



CITY COUNCIL AGENDA REPORT

MEETING DATE: June 7, 2011

ITEM NUMBER:

SUBJECT: 2011-2012 COMMUNITY DEVELOPMENT BLOCK GRANT PUBLIC SERVICE GRANT ALLOCATIONS

DATE: May 24, 2011

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 2011-2012.

BACKGROUND

Costa Mesa is a recipient of Community Development Block Grant (CDBG) funds awarded to the City from the U.S. Department of Housing and Urban Development (HUD). Originally Staff had planned to present CDBG public service grant allocations to the City Council at its May 3, 2011 meeting; however, due to the delay in approving the federal budget, HUD allowed the City to delay submission of its 2011-2012 CDBG expenditure plan until June 30, 2011. On April 14, 2011, Congress and the President approved a federal budget for 2011, and on April 22, 2011, HUD published "estimated" CDBG grants for 2011. Leading up to the this date, Staff had anticipated an eight percent reduction in CDBG funding for Fiscal Year 2011-2012; however, based on HUD's notice to the City, CDBG funds will be reduced approximately 17 percent over current year funding levels. HUD program regulations allow a maximum of 15 percent of these funds to be used for public service; originally staff had estimated that \$204,190 would be available for public service grant funding for Fiscal Year 2011-2012; however, based on HUD's latest grant estimate, up to \$184,248 is available for public service grants.

Public service programs are eligible for CDBG funding if they primarily benefit low- and moderate-income Costa Mesa residents. Examples of public service programs include senior meals, youth employment counseling, and programs that assist the homeless. 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>
\$52,050	\$59,450	\$66,900	\$74,300

<u>5 Persons</u> \$80,200	<u>6 Persons</u> \$86,250	<u>7 Persons</u> \$92,150	<u>8+ Persons</u> \$98,100
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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 2010, a request for applications was sent to approximately 30 nonprofit agencies that provide some type of service to Costa Mesa residents. The City received 13 applications requesting over \$281,000. As delineated in the City's Policies and Procedures, a subcommittee of the Redevelopment and Residential Rehabilitation (3R) Committee was assembled. In late-January, a six-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 2011 grant allocations; however, in order to keep the grant application process moving forward, Staff estimated that \$204,190 might be available for public services. The subcommittee developed a preliminary funding recommendation based on this amount and this recommendation was presented to the full 3R Committee on March 22, 2011. The 3R subcommittee's funding recommendation included a provision for adjusting grant amounts once HUD announced grant allocations. The subcommittee recommended all grants should be reduced an amount equal to the percent decrease between the anticipated amount available for public service grant funding, and the final amount available for public services; however, no grant should be reduced below the \$5,000 minimum grant amount. The 3R Committee endorsed the subcommittee's public service grant recommendations for 2011-2012 – this recommendation is incorporated into this report as **Attachment A**. Per Council direction, a preliminary review of CDBG public service grant recommendation was presented at the April 5, 2011, City Council Study Session.

As indicated above, an estimated grant, based on the approved 2011 Federal budget, was announced by HUD on April 22, 2011. Based on this figure, the maximum amount available for public service grants is \$184,248 (approximately 9.8 percent less than anticipated or \$19,942). Pursuant to the 3R Committee's recommendation, staff reduced all preliminary grants by the percentage listed above. These revised allocations are listed for Council's consideration as part of **Attachment A**.

The City Council has also directed staff to reduce the amount of paper utilized to produce staff reports; therefore, entire application packages for all 2011-2012 CDBG public service grant applications has been posted on the City's website (<http://www.ci.costa-mesa.ca.us/departments/CMHousingCommunityDev.htm>); however, a summary of applications is provided as **Attachment B**. Additionally, 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 C**).
- 2010 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 2011-2012 (**Attachment A**). Thirteen grants are recommended for funding allocating \$184,248.

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 grants and use CDBG funds for other eligible activities; however, this action would be inconsistent with the community needs and strategies identified in the City's 2010-2014 Consolidated Plan.

FISCAL REVIEW

A total of \$184,248 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 2011-2012 CDBG Public Service grants as recommended by the 3R Committee.

Thomas R. Hatch
Chief Executive Officer

Muriel Ullman
Neighborhood Improvement Manager

Mike Linares
CDBG/HOME Coordinator

Attachments: A. [2011-2012 CDBG Public Service Grant Recommendations](#)
 B. [2011-2012 CDBG Public Service Grant Applications Summary](#)
 C. [CDBG Public Service Grant 3-Yr Funding History](#)
 D. [2010 CMPD Service Calls for Costa Mesa-Based Applicants](#)