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Mayor Joaquin Gonzales
City of Hanford
319 N. Douty Street
Hanford, CA 93230

Dear Mayor Gonzales:

SUBJECT: City of Hanford, California
Annual Community Assessment Report
Program Year 2005

Our office has completed the review of Hanford's Program Year (PY) 2005 Consolidated Annual Performance and Evaluation Report (CAPER). Based upon this review, our office has drafted an assessment of the City's performance as it relates to the Consolidated Plan (Con Plan), the PY 2005 Annual Action Plan (AAP), and other pertinent information and events that may have occurred during PY 2005. This evaluation is done to assess the management of funds made available under programs administered by HUD, compliance with the Hanford's Con Plan/AAP, the extent to which the City is preserving and developing decent, affordable housing, creating a suitable living environment, and expanding economic opportunities, principally for low- and moderate-income persons.

Utilizing HUD and other resources, Hanford addressed priority needs described in the Con Plan. The City's priorities were to increase and maintain the supply of affordable housing, provide public services and homeless assistance, and reduce the number of persons living below the poverty level through job creation. In FY 2005, Hanford received \$611,355 in CDBG funds and \$592,354 in program income, resulting in a total of \$1,203,729 available for housing and community development activities. Hanford expended \$444,373 for CDBG activities in 2005, leaving an unspent balance of \$759,336 to be carried over into FY 2006. One hundred percent (100%) of the funds expended assisted projects that principally benefited low and moderate-income persons.

Affordable Housing

One of the City's priorities in its Consolidated Plan is to provide affordable housing for low and moderate-income families. Producing affordable housing in Hanford is becoming increasingly difficult, due to the skyrocketing land and housing prices, and the fact that salaries have not increased at the same rate. This has made it especially hard to provide affordable housing to low and moderate-income persons. To meet this challenge, City planning staff is undertaking a housing study to determine local housing needs and make recommendations for increasing the affordable housing stock.

In addition, \$100,000 in CDBG funds was used to rehabilitate the historic Courthouse commercial building located in downtown Hanford, a low-income area. These funds were used to address required building safety and code requirements. These improvements helped the City to retain the jobs currently provided by the Courthouse building's tenant businesses, and created two (2) new jobs as well. In addition to job creation, the City continued to support the efforts of the existing agencies to assist persons in preventing poverty, such as the Kings County Workforce's One-Stop Job Center, as well as the various Kings County departments.

Overall Performance

Overall, the City of Hanford is making good progress in using its CDBG funds to meet its one-year (2005) goals, and is on track to meeting its five-year Consolidated Plan goals. In addition to CDBG, the City has been very effective in using a wide variety of other sources to fund its programs and activities, such as State HOME, CalHome, Redevelopment 20% Housing Set Aside Funds, Redevelopment Agency Incentives, Downtown 2010 Revitalization Funds, and Economic Development Administration (EDA) funds. Approximately \$5.8 million in non-federal funds were expended on housing and community development activities in 2005.

Despite this successful leveraging of non-federal funding sources, we are concerned about the City's slow expenditure of CDBG funds in 2005. There were two reasons for this slow expenditure rate. First, the Housing Rehabilitation Emergency Repair Program, operated by Self-Help Enterprises, has been slow in completing rehabilitation projects. To address this concern, the City has implemented new program guidelines designed to streamline procedures and make the program more efficient and cost effective. Hanford might consider using more or different vendors for the Emergency Repair Program in order to improve the effectiveness of this program. It's hoped that these changes will increase the expenditure rate, and result in an increase in the number of housing rehabilitations over the next several years.

Secondly, CDBG funds were going to be used for the design and engineering of a fire station to be located in a low-income area. A study was conducted, and it was determined that another site would be more appropriate that is not in a low-income area. As a result, the CDBG funds were not expended as expected. These funds will be transferred to the City Wide Business Loan Program where there is a need for additional funds. Once transferred, the City feels confident that it will be able to expend the funds for this activity within the required timeframe. We would be happy to assist City staff with expenditure strategies that would help the City to expend its CDBG funds in an expeditious and timely manner.

With the recent implementation of performance measurements, this may be a good time for the City to look at its HUD funded activities, to gauge the effectiveness of programs and to ensure the funds allocated/expended are providing the desired outcomes. We look forward to continuing our partnership with the City of Hanford to help achieve its economic development, affordable housing, and community development goals. If you have any questions, please do not hesitate to contact Mr. Michael Dawe, Community Planning and Development Representative, at (415) 489-6580.

Sincerely,

Original Signed by Steven B. Sachs

Steven B. Sachs
Director, Community Planning
and Development Division

cc: Mr. Alan Christensen, City Manager
✓Ms. Barbara McCurdy Marty, Eco. Dev. Mgr.