

**LIST OF ATTACHMENTS FOR PUBLIC HEARING
ITEM NO. 3 – APPROVE THE COMMUNITY
DEVELOPMENT BLOCK GRANT TWO-YEAR
FUNDING PRIORITIES FOR FISCAL YEARS 2011-13**

- A. Housing and Urban Development Letter**
- B. Summary of CDBG Eligible Activities**
- C. Community Advisory Commission's Approved
Minutes of 10/6/2010**
- D. Senior Adults Legal Assistance Letter**



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Mr. Felix J. Reliford
Principal Housing Planner
Planning and Neighborhood Services
City of Milpitas
455 E. Calaveras Blvd.
Milpitas, CA 95035

Dear Mr. Reliford:

SUBJECT: Programmatic Monitoring Visit
Community Development Block Grant (CDBG)
Community Development Block Grant Recovery (CDBG-R)
Grant Program Years and Numbers:
PY2007: B07MC060055
PY2008: B08MC060055
PY2009: B09MC060055
PY2009: B09MY060055

This letter is to confirm the results of the monitoring review of the City's CDBG program. Greg Harrick, Community Planning and Development Representative, conducted the review from June 8, 2010 through June 11, 2010. The monitoring visit included a review of the City's CDBG and CDBG-R programs for compliance with statutory and regulatory requirements; an examination of program and administrative files; and five site visits to subrecipients for on-site interviews and reviews of projects and activities.

The monitoring visit focused on program implementation, timely expenditure of funds, program oversight and management, project eligibility, and compliance with National Objectives. The projects reviewed were the Calle Oriente Park (CDBG-R); the City of Milpitas Housing Rehabilitation Loan Program; Terrace Gardens Senior Housing; and the Milpitas Unified School District Special Education Job Coaching.

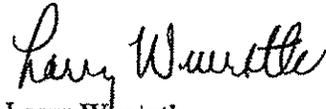
The monitoring review confirmed that the City of Milpitas is successfully implementing its CDBG program, and has the continuing capacity to administer it. The City's programs are well-managed and effective in addressing the needs of low-and moderate-income residents of Milpitas. There were no findings and no concerns identified during the review. Mr. Harrick shared the review results with Mr. Felix Reliford, Principal Housing Planner, Planning and Neighborhood Services, and Ms. Gloria Anaya, Senior Housing and Preservation Specialist, at the exit conference on June 11, 2010.

For your information, a finding is defined as a deficiency in program performance based on a statutory or regulatory requirement for which corrective actions are necessary. A concern is an issue that without attention or corrective action could potentially result in a finding. The enclosed report provides a detailed summary of the monitoring review.

The City of Milpitas's Planning and Neighborhood Services Staff and the Housing and Preservation Staff are to be commended for their knowledge, professionalism, and commitment to carrying out the City's CDBG program. Please extend a special thank you to Ms. Gloria Anaya for the generous time and assistance she provided to Mr. Harrick.

If you have any questions regarding this monitoring report, please contact Greg Harrick at (415) 489-6581.

Sincerely,



Larry Wuerstle
Program Manager
Office of Community Planning
and Development

Enclosure

Cc: Gloria Anaya, Senior Housing and Neighborhood Preservation Specialist

CDBG MONITORING REPORT

City of Milpitas

June 8, 2010 - June 11 2010

CDBG: B07MC060055; B08MC060055; B09MC060055

CDBG-R: B09MY060055

Introduction

The purpose of the monitoring review of the City of Milpitas CDBG and CDBG-R programs was to evaluate general program management, subrecipient oversight, and CDBG-assisted public service, acquisition, and rehabilitation activities undertaken during the 2007, 2008, and 2009 program years. The specific activities reviewed include:

- **Parks, Recreational Facilities**
City of Milpitas – Parks and Recreation Department - Calle Oriente Park (CDBG-R)
- **Handicapped Services (LMC)**
Milpitas Unified School District Special Education Job Coaching
- **Rehab; Single Unit Residential**
City of Milpitas Housing Rehabilitation Loan Program
- **Rehab; Multi Unit Residential**
Terrace Gardens Senior Housing

The above activities were reviewed for CDBG eligibility, documentation, and compliance with a National Objective. Interviews were conducted with City Staff, subrecipients, and beneficiaries to ascertain the City's subrecipient management and oversight system. Files were examined at both the City's offices and at four subrecipient agencies. The following observations were made during the review.

Overall Management Systems

The CDBG regulations at 24 CFR 570.501(b) require recipients to ensure that funds are used in accordance with program requirements. This includes ensuring subrecipient performance and reporting. Responsibilities for the CDBG program are shared by the Senior Housing and Neighborhood Preservation Specialist and the Principal Housing Planner of the Planning and Neighborhood Services Department. Both staff members have over twenty years experience with the City of Milpitas. They maintain a resource called the CDBG Procedures Manual which consists of written policies and procedures for the general administration of the CDBG program.

The Senior Housing and Neighborhood Preservation Specialist, Gloria Anaya, handles day-to-day administrative duties and program oversight responsibilities. She maintains the IDIS system; reports in FederalReporting.gov; collects and reviews quarterly reports from subrecipients; and provides ongoing technical assistance to subrecipients, contractors, and other local agencies. Felix Reliford, Principal Housing Planner, specializes in low-income housing activities and programs involving his city planning background. He is the lead on low-income housing projects that leverage redevelopment funds as well as other state and local funds. Together they complement each other by sharing technical, programmatic knowledge with big-picture, community planning.

Subrecipient Management

The CDBG regulations at 24 CFR 570.501(b) require grantees to monitor subgrant activities to ensure compliance with applicable requirements and to determine if program goals are being achieved. The City monitors each of its subrecipients to ensure continued compliance with CDBG regulations. Each subrecipient is monitored on-site at least once a Program Year. The City conducts CDBG Workshops to assist new CDBG subrecipients on program requirements and other technical assistance. Troubled programs receive special attention until problems are resolved or funds are reprogrammed.

Under the City's written agreements, subrecipients are required to submit quarterly reports that include detailed invoices for reimbursement, documentation of costs, accomplishments, and beneficiary data. The City reviews the reports and supplemental documentation to insure that the CDBG funds are being used appropriately. Based on file review, subrecipients' budget information is in sufficient detail to allow City staff to determine whether there are adequate resources to carry out the intended activities; whether expenses are proper and necessary; and that actual expenses match the planned use of funds.

Compliance with National Objectives

Section 101(c) of the authorizing statute sets forth the primary objective of the CDBG program as the development of viable communities by the provision of decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low- and moderate-income. The statute further states that this is to be achieved in the CDBG program by ensuring that each funded activity meets one of three National Objectives: activities benefiting low- and moderate-income persons; preventing or eliminating slums or blight; or meeting urgent needs. Each grantee must also ensure that at least 70 percent of its expenditures over a one, two, or three year period are used for activities benefiting low- and moderate-income persons.

The activities in the City's programs were reviewed for conformance with benefitting Low and Moderate Income persons during the 2007, 2008, and 2009 Program Years. All of the activities selected for review were designated by the City to meet the Low and Moderate Income persons National Objective under the Low-Moderate Income Area Benefit, Low-Moderate Income Limited Clientele, and Low-Moderate Income Housing subcategories.

Timeliness of Expenditures

At 24 CFR 570.902, the CDBG regulations state that HUD will review the performance of each Entitlement Community to determine whether the grantee is carrying out its CDBG program in a timely manner. Sixty days prior to the end of the City's program year, the undisbursed amount of Entitlement funds should be no more than 1.5 times the Entitlement grant amount for the City's current program year. For Program Year 2009, the City of Milpitas's met the timeliness requirement with a ratio of .67, well under the 1.5 limit.

Low-Moderate Income Area Benefit

24 CFR 570.208(a)(1) and 24 CFR 570.506(b)(2) requires the service area for the Low-Moderate Income Area Benefit National Objective to consist of at least fifty-one percent low and moderate income residents. For the *Calle Oriente Park* project, the City calculated the service area using Census Tract data for the areas served by the park (tracts 5044.12 and 5044.20.) They used calculations based on Household Income from the 2000 U.S. Census Bureau American Factfinder. The total LMA population was computed as 58.2 percent based on the average of LMA households divided by total households for the two Census Tracts.

Low-Moderate Limited Clientele Activities

Low-Moderate Limited Clientele Activities provide benefits to a specific group of persons rather than to everyone in a general area. It may benefit particular persons without regard to the area in which they reside, or it may be an activity that provides benefit on an area basis but only to a specific group of persons who reside in the area. In either case, at least 51 percent of the beneficiaries must be low- and moderate-income persons. Under 24 CFR 570.208(a)(2)(A), clientele generally presumed to be principally low and moderate income persons includes adults meeting the Bureau of the Census' Current Population Reports definition of severely disabled.

Students participating in the Milpitas Independent Unified School District Special Education Program are qualified under the State of California Special Education Laws as severely handicapped. The students have autism, mental retardation, and/or other developmental disabilities that require unique attention in the classroom. The students also meet the Bureau of the Census' Current Population Reports definition of severely disabled located online at the following URL: (<http://www.census.gov/>). Because the students are not expected to attend college after high school, the program helps them develop practical skills that will help them to live as independently as possible.

The CDBG funds assist the students with job coaching and work experience opportunities in the community. The program is part of the "Santa Clara County Individualized Education Program." Approximately one dozen Milpitas students are coached by a Special Education Instructor and Case Workers through a "Life Skills Program." Students work at school-based businesses, such as the Milpitas High School Student Store. Through hands-on experience, they develop communication, fine motor, and vocational skills to apply to other occupations. Five of

the eleven students enrolled at the end of the year were receiving pay checks through their work activities.

Low-Moderate Housing Activities

To meet the Low-Moderate Housing National Objective under 570.208(a)(3), an activity carried out for the purpose of providing or improving permanent residential structures, must be occupied by low- and moderate-income households upon completion. This includes acquisition or rehabilitation of a property by a recipient, a developer, an individual homebuyer, or an individual homeowner. Under 24 CFR 570.202 of the CDBG regulations, CDBG funds may be used to finance certain types of housing rehabilitation activities, and related costs, either singly, or in combination, through the use of grants, loans, loan guarantees, interest supplements, or other means described in 570.202(a), with limits on rehabilitation to commercial and industrial buildings outlined in 570.202(a)(3).

The City of Milpitas Housing Rehabilitation Loan Program provides 0 percent deferred and 3 percent amortized CDBG housing rehabilitation loans to low and moderate income owner-occupants of single-family properties. The program is structured as a revolving loan fund that returns funds to the program to assist future homeowners. Ninety-eight percent of all loans are deferred loans. Income determination for clients served during the 08-09 and 09-10 Program Years were based on the 2009 Income Limits published by HUD.

The City maintains a list of qualified contractors and a formal bid process to assist homeowners in selecting a contractor, although reasonable negotiated bids are acceptable. A homeowner questionnaire at job completion is used to evaluate each contractor's performance and is made available to prospective applicants. City Building Department Staff and CDBG Staff perform cost reasonableness estimates and a Loan Committee reviews loan recommendations.

On-site visits to two recent projects at 209 Carnegie Drive and 1448 Saturn Court in Milpitas showed that the scope of the rehabilitation was consistent with the cost of work. Both homeowners' were satisfied and expressed appreciation to the City Staff. The on-site visits involved walk-throughs of both homes where construction occurred. Kitchens, walkways, doors, and entranceways were rehabbed at both sites. We also viewed the work done to seismically stabilize the home at 209 Carnegie Drive.

Terrace Gardens Senior Housing

During the 2009-2010 Program Year, the City provided \$118,250 in CDBG funding for rehabilitation work at Terrace Gardens Senior Housing. The rehabilitation work will affect 35 of the 188 senior residents living at Terrace Gardens. The goal of the rehabilitation is to increase the livability of the units by replacing kitchen cabinets, countertops, and fixtures. During the visit, we inspected the rehabilitation work and spoke to one resident whose apartment had received the improvements. The materials and workmanship were of high quality and made the kitchen and entranceway exceedingly attractive. The resident was satisfied with the work.

CDBG-R

The American Recovery and Reinvestment Act of 2009 (Recovery Act) appropriated \$1 billion to the Community Development Block Grant Recovery (CDBG-R) program. CDBG-R enables local governments to undertake a wide range of activities intended to create suitable living environments, provide decent affordable housing, and create economic opportunities, primarily for persons of low and moderate income. Under the Recovery Act, recipients were instructed to give priority to projects that could begin within 120 days of the grant agreement. All funds must be spent no later than September 30, 2012.

To date, the City has spent \$129,842 in program and administration CDBG-R funds leaving a balance of \$27,451. At the time of this letter, the City had completed two of its five CDBG-R projects, Calle Oriente Park and Rebuilding Together. The design, construction and complete renovation of the Calle Oriente Park is complete. Improvements to the once-crime infested area include new playground equipment, lighting, landscaping, a basketball court, and ADA accessibility.

The ongoing projects are the Milpitas Food Pantry, Support Network for Battered Women, and Senior Housing Solutions. As a result of the CDBG-R funding, the Food Pantry retained a Director and a Part-time Maintenance Facility position. Senior Housing Solutions is being funded to cover the installation costs of Photovoltaic (PV) solar panels in a home for five low-income seniors.

Conclusion

The City of Milpitas continues to implement innovative community development projects and activities by combining the CDBG program with other non-federal resources. With thirteen years experience as an Entitlement Community, Milpitas is creatively utilizing its CDBG Entitlement funding on diverse projects to serve those residents in need. As observed during the monitoring review, Milpitas benefits from the dedication, professionalism, and expertise in the management of CDBG fund resources. We look forward to continuing to work with the City on its community development and affordable housing ventures.

Attachment II

SUMMARY OF CDBG ELIGIBLE ACTIVITIES

CDBG Program Eligible Activities

Determining if an activity may be assisted with CDBG funds involves an initial three step is to determine if the activity is included within the listing of Eligible Activities. The second step is to determine if the proposed activity falls within a category of explicitly Ineligible Activities. Outlined below is a summary of Eligible and Ineligible activities. Finally, the activities has to be determined to meet one of three National Objectives of the CDBG Program:

1. Benefiting low income persons – A minimum of 51 percent of the clients served must be low income (earning up to 80 percent of median income – reference Exhibit I for maximum incomes)
2. Addressing slum or blight conditions in an area which meets the local or State definition of slums or blight, which is in an urban renewal area or on a project spot basis if the project is limited to only those activities necessary to eliminate the specific conditions detrimental to public health and safety
3. Meeting a particularly urgent community need, so that the project will alleviate emergency conditions which pose a serious or immediate threat to the health or welfare of the community and which are of recent origin

In addition, there is a requirement that, over a period of not more than three years, at least 70 percent of the City's CDBG funds will be used for activities that principally benefit lower income persons. Additional steps for determining eligibility to receive funding involve a review of proposed project costs and a determination that the costs appear to be necessary, reasonable and otherwise conform with federal requirements.

continuation of Attachment II

Summary of Eligible CDBG Activities

1. **Acquisition of Real Property** (including property which is blighted or inappropriately developed; buildings which are suitable for rehabilitation; open space; buildings or site which are appropriate for historic preservation; and land to be used for development of low – and moderate income housing)
2. **Rehabilitation and Preservation**
3. **Public Services** (such as child care, fair housing counseling, health care, senior services, homeless services, etc.) There is a limit of 15% on the amount of City's CDBG grant which may be expended on public services.
4. **Disposition of Real Property**
5. **Clearance and demolition**
6. **Relocation** (for persons displaced as a result of an activity funded by CDBG).
7. **Construction of Housing by Community Based Development Organizations (CBDOs)**
8. **Homeownership assistance** (e.g., downpayment assistance, interest subsidies)
9. **Public Facilities and Improvements** (including acquisitions, construction, installation and rehabilitation of infrastructure; water/sewer lines, street; and acquisition, construction or rehabilitation of neighborhood facilities and facilities for persons with special needs (homeless shelters).
10. **Removal of Architectural Barriers** which restricts the mobility and accessibility of elderly and handicapped persons to publicly or privately-owned buildings, facilities and improvements (i.e. ramps grab bars, etc.).
11. **Economic Development activities**, including loans to private businesses, for the purpose of creating permanent jobs for low and moderate income persons, assisting a business which serves a primarily low and moderate income residential area, or inducing a business to locate in a redeveloping blighted area.

continuation of Attachment II

12. **Planning and Administration** including, general management, oversight and coordination of the CDBG program, preparation of comprehensive plans, Community Development plans, environmental and historic preservation studies, preparation and submission of applications for other Federal programs. A maximum of 20% of a City's CDBG grant may be used for planning and administration activities.

Ineligible CDBG Activities

1. Buildings used for the general conduct of government (e.g., City Hall)
2. General government expenses
3. Political activities
4. The purchase of equipment, except equipment to be in connection with eligible CDBG funded activities such as administration and public services and integral structural fixtures.
5. Operating and maintenance expenses except for program administration and eligible public services.
6. Income payments
7. New housing construction, except when carried out by a Community Based Development Organization (CBDO)

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October 6, 2010



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Community Advisory Commission
City of Milpitas
455 Calaveras Boulevard
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RE: Comments for Two Year (2011-2013) CDBG Funding Priority Hearing

Dear Councilmember Polanski and Commission Members,

We thank you for the invitation to submit these comments for the above referenced funding priorities hearing before the Commission. In past years Senior Services have been ranked as the #1 priority under the Public Service priority for the Milpitas CDBG program. We understand that the CDBG staff is recommending no changes to the current policy, and in particular to the ranking of Senior Services. We hope that the Commission will confirm the staff's recommendation. In the past the CDBG staff and the Commission have also recognized Legal Assistance as a priority need for Milpitas seniors, in particular for Milpitas seniors that are low income and at-risk, and the City has provided CDBG funding to meet this need through Senior Adults Legal Assistance (SALA).

Because Legal Assistance provides support to seniors across numerous fields of human service, the need for this service tends to be under-reported and under-ranked when funders conduct set priorities. For that reason, the rest of our comments are limited to the need for Legal Assistance by elders. This limited focus should not be construed as our position regarding the relative merits of any other public service or housing needs in Milpitas, nor should this be construed as an indication that we believe that they are not important needs or priorities as well.

Documentation of Need from Local Needs Assessments

Needs reports prepared by Council on Aging Silicon Valley (COA) and Santa Clara County provide documentation of local elders' critical need for legal services to keep them independent and to prevent abuse and premature institutionalization. Specifically, Council on Aging's (COA) needs report, *Coming of Age II* (1994), documents the critical need for legal services for local elders, particularly the low-income, frail, and isolated population. The report states that for elders "who need assistance in dealing with agencies (the second highest self-reported need) Legal Assistance is needed to establish eligibility and to secure benefits." The report cites the importance of Legal Assistance in matters of physical or financial abuse, as well as competence and notes that legal issues are often imbedded in many other areas of service essential to the elder population's daily survival. The COA's *Area Plan on Aging for 2005-2009*, affirms that legal assistance continues to be a priority need locally "to help older persons obtain services and benefits including protective services for financial abuse, competence and conservatorship".

Unmet Civil Legal Needs of Indigent Residents of Santa Clara County, prepared for the Board of Supervisors in August 2001, confirms the findings of the COA and notes: "legal representation and counsel can be essential to the elderly and their families in gaining access to health, income, and social services." *A Community for Life*, the ten year strategic plan on aging completed by the County of Santa Clara and City of San Jose in February 2005, identifies the availability of legal assistance at senior centers as a "key service need". In fact, this needs assessment states that when asked which programs and activities they would like senior centers to offer, legal services was one of the three services that was identified by more than one half of the older adults that participated in the telephone survey that was conducted in conjunction with this report.

The need for legal services, as well as other supportive services for seniors, will continue to grow along with the older population's growth. United Way's recent *Community Impact Report* notes that the older population is expected increase from 11% to nearly 27% of the County's population by 2040. It also states that "the growing

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number of older adults will undoubtedly require an increase in human services delivered to this population."

Based upon the sources cited above, we believe there is sufficient documentation that Legal Assistance continues to be a need that is critical to the lives and well being of elders in Milpitas, particularly those that are at-risk and/or low-income. We also believe this documentation supports the conclusion that Legal Assistance is a key access service for this population and their families or caregivers. The above-referenced needs reports could also support the interpretation that Legal Assistance is the most critical of access services for older adults because, as the provider of "last resort," Legal Assistance is necessary to enforce elders' rights to services and public benefit entitlements after preliminary access has been denied. These needs reports also identify the critical linkage between Legal Assistance and Protective Services (including prevention of elder abuse and conservatorship), yet another factor that should support the ranking of Legal Assistance as a critical service need of Milpitas elders.

Documentation of Need from SALA

SALA is the only agency in Santa Clara County designated by Council on Aging to provide free legal services exclusively to elders under the Older Americans Act. SALA is also the only provider of free legal services with a physical presence in Milpitas, making our services accessible locally to Milpitas seniors. Specifically, SALA currently provides services twice monthly in Milpitas at the Barbara Lee Senior Center.

Statistics for clients served by SALA in Milpitas provide further support for the assessment that Legal Assistance is critical to the lives and well being of the most vulnerable and at-risk elders in Milpitas. Consistent with the mandate of the Older Americans Act, SALA targets our legal services to elders who have low incomes, are frail, and/or are at-risk of institutionalization. For 2009-10, most of the clients we served in Milpitas had characteristics that put them in great economic need or at some level of risk. For example, 86% of the clients that disclosed their income to SALA were very low income (at or below 50% of the county median); 43% were over age 75 or older; and 35% were disabled (demographic indicators placing them at highest risk of isolation or institutionalization under Older Americans Act criteria). In addition, 50% female and 65% indentified themselves as minority elders.

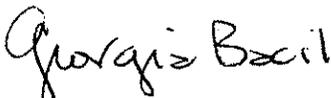
The critical role that SALA plays in the lives of local elders is also illustrated by the types of cases we open (our most comprehensive service). These cases involve legal problems with the public benefits (e.g. Social Security, SSI, Medicare) elders depend upon for their necessities, prevention of elder abuse or domestic violence (primarily through restraining orders), housing matters (e.g., landlord tenant or senior housing), nursing home problems (including discharges/evictions), and Advance Health Care Directives and planning for incapacity or end of life.

The increasing need for Legal Assistance services for elders over the past decade has also created a demand that far exceeds the existing service levels of SALA, the sole provider of such services locally. Waiting times for an appointment with SALA at many of our 20+ senior center appointment locations countywide now average one to two months. The waiting times for an appointment with SALA in Milpitas have been consistent with this average.

We believe that we have demonstrated that Legal Assistance continues to be a need that is critical to the lives and well being of elders residing in Milpitas, particularly those that are low income or at risk. The importance of Legal Assistance in the area of Protective Services [Incapacity Planning/Elder Abuse prevention] is also documented, as is the role of Legal Assistance as a key access service to ensure elders' adequate income, health care, basic necessities, safety, and independence.

We thank you again for the opportunity to submit these comments.

Respectfully submitted,



Georgia Bacil, Directing Attorney