



City of Huntington Beach

File #: 19-529

MEETING DATE: 5/6/2019

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Fred A. Wilson, City Manager

PREPARED BY: Kellee Fritzal, Deputy Director of Economic Development

Subject:

Public Hearing to consider approval of Substantial Amendment No. 2 to Fiscal Year 2018-19 Annual Action Plan for Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) Programs

Statement of Issue:

The U.S. Department of Housing and Urban Development (HUD) requires that the City conduct a Public Hearing to approve Amendment No. 2 to the 2018-19 Annual Action Plan for CDBG and HOME programs to assist in the acquisition of, and for improvements to the Huntington Beach Navigation Center, a public facility to be used as an emergency homeless shelter located at 15311 Pipeline Lane, Huntington Beach, CA 92649.

Financial Impact:

There is no impact to the General Fund. The City has received \$1,155,697 in CDBG funds and \$606,864 in HOME funds for the 2018-2019 Fiscal Year. In addition, \$641,905 in CDBG Revolving Loan Funds will also be allocated.

Recommended Action:

A) Approve Substantial Amendment No.2 to the City of Huntington Beach Fiscal Year 2018-19 Annual Action Plan for the Community Development Block Grant (CDBG) and HOME Investment Partnership Programs; and,

B) Authorize the City Manager to sign all necessary documents after review by the City Attorney.

Alternative Action(s):

Do not approve the Amendment and direct staff as necessary.

Analysis:

The City receives an annual allocation of federal funds from HUD to implement CDBG and HOME programs. Annually, an Action Plan is adopted by the City Council setting forth the programs and projects that will be funded. The Action Plan must be amended either due to new programs or to

substantially increased funding to an approved CDBG or HOME program. The City Council approved Amendment No. 1 to 2018-19 Fiscal Year Annual Action Plan on October 1, 2018, to allocate HOME funds towards the Tenant Based Rental Assistance Programs (TBRA) and funding for the Midway City housing project. Amendment No. 2 to the Annual Action Plan is recommended to allocate CDBG funds for a new program, the Navigation Center, using Fiscal Year 2018-19 unallocated and revolving loan funds, as described below:

1. An allocation of \$223,607 in FY 2018-19 CDBG unallocated funds;
2. An allocation of \$641,905 in unallocated CDBG revolving Loan Funds (RLF). The Huntington Beach Revolving Loan Fund was originally set up for the purpose of carrying out the Housing Rehabilitation Loan/Grant Program, where loan repayments are used to fund future grants/loans. However, the stream of loan making is not moving quickly enough to deplete the backlog of revolving loan funds. The City has elected to move funds in the Revolving Loan Fund out of the revolving account for use instead on the Huntington Beach Navigation Center.
3. A budget transfer of \$75,000 from the RLF Owner-Occupied Single-Family Rehabilitation Loan Program to the new Huntington Beach Navigation Center.
4. A budget transfer of \$50,000 from the RLF Owner-Occupied SF, Condo, and Mobile Home Grant Program to the Huntington Beach Navigation Center.
5. A budget transfer of \$6,724 from CDBG Administration to the Section 108 Loan.

The re-allocation of funds do not eliminate any programs or projects and does not affect the City's Rehabilitation Loan Program.

The City will also make the final Section 108 Loan Payment in the current fiscal year, this will assist the City expend the CDBG funds in a timely manner. The City will be able to reprogram the FY 2019/20 Section 108 allocation towards the navigation center or ADA ramps at a future meeting.

Staff recommends approval of the second amendment to the Action Plan.

Environmental Status:

Not Applicable.

Strategic Plan Goal:

Enhance and maintain high quality City services

Attachment(s):

1. Annual Action Plan July 1, 2018 - June 30, 2019 No. Two (Substantial)