute grounds for City's immediate termination of this Agreement.

IN WITNESS WHEREOF, CITY and SUBRECIPIENT have caused this Agreement to be executed by their duly authorized representatives.

SUBRECIPIENT

By \_\_\_\_\_  
Executive Director

Date: \_\_\_\_\_

By \_\_\_\_\_  
President of Board of Directors  
(above signatures must be notarized)

Date: \_\_\_\_\_

CITY OF ESCONDIDO

By \_\_\_\_\_  
Jerry H. Van Leeuwen  
Director of Community Services

Date: \_\_\_\_\_

By \_\_\_\_\_  
Diane Halverson, City Clerk

Date: \_\_\_\_\_

APPROVED AS TO FORM:  
OFFICE OF THE CITY ATTORNEY  
Jeffrey R. Epp, City Attorney

By: \_\_\_\_\_