



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
May 2, 2023

TOPIC: Fiscal Year 2023-24 Annual Action Plan and Budgets for CDBG, HOME, and ESG Programs

AGENDA TITLE

Public Hearing – Approve the Fiscal Year 2023-24 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

RECOMMENDED ACTION

1. Approve the Fiscal Year 2023-24 Annual Action Plan and authorize submission to the U.S. Department of Housing and Urban Development.
2. Approve the Fiscal Year 2023-24 budgets for the Community Development Block Grant program in the total amount of \$4,808,057; HOME Investment Partnerships grant in the amount of \$1,605,667 from Grant Year 2023 allocation and a re-allocation of \$6,180,123 in prior year program funds; and Emergency Solutions Grant in the amount of \$447,249 from Grant Year 2023 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 understandings with various city departments awarded funds as part of the approved Community Development Block Grant program budget for a term beginning July 1, 2023 through June 30, 2026, subject to non-substantive changes approved by the City Manager and City Attorney.
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 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, 2023 through June 30, 2024, subject to non-substantive changes approved by the City Manager and City Attorney.
5. Direct the City Attorney to finalize and authorize the City Manager to execute amendments to the current Community Development Block Grant subrecipient

agreements for America on Track, The Delhi Center, and the Orange County Children's Therapeutic Arts Center.

COMMUNITY DEVELOPMENT COMMISSION

At its Regular Meeting on March 22, 2023, 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) 2023-24 Annual Action Plan. No comments were received during the meeting.

The Community Development Commission recommended approval of the FY 2023-24 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) 2023–24 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 2023-24. For FY 2023-24, the City will 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 2023-24 Annual Action Plan are designed to serve low-income residents. The FY 2023-24 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 CDBG allocation for FY 2023-24 is \$4,808,057. The proposed Annual Action Plan for the CDBG Program consists of the FY allocation, program income, and prior year CDBG resources.

The proposed FY 2023-24 CDBG Program Funding Plan consists of the Community Development Commission funding recommendations for nonprofit public service programs from 2022 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 2023-24 CDBG Program Funding Plan is provided below for both general categories.

Capital Projects/CDBG Program Funding Plan

The FY 2023-24 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 percent (20%) for administration and fair housing services is estimated to be \$961,611 for FY 2023-24. 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.

Four new city capital improvement projects (Public Facility Improvements, Streets & Parks - \$1,425,237) are recommended for funding as follows:

- 1) \$500,000 for PAAL ADA restroom construction.
- 2) \$125,000 for cool pavement treatment of Madison and Campesino Park parking lots.
- 3) \$300,237 for Construction of a new parking lot at the Santa Ana Main Library.
- 4) \$500,000 for Logan/Chepa's Park master design.

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, following the City's internal application process.

2023 CDBG Program Budget	
General Activity	Funding Amount
CDBG Program Administration & Fair Housing	\$ 961,611
Code Enforcement - Enforcement of Housing & Municipal Building Codes	\$ 800,000
Economic Development	\$ 100,000
Non-Profit Public Services	\$ 721,209
Public Facility improvements, Streets & Parks	\$ 1,425,237
Housing Rehabilitation, Homebuyer Down Payment Assistance	\$ 800,000
TOTAL	\$4,808,057

City Department and Subrecipients	2023-2024 Award
Community Development Agency - Administration of the CDBG Program. <i>Proposed funding amount calculated based on 20% administrative cap less Fair Housing amount.</i>	\$851,611
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 affirmatively further fair housing is a requirement of CDBG funding.	\$60,000
Planning and Building Study of Unpermitted Units in SA - The Project consists of studying the feasibility, reviewing best practices, and, based on the inventory of unpermitted units in Santa Ana, developing and establishing a model program to legalize existing unpermitted primary, accessory dwelling units (ADUs), and similar units in CDBG eligible census tracts in the City.	\$50,000
Code Enforcement – Community Preservation Services.	\$800,000
Economic Development - New Business Start-Up/Micro Enterprise Grants.	\$100,000
Library Services – New Parking Lot (Construction Only)	\$300,237
Parks, Recreation, Community Services Agency – Logan/Chepa's Park master design.	\$500,000
Public Works Agency – PAAL ADA Restroom Construction, New Parking Lot Main Library (Construction Only).	\$500,000
Planning and Building - Cool Pavement Treatment Madison and Campesino parks parking lots.	\$125,000

Housing – Single-Family Housing Rehabilitation Program and Homebuyer Down Payment Assistance Loan Program (Citywide)	\$800,000
TOTAL	\$4,086,848

Public Services

A maximum of 15% of CDBG funding, plus anticipated program income not to exceed 15% for FY 2023-24 (\$721,209), may be used for public services. For FY 2023-24, the City is providing the entire estimated public service allocation to nonprofit organizations for programs with an emphasis on crime prevention, intervention, and/or suppression for children, youth, and families, economic development, tenant services assistance and programs, health services, and senior services (Exhibit 3).

On May 4, 2022, the City Council authorized the City Manager to execute agreements with non-profit organizations awarded funds as part of the approved CDBG Program for a two-year term beginning July 1, 2022 through June 30, 2024. Therefore, funding for Public Services approved for FY 2022-23 are being renewed for FY 2023-24 at the same award amount.

However, during FY 2022-2023 four nonprofit organizations declined their CDBG awards. CDBG funds that were awarded to the four nonprofits will be redistributed to high performing nonprofit organizations through amendments to their current agreements as follows:

- America on Track had an original award amount of \$27,090 and will be increased by \$22,178 for a new total of \$49,268;
- The Delhi Center (FES) had an original award amount of \$36,120 and will be increased by \$22,178 for a new total of \$58,298; and
- OC Children’s Therapeutic Arts Center (Willard) had an original award amount of \$31,605 and will be increased by \$22,178 for a new total of \$53,783.

Public Service Organizations	2023-2024 Award
AIDS Services Foundation of OC dba Radiant Health Centers – HIV Care Services	\$27,090
America on Track – Brighter Futures for Children of Prisoners	\$49,268
Boys & Girls Club of Santa Ana – College Bound	\$27,090
Casa de la Familia – Santa Ana Family Justice Center	\$27,090
Community Action Partnerships of OC – Economic Empowerment, Your Money Your Goals	\$27,090
Community Health Initiative Orange County - Provides outreach, education, enrollment, and case management services to vulnerable populations	\$27,090
Community Legal Aid SoCal - Provides free, holistic legal assistance to survivors of domestic violence	\$27,090

Delhi Center/Public Law Center - Family Economic Success Initiative Program	\$58,298
Delhi Center - Teens Engaged in Learning and Leadership Program	\$36,120
Girl's Inc. of Orange County – Literacy Lab	\$27,090
Human Options – Assisting Domestic Violence Victims	\$27,090
Lutheran Social Services of So. Cal. – Victims intervention Program	\$27,090
Moms OC – Health Services to Pregnant Moms	\$36,120
Nati's House (dba Neutral Ground) - Gang Prevention	\$45,150
Nati's House (dba Neutral Ground) – Summer Night Lights	\$27,090
OC Children's Therapeutic Arts Center – WILLARD Neighborhood Crime Prevention and Intervention	\$53,783
Public Law Center - Affordable Housing & Homelessness Prevention	\$36,120
StandUP for Kids – On Campus Mentoring	\$27,090
Taller San Jose Hope Builders – Business Applications	\$36,120
The Cambodian Family – Plan Ahead Youth Program	\$45,150
WISEPlace – Services to unaccompanied homeless women	\$27,090
TOTAL	\$721,209

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 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 HOME allocation for FY 2023-24 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 (\$6,180,123) is due to the lengthy development process for affordable housing developments. While funds may be pre-committed for a project, they may not be committed until certain

requirements are met including underwriting, subsidy layering, and project assessment requirements.

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

2023 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	\$6,180,123
TOTAL	\$7,785,790

The FY 2023-24 HOME Program Funding Plan is not attached as an exhibit because the plan is described in the table above.

Emergency Solutions Grant

The Emergency Solutions Grants (ESG) program provides funds to assist sheltered and unsheltered homeless individuals, as well as those at risk of homelessness, to quickly 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: 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 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 requirements for both the City of Santa Ana and Anaheim. The RFP included a provision for up to four, one-year renewals that could be exercised independently by each Collaborative member.

The City chose to exercise this renewal option for FY 2023-24. While funding recommendations are made collaboratively, ESG funds are to be used to provide eligible activities within each jurisdiction in which they are funded. Subrecipients awarded funding in FY 2022-23 and interested in FY 2023-24 funding were required to re-submit a budget and program summary for FY 2023-24 ESG funding.

The City's ESG allocation for FY 2023-24 is \$447,249. The proposed FY 2023-24 ESG Program Funding Plan includes a list of homeless service providers recommended for funding for FY 2023-24 (Exhibit 4). The funding recommendations are based upon applications received during the 2019 RFP process, performance, 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:

2023 ESG Program Budget	
General Activity	Funding Amount
ESG Program Administration	\$ 33,544
Homeless Street Outreach	\$ 50,000
Homeless Emergency Shelter	\$ 110,000
Homeless Prevention	\$ 50,000
Rapid Re-housing	\$ 100,000
ESG Data Collection Management	\$ 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 22, 2023 to accept public comments on the funding priorities for the upcoming year that would be included in the draft Annual Action Plan; the second public hearing will be held before the City Council on May 2, 2023 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 20, 2023, a public notice was published in three local newspapers that the draft Annual Action Plan was available for review and comment beginning March 20, 2023, and that two public hearings would be held on March 22, 2023 and May 2, 2023. 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 will conclude on April 20, 2023. 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 2023-24 Annual Action Plan to HUD is no later than May 15, 2023, 45-days before the end of the City's current FY.

FISCAL IMPACT

Funds will be budgeted and available in the following grant account (nos. 13018780, 13518780, 13518782, 13518783, and 13518785) upon execution of a grant agreement between the City and HUD and adoption of the FY 2023-24 annual budget:

Fiscal Year	Grant Year	Accounting Unit-Account	Fund Description	Accounting Unit, Account Description	Amount
2023-24	2023	13518780- various	Community Development Block Grant	CDBG Administration	\$961,611

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2023-24	2023	13518782- various	Community Development Block Grant	CDBG Housing	\$800,000
2023-24	2023	13518783- various	Community Development Block Grant	CDBG Programs	\$2,325,237
2023-24	2023	13518783- 69135	Community Development Block Grant	CDBG Programs (Public Services)	\$721,209
Total for FY 2023-24					\$4,808,057

Fiscal Year	Grant Year	Accounting Unit-Account	Fund Description	Accounting Unit, Account Description	Amount
2023-24	2023	13018780- various	HOME Investment Partnerships Grant	HOME Program	\$1,605,667
2023-24	2019 2022	13018780 various	HOME Investment Partnership Grant	HOME Program	\$6,180,123
Total for FY 2023-24					\$7,785,790

Fiscal Year	Grant Year	Accounting Unit-Account	Fund Description	Accounting Unit, Account Description	Amount
2023-24	2023	13518785- various	Emergency Solutions Grant	ESG Grant	\$447,249
Total for FY 2023-24					\$447,249

Any remaining balances not expended at the end of the fiscal year will be presented to the City Council for approval of carryovers to FY 2023-24.

EXHIBIT(S)

1. FY 2023-24 Annual Action Plan
2. CDBG FY 2023-24 Program Funding Plan
3. CDBG FY 2023-24 Program Summaries
4. ESG FY 2023-24 Program Funding Plan
5. Proof of Publication

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

Approved By: Kristine Ridge, City Manager