

**Meeting Agenda
State College Borough
CDBG/Citizens' Advisory Committee
May 7, 2019
Room 241 / Noon**

I. Call to Order

II. Roll Call

Selden W. Smith, Chair
Rebecca Misangyi, Vice-Chair
Alexis Burke
David Gaines
Jason Olcese
Marcia Patterson
Bruce Quigley

III. Approval of Minutes – April 2, 2019

IV. Chair Report

V. Public Hour - Hearing of Citizens

VI. Public Hearing on Housing & Community Development Needs and Proposed Strategies for Affirmatively Furthering Fair Housing

Federal regulations require communities that receive entitlement Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funds from the U.S. Department of Housing and Urban Development (HUD) to complete a Consolidated Plan (CP), which is a five-year planning document that identifies a community's housing and community development needs and a strategy to meet those needs. State College Borough is in the process of preparing the 2020-2024 Consolidated Plan and the 2020 Annual Action Plan, which identifies projects to be undertaken with Fiscal Year (FY) 2020 CDBG and HOME funds.

As part of this process, the State College Borough CDBG Citizens' Advisory Committee (CDBG/CAC) will hold a public hearing to gather the views of citizens, public agencies, and other interested parties on housing and community development needs, the development of proposed activities, and proposed strategies and actions for affirmatively furthering fair housing. The Committee is interested in accepting comments on the need for affordable housing as well as the need for non-housing community development priorities such as public improvements, public facilities, public services and economic development.

A notice advertising the hearing was published in the *Centre Daily Times* on April 22, 2019 and notices about the hearing were sent to municipal and county officials, neighborhood association leaders and to human service agencies.

Attached: Notice of public hearing

Committee Action: Solicit input from public attending hearing

VII. Substantial Amendment to FY 2019 Consolidated Plan

The Committee is asked to consider recommending to Council for approval the proposed substantial amendment to the FY 2019 Annual Action Plan, which is necessary due to receiving actual allocations from HUD for the FY 2019 CDBG and HOME Programs.

On November 5, 2018 Council approved a FY 2019 Annual Action Plan for CDBG and HOME funds based on a budget that was estimated to be equal to FY 2018 funding amounts.

On April 15, 2019 HUD provided the Borough with actual allocations for the FY 2019 CDBG and HOME Programs. The CDBG budget is 6% lower than the 2018 funding level. The HOME allocation is 38% lower than in 2018.

The State College Borough Citizen Participation Plan requires that a substantial amendment process be followed, which includes an advertisement, a 30-day comment period, a public hearing, and action by Borough Council.

The attached notice was published on May 2, 2019 and posted for public review in the Schlow Library and in the office of the Borough Planning and Development Department.

Attachments: Letter of Award from HUD to Borough
Public Notice of Substantial Amendment
Original & Amended Budget for FY 2019 Annual Action Plan
Policy Briefing Statement

Committee Action: Consider recommendation to Council for approval the proposed amendment to the FY 2019 Annual Action Plan, pending consideration of comments received during the 30-day public comment period.

Staff Recommendation: Staff requests that the Committee recommend the proposed amendment detailed in the attached PBS to Council for approval.

VIII. Upcoming Meeting

Tuesday, June 25, 2019 at Noon

IX. Adjournment

**Meeting Minutes
State College Borough
CDBG/Citizens' Advisory Committee
April 2, 2019**

The State College Borough Community Development Block Grant/Citizens' Advisory Committee (CDBG/CAC) meeting was called to order by Selden Smith, Chair, on Tuesday, April 2, 2019 at 12:06 p.m. in the Municipal Building, 243 South Allen Street.

Members Present

Selden Smith, Chair; Rebecca Misangyi, Vice-Chair; Alexis Burke; David Gaines; Jason Olcese; Marcia Patterson; and Bruce Quigley

Others Present

Maureen H. Safko, Senior Planner; Elizabeth S. Eirmann, Planner-Housing Specialist; and Denise L. Rhoads, Administrative Assistant

Approval of Minutes

A motion was made by Ms. Misangyi and seconded by Ms. Patterson to approve the March 12, 2019 minutes as submitted. The vote was unanimously in favor.

Chair Report

Chairman Smith asked the Committee to support improvements to the East Fairmount Park. Regarding the Department of Community and Natural Resources (DCNR), he asked the committee to provide a letter showing support for the project. He would prepare the draft for the committee to review. Ms. Safko noted she met with the Centre County Commissioners', and they voted to provide a letter of support for the project as well.

Ms. Safko shared a few refinements from Dan Jones, the Landscape Architect working on the project. She also noted they met with the DCNR and received their guidance.

East Fairmount Park Improvements:

- Existing conditions – Large, grassy area
- Basketball court removal - noise complaints
- Play equipment - some can be reused, some replaced
- Water fountain to be replaced along with trash receptacles, bicycle racks, etc.
- Goals: 1) reduce safety hazards, 2) improve access, 3) accommodate preferred activities, 4) organize pedestrian circulation, and 5) improve natural diversity for pollinators
- Create a beautiful neighborhood gathering space
- Provide ADA parking space
- No fencing - instead place a concrete curb and apron
- Add benches with ADA bump outs
- Add trees with the Highlands Neighborhood Association's assistance
- Once the budget was set, could work with someone like Play World on play equipment selection and configuration, with added input from Centre Region Parks & Recreation.

- To get green points – decided not to construct formal rain gardens, but construct a rainwater capture area
- Mulch - DCNR approved as ADA compliant – to be purchased from a company in the Mechanicsburg, Pennsylvania (PA) area.
- Discussed local standards for LEEDS with DCNR representative, who approved using the LEED standards as a model

CAC's comments:

- Mr. Smith asked if the Borough had a policy to buy the equipment locally. Ms. Safko stated Play World was the company most of PA used and was in Lewisburg.

Mr. Smith and Mr. Gaines reported on their tour of Housing Transitions, Inc. (HTI). One of the items of concern was HTI needed financing for counseling services. Mr. Gaines stated it was a very important space and noted it was the last opportunity for someone to have a roof over their head. He stated most of the clients were just down on their luck. Mr. Smith noted they were part of the United Way agency. Ms. Safko noted there was a retreat planned for strategic planning for HTI and she would be a part of this. Mr. Smith stated they were well connected to other agencies in the area.

Ms. Eirmann stated she was an advocate for one of the families currently living in Centre House with a young child. When she found out they were homeless, she urged them to contact HTI for help. She noted the family got the full attention of staff and received help with all aspects of moving forward.

Ms. Safko stated staff could see a request from THF/HTI, in the future, for assistance in purchasing or building a larger space.

Ms. Misangyi stated HTI recognized the trauma of being homeless and helped those in need adjust.

Public Hour

There were no members of the public present.

State College Borough Resale/Recapture Policy

Ms. Safko noted the differences between Resale and Recapture on the board and reviewed these with the Committee.

Resale: State College Community Land Trust (SCCLT)

- Next owner is income eligible
- Sale price is restricted

Recapture: Temporary Housing Foundation, Inc. (THF) & the Borough First-time Homebuyer (FTHB) Programs

- Direct homebuyer assistance is returned to the Borough at sale
- Pre-2016 – used shared equity but mortgage amount was forgiven

- Post-2016 – no more shared equity but mortgage is not forgiven - payback of 100% of the mortgage – mortgage is only equal to the amount of the direct assistance to the homeowner

Ms. Safko’s review included:

- The option the Borough chose was to impose local extended periods of affordability for various components of the Resale/Recapture Provisions policy.
- Examples: The FTHB program and THF had a 30-year recapture requirement. The SCCLT FTHB program required a 99-year ground lease.
- On April 4, 2016, Borough Council changed the recapture provision and required 100% payback of the FTHB assistance. Those participants that purchased prior to April 4, 2016, received loan forgiveness at a rate of 3.33% annually until the mortgage was fully forgiven after the local extended 30-year period of affordability expired.
- In January of 2005, the Borough’s Resale/Recapture provisions had been amended to include a shared equity provision. Homeowners who purchased a home after April 4, 2016 were subjected to both a 100% repayment of assistance, and the shared equity requirement. As a result, homebuyers participating in the FTHB programs were not able to realize the benefits of homeownership. Requiring both a 100% recapture of assistance, and shared equity was a disincentive to program participation. To resolve the impact resulting from the changes made to the Resale/Recapture provisions, on April 4, 2016, the shared equity requirements applied only to those properties purchased prior to April 4, 2016 that receive the benefit of loan forgiveness.

Example Calculation:

Sale Price of Home	\$158,000.00
0 Less Loan Pay-off of Superior Debt	\$110,000.00
Less Estimated Closing Costs	<u>\$ 7,900.00</u>
Net Proceeds	\$ 40,100.00
Owner Original Investment	\$ 5,000.00
Plus, Borough Subsidy	<u>\$ 51,621.00</u>
Combined Interest	\$ 56,621.00
<u>\$51,621</u>	
\$56,621	X \$40,100 = \$36,558.91 = amount to Borough
<u>\$5,000</u>	
\$56,621	X \$40,100 = \$3,541.09 = amount to Owner

Ms. Safko noted that recapture of funds is important to roll funding over to benefit more families, especially considering that federal funding for this program is not guaranteed into the future.

Ms. Eirmann noted this calculation was very confusing and caused some families to become disinterested in the program. She also noted not many people stayed in their homes for 30 years anymore.

Ms. Safko noted, in past years, the Borough grant allocations continued to go down, and this new way of calculating helped bring more funding to the program.

Shared Equity Guidelines for the Borough's FTHB and THF programs

As of January 1, 2005, both the Borough's FTHB Program and the THF Community Housing Development Organization (CHDO) Homebuyer programs used a shared equity formula. If the property appreciated in value, upon the sale of the house, the proceeds (sales price, less first mortgage payoff, less transaction costs, less owner original investment, less Borough original subsidy, and less homeowner's approved capital improvement investments) were divided between the homeowner and the Borough based on a proportional scale. The longer the homeowner remained in the home and continued to pay the principal on the primary loan balance and was not in default of any of the conditions of the primary or secondary loan, the larger the share of proceeds the homeowner received at the time of sale.

If the homeowner sold the home prior to the first anniversary of the Borough FTHB assistance loan, then 100% of all equity earned in the home at the time of sale was received by the Borough. The homeowner was not entitled to any equity earned in the home prior to the first anniversary of the Borough's loan to the homeowner. Upon each subsequent anniversary date of the loan, the homeowner retained an additional 3.33% of the equity earned in the property. If the homebuyer remained the owner and principal resident of the property for 30 years, the Borough was no longer entitled to any share of the equity earned in the property.

Ms. Safko and Ms. Eirmann stated staff could approve to subordinate a loan if the situation supported it.

CAC's comments included:

- Mr. Olcese stated that homeownership is becoming an outdated cultural provision. He noted the need for the Borough to invest in rentals to help those in need find affordable housing.
- Mr. Smith stated no one seemed to question the value of homeownership.
- Ms. Patterson asked why the Borough did not use just the land trust model. Ms. Safko stated that the reason discussed by staff has been that some people like to have the option of owning the land and the home.
- Mr. Quigley stated there was not enough funding to sustain these programs and suggested bringing in Mount Nittany Medical Center as a partner. He also noted ownership programs ended up serving people who were at the top of the income eligibility requirements leaving behind others who also need help.

Ms. Safko noted a growing interest in providing affordable rentals. She stated the Borough also had a declining demand for owner-occupied rehabilitation funding.

She stated a possible rehabilitation project could be working with landlords to provide rehabilitation work on rentals. Landlords would pay half and the Borough would pay half. Staff would need to build relationships with landlords.

Review of CDBG-Funded Capital Improvement Projects 2019 – 2023

She noted in a few months, the Public Works Director would attend a meeting to present some information on the next 5-year plan.

Ms. Safko's overview included:

- 2019 total of CDBG funded CIP projects \$250,000
 - Streetlight and curb ramp replacements on Sowers and Hetzel Streets and streetlights on Foster Avenue between Allen and Pugh Streets as an add alternate to the bid
 - Could be using Borough employees to complete the work
- 2020 total of CDBG funded CIP projects \$232,000
 - Park equipment upgrades - \$32,000 - East Fairmount Park playground equipment replacement and upgrades. There could also be Community Conservation Partnership Program funds available through the PA DCNR
 - Bicycle Path Improvements - \$200,000.
Ms. Safko noted that the bicycle path is not fully defined and may be removed from the plan in the proposal from the Public Works Director. She also reported that there is a need for approximately \$60,000 in additional CDBG funds for the East Fairmount Park project, which has grown in scope from the original playground equipment replacement to a more comprehensive park rehabilitation project based on widespread community involvement and unanimous strong support from Council.
- 2021 total of CDBG funded CIP projects \$190,000
 - Five streetlights on Garner Street and two curb ramp replacements
 - Street reconstruction/Burrowes Street/paving between West College Avenue and Beaver Avenue included bus stop subbase reinforcement and concrete pad construction
- 2022 total of CDBG funded CIP projects \$250,000
 - 18 new streetlights on Pugh Street between Beaver and Nittany Avenues and curb ramp replacements as needed
- 2023 total of CDBG funded CIP projects \$250,000 - Streetscape Improvements
 - A plan for West End neighborhood streetscape improvements to be developed in consultation with the neighborhood, which may include lighting, plantings, curb adjustments, etc., designed to improve pedestrian safety and enhance the western gateway to the Borough.

CAC's comments included:

- Mr. Quigley stated the CAC needed to think about what they wanted to achieve by changing the recapture/resale options. He also volunteered to share how his programs worked at the next meeting.

Upcoming Meeting

Tuesday, May 7, 2019 at Noon

Adjournment

With no further business to discuss, the meeting was adjourned at 1:29 p.m. by Ms. Patterson and seconded by Ms. Misangyi. The vote was unanimously in favor.

Respectfully submitted,

Denise L. Rhoads,
Administrative Assistant

**State College Borough
CDBG Citizens' Advisory Committee
Policy Briefing Summary**

RE: Amendment to 2019 Annual Action Plan

Date Prepared: May 2, 2019
Prepared By: Maureen Safko, Senior Planner
Proposed Meeting Date: May 7, 2019
Deadline for Action: May 7, 2019

I. Request/Issue Needing Committee Action

The Committee is asked to review the proposed substantial amendment to the 2019 Annual Action Plan. The amendment includes three components:

- a. revise FY 2019 allocations to align budget estimates with actual grant amounts
- b. reprogram \$60,004.66 remaining from FY 2018 Infrastructure Project to FY 2019 Infrastructure Project
- c. modify goal of FY 2019 Infrastructure Project to reflect new low- and moderate-income data received in 2019

II. Current Policy and/or Practice

Per the Citizen Participation Plan a Substantial Amendment to the Consolidated Plan is necessary when an activity is added or deleted, when the scope of an approved activity changes, when there is a proposed change in commitment of funds beyond 25% of the original allocation or \$25,000, whichever is greater and when there are environmental impacts which were previously not considered. Proposed amendments meet several of these criteria.

A summary of the proposed CDBG budget amendments was posted on the Borough's website, in the Schlow Library and in the Planning Department, and published in the Centre Daily Times on May 2, 2019. Following a 30-day public comment period, which expires on June 3, 2019, Council will hold a public hearing on June 4, 2019 at 7:00 PM prior to the regular meeting of Council.

III. Other Background Information

A Substantial Amendment process is underway to address the following revisions needed to the 2019 Annual Action Plan.

The proposed substantial amendments would accomplish the following:

1. Modify the CDBG and HOME allocations in accordance with the attached spreadsheet, adjusting the CDBG budget to account for the 6% budget reduction and revising the HOME budget to account for the 38% budget reduction.
2. Reprogram \$60,004.66 in prior year funding remaining from the completed FY 2018 Infrastructure Project: Streetlight/Curb Ramp
McAllister/Locust/Hiester Project to the FY 2019 Infrastructure Project:
Streetlight/Curb Ramp Sowers/Hetzel/Foster

3. Amend the goal of the FY 2019 Infrastructure Project to reflect the updated Low- and Moderate-Income Summary Data (LMISD) received from HUD in 2019.

The actions outlined herein will have only positive impacts on future grants.

IV. Financial Impact on Budget

The proposed substantial amendment to the FY 2019 Annual Action Plan is necessary because of a budget allocation received by the Borough is different from the estimated budget, which was based on the amount of funding received by the Borough in FY 2018. The actual allocation of Community Development Block Grant (CDBG) funds received from the U.S. Department of Housing and Urban Development (HUD) in FY 2019 is \$504,649, which is 6% less than the \$536,621 received in FY 2018. The actual allocation of HOME Investment Partnership Program (HOME) funding in FY 2019 is \$364,165, which is 38% less than the \$589,983 received in FY 2018. .

V. Authority, Boards and Commission Review

The proposed amendment has been published and posted for public comment since May 2, 2019. The CDBG Citizen's Advisory Committee will review the proposed amendments at its meeting on May 7, 2019. A public hearing will be held on June 4, 2019 after which Council will act on the proposed substantial amendment.

VI. Staff Recommendation

Staff recommends that the Citizens Advisory Committee consider recommending that Council support the proposed Substantial Amendment to the 2019 Annual Action Plan pending consideration of public comments received.

VII. Action Needed

The CAC is asked to consider recommending to Council that Council approve the proposed amendment pending consideration of public comments received.

Attached:

1. Legal Notice: Notice of Public Comment Period/Public Hearing
2. Proposed Budget Amendments

Published on Thursday, May 2, 2019

LEGAL NOTICE
NOTICE OF SUBSTANTIAL AMENDMENT

Amendment to the Borough of State College's 2019 Consolidated Annual Action Plan (AP)

At the November 5, 2018 Borough Council (Council) meeting, Council approved the 2019 Consolidated Annual Action Plan (AP). The CDBG and HOME budgets were estimates based on the 2018 allocations.

On April 15, 2019 HUD announced actual allocations. The Borough will receive \$504,649 in FY2019 CDBG funding (a 6% decrease from the estimate) and \$364,165 in FY2019 HOME funding (a 38.3% decrease from the estimate).

The U.S. Dept. of Housing and Urban Development (HUD) announced the FY2019 allocations for Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME). This requires a substantial amendment to the 2019 AP. Following is how the revised amount of funding will be used.

The Borough will receive a 2019 CDBG allocation of \$504,649; and has reprogrammed \$60,004.66 in prior year CDBG funds remaining from the 2018 CDBG Infrastructure Project: Streetlight/Curb Ramp McAllister/Locust/Hiester Project.

A total of \$75,697 is budgeted for public services activities. Of this total, \$28,406 is allocated to Centre Safe Staffing Program; \$16,818 to House of Care for staffing costs; \$16,339 to Housing Transitions, Inc.'s Employment and Housing Services; \$9,111 to Burrowes Street Youth Haven for staffing costs; and \$5,023 to Youth Service Bureau's Independent Living Program.

For public facilities and improvements, \$310,004.66 (\$250,000 in FY2019 CDBG funding and \$60,004.66 in prior year reprogrammed CDBG funding) is allocated for the 2019 CDBG Infrastructure Project: Streetlights/Curb Ramps – Sowers/Hetzel/Foster. For housing, \$39,011.10 is budgeted for the Borough FTHB Program and \$39,011.10 for the OOR Program. A total of \$100,929.80 is allocated for administration. The goal for this 2019 infrastructure project is amended to reflect updated LMISD received in 2019.

The Borough will receive a 2019 HOME allocation of \$364,165. A total of \$309,540.26 is budgeted for the Temporary Housing Foundation (THF) Rental Acquisition/Rehab Program; \$18,208.24 is budgeted for Community Housing Development Organization operating support (\$9,104.12 for State College Community Land Trust and \$9,104.12 for THF) ; and \$36,416.50 for program administration.

Copies of the proposed amendments will be available for inspection during regular business hours at the Planning Dept., Rm. 221, of the Municipal Bldg., 243 S. Allen St. and at Schlow Centre Region Library, 221 S. Allen St., State College, PA from May 3, 2019 through June 2, 2019. Comments on the proposed amendments will be accepted during this time. Council will hold a public hearing and later consider taking action on the proposed amendments during its meeting at 7 p.m. on June 3, 2019 in the Municipal Bldg. All interested parties are invited to attend the meeting and comment on the proposed revisions. For further information, please contact the Planning Dept. at (814) 234-7109 or planningdept@statecollegepa.us.

Thomas J. Fontaine, II
Borough Manager

Fiscal Year 2019 Annual Action Plan CDBG & HOME Budget Substantial Amendment				
FY 2019 CDBG	Original Estimated CDBG Budget Approved Nov. 2018		Amended Actual CDBG Budget Proposed for Approval Jun. 2019	
Public Services (15%)	\$80,493.00		\$75,697.00	
Centre Safe		30,206.00		28,406.00
House of Care		17,884.00		16,818.00
Housing Transitions, Inc.		17,374.00		16,339.00
Burrowes Street Youth Haven		9,688.00		9,111.00
CCYSB Independent Living Program		5,341.00		5,023.00
2019 Infrastructure Project: Streetlight\Ramp Replacements at Sowers/Hetzel/Foster	250,000.00		250,000.00	plus prior year funding of \$60,004.66 for total of \$310,004.66
Boro. First Time Home Buyer Prog.	49,401.90		39,011.10	
Owner-Occupied Housign Rehab	49,401.90		39,011.10	
Administration (20%)	107,324.20		100,929.80	
	\$536,621.00		\$504,649.00	
Estimated budget approved by Council on November 5, 2018 was based on es 2018 funding levels.				
Difference between estimated and actual CDBG allocation is a decrease of 6%.				
FY 2019 HOME	Original Estimated HOME Budget Approved Nov. 2018		Amended Actual HOME Budget Proposed for Approval Jun. 2019	
SCCLT Homebuyer Program	\$111,880.12		\$0.00	
THF Rental Rehab Project	389,605.44		309,540.26	
CHDO Operating Support (5%)	29,499.14		18,208.24	
SCCLT Operating Support		14,749.57		9,104.12
THF Operating Support		14,749.57		9,104.12
Administration (10%)	58,998.30		36,416.50	
	\$589,983.00		\$364,165.00	
Estimated budget approved by Council on November 5, 2018 was based on es 2018 funding levels.				
Difference between estimated and actual HOME allocation is a decrease of 38%.				