



Each application for funding must be for a minimum threshold amount of \$1 million. The state will permit jurisdictions with calculated allocations below the \$1 million requirement to combine their allocation with that of a contiguous jurisdiction through a Joint Powers Agreement or Memorandum of Understanding in order to meet or exceed the minimum threshold amount. Garden Grove will be partnering with Westminster, who is eligible for \$237,172, and submit a joint application.

The funds will be utilized to fund our existing Homebuyer Program. Current funding sources for our First Time Homebuyer Program are exhausted; this additional funding will allow us to continue to provide assistance to lower income families to purchase a home.

A site has been identified on Harbor Boulevard as a potential replacement site for Fire Station #6, which is currently located on Chapman Avenue. In order to make CDBG funds available for the acquisition and associated costs of parcels, the Action Plan and Consolidated Plan must be amended to include the Fire Station Acquisition Activity and the reallocation of \$321,450 from the Harbor Boulevard Acquisition Activity to the newly created Fire Station Acquisition Activity.

Attachment 2 details the proposed verbiage changes to the Five Year Consolidated Plan to accommodate this proposed amendment. Attachment 3 details the proposed changes to the 2008/09 Action Plan. The proposed changes are in bold italics.

HUD rules require all new activities not previously identified in the current Action Plan to go through a public participation process. This public hearing allows for input from the community on the proposed funding. This amendment was advertised beginning on December 25, 2008 for a 30-day public comment period. No comments have been submitted thus far.

#### FINANCIAL IMPACTS

The allocation of funding will have no impact on the General Fund. The proposed Substantial Amendment allocates \$822,151 in proposed new funding for the Neighborhood Stabilization Program and the reallocation of \$321,450 from the Harbor Boulevard Acquisition activity to the Fire Station Acquisition activity.

#### COMMUNITY VISION IMPLEMENTATION

One of the City's goals for our neighborhoods is to "seek to insure quality housing opportunities in the community, without unduly burdening existing residents." The allocation of funds to the Neighborhood Stabilization Program works toward achieving that goal. Another goal is to "ensure that Garden Grove Police and Fire Departments remain efficient, high-quality public safety service providers."

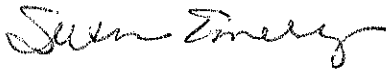
SUBSTANTIAL AMENDMENT NO. 1  
TO 2008/09 ACTION PLAN AND  
FIVE YEAR CONSOLIDATED PLAN  
January 27, 2009  
Page 3

Allocating funds for the costs associated for the acquisition of a new fire station helps to reach this goal.

RECOMMENDATION

It is recommended that the City Council:

- Conduct a public hearing and accept public comments regarding proposed Substantial Amendment Number 1; and
- Recommend approval of Substantial Amendment Number 1 and transmittal to HUD.

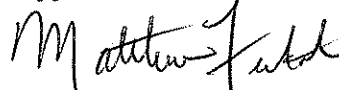


SUSAN EMERY  
Community Development Director



By: Allison Mills  
Senior Project Manager

**Approved for Agenda Listing**



**Matthew Ferial**  
City Manager

Attachment 1: Public Notice of Amendment Hearing  
Attachment 2: Updated Verbiage for Five Year Consolidated Plan  
Attachment 3: Updated Pages for Action Plan

**NOTICE OF PUBLIC HEARINGS  
NEIGHBORHOOD IMPROVEMENT AND CONSERVATION COMMISSION  
AND  
GARDEN GROVE CITY COUNCIL**

**PUBLIC COMMENT PERIOD ON PROPOSED SUBSTANTIAL  
AMENDMENT NUMBER ONE  
TO THE  
2008-09 HOUSING AND COMMUNITY DEVELOPMENT ACTION PLAN  
AND FIVE YEAR CONSOLIDATED PLAN**

The City of Garden Grove will consider two actions that constitute Substantial Amendment Number One to its 2008-09 Annual Action Plan and Five Year Consolidated Plan.

Property Acquisition for Fire Station

The City proposes to reallocate \$934,832 in CDBG funds from the Harbor Boulevard Acquisitions activity to fund a new activity, Fire Station Acquisition. The proposed CDBG allocation for the Fire Station entails acquisition, clearance and relocation costs for 12401 Harbor Boulevard and an adjoining property, which together with several adjacent properties will be assembled as the future site of a fire station.

<b>Activity</b>	<b>Current Amount Budgeted</b>	<b>Amount Proposed</b>
Harbor Boulevard Acquisitions	\$934,832	\$0
Fire Station Acquisition	\$0	\$934,832

Application for Neighborhood Stabilization Program (NSP) funds

The City proposes to apply for \$822,151 in federal NSP funds to extend homebuyer assistance to lower income households (up to 120 percent of Orange County median income). NSP funds will assist eligible buyers purchase and, as necessary, rehabilitate foreclosed residential properties in Garden Grove. To qualify for the minimum allowable NSP allocation, the City will consider a joint venture with the City of Westminster (which is eligible to receive \$237,172) and apply to the California Housing and Community Development Department, the State agency administering the NSP.

<b>NSP Grant Applicants</b>	<b>Amount to be Requested</b>
City of Garden Grove	\$822,151
City of Westminster	\$237,172
<b>TOTAL:</b>	<b>\$1,059,323</b>

## **OPPORTUNITY FOR PUBLIC COMMENT**

From December 26, 2008 through January 27, 2009, the draft Substantial Amendment Number One to the Fiscal Year 2008-09 Annual Action Plan and Five Year Consolidated Plan will be available for public review during regular business hours at the Community Development Department, located in City Hall, at 11222 Acacia Parkway, Garden Grove, CA 92840. Following adoption, the amended Annual Action Plan and Five Year Consolidated Plan will be submitted to HUD and will remain available for public review throughout the program year.

The public is invited to comment on the proposed amendment for a 30-day public comment period from December 26, 2008 through January 27, 2009. To submit comments, please contact Allison Mills at (714) 741-5139, 800-735-2929 (TDD), or [allisonj@garden-grove.org](mailto:allisonj@garden-grove.org). The public is also invited to participate in public hearings before the Neighborhood Improvement and Conservation Commission (NICC) on January 12, 2009 at 7:00 p.m. and the City Council on January 27, 2009 at 6:30 p.m. when the Council will consider adopting the amendment. The City Council and NICC both meet in the Community Meeting Center, located at 11300 Stanford Avenue.

/s/ Kathleen Bailor  
City Clerk

Date: December 18, 2008  
Publication Date: December 25, 2008

## Substantial Amendment Number 1 to the Five Year Consolidated Plan and 2008-09 Action Plan for the Use of HUD Funds

The following language should be inserted into the Five Year Consolidated Plan as indicated below:

*Insert on pages 4-4 and 4-5*

### 4.1.1 Resources Available

Table 4-1  
Resources Available for Housing and Community Development Activities

<b>Program Name</b>	<b>Description</b>	<b>Eligible Activities</b>
Neighborhood Stabilization Program (NSP)	A supplemental allocation of CDBG funds provided by the Housing and Economic Recovery Act of 2008 for the purpose of assisting in the redevelopment of abandoned and foreclosed homes under the Emergency assistance for Redevelopment Assistance for Redevelopment of Abandoned and Foreclosed Homes or NSP.	<ul style="list-style-type: none"> <li>• Financing mechanisms to purchase and redevelop foreclosed residential properties</li> <li>• Acquisition and rehabilitation foreclosed residential properties</li> <li>• Demolish blighted structures</li> <li>• Redevelop demolished or vacant properties</li> <li>• Create land banks for homes foreclosed homes.</li> </ul>

*Insert on pages 4-9 and 4-10 under Goal 2: Increase the Opportunities for Low and Moderate Income Households to Participate in Home Ownership Programs*

#### **High Priority**

#### **2A) First Time Homebuyer Program**

The City will joint venture with City of Westminster to apply to the California Housing and Community Development Department for Neighborhood Stabilization Program (NSP) funds allocated under the

Housing and Economic Recovery Act of 2008. The City proposes to apply for \$822,151 in federal NSP funds to extend homebuyer assistance to lower income households (up to 120 percent of Orange County median income). NSP funds will assist eligible buyers purchase and, as necessary, rehabilitate foreclosed residential properties in Garden Grove. To qualify for the minimum allowable NSP allocation, the City will consider a joint venture with the City of Westminster (which is eligible to receive \$237,172) and apply to the California Housing and Community Development Department, the State agency administering the NSP.

**Funding Source:** ADDI, Redevelopment Set-Aside and NSP funds

**Five-Year Quantified Objectives:** The City anticipates assisting 25 households (5 per year) using ADDI, Set-Aside and NSP funds

**Income Levels:** 12 low income residents and 13 moderate income residents.

*Insert on pages 4-9 and 4-10*

## **4.4 Community Development Goals and Objectives**

### **Statement of Need**

Based on community input, interviews with staff and service providers, and the needs assessment presented in Chapter 3, Housing and Community Development Needs, the City has established the five-year priorities for expending CDBG and ESG funds on community development programs and activities. These priorities are presented in Table 4-3. The estimated funding presented in Table 4-3 are general estimates only. By no means would the City guarantee funding according to this table.

*Insert on page 4-23*

Five-Year Community Development Needs and Priorities

Goal 9: Improve Neighborhoods through Public Facility and Infrastructure Improvements

Infrastructure improvements and public facilities are CDBG-eligible activities within income-eligible areas. As an older community, much of Garden Grove's roads and sewer and water infrastructure were originally constructed during the 1960s and 1970s. Due to its age, much of this infrastructure is in need of replacement or reconstruction. As shown in Figure 3-7, a large portion of the community is within income eligible low/moderate income areas.

*Insert under pp 4-23*

Medium Priority

**9D) Property Acquisition for Fire Station**

The City proposes to reallocate CDBG funds from the Harbor Boulevard Acquisitions activity to fund a new activity, Fire Station Acquisition. The proposed CDBG allocation for the Fire Station entails acquisition, clearance and relocation costs for 12401 Harbor Boulevard and an adjoining property, which together with several adjacent properties will be assembled as the future site of a fire station.

**Funding Source:** CDBG Funds

**Five-Year Quantified Objectives:** The City will assemble property for the future site of a fire station on Harbor Boulevard. to provide serve income-eligible areas.

**Income Levels:** Low and moderate income residents.

*Insert in Table 4-6, pp 4-27*

**Table 4-6  
Summary of Specific Housing/Community Development  
Objectives**

Infrastructure and Public Facilities Objectives				
Program 9A	Provide sewer improvements within income eligible areas.	Projects	Projects Various	---
Program 9C	Provide pedestrian safety improvements near Garden Grove schools	Projects	Projects Various	Reduce accident rates at intersections
Program 9D	Assemble site for future fire station	Persons		Enhance safety of area residents



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**TABLE 4. PROJECTED OTHER 2008-09 RESOURCES**

<b>Program / Funds</b>	<b>Description and Eligible Activities</b>
Low-Income Housing Tax Credit	Tax credits available to individuals and corporations that invest in low-income rental housing. Tax credits are sold to corporations and people with high tax liability, for which the proceeds are utilized for low-income housing development through acquisition, rehabilitation, or new construction.
<b>Neighborhood Stabilization Program</b>	<b>Neighborhood Stabilization Program (NSP) constitutes supplemental CDBG funds allocated under the American Housing Rescue and Foreclosure Prevention Act of 2008. Funds extend homebuyer assistance to lower income households (up to 120 percent of Orange County median income). NSP funds will assist eligible buyers purchase and, as necessary, rehabilitate foreclosed residential properties in Garden Grove.</b>

**ESG and HOME Match Requirements**

Federal match requirements apply to the City's HOME and ESG funds. The HOME program requires that for every HOME dollar spent, the City must provide a 25% match with non-federal dollars. HUD allows the City to use various resources to meet this match requirement. The HOME match obligation may be met with any of the following eligible sources:

- Cash or cash equivalents from a non-federal source;
- Value of donated land or real property;
- A percentage of the proceeds of single- or multi-family housing bonds issued by state, state instrumentality, or local government;
- Value of donated materials, equipment, labor and professional services; and,
- Sweat equity.

According to HOME program regulations, no more than 25% of the City's match liability for any one year can be met through loans to housing projects, but amounts in excess of that may be banked as match credit for future years. The City maintains a log of accumulated and utilized match credit, and during program year 2008-09 will still have \$196,184 in excess HOME match credits generated from multi-family housing bonds issued by the State. Nonetheless, with each and every HOME project we attempt to utilize other resources.

The ESG program requires that for each dollar of the City's ESG grant in any given year, we must provide a 100% match with non-federal dollars. In 2008-09, the City will continue to require its ESG partners to leverage non-federal funds and report their successes with each quarterly performance report. They may count the following as matching resources:

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**TABLE 5. 2008-09 ACTIVITIES, OUTCOMES, AND FUNDING**

<b>Activity, Description, Outcomes, and Location</b>	<b>Estimated 07-08 Carry Forward*</b>	<b>New Allocation**</b>	<b>Amount Available in 2008-09</b>	<b>Funding Source</b>	<b>Outcome/ Objective</b>
Acacia Adult Day Services Rehabilitation: Rehabilitation of a public facility located at 11391 Acacia Parkway.	\$0	\$25,000	\$25,000	CDBG	SL-1
<b>Fire Station Acquisition: Acquisition</b>					
<b>Subtotal</b>	<b>\$475,153</b>	<b>\$25,000</b>	<b>\$321,450</b>	<b>CDBG</b>	<b>SL-1</b>
<b>Economic Development</b>					
Harbor Boulevard improvements: Acquisition of 1-4 properties on Harbor Boulevard to facilitate new economic development projects that will net at least 50 jobs in the Harbor Boulevard project area.	\$1,662,000	\$112,590	\$1,453,140	CDBG	EO-1
Section 108: Repayment of HUD Section 108 loan for Harbor Boulevard investments that collectively created 1,200 jobs.	\$0	\$1,204,018	\$1,204,018	CDBG	EO-1
<b>Subtotal</b>	<b>\$1,662,000</b>	<b>\$1,316,608</b>	<b>\$2,657,158</b>		
<b>Program Planning and Administration</b>					
Orange County Fair Housing Council: Assist 10 households with discrimination investigations and 470 households with other housing issues, fulfilling City's commitment to affirmatively further fair housing. Community-wide.	\$0	\$36,244	\$36,244	CDBG	
Program administration: Planning and public participation; contract design, management, and monitoring; financial administration; and HUD communication to administer the City's CDBG, HOME, ADDI, and ESG programs.	\$0	\$458,687	\$458,687	CDBG	
Municipal support services: City indirect expenses in support of HUD-funded programs by all Departments.	\$0	\$102,134	\$102,134	HOME	
	\$0	\$5,754	\$5,754	ESG	
	\$0	\$19,717	\$19,717	CDBG	
<b>Subtotal</b>	<b>\$0</b>	<b>\$622,536</b>	<b>\$622,536</b>		
<b>TOTAL, all activities and funds</b>	<b>\$3,915,864</b>	<b>\$3,715,809</b>	<b>\$7,631,673</b>	<b>All</b>	

\*Carry over funds include unexpended, unencumbered funds budgeted for program administration.

\*\*New allocations include HUD's new grant funds, plus anticipated program income, plus previously unallocated funds from prior years.

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multi-family housing projects for HQS compliance prior to financing the project and every one to three years, depending upon the size of the project and the results of previous monitoring visits. For both Section 8 and HOME properties, the City enforces compliance with local building codes as well as HQS standards.

2. Increase the opportunities for low- and moderate-income households to participate in homeownership programs.

2A) First Time Homebuyer Program

*5-Year Goal:* Assist 25 first-time homebuyers.

*2008-09 Goal:* Assist 5 first-time homebuyers.

Homeownership provides an opportunity to build assets and equity and reap tax benefits, and is sometimes referred to as the "American Dream," because it is the primary store of personal wealth in the United States. The push-pull of supply and demand of jobs and housing continues unabated. Countywide job growth continues to outpace housing construction in Orange County and the inability to meet the demand to house workers makes it more difficult for employers to attract and retain workers.

As the City and region become increasingly built-out, land availability has decreased and the cost of land has risen significantly over the past few years. This trend has severely impacted the ability for low- and moderate-income households to afford housing in the community.

Garden Grove currently assists households through the *Coming Home to Garden Grove* program, which provides a silent second mortgage of up to \$10,000. This program is supported with Redevelopment Set-Aside funds. Additionally, the City recently received a CalHOME grant to provide down payment assistance of up to \$40,000 for low-income homebuyers. The City anticipates using American Dream Downpayment Initiative (ADDI) to further leverage resources for the *Coming Home to Garden Grove Program* and the CalHOME program, in the hopes that deeper assistance will allow low-income prospective homebuyers to be successful.

***The City is applying to the California Housing and Community Development Department for \$822,151 federal Neighborhood Stabilization Program (NSP) funds to extend homebuyer assistance to lower income households (up to 120 percent of Orange County median income). NSP funds will assist eligible buyers to purchase and, as necessary, rehabilitate foreclosed residential properties in Garden Grove. To qualify for the minimum allowable NSP allocation, the City will consider a joint venture with the City of Westminster (which is eligible to receive \$237,172) and apply to the California Housing and Community Development Department, the State agency administering the NSP.***

Due to the extremely competitive and expensive local housing market, the City of Garden Grove and local aspiring homeowners – like most metropolitan areas of California – have faced many challenges in implementing a homebuyer assistance program. As Table 6 illustrates, Garden Grove median home sale prices were

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*2008-09 Goal:* Rehabilitation of the existing 13,000 square foot building housing the adult day care program.

The City will provide funding for the rehabilitation of the public facility housing the adult day care program. The facility is owned and operated by a not-for-profit entity, the Acacia Adult Day Services, on a site vested in the Garden Grove Agency for Community Development via a 30-year ground lease. The facility is used exclusively for the provision of Adult Day Care and Adult Day Health Care programs managed by Acacia Adult Day Services. Rehabilitation of the building will eliminate incipient code deficiencies and help Acacia Adult Day Services to sustain a clean and safe environment for the participants of their programs.

**9D) Property Acquisition Fire Station**

**2008-09 Goal: Assemblage of site for a fire station.**

***The City proposes to reallocate \$321,450 in CDBG funds from the Harbor Boulevard Acquisitions activity to fund a new activity, Fire Station Acquisition. Site assemblage costs for the Fire Station entail acquisition, clearance and relocation costs for 12401 Harbor Boulevard and an adjoining property, which together with several adjacent properties will be assembled as the future site of a fire station.***

**10. Promote Economic Development and Promote Greater Employment Opportunities .**

*5-Year Goal:* Facilitate economic development projects that will generate a net increase of at least 250 full-time equivalent jobs.

Economic development support is a key area of City activity. For several years, the City has focused economic development efforts within the Harbor Boulevard corridor. The area has suffered from high crime rates, declining tax revenues, diminished retailer interest and elevated vacancy rates. A number of key retail spaces have been unoccupied for years, contributing to a decline in the surrounding business district.

Section 3 requires that employment and other economic development opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing federal, State, and local laws and regulations, be directed to low and very low income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low and very low income persons.

The City includes a set of forms in all bid packages for federally funded contracts. These forms consist of a listing of federal equal employment opportunity / affirmative action requirements, requirements for contracting with Small and Minority Firms, Women's Business Enterprise and Labor Surplus Area Firms, a certification regarding performance of previous contracts or subcontracts subject to the equal opportunity clause and the filing of required reports, and a certification regarding non-segregated facilities.