



Agenda Report

Fullerton City Council

MEETING DATE: MAY 4, 2021

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: CITY MANAGER'S OFFICE

PREPARED BY: MATT FOULKES, DIRECTOR OF COMMUNITY AND ECONOMIC DEVELOPMENT
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SUBJECT: FISCAL YEAR 2021-22 ANNUAL ACTION PLAN

SUMMARY

All jurisdictions that receive funding under the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant Program must 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 HUD. The Consolidated Plan coordinates all elements of community development including housing, neighborhood improvement, economic development and social services into a single unified plan. The City's community development programs 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 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 Annual Action Plan sets goals and objectives found in the Consolidated Plan. It also sets performance benchmarks for measuring progress. The Action Plan contains proposed CDBG projects, eligible HOME categories and required narratives.

RECOMMENDATION

1. Approve 2021-22 Annual Action Plan and authorize staff to submit documents to HUD for approval by May 15, 2021.

2. Authorize Director of Community and Economic Development, or designee, to execute 2021-22 CDBG agreements and any amendments.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Infrastructure and City Assets
- Fiscal and Organizational Stability.

FISCAL IMPACT

No fiscal impact to the City's General Fund as the activities described in the 2021 Annual Action Plan are 100 percent federally funded.

Sources of funding for 2021-22 include:

CDBG FUNDS

Annual allocation: \$1,345,723

Reprogrammable funds: \$152,196

Housing rehabilitation revolving funds: \$63,000

HOME FUNDS

Annual allocation: \$539,238

Carryover funds: \$2,190,549

Anticipated Income: \$120,000.

Staff will include Fiscal Year (FY) 2021-22 CDBG and HOME budget appropriations in the FY 2021-22 proposed budget for City Council consideration.

DISCUSSION

The Annual Action Plan implements the following activities that meet the goals of the 2020-2024 Consolidated Plan:

- Affordable housing development, including housing for special needs and veterans
- Substandard housing rehabilitation
- Assistance to non-profit organizations that provide public services
- Fair Housing Practices support
- 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, the City received 20 applications from non-profit agencies and City departments.

Community Development Block Grant Program (CDBG)

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. HUD grants jurisdictions CDBG funding provided that each proposed project meets eligibility requirements and either: 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 no other financial resources are available to meet such needs.

The City's expects a \$1,345,723 CDBG allocation from HUD in 2021, which is \$47,116 less than the 2020 amount. As shown on Table 1, the recommended CDBG budget for 2021 totals \$1,560,919.

TABLE 1 – TOTAL FY 2021 RECOMMENDED CDBG BUDGET

Entitlement Allocation	\$1,345,723
Reprogrammable CDBG Funds unencumbered	\$152,196
Housing Rehab Revolving Account	\$63,000
CDBG Budget	\$1,560,919
Housing Rehab Revolving Account	(\$63,000)
TOTAL AVAILABLE	\$1,497,919

CDBG Proposed Project and Funding Recommendations (Attachment 4) itemizes the 2021 grant amount and limits, the 2020 allocations, the 2021 requests and the 2021 recommendations from the Community Development Citizen Committee (CDCC). As shown in Attachment 4, Housing Administration cannot exceed 20 percent of the annual entitlement (\$201,858) and Public Service Activities cannot exceed 15 percent (\$269,144). Section AP-38 (Projects Summary) of the Annual Action Plan (see Attachment 3) provides a list and description summaries of the projects and programs the CDCC recommended for CDBG funding.

Table 2 summarizes the overall CDCC recommendation for the CDBG program.

TABLE 2 – SUMMARY OF 2021-22 RECOMMENDED CDBG BUDGET

Housing Administration (includes Fair Housing Services)	\$269,144
Public Service Agency Activities	\$201,858

Housing Rehabilitation Program (includes housing rehab revolving account, lead hazard paint reduction program, BIG housing rehab program, administration)	\$368,840
Code Enforcement	\$145,000
Infrastructure Improvements (ADA Transition Plan, Fullerton Transportation Center, Street and Alley reconstruction)	\$576,077
TOTAL	\$1,560,919

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 and requests for CDBG funding and heard presentations by the applicants. The CDCC reviewed applications for cost effectiveness, population served (youth, seniors, homeless) and program administration and implementation. The CDCC should also consider whether agencies rely on CDBG funds to continue the operations of their programs and provide direct benefit to Fullerton residents.

The City can use a portion of the CDBG entitlement for Public Service Activities but cannot exceed 15 percent of the annual entitlement. Therefore, the CDCC limited the public service activities allocation at \$201,858.

The application process followed the guidelines of the Citizen Participation Plan in compliance with the 2020-24 Five-Year Consolidated Plan. Table 3 includes the requested amount, the recommended amount for public service programs and the number of low-income Fullerton residents proposed to be assisted (based on receiving the full amount requested).

TABLE 3 – FY 2021 RECOMMENDED PUBLIC SERVICES PROGRAM

Agency - Public Service Programs	Amount Requested	CDCC Recommendation	Proposed # to Assist
Boys & Girls Club of Fullerton - After-School Care	\$50,000	\$42,500	450
Community Senior Serv – Lunch Café Program	\$25,000	\$15,000	110
Hart Community Homes – Monkey Business Café	\$45,000	\$35,000	8
ICNA Relief USA Programs, Inc – Crescent Clinic, Project ICNA Relief	\$50,000	\$7,500	7
Lutheran Social Services of Southern California – Victims Intervention Project	\$20,000	\$15,000	90
Meals on Wheels of Fullerton – Meals and Supportive Services	\$25,870	\$25,870	110

Mercy House Living Centers, Inc. – Bridges at Kraemer Place	\$15,000	\$15,000	150
YMCA of Orange County – Richman Center Youth Achievers	\$15,000	\$15,000	50
Community/Economic Development Dept. – Homeless Case Management Services	\$55,000	\$30,988	100
TOTAL PUBLIC SERVICE FUNDING	\$300,870	\$201,858	

The CDCC did not recommend funding for four eligible activities for various reasons. The CDCC did not recommend funding the following programs: Fullerton SRO Social Services – Fullerton SRO Social Services, Giving Children Hope – We’ve Got Your Back Program, Pathways of Hope – Regional Homeless Services Coordination, and Radiant Health Centers – Nutrition Services Program.

Housing Rehabilitation Program

The City's Housing Rehabilitation Program includes both CDBG and HOME funding and provides loans and grants. A Loan Committee established in the late 1970s reviews and approves applications for CDBG and HOME funded loans and awards contracts for housing rehabilitation loans. The type of loans and grants offered by the City includes the following:

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

Although the Housing Rehabilitation Program provides housing rehabilitation loans and grants to residents of all ages that meet the income requirements, seniors make up the majority of the recipients. Applicants may apply for housing rehabilitation loans for owner-occupied single-family and mobile home units and include roof, plumbing and handicap accessibility improvements and repairs. The City also has emergency grants available, 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.).

Infrastructure Improvements

Public Works Department requested funding in the amount of \$600,000 in CDBG funding for an ADA Transition Plan, ADA upgrades at the Fullerton Transportation Center and street reconstruction. The Capital Improvement Program (CIP) includes proposed infrastructure projects identified by Public Works.

TABLE 4 – FY 2021 RECOMMENDED PUBLIC WORKS PROJECTS

Program	Amount Requested	CDCC Recommendation
ADA Transition Plan	\$75,000	\$71,077
Fullerton Transportation Center	\$25,000	\$25,000

Street Reconstruction (Olive/Iris-Roberta)	\$500,000	\$480,000
TOTAL PUBLIC WORKS FUNDING	\$600,000	\$576,077

HOME PROGRAM

Title II (the HOME Investment Partnerships Act) of the 1990 Cranston-Gonzalez National Affordable Housing Act created the HOME Program. The HOME Program expands 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 will utilize HOME funding in one or more of four categories: 1) administration 2) affordable housing through acquisition/rehabilitation 3) new construction and 4) Community Housing Development Organizations (CHDO) funds. HOME administration cannot exceed ten percent of the annual allocation (\$53,923) and the City must allocate fifteen percent of the HOME dollars (\$80,886) to a CHDO for an eligible HOME project.

Applicants may combine CHDO funds with acquisition, rehabilitation or new construction. The City will allocated CHDO funds 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 approval of eligible HOME funded affordable housing activities in the Action Plan before receiving the funds.

2020-24 Five-Year Consolidated Plan May 19, 2020 - Page 7: 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. Staff is in the process of identifying an active, reliable CHDO to partner with to develop an acquisition/rehabilitation project that will provide additional affordable housing. When a specific project is identified, the project will be presented to the City Council for consideration.

TABLE 5 – TOTAL FY 2021 HOME PROGRAM BUDGET

2021-22 Entitlement Allocation (New Funds)	\$ 539,238
Carryover HOME Funds (Prior Year Funds)	\$ 2,190,549
Anticipated Program Income HOME Funds	\$120,000
TOTAL AVAILABLE	\$2,849,787

Attachments:

- Attachment 1 – PowerPoint Presentation
- Attachment 2 – Draft 2021 Annual Action Plan
- Attachment 3 – Summary of Proposed CDBG/HOME Projects

- Attachment 4 – CDBG Proposed Projects and Funding Recommendations