



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** JUNE 4, 2019

**TO:** CITY COUNCIL / SUCCESSOR AGENCY

**SUBMITTED BY:** KENNETH A. DOMER, CITY MANAGER

**PREPARED BY:** TED WHITE, COMMUNITY DEVELOPMENT DIRECTOR

**SUBJECT:** PROPOSED 2019-20 ANNUAL ACTION PLAN FOR  
FEDERAL COMMUNITY DEVELOPMENT BLOCK GRANT  
AND HOME INVESTMENT PARTNERSHIPS PROGRAM  
FUNDS

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### SUMMARY

The City is required to prepare and submit a Consolidated Submission for Community Planning and Development Programs (Consolidated Plan) every five years. The Program Year (PY) Annual Action Plan also contains proposed Community Development Block Grant (CDBG) projects, eligible HOME Investment Partnerships Program (HOME) activities and the rationale for funding.

### RECOMMENDATION

1. Approve Draft PY 2019-20 Annual Action Plan.
2. Approve PY 2019-20 Community Development Block Grant budget.
3. Approve proposed PY 2019-20 HOME Investment Partnerships Program budget.
4. Authorize staff to submit PY 2019-20 Annual Action Plan to U.S. Department of Housing and Urban Development requesting \$1,385,159 in Community Development Block Grant funds and \$522,322 in HOME Investment Partnerships funding by the June 14, 2019 due date.
5. Authorize Community Development Director, or designee, to execute PY 2019-20 Community Development Block Grant agreements with approved non-profit agencies and a Memorandum of Understanding with the Public Works Department for the Capital Improvement project.

### PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statement/s:

- Infrastructure and City Assets.

## FISCAL IMPACT

The PY 2019 Annual Action Plan has no fiscal impact to the City's General Fund. The activities described in the PY 2019 Annual Action Plan are 100 percent federally-funded, including the following:

- The total proposed CDBG Budget for PY 2019 is \$1,520,049. Sources of funding include: annual allocation of CDBG funds (\$1,385,159), reprogrammable CDBG funds (\$25,822) and CDBG housing rehabilitation revolving funds (\$109,068).
- The total proposed HOME Budget for PY 2019 is \$1,727,084. Sources of funding include: annual allocation of HOME funds (\$522,322), previously unspent administration funds (\$130,487), unspent Community Housing Development Organization (CHDO) Reserves (\$261,586), funds previously allocated to Acquisition / Development activities (\$568,001), carried forward funds (\$170,990) and HOME program income (\$73,698).

## DISCUSSION

The National Affordable Housing Act of 1990 requires all jurisdictions that receive funding under the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant Program, to prepare and submit a Consolidated Submission for Community Planning and Development Programs (Consolidated Plan) every five years.

The Consolidated Plan is a five-year planning document designed to guide in the creation and implementation of the City's housing and community development programs using funding available through the U.S. Department of Housing and Urban Development. The Consolidated Plan coordinates all elements of community development including housing, neighborhood improvement, economic development and social services into a single unified plan. The overall purpose of the City's community development programs is to develop and maintain viable urban communities by providing for the preservation and development of affordable housing, expansion of economic opportunities including job creation and retention and the encouragement of a safe and suitable living environment without discrimination on the basis of race, color, religion, gender, national origin, familial status or disability.

The Program Year Annual Action Plan sets goals and objectives that are in the Consolidated Plan, as well as performance benchmarks for measuring progress towards those goals and objectives. The PY Annual Action Plan also contains proposed Community Development Block Grant projects, eligible HOME Investment Partnerships Program activities and the rationale for funding.

## PROGRAM YEAR 2019 ANNUAL ACTION PLAN

The goals of the PY Annual Action Plan are to implement the following activities that meet the goals of the 2015-2019 Consolidated Plan:

- Development of affordable housing, including housing for special needs and veterans
- Rehabilitation of substandard housing
- Assistance to non-profit organizations that provide public services

- Support of Fair Housing Practices
- Job creation and retention
- Assistance to the homeless or those at-risk of becoming homeless
- Provide for public infrastructure including streets, streetscape, flood and sewer improvements ADA Transition Plan and additional ADA improvements throughout the city to address accessibility.

In compliance with federal regulations, and to encourage citizen participation, Staff advised the public of the available funding and solicited proposals for CDBG funds. In response to the request for proposals for CDBG funds, 20 applications were received from non-profit agencies and City departments including Community Development (Housing Administration Home Improvement Program) and Public Works (Infrastructure Improvements).

### **COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM**

The Housing and Community Development Act of 1974 established the CDBG Program and authorizes HUD to provide funding for community development activities. Jurisdictions are granted CDBG funding provided that each proposed project meets eligibility requirements and meets one of the following criteria: 1) benefits low and moderate income residents 2) aids in the prevention or elimination of slums or blight or 3) meets other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available to meet such needs.

The City will receive a PY 2019 CDBG allocation from HUD in the amount of \$1,385,159 which is a 4.2% decrease from PY 2018 (\$1,446,009). As shown on Table 1, the total recommended CDBG budget for PY 2019 is \$1,520,049 which includes new allocations (\$1,385,159), reprogrammable funds (\$25,822) and revolving loan housing rehabilitation account funds (\$109,068).

**TABLE 1 – TOTAL PY 2019 RECOMMENDED CDBG BUDGET**

PY 2019 Entitlement Allocations	\$1,385,159
Reprogrammable CDBG Funds unencumbered	\$25,822
Housing Rehab Revolving Account	\$109,068
<b>CDBG Budget</b>	<b>\$1,520,049</b>
Section 108 Debt Service	(\$504,700)
Housing Rehab Revolving Account	(\$109,068)
<b>TOTAL AVAILABLE (for CDBG programs)</b>	<b>\$906,281</b>

CDBG Proposed Project and Funding Recommendations (Attachment 3) itemizes the PY 2019 grant amount and limits, the PY 2019 allocations, the proposed PY 2019 requests and the PY 2019 recommendations from the Community Development Citizen Committee (CDCC). Housing Administration cannot exceed 20 percent of the annual

entitlement (\$277,031) and Public Service Activities cannot exceed 15 percent (\$207,773). Section AP-38 (Projects Summary) of the PY 2019 Annual Action Plan (Attachment 2) provides a list and description summaries of the projects and programs the CDCC recommended for CDBG funding in PY 2019. Table 2 summarizes the overall CDCC recommendation for the CDBG program.

**TABLE 2 – SUMMARY OF 2018-19 RECOMMENDED CDBG BUDGET**

Housing Administration (includes Fair Housing Services)	\$277,031
Section 108 Richman Park Area Infrastructure Payment (Debt Service)	\$504,700
Public Service Agency Activities	\$207,773
Economic Activity Program (Includes Hart Community Homes)	\$43,106
Home Improvement Program	\$247,439
Infrastructure Improvements (Street and Alley reconstruction)	\$240,000
<b>TOTAL</b>	<b>\$1,520,049</b>

#### Section 108 Debt Service

On June 30, 2004, the City received a \$7.5 million Section 108 Guarantee Loan to address the deficient infrastructure in the Richman Park area. This fifteen-year loan repayment will be satisfied this program year with the final annual debt service payment of \$504,700 (see Table 1, above).

#### Public Service Activities

Public Service Activities include, but are not limited to, services for the elderly and homeless, child care, health, drug abuse, education, employment and social services. During a series of public meetings, the CDCC reviewed all proposals / requests for CDBG funding and heard presentations by the applicants. The CDCC members considered the following when reviewing the applications: cost effectiveness, population served (youth, seniors, homeless) and program administration and implementation. The CDCC also considered whether the agencies rely on CDBG funds to continue the operations of their programs and provide direct benefit to Fullerton residents.

A portion of CDBG entitlement can be used for Public Service Activities, but cannot exceed 15 percent of the annual entitlement. Like many years, an assumption was made that the amount of funds would be similar to the amount received the previous year. For PY 2019 the amount that the CDCC was tasked with allocating to the non-profits for Public Service Agency Program was \$216,901. The City of Fullerton just recently received its CDBG allocation, which is a 4.2% decrease in funding from last year. This equates to \$207,773 available for eligible activities to public services. Therefore, the final CDCC recommendations reflects the adjusted decrease in the CDCC initial recommendations.

The application process followed the guidelines of the Citizen Participation Plan and is in compliance with the 2015-19 Five-Year Consolidated Plan.

**TABLE 3 – FY 2019-20 RECOMMENDED PUBLIC SERVICES PROGRAM**

Agency - Public Service Programs	Amount Requested	CDCC Recommendation	Final Recommendation	Residents Assisted
Boys & Girls Club of Fullerton – After-School Care	\$40,000	\$35,000	\$33,527	450
CARE Housing Services – Fullerton SRO Social Services	\$30,000	\$20,000	\$19,158	134
Chrysalis – Assessment, Workshop, Resumes	\$20,000	\$0	\$0	22
Community SeniorServ, Inc – Congregate Lunch	\$25,000	\$20,000	\$19,158	200
Council on Aging OC – Long Term Care Ombudsman Service	\$28,000	\$20,000	\$19,158	130
Fullerton Collaborative – Next Gen Youth Empowerment	\$20,000	\$15,000	\$14,369	190
Giving Children Hope – “We’ve Got Your Back”	\$9,000	\$0	\$0	70
Lutheran Social Services of Southern California – Victims Intervention	\$20,000	\$20,000	\$19,158	100
Meals on Wheels of Fullerton – Meals and Supportive Services	\$27,000	\$27,000	\$25,864	114
Mercy House Living Centers, Inc. – Bridges at Kraemer Place	\$15,000	\$15,000	\$14,369	150
Pathways of Hope – Regional Services Coordinator	\$25,000	\$20,000	\$19,158	100
Pathways of Hope – Life Skills Training	\$20,000	\$14,901	\$14,274	300
Radiant Health Center (Previously AIDS Services Foundation)– Nutritional Services	\$7,500	\$0	\$0	25
Stand Up For Kids – Street Outreach for Homeless Youth	\$15,000	\$0	\$0	40
YMCA of Orange County – Richman Center Youth Achievers	\$10,000	\$10,000	\$9,580	50
Young Lives Redeemed – Homeless Wellness Program	\$10,000	\$0	\$0	10
<b>TOTAL PUBLIC SERVICE FUNDING</b>	<b>\$321,500</b>	<b>\$216,901</b>	<b>\$207,773</b>	<b>2,085</b>

The CDCC did not recommend funding five eligible activities for various reasons. Chrysalis was not recommended for funding for their Assessment / Workshops / Resumes program as the CDCC felt the number to be assisted was very low and the cost per person to provide services was too high. Giving Children Hope was also not recommended for funding due to their high per person costs and that other organizations were providing similar services at a lower cost. The Radiant Health Nutrition Services Program was not recommended for funding because the committee was unable to have questions answered about the program due to the organization not attending the oral presentation meeting. Stand Up For Kids applied for funding to operate their Street Outreach for Homeless Youth program, but were not recommended

for funding because because of a Notice of Incomplete Filing with the Dept. of Justice. Additionally, Young Lives Redeemed requested funding for their Homeless Wellness Program, but were not recommended for funding due to the small number proposed to be assisted and the CDCC felt the services were duplicated by other organizations.

#### Economic Activities Program

HUD's goals are 1) decent housing 2) suitable living environment and 3) expanded economic activity. While the City met or exceeded the goals for providing decent housing and suitable living environment, previous to PY 2018, Fullerton's CDBG programs did not address the third goal, expanded economic activity.

The Hart Family Homes Workforce Development Program (Monkey Business Café) has requested funding through the economic activity program. The program prepares emancipated foster youth / at-risk youth for self-sufficiency and improved futures through paid job training and work experience.

Their request for PY 2019 was \$45,000 and the CDCC recommended full funding, but because of the decrease in CDBG funds, the proposed allocation has been reduced to \$43,106.

Chrysalis requested \$25,000 for their Job Coaching program. The CDCC did not recommend funding for PY 2019 as they felt the number Chrysalis proposed to assist was small compared to the amount of funds requested.

#### Home Improvement Program

The Home Improvement Program (formerly named the Housing Rehabilitation Program) provides housing rehabilitation loans / grants to seniors and families that meet the affordable income requirements. The housing rehabilitation loans are available for owner-occupied single-family and mobile home units and include roof, plumbing and handicap accessibility improvements and repairs. Emergency grants are also available and are limited to the repair or replacement of items that make the home unlivable if not corrected immediately (i.e. broken gas line, plumbing, water heater, etc.).

The City's Home Improvement Program includes both CDBG and HOME funding and includes either home improvement rehabilitation loans or grants. The type of loans / grants offered by the City includes the following: 1) single-family units - owner occupied seniors and families 2) mobile-home loans 3) emergency loans or grants to residents who are below 50% of the area median income to address emergency health and safety issues.

It is anticipated that there will be a total of \$247,439 available for the Home Improvement program that also includes Lead Based Paint Hazard reductions and Block Improvement Grant program, to assist owner-occupied residents (seniors and families), as well as non-profit owned properties that include low-income tenants.

#### Infrastructure Improvements

Public Works Department requested funding in the amount of \$240,000 in CDBG funding for reconstruction of streets and alleys. The proposed infrastructure projects identified by Public Works are included in the Capital Improvement Program (CIP) for PY 2019.

The Valencia / Balcom / Yale Street Improvements project has been approved at the requested amount of \$240,000.

## HOME PROGRAM

The HOME Program was created under Title II (the HOME Investment Partnerships Act) of the 1990 Cranston-Gonzalez National Affordable Housing Act. The purpose of the HOME Program is to expand the supply of affordable housing. The HOME Program is not a categorical grant, in that it allows eligible jurisdictions to establish the type and mix of housing assistance programs to meet their local housing needs. Eligible activities include first-time homebuyer, tenant-based rental assistance, acquisition, rehabilitation and new construction programs.

HOME funding consists of four categories: 1) administration 2) acquisition / rehabilitation 3) Community Housing Development Organizations (CHDO) funds and 4) Tenant Based Rental Assistance (TBRA) program. HOME administration cannot exceed ten percent of the annual allocation (\$52,232) and fifteen percent of the HOME dollars (\$78,349) must be allocated to a CHDO for an eligible HOME project.

The Annual Action Plan identified potential funding available for an acquisition / rehabilitation housing project in FY 2016, 2017 and 2018 using HOME funds in the amount of approximately \$738,991 and \$391,742 in new funds. The City seeks to partner with a CHDO to complete this development. In addition to the \$78,349 required, there will be an additional \$261,585 available from previous years' CHDO required funds for a total of \$339,934 for CHDO and Acquisition / Rehabilitation funds and the City will reprogram \$130,486 in previously unspent administration funds and \$73,698 of program income for this development. These funds allotted to acquisition / rehabilitation are not attached to a specific project. Typically, these types of projects consist of 8 to 16 unit apartment buildings that are in disrepair and occupied by low income individuals or families. When a specific project is identified, the project will be presented to the City Council for consideration at a later date.

In all, the total available HOME funding for PY 2019 is shown in Table 4.

**TABLE 4 – TOTAL PY 2019 HOME PROGRAM BUDGET**

2019-20 Entitlement Allocation (New Funds)	\$ 522,322
Carryover HOME Funds (Prior Year Funds)	\$ 1,131,064
Program Income HOME Funds	\$73,698
<b>TOTAL AVAILABLE</b>	<b>\$1,727,084</b>
Administration	\$52,232
Acquisition/Rehabilitation (\$869,478 - Prior Year + \$391,742 - New Funds + \$73,698 – Program Income)	\$1,334,918
CHDO Project (\$261,586 - Prior Year Funds + \$78,348 New Funds)	\$339,934
HOME Funded HIP Loans and Grants (When program income is received)	\$0
HOME Funded HIP Admin (If the HIP Loans and Grants are funded)	\$0
TBRA (When program Income is received)	\$0
<b>TOTAL ALLOCATED</b>	<b>\$1,727,084</b>

## CONCLUSION

The City has been notified by HUD of its CDBG and HOME funding allocations for PY 2019 and has prepared a PY 2019 Annual Action Plan (Attachment 2) which outlines the proposed CDBG and HOME projects and programs. A copy of the CDBG Proposed Project and Funding Recommendations is included with the agenda report (Attachment 3). To be in compliance with HUD funding requirements, these documents must be approved by City Council and submitted to HUD by the June 14, 2019 deadline.

### Attachments:

- Attachment 1 – PowerPoint Presentation
- Attachment 2 – PY 2019 Draft Annual Action Plan
- Attachment 3 – CDBG Proposed Projects and Funding Recommendations