

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Matthew J. Fertal From: Susan Emery  
Dept: City Manager Dept: Community Development  
Subject: ADOPTION OF FY 2013/14 ACTION PLAN FOR THE USE OF U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) FUNDS Date: May 14, 2013

OBJECTIVE

The purpose of this memorandum is to request that the City Council conduct a Public Hearing regarding the 2013/14 Action Plan for the Use of HUD Funds (Attachment No. 1) and approve the 2013/14 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 2013/14 Action Plan in order for the City to receive and utilize HUD grants. The City must submit the Action Plan to HUD by May 16, 2013. Each year's Action Plan must address the Priority Objectives adopted by the City Council in 2010 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 April 12, 2013. The Public Hearing notice was published in local English, Vietnamese, and Spanish language newspapers for a 30-day public comment period commencing April 11, 2013. On May 6, 2013, the Garden Grove Neighborhood Improvement and Conservation Commission held a Public Hearing to consider the proposed substantial amendment.

DISCUSSION

Approximately \$5.4 million in HUD funds will be available during 2013-14, as summarized in Attachment No. 2. This budget includes \$2.8 million in carried forward or previously unallocated HUD funds from prior year's allocations and new allocations of \$2.5 million in new HUD funds. These figures are estimates as the City's new Federal allocation has not yet been determined. When the exact figures are known, the budget will be amended as needed.

Program plans and funding recommendations for 2013-14 are based upon the Priority Objectives and input received during the public comment period on

ADOPTION OF FY 2013/14 ACTION PLAN FOR THE USE OF U.S. DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT (HUD) FUNDS

May 14, 2013

Page 2

community and housing development needs conducted during the preparation of the 2010-2015 Consolidated Plan. During 2013-14, HUD funds will address a wide range of Garden Grove housing and community development needs as follows:

**Affordable Housing Improvement and Rehabilitation:** Utilizing \$3.4 million in HUD funds, the City will rehabilitate ten (10) ownership units, help developers to acquire and/or rehabilitate at least twenty (20) dedicated affordable rental units, and abate substandard housing conditions in at least 218 housing units.

**Public Services and Emergency Service Grants:** To prepare this Action Plan, staff issued a Request for Proposals to 58 organizations, of which 19 responded. Attachment No. 3 summarizes their proposed programs and budgets, and staff's analysis and funding recommendations. Funding is recommended for eight (8) programs, which includes three (3) public service programs that will alleviate poverty, improve neighborhoods, and provide a safety net for seniors, and five (5) emergency service programs that will prevent and address homelessness.

Funding in the CDBG public service category is strictly limited by HUD regulatory formula to \$290,818 this year. Requests for funding exceeded that cap, so staff recommends allocating every dollar available.

**Neighborhood Improvement:** A small amount of CDBG funds have been allocated to provide funding in the City's "Neighborhood Improvement Neighborhoods."

**Economic Development:** \$1.1 million in HUD funds is allocated to repay the City's Section 108 loan obligation for earlier investments in the Harbor Boulevard Tourism Corridor.

**Program Planning and Administration:** Approximately \$385,296 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 \$28,780 for associated overhead costs. These allocations are just under the caps allowed by HUD. Staff recommends \$34,932 for the Fair Housing Foundation 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 April 11th and 12th in local English, Spanish, and Vietnamese language newspapers for a 33-day public comment period, exceeding HUD's 30-day minimum.

ADOPTION OF FY 2013/14 ACTION PLAN FOR THE USE OF U.S. DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT (HUD) FUNDS

May 14, 2013

Page 3

FINANCIAL IMPACT

The proposed 2013-14 Action Plan will allow the City to access an estimated \$2.5 million in new entitlement grants from HUD and \$2.8 million in unexpended previous year's funds. The allocation of HUD funds effectively leverages competitive grants, homeowner's rehabilitation contributions, and the City's General Funds.

RECOMMENDATION

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

- Approve the 2013-14 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  
Neighborhood Improvement Manager

Attachment 1: Draft 2013-14 Action Plan for the Use of HUD Funds  
Attachment 2: Summary of Proposed 2013-14 Action Plan Resources  
Attachment 3: Proposed 2013-14 Action Plan Activities, Outcomes, and Funding

**Approved for Agenda Listing**



**Matthew Fertil**  
City Manager



## Summary of Proposed 2013-14 Action Plan Resources

The City expects to utilize approximately \$5.4 million from these funding sources during 2013-14. These figures are estimates, as the City has not yet received notification of the exact amount of the 2013 allocation. As with all federally funded projects, funds must be used in accordance with all applicable HUD and federal regulations.

Table 5-1: Anticipated HUD Resources for FY 2013-14

<b>Funding Source</b>	<b>Funding Available</b>
<b>Community Development Block Grant (CDBG)</b>	
2013-14 Entitlement Grant	\$1,938,790
Unexpended and unallocated prior years' funds	\$325,406
<b>Total CDBG</b>	<b>\$2,264,196</b>
<b>HOME Investment Partnership Grant (HOME)</b>	
2013-14 Entitlement Grant	\$500,000
Unexpended and unallocated prior years' funds	\$2,500,000
<b>Total HOME</b>	<b>\$3,000,000</b>
<b>Emergency Solutions Grant (ESG)</b>	
2013-14 Entitlement Grant	\$150,000
Unexpended and unallocated prior years' funds	\$7,643
<b>Total ESG</b>	<b>\$157,643</b>
<b>Total HUD Funding Resources Available</b>	<b>\$5,421,839</b>

**Program income** is revenue generated directly from the use of HUD funds, for example, through housing rehabilitation loan repayments. **Unexpended and Unallocated funds** are derived from projects that were completed under budget or projects that were cancelled due to insufficient interest.



Table 5-5: FY 2013-14 Activities, Outcomes, and Funding

Activity, Description, Outcomes, and Location	Estimated 2012-13 Carry Forward*	New Allocation**	Amount Available in 2013-14	Funding Source	Outcome/ Objective
<b>Affordable Housing Improvement and Rehabilitation</b>					
Senior home improvement grants: Provide 10 home improvement grants for low-income senior homeowners. Citywide.	\$25,000	\$0	\$25,000	CDBG	DH-1
Substandard housing code abatement: Inspection and enforcement to abate unsafe or substandard housing, including in at least 218 units in low- and moderate- income areas.	\$0	\$235,585	\$235,585	CDBG	SL-1
Code Enforcement: Inspection and enforcement to abate blight and code violations, including in at least 100 properties in low- and moderate- income areas.	\$0	\$176,175	\$176,175	CDBG	SL-1
Multi-family housing acquisition and/or rehabilitation: Dedication of at least 20 affordable rental housing units in exchange for financial assistance for developers to acquire and/or rehabilitate properties. Locations to be determined.	\$2,500,000	\$450,000	\$2,950,000	HOME	DH-2
Subtotal	\$2,525,000	\$861,760	\$3,386,760		
<b>Public Services</b>					
Police Special Investigation Gang Suppression Unit: Gang violence prevention, gang probation checks, counseling referrals, and youth truancy intervention, enhancing the safety of at least 1,500 residents in the City's low- and moderate-income neighborhoods.	\$0	\$108,000	\$108,000	CDBG	SL-3
Senior Center: Provide at least 200 seniors with one or more programs at the H. Louis Lake Senior Center on 11300 Stanford Avenue.	\$0	\$161,818	\$161,818	CDBG	SL-1
Community SeniorServ: Provide home delivered meals to 105 unduplicated Garden Grove residents and provide congregate meals to 93 unduplicated clients. Citywide.	\$0	\$21,000	\$21,000	CDBG	SL-1
Subtotal	\$0	\$290,818	\$290,818		

Table 5-5: FY 2013-14 Activities, Outcomes, and Funding

Activity, Description, Outcomes, and Location	Estimated 2012-13 Carry Forward*	New Allocation**	Amount Available in 2013-14	Funding Source	Outcome/ Objective
<b>Emergency Services</b>					
Interval House: Domestic violence shelter support for 400 Garden Grove victims of domestic violence, and rapid rehousing services for 10 Garden Grove victims of domestic violence in a confidential location.	\$7,647	\$62,059	\$69,706	ESG	SL-1
Mercy House: Armory emergency shelter program provides temporary shelter, food, hygiene and other services to the homeless. Seventy (70) Garden Grove homeless residents will be provided services.	\$0	\$10,000	\$10,000	ESG	SL-1
Thomas House Temporary Shelter Operations: Supply food, shelter and a full spectrum of life skill resources to approximately 37 homeless families. Of those, 33 families will move to permanent housing and independent living. In addition, up to 150 Garden Grove individuals will receive homeless prevention case management, financial literacy and other supportive services to prevent eviction and homelessness.	\$0	\$50,000	\$50,000	ESG	SL-1
Women's Transitional Living Center: Emergency shelter, support and rapid rehousing services for 150 Garden Grove adult and child victims of domestic violence/trafficking.	\$0	\$17,838	\$17,838	ESG	SL-1
OC Partnership: Provide Homeless Management Information System (HMIS), also known as Client Management Information System (CMIS), training and technical support services.	\$0	\$6,500	\$6,500	ESG	SL-1
Subtotal	\$7,647	\$146,397	\$154,044		
<b>Neighborhood Improvement</b>					
Fire Station Acquisitions: Acquisitions of parcels to assemble a site for a future fire station. Harbor Blvd.	\$1,000	\$0	\$1,000	CDBG	SL-1
Neighborhood Improvement Campaign: Provide funding for public improvements in designated neighborhoods. Locations to be determined.	\$1,000	\$0	\$1,000	CDBG	SL-1
Subtotal	\$2,000	\$0	\$2,000		



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Activity, Description, Outcomes, and Location	Estimated 2012-13 Carry Forward*	New Allocation**	Amount Available in 2013-14	Funding Source	Outcome/ Objective
<b>Economic Development</b>					
Section 108: Repayment of HUD Section 108 loan for Harbor Boulevard investments that collectively created 1,200 jobs.	\$300,000	\$845,326	\$1,145,326	CDBG	EO-1
Harbor Blvd. Improvements: Acquisition of 1 to 4 properties on Harbor Blvd. to facilitate new economic development projects that will net at least 50 jobs. Harbor Blvd.	\$1,000	\$0	\$1,000	CDBG	EO-1
Subtotal	\$301,000	\$845,326	\$1,146,326		
<b>Program Planning and Administration</b>					
Fair Housing Foundation: Assist 500 households with fair housing services and 1,000 will be introduced to fair housing programs at outreach events. Community-wide.	\$0	\$34,932	\$34,932	CDBG	DH-1
Program administration: Planning and public participation; contract design, management, and monitoring; financial administration; and HUD communication to administer the City's CDBG, HOME, and ESG programs.	\$0 \$0 \$0	\$324,046 \$50,000 \$11,250	\$324,046 \$50,000 \$11,250	CDBG HOME ESG	
Municipal support services: City indirect expenses in support of HUD-funded programs by all departments.	\$0	\$28,780	\$28,780	CDBG	
Subtotal	\$0	\$449,008	\$449,008		
TOTAL, all activities and funds	\$2,835,647	\$2,593,309	\$5,428,956	All	
*Carry forward funds include unexpended committed funds from previous program years and unallocated prior year funds reprogrammed to this activity.					
**New allocations include HUD's estimated new grant funds.					