



Agenda Report

Fullerton City Council

MEETING DATE: MAY 19, 2020

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: KENNETH A. DOMER, CITY MANAGER

PREPARED BY: MATT FOULKES, DIRECTOR OF COMMUNITY AND ECONOMIC DEVELOPMENT
KELLEE FRITZAL, DEPUTY DIRECTOR OF COMMUNITY AND ECONOMIC DEVELOPMENT

SUBJECT: 2020-24 FIVE-YEAR CONSOLIDATED PLAN, FISCAL YEAR 2020-21 ONE-YEAR STRATEGY / ACTION PLAN, 2020-24 FAIR HOUSING ANALYSIS OF IMPEDIMENTS, REVISED - CITIZEN PARTICIPATION PLAN

SUMMARY

The U.S. Department of Housing and Urban Development requires every jurisdiction receiving Federal community development and housing funds submit a Five-Year Consolidated Plan, Five-Year Analysis of Impediments to Fair Housing Choice, Citizen Participation Plan and One-Year Strategy / Action Plan.

RECOMMENDATION

1. Approve 2020-24 Five-Year Consolidated Plan and authorize submission of 2020-24 Five-Year Consolidated Plan to U.S. Department of Housing and Urban Development.
2. Approve Fiscal Year 2020-21 Community Development Block Grant (CDBG) budget reducing housing rehabilitation allocation by \$145,000 (authorize HOME funds of \$145,000 to housing rehabilitation program), include Special Code Enforcement in CDBG budget funded at \$145,000 and authorize submission of Fiscal Year 2020-21 One-Year Strategy / Action Plan to U.S. Department of Housing and Urban Development for CDBG funds and HOME Investment Partnership funding.
3. Authorize Director of Community and Economic Development, or designee, to execute Fiscal Year 2020-21 CDBG agreements with non-profit agencies and City Departments.

4. Approve Five-Year Analysis of Impediments.
5. Approve Revised - Citizen Participation Plan.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Infrastructure and City Assets
- Fiscal and Organizational Stability.

FISCAL IMPACT

There is no fiscal impact to the General Fund. The activities approved through the Action Plan are Federally-funded.

Sources of funding for FY 2020-21 include:

1. Annual allocation of CDBG funds (\$1,393,052) and Reprogrammable CDBG funds (\$240,000).
2. Housing rehab revolving funds (\$111,401).
3. Annual allocation of HOME funds (\$554,018).
4. Carryover HOME funds (\$936,278).

DISCUSSION

The U.S. Department of Housing and Urban Development (HUD) requires that every jurisdiction receiving Federal community development and housing funds submit a Five-Year Consolidated Plan ("Consolidated Plan") and a One-Year Annual Strategy / Action Plan ("Action Plan"). The Consolidated Plan is based largely on 2010 census information and has been updated, whenever possible, with more current statistics. The Consolidated Plan is used to assess and evaluate future programs and activities to ensure that identified needs are being met. Fullerton's current Consolidated Plan was approved in 2015.

The Consolidated Plan is a five-year planning document designed to guide the creation and implementation of the City's Housing and Community Development programs into a single unified plan. The overall purpose of the City's Community Development programs is to develop and maintain viable communities. By providing for the preservation and development of affordable housing, expansion of economic opportunities 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.

To address discrimination, each jurisdiction receiving federal funds is required by federal regulations to develop an Analysis of Impediments to Fair Housing. The analysis is updated and submitted to HUD every five years. Jurisdictions must conduct an analysis of fair housing issues, such as patterns of integration and segregation of members of protected classes, racially or ethnically concentrated areas of poverty regionally, disparities in access to opportunity for protected classes and disproportionate housing needs. The analysis also examines publicly supported housing

in the City as well as fair housing issues for persons with disabilities. Private and public fair housing enforcement, outreach capacity and resources are evaluated as well. The analysis identifies contributing factors to fair housing issues and steps that should be taken to overcome these barriers.

The 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 Action Plan also contains proposed CDBG projects, eligible HOME activities and required narratives.

The goals of the 2020-21 Action Plan are to implement or continue the following activities:

- Development of affordable housing, including housing for special needs and veterans
- Rehabilitation of substandard housing
- Assistance to the homeless or those at risk of becoming homeless
- Assistance to non-profit organizations that provide public services
- Support of fair housing practices
- Job creation and retention
- Provide for public infrastructure
- Neighborhood revitalization.

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, 13 eligible applications were received from non-profit agencies and seven applications were received from City departments.

Citizen Participation Plan

The Citizen Participation Plan (CPP) was developed to encourage residents to participate in the allocation of federal funds. Periodically, the City reviews and revises the CPP to provide compliance with federal regulations and update the means in which information is distributed to the public. The CPP strongly encourages community input in the CDBG process.

Analysis of Impediments to Fair Housing Choice

Included in the Consolidated Plan is the Executive Summary of the 2020-2024 Orange County Analysis of Impediments to Fair Housing Choice (AI). Because there are similarities across the county, many cities felt it more effective to collaborate on the development of this document. The Orange County AI is a collaborative effort between the following jurisdictions: Aliso Viejo, Anaheim, Buena Park, Costa Mesa, Fountain Valley, Fullerton, Garden Grove, Huntington Beach, Irvine, Laguna Niguel, La Habra, Lake Forest, La Palma, Mission Viejo, Orange, Rancho San Margarita, San Clemente, San Juan Capistrano, Santa Ana, Tustin, Westminster and the County of Orange. The results showed that although there were similarities, jurisdictions requested individual

versions that show goals specific to them. The Orange County AI will be submitted to HUD as required on behalf of all the jurisdictions involved.

Community Development Block Grant Program

Title I of the Housing and Community Development Act of 1974, as amended, 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 as outlined in the Consolidated Plan either:

1. Benefits low and moderate income residents.
2. Aids in the prevention or elimination of slums or blight.
3. Or, 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 CDBG budget assumes that the City will receive a FY 2020-21 allocation from HUD of \$1,393,052 which is a slight increase from FY 2019-20 (\$1,385,159). As shown on Table 1, the total recommended CDBG budget for FY 2020-21 is \$1,744,453 including new allocations (\$1,393,052) and reprogrammable / revolving account funds (\$351,401).

Attachment 1 itemizes the 2019-20 and proposed 2020-21 requests, the 2019-20 allocations, 2020-21 grant amount and limits and the 2020-21 recommended allocation from the Community Development Citizens' Committee (CDCC). As shown in Attachment 1, Housing Administration cannot exceed 20% of the annual entitlement (\$278,610) and Public Service Activities cannot exceed 15% (\$208,957). Attachment 2 provides a summary of the programs the CDCC recommended for CDBG funding in FY 2020-21.

Table 1 - Total 2020-21 Recommended CDBG Budget

2020-21 Entitlement Allocations	\$1,393,052
Reprogrammable CDBG Funds	\$240,000
Housing Rehab Revolving Account	\$111,401
CDBG Budget	\$1,744,453
Housing Rehab Revolving Account	(\$111,401)
TOTAL AVAILABLE (for new CDBG programs)	\$1,633,052

Public Service Activities

A portion of CDBG entitlement can be used for Public Service Activities, but cannot exceed 15% (\$208,957) of the annual entitlement. Public Service Activities include, but are not limited to, services for the elderly and homeless, child care, health, drug abuse, education, employment and recreational needs.

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)
- 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. This year, because of the outbreak of the COVID-19 pandemic, the CDCC also considered how COVID-19 might affect the City and what programs may be necessary to get through this situation.

The application process followed the guidelines of the Citizen Participation Plan and the recommendations of the CDCC were in compliance with the Council approved 2015-19 Five-Year Consolidated Plan and the proposed 2020-24 Consolidated Plan. Table 2 includes the CDCC recommendations for non-profit public services programs based upon the 2020-21 entitlement.

Table 2 - 2020-21 Recommended Public Services Programs

Public Services Program	Funding Recommendation
Boys & Girls Club of Fullerton - After-School Program	\$31,087
Community SeniorServ, Inc. - Congregate Lunch Program	\$17,000
Hart Community Homes - Monkey Business Cafe	\$25,000
Lutheran Social Services of So CA - Victims Intervention Program	\$20,000
Meals on Wheels of Fullerton - Maintenance of Meals and Supportive Services	\$25,870
Mercy House Living Centers, Inc. - Bridges at Kraemer Place	\$15,000
Pathways of Hope - New Vista Life Skills Program	\$12,500
Pathways of Hope - Regional Homeless Service Coordination	\$20,000
Radiant Health Centers - Nutrition Services Program	\$ 7,500
YMCA of Orange County - Richman Center Youth Achievers	\$10,000
Community and Economic Development Department -	\$25,000

Homeless Case Management Services	
TOTAL PUBLIC SERVICE FUNDING	\$208,957

Summary of Proposed CDBG Funding

Table 3 summarizes the overall CDCC recommendation for the CDBG program.

Table 3 – Summary of 2020-21 Recommended CDBG Budget

Housing Administration (Includes Fair Housing Foundation - Fair Housing Program)	\$278,610
Housing Rehabilitation (Includes Housing Rehab Project Revolving Account)	\$571,331
Infrastructure Reconstruction	\$685,555
Public Service Activities	\$208,957
TOTAL	\$1,744,453

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.

The City's housing rehab program includes both CDBG and HOME funding and includes either rehab loans or grants. A Loan Committee was established in the late 1970s to review and approve applications for CDBG and HOME funded loans and to award contracts for housing rehabilitation loans. The type of loans / grants offered by the City includes the following:

1. Single-family units (owner occupied).
2. Mobile home loans.
3. Emergency loans / grants (provides grants to residents who are below 50% of the median income to address emergency health and safety issues).

HOME funding consists of three categories: administration, acquisition / rehabilitation / new construction and Community Housing Development Organizations (CHDO) funds. HOME administration cannot exceed 10% (\$55,401) of the annual allocation and 15% (\$83,103) of the HOME dollars must be allocated to a CHDO for an eligible HOME project. CHDO funds will be allocated through a separate process. Like the CHDO funds, the funds allotted to acquisition / rehabilitation / new development are not attached to a specific project. However, HUD regulations require that an affordable housing funding activity be approved in the Action Plan before the funds are received.

Approval of the Action Plan does not obligate the City to fund only the activities listed, as the Action Plan may be amended at a later date. When a specific project is identified, the project will be presented to the City Council for consideration. In all, the total available HOME funding for 2020-21 is shown in Table 4.

During a recent review of the HOME Program, it was noted that last year \$350,000 was allocated to the Housing Rehabilitation Program. Because of staff changes and COVID-19, these funds have not been expended and will be carried over to 2020-21 to provide loans for eligible homeowners. It is expected that because of the loss of income due to COVID-19, more applicants may be applying for assistance in 2020-21.

Table 4 - Total 2020-21 HOME Program Budget

2020-21 Entitlement Allocation	\$554,018
Carryover HOME Funds	\$936,278
TOTAL AVAILABLE	\$1,490,296

In 2020-21, Staff will identify an active, reliable CHDO to partner with and develop and acquisition rehab project to provide additional affordable housing.

Staff Recommendation

After much discussion, the final CDCC recommendation rejected funding for a Special Code Enforcement Officer. Code Enforcement is not CDBG eligible as a stand-alone program, but it can be funded if it is in partnership with other neighborhood revitalization programs in blighted areas such as housing rehabilitation or other improvements to the neighborhood. HOME funds cannot be used to offer housing rehabilitation grants, but they can be used to provide loans to eligible residents. It is Staff's recommendation that the Council add an additional Special Code Enforcement Officer who would be dedicated to an identified blighted area, the CDBG housing rehabilitation program could be reduced by \$145,000 and still be able to manage the program. HOME funds of \$145,000 be approved for the housing rehabilitation program and those CDBG funds be available to fund Code Enforcement programs.

Attachments:

- Attachment 1 – PowerPoint Presentation
- Attachment 2 – CDBG Proposed Project and Funding Recommendations
- Attachment 3 – Summary of Proposed CDBG / HOME Programs for FY 2020-21
- Attachment 4 – 2020-24 Draft Consolidated Plan