

ATTACHMENT D

CDBG AND HOME: ELIGIBLE ACTIVITIES SUMMARY

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

The primary purpose of the CDBG program is the development of viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low and moderate-income.

Each activity (other than planning and administrative) must meet one (1) of three (3) national objectives:

- Benefit low and moderate-income persons;
- Aid in the prevention or elimination of slums or blight; or
- Meet a particular urgent need.

“Area Benefit” versus “Direct Benefit”

"Area benefit" activities are available to all residents in a particular area where at least fifty-one percent (51%) of the residents are low and moderate-income persons. The areas must be primarily residential.

Eligible areas are determined by the most recently available census information or by a current survey of the service area if the City believes that the census data does not reflect current relative income levels in an area.

Eligible Activities

The CDBG Regulations define the following as eligible activities:

Acquisition of property for any public purpose; disposition of real property for a public purpose; acquisition, reconstruction or installation of privately owned utilities; interim assistance (limited improvements to a deteriorated area as a prelude to permanent improvements); removal of material and architectural barriers which restrict mobility and accessibility of elderly and handicapped persons, provided such barrier meets a national objective; housing rehabilitation; new housing construction to finance or subsidize new permanent residential structures if developed by local development company or neighborhood based nonprofit organization; code enforcement: salaries and overhead costs directly related to enforcement of local codes; historic preservation provided such activities meet a national objective of the CDBG program; commercial or industrial rehabilitation; special economic development; all endeavors aimed at increasing the level of business activity; special activities by sub recipients; (570.204(c); planning and capacity building/administration. The amount of CDBG funds used for these activities is subject to twenty percent (20%) of the entitlement.

Public Services

Fifteen percent (15%) of CDBG funds may be used for public services provided the public service meets a national objective, and must be either a new service or a quantifiable increase in the level of a service. (570.201)(e).

The Consolidated Plan

The CDBG Program must be in compliance with the City's adopted Consolidated Plan as required by HUD. The 2010-2014 Consolidated Plan was adopted by the City in April 2010. The Plan is a document required by HUD which must be updated every five

(5) years, and which builds on a participatory process at several levels. It includes a strategy to administer HUD programs; an action plan that provides a basis for assessing performance; a citizen participation plan; a housing and homeless needs assessment; a housing market analysis which includes supply and demand of housing stock available to persons with disabilities and a strategic plan to address other identified needs. (24 CFR Part 91).

Each year, a yearly action plan must be submitted to HUD showing the jurisdiction's progress toward reaching goals contained within the Consolidated Plan. Any substantial amendments to the Plan must be accomplished via the citizen participation process.

Homeless Needs and the Consolidated Plan

The Consolidated Plan must include the jurisdiction's strategy for helping the homeless, those at risk of becoming homeless and those with other special needs. When the Consolidated Plan was first developed, HUD recommended that fifty percent (50%) of public service grants be targeted towards homeless services. (24 CFR 91.215 (c), 91.220(e), 91.205 (c), 91.205(d)). The City has traditionally used its public services grant program to meet its homeless strategy.

Public service grants are not mandatory; however, the Consolidated Plan demands that the jurisdiction develop a strategy for "... (1) helping low-income families avoid becoming homeless; (2) reaching out to homeless persons and assessing their individual needs; (3) addressing the emergency shelter and transitional housing needs of homeless persons; and (4) helping homeless persons make the transition to permanent housing and independent living". Public Service Grants is traditionally how the City has met this requirement.

Originally, the City Council had resolved that fifty-one percent (51%) of public service funds be allocated for homeless services in order to meet the Consolidated Plan requirements as listed in the prior paragraph. However, **this policy has since been revised to eliminate any specific percentage to be set-aside for any type of service.**

HOME PARTNERSHIP PROGRAM GRANT (HOME)

The HOME Partnership Program (HOME) was established by Congress in 1990. The primary purpose of the HOME Program is to expand the supply of decent, safe and sanitary housing, and develop the capacity of non-profit housing organizations.

The City's HOME allocation must be committed to a developer, owner or Community Housing Development Organization (CHDO) within twenty-four (24) months prior to the date of an agreement with HUD. Funds must be spent within five (5) years. Fifteen percent (15%) of the HOME allocation is set aside for housing developed, sponsored or owned by community housing development organizations. CHDOs are non-profit organizations which maintain accountability to the low-income community for providing at least one-third (1/3) of its governing board for low-income community residents, and which provide a formal process for low-income program beneficiaries to advise the organization in its housing decisions.

If the City chooses to work with a for-profit developer on a project, the Developer would be entitled to eighty-five percent (85%) of the HOME program funds. Fifteen percent (15%) CHDO set-aside funds could be returned to HUD.

All HOME activities require a twenty-five percent (25%) "match" of funds. "Match" is the commitment of non-federal funds (such as Redevelopment set-aside funds) to supplement HOME funds for affordable housing.

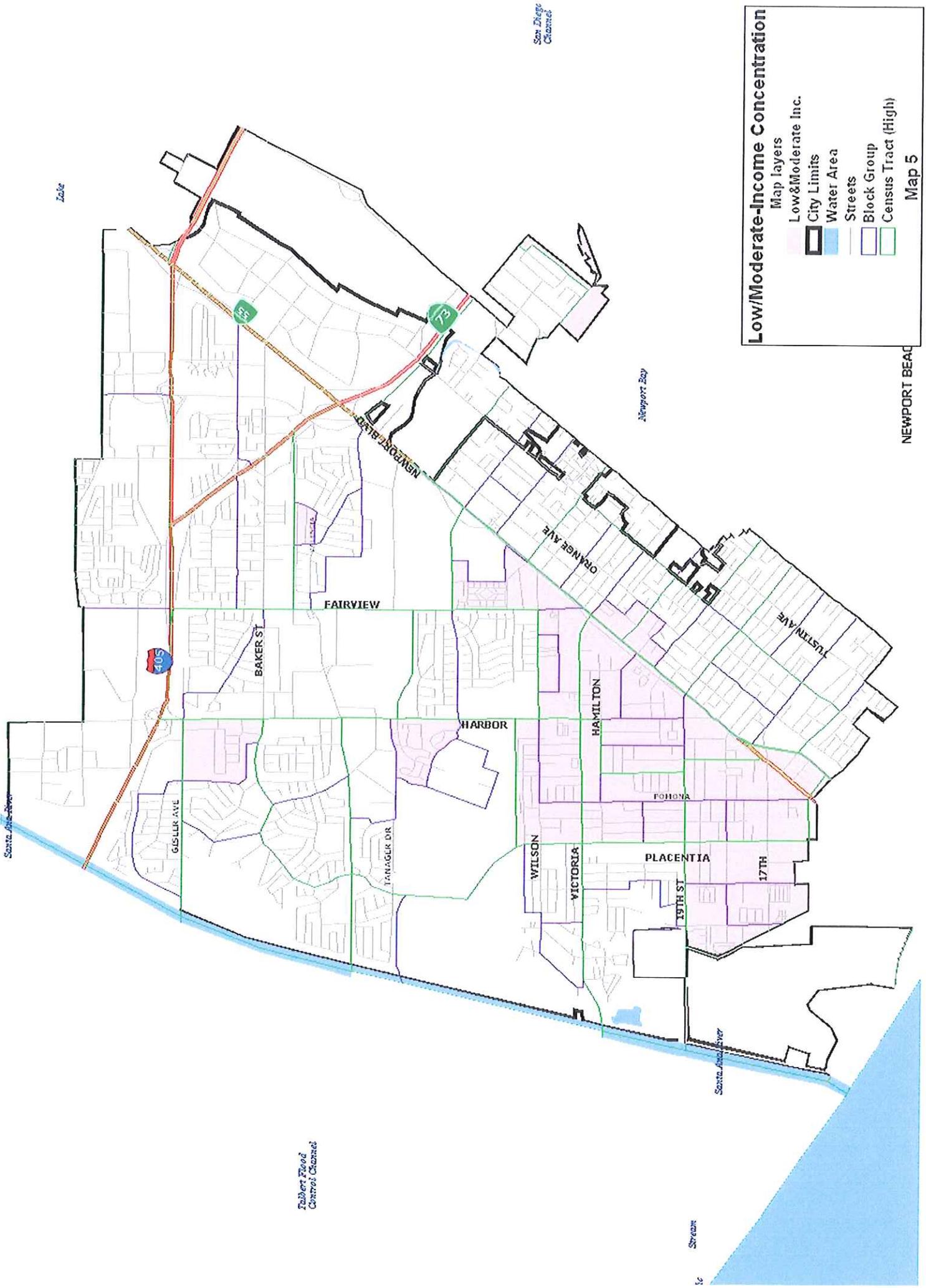
Eligible Beneficiaries

Eligible beneficiaries will depend on the type of HOME project funded by the participating jurisdiction. No HOME funds can assist households with gross annual incomes greater than eighty percent (80%) of area median income adjusted for median income adjusted for family size.

Eligible Activities

The following types of programs and projects are eligible for HOME funding:

Program Administration - limited to 10% of each year's allocation. Housing Rehabilitation. These activities include conversion of existing structures from an alternative use to affordable housing; reconstruction /rebuilding a structure on the same lot as long as housing stands on a site at the time of project commitment; new construction; rental assistance; property acquisition and rehabilitation; selective eligible activities – activities which can be funded with HOME **only** in conjunction with an eligible activity such as acquisition of vacant land; site improvements; infrastructure; demolition; refinancing.



Low/Moderate-Income Concentration

Map layers

- Low & Moderate Inc.
- City Limits
- Water Area
- Streets
- Block Group
- Census Tract (High)

San Diego Channel

Robert Hood Channel

Stream

Zale

Newport Bay

Santa Ana River

Santa Ana River