



CITY COUNCIL AGENDA REPORT

MEETING DATE: June 19, 2012

ITEM NUMBER:

SUBJECT: 2012-2013 COMMUNITY DEVELOPMENT BLOCK GRANT PUBLIC SERVICE GRANT ALLOCATIONS

DATE: May 29, 2012

FROM: DEVELOPMENT SERVICES / 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 2012-2013.

BACKGROUND

The City of Costa Mesa is a recipient of Community Development Block Grant (CDBG) funds awarded by the U.S. Department of Housing and Urban Development (HUD). For Fiscal Year 2012-2013, the City will receive \$1,050,015 in CDBG funds. This represents a reduction of approximately 15.4 percent (15.4%) from the current year's funding level. CDBG regulations allow a maximum of 15 percent (15%) of the City's CDBG funds to be used for public service. Therefore, up to \$157,502 in funding is available for public services for Fiscal Year 2012-2013.

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>
\$53,950	\$61,650	\$69,350	\$77,050
<u>5 Persons</u>	<u>6 Persons</u>	<u>7 Persons</u>	<u>8+ Persons</u>
\$83,250	\$89,400	\$95,550	\$101,750

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 2011 a request for applications was sent to approximately 30 nonprofit agencies that provide services to Costa Mesa residents. In response, the City received 17 applications requesting \$374,890 in CDBG grant funds. As delineated in the City's

Policies and Procedures, a subcommittee of the Redevelopment and Residential Rehabilitation (3R) Committee was assembled. In late-January/early-February 2012, a four-member subcommittee of the 3R Committee interviewed all applicants over the course of three evenings. At the end of the interviews, the subcommittee developed a slate of preliminary funding recommendations for FY 2012-2013 CDBG public service grants. The subcommittee utilized the application rating criteria that had been approved by the City Council in 2008.

In January 2011, the City Council authorized formation of a task force to study and make recommendations regarding issues related to the chronic homeless in and near Lions Park. The City's Homeless Task Force reviewed various legal and service-oriented solutions to the City's chronic homeless issues, and submitted a final report to the City Council in February 2012. This final report included a set of recommended steps to address homeless issues, including contracting for the services of a part-time homeless outreach case worker. CDBG public service grant funds were identified as the primary funding source for this position. At the time the 3R subcommittee interviewed 2012-2013 public service grant applicants, the City Council had not yet adopted the recommendations of the Homeless Task Force; therefore, in order to provide the City Council with the ability to fund this position, the Subcommittee developed two grant funding options for consideration: Option 1 included funding for the homeless outreach case worker (\$35,000), while Option 2 assumed the City Council would not approve the outreach worker thus distributed \$35,000 in CDBG funds among three applicants. In February 2012, the City Council approved the recommendation of the Homeless Task Force to fund this position in Option 1.

A preliminary review of the 3R subcommittee's CDBG public service grant recommendation was presented to the Council at its March 13, 2012 Study Session. On March 26, 2012, the subcommittee's grant recommendations were presented to the full 3R Committee. Since the City Council had adopted the recommendations of the Homeless Task Force to fund a contract homeless outreach case worker, the 3R Committee endorsed the subcommittee's Option 1 public service grant recommendations for 2012-2013 (Attachment A). The recommendation included zero funding for the City's Large Item Disposal Program, which was presented to the 3R Committee but lacked support.

Pursuant to City Council direction to reduce the amount of paper utilized to produce staff reports, entire application packages for all 2012-2013 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, a three-year funding history of CDBG public service grants is provided as Attachment C.

ANALYSIS

HUD program regulations allow the City to allocate a maximum of 15 percent (15%) 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 2012-2013 (Attachment A). Thirteen grants are recommended for funding allocating \$157,502.

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 to not fund public service grants and use CDBG funds for other eligible activities. However, this action is inconsistent with the community needs and strategies identified in the City's 2010-2014 Consolidated Plan.

FISCAL REVIEW

A total of \$157,502 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 Option 1 - 2012-2013 CDBG Public Service grants as recommended by the 3R Committee.

Peter Naghavi
Director of Economic and Development/
Deputy Chief Executive Officer

Muriel Ullman
Neighborhood Improvement Manager

Mike Linares
CDBG/HOME Coordinator

Attachments: A. [2012-2013 CDBG Public Service Grant Recommendations](#)
 B. [2012-2013 CDBG Public Service Grant Applications Summary](#)
 C. [CDBG Public Service Grant 3-Yr Funding History](#)