



City of
LA HABRA
City Council Agenda Report

Public Hearings
Item No. 1.

MEETING DATE: 04/17/2023

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: JIM SADRO, CITY MANAGER
By: Susan Kim, Director of Community & Economic Development

SUBJECT: DULY NOTICED PUBLIC HEARING TO CONSIDER THE PROPOSED SUBSTANTIAL AMENDMENT TO THE CITY OF LA HABRA'S COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM ANNUAL ACTION PLAN FOR FISCAL YEAR 2022-2023 AND CONSIDER APPROVAL OF THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM ANNUAL ACTION PLAN FOR FISCAL YEAR 2023-2024

RECOMMENDATION:

That the City Council:

A. Receive public comments;

B. APPROVE AND ADOPT RESOLUTION NO. ___ ENTITLED: A RESOLUTION OF THE CITY OF LA HABRA, CALIFORNIA, APPROVING THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) SUBSTANTIAL AMENDMENT TO THE ANNUAL ACTION PLAN FOR FISCAL YEAR 2022-2023;

C. Consider and approve the Fiscal Year 2023-2024 Annual Action Plan for the City of La Habra Community Development Block Grant Program; and,

D. Approve and authorize the City Manager to execute the City of La Habra's annual application and certifications and submit the Annual Action Plan to the U.S. Department of Housing and Urban Development for its Community Development Block Grant Funding Approval/Agreement in the amount of \$595,411 of CDBG funds.

DISCUSSION:

As an "Entitlement Grantee," the City of La Habra (City) receives an annual allocation of federal funds from the U.S. Department of Housing and Urban Development (HUD) through its Community Development Block Grant (CDBG) Entitlement Program. Entitlement Grantees use CDBG funds to develop local programs designed for low and moderate-income households in areas such as affordable housing, poverty reduction, and infrastructure development. Traditionally, the City of La Habra has used its CDBG Entitlement to assist local non-profits, support local housing programs, invest in infrastructure projects, and help fund City activities that comply with HUD's national objectives to provide adequate housing, safe living environments, and the expansion of economic opportunities for low and moderate-income individuals.

The City is required to submit a five-year Consolidated Plan (currently for the 2020-2024 period) that outlines La Habra's overall housing and community development needs and provides a strategy to address those needs within each five-year time frame. In addition, each year HUD requires the City to submit an Annual Action Plan that outlines proposed activities for the annual allocation of CDBG grant funding and ties those activities back to the five-year priority needs that are identified in the Consolidated Plan. HUD requires the amendment and/or approval of the Annual Action Plan to be reviewed by the City at a public hearing so that the City Council may receive public comments on the proposed plan. This year, staff is requesting that the Council approve both a Substantial Amendment to the Annual Action Plan for Fiscal Year (FY) 2022-2023, as well as the proposed FY 2023-2024 Annual Action Plan.

Substantial Amendment to the FY 2022-2023 Annual Action Plan

The FY 2022-2023 Annual Action Plan was adopted by the City Council on April 18, 2022. The City's Citizen Participation Plan requires the City to approve, by resolution, a Substantial Amendment to the Annual Action Plan whenever a "substantial" change is proposed. For the purpose of the Annual Action Plan, a "substantial change" is defined as:

1. Addition of a new project not previously identified in the Action Plan, without regard to funding source;
2. Cancellation of an existing project identified in the Action Plan, without regard to funding source;
3. A change that significantly alters the purpose, scope, location or beneficiaries of a project; or,
4. Changes in the use of CDBG funds from one eligible project to another eligible project meeting the set dollar amount thresholds.

The Substantial Amendment process allows the public an opportunity to provide input on proposed changes to the use of CDBG funding. In order to comply with the City's approved Citizen Participation Plan and Consolidated Plan implementing regulation 24 CFR 91.105, a Substantial Amendment must be made available to the public for a 30-day review period, followed by a public hearing before City Council that allows for additional input and comments before approval of the Substantial Amendment. The proposed Substantial Amendment was made available for public review and comment, in conjunction with the proposed FY 2023-2024 Annual Action Plan, from March 17, 2023 through April 17, 2023. A notice regarding this public review period and program documentation was advertised in the Orange County Register, and program documents were made available on the City's website, and at the City's Community Center facility, City Hall, and the La Habra Branch of the Orange County Public Library. At the time of the preparation of this report, staff had not received any public comments.

If approved by Council, the proposed Substantial Amendment would cancel the Alley Improvement Program previously approved for FY 2022/2023 and reallocate this funding (\$199,605) to other already approved CDBG eligible programs, shown below.

**Proposed Increase for
Wage Compliance Program**

FY	Program Name	Proposed Amount
2020-21	Community Center Parking Lot	\$24,000
2020-21	Old Reservoir Park	\$24,000
2020-21	Alley Improvement Program	\$24,000
	Total	\$72,000

**Proposed Increase for
Construction Project Adjustments**

FY	Program Name	Proposed Amount
2020-21	Alley Improvement Program	\$60,000
2020-21	Old Reservoir Park	\$6,750
2022-23	Child Development Playground	\$60,855
	Total	\$127,605

As shown in the tables above, these recommended program funding increases are necessary due to inflationary impacts on bids for these CDBG-funded programs, as costs have come in higher than anticipated. The reallocated funding, if approved, would allow these projects to be fully funded, including the cost of providing Davis Bacon/Prevailing Wage Compliance by a third party. Many of these programs are multi-year efforts, some of which were first approved by Council in FY 2020/2021.

Fiscal Year 2023-2024 Annual Action Plan

The City's proposed FY 2023-2024 Annual Action Plan allocation is \$595,411, reflecting a \$40,903 funding reduction compared to last year's allocation. There are no prior year carryovers to be allocated in FY 2023-2024.

The Annual Action Plan includes a participatory process that provides the public an opportunity to provide input. In accordance with La Habra's Citizen Participation Plan, the La Habra Community Services Commission (CSC) accepts public comments on funding priorities for the upcoming year. The Commission has conducted two public meetings regarding CDBG funding priorities. On January 11, 2023, the Commission considered presentations from public services and City departments that submitted requests for CDBG funding, and then on February 8, 2023, the Commission met and made their final recommendations for funding levels for Public Services.

The table below lists the Fiscal Year 2023-2024 funding recommendations for the City's CDBG program:

FY 2023-2024 RECOMMENDED ACTION PLAN ALLOCATIONS

Total Available Allocation: \$595,411	
PROPOSED PROJECTS	PROPOSED ALLOCATION
Administration (Limited to 20% - \$119,082)	
Administration	\$119,082
Total Administration	\$119,082
Public Facilities	
Child Development Pre-School Playground & Site Improvement	\$112,301
Alley Improvement Program	\$194,717
Total Public Facilities & Improvements	\$307,018
Housing	
Residential Rehabilitation Administration	\$15,000
Residential Rehabilitation	\$65,000
Total Housing	\$80,000
Public Services (Limited to 15% - \$89,311)	
Community Services -- Graffiti Removal	\$55,337
Community Services -- La Habra Community Employment Program	\$12,709
Children's Museum Sponsorship Program	\$3,778
Fair Housing Foundation	\$8,270
Mercy House	\$9,217
Public Services Sub-Total	\$89,311
TOTAL	\$595,411

As noted above, this draft Fiscal Year 2023-2024 Annual Action Plan was made available for public review and comment, in conjunction with the proposed Substantial Amendment, from March 17, 2023, through April 17, 2023. At the time of the preparation of this report, staff had not received any public comments.

FISCAL IMPACT/SOURCE OF FUNDING:

If approved, the proposed Substantial Amendment would reallocate a total of \$199,605 of prior year CDBG funds to wage compliance and construction projects for Public Facilities & Improvement Programs, as described in this report. There will be no adverse impact to the General Fund if the proposed Substantial Amendment is approved.

The City of La Habra's CDBG Entitlement for Fiscal Year 2023-2024 is \$595,411. If the Annual Action Plan is approved by City Council, these funds will be allocated to programs and services as described in this report. The approval of these recommended funding allocations will have no adverse impact to the City's General Fund.

GENERAL PLAN RELEVANCE/CITY COUNCIL GOALS & OBJECTIVES:

GENERAL PLAN RELEVANCE:

- LU. 2.3 Places to Work
- LU. 2.5 Places Supporting the Quality of Life
- LU. 17.1 Adequate Community-Supporting Uses
- ED. 2.1 Business Attraction
- ED. 2.2 One-Stop Business Assistance
- ED. 2.3 Business Attraction-Retention
- ED.7.1 Adult Health & Lifestyle Enrichment Programs
- ED. 7.5 New Homebuyer Counseling
- ED. 7.8 Resident Nutrition
- H. 2.1 Maintain Residential Character
- H. 2.3 Supportive Public Facilities
- H.2.8 Rehabilitation & Home Improvement Program
- H.3.2 Assistance to Prevent Housing Discrimination
- H.3.5 Special Needs of the Homeless

CITY GOALS AND OBJECTIVES:

Goal 2: Management of Public Revenues and Fiscal Assets

- Objective B: Regularly review and evaluate programs, services and professional agreements to assess effectiveness and identify opportunities for greater efficiencies and cost containment.
- Objective C: Identify and pursue funding opportunities for City capital improvement projects, including City buildings, facilities, infrastructure, and recreational outlets, as well as non-City projects that could be of value to the community, such as local school districts.
- Objective H: Pursue grant funding where and when possible to supplement and/or replace direct City funding.
- Objective J: Conduct periodic monitoring and submittal of grant reports and requests for reimbursements for capital infrastructure projects.

Goal 3: Maintenance and Improvement of City Infrastructure

- Objective B: Maintain and upgrade City buildings, facilities, and parks.
- Objective C: Maintain streets, alleys, sidewalks, and curb ramps citywide

Goal 5: Development Activity and Business Assistance

- Objective A: Identify blighted properties within the community and prepare targeted strategies to address the challenge
- Objective C: Work closely with commercial and residential property-owners to improve and maintain the appearance of their properties
- Objective L: Monitor funding opportunities to develop permanent supportive housing in the community, either at a single site or multiple locations

Attachments

- Resolution
- Summary of Proposed Funding
- Action Plan
- Public Notice