



# CITY COUNCIL AGENDA REPORT

MEETING DATE: May 4, 2010

ITEM NUMBER:

**SUBJECT: 2010-2011 COMMUNITY DEVELOPMENT BLOCK GRANT PUBLIC SERVICE GRANT ALLOCATIONS**

**DATE: APRIL 22, 2010**

**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 2010-2011.

## **BACKGROUND**

The City of Costa Mesa has been informed by the U.S. Department of Housing and Urban Development (HUD) that it will receive \$1,473,245 in Community Development Block Grant (CDBG) funds for Fiscal Year 2010-2011. 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 2010-2011 the City's 15 percent public service cap equals \$220,986. HUD defines a low- and moderate-income individual as a person with an annual household income equal to, or less than, 80 percent 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 December 2009, a request for applications was sent to approximately 40 nonprofit agencies that provide some type of service to Costa Mesa residents. The City received 14 applications requesting over \$280,000. As delineated in the City's Policies and Procedures, a subcommittee of the Redevelopment and Residential Rehabilitation (3R) Committee was assembled. In February, a four-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 2008.

At the time the subcommittee conducted its interviews, HUD had not announced the 2010 grant allocations; however there was an indication from HUD staff that a seven percent increase in CDBG funding was possible. Staff recommended that the subcommittee utilize the current year CDBG grant plus seven percent as a funding target for public services (i.e., \$218,479). The subcommittee developed a preliminary funding recommendation based on this amount and this recommendation was presented to the full 3R Committee on March 23, 2010. The 3R subcommittee's funding recommendation included a provision that any additional public service funds that might become available once HUD announced grant allocations should be allocated proportionally to all applicants. The 3R Committee endorsed the subcommittee's public service grant recommendations for 2010-2011 – this recommendation is incorporated into this report as **Attachment A**. In early April 2010, HUD published the grant amounts for 2010-2011 - the City's CDBG allocation increased by \$112,063 (approximately 8.2 percent) over the current year grant. Because the 3R Committee's recommendation had already anticipated a seven percent increase, only \$2,716 is still available in 2010-2011 public services grant funds for programming. Allocating this balance equally among recommended grant allocations would result in an increase of approximately \$209 per grant.

Pursuant to Council direction, a preliminary review of CDBG public service grant recommendation was presented at the April 13, 2010 City Council Study Session. In past years Staff has provided the City Council with a large binder containing grant applications; however, pursuant to City Council direction, the application packages for all 2010-2011 CDBG public service have been posted on the City's Community Redevelopment Agency website (<http://www.cmredevelopment.org/docs.htm>). The following related materials are provided with this report for the City Council's consideration:

- Three-year funding history of CDBG public service grants (**Attachment B**).
- Summary of 2010-2011 CDBG Public Service Grant applications (**Attachment C**)
- 2009 CMPD Service Calls for Costa Mesa-Based Applicants (**Attachment D**).

## **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 2010-2011 (**Attachment A**). Thirteen grants are recommended for funding allocating \$218,470 of the \$220,986 that is available for public service grants.

## **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 Consolidated Plan.

### **FISCAL REVIEW**

A total of \$220,986 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 2010-2011 CDBG Public Service grants as recommended by the 3R Committee.

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Allan L. Roeder  
City Manager

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Muriel Ullman  
Neighborhood Improvement Manager

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Mike Linares  
CDBG/HOME Coordinator

- Attachments:
- A. [2010-2011 CDBG Public Service Grant Recommendations](#)
  - B. [CDBG Public Service Grant 3-Yr Funding History](#)
  - C. [2010-2011 CDBG Public Service Grant Applications Summary](#)
  - D. [2009 CMPD Service Calls for Costa Mesa-Based Applicants](#)