

# **STAFF REPORT**

## ***City Council Consent Item***

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**DATE:** February 21, 2023

**TO:** Honorable Mayor and Council Members

**FROM:** Katey Schmidt, Senior Administrative Assistant

**THROUGH:** Merritt Perry, City Manager

**SUBJECT: 2021 Community Development Block Grant Application**

**STAFF RECOMMENDATION:**

Adopt the *Resolution 2023-05* authorizing submission of a 2021 Community Development Block Grant (CDBG) PI Only ADA Barrier Removal Project.

**INTRODUCTION:**

The Community Development Block Grant (CDBG) program provides annual grants on a formula basis to states, cities, and counties. These grants serve to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income (LMI) persons. The program is authorized under Title 1 of the Housing and Community Development Act of 1974, Public Law 93-383, as amended 42 U.S.C. 5301 et seq.

The State Department of Housing and Community Development (HCD) released the Community Development Block Grant (CDBG) NOFA on January 29, 2021 announcing approximately \$30 million in federal funds for the 2021 CDBG program. Eligible cities and counties may submit Community Development and Housing applications for CDBG funds under the 2021 NOFA for a maximum per application request of \$1,500,000.00.

The CDBG program requires that each funded activity meets one of the three National Objectives by either principally benefiting low-and moderate-income (LMI) persons, aids in the prevention or elimination of slums or blight, or meets a community development need having a particular urgency. LMI Limited Clientele (LMC), as defined by income limits or presumed benefit refers to persons who earn 80 percent or less of HUD Adjusted Median Family Income (HAMFI) for the county of residence. At least 70 percent of the funds awarded must benefit LMI individuals or households.

**EXECUTIVE SUMMARY:**

On April 5, 2021 staff presented the “City of Fortuna PI Only ADA Barrier Removal Project” for consideration. Sidewalk improvement is an approved CDBG activity and meets the State Objective for LMI person area benefit as at least 51.9 percent of the activity’s beneficiaries are low and

moderate-income persons. Areas were targeted that would improve access to public facilities including access to the Library, City Hall, Rodeo Grounds, and the Bike Park in Newburg Park. The Council requested staff to add additional improvement locations and increase the budget. Additional locations were added and the request for funds was increased to not to exceed \$830,000. The CDBG PI Only grant application was initially submitted on February 9, 2022

After review by the California Department of Housing and Community Development, it was determined that several locations would not fit within the scope of CDBG funding and these locations were removed from the budget. The Rodeo Grounds, Newburg Bike Park, and other locations were removed, while access improvements to the Fortuna Library, Downtown areas, and other high-need locations were retained. The budget for the remaining locations is \$624,990.65. The remaining PI funds will be used for a second application to be submitted at a later date.

**FINANCIAL IMPACT:**

The NOFA allows for grantees to use a total of 17 percent of the allocation for program administration costs. Activity Delivery, costs directly related and necessary to successfully complete a specific project, is covered in the grant award. There is sufficient available Program Income to prepare the CDBG 2021 application. If awarded, an approved CDBG application is 100 percent grant funded, including the costs to administer the grant.

**RECOMMENDED ACTION:**

Adopt Resolution 2023-05. Consent agenda vote.

**ATTACHMENTS:**

- Exhibit A— CDBG PI Only Budget
- Exhibit B—*Resolution 2023-05, A Resolution of the City Council of the City of Fortuna approving a program income only application for funding and the execution of a grant agreement and any amendments thereto from the 2021 funding year of the state CDBG Program*