City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Matthew Fertal From: Susan Emery

Dept: City Manager Dept: Community Development

Subject: ADOPTION OF FY 2008/09 ACTION Date: April 22, 2008

PLAN FOR THE USE OF HUD FUNDS

OBJECTIVE

To request City Council conduct a Public Hearing regarding the 2008/09 Action Plan for the Use of HUD Funds (Attachment No. 1) and approve the 2008/09 Action Plan for the Use of HUD Funds.

BACKGROUND

The U.S. Department of Housing and Urban Development (HUD) requires a public hearing prior to the approval of the 2008/09 Action Plan in order for the City to receive and utilize HUD grants. The City must submit the Action Plan to HUD by May 17, 2008. Each year's Action Plan must address the Priority Objectives adopted by the City Council in 2005 for the 5-Year Consolidated Plan for the Use of HUD Funds. The full Draft Action Plan has been available in the Community Development Department for public review since March 20, 2008. The only public comments received were at the Neighborhood Improvement and Conservation Commission meeting held on April 7, 2008, as noted in the attached minute excerpt.

ANALYSIS

Approximately \$7.6 million in HUD funds will be available during 2008-09, as summarized in Attachment No. 2. This budget includes \$3.9 million in carried forward HUD funds from prior years' allocations and new allocations of \$3.7 million in new or previously unallocated HUD funds.

Program plans and funding recommendations for 2008/09 are based upon the Priority Objectives and input received during the public comment period on community and housing development needs conducted during the preparation of the 2005-2010 Consolidated Plan. During 2008/09, HUD funds will address a wide range of Garden Grove housing and community development needs as follows:

Affordable Housing Improvement and Rehabilitation: Utilizing \$3 million in HUD funds, the City will rehabilitate 25 ownership units, help developers to acquire and/or rehabilitate at least 40 dedicated affordable rental units, assist approximately five low-income first-time homebuyers, and abate substandard housing conditions in at least 169 housing units.

In response to the demand for senior home rehabilitation grants, \$125,000 has been budgeted for Senior Home Improvement Grants.

The City will continue with assistance for first-time homebuyers through HUD's American Dream Downpayment Initiative.

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Public Services and Emergency Service Grants: To prepare this Action Plan, staff issued a Request for Proposals to 38 organizations, of which 18 responded. Attachment No. 3 summarizes their proposed programs and budgets and staff's analysis and funding recommendations. Funding is recommended for nine continuing programs. This includes three public service programs that will alleviate poverty, improve neighborhoods, and provide a safety net for seniors; and four emergency service programs that will prevent and address homelessness.

Funding in the CDBG public service category is strictly limited by HUD regulatory formula to \$385,986 this year. Requests for funding exceeded that cap, so staff recommends allocating every dollar available.

In their April 7 meeting, the Neighborhood Improvement and Conservation Commission (NICC) heard public comments on the draft Action Plan. After receiving and considering public comments, the NICC unanimously endorsed the proposed funding recommendation.

Neighborhood Improvement: Public facility and infrastructure improvement will be accomplished through the installation of pedestrian crossing safety signals and storm drain improvements to alleviate flooding in low-income areas near Newland, Yockey, Magnolia and Cannery Streets. Additionally, funds have been allocated for the rehabilitation of the public facility housing the adult day care program. Staff recommends \$500,153 in HUD funds.

Economic Development: A total of \$1.2 million in new HUD fund allocations are proposed to repay the City's Section 108 loan obligation for earlier investments in the Harbor Boulevard tourism corridor. An additional \$112,590 in new HUD funds and \$1,662,000 in unexpended funds from prior years will be carried forward for use next year for new property acquisition to support additional job creation and economic development in the Harbor Boulevard area.

Program Planning and Administration: Approximately \$566,000 in new CDBG, HOME, and ESG funds is recommended for staff and material costs for program management, project development and monitoring, public communication, HUD reporting, and financial administration, with an additional \$19,717 for associated overhead costs. These allocations are just under the caps allowed by HUD. Unlike many other HUD-funded jurisdictions, Garden Grove does not separately charge staff time for project design and management outside those caps. Staff recommends \$36,244 for the Orange County Fair Housing Council to help the City fulfill its obligation to affirmatively further fair housing.

Citizen Participation: All HUD citizen participation requirements have been met. Public notices regarding the Draft Action Plan, including an invitation to share comments at this public hearing, were published March 20 and 21 in local English, Spanish, and Vietnamese language newspapers for a 34-day public comment period, exceeding HUD's 30-day minimum.

FINANCIAL IMPACT

The proposed 2008/09 Action Plan will allow the City to access \$3,715,757 in new entitlement grants from HUD and \$3,412,864 in unexpended previous years' funds. The allocation of HUD funds effectively leverages competitive grants, homeowners'

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rehabilitation contributions, and the City's General Funds. The nine project proposals that are recommended for funding, for example, will leverage an additional \$24 million in other funds for use in Garden Grove.

COMMUNITY VISION IMPLEMENTATION

HUD funding assists with several goals in the Strategic Plan for the preservation and enhancement for neighborhoods and improvements to the infrastructure.

RECOMMENDATION

Staff recommends that the City Council conduct the public hearing, accept comments, and following discussion:

- Approve the 2008/09 Action Plan for the Use of HUD Funds, and
- Authorize the City Manager to negotiate and execute related documents and agreements. Some project-specific agreements may be brought before City Council again.

SUSAN EMERY Community Development Director

By: Allison Mills

Senior Project Manager

Attachment 1: Draft 2008/09 Action Plan for the Use of HUD Funds
Attachment 2: Summary of Proposed 2008-09 Action Plan Resources

Attachment 3: Proposed 2008-09 Action Plan Activities, Outcomes, and Funding Attachment 4: Minute Excerpt from the Neighborhood and Conservation

Commission meeting of April 7, 2008