

Commonwealth of Pennsylvania

Consolidated Plan

Amendment to 2008 Action Plan for the

Community Development Block Grant – Recovery Program

This amendment to the Commonwealth's FFY 2008 Action Plan addresses the distribution of Community Development Block Grant – Recovery (CDBG-R) Program funds authorized under the American Recovery and Reinvestment Act of 2009 (ARRA). These funds, which supplement the regular CDBG Program, are also governed by Pennsylvania's Act 179 that determines the allocation of all CDBG funds through a formula. The Department of Community and Economic Development (DCED) is the administrative agency that will manage CDBG-R funding for Pennsylvania's smaller communities and rural areas.

Overview

Eligible Applicants

Eligible applicants include any general-purpose unit of local government that is not a federal entitlement (direct recipient of CDBG funds from HUD), including cities, boroughs and townships, town, counties, home rule municipalities, and municipalities within an urban county that opted out of federal entitlement status. Eligibility for CDBG-R includes local governments that qualify to receive an annual allocation of CDBG funds via the Act 179 formula (called state entitlements) and all other local governments via the Competitive/Discretionary funding available through the formula (called state non-entitlements). In accordance with state Act 179, the eligible state entitlements for the Pennsylvania CDBG Program are divided into three general classes. These classes include 27 cities, 50 counties and 120 boroughs, town, townships.

Fund Allocation

The Commonwealth's allocation of CDBG-R funds totals \$12,434,921. This amount of funding is not adequate to provide all state entitlements with the required base grant amount specified in the formula. In such circumstances, Act 179 specifies that each state entitlement will receive a pro-rated base grant amount. The allocation of funds will be distributed accordingly.

- **Cities:** The share of funds set aside for entitlement cities is 24% of the Commonwealth's allocation that remains after deducting the state's administration and competitive/discretionary funds from the total allocation. Each entitlement city will be allocated a grant of \$93,960 (the prorated amount derived from the annual

- **Boroughs, Towns and Townships:** The share of funds set aside for entitlement boroughs, towns and townships is 38% of the Commonwealth's annual allocation that remains after deducting the state's administration and competitive/discretionary funds from the total allocation. Each entitlement borough, town and township will be allocated a grant of \$33,470 (the prorated amount derived from the annual base allocation of \$50,000). These allocations total \$4,016,400.00 of the CDBG-R funding.
- **Counties:** The share of funds set aside for counties is 38% of the Commonwealth's annual allocation that remains after deducting the state's administration and competitive/discretionary funds from the total allocation. Each eligible county will be allocated a grant of \$80,320 (the prorated amount derived from the annual base allocation of \$200,000). These allocations total \$4,016,000.00 of the CDBG-R funding.

For any state entitlement that qualifies to receive a formula allocation but does not apply for those funds, DCED will add the applicable formula amount to the Competitive/Discretionary set aside described below.

Competitive/Discretionary Set Aside: The competitive set aside is 13% of the Commonwealth's allocation. This amount totals \$1,616,903 for the CDBG-R funding. Any non-entitlement municipality and any eligible state entitlement borough, town, or township with a population of less than 10,000 is eligible to apply for the Competitive/Discretionary set-aside of CDBG-R program funds. Eligible entitlement boroughs, town or townships seeking Competitive/Discretionary funds may use these funds only to complete a project which the entity is undertaking with no less than 75 percent of its entitlement formula grant.

DCED reviewed the Competitive/Discretionary CDBG applications on-hand at the time of the release of the CDBG-R Notice and determined that several of the applications may meet the requirements of ARRA. Four projects have been identified as eligible for funding.

Administration: Act 179 provides that 2% of the Commonwealth's CDBG allocation will be set aside for the state's administration of the program. This amount totals \$248,698 for the CDBG-R funding.

Priority for Projects That Can Award Contracts Based on Bids Within 120 Days

ARRA included instructions that CDBG-R administrators should give priority to selecting projects that can award contracts within 120 days of passage of the statute. This timeframe expired before the deadline HUD established to submit this Action Plan for CDBG-R funding. However, DCED will give priority to such projects by expediting the

processing of subgrantee contracts that identify their need or opportunity to award local construction contracts.

DCED also used timeliness to expend funds as a means of selecting projects to receive the Competitive/Discretionary funding.

Description of How CDBG-R Activities Address ARRA Objectives

The following section addresses how the Commonwealth's use of CDBG-R funds will fulfill the objectives of ARRA. Given the volume of Pennsylvania's activities, these descriptions are grouped by activity type.

Housing Activities

- (A) The Commonwealth has 37 subgrantees that will undertake 37 activities and anticipates that those activities will create and retain/preserve jobs. DCED and its subgrantees will cooperate with HUD in providing reports on these job activities.
- (B) These activities will help housing contractors secure work. These firms have been hard-hit by both the slow-down in housing construction generally and the curtailment of home improvements due to economic concerns among homeowners that have lost their jobs or fear the loss of their job.
- (C) Housing rehabilitation projects can be initiated and undertaken quickly. The employers are generally small firms, which statistically are major job creators for the economy.
- (D) These activities do not significantly impact transportation, environmental protection or other infrastructure.
- (E) These activities do not significantly impact essential services.
- (F) Housing rehabilitation activities include installation of new windows, doors, HVAC equipment, appliances, insulation, roofing materials and other building components that reduce energy consumption. DCED has also provided training and assisted its subgrantees regarding green building techniques to incorporate into housing rehabilitation and construction work. These activities help foster energy independence for the Commonwealth and the nation.

Water, Sanitary Sewer, and Stormwater Infrastructure

- (A) The Commonwealth has 48 subgrantees that will undertake 50 activities and anticipates that those activities will create and retain/preserve jobs. DCED and its subgrantees will cooperate with HUD in providing reports on these job activities.

- (B) These activities will help infrastructure contractors secure work. These firms have curtailed work and laid off employees due to both the housing construction slump and the decline in commercial building. These firms will be put back in to work due to these activities and help the economy recover.
- (C) Infrastructure improvements are critical to promote a healthy economy. Businesses and residents cannot be productive with poor water and sewer services. In many cases, growth and development is halted for lack of these critical public facilities.
- (D) These infrastructure improvements address critical environmental problems and help establish long-term environmental protection. The investment in these activities will remedy existing communities that live in poor quality conditions.
- (E) These activities do not significantly impact essential services.
- (F) Infrastructure improvements help reduce the emission of household and commercial pollution. The improved water treatment also provides environmental benefits that extend beyond the specific location where the improvements are installed because of the path of watersheds. These activities also address flood prevention through stormwater management improvements.

Street, Road, and Streetscape/Sidewalk Infrastructure Activities

- (A) The Commonwealth has 79 subgrantees that will undertake 88 activities and anticipates that those activities will create and retain/preserve jobs. DCED and its subgrantees will cooperate with HUD in providing reports on these job activities.
- (B) These activities will help transportation, concrete and masonry contractors secure additional work. These firms have curtailed work and laid off employees due to declines in tax revenues that support street and road construction/maintenance activities. These firms will experience increased contracting that may allow them to employ additional workers laid off from other economic sectors.
- (C) Transportation infrastructure is a critical asset for a community in attracting and maintaining businesses. Economic growth will not occur without adequate means to transport goods and for service firms to deliver their services. This infrastructure also is necessary to provide for efficient connections for commuters to reach their worksites. These activities will help develop more efficient transportation systems and related improvements that attract businesses and contribute to a better quality of life for residents of those communities.
- (D) These infrastructure improvements address critical transportation problems and help establish long-term benefits for businesses and residents. Improved street and road systems help improve the safety of transportation for both motorists/passengers and pedestrians.

- (E) These activities do not significantly impact essential services.
- (F) Improvements in street and road infrastructure help to improve the efficiency of transportation, which can both increase fuel efficiency of autos and commercial vehicles as well as reduce vehicle usage in the aggregate. These activities help reduce pollution emissions and foster energy independence for the Commonwealth and the nation.

Public Facilities

- (A) The Commonwealth has 30 subgrantees that will undertake 31 activities and anticipates that those activities will create and retain/preserve jobs. DCED and its subgrantees will cooperate with HUD in providing reports on these job activities that construct senior centers, fire facilities, public buildings, homelessness service facilities, and health care service facilities.
- (B) These activities will help contractors in the building trades secure work. These firms have been hard-hit by both the slow-down in housing construction generally and the decline in commercial building. These firms will be put back to work and may hire employees laid off from other economic sectors.
- (C) These public facility projects can be initiated and undertaken quickly. The employers are generally small firms, which statistically are major job creators for the economy.
- (D) These activities do not significantly impact transportation, environmental protection or other infrastructure.
- (E) The availability and improvement of these public facilities can help provide and expand essential services such as fire protection, health care, services for older Pennsylvanians, and homeless persons.
- (F) Building improvements made to public facilities include installation of new windows, doors, HVAC equipment, appliances, insulation, roofing materials and other building components that reduce energy consumption. Creating new public facilities can also help improve opportunities for locating such assets closer to residents, which can reduce vehicle usage.

Recreation Improvement Activities

- (A) The Commonwealth has 16 subgrantees that will undertake 19 activities and anticipates that those activities will create and retain/preserve jobs. DCED and its subgrantees will cooperate with HUD in providing reports on these job activities.

- (B) These activities will help smaller contractors secure additional work. These firms have curtailed work and laid off employees due to declines in tax revenues that support street and road construction/maintenance activities. These firms will experience increased contracting that may allow them to employ additional workers laid off from other economic sectors.
- (C) Recreation improvement projects can often be initiated and undertaken quickly. The employers are generally small firms, which statistically are major job creators for the economy.
- (D) These activities do not significantly impact transportation, environmental protection or other infrastructure.
- (E) These activities do not significantly impact essential services.
- (F) Improvements in recreational infrastructure help to improve opportunities for locating such assets closer to residents, which can reduce vehicle usage. The reduction in vehicle usage helps reduce pollution emissions and foster energy independence for the Commonwealth and the nation.

Economic Development Activities

- (A) The Commonwealth has 1 subgrantee that will undertake 1 activity and anticipates that the activity will create and retain/preserve jobs. DCED and its subgrantee will cooperate with HUD in providing reports on these job activities.
- (B) These activities will help one business with on site production of nitrogen thus preserving 25 full-time jobs and providing an opportunity for future job creation. The area of the State where this business is located relies heavily on tourism, the principal industry. Many business in the resort and restaurant industry have been hard-hit by the economic slow down.
- (C) This project can be initiated and undertaken quickly. The employers is a small firm, which statistically is a major job creator for the economy.
- (D) These activities do not significantly impact transportation, environmental protection or other infrastructure. However, the fact that the materials needed by other firms will not have to be trucked into the area has the potential to reduce carbon emissions and thus reduce the harmful impact on the environment.
- (E) These activities do not significantly impact essential services.
- (F) The economic development will provide direct assistance to a small business owner.

Estimated Job Creation

The projects proposed under the CDBG-R program will maximize job creation and economic benefit. New construction projects will provide opportunities for general contractors and sub-contractors to contract additional projects and keep their work forces employed. The slow down in the construction trades has forced crew reductions and reduced opportunities through very competitive bidding and lack of contracting opportunities. With the new Recovery Act funding, new opportunities for employment and greater accessibility to work is being created.

In addition, ancillary jobs associated with the construction trade will also be generated. Material purchases will increase in proportion to the new construction projects, affecting the suppliers and manufacturers that will provide the needed materials and equipment. Professional services such as engineers, architects, inspectors and surveyors will also have additional job opportunities on these projects. Through investment in basic infrastructure, jobs will be created or retained across the board and improvements made to the communities will reduce the economic hardships many communities have faced due to the overall general slow down of the economy and improve the quality of life for the community as well as the residents.

The Commonwealth's CDBG-R activities will create and retain/preserve jobs. DCED and its subgrantees will cooperate with HUD in providing reports on these job activities.

Energy Conservation, Smart Growth, Green Building

DCED, via its subgrantees, will use CDBG-R funds to undertake the activities that will promote energy conservation, smart growth and green building.

In particular, energy conservation will be achieved via housing rehabilitation activities that retrofit homes with building components and appliances that will reduce household energy consumption. Improvements in street, road, and sidewalk infrastructure help to improve the efficiency of transportation, which can both increase fuel efficiency of autos and commercial vehicles as well as reduce vehicle usage. Additionally, improvements in recreational infrastructure help to improve opportunities for locating such assets closer to residents, which can reduce vehicle usage and consequently support energy conservation.

DCED also is the agency that administers Weatherization funding. DCED will seek to coordinate and complement its efforts to administer that program with CDBG-R as well as other programs that provide resources for household energy improvements. These other programs include the regular CDBG Program, the HOME Program, and new state-funded programs administered by both DCED and the Pennsylvania Housing Finance Agency.

DCED's subgrantees that use CDBG-R funds for water, sewer, and stormwater infrastructure will promote smart growth. These projects, in most instances, will benefit older communities and previously developed areas. The use of CDBG-R funds to maintain and improve these places in the Commonwealth enhances the quality of life in those locations and reduces the pressure on ever-expanding development and sprawl.

In promoting green building in 2009, DCED provided training and assisted its subgrantees regarding green building techniques to incorporate into housing rehabilitation and construction work. DCED will seek other opportunities to expand this training.

Detailed List of Activities by Local Government Jurisdiction & Contact Information

The following table contains the list of projects that will be assisted with DCED's CDBG-R funds. This table also includes contact information for the local jurisdictions undertaking these projects.

Public Comment

Persons who would like to comment on this amendment may send those comments to Jody Michael, Department of Community and Economic Development, Center for Community Development, 400 North Street, 4th Floor, Harrisburg, PA 17120. Comments must be received before 5 p.m. on June 25, 2009.