



City of Huntington Beach

File #: 23-288

MEETING DATE: 5/2/2023

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Al Zelinka, City Manager

VIA: Ursula Luna-Reynosa, Director of Community Development

PREPARED BY: Charles Kovac, Housing Manager

Subject:

2023-2024 Annual Action Plan for Federal Community Development Block Grant (CDBG) and Home Investment Partnerships (HOME) Entitlement Grant Programs and an Amendment (Substantial) to the 2020/21-2024/25 Citizen Participation Plan

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 Annual Action Plan ("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 for CDBG public services activities to the City Council. The CPAB recommendations for Fiscal Year 2023-2024 are summarized in Table 2 of Attachment 1 of this report and described in detail in the 2023-2024 Action Plan (Exhibit "B" to Attachment 2). The deadline for submission of the 2023-2024 Action Plan to HUD is May 15, 2023.

In addition to the 2023-2024 Action Plan, the City Council is asked to consider an Amendment (Substantial) to the Citizen Participation Plan ("Amendment") authorizing various updates and revisions described below.

Financial Impact:

The City's FY 2023-2024 CDBG and HOME program budget is comprised of \$1,560,363 in CDBG and \$1,036,525 in HOME funds and includes HUD's annual entitlement allocation, carryover funds from prior fiscal year, and program income. Approval of the 2023-2024 Action Plan or the Amendment 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 for the 2023-2024 Action Plan and an Amendment (Substantial) to the 2020/21-2024/25 Citizen Participation Plan; and,

B) Adopt Resolution No. 2023-19, "A Resolution of the City Council of the City of Huntington Beach, California, Approving the 2023-2024 Action Plan for Federal Community Development Block Grant and Home Investment Partnerships Programs, and Approving the Amendment (Substantial) to the 2020/21-2024/25 Citizen Participation Plan"; and,

C) Authorize the City Manager to sign all necessary related documents.

Alternative Action(s):

Do not approve the 2023-24 Action Plan and the Amendment as presented and direct staff accordingly. However, if the City Council does not approve the 2023-24 Action Plan tonight, in order to make HUD's deadline of May 15, 2023, the City will be out of compliance with HUD regulations and would likely forfeit CDBG and HOME funding. Alternatively, the City Council may choose to modify any of the funding recommendations for CDBG and HOME projects and programs within the aggregate funding limits outlined in this report.

Analysis:

Background

Each year, the City of Huntington Beach receives entitlement grant funds from HUD under the CDBG and HOME programs. According to program objectives set forth in HUD regulations, funds from these programs must be used to benefit lower-income Huntington Beach residents, as well as the community needs identified in the City's approved Consolidated Plan. HUD regulations require public participation in the allocation of CDBG and HOME funds. Therefore, each year the City issues a Notice of Funding Availability to invite local community organizations to submit applications for public service programs.

The CPAB reviews all eligible applications, receives public input, hears oral presentations from the applicants, and makes funding recommendations to the City Council. These recommendations are outlined in the attached Action Plan (Exhibit B of Attachment 2), which must be approved by the City Council at a public hearing and submitted to HUD by May 15, 2023.

2023-2024 CDBG and HOME Funding Levels

On February 27, 2023, HUD released the City's funding levels for the 2023-2024 program year. In addition to the CDBG and HOME annual allocations, the City will also have available program income funds, which are payments on outstanding loans previously made by the City, and carryover funds, which are unused funds from previously approved projects, that are now available for new activities. CDBG and HOME rules limit the use of carryover funds only for eligible capital projects. As shown in Table 1 of Attachment 1, the City will receive \$1,171,668 in CDBG entitlement funds, approximately \$355,695 in prior year CDBG funds carried forward, and is estimated to receive \$33,000 in program income for a total of \$1,560,363 in 2023-2024 CDBG funding resources. As also

shown in Table 1 of Attachment 1, the City will receive \$668,370 in HOME entitlement funds, approximately \$323,155 in HOME carryover funds, and is estimated to receive \$45,000 in program income for a total of \$1,036,525 in 2023-2024 HOME funding resources.

Funds Available for CDBG Public Services Programs

Federal regulations allow the City to designate up to 15 percent of the CDBG allocation for public service programs. Eligible public service programs must be directed toward improving community services concerned with services such as employment, child care, health, substance abuse, education, recreation or welfare for low-income residents. The maximum amount of funds available for public service programs is \$175,750.

Funds Available for CDBG Capital and Housing Preservation Projects

The amount of funds available for CDBG Capital and Housing Preservation Projects is \$1,150,279. CDBG regulations allow a variety of capital projects and activities that benefit low-income residents, including the development of affordable housing, rehabilitation and preservation of existing housing, improvements to public facilities to comply with requirements of the Americans with Disabilities Act, and special code enforcement programs.

Funds Available for HOME Capital Projects

HOME regulations allow capital projects primarily for the creation of affordable housing and temporary rental assistance for low-income residents. The amount of funds available for HOME Capital Projects is \$969,688.

Funds Available for Program Administration

Up to 20 percent of the City's CDBG allocation from HUD (\$234,334) and 10 percent of its HOME allocation (\$66,837) may be used for planning and administration. Within the CDBG administration funding category is a HUD mandate that all jurisdictions provide fair housing services. These services are provided by the Fair Housing Foundation and include tenant/landlord mediation, unlawful detainer assistance, fair housing education and investigating claims of discrimination.

Fiscal Year 2023-2024 Funding Recommendations

On February 2, 2023, the CPAB conducted a noticed public meeting that provided residents the opportunity to participate in the CDBG funding recommendation process. The CPAB received public comments and heard presentations from seven CDBG public services applicants. Subsequently, on February 22, the CPAB met to deliberate and make funding recommendations to the City Council, and by a unanimous vote, recommended that the City Council fund four of the seven public services applications that were received (see Table 2 of Attachment 1).

The City received one application from the Fair Housing Foundation for fair housing services, and this program is recommended to be funded for \$30,000 under the CDBG program administration category.

CDBG capital and housing preservation projects consist of the City's Housing Rehabilitation

Program, Special Code Enforcement Program, Central Library Restrooms ADA improvements, Maintenance Zone 4 ADA Improvements, and Tenant Based Rental Assistance (TBRA) Program Administration in the total amount of \$1,150,279.

On March 7, the City Council and CPAB held a joint study session to review these funding recommendations, which are summarized in Table 2 of Attachment 1 and described in detail in the 2023-2024 Action Plan (Exhibit “B” of Attachment 2).

Amendment (Substantial) to the 2020/21-2024/25 Citizen Participation Plan

HUD regulations require the City to have an adopted Citizen Participation Plan to set forth the public participation process the City will follow in its consolidated planning, application, and reporting processes. Part of the HUD entitlement process entails the grantee (in this case the City) to certify that it is in full compliance and is following its Citizen Participation Plan consistent with the requirements of 24 CFR 91.105. The City’s Citizen Participation Plan was most recently approved in July 2020 and is designed to ensure equitable representation of all segments of the population and to aid communication between the City and its residents on matters pertaining to the use of all federal funding from HUD.

The proposed substantial Amendment to the Citizen Participation Plan includes the following revisions:

- Reducing the number of City Council public hearings from two per year to one per year to align with HUD regulations. This public hearing will be to review and approve the Annual Action Plan. If approved, the annual end of year summary report called the Consolidated Annual Performance and Evaluation Report (“CAPER”) will be submitted to the City Council as a consent calendar item rather than as a public hearing item.
- Updating the City Council meeting day from the first and third Mondays to Tuesdays.
- Describing the role of CPAB in making funding recommendations to the City Council.
- Updating Housing Division staff contact information.

These amendments are incorporated and described in the draft Amendment to the Citizen Participation Plan (Exhibit “C” to Attachment 2).

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).

Since federal dollars are being used for the proposed CDBG and HOME activities, National Environmental Policy Act (NEPA) compliance will be required prior to execution of funding agreements and disbursement of funds. The City will complete all NEPA Compliance for the approved CDBG and HOME activities prior to the start of the program year (July 1, 2023).

Strategic Plan Goal:

Economic Development & Housing

Attachment(s):

1. FY 2023-2024 CDBG and HOME Funding Recommendations
2. Resolution No. 2023-19, "A Resolution of the City Council of the City of Huntington Beach, California, Approving the 2023-2024 Action Plan for Federal Community Development Block Grant and Home Investment Partnerships Programs, and Approving the Amendment (Substantial) to the 2020/21-2024/25 Citizen Participation Plan."
3. PowerPoint Presentation - May 2, 2023 City Council Meeting