



# *CITY COUNCIL AGENDA REPORT*

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MEETING DATE: May 1, 2007

ITEM NUMBER:

**SUBJECT: Public Hearing for Fiscal Year 2007-2008 Funding Priorities for Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME)**

**DATE: APRIL 12, 2007**

**FROM: CITY MANAGER'S OFFICE/HOUSING AND COMMUNITY DEVELOPMENT**

**PRESENTATION BY: MURIEL ULLMAN, NEIGHBORHOOD IMPROVEMENT MANAGER  
ALMA PENALOSA, MANAGEMENT ANALYST  
MIKE LINARES, CDBG & HOME COORDINATOR**

**FOR FURTHER INFORMATION CONTACT: MURIEL ULLMAN, NEIGHBORHOOD IMPROVEMENT MANAGER (714) 754-5167**

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## **RECOMMENDATION**

That the City Council hold a Public Hearing to:

1. Approve recommended allocation for the Fiscal Year 2007-2008 Community Development Block Grant (CDBG) Application.
2. Approve recommended allocation for the Fiscal Year 2007-2008 HOME Investment Partnership Grant.
3. Approve resolution (Exhibit A) authorizing the City Manager to act as the official representative of the City in order to submit the Annual Action Plan (Exhibit B) and all certifications and assurances contained therein, and directing and authorizing the City Manager to act in connection with the submission of the Annual Action Plan, and to provide such additional information as may be required.
4. Consider replacing the Fall Mobile Home "Neighbors for Neighbors" Project with the proposed Mission-Mendoza Clean-up Project.

## **BACKGROUND**

Costa Mesa is a Housing and Urban Development (HUD) entitlement City which is automatically eligible to receive Community Development Block Grant (CDBG) and HOME Partnership Program Grant (HOME) funds. These two (2) HUD programs annually provide over \$2 million to the City and offer an array of services that either assist low and moderate income persons and/or arrest blight in deteriorated neighborhoods. HOME funds must be used solely to increase housing opportunities for low-income residents living in Costa Mesa.

In April of 2005, the City Council approved the 2005-2009 Consolidated Plan. The Consolidated Plan is a five (5) year planning document required by HUD for all communities receiving entitlement community development funds. It was approved via a collaborative process with the local community whereby a unified vision for community development actions was established. The Consolidated Plan offers local jurisdictions the opportunity to integrate the various housing and community development programs into effective neighborhood strategies thereby creating a platform for strategic planning designed to reduce duplication of effort at the local level. The Plan must include the following elements: a projection of housing needs for the next five (5) years, a discussion of specific housing problems including cost burdened households, substandard housing and overcrowding; community development and infrastructure needs; and a homeless needs analysis. Finally, the Plan provides priority needs and objectives and a one year Action Plan. **The priorities in the 2005-2009 Consolidated Plan were utilized to determine the programs and projects listed in the 2007-2008 Budget.**

## **ANALYSIS**

The Housing and Community Development Division is responsible for administration of the City's CDBG and HOME Grants. All CDBG funds must be utilized to achieve one (1) of three (3) national objectives: elimination of slum and blight, benefit to low and moderate persons and/or meet an urgent need. CDBG and HOME programs must also reflect activities outlined in the Consolidated Plan.

### **A. CDBG FUNDS**

The City of Costa Mesa has been notified that the 2007-2008 CDBG Grant amount will be \$1,401,210 a decrease of approximately \$4,000 from the current fiscal year. The 2007-2008 CDBG Budget also includes \$526,605 in additional program income and prior years' funds. Therefore, **the total amount of available CDBG funds for 2007-2008 is \$1,927,815.** Of the grant amount, a maximum of fifteen percent (15%) may be utilized for Public Service Grants and a maximum of twenty percent (20%) may be allocated for administration. HCD is proposing allocation of these funds as follows:

**Total Funds Available:** **\$ 1,927,815**

Existing Programs

20% Administration (includes Fair Housing Contract at \$35,000) \$ 280,242

15% Public Service Grants \$ 210,181

Code Enforcement \$ 281,396

“Neighbors for Neighbors” (2 events per year) \$ 113,969

**Total Budgeted for Programs** **\$ 1,042,027**

New Project Requests

Staff solicited project requests from Department Managers for potential new projects. The City Manager reviewed all requests and recommended remaining funds be appropriated as follows:

Street Improvements in CDBG Target Area at Hamilton St. from Harbor Bl. to Thurin St. \$ 565,000

Street Improvements in CDBG Target Area at Plumer St. from Pomona St. to Anaheim Ave \$ 335,000

Bethel Towers Project (as presented at the March 13, 2007 Study Session Staff Report attached as Exhibit C.) \$ 142,027

**Total Budgeted for New Project Requests** **\$1,042,027**  
(Refer to page 27 of the Action Plan for a map of projects.)

**Total Unappropriated Funds** **\$ 0**

## **Alternates for Existing Projects/Programs**

For FY2007-2008, in lieu of the Mobile Home “Neighbors for Neighbors” Fall Clean-up event, staff was asked to research the feasibility of holding a Neighborhood Clean-up Event in the Mission/Mendoza area. This would encompass Mendoza on the north side of the Flood Channel; and Mission, LaSalle, Valencia and El Camino on the south side of the Flood channel (see Attachment D for a map of the described area.) Staff was also asked to research an “Anti-Litter” campaign for the Mission/Mendoza area.

### **Mission/Mendoza Clean-up Program**

A summary of the proposed “Neighbors for Neighbors”: Mission/Mendoza Clean-up Project has been broke up into the two (2) following parts:

1. Neighborhood Clean-up: In order to clean-up the Mission/Mendoza area, staff would work with the Orange County Congregation Community Organization (OCCCO) to coordinate resident and volunteer work efforts for trash removal and garage clean out. There are 104 buildings and 454 garages in the Mission/Mendoza area. It is estimated that at least 100 residents would participate in the clean-up.

This event would utilize three (3) forty (40) yard dumpsters placed in strategic locations throughout the Mission/Mendoza neighborhood for the removal and disposal of unwanted items. Additional dumpsters would be provided as needed. Public Services and HCD staff would assist residents and volunteers in hauling and placing items in the dumpsters. Hazardous waste items would also be accepted for proper disposal. Volunteers would be used to plant trees and shrubs.

The Mission/Mendoza clean-up would be an eligible CDBG activity under the category of “interim assistance.” However, this would be a one time only eligible activity.

The estimated cost of the proposed Mission/Mendoza “Neighbors for Neighbors” event is \$36,470 - an estimated \$5,000 more than the cost of the Mobile Home “Neighbors for Neighbors” event. It is anticipated the additional \$5,000 along with any unanticipated costs would be adjusted from the Bethel Towers project funds. The total cost includes staff time, event promotion and advertising, hazardous waste removal, volunteer coordination, supplies, materials, dumpsters, porta potties with sinks; water/beverages and food.

2. Anti-Litter Campaign: Another suggested component of the Neighborhood Clean-up Project is an “Anti-Litter Campaign” which would include the purchase and installation of eight (8) decorative “Keep Costa Mesa Beautiful” concrete trash receptacles. There would be a one time cost of \$7,318 for purchase of the receptacles with concrete pad and the installation cost.

Graffiti abatement costs are estimated at \$1,900 per year along with an on-going maintenance cost of \$9,165 per year. If Public Services staff were utilized to conduct an “anti-litter” campaign, this would require dedicated staff time of between \$6,000-\$10,000 per year. Not included in the above costs are supervisory or management time required for any complaints or miscellaneous requests, vandalism repair or replacement of any damaged containers; and/or ‘opportunity costs’ associated with diverting staff from other maintenance activities to perform this service.

An anti-litter campaign, in conjunction with community outreach in a predominately residential neighborhood, is an eligible CDBG activity. However, the educational component (staff costs involved in running the anti-litter promotional campaign) could be considered a CDBG public service activity and cut into the 15% of CDBG funds which are currently allocated to non-profit social service agencies. The cost of the trash receptacles could be taken from the CDBG capital project funds such as the Bethel Towers project.

Another alternative would be for the City Council to amend the Public Services maintenance budget and fund this event through the General Fund.

## B. HOME FUNDS

For fiscal year 2007-2008, the City has been notified that the HOME grant will be \$708,427, an increase of approximately \$2,800 from the current fiscal year. There is no additional program income or prior year funds being budgeted in 2007-2008. Therefore, **the total amount of available HOME funds for 2007-2008 is \$708,427.** Of the current grant amount, ten percent (10%) is to be allocated for administration and a minimum of fifteen percent (15%) is required to be allocated for a Community Housing Development Organization (CHDO). HCD is proposing allocation of these funds as follows:

<b>Total Funds Available:</b>	<b>\$ 708,427</b>
<u>Existing Programs</u>	
10% Administration	\$ 70,842
15% CHDO Reserve	\$ 106,264
Single Family Rehab Loan Program (includes funding for approx. 5 loans)	\$ 250,000
Neighborhood Improvement Grant Program (includes funding for approx. 37 grants)	<u>\$ 281,321</u>
<b>Total Budgeted for Programs</b>	<b>\$ 708,427</b>

### **C. REDEVELOPMENT & RESIDENTIAL REHABILITATION (3R) COMMITTEE**

At its March 19, 2007 meeting, the 3R Committee reviewed the above proposed allocation of CDBG & HOME funds and passed several motions approving the CDBG and HOME budgets and the Annual Action Plan as presented.

No action was taken by the Committee on the proposed Mission Mendoza "Neighbors for Neighbors" Project.

#### **2007-2008 ACTION PLAN**

The City is required to prepare a five-year Consolidated Plan that outlines Costa Mesa's priority housing and community needs. A component of the Consolidated Plan is an annual action plan, which will be updated annually over a five-year period. The 2007-2008 Fiscal Year is the third year of the current Consolidated Plan cycle. The Action Plan is the link between the goals and objectives listed in the Consolidated Plan with actual projects and activities to be carried out during a 12-month period or fiscal year. The specific time frame covered by the 2007-2008 Action Plan begins July 1, 2007 and ends June 30, 2008. The Action Plan includes several HUD required components including:

- A list of federal, non-federal and private funds expected to be available to address priority needs and objectives.
- A description of the activities the City will undertake in 2007-2008 to meet priority needs.
- A description of the geographic distribution of federal assistance.
- An outline of the activities that will be undertaken to address the needs of the City's households at-risk of homelessness, those currently homeless, and persons that are not homeless but have special needs.
- An evaluation of how the additional strategies outlined in the Consolidated Plan will be addressed during 2007-2008.
- A discussion regarding certain program requirements for the CDBG and HOME programs.
- A description of the standards and procedures used to monitor activities carried out in furtherance of the Consolidated Plan and the Action Plan.
- Various certifications related to the implementation of the Consolidated/Annual Action Plan, and the CDBG and HOME programs.

#### **FISCAL IMPACT**

For fiscal year 2007-2008, the City will receive a total of \$1,401,210 in Community Development Block Grant (CDBG) funds. The 2007-2008 CDBG Budget also includes \$526,605 in additional program income and prior years' funds. Therefore, **the total amount of available CDBG funds for 2007-2008 is \$1,927,815.**

For fiscal year 2007-2008, the City will receive \$708,427 in HOME Investment Partnership Program (HOME) funds. There is no additional program income or prior year funds being budgeted in 2007-2008. Therefore, **the total amount of available HOME funds for 2007-2008 is \$708,427.**

### **ALTERNATIVES CONSIDERED**

The City can choose not to fund the proposed projects and/or ask staff to research other eligible activities. However, this would delay submission of the Annual Action Plan to HUD and subsequently, receipt of funding for FY07-08.

### **LEGAL IMPACT**

There is no adverse legal impact anticipated by the Council's taking the recommended action(s), based upon the documents and information provided to this office.

### **CONCLUSION**

The existing programs listed in the respective budgets represent City Council priorities as expressed in the HUD Consolidated Plan and Community Objectives. New projects represent requests submitted to staff and reviewed by the City Manager for adherence to the above-mentioned criteria.

As required by HUD, a notice was published on March 31, 2007 inviting the public to comment during the thirty-day (30) comment period and advising of the public hearing scheduled for May 1, 2007. The Comment period began on April 1, 2007 and will conclude on May 3, 2007.

It is recommended that the City Council:

1. Approve recommended allocation for the Fiscal Year 2007-2008 Community Development Block Grant (CDBG) Application, including entitlement funds and reallocation of prior year's funds.
2. Approve recommended allocation for the Fiscal Year 2007-2008 HOME Investment Partnership Grant.
3. Approve resolution authorizing the City Manager to act as the official representative of the City in order to submit the Annual Action Plan and all

certifications and assurances contained therein, and directing and authorizing the City Manager to act in connection with the submission of the Annual Action Plan, and to provide such additional information as may be required.

4. Consider replacing the Fall 2007 Mobile-Home “Neighbors for Neighbors” Project with the proposed Mission-Mendoza Clean-Up Project.

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Allan L. Roeder  
City Manager

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Muriel Ullman  
Neighborhood Improvement Manager

Attachments: [Exhibit A – Resolution](#)  
[Exhibit B – Annual Action Plan](#)  
[Exhibit C - Bethel Towers Study Session Staff Report](#)  
[Exhibit D - Map of Proposed Mission-Mendoza Clean-Up Project](#)