



**City of Santa Ana**  
**20 Civic Center Plaza, Santa Ana, CA 92701**  
**Staff Report**  
**May 4, 2021**

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**TOPIC:** Fiscal Year 2021-2022 Annual Action Plan and Budgets for CDBG, HOME and ESG Programs

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**TITLE**

Public Hearing – Approve the Fiscal Year 2021-2022 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 2021-2022 Annual Action Plan and authorize the submission of the Fiscal Year 2021-2022 Annual Action Plan to the U.S. Department of Housing and Urban Development.
2. Approve the Fiscal Year 2021-2022 budgets for the Community Development Block Grant Program in the total amount of \$6,171,499 that includes \$5,558,720 from Grant Year 2021 allocation and a re-allocation of \$612,779 in prior-year program funds; HOME Investment Partnerships grant in the amount of \$1,706,231 from the Grant Year 2021 allocation; and Emergency Solutions Grant in the amount of \$489,141 from the Grant Year 2021 allocation.
3. Direct the City Attorney to finalize and authorize the City Manager to execute memorandums of understanding with various City departments awarded funds as part of the approved Community Development Block Grant program budget for a term beginning July 1, 2021 through June 30, 2022, 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, 2021 through June 30, 2022, subject to non-substantive changes approved by the City Manager and City Attorney.

### **COMMUNITY DEVELOPMENT COMMISSION RECOMMENDATION**

At its Regular Meeting on March 3, 2021, the Community Development Commission 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 2021-22 Annual Action Plan. No comments were received during the meeting.

### **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 2020, the Five-Year Consolidated Plan for the period of July 1, 2020 to June 30, 2024 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) 2021–2022 and seeks to allocate funding where programs and resources will have the maximum positive impact (Exhibit1).

The Annual Action Plan describes the intended use of the City’s federal entitlement grants specifically for FY 2021-2022. For FY 2021-2022, the City will receive \$5,558,720 in CDBG program funds, \$1,706,231 in HOME program funds and \$489,141 in ESG program funds from HUD:

<b>Program</b>	<b>Allocation</b>
CDBG	\$5,558,720
HOME	\$1,706,231
ESG	\$ 489,141
<b>TOTAL</b>	<b>\$7,754,092</b>

In addition, the City will re-program \$612,779 of prior-year CDBG program resources.

The various projects and programs covered under the FY 2021-2022 Annual Action Plan are designed to serve low-income residents. The FY 2021-2022 Annual Action Plan includes the program budgets described in detail below for the CDBG, HOME, and ESG programs respectively. In previous years, staff recommended approval of the program

budgets for the CDBG and ESG program in two separate staff reports. This is the first year in which all three budgets for the CDBG, HOME and ESG programs have been combined into one single staff report. Since all three programs are included in the City's Annual Action Plan, staff combined all three program budgets into one staff report. This is consistent with how other similarly sized cities approve their Annual Action Plan and funding allocations for the CDBG, HOME and ESG programs.

#### Community Development Block Grant Program Budget

The Community Development Block Grant (CDBG) program provides funds to improve low to 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 Grant Year (GY) 2021, FY 2021-2022, is \$5,558,720.

The proposed FY 2021-2022 CDBG Program and Funding Plan consists of the CDC funding recommendations for nonprofit public service programs from 2020 and staff's funding recommendations from this year for administration and planning, code enforcement, city capital improvements, and housing. The CDBG Program and Funding Plan can be summarized in two general categories: 1) CDBG Program Funding Plan/Capital Projects; and 2) Public Services. A summary of the process and allocation for the FY 2021-2022 CDBG Program is provided below for both general categories.

#### *Capital Projects/CDBG Program Funding Plan*

The FY 2021-2022 CDBG Program Funding Plan includes the funding allocations for administration and planning, code enforcement in low- to 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 loans (Exhibit 2). The CDBG allowable cap of 20 percent for administration and fair housing services is estimated to be \$1,111,744 for FY 2021-2022. Administration is necessary for staffing, compliance, reporting, fiscal management, 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 are recommended for funding, which include the following:

- 1) \$554,582 for ADA curb ramp improvements in CDBG eligible areas.
- 2) \$1,100,000 for residential street improvement in the Heninger Neighborhood.
- 3) \$600,000 for Phase II of the Santa Anita Park Improvements.
- 4) \$400,000 for sidewalk improvements in CDBG eligible areas.
- 5) \$300,000 for active transportation safety improvements to enhance the safety of the local community with the installation of pedestrian hybrid rapid flashing beacons.

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.

<b>2021 CDBG Program Budget</b>	
<b>General Activity</b>	<b>Funding Amount</b>
CDBG Program Administration & Fair Housing	\$ 1,111,744
Public Facility improvements, Streets & Parks	\$ 2,954,582
Housing Rehabilitation – Multi-Family	\$ 480,000
Code Enforcement - Enforcement of Housing & Municipal Building Codes	\$ 800,000
Non-Profit Public Services	\$ 825,173
<b>TOTAL</b>	<b>\$ 6,171,499</b>

<b>City Department</b>	<b>2021-2022 Award</b>
<b>Community Development Agency - Administration of the CDBG Program.</b> <i>Proposed funding amount calculated based on 20% administrative cap less Fair Housing amount.</i>	\$1,051,744
<b>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.</b>	\$60,000
<b>Code Enforcement – Community Preservation Services</b>	\$800,000
<b>Parks, Recreation, Community Services Agency - Santa Anita Park Phase II (Ward 1)</b>	\$600,000
<b>Public Works Agency – ADA Curb Ramp Improvements (Ward 2 and 4), Residential Street Improvement Heninger Neighborhood (Ward 4), Sidewalk Improvements (Ward 6) and Active Transportation Safety Improvement (Ward 4 and 6)</b>	\$2,354,582
<b>Housing – To address rehabilitation of single-family housing program (Citywide)</b>	\$480,000
<b>TOTAL</b>	<b>\$5,346,326</b>

#### *Public Services*

A maximum of 15 percent of CDBG funding, plus anticipated program income not to exceed 15% for FY 2021-2022 (\$825,173), may be used for public services. For FY 2021-2022, 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 March 3, 2020, 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, 2020 through June 30, 2022. Therefore, funding for Public Services approved for FY 2020-2021 are being renewed for Fiscal Year 2021-2022 at the same award amount:

<b>Public Service Organizations</b>	<b>2020-2022 Award</b>
<b>AIDS Services Foundation of OC dba Radiant Health Centers – HIV Care Services</b>	\$30,000
<b>America on Track – Brighter Futures for Children of Prisoners</b>	\$40,000
<b>Boys &amp; Girls Club of Santa Ana – College Bound</b>	\$37,500
<b>Community Action Partnerships of OC – Economic Empowerment, Your Money Your Goals</b>	\$30,000
<b>Community Health Initiative Orange County - Provides outreach, education, enrollment, and case management services to vulnerable populations</b>	\$30,000
<b>Community Legal Aid SoCal - Provides free, holistic legal assistance to survivors of domestic violence</b>	\$37,500
<b>Delhi Center/Public Law Center - Family Economic Success Initiative Program</b>	\$55,000
<b>Delhi Center - Teens Engaged in Learning and Leadership Program</b>	\$37,500
<b>Girl's Inc. of Orange County – Literacy Lab</b>	\$38,750
<b>Human Options – Assisting Domestic Violence Victims</b>	\$30,000
<b>Lutheran Social Services of So. Cal. – Victims intervention Program</b>	\$30,000
<b>Nati's House (dba Neutral Ground) - Gang Prevention</b>	\$30,000
<b>Nati's House (dba Neutral Ground) – Summer Night Lights</b>	\$30,000
<b>OC Children's Therapeutic Arts Center – CARR Neighborhood Crime Prevention and Intervention</b>	\$40,000
<b>OC Children's Therapeutic Arts Center – WILLARD Neighborhood Crime Prevention and Intervention</b>	\$40,000
<b>Public Law Center - Affordable Housing &amp; Homelessness Prevention</b>	\$40,000
<b>Pure Game – STAR Sports</b>	\$30,000

<b>Relámpago del Cielo – Folklorico Dance Instruction</b>	\$57,325
<b>Taller San Jose Hope Builders – Business Applications</b>	\$30,000
<b>The Cambodian Family – Plan Ahead Youth Program</b>	\$34,098
<b>Women’s Journey Foundation – Next Generation, Emotional Intelligence Through the Arts</b>	\$57,500
<b>Young Men's Christian Association of OC – Financial Assistance</b>	\$40,000
<b>TOTAL</b>	<b>\$825,173</b>

#### 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 HOME allocation for GY 2021, FY 2021-2022 is \$1,706,231. The proposed Annual Action Plan for the HOME Program consists of the GY allocation, program income and prior year HOME resources. The large carryover of prior year resources (\$6,883,000) 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 funds are proposed for single-family rehabilitation of mobile homes, the required set-aside for CHDOs, and funds for affordable housing development and rehabilitation. The funds for affordable housing development and rehabilitation (\$8,381,309) include a pre-commitment of funds for two affordable housing projects in pre-development: \$3,007,489 for the construction of 16 HOME-assisted units at the Crossroads at Washington project, and \$2,003,705 for the construction of 9 HOME-assisted units at the Westview House project, as approved by the City Council. The remaining funds will be allocated through a Request for Proposals for Affordable Housing Development to be issued during FY 2021-2022. The budget below only includes those funds that are being budgeted for FY 2021-2022:

<b>2021 HOME Program Budget</b>	
<b>General Activity</b>	<b>Funding Amount</b>
HOME Program Administration	\$ 170,623
HOME CHDO Set-Aside	\$ 255,935
Affordable Housing Development and Rehabilitation	\$1,179,673
Single-Family and Mobile Home Rehabilitation Programs	\$ 100,000
<b>TOTAL</b>	<b>\$1,706,231</b>

The FY 2021-2022 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 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 Collaborative this funding cycle). The 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 Collaborative chose to exercise this renewal option for FY 2021-2022. 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 2020-2021 and interested in FY 2021-2022 funding, were required to re-submit a budget and program summary for FY 2021-2022 ESG funding.

The City's ESG allocation for GY 2021, FY 2021-2022 is \$489,141. The proposed FY 2021-2022 ESG Program and Funding Plan includes a list of homeless service providers recommended for funding for FY 2021-2022 (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:

<b>2021 ESG Program Budget</b>	
<b>General Activity</b>	<b>Funding Amount</b>
ESG Program Administration	\$ 36,686
Homeless Street Outreach	\$ 51,880
Homeless Emergency Shelter	\$ 110,000
Homeless Prevention	\$ 25,000
Rapid Re-housing	\$ 125,000
ESG Data Collection Management	\$ 140,575
<b>TOTAL</b>	<b>\$ 489,141</b>

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 3, 2021 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 4, 2021 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 April 4, 2021, a public notice was published in the Orange County Register that the draft Annual Action Plan was available for review and comment beginning April 4, 2021, and that a public hearing would be held on May 4, 2021. The public hearing was also noticed in La Opinión in Spanish and Nguoi Viet in Vietnamese. The 30-day public comment period will conclude on May 4, 2021. All comments received, including all funding recommendations made by the City Council, will be included in the final document. The deadline for submission of the FY 2021-2022 Annual Action Plan to HUD is no later than May 15, 2021, 45-days before the end of the City’s Fiscal Year.

**FISCAL IMPACT**

Funds will be budgeted and available in the following grant account (nos. 13518780, 13518782, 13518783, 13018780, and 13518785,) upon execution of a grant agreement between the City and HUD and adoption of the FY 2021-2022 annual budget:

<b>Fiscal Year</b>	<b>Grant Year</b>	<b>Accounting Unit-Account</b>	<b>Fund Description</b>	<b>Accounting Unit, Account Description</b>	<b>Amount</b>
FY 2021-22	2021	13518780-various	Community Development Block Grant	CDBG Administration	\$1,111,744
FY 2021-22	2021	13518782-various	Community Development Block Grant	CDBG Housing	\$480,000

FY 2021-22	2020	13518783- various	Community Development Block Grant	CDBG Programs	\$3,966,976
FY 2021-22	2015- 2020	13518783- 66220	Community Development Block Grant	CDBG Programs	\$612,779
<b>Total for FY 2021-2022</b>					<b>\$6,171,499</b>

Fiscal Year	Grant Year	Accounting Unit-Account	Fund Description	Accounting Unit, Account Description	Amount
FY 2021-22	2021	13018780- various	HOME Investment Partnership Grant	HOME Program	\$1,706,231
<b>Total for FY 2021-2022</b>					<b>\$1,706,231</b>

Fiscal Year	Grant Year	Accounting Unit-Account	Fund Description	Accounting Unit, Account Description	Amount
FY 2021-22	2021	13518785- various	Emergency Solutions Grant	ESG Grant	\$489,141
<b>Total for FY 2021-2022</b>					<b>\$489,141</b>

**EXHIBIT(S)**

1. FY 2021-2022 Annual Action Plan
2. CDBG FY 2021-2022 Program Funding Plan
3. CDBG FY 2021-2022 Program Summaries
4. ESG FY 2021-2022 Program Funding Plan

Submitted By: Steven A. Mendoza, Assistant City Manager

Approved By: Kristine Ridge, City Manager