



City of Huntington Beach

File #: 21-312

MEETING DATE: 4/19/2021

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Oliver Chi, City Manager

PREPARED BY: Ursula Luna-Reynosa, Director of Community Development

Subject:

Adopt Resolution No. 2021-28 approving the 2021-2022 Annual Action Plan for Federal Community Development Block Grant (CDBG) and Home Investment Partnerships (HOME) Entitlement Grant Programs

Statement of Issue:

The City receives Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) federal entitlement grant funds annually from the U.S. Department of Housing and Urban Development (HUD). To remain eligible for these grant funds, the City is required to submit an Action Plan to HUD each year outlining how these funds will be used during the upcoming fiscal year. As part of this annual process, the Citizen Participation Advisory Board (CPAB) evaluates funding applications and makes funding recommendations to the City Council. The CPAB recommendations for Fiscal Year 2021-22 are summarized in Attachment 1, and described in detail in the 2021-22 Action Plan (Attachment 3). The deadline for submission of the 2021-22 Action Plan to HUD is May 14, 2021.

Financial Impact:

The City's proposed Fiscal Year 2021-22 CDBG and HOME program budget is comprised of \$1,238,214 in CDBG and \$618,233 in HOME funds. Approval of the 2021-22 Action Plan will not impact the General Fund.

Recommended Action:

Staff recommends that the City Council approve and authorize the following in compliance with the Consolidated Plan Procedures of 24 CFR Part 91:

- A) Conduct a public hearing; and,
- B) Adopt Resolution No. 2021-28, "A Resolution of the City Council of the City of Huntington Beach Approving the 2021-2022 Action Plan for Federal Community Development Block Grant, and Home Investment Partnerships Programs;" and,
- C) Authorize the City Manager to sign all necessary documents.

Alternative Action(s):

Do not approve the Annual Action Plan as presented and direct staff accordingly. The City Council may choose to modify any of the CPAB funding recommendations for CDBG and HOME projects and programs within the aggregate funding limits outlined on page 3 of this report.

Analysis:**Background**

Each year, the City of Huntington Beach receives entitlement grant funds from HUD, under the CDBG and HOME programs, to carry out a wide variety of community development activities that benefit lower-income Huntington Beach residents. As part of its responsibility in receiving these funds, the City is required to prepare and submit an annual Action Plan delineating the proposed use of CDBG and HOME funds. To comply with HUD regulations, the 2021-2022 Annual Action Plan must be received by HUD this year on or before May 14, 2021.

2021-2022 Action Plan

The Action Plan is a federally-mandated document in a prescribed format that describes how the City's use of CDBG and HOME funds addresses the priorities in the 2020-2024 Consolidated Plan that was adopted by the City Council on July 6, 2020. The 2021-2022 Action Plan covers the upcoming fiscal year (beginning July 1, 2021, and ending June 30, 2022).

The 2020-2024 Consolidated Plan included a Strategic Plan as a component document, which established the following funding priorities for the CDBG and HOME programs:

- Sustain and strengthen neighborhoods.
- Preserve existing and create new affordable housing.
- Support efforts to address homelessness.
- Support agencies that assist special needs populations.
- Increase access to community services to low/moderate income persons.
- Provide needed infrastructure improvements.
- Support community development programs.

Each year, the City issues a Notice of Funding Availability inviting the submission of applications for Public Services programs and Capital and Housing Preservation projects, in compliance with HUD regulations that require public participation in the allocation of CDBG and HOME funds.

The CPAB reviews all eligible applications, receives public input, hears oral presentations from the applicants, and makes funding recommendations to the City Council. The draft 2021-2022 Action Plan includes the CPAB recommendations that were developed, taking into consideration the priorities and objectives outlined in the Strategic Plan.

2021-2022 CDBG and HOME Funding Recommendations

On February 11, the CPAB conducted a publicly-noticed meeting that provided citizens the opportunity to participate in the CDBG and HOME program funding recommendation process. The CPAB heard presentations from 12 applicants virtually for CDBG Public Services, deliberated, and made funding recommendations. On February 25, the CPAB conducted a second meeting and heard presentations from two fair housing applicants and five Capital and Housing Preservation applicants. The CPAB also deliberated and made funding recommendations that evening for these two categories. At each of these meetings, the CPAB voted to:

- Recommend funding to five of the 12 Public Services applications that were received by a 4-0 vote.
- Recommended funding the Fair Housing Foundation by a 4-0 vote (as fair housing is a HUD mandate program).
- Recommend funding all five Capital and Housing Preservation applications by a 4-0 vote.

When the CPAB met on February 11 and 25, the CDBG and HOME allocations for Fiscal Year 2021-2022 had not been released by HUD; therefore, initial funding recommendations were based on current 2020-2021 allocations. In these instances, HUD guidance to cities is to use current fiscal year allocations to meet CDBG and HOME mandated deadlines. Subsequent to the February 25 CPAB meeting, the City's CDBG and HOME funding allocations from HUD for the 2021-2022 Program Year were released, including \$1,238,214 for CDBG and \$618,233 for HOME. On March 15, the City Council and CPAB held a joint study session to review and modify the CPAB recommendations, based upon the final funding allocations from HUD.

The following tables contains the final CDBG and HOME funding and allocation levels for the 2021-2022 Program Year:

2021-2022 CDBG and HOME Funding and Allocation Levels

Allocated Funds (Revenue)	CDBG	HOME	Total
Grant Amount	\$1,238,214	\$618,233	\$1,856,447
Carryover	\$0	\$0	\$0
TOTAL	\$1,238,214		
	\$618,233		
	\$1,856,447		

2021-2022 Allocation (Expenditure)	CDBG	HOME	Total
Public Services	\$185,732	N/A	\$185,732
Capital & Housing Preservation Projects	\$804,840	\$556,410	\$1,361,250
Administration	\$247,642	\$61,823	\$309,465

TOTAL	\$1,238,214
	\$618,233
	\$1,856,447

CDBG Funds

Federal regulations allow the City to designate up to 15 percent of the CDBG allocation for Public Service programs, 20 percent towards Administration, and the remaining amount towards Capital and Housing Preservation. As previously noted, the initial CPAB recommendations from February 11 and 25 were modified on March 15 to address the subsequent release of the City's 2021-2022 CDBG and HOME funding allocations. The CPAB recommended allocating \$185,732 towards five of the 12 Public Services applications that were received, allocating \$247,642 towards Administration, and allocating the remaining funds of \$804,840 towards Capital and Housing Preservations Projects. The recommendations for each of these categories are as follows:

<u>PUBLIC SERVICE</u>	2020-21 Actual Funding	2021-22 Requested Funding	2021-22 Funding Recommendations
City of HB - Community Services: Oak View FRC Drop-in Recreation Program (Children's Bureau)	\$80,000	\$81,200	\$80,000
City of HB - Community Services: Senior Center Care Management	\$44,000	\$44,000	\$34,555
City of HB - Public Library: Oak View Literacy Program	\$10,000	\$10,000	\$9,000
City of HB - Police Department: Homeless Outreach Services	\$85,000	\$80,000	\$50,000
StandUp for Kids OC - StandUp for Kids Outreach Program	\$15,000	\$15,826	\$12,177
TOTAL	\$234,000	\$231,026	\$185,732

<u>ADMINISTRATION</u>	2020-21 Actual Funding	2021-22 Requested Funding	2021-22 Funding Recommendations
CDBG Administration	\$257,407	\$217,642	\$217,642
Fair Housing Foundation	\$30,000	\$30,000	\$30,000
TOTAL	\$287,407	\$247,642	\$247,642

<u>CAPITAL & HOUSING PRESERVATION</u>	2020-21 Actual Funding	2021-22 Requested Funding	2021-22 Funding Recommendations
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City of HB - Tenant Based Rental Assistance (TBRA): Program Administration	\$130,928	\$105,000	\$105,000
City of HB - Community Development: Special Code Enforcement	\$240,000	\$231,557	\$231,557
City of HB - Community Development: Housing Rehab Loan Program	\$65,000	\$265,000	\$265,000
City of HB - Public Works: Public Facility ADA Projects	\$393,732	\$400,000	\$203,283
TOTAL	\$829,660	\$1,001,557	\$804,840

HOME Funds

The available funds for HOME projects are \$618,233. A total of \$556,410 is proposed to be allocated to the City's existing TBRA program, with the balance of the funding (\$61,823) for Administration costs.

Planning and Administration

Twenty percent of the City's CDBG allocation and 10 percent of its HOME allocation may be used for planning and administration. The total funds available for CDBG (including the City's fair housing services provider) and HOME Administration are \$309,465.

These funding recommendations, as well as the projected measurable accomplishments for each proposed activity, are described in the draft 2021-2022 Action Plan (Attachment 3).

Environmental Status:

Pursuant to CEQA Guidelines Section 15378(b)(4), government fiscal activities that do not result in a physical change in the environment, and do not commit the lead agency to any specific project, do not constitute a project. Therefore, these activities are exempt in accordance with CEQA Guidelines Section 15060(c)(3).

Strategic Plan Goal:

Economic Development & Housing

Attachment(s):

1. City of Huntington Beach FY 2021-2022 CDBG and HOME Funding Recommendations
2. Resolution No. 2021-28, "A Resolution of the City Council of the City of Huntington Beach, California, Approving the 2021-2022 Action Plan for Federal Community Development Block Grant, and Home Investment Partnerships Programs."
3. City of Huntington Beach Annual Action Plan 2021-2022