



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
May 7, 2024

TOPIC: Fiscal Year 2024-25 Annual Action Plan and Budgets for CDBG, HOME, and ESG Programs

AGENDA TITLE

Public Hearing – Approve the Fiscal Year 2024-25 Annual Action Plan and Budgets for the Community Development Block Grant, HOME Investment Partnerships Grant, and Emergency Solutions Grant, and Authorize Submission to the U.S. Department of Housing and Urban Development

Published in the OC Register, La Opinion, and Nguoi Viet on February 16, 2024.

RECOMMENDED ACTION

1. Approve the Fiscal Year 2024-25 Annual Action Plan and authorize the City Manager to submit the Fiscal Year 2024-25 Annual Action Plan to the U.S. Department of Housing and Urban Development.
2. Approve the Fiscal Year 2024-25 budgets for the Community Development Block Grant (CDBG) Program in the total anticipated amount of \$4,808,057 plus \$223,848 in program income and \$425,915 in re-allocation of prior years' CDBG funds for a total of \$5,457,820; HOME Investment Partnerships grant in the anticipated amount of \$1,605,667 from Grant Year 2024 allocation plus \$1,009,992 in program income and \$7,639,803 in prior year program funds for a total of \$10,225,462 in HOME funds; and Emergency Solutions Grant (ESG) in the anticipated amount of \$447,249 from the Grant Year 2024 allocation. All proposed activities' budgets will be proportionally increased or decreased from the estimated funding levels to match actual allocation amounts.
3. Direct the City Attorney to finalize and authorize the City Manager to execute memorandums of understanding with various city departments and execute agreements with non-profit public service providers awarded funds as part of the approved Community Development Block Grant program budget for a term beginning July 1, 2024 through June 30, 2026.
4. Direct the City Attorney to finalize and authorize the City Manager to execute a memorandum of understanding with the Santa Ana Police Department and execute agreements with non-profit homeless service providers awarded funds as part of the

approved Emergency Solutions Grant program budget for a term beginning July 1, 2024 through June 30, 2025.

GOVERNMENT CODE §84308 APPLIES: No

COMMUNITY DEVELOPMENT COMMISSION

At its Regular Meeting on March 27, 2024, the Community Development Commission (CDC) held a public hearing to receive resident and stakeholder comments on funding priorities and needs for activities funded with the Community Development Block Grant, HOME Investment Partnerships grant, and Emergency Solutions Grant programs in the Fiscal Year (FY) 2024-25 Annual Action Plan. No comments were received during the meeting.

The Community Development Commission recommended approval of the FY 2024-25 Annual Action Plan and Budgets for the CDBG, HOME, and ESG Programs to the City Council by a vote of 5:0.

DISCUSSION

Every five years, the City of Santa Ana (City) must submit its Five-Year Consolidated Plan to the U.S. Department of Housing and Urban Development (HUD) to receive funding for the Community Development Block Grant (CDBG), the HOME Investment Partnerships (HOME), and the Emergency Solutions Grants (ESG) programs. These federal funds provide for the development of affordable housing, street improvements, park and public facilities improvements, economic development, code enforcement, public services, the expansion and retention of businesses, and for the delivery of services for individuals experiencing homelessness. In general, the Five-Year Consolidated Plan describes how the City will invest and allocate these limited federal funds for and on behalf of the community. In May of 2020, the Five-Year Consolidated Plan for the period of July 1, 2020 to June 30, 2025 was submitted to HUD.

As part of this five-year strategic planning process, the City is required to submit an Annual Action Plan each year that describes how the City will achieve the goals stated in the Five-Year Consolidated Plan. This document establishes a one-year investment plan that outlines the intended use of resources in the forthcoming fiscal year. The proposed Annual Action Plan covers Fiscal Year (FY) 2024–25 and seeks to allocate funding where programs and resources will have the maximum positive impact (Exhibit 1).

The Annual Action Plan describes the intended use of the City’s federal entitlement grants specifically for FY 2024-25. For FY 2024-25, the City anticipates to receive \$4,808,057 in CDBG program funds, \$1,605,667 in HOME program funds, and \$447,249 in ESG program funds from HUD:

Program	Allocation
CDBG	\$4,808,057
HOME	\$1,605,667
ESG	\$447,249
TOTAL	\$6,860,973

The various projects and programs covered under the FY 2024-25 Annual Action Plan are designed to serve low-income residents. The FY 2024-25 Annual Action Plan includes the program budgets described in detail below for the CDBG, HOME, and ESG programs respectively.

Community Development Block Grant Program Budget

The Community Development Block Grant (CDBG) program provides funds to improve low and moderate-income neighborhoods, eliminate blight, and create a more stable economic base. These funds may be used for a diverse range of programs, including affordable housing, street improvements, park and public facilities improvements, economic development, code enforcement, and public services. The City's anticipated CDBG allocation for FY 2024-25, is \$4,808,057 plus \$223,848 in program income and \$425,915 re-allocation of prior years' CDBG funds for a total of \$5,457,820.

The proposed FY 2024-25 CDBG Program Funding Plan consists of the CDC funding recommendations for nonprofit public service programs and staff's funding recommendations from this year for administration and planning, code enforcement, city capital improvements, and housing. The CDBG Program Funding Plan can be summarized in two general categories: 1) Capital Projects/CDBG Program Funding Plan; and 2) Public Services. A summary of the process and allocation for the FY 2024-25 CDBG Program is provided below for both general categories.

Capital Projects/CDBG Program Funding Plan

The FY 2024-25 CDBG Program Funding Plan includes the funding allocations for administration and planning, code enforcement in low and moderate-income areas of the city to address health and safety violations, economic development to provide small business grants, nonprofit public services, city capital improvement projects, and single- family rehabilitation grants (Exhibit 2).

The CDBG allowable cap of 20% for administration and fair housing services is estimated to be \$961,611 for FY 2024-25. Administration is necessary for staffing, compliance, reporting, fiscal management, studies, and monitoring of the entire program. Fair housing is necessary due to CDBG requirements that the City affirmatively further fair housing.

Six new city capital improvement projects are recommended for funding for a total of \$2,350,000, which includes the following:

- 1) \$1,000,000 for Logan/Chepas Park construction
- 2) \$300,000 Rehabilitation of Parking Facilities
- 3) \$400,000 Sidewalk Improvements
- 4) \$100,000 Cool Pavement Treatment (Angels Park)
- 5) \$100,000 Cool Pavement Treatment (El Salvador Park)
- 6) \$450,000 Outdoor Library at Jerome Park – Pedestrian Walking Trails

The proposed programs and capital improvement projects have been determined to be of highest priority and need by the Executive Directors of the Parks, Recreation, and Community Services Agency, Public Works Agency, and Community Development Agency. These determinations come subsequent to the City's internal application process, ensuring a thorough assessment and alignment with overarching objectives.

2024 CDBG Program Budget	
General Activity	Funding Amount
CDBG Program Administration and Fair Housing	\$ 961,611
Code Enforcement - Enforcement of Housing and Municipal Building Codes	\$ 825,000
Economic Development	\$ 100,000
Non-Profit Public Services	\$ 721,209
Public Facility Improvements, Streets, and Parks	\$ 2,350,000
Single-Family Housing Rehabilitation	\$ 500,000
TOTAL	\$ 5,457,820

City Department	2024-25 Award
Community Development Agency - Administration of the CDBG Program. <i>Proposed funding amount calculated based on 20% administrative cap less Fair Housing amount.</i>	\$886,611
Orange County Fair Housing Council Inc. – Provides fair housing education, landlord tenant counseling, and enforcement services to combat housing discrimination and city administrative support for the residents of the City of Santa Ana. A commitment to further fair housing is a requirement of CDBG funding.	\$75,000
Code Enforcement – Community Preservation Services	\$825,000
Economic Development - New Business Start-Up/Micro Enterprise Grants	\$100,000
Parks, Recreation, Community Services Agency – Logan/Chepas Construction, Outdoor Library Jerome Park Pedestrian Walking Trails	\$1,450,000
Public Works Agency – Sidewalk Improvements	\$400,000
Planning and Building Agency - Cool Pavement Treatment Angels Park and El Salvador Park	\$200,000
Community Development Agency – Rehabilitation of Parking Facilities	\$300,000
Housing – To address rehabilitation of single-family housing program (Citywide)	\$500,000
TOTAL	\$4,736,611

Public Services

A maximum of 15% of the Community Development Block Grant (CDBG) funding, in addition to anticipated program income not exceeding 15% for FY 2024-25 (\$721,209), is allocated for public services. For the fiscal years 2024-25 and 2025-26, totaling \$1,442,416, the City is providing the entire estimated public service allocation to nonprofit organizations for programs with an emphasis on crime prevention, intervention, and suppression for children, youth, and families, economic development, tenant services assistance and programs, health services, and senior services (Exhibit 3).

Once the City receives the actual CDBG allocations for FY 2024-25 and FY 2025-26 from HUD, the approved CDBG public service allocation will be increased or decreased in proportion to the actual grant allocation. Should the increase in funding be enough to fund additional nonprofits at the minimum funding level, funds will be allocated to the next highest scoring organization(s). Any remainder will be distributed to already high performing organizations in proportion to their actual grant allocation.

Public Service Organizations	2024-26 Award
AIDS Services Foundation of OC dba Radiant Health Centers – HIV Care Services	\$80,000
America on Track – Brighter Futures for Children of Prisoners	\$80,000
Community Health Initiative Orange County – Community Health Access Program	\$80,000
Community Legal Aid SoCal – Domestic Violence Prevention Project	\$80,000
Delhi Center – Teens Engaged in Learning and Leadership	\$142,416
Girl's Inc. of Orange County – StrongHer Together	\$80,000
Human Options – Assisting Domestic Violence Victims	\$80,000
Lutheran Social Services of Southern California – Victims Intervention Program	\$80,000
MOMs OC – Maternal Child Health Coordination Program	\$80,000
Nati's House (dba Neutral Ground) – Summer Night Lights	\$80,000
Orange County Children's Therapeutic Arts Center – Neighborhood Crime Prevention & Intervention Program	\$80,000
Project Hope Alliance – On Site Case Management Program	\$100,000
StandUp for Kids - On Campus Mentoring for Homeless Youth	\$80,000
Straight Talk Clinic, Inc. – Crisis Intervention and Comprehensive Mental Health Services for Low-Income Santa Ana Residents	\$80,000
Templo Calvario – Legado Academy	\$80,000

United Cerebral Palsy Association of OC dba Unlimited Possibilities – Safety Net Fund	\$80,000
WISEPlace – Steps to Independence	\$80,000
TOTAL	\$1,442,416

HOME Investment Partnerships Grant Program Budget

The HOME Investment Partnerships (HOME) program provides funds for a wide range of housing-related activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership, or providing direct tenant-based rental assistance to low-income residents. The program's flexibility allows HOME funds to be used for grants, direct loans, loan guarantees or other forms of credit enhancements, or tenant-based rental assistance or security deposits.

At least 15% of HOME funds must be set aside for specific activities to be undertaken by a special type of nonprofit called a Community Housing Development Organization (CHDO). A CHDO is a private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves. In order to qualify for designation as a CHDO, the organization must meet certain requirements pertaining to their legal status, organizational structure, and capacity and experience.

The City's anticipated HOME allocation for FY 2024-25 is \$1,605,667. The proposed Annual Action Plan for the HOME Program consists of the FY allocation, program income, and prior year HOME resources. The large carryover of prior year resources (\$8,649,795) is due to the lengthy development process for affordable housing developments. Staff has also been seeking proposals for affordable homeownership opportunities with the current balance of funds.

In this Annual Action Plan, funds are proposed for program administration, the required set-aside for CHDOs, and funds for affordable housing development and rehabilitation.

2024 HOME Program Budget	
General Activity	Funding Amount
HOME Program Administration	\$160,567
HOME CHDO Set-Aside	\$240,850
Affordable Housing Development and Rehabilitation	\$1,204,250
Prior Year Resources	\$8,649,795
TOTAL	\$10,255,462

The FY 2024-25 HOME Program Funding Plan is not attached as an exhibit because the funding plan is described in the table above.

Emergency Solutions Grant

The Emergency Solutions Grants (ESG) program provides funds to assist both sheltered and unsheltered homeless individuals, as well as those on the brink of homelessness, enabling them to swiftly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. Recipients of ESG funding in Orange County include the following entitlement jurisdictions: the County of Orange, City of Anaheim, City of Irvine, City of Santa Ana, and City of Garden Grove. Collectively, this group is referred to as the Orange County ESG Collaborative that was formed over five years ago. On November 7, 2019, three member cities of the Orange County ESG Collaborative jointly released a combined ESG Request for Proposals (RFP) to support the Orange County Continuum of Care's goal to end homelessness (the County of Orange and City of Irvine allocated their funding independent of the ESG Collaborative). The ESG Collaborative accepted applications until December 10, 2019, with supplemental applications and stipulations required for both the City of Santa Ana and Anaheim. The RFP also included a provision for up to four, one-year renewals, that could be exercised independently by each Collaborative member.

The Collaborative has opted to exercise its last renewal option for FY 2024-25. Although funding recommendations are made collaboratively, ESG funds must be used to provide eligible activities within each respective jurisdiction in which they are funded. Subrecipients awarded funding in FY 2023-24 and interested in FY 2024-25 funding were required to submit a revised budget and program summary.

The City's projected ESG allocation for FY 2024-25 is \$447,249. The proposed FY 2024-25 ESG Program Funding Plan includes a list of homeless service providers recommended for funding for FY 2024-25 (Exhibit 4). These funding recommendations are based upon applications received during the 2019 RFP process, taking into account performance metrics and current needs as identified by staff. The budget below is broken down by category to provide more detail on funds allocated to eligible ESG activities:

2024 ESG Program Budget	
General Activity	Funding Amount
ESG Program Administration	\$33,544
Homeless Street Outreach	\$50,000
Homeless Emergency Shelter	\$80,000
Homeless Prevention	\$25,000
Rapid Re-housing	\$155,000
ESG Data Collection Management (HMIS)	\$103,705
TOTAL	\$447,249

Outreach and Engagement

In accordance with the regulations at 24 CFR Part 91, the City of Santa Ana's Citizen Participation Plan requires two public hearings to be conducted annually for the development of the Annual Action Plan. The first public hearing was held before the

Community Development Commission on March 27, 2024 to accept public comments on the funding priorities for the upcoming year that would be included in the draft Annual Action Plan; and the second public hearing will be held before the Santa Ana City Council on May 7, 2024 to accept public comments on the draft Annual Action Plan.

In addition, the federal regulations for HUD requires that the draft Annual Action Plan be made available for a 30-day public review and comment period. On March 15, 2024, a public notice was published in three local newspapers that the draft Annual Action Plan was available for review and comment beginning March 15, 2024, and that a public hearing would be held on March 27, 2024 and May 7, 2024. The public hearings were noticed in the Orange County Register in English, La Opinión in Spanish, and Nguoi Viet in Vietnamese. The 30-day public comment period concluded on April 15, 2024. All comments received, including all funding recommendations made by the City Council, will be included in the final Annual Action Plan document. The deadline for submission of the FY 2024-25 Annual Action Plan to HUD is no later than May 15, 2024, 45-days before the end of the City's current Fiscal Year.

FISCAL IMPACT

Funds will be budgeted and available in the following grant account (nos. 13518780, 13518782, 13518783, 13518785 and 13018780) upon execution of a grant agreement between the City and HUD and adoption of the FY 2024-25 annual budget:

Fiscal Year	Grant Year	Accounting Unit-Account	Fund Description	Accounting Unit, Account Description	Amount
FY 2024-25	2024	13518780-various	Community Development Block Grant	CDBG Administration	\$961,611
FY 2024-25	2024	13518782-various	Community Development Block Grant	CDBG Housing	\$500,000
FY 2024-25	2019-2024	13518783-various	Community Development Block Grant	CDBG Programs	\$3,275,000
FY 2024-25	2024	13518783-69135	Community Development Block Grant	CDBG Programs	\$721,209
Total for FY 2024-25					\$5,457,820

Fiscal Year	Grant Year	Accounting Unit-Account	Fund Description	Accounting Unit, Account Description	Amount
FY 2024-25	2024	13018780-various	HOME Investment Partnerships Grant	HOME Program	\$1,605,667
FY 2024-25	2019-2023	13018780-various	HOME Investment Partnerships Grant	HOME Program	\$8,649,795
Total for FY 2024-25					\$10,255,462

Fiscal Year	Grant Year	Accounting Unit-Account	Fund Description	Accounting Unit, Account Description	Amount
FY 2024-25	2024	13518785-various	Emergency Solutions Grant	ESG Grant	\$447,249
Total for FY 2024-25					\$447,249

Any remaining balances not expended at the end of the fiscal year will be presented to City Council for approval of carryovers to FY 2025-26.

EXHIBIT(S)

1. FY 2024-25 Annual Action Plan
2. CDBG FY 2024-25 Program Funding Plan
3. CDBG FY 2024-25 Program Summaries
4. ESG FY 2024-25 Program Funding Plan
5. Proofs of Publication

Submitted By: Michael L. Garcia, Executive Director of Community Development

Approved By: Alvaro Nuñez, Acting City Manager