



CITY COUNCIL AGENDA REPORT

MEETING DATE: May 6, 2014

ITEM NUMBER: Item Number

SUBJECT: 2014-2015 COMMUNITY DEVELOPMENT BLOCK GRANT PUBLIC SERVICE GRANT ALLOCATIONS

DATE: April 14, 2014

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:

Approve Community Development Block Grant Public Service Grants for Fiscal Year 2014-2015.

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 2014-2015, the City will receive \$1,031,757 in CDBG funds. CDBG regulations allow a maximum of 15 percent of the City’s CDBG funds to be used for public service; therefore, up to \$154,764 in funding may be available for public services for Fiscal Year 2014-2015.

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> \$50,600	<u>2 Persons</u> \$57,800	<u>3 Persons</u> \$65,050	<u>4 Persons</u> \$72,250
<u>5 Persons</u> \$78,050	<u>6 Persons</u> \$83,850	<u>7 Persons</u> \$89,600	<u>8+ Persons</u> \$95,400

Over the course of several years, 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 January 2014 a request for applications was sent to approximately 20 nonprofit agencies that provide services to Costa Mesa residents. As required by the City's Policies and Procedures, the City's Housing and Public Services Ad-hoc Committee (formerly the Redevelopment and Residential Rehabilitation - 3R Committee) was assembled for the purpose of reviewing grant applications. The Public Services Ad-hoc Committee (H&PS Committee) is also charged with developing funding recommendations for the City Council's consideration.

In response to the request for applications, the City received 11 applications requesting \$179,000 in CDBG grant funds; however, on March 10, 2014, staff received an email from the Costa Mesa Senior Corporation withdrawing their request for \$15,000. On March 12, 2014, the H&PS Committee interviewed nine of the remaining ten applicants - the Boys and Girls Club failed to show up for the scheduled interview. Utilizing the application rating criteria that was approved by the City Council in 2008, the H&PS Committee developed a slate of preliminary funding recommendations for FY 2014-2015 CDBG public service grants.

At the time the H&PS Committee interviewed grant applicants, HUD had not notified the City of its 2014-2015 CDBG grant allocation. Staff was estimating a 10 percent reduction in funding; therefore, \$142,500 in CDBG funding was available for the H&PS Committee to allocate. The H&PS Committee recommended funding the top eight rated applicants the full amount requested for a total of \$139,000. The Committee further recommended that remaining funds (\$3,500) be left uncommitted so the City Council could allocate these funds at their discretion. Finally, the Committee recommended that should the City's final grant allow for additional funding for public services, those funds should also be left to be allocated at the Council's discretion.

On March 18, 2014, the City was notified by HUD as to the amount of its 2014-2015 CDBG grant, which was slightly higher than had been anticipated. Based on the actual grant, a total of \$154,764 (or \$15,764 more than recommended by the H&PS Committee) is available for public service grants. On March 27, HCD was notified by the CEO's staff that this unallocated amount (\$15,764) should be allocated for the Costa Mesa Senior Center Social Services Program; an application that had been recommended for zero funding by the H&PS Committee because the applicant had withdrawn the application. The H&PS Committee's recommendations have been incorporated into the CEO recommendation. The recommendations of the H&PS Committee and the CEO are provided as Attachment 1. A summary of applications is provided as Attachment 2. Additionally, a three-year funding history of CDBG public service grants is provided as Attachment 3.

ANALYSIS:

HUD program regulations allow the City to allocate a maximum of 15 percent of its annual CDBG allocation 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 H&PS Committee has prepared funding recommendations for Fiscal Year 2014-2015. The CEO has slightly modified the H&PS Committee's recommendation. Attachment 1 provides a comparison of these two recommendations. The CEO is recommending funding for nine grants totaling \$154,764 – 100 percent of available public service grant funds.

ALTERNATIVES CONSIDERED:

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

1. The City Council could revise the 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 \$154,764 in federal grant funds will be allocated for public service grant funds consequently 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 adopt the 2014-2015 CDBG Public Service grants allocations as recommended by the CEO.

MIKE LINARES
CDBG/HOME Coordinator

GARY ARMSTRONG
Economic and Development Services
Director/Deputy CEO

STEPHEN DUNIVENT
Interim Director of Finance

TOM DUARTE
City Attorney

- ATTACHMENTS:
- 1 [2014-2015 CDBG Public Service Grant Recommendations](#)
 - 2 [Summary of 2014-2015 CDBG Public Service Grant Applications](#)
 - 3 [Three-year CDBG Public Service Grants Funding History](#)