

AMENDMENT #2
2018-2019 Annual Action Plan
City of Modesto

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

The purpose of the Substantial Amendment #2 to the City of Modesto PY 2018-2019 Annual Action is to address the U.S. Department of Housing and Urban Development (HUD) Department's reduction of the City of Modesto 2018-2019 Community Development Block Grant allocation. The 2018-2019 CDBG grant allocation was reduced from \$2,003,752 to \$1,618,617; this reflects a reduction of \$385,135.

Although the overall 2018-2019 allocation was reduced, staff projects that activity funding levels will not be affected/reduced due to an increase in projected CDBG Program Income (PI) and Revolving Loan Fund (RLF) revenue. The original 2018-2019 CDBG budget projected \$400,000 in Program Income revenue for the Program Year; however, after conducting a program income analysis, the City has received \$400,000 in the first six months of the Program Year. Therefore, the City is projecting an additional \$400,000 of Program Income which will be programmed through this Amendment #2.

The City will also reduce Activity Delivery funding levels for respective Annual Action Plan activities to reflect costs incurred to date.

As a result of the above mentioned funding level changes, the following changes are proposed as part of Amendment #2:

Entitlement Funding Changes:

1. CDBG Planning and Administration:

- a. Reduction of CDBG Planning and Administration entitlement funds budget by \$77,027; new entitlement amount for administration activities: \$323,723.
- b. The City anticipates receiving \$160,000 of Program Income for administration activities, which will be programmed through this Amendment #2, for a total of \$483,723.

2. Affordable Housing – Acquisition (Entitlement):

- a. Allocate \$189,600 to the acquisition of a transitional housing project.

3. Advocates for Justice

- a. Per the request of Advocates for Justice, defund this public service grant in the amount of \$22,899.

Revolving Loan Fund changes:

After a budget analysis, an additional \$449,587 has been identified for programming in Revolving Loan Fund (RLF) activities. These funds will be used to expand the use of RLF funds by converting activities previously funded with entitlement funds to be funded with RLF. The following changes will be made to the following RLF activities:

- 1. Water/Sewer Connection Program**
 - a. Defund this activity by \$139,477, leaving a balance of \$200,000 for program activities, due to current interest in the program.

- 2. Fresno CDFI Small Business Loans**
 - a. Defund this activity in the amount of \$100,000 in CDBG Entitlement funds and budget with an equal amount of Revolving Loan Funds.

- 3. Affordable Housing – Acquisition (RLF):**
 - a. Create an Affordable Housing – Housing Acquisition Revolving Loan Fund activity and add \$443,629.

- 4. Affordable Housing – Owner Occupied Housing Rehabilitation:**
 - a. Add \$145,435 of RLF funds to program budget for a total of \$561,272.
 - b. Defund Mobile Home housing rehabilitation activity by \$180,000 in CDBG Entitlement funds; this was added to Owner Occupied Housing Rehabilitation via RLF. Mobile Homes projects will be assisted through this activity.

In compliance with Citizen Participation regulations, a 30-day public comment period will begin February 9, 2019 and conclude on March 12, 2019. The city will present the draft Amendment #2 at the following public meetings.

- January 8, 2019: Steering Community Stratford at Beyer Park; 3529 Forest Glenn Dr Modesto (D5), 6:00 pm.
- January 16, 2019: West Modesto King Kennedy Collaborative; 601 S. Martin Luther King Ave Modesto (D2), 5:30 pm.
- January 28, 2019: Delwood Neighborhood Alliance; 1600 Carver Rd Modesto (D3), 7:00 pm.
- February 4, 2019: Airport Neighborhood Community Collaborative; 801 Empire Avenue Modesto (D4), 3:30 pm.
- February 6, 2019: Church of the Cross; 3936 Dale Rd Modesto (D1), 5:30 pm.
- February 14, 2019: Citizens Housing & Community Development Division Committee Meeting; 1010 10th Street Modesto, 12:00 p.m.
- February 20, 2019: Orchard Park Neighborhood Alliance; 1813 Oakdale Rd Modesto (D6), 5:30 pm.

- February 21, 2019: Stanislaus County System of Care (CSOC), Continuum of Care (CoC) Meeting, 2:30 p.m.

Interested persons will be given the opportunity to provide oral and/or written comments at the Public Hearing on March 12, 2019. All written comments must be submitted by March 11, 2019 at 4:30 PM. Please direct written comments to the City of Modesto, Attention: Community Development Manager, Community Development Division at the address listed below:

In Person: 1010 Tenth Street, Suite 3100, Modesto, CA 95354
Between the hours of 8:30 a.m. and 4:30 p.m.

Email: housing@modestogov.com.

Phone: (209) 577-5211