



CITY COUNCIL AGENDA REPORT

MEETING DATE: May 19, 2009

ITEM NUMBER:

SUBJECT: 2009-2010 COMMUNITY DEVELOPMENT BLOCK GRANT PUBLIC SERVICE GRANT ALLOCATIONS

DATE: APRIL 28, 2009

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

PRESENTATION BY: MIKE LINARES CDBG/HOME COORDINATOR

FOR FURTHER INFORMATION CONTACT: MIKE LINARES AT (714) 754-5678

RECOMMENDATION

1. Approve Community Development Block Grant Public Service Grants for fiscal year 2009-2010.

BACKGROUND

The City of Costa Mesa has been informed by the U.S. Department of Housing and Urban Development (HUD) that it will receive \$1,361,264 in Community Development Block Grant (CDBG) funds for Fiscal Year 2009-2010. HUD program regulations allow a maximum of 15 percent of these funds to be used for public service programs that benefit low- and moderate-income Costa Mesa residents. Examples of public service programs include senior health care, youth counseling, and programs that assist the homeless. For Fiscal Year 2009-2010 the City's 15 percent public service cap equals \$204,189. HUD defines a low- and moderate-income individual as a person with an annual household income equal to, or less than, 80% of the county median income. Current maximum income eligibility by household size is as follows:

<u>1 Person</u>	<u>2 Persons</u>	<u>3 Persons</u>	<u>4 Persons</u>
\$52,100	\$59,500	\$66,950	\$74,400
<u>5 Persons</u>	<u>6 Persons</u>	<u>7 Persons</u>	<u>8+ Persons</u>
\$80,350	\$86,300	\$92,250	\$98,200

Over the course of several years, application funding and rating criteria has been established by the City Council. For example, current policies state that no more than 20 grants can be funded during a fiscal year and the minimum grant amount is \$5,000.

In November 2008, a request for applications was sent to approximately 40 nonprofit agencies that provide some type of service to Costa Mesa residents. The City received 17 applications requesting over \$300,000. As delineated in the City's Policies and Procedures, a subcommittee of the Redevelopment and Residential Rehabilitation (3R) Committee was assembled. In February, a five-member subcommittee of the 3R Committee interviewed all applicants over the course of three evenings. This

subcommittee utilized the application rating criteria that had been approved by the City Council in October 2006. Since a 2009 federal budget had not been approved at this time, Staff recommended that the subcommittee utilize the current year CDBG grant as a funding target. The subcommittee developed a preliminary funding recommendation, which was presented to the full 3R Committee on March 24, 2009. This recommendation also included a provision that any additional public service funds that might become available to the City be allocated to capital projects. The 3R Committee endorsed the subcommittee's public service grant recommendations for 2009-2010 public service grant funds as delineated in **Attachment A**. On May 4, 2009, HUD published the grant amounts for 2009-2010. The City's CDBG allocation increased by \$12,320 over the current year grant; therefore, there is an additional \$1,848 in CDBG funds that could be allocated for public services. Pursuant to Council direction, a preliminary review of this recommendation was scheduled for the City Council Study Session of May 12, 2009.

The City Council has received a copy of the applications submitted for 2009-2010 CDBG funding consideration under a separate cover. The following additional materials are provided with this report for the City Council's consideration:

- CDBG Public Service Grant Policies and Procedures (last modified May 2008) (**Attachment B**)
- Three-year funding history of CDBG public service grants (**Attachment C**).
- Summary of 2009-2010 CDBG Public Service Grant applications (**Attachment D**)
- 2008 CMPD Service Calls for Costa Mesa-Based Applicants (**Attachment E**).

ANALYSIS

HUD program regulations allow the City to allocate a maximum of 15 percent of CDBG funds for public service grants. In order to allocate these limited resources in an efficient and effective manner, the City Council has adopted funding guidelines. Based on these funding guidelines, the 3R Committee has prepared the attached funding recommendations for Fiscal Year 2009-2010 (**Attachment A**). Seventeen grants are recommended for funding totaling \$202,341.

ALTERNATIVES CONSIDERED

Two alternatives are presented for City Council consideration with respect to funding recommendations:

1. The City Council could revise the 3R Committee-recommended funding allocations and reallocate funds as it desires for public services.
2. The City Council could choose not to fund public service grant funds and use CDBG funds for other eligible activities; however, this action would be inconsistent with the community needs identified in the City's 2005-2009 Consolidated Plan.

FISCAL REVIEW

A total of \$202,341 in federal grant funds will be allocated for public service grant funds (207 11310 20421). There is no fiscal impact to the City's general fund.

LEGAL REVIEW

There is no legal impact connected with this action.

CONCLUSION

It is recommended that the City Council:

Approve the 2009-2010 CDBG Public Service grants as recommended by the 3R Committee.

Allan L. Roeder
City Manager

Muriel Ullman
Neighborhood Improvement Manager

Mike Linares
CDBG/HOME Coordinator

Marc R. Puckett
Director of Finance

- Attachments: A. [2009-2010 CDBG Public Service Grant Recommendations](#)
B. [Public Service Grant Policies and Procedures](#)
C. [CDBG Public Service Grant 3-Yr Funding History](#)
D. [2009-2010 CDBG Public Service Grant Applications Summary](#)
E. [2008 CMPD Service Calls for Costa Mesa-Based Applicants](#)