



**Fiscal Year 2009-10 FUNDING ALLOCATION  
POLICY AND PROCESS**

**Prepared by OC Community Services Department  
Karen Roper, Director**

**For the distribution of Federal and Local Funding**

**For:**

**Public Facilities & Improvements  
Housing Rehabilitation  
Public Services**

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## **Introduction**

Under Title I of the Housing and Community Development Act of 1974, as amended, the County of Orange meets the qualifications of an Urban County. Under federal regulations, Urban Counties are eligible to receive and allocate Community Development Block Grant (CDBG), Home Investment Partnership Program (HOME), Emergency Shelter Grant (ESG), and American Dream Downpayment Initiative (ADDI) funds. In addition, the Housing & Community Services Department acts as the lead agency for administering each program, under the direction of the U.S. Department of Housing and Urban Development (HUD).

The FY 2009-10 Funding Allocation Policy (FAPP) is a planning document consisting of two sections: Funding Allocation Policy and Funding Allocation Process. The primary purpose of the FAPP is to utilize the priorities listed in the FY 2005-10 Consolidated Plan (CP) to address local housing and community development needs with federal and local resources. Specifically, the FAPP includes estimated funding goals for eligible housing, community development, and/or economic development activities; the process for distributing funding; funding priorities; funding exceptions; and overall requirements to be met when using federal and local funds.

In order to qualify for funding under the CDBG or HOME program HUD uses 80% of the area's median income (AMI) to determine eligibility. Therefore, projects and activities must ensure that 51% or more of the persons being served have incomes at or below 80 percent of the area's median income.

In compliance with HUD regulations (CFR 91.105), OC Community Services provides a 30-day public review and comment period for the following documents: the FAPP, Annual Action Plan (AAP), and any substantial amendments to the plan.

## **I. Funding Allocation Policy**

### **A. Urban County Program**

The Urban County program receives yearly allocations from HUD based on the need of its unincorporated areas and participating cities. Table 1 (below) identifies all unincorporated areas and the 13 participating cities that currently make up the Urban County program. Additionally, the Urban County program is extended to the Metropolitan City of Yorba Linda. Since the City of Yorba Linda has a population that exceeds 50,000 it qualifies as an independent Entitlement City (Metropolitan City). Metropolitan Cities can apply for funding directly to HUD, however, in the case of Yorba Linda, the City has elected to continue participating in the Urban County program.

<b>TABLE 1 Urban County Unincorporated Areas and Participating Cities</b>		
<b>UNINCORPORATED AREAS</b>		
Anaheim Island	Mac Island	Sherwood Forest
Anaheim "Colonia"	Midway City	Southwest Anaheim
Independencia	Northeast El Modena	West Anaheim
El Modena	Olive Island	West Garden Grove*
Inter-Canyons	Rustic Lane	Cypress Island*
<b>PARTICIPATING SMALL CITIES</b>		
Aliso Viejo	Laguna Beach	Seal Beach
Brea	Laguna Hills	Stanton
Cypress	Laguna Woods	Villa Park
Dana Point	Los Alamitos	
La Palma	Placentia	
<b>PARTICIPATING METROPOLITAN "METRO" CITY</b>		
Yorba Linda		

Source: Orange County Housing and Community Services Department

\* Unincorporated areas located within the NDAPP areas.

### **B. Types of Funding Available**

The Urban County program annually receives federal and local funds to allocate to projects and activities that meet identified needs as stated in the Fiscal Year 2005-10 Consolidated Plan (CP). The following types of funding are anticipated to be available during FY 2009-10:

#### Federal Funds

Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), Home Investment Partnership Program (HOME), American Dream Downpayment Initiative (ADDI) and program income generated from repayments or other funding accrued and collected from previously funded CDBG and Home projects.

#### Local Funds

Orange County Development Agency (OCDA) and Orange County Housing Authority Operating Reserves/Housing Support Services (HSS) Program, if available.

In 1988, the OCDA formed the Neighborhood Development and Preservation Project (NDAPP), a redevelopment project area that supplies funds for projects through the use of property tax increment financing including the sale of Bonds. NDAPP funds may be allocated to projects, which may compete in this competitive review process, providing the project is

located in the NDAPP area boundaries. However, allocation of these local funds is made through OCDA's budget process.

### C. Use of Funds

The Urban County program allocates federal and local funds to a variety of projects and activities including the development of housing (both permanent and rental), improvements to public facilities, acquisition of land, and public services. Table 2 (below) identifies those federal and local funds allocated in the first 4 Years of the 2005-10 CP.

<b>TABLE 2</b>						
<b>Fiscal Years 2005-10 Funding Allocations</b>						
	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	Funding
<b>Federal Funds</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Totals</b>
CDBG	\$ 5,152,927	\$ 4,206,564	\$ 4,180,642	\$ 4,017,307		\$ 17,557,440
CDBG PI	\$ 550,000	\$ 400,800	\$ 280,596	\$ 201,426		\$ 1,432,822
HOME	\$ 1,748,165	\$ 1,644,844	\$ 1,636,933	\$ 1,579,218		\$ 6,609,160
ADDI	\$ 60,789	\$ 29,919	\$ 29,826	\$ 12,018		\$ 132,552
HOME PI	\$ 479,230	\$ 138,000	\$ 163,013	\$ 231,606		\$ 1,011,849
ESG	\$ 169,412	\$ 168,864	\$ 169,309	\$ 168,049		\$ 675,634
<b>Subtotal Federal Funds</b>	<b>\$ 8,160,523</b>	<b>\$ 6,588,991</b>	<b>\$ 6,460,319</b>	<b>\$ 6,209,624</b>		<b>\$ 27,419,457</b>
<b>Reprogrammed Funds Federal Funds</b>						
CDBG	\$ 1,112,500	\$ 777,110	\$ 1,151,028	\$ 419,350		\$ 3,459,988
ESG	\$ 3,286	\$ 787	\$ 5,211	\$ 5,211		\$ 14,495
<b>Subtotal Reprogrammed Funds</b>	<b>\$ 1,115,786</b>	<b>\$ 777,897</b>	<b>\$ 1,156,239</b>	<b>\$ 424,561</b>		<b>\$ 3,474,483</b>
<b>Local Funds</b>						
NDAPP	\$ 19,552,000	\$ 6,583,015	\$ 7,230,000	\$ 3,975,000		\$ 37,340,015
HSS	\$ 480,000	\$ 500,000	\$ 550,000	\$ 550,000		\$ 2,080,000
Reprogrammed General Funds	\$ -	\$ 79,531	\$ -	\$ -		\$ 79,531
<b>Subtotal Local Funds</b>	<b>\$ 20,032,000</b>	<b>\$ 7,162,546</b>	<b>\$ 7,780,000</b>	<b>\$ 4,525,000</b>		<b>\$ 39,499,546</b>
<b>Total Funding Allocations</b>	<b>\$ 29,308,309</b>	<b>\$ 14,529,434</b>	<b>\$ 15,396,558</b>	<b>\$ 11,159,186</b>	<b>\$ -</b>	<b>\$ 70,393,486</b>

\* Exhibit 1 includes the Metro City of Yorba Linda (\$270,711), and the reprogramming of federal funds ((\$419,200 CDBG)(\$5,211 ESG)) from projects funded in prior years.

### D. Percentage of Allocation

Based on the identified need in the 2005-10 CP, the County of Orange is estimating the percentage of funds to allocate toward each proposed activity for the Fiscal Year 2009-10 Annual Action Plan. The percentages identified in Table 3 (below) were derived from the 5-year Needs Assessment identified in the Consolidated Plan in Table 2.1-"The Five Year Housing Needs and Priorities," Table 2.2-"Five-Year Community Development Needs and Priorities," and Table 2.3-"Summary of Five-Year Objectives for Special Needs Populations for the Urban County".

<b>TABLE 3</b>	
<b>Estimated Funding Allocations proposed for FY 2009-10</b>	
	<b>Percentage Range</b>
Affordable Housing * (Assumes all Home funds including 15% Home CHDO mandate and funding for both affordable rental and homeownership)	22% - 29%
Housing Rehabilitation (CDBG)	15% - 23%
Public Facilities and Improvement (CDBG)	22% - 26%
Public Services (Includes Maximum CDBG limit of 15%, plus ESG, and local HSS funding)	18% - 22%
Economic Development ** (Only technical assistance is considered a high priority)	0%
<b>Percentage of Total Funding</b>	<b>100%</b>

Source: Orange County Community Services Department

\* Affordable Housing funding is distributed through a separate Notice of Funding of Availability

\*\* The high priority identified in the ConPlan for Economic Development is Technical Assistance, which is a Public Service

Because the FAPP is a forward planning document, the allocation percentages listed in Table 3 may differ from actual dollars expended based on the number of applications received. If demand for one activity is under subscribed and funds are available to allocate to another eligible activity, which is oversubscribed, then OC Community Services with the concurrence of the Application Review Committee (ARC) may recommend to the Board of Supervisors that funding percentages change to meet local needs.

Due to reduced funding, not all projects that scored the minimum 70 points required for consideration for funding will be recommended for preliminary funding. Those projects will be placed on the Wait List and will be considered for funding in the future should additional recaptured or reprogrammed dollars become available. However, due to limited resources OC Community Services has adopted a policy to fund projects that were not funded to capacity, prior to funding projects on the Wait List.

### **E. Urban County Priorities**

Priorities for the Urban County program were established during the development of the Fiscal Year 2005-10 CP. The CP identifies, within a five-year reporting period, the County's overall community development needs (i.e. Affordable Housing, Special Population Needs, etc.) for extremely low, low and moderate-income persons and households. Additionally, a major component of the CP is the Strategic Plan that outlines the County's long term goals and prioritizes its housing and non-housing needs. The Strategic Plan also presents a comprehensive approach to addressing homelessness through a Continuum of Care System (CoC).

To better understand local needs a comprehensive Housing and Community Needs Survey was distributed to residents living in participating jurisdictions in the Urban County Program by the following means:

- ✓ Made available and collected at community centers and public counters;
- ✓ Mailed to social service providers, unincorporated areas and city residents;
- ✓ Distributed at community meetings for input;
- ✓ Made available on the World Wide Web for general public input

In addition to resident surveys, interviews were also conducted with City and County staff as well as non-profit Service providers to further understand local needs.

### **Priority Ranking:**

Based on the comprehensive Housing and Community Development Needs Survey, priority ranking was assigned to each category of need as follows:

- ✓ **High Priority:** Activities to address this need are expected to be funded with Community Planning and Development (CPD) funds during the five-year period.
- ✓ **Medium Priority:** If CPD funds are available, activities to address this need may be funded during the five-year period.
- ✓ **Low Priority:** The Urban County will not directly fund activities using CPD funds to address this need during the five-year period. However, the Urban County and participating cities may support applications for public assistance by other entities if such assistance is found to be consistent with this Plan.

For the purposes of allocating federal and local resources overall priority will be given to projects that meet a “High” priority need.

### **Additional Priorities:**

The following are examples of project and activity types that will be considered for funding although they did not appear on the Housing and Community Needs Assessment.

- Public Services projects filling the gap in the Homeless CoC which were not filled by SuperNOFA Homeless Assistance funding;
- Public Facilities & Improvement projects which have been previously funded for design.

### **Projects Considered Non-Priority projects:**

The following is a list of project and activity types that will not be given consideration for funding, as they are not a priority need.

- Projects that contain eligible activities not identified on the priority charts;
- Projects seeking funding for planning costs;
- Projects seeking funds for lead-based paint activity costs. These costs may be paid either through available rehabilitation funds or through funds received from other funding sources such as the Healthy-Homes, Lead-Based Paint Hazard Control Program.
- Improvements to streets/alleyways located outside of income-qualified census tracts.
- Projects involving the construction and installation of street signs.
- Improvements to buildings or portions thereof, which are used for the general conduct of government.

### **Exemptions from the Funding Allocation Process:**

In addition to priority and non-priority ranked projects, the County also under takes certain activities that are exempt from the competitive process:

- Administration – The County and the Metropolitan City of Yorba Linda utilize a percentage of their allocations to administer the CDBG, HOME, ESG, and HSS funded programs.
- County's obligations to specific community centers within unincorporated areas.
- ESG County of Orange Cold Weather Shelter Program.
- Fair Housing and Equal Opportunity related activities mandated by HUD.
- Funding associated with unincorporated areas which are anticipated to annex within the program year.

### **Priority Activities**

To better illustrate the County's Community Development needs, portions of the FY 2005-10 CP have been included in this document. Listed below are brief descriptions of and copies of the applicable tables as stated in the County's CP.

Table 4 (Five Year Housing Needs and Priorities – Urban County) identifies the five-year housing needs and priorities for renters and owners within the Urban County.

Table 5 ("Five-Year Community Development Needs and Priority) provides a summary of the Urban County's five-year community development needs and priorities for the following types of activities: Public Facilities and Improvements, Infrastructure, Public Services, Economic Development, and Planning and Administration.

Table 6 (Summary of Five-Year Objectives for Special Needs Population for the Urban County) summarizes the Five-Year objectives for the Special Needs Population in the Urban County.

<b>TABLE 4</b>					
<b>Five-Year Housing Needs and Priorities – Urban County</b>					
<b>Priority Housing Needs</b>		<b>Income</b>	<b>Priority Need Level</b>	<b>Unmet Need (1)</b>	<b>Goals (4)</b>
Renter	Small Related (2)	0-30%	High	2,308	25
		31-50%	High	2,966	40
		51-80%	High	3,801	15
	Large Related (3)	0-30%	High	1,381	25
		31-50%	High	1,516	40
		51-80%	High	1,859	15
	Elderly/ Disabled	0-30%	High	2,192	25
		31-50%	High	1,702	40
		51-80%	High	1,149	15
	All Other	0-30%	Medium	1,657	20
		31-50%	Medium	1,906	15
		51-80%	Medium	2,749	---
Owner	Small Related	0-30%	High	1,453	30
		31-50%	High	1,948	47
		51-80%	High	4,015	78
	Large Related	0-30%	High	473	30
		31-50%	High	608	47
		51-80%	High	1,860	78
	Elderly/ Disabled	0-30%	High	3,361	30
		31-50%	High	4,148	30
		51-80%	High	2,064	60
	All Other	0-30%	Medium	824	30
		31-50%	Medium	709	30
		51-80%	Medium	1,539	58
<b>Special Populations (7)</b>		0-80%	High	N/A	
<b>Total Goals</b>					<b>823</b>
<b>Section 215 Renter Goals (5)</b>					<b>275</b>
<b>Section 215 Owner Goals (6)</b>					<b>548</b>

Source: County of Orange 2005-2010 Consolidated Plan

Notes:

1. Unmet needs are based on 2003 HUD Comprehensive Housing Affordability Strategy (CHAS) data based on 2000 Census for households with housing problems by household income and type.
2. A small related household is defined by HUD as a household of 2 to 4 persons, which includes at least one person related to the householder by birth, marriage, or adoption.
3. A large related household is a household of 5 or more persons, which includes at least one person, related to the householder by blood, marriage or adoption.
4. Housing goals include anticipated accomplishments under the following programs: homeownership assistance programs; housing rehabilitation programs; and rental housing development.
5. Section 215 Goals are affordable housing that fulfill the criteria of Section 215 of the National Affordable Housing Act. (For rental housing, a Section 215 unit is one that is occupied by a low income household and bears a rent that is less than the Fair Market Rent or 30 percent of the adjusted gross income of a household whose income does not exceed 65 percent of the AMI.)
6. For section 215 owner goals an owner unit assisted with homebuyer assistance, the purchase value cannot exceed HUD limit. For an ownership unit assisted with rehabilitation, the mortgage amount cannot exceed HUD limit.
7. Housing goals for special needs groups are included under elderly and other households.

<b>TABLE 5</b>					
<b>Five-Year Community Development Needs and Priorities – Urban County</b>					
<b>Priority Community Development Needs</b>	<b>Priority Needs Level</b>	<b>Goals</b>	<b>Estimated CPD Dollars to Address</b>		
<b>Public Facility Needs</b>					
ADA/Architectural Barrier Removal	High	Pursue an estimated 90 public facility and infrastructure improvement projects	\$8,640,000		
Senior Centers	Medium				
Handicapped Centers	Medium				
Homeless Facilities	High				
Youth Centers	High				
Child Care Centers	Medium				
Health Facilities	Medium				
Neighborhood Facilities/Libraries	Medium				
Parks and/or Recreation Facilities	High				
Parking Facilities	Medium				
Non-Residential Historic Preservation	Low				
Other Public Facility Needs	Medium				
<b>Infrastructure Needs</b>					
Water/Sewer Improvements	High				
Street Improvements	High				
Sidewalks	High				
Solid Waste Disposals Improvements	Medium				
Flood Drain Improvements	High				
Other Infrastructure Needs	Medium				
<b>Public Service Needs</b>					
Senior Services	High	Assist 1,000 victims of domestic violence, 1,000 seniors, 1,200 persons with disabilities, and 1,200 persons with substance abuse problems	\$4,198,500		
Handicapped Services	High				
Youth Services	High				
Child Care Services	Medium				
Transportation Services	Medium				
Substance Abuse Services	High				
Employment Training	High				
Health Services	Medium				
Lead-Hazard Screening	High				
Crime Awareness	Medium				
Other Public Service Needs	Medium				
<b>Economic Development</b>					
ED Assistance to For Profit	Medium	Goals for Technical Assistance and Employment Training included under the Public Services category	Funding included under the Public Services category		
ED Technical Assistance	High				
Micro-Enterprise Assistance	Medium				
Rehab; Public/Private - Commercial/Industrial	Medium				
CI Infrastructure Development	Medium				
Other Commercial/Industrial Improvements	Medium				
<b>Planning and Administration</b>					
Program Delivery	High	N/A	\$3,973,000		
	High	N/A	\$983,000		

Source: County of Orange 2005-2010 Consolidated Plan

<b>TABLE 6 Summary of 5-Year Objectives for Special Needs Populations–Urban County</b>				
<b>Special Needs Category</b>	<b>Priority</b>	<b>Unmet Need<sup>1</sup></b>	<b>Estimated Dollars</b>	<b>Five-Year Quantified Objectives</b>
Elderly/Frail Elderly <sup>2</sup>	High	27,270 elderly households	\$500,000	Assist 1,000 elderly and frail elderly persons through a variety of senior programs and services
Physically Disabled	High	66,595 persons	\$600,000	Assist 1,200 persons with disabilities (The Regional Center of Orange County is the primary agency for providing assistance to persons with disabilities. Physically disabled persons also receive assistance from the California Department of Rehabilitation through various housing programs.)
Severe Mental Illness	High			
Developmentally Disabled	High			
Persons with Alcohol/ Other Drug Addictions <sup>3</sup>	High	44,000 persons	\$600,000	Assist 1,200 persons with substance abuse problems through various supportive services and programs
Homeless/At-Risk Homeless	High	35,000 episodes countywide	\$500,000	Assist 1,000 victims of domestic violence
			\$760,000	Assist 1,520 persons with emergency services
			\$1,400,000	Assist 2,800 persons with transitional, preventive, and supportive services
Persons w/HIV/AIDS	High	3,100 persons countywide	Addressed as part of the Countywide HOPWA Strategy to be coordinated by the City of Santa Ana	

Source: County of Orange 2005-2010 Consolidated Plan

Notes:

1. Unmet needs based on Census and other estimates of the special needs populations.
2. Elderly persons with special needs based on CHAS estimates of lower and moderate-income elderly households.
3. National estimates indicate 14-16 percent of adult males and 6 percent adult females have drug and alcohol problems.

## Unmet Needs

At the conclusion of each fiscal year, the Urban County moves closer to addressing its Community Development Needs. Table 7 (below) provides a status on the Urban County's financial allocations used to address those needs. Included in Table 7 are the funds needed (5 Year Plan), funds expended (Years 1 – 5), and funds still needed to address the Urban County's Community Development Needs as stated in the Fiscal Year 2005-10 Consolidated Plan.

The estimated figures in the "5 Year Plan" column are based on data obtain in 2004, and have not been adjusted to reflect current building or service costs. Additionally, during Fiscal Years 1-3, the Urban County reprogrammed an additional \$5,919,154 from previous fiscal years in addition to new dollars allocated by HUD during the same fiscal years. The additional funds received by the Urban County program include program income generated from previously funded CDBG and HOME projects and recaptured dollars from previously funded CDBG and ESG projects. Unanticipated reprogrammed and recaptured funding were not included in the estimate of funds available to allocate towards the high priority needs listed in the FY 2005-2010 Consolidated Plan.

Table 7 figures also represented dollars allocated to the Urban County on behalf of its participating Metropolitan Cities Yorba Linda and San Clemente\*.

\* The Metropolitan City of San Clement left the Urban County Program on July 1, 2006.

TABLE 7 FY 2005-10 Federal Funds Allocation for High Priority Needs							
Activities Needs and Priorities	5 Year Plan	FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2008-2009	FY 2009-2010	FY 2005-2010
		Year 1	Year 2	Year 3	Year 4	Year 5	Funds Needed
HOUSING (Rental/Owner)	\$ 2,974,039	\$ 4,337,735	\$ 3,498,140	\$ 3,348,187	\$ 3,318,329		(\$1,528,352)
Infrastructure	\$ 8,639,864	\$ 2,939,463	\$ 1,887,102	\$ 2,311,225	\$ 1,484,957		\$17,117
Public Services	\$ 4,198,454	\$ 1,413,594	\$ 1,368,047	\$ 1,278,540	\$ 1,257,316		(\$1,119,043)
Total	\$ 25,812,357	\$ 8,690,792	\$ 6,753,289	\$ 6,937,952	\$ 6,060,602		(\$2,630,278)

Source: County of Orange 2005-2010 Consolidated Plan  
Table 7 includes the Metro City of Yorba Linda and federal and local reprogrammed funds. Allocations to activities include direct and project cost.

**NOTE**

The Negative dollar amounts listed under FY 2005–10 Funds Needed does not reflect that the Urban County Program has over allocated funds to Housing, Infrastructure or Public Services.

The CP estimates for these activities stated that a) Housing, b) Infrastructure, and c) Public Services were based on anticipated allocations from HUD. In 2003, when the plan was developed, these estimated amounts were realistic expectations of federal funds allocated to the County program for these activities over a five-year period.

Since the completion of the 2005-10 CP OC Community Services has reinvested funds from prior years investments into the activities seen in Table 7. Reinvestment of funds is generated from CDBG and HOME PI generated from prior year investments and reprogrammed funds from projects funded in prior years.

As reported in Table 2 OC Community Services has reallocated (5,919,154) since FY 2005-06:

- CDBG and HOME Program Income \$2, 444,671 (CDBG PI \$1,432,822, HOME PI 1,011,849).
- CDBG and ESG \$3,474,483 (CDBG \$3,459,988, ESG \$14,495).

The need for these activities far exceeds the estimates.

**II. Funding Allocation Process**

**A. Competitive Funding Process**

The Urban County program utilizes a competitive Request for Proposal (RFP) process to distribute both federal and local funds. The following activities are funded through this competitive process:

- Public Services
- Public Facilities and Improvement
- Housing Rehabilitation

**B. Application Review Committee (ARC)**

The Application Review Committee (ARC) is the evaluating body for all applications submitted in response to the Urban County’s competitive RFP process. The ARC is comprised of two separate evaluation committees (one for Public Services and one for Public Facilities and Improvements and Housing Rehabilitation). Each Committee is comprised of H&CD Housing Commission members, community representatives, and other individuals knowledgeable about community development, community services, and housing activities.

### **C. Rental Housing Development and Homeownership**

New housing construction/acquisition project proposals will be accepted in response to a separate Notice of Funding Availability (NOFA) process. The Project Advisory Committee (PAC), a subcommittee of the H&CD Commission, analyzes the main points of this program before recommended action is presented to the Board of Supervisors.

Continuing in fiscal year 2009-10 the County in partnership with participating jurisdictions, currently operating eligible first time homebuyer programs, will look to further explore the use of American Dream Downpayment Initiative (ADDI) funding.

### **D. Multi-Year Funding**

#### **Public Services – Housing Rehabilitation Multi-Year Funding Process**

As in prior years, staff is recommending that successful Public Services and Housing Rehabilitation projects be funded on a 3-year funding cycle. Projects that are recommended to receive funds as the result of the competitive process in Year 1 (2009-10) may receive funds in Year 2 (2010-11) and/or Year 3 (2011-12), provided the organization successfully meets the following criteria:

- Project remains in compliance with contractual milestones:
  - All Public Services and Housing Rehabilitation projects must expend 50% of their contractual funds and complete 50% of their contractual accomplishments by December 31, of the contract year; 70% by January 31, of the contract year; and 80% by March 31, of the contract year.
  - Exceptions to these requirements include: contracts that spend their funding later in the fiscal year (i.e. cold weather shelters), recommendation of ARC, exemption from OC Community Services Director, and delays due to HUD or OC Community Services administration of contracts.
- Project continues to meet the priority status for which it was funded in Year 1.
- Project continues to leverage funds with other sources.
- All project accomplishments must be correctly reported on the Grantee Performance Reports (GPRs) and/or other documentation as described in current year contract.
- Project must receive a successful assessment of performance and progress from OC Community Services staff. Successful assessment from OC Community Services staff includes.
- Organizations that receive an unsuccessful assessment of performance will be reviewed and reevaluated by the ARC for future funding consideration.

Projects meeting the December 31, of the contract year, milestone will be included in the current year draft Annual Action Plan; however, projects that fail to meet this deadline may be removed from the draft Annual Action Plan prior to its presentation to the County Board of Supervisors at the second public hearing.

Additionally, all Public Service projects that serve homeless populations are required to participate in the County's Homeless Management Information System (HMIS) effort. For more information regarding HMIS please contact Dawn of OC Partnership at: (714) 288-4007 ext. 115, or dawn.lee@ocpartnership.net.

## **E. Single Year Funding**

As in prior years, annually, Public Facilities and Improvements (PF&I) must compete in the competitive RFP process. The ARC will reconvene and evaluate applications for PF&I based on the following criteria:

- Project must meet priority status;
- Project application must pass the initial threshold review and technical eligibility as determined by OC Community Services staff;
- Project must undergo a quality review and evaluation conducted by the ARC.
- Applicants that previously received funds for design will receive priority.

ARC will score all applications exclusively on the written application(s) submitted.

## **F. Proposal Review Process and Key Policies**

In order to ensure integrity and reliability, the proposal review process is applied to each application on a consistent basis. In addition, maximum flexibility has been built into the proposal review process in order to ensure that federal and local resources are available to assist the County in meeting its Community Development needs. Although OC Community Services staff does not participate in ARC's proposal review process, staff is available to provide any needed technical support.

### **1. Proposal Review Process**

OC Community Services staff will review all proposals utilizing the following six (6) steps:

1. Conduct an initial threshold review of all proposals submitted based on eligibility requirements established by HUD.
2. Applications not passing the initial threshold review are eliminated without the opportunity to appeal. Proposals that successfully pass the initial threshold review are forwarded to ARC for review, scoring, and ranking.
3. Applicants deemed as unsuccessful by ARC are afforded the opportunity to appeal.
4. After addressing any appeals ARC provides a list of proposals recommended for funding.
5. Projects recommended for funding are compiled and presented to the public for comment in the draft Annual Action Plan and later to the Board of Supervisors for approval and direction.
6. Projects are preliminarily awarded until final approval from HUD.

### **2. Key Policies**

**Renewal Applicants-** Those applicants having been under contract with OC Community Services within the past 3 years.

- OC Community Service Staff will review project performance from projects within the past 3 years.
- Renewal evaluations will focus on, but is not limited to, subrecipient compliance with contractual obligations and meeting scheduled accomplishments as reported on the current year's Grantee Performance Reports (GPR's).

**New Applicants-** Applicants having **not** been under contract with OC Community Services within the past 3 years.

- Applicants must pass a site visit conducted by OC Community Services staff.
- Applicants must provide copies of any performance reports required by other funding organizations as a condition of funding.
- Applicant must have been in operation and been performing the activity proposed in their proposal for a minimum of one year from the date of submitting the application.
- Applicants that have not received funding from the Urban County Program in the previous 3 years may receive priority over all applicants.

**Activity Specific Policies-** The following requirements apply to all Public Services and Public Facilities and Improvements projects and activities.

- Public Services
  - All projects and activities providing services to homeless individuals and/or families are required to be an active participant in the Homeless Management Information System (HMIS).
- Public Facilities and Improvements (PF&I)
  - Applicants cannot request funds in an amount that exceeds 35% of OC Community Services total funding available for PF&I activities.
  - Any single project receiving between \$403,000 - \$471,000 will be considered a "Large Project". Organizations can only receive funding for a single "Large Project" once within a five-year period; however, applications for projects less than \$403,000 may be submitted in subsequent years.
  - Successful applicants have a one-year limit to expend funding received for a single project.

During the 30-day public review and comment period the above referenced policies will be under review and may change prior to the publication of the final FY 2009-10 FAPP.

### **Minimum Application Requirements**

- A minimum grant amount is established at \$15,000 per year for all projects.
- Only one application from any organization serving the same population with the same service, or providing the same program or product, will be accepted.
- If funded with CDBG funds, the project must meet a national objective as identified by HUD Regulations (24 CFR 570.208).
- Depending on funding source, the proposed activity must be eligible as defined by HUD Regulations.
- The population to be served or to benefit from the project must principally be low to moderate-income as defined by HUD.
- If the applicant is a current or past recipient of assistance under a HUD McKinney Act program (i.e. SuperNOFA) or the HUD Single Family Property Disposition Program, there must be no project or construction delay, HUD finding, outstanding Annual Progress Report (APR), or outstanding audit that HUD deems serious regarding the administration of HUD McKinney Act programs or the HUD Single Family Property Disposition Program.
- The applicant must be in compliance with applicable civil rights laws and Executive Orders. There must be no pending civil rights suits, outstanding findings of noncompliance with civil rights statues, Executive Orders, or regulations, unresolved Secretary (Secretary of the U.S. Department of Housing and Urban Development) charge of discrimination issued under the Fair Housing Act, no

adjudications of civil rights violations on a civil action or deferral of processing of applications from the applicant imposed by HUD.

- Applicant must submit a copy of the organization's most recent audit (within the last two years) by a independent certified CPA and a description of corrective action taken for any findings identified by the auditor, both of which will be reviewed by the OC Community Services Accounting Manager or designated staff.

## **G. Substantial and Non-Substantial Amendments to Projects**

### **1. Substantial Amendment**

The County will consider a change a "substantial amendment" under the following circumstances:

- County or applicant decides not to carry out an activity previously described in the Annual Action Plan;
- County or applicant carries out an activity not previously described in the Annual Action Plan;
- County or applicant changes the purpose, scope, location, or beneficiaries of an activity;
- County or applicant changes the use of CDBG funds from one eligible activity to another;
- County or applicant changes 25% or more in one program activity.

Citizens will be informed of any proposed substantial amendment through a public notice in a local newspaper of general circulation. The public will be given 30 days to review and comment on the proposed amendment. Such comments must be received in writing prior to the deadline date as specified in the Public Notice. All comments will be presented to a review committee for further consideration and will be presented to the County Board of Supervisors at the Public Hearing. A summary of the comments or views shall be included in the consolidated plan or consolidated plan updates.

### **2. Non-Substantial Amendments**

The County will consider a change as a "non-substantial amendment" under the following circumstances:

- Applicant make a minor change in project location, or name change as long as the purpose, scope and intended beneficiaries remain essentially the same.
- Applicant chooses to transfer funds within a project from one approved budget line item to another approved budget line item.
- Funds are reprogrammed that may become available to projects approved in an Annual Action Plan adopted by the Board of Supervisors.
- The allocation of unanticipated or additional Program Income funds up to \$100,000 generated by a subrecipient to support projects/programs approved by the Board of Supervisors to be carried out by that subrecipient.
- Provided that all projects involved have been approved by Board Action, the transfer and/or reprogramming of additional funds up to \$100,000 for a subrecipient from one project/activity to the same project/activity administered by the same subrecipient.

These actions will continue to allow OC Community Resources to execute contracts in a timely manner and to continue its efforts to expedite and simplify housing projects and services while meeting annual federal expenditure requirements.

Should a proposed amendment be "substantial" in nature as set forth herein, OC Community Resources will present such amendments to the Board of Supervisors for approval.

#### **H. Performance Measurements**

Consistent with Federal Guidelines as referenced in Federal Register Notice, Vol. 70, No. 111, dated June 10, 2005 OC Community Services developed a performance measurement system that identifies standardized objectives and outcomes, for proposed activities, that can be reported at a national level.

The following chart provides a brief outline of OC Community Services performance measurement system as recommended by HUD.



## **Performance Objectives**

No. 1-Suitable Living Environment: In general, this objective relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment.

No. 2-Decent Affordable Housing: The activities that typically would be found under this objective are designed to cover the wide range of housing possible under Home, CDBG, HOPWA or ESG. This objective focuses on housing programs where the purpose for the project is to meet the individual family or community needs and not programs where the housing is an element of a larger effort.

No. 3-Creating Economic Opportunities: This objective applies to the types of activities related to economic development, commercial revitalization, or job creation.

## **Performance Outcomes**

No. 1-Availability/Accessibility: This outcome category applies to activities that make services, infrastructure, housing, or shelter available or accessible to low and moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible to low- and moderate-income people.

No. 2-Affordability: This outcome category applies to activities that provide affordability in a variety of ways in the lives of low-and moderate-income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care.

No. 3-Sustainability (Promoting Livable or Viable Communities): This outcome applies to projects where the activity or activities are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low- and moderate-income or by removing or eliminating slums or blighted areas through multiple activities or services that sustain communities or neighborhoods.

The outcomes and performance monitoring process will be carried out in a transparent way, so that those whom monitor performance outcomes can make informed judgments.

As stated above, applicants are required to identify their planned performance in their budget documentation and to report on their actual performance in their Grantee Performance Report (GPR's). Guidance on performance and outcome accountability documents is available by contacting:

OC Community Services  
Anna Plank, Manager, Compliance  
1770 North Broadway  
Santa Ana, CA 92706-2680  
Telephone No. (714) 480-2881  
E-MAIL: [anna.plank@hcs.ocgov.com](mailto:anna.plank@hcs.ocgov.com)

## I. Program Income

Beginning July 1, 2007 HCS will implement a new policy regarding the reporting and submittal of Program Income funds. Please note that this change in policy is in response to federal regulations that require grantees (i.e. County of Orange) to monitor and track all Program Income funds. Per federal regulations (24 CFR 570.500 (a)) program income is defined as gross income received by the recipient or subrecipient directly generated from the use of CDBG, Home, ADDI, and ESG funds.

Projects and activities that generate Program Income through the repayment of home improvement loans, the leasing of community center facilities improved with federal funds or other CDBG funded activities will now be required to process Program Income information and funds on a quarterly basis. The following schedule will be used to report all Program Income related information:

- |   |                      |
|---|----------------------|
| ▪ 1 <sup>st</sup> Quarter (July 1, 2009 – September 30, 2009)   | Due October 15, 2009 |
| ▪ 2 <sup>nd</sup> Quarter (October 1, 2009 – December 31, 2009) | Due January 15, 2010 |
| ▪ 3 <sup>rd</sup> Quarter (January 1, 2010 – March 31, 2010)    | Due April 15, 2010   |
| ▪ 4 <sup>th</sup> Quarter (April 1, 2010 – June 30, 2010)       | Due July 15, 2010    |

When reporting Program Income information to OC Community Services, subrecipients will need to complete and submit two separate reporting forms. The first form comprises Program Income information generated from Community Development Block Grants (CDBG) funded projects and activities. The second form comprises information on Program Income generated from Home Investment Partnership (HOME) funds. Subrecipients are required to complete both reporting forms regardless if Program Income was generated or not.

Reporting of program income will comply with rules as set forth in the Federal Regulations (24 CFR 570.504), as well as any applicable State or County regulations concerning reporting and payment procedures for program income.

**PROPOSED FY 200-10  
FUNDING ALLOCATION POLICY PROCESS (FAPP)**

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August 21, 2008 - September 19, 2008	Public Notice for 30-Day Public Review Period of FAPP
October 21, 2008	OC Board of Supervisors Public Hearing for FAPP
October 24, 2008	Electronically release the RFP's for: <ul style="list-style-type: none"><li>✓ Public Facilities &amp; Improvements (PF&amp;I)</li><li>✓ Public Services (PS)</li><li>✓ Housing Rehabilitation (HR)</li></ul>
November 4, 2008	Technical Assistance Workshop for PF&I, PS, and HR
November 18, 2008	Request for 2009-10 proposals due
January 6-13, 2009	Appeal Process
February 25, 2009 - March 27, 2009	30-day Public Review and Comment Period of Draft Annual Action Plan (AAP) for 1st and 2nd Public Hearing
April 28, 2009	OC Board of Supervisors First Public Hearing to receive public comment(s) on the draft AAP
May 5, 2009	OC Board of Supervisors Second Public Hearing for Adoption of Final AAP
May 16, 2009	Submit Annual Action Plan for FY 2008-10 to HUD

***Dates are subject to change.***