

**Exhibit 1: FY 2011-12 Funding Allocation Policy and Process**

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**Fiscal Year 2011-12  
FUNDING ALLOCATION POLICY AND PROCESS**

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**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, Orange County 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), and Emergency Shelter Grant (ESG) funds. OC Community Services 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 2011-12 Funding Allocation Policy and Process (FAPP) is a planning document that marks the second year of the FY 2010-14 Consolidated Plan (CP). The primary purpose of the FAPP is to utilize priorities listed in the CP to address local housing and community development needs with Federal and local resources. The Orange County Board of Supervisors adopted the FY 2010-14 CP and the FY 2010-11 Annual Action Plan (AAP) at a public hearing on May 4, 2010.

The FAPP also 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, HOME or ESG program HUD uses 80 percent of the Area Median Income (AMI) to determine eligibility. Therefore, projects and activities must ensure that persons being served have incomes at or below 80 percent AMI.

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, AAP, and any substantial amendments to the AAP.

## **I. Funding Allocation Policy**

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

The Orange County Urban County Program is comprised of 13 cities with populations under 50,000 (participating cities), one city, Yorba Linda, with a population over 50,000 (metropolitan city), and the unincorporated areas of Orange County. The 13 participating cities include Aliso Viejo, Brea, Cypress, Dana Point, Laguna Beach, Laguna Hills, Laguna Woods, La Palma, Los Alamitos, Placentia, Seal Beach, Stanton, and Villa Park. These cities are not eligible to receive Community Planning and Development (CPD) program funds directly from the U.S. Department of Housing and Urban Development (HUD) and have opted to participate in the CPD programs through the Urban County Program. The City of Yorba Linda, with a population of over 50,000, is eligible to participate in the CPD programs as an entitlement jurisdiction; however, City of Yorba Linda has opted to join the Urban County Program as a metropolitan city.

### **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 CP. The following types of funding are anticipated to be available during FY 2011-12:

#### Federal Funds

Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), Home Investment Partnership Program (HOME) 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.

### **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 1 (below) identifies those Federal and local funds allocated in years 1-5 of the FY 2010-14 CP.

**TABLE 1**  
**Fiscal Years 2010-14 Funding Allocations**

<b>Federal Funds</b>	<b>FY 2010-11 Year 1</b>	<b>FY 2011-12 Year 2</b>	<b>FY 2012-13 Year 3</b>	<b>FY 2013-14 Year 4</b>	<b>FY 2014-15 Year 5</b>	<b>Total</b>
*CDBG	\$ 4,365,598					\$ 4,365,598
HOME	\$ 1,734,317					\$ 1,734,317
ESG	\$ 165,631					\$ 165,631
<b>Subtotal Federal Funds</b>	<b>\$ 6,265,546</b>					<b>\$ 6,265,546</b>
<b>Reprogrammed/PI Federal Funds</b>						
CDBG Program Income	\$ 144,000					\$ 144,000
CDBG Reprogrammed	\$ 1,134,053					\$ 1,134,053
HOME Program Income	\$ 172,000					\$ 172,000
<b>Subtotal Reprogrammed/PI Funds</b>	<b>\$ 1,450,053</b>					<b>\$ 1,450,053</b>
<b>Local Funds</b>						
15U Housing Funds	\$ 127,295					\$ 127,295
**Redevelopment Funds	\$ 7,500,000					\$ 7,500,000
<b>Subtotal Local Funds</b>	<b>\$ 7,627,295</b>					<b>\$ 7,627,295</b>
<b>Subtotal Reprogrammed/PI and Local Funds</b>	<b>\$ 15,342,894</b>					<b>\$15,342,894</b>
<b>Recovery Act 2009 Funds</b>						
CDBG-R (FY 2009 estimated balance)	\$ 1,035,535					\$ 1,035,535
**HPRP (FY2009 estimated balance)	\$ 1,075,603					\$ 1,075,603
**NSP (balance forward)	\$ 2,647,246					\$ 2,647,246
<b>Subtotal Recovery Act Funds</b>	<b>\$ 4,758,384</b>					<b>\$ 4,758,384</b>
<b>Total Funding Allocation</b>	<b>\$ 20,101,278</b>					<b>\$20,101,278</b>

\* Table 1, Includes the Metro City of Yorba Linda and the reprogramming of Federal funds from projects funded in prior years

\*\* The Recovery and Redevelopment funds are allocated under separate Board Action.

#### **D. Percentage of Allocation**

Based on the need identified in the CP, OC Community Services is estimating the percentage of funds to allocate toward each proposed activity for the FY 2011-12 AAP. The percentages identified in Table 2 (below) were derived from Tables 3, 4, 5, and 6 of the 5-Year Needs Assessment identified in the CP as follows:

- Table 3 - Housing Needs,
- Table 4 - Housing and Community Development Activities,
- Table 5 - Homeless Needs,
- Table 6 - Non-Homeless for Special Needs Populations including HOPWA.

<b>TABLE 2 Estimated Funding Allocations proposed for FY 2011-12</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, if available)	18% - 22%
<b>Percentage of Total Funding</b>	<b>100%</b>

Source: OC Community Services

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

Because the FAPP is a forward planning document, the allocation percentages listed in Table 2 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 Orange County Board of Supervisors that funding percentages change to meet local needs.

Based on funding levels, not all projects that score the minimum 70 points required for consideration for funding may be recommended for preliminary funding. Those projects will be placed on a 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 may also recommend funding 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 CP. The CP identifies, within a five-year reporting period, Orange County's overall community development needs (i.e., Housing, Special Needs, and Housing and Community Developments Activities) for extremely low, low and moderate-income persons and households. Additionally, a major component of the CP is the Strategic Plan that outlines Orange 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 Participating Cities and Orange 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 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 Program 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 the CP.
- **No Such Need:** The Urban County Program finds there is no need for such activities or the need is already substantially addressed. The Urban County Program will not support applications for public assistance by other entities for activities where no such need has been identified.

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 additional project and activity types that will be considered for funding although they did not appear on the Housing and Community Needs Assessment.

- Homeless Services activities that are identified within The Ten-Year Plan to End Homelessness;
- 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 projects 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.
- ADA improvements to buildings or portions thereof, which are used for the general conduct of government, that do not comply with 24 CFR570.200 (b)(1) and do not meet one of the three National Objectives of the CDBG Program.

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

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

- Administration – The Urban County Program and the Metropolitan City of Yorba Linda utilize a percentage of their allocations to administer the CDBG program. The Urban County Program also utilizes a percentage of their allocation to administer the HOME, and ESG programs.
- Orange County's obligations to specific community centers within unincorporated areas.
- Orange County's, Armory Emergency Shelter Program to receive ESG/CDBG (or other appropriate source of funds) allocations on a non-competitive basis.
- Fair Housing and Equal Opportunity related activities mandated by HUD.
- Funding associated with unincorporated areas, which are anticipated to annex within the program year, will receive a high priority. (Annexations that occur in subsequent years will receive a lower priority for funding).

## **Priority Activities**

To better illustrate the Urban County's Priority Needs, the following tables from the CP were included in this document:

Table 3 Housing Needs identifies the five-year housing priorities for renters and owners within the Urban County.

Table 4 Housing and Community Development Activities provides a summary of the Urban County's five-year community development priorities for the following types of activities: Public Facilities and Improvements, Public Services, Infrastructure, Economic Development, and Planning and Administration.

Tables 5 and 6 Homeless Needs and Non-Homeless for Special Needs Including HOPWA summarizes the Five-Year priorities for the Homeless and Non-Homeless Special Needs Population in the Urban County.

Consistent with 24 CFR PART 91-Consolidated Submission for Community Planning and Development Programs. On January 2009, OC Community Services released a public notice to inform residents that the Urban County Program was starting to develop its CP and that five public meetings were scheduled to encourage citizen involvement and solicit community input. The public notice was released in three different languages, English, Spanish and Vietnamese and was published in The OC Register, Miniondas, and Nguoi Viet. The Urban County Program mailed 15,000 surveys to households within the jurisdiction of the Urban County Program. Additionally, Orange County's consultant, interviewed staff from County Agencies, Participating Cities, and Non-Profit Organizations.

Orange County's Consultant tabulated the result of the interviews and surveys and entered the information into HUD's Consolidated Plan Management Process (CPMP) Tool. The following are summary tables that contain the priorities identified in the CP. The CP also outlines resources and how they are leveraged.

**TABLE 3: HOUSING NEEDS – URBAN COUNTY**

		Housing Needs Table (<=30% MFI)	Priority Need
Household Income < =30% MFI	<u>Renter</u>	<u>Elderly</u>	
		Any housing problems	H
		Cost Burden > 30%	M
		Cost Burden >50%	M
		<u>Small Related</u>	
		With Any Housing Problems	H
		Cost Burden > 30%	M
		Cost Burden >50%	M
		<u>Large Related</u>	
		With Any Housing Problems	H
		Cost Burden > 30%	M
		Cost Burden >50%	M
	<u>All other hsholds</u>		
	With Any Housing Problems	M	
	Cost Burden > 30%	M	
	Cost Burden >50%	M	
	<u>Owner</u>	<u>Elderly</u>	
		With Any Housing Problems	H
		Cost Burden > 30%	M
		Cost Burden >50%	M
		<u>Small Related</u>	
		With Any Housing Problems	H
		Cost Burden > 30%	M
		Cost Burden >50%	M
<u>Large Related</u>			
With Any Housing Problems		H	
Cost Burden > 30%		M	
Cost Burden >50%		M	
<u>All other hsholds</u>			
With Any Housing Problems	M		
Cost Burden > 30%	M		
Cost Burden >50%	M		

**TABLE 3: HOUSING NEEDS – URBAN COUNTY  
(continued)**

		<b>Housing Needs Table (&gt;30 to &lt;= 50% MFI)</b>		<b>Priority Need</b>
Household Income > 30 to <= 50% MFI	<u>Renter</u>	Elderly		
			With Any Housing Problems	H
			Cost Burden > 30%	M
		Cost Burden >50%	M	
		Small Related		
			With Any Housing Problems	H
			Cost Burden > 30%	M
		Cost Burden >50%	M	
		Large Related		
			With Any Housing Problems	H
			Cost Burden > 30%	M
		Cost Burden >50%	M	
	All other hsholds	NUMBER OF HOUSEHOLDS		
		With Any Housing Problems	H	
		Cost Burden > 30%	M	
	Cost Burden >50%	M		
	<u>Owner</u>	Elderly		
			With Any Housing Problems	H
			Cost Burden > 30%	M
		Cost Burden >50%	M	
		Small Related		
			With Any Housing Problems	H
			Cost Burden > 30%	M
		Cost Burden >50%	H	
Large Related				
		With Any Housing Problems	H	
		Cost Burden > 30%	M	
Cost Burden >50%		H		
All other hsholds				
	With Any Housing Problems	M		
	Cost Burden > 30%	M		
Cost Burden >50%	M			

**TABLE 3: HOUSING NEEDS – URBAN COUNTY  
(continued)**

Housing Needs Table (>50 to <80% MFI)		Priority Need		
Household Income > 50 to <=80% MFI	Renter	Elderly		
		With Any Housing Problems	H	
		Cost Burden > 30%	M	
		Cost Burden >50%	M	
		Small Related		
		With Any Housing Problems	H	
		Cost Burden > 30%	M	
		Cost Burden >50%	M	
		Large Related		
		With Any Housing Problems	H	
		Cost Burden > 30%	M	
		Cost Burden >50%	M	
	All other hsholds			
	With Any Housing Problems	H		
	Cost Burden > 30%	M		
	Cost Burden >50%	M		
	Owner	Elderly		
		With Any Housing Problems	H	
		Cost Burden > 30%	M	
		Cost Burden >50%	M	
		Small Related		
		With Any Housing Problems	H	
		Cost Burden > 30%	M	
		Cost Burden >50%	H	
Large Related				
With Any Housing Problems		H		
Cost Burden > 30%		M		
Cost Burden >50%		H		
All other hsholds				
With Any Housing Problems	M			
Cost Burden > 30%	M			
Cost Burden >50%	M			

**TABLE 4: HOUSING AND COMMUNITY DEVELOPMENT ACTIVITIES – URBAN COUNTY**

<b>Housing and Community Development Activities</b>		<b>Priority Need</b>
	01 Acquisition of Real Property 570.201(a)	H
	02 Disposition 570.201(b)	M
<b>Public Facilities and Improvements</b>	03 Public Facilities and Improvements (General) 570.201(c)	M
	03A Senior Centers 570.201(c)	H
	03B Handicapped Centers 570.201(c)	M
	03C Homeless Facilities (not operating costs) 570.201(c)	H
	03D Youth Centers 570.201(c)	M
	03E Neighborhood Facilities 570.201(c)	H
	03F Parks, Recreational Facilities 570.201(c)	M
	03G Parking Facilities 570.201(c)	M
	03H Solid Waste Disposal Improvements 570.201(c)	M
	03I Flood Drain Improvements 570.201(c)	H
	03J Water/Sewer Improvements 570.201(c)	H
	03K Street Improvements 570.201(c)	H
	03L Sidewalks 570.201(c)	H
	03M Child Care Centers 570.201(c)	M
	03N Tree Planting 570.201(c)	M
	03O Fire Stations/Equipment 570.201(c)	M
	03P Health Facilities 570.201(c)	M
03Q Abused and Neglected Children Facilities 570.201(c)	M	
03R Asbestos Removal 570.201(c)	L	
03S Facilities for AIDS Patients (not operating costs) 570.201(c)	M	
03T Operating Costs of Homeless/AIDS Patients Programs	H	
	04 Clearance and Demolition 570.201(d)	L
	04A Clean-up of Contaminated Sites 570.201(d)	L
<b>Public Services</b>	05 Public Services (General) 570.201(e)	H
	05A Senior Services 570.201(e)	H
	05B Handicapped Services 570.201(e)	M
	05C Legal Services 570.201(E)	M
	05D Youth Services 570.201(e)	M
	05E Transportation Services 570.201(e)	M
	05F Substance Abuse Services 570.201(e)	M
	05G Battered and Abused Spouses 570.201(e)	M
	05H Employment Training 570.201(e)	M
	05I Crime Awareness 570.201(e)	M
	05J Fair Housing Activities (if CDBG, then subject to 570.201(e))	M
	05K Tenant/Landlord Counseling 570.201(e)	M
	05L Child Care Services 570.201(e)	M
	05M Health Services 570.201(e)	M
	05N Abused and Neglected Children 570.201(e)	M
	05O Mental Health Services 570.201(e)	M
	05P Screening for Lead-Based Paint/Lead Hazards Poison 570.201(e)	M
05Q Subsistence Payments 570.204	L	
05R Homeownership Assistance (not direct) 570.204	M	
05S Rental Housing Subsidies (if HOME, not part of 5% 570.204)	M	
05T Security Deposits (if HOME, not part of 5% Admin c)	M	

**TABLE 4: HOUSING AND COMMUNITY DEVELOPMENT ACTIVITIES – URBAN COUNTY  
(Continued)**

<b>Housing and Community Development Activities</b>	<b>Priority Need</b>
06 Interim Assistance 570.201(f)	L
07 Urban Renewal Completion 570.201(h)	L
08 Relocation 570.201(i)	M
09 Loss of Rental Income 570.201(j)	L
10 Removal of Architectural Barriers 570.201(k)	M
11 Privately Owned Utilities 570.201(l)	L
12 Construction of Housing 570.201(m)	H
13 Direct Homeownership Assistance 570.201(n)	H
14A Rehab; Single-Unit Residential 570.202	H
14B Rehab; Multi-Unit Residential 570.202	H
14C Public Housing Modernization 570.202	N
14D Rehab; Other Publicly-Owned Residential Buildings 570.202	M
14E Rehab; Publicly or Privately-Owned Commercial/Indu 570.202	M
14F Energy Efficiency Improvements 570.202	M
14G Acquisition - for Rehabilitation 570.202	M
14H Rehabilitation Administration 570.202	M
14I Lead-Based/Lead Hazard Test/Abate 570.202	M
15 Code Enforcement 570.202(c)	M
16A Residential Historic Preservation 570.202(d)	M
16B Non-Residential Historic Preservation 570.202(d)	M
17A CI Land Acquisition/Disposition 570.203(a)	M
17B CI Infrastructure Development 570.203(a)	M
17C CI Building Acquisition, Construction, Rehabilitation 570.203(a)	M
17D Other Commercial/Industrial Improvements 570.203(a)	M
18A ED Direct Financial Assistance to For-Profits 570.203(b)	M
18B ED Technical Assistance 570.203(b)	M
18C Micro-Enterprise Assistance	M
19A HOME Admin/Planning Costs of PJ (not part of 5% Ad	M
19B HOME CHDO Operating Costs (not part of 5% Admin ca	M
19C CDBG Non-profit Organization Capacity Building	M
19D CDBG Assistance to Institutes of Higher Education	L
19E CDBG Operation and Repair of Foreclosed Property	M
19F Planned Repayment of Section 108 Loan Principal	M
19G Unplanned Repayment of Section 108 Loan Principal	M
19H State CDBG Technical Assistance to Grantees	L
20 Planning 570.205	M
21A General Program Administration 570.206	H
21B Indirect Costs 570.206	M
21D Fair Housing Activities (subject to 20% Admin cap) 570.206	H
21E Submissions or Applications for Federal Programs 570.206	M
21F HOME Rental Subsidy Payments (subject to 5% cap)	M
21G HOME Security Deposits (subject to 5% cap)	M
21H HOME Admin/Planning Costs of PJ (subject to 5% cap	M
21I HOME CHDO Operating Expenses (subject to 5% cap)	M
22 Unprogrammed Funds	M

**TABLE 5 and 6: HOMELESS NEEDS and NON-HOMELESS FOR SPECIAL NEEDS INCLUDING HOPWA\* - URBAN COUNTY**

**Table 5- Homeless Needs Including HOPWA\***

<b>Homeless Needs Table: Individuals</b>		<b><u>Priority Need</u></b>
Beds	Emergency Shelters	H
	Transitional Housing	H
	Permanent Supportive Housing	H
	Total	H
Chronically Homeless		H
<b>Homeless Needs Table: Families</b>		<b><u>Priority Need</u></b>
Beds	Emergency Shelters	H
	Transitional Housing	H
	Permanent Supportive Housing	H
	Total	H

**Table 6: Non-Homeless Special Needs Including HOPWA\***

<b>Non-Homeless Special Needs Including HOPWA</b>		<b>Priority Need</b>
Housing Needed	Elderly	H
	Frail Elderly	H
	Persons w/ Severe Mental Illness	M
	Developmentally Disabled	M
	Physically Disabled	M
	Alcohol/Other Drug Addicted	M
	Persons w/ HIV/AIDS & their families *	M
	Public Housing Residents	L
Supportive Services Needed	Elderly	H
	Frail Elderly	H
	Persons w/ Severe Mental Illness	M
	Developmentally Disabled	M
	Physically Disabled	M
	Alcohol/Other Drug Addicted	M
	Persons w/ HIV/AIDS & their families*	M
	Public Housing Residents	L

\*Orange County does not receive HOPWA funds. The City of Santa Ana is the recipient of HOPWA funds on behalf of all Orange County jurisdictions and administers the program.

## Unmet Needs

Table 7 shows the estimated funds projected for the FY 2010-14 CP period, the funds actually allocated in each Fiscal Year, and the difference (funds needed). Table 7 also represents CPD funds allocated to the Urban County Program on behalf of its participating Metropolitan City of Yorba Linda.

TABLE 7							
FY 2010-14 Federal Funds Allocation for High Priority Needs							
Activities Needs and Priorities	5 Year Plan	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2010-15
		Year 1	Year 2	Year 3	Year 4	Year 5	Funds Needed
HOUSING (Rental/Owner)	\$13,568,425	\$3,335,143					\$10,233,282
Infrastructure	\$7,500,000	\$2,445,693					\$5,054,307
Public Services	\$3,563,088	\$803,795					\$2,759,293
Total	\$24,631,513	\$6,584,631					\$18,046,882

Table 7 includes the Metro City of Yorba Linda and Federal and local reprogrammed funds.

## 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 Program'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). The Committees are comprised of H&CD 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.

Homeownership programs are funded directly through HOME and/or Redevelopment funding. A separate Mortgage Assistance Program (MAP) is administered by the County.

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

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

As in prior years, OC Community Services recommends that successful Public Services and Housing Rehabilitation projects be funded on a 3-year funding cycle. Additionally, funding awards for Housing Rehabilitation cannot exceed 35% of the funding available for this activity.

Projects that are recommended to receive funds as the result of the competitive process in Year 1 (FY 2009-10) may receive funds in Year 2 (FY 2010-11) and/or Year 3 (FY 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 15, of the contract year; 70% by January 15, of the contract year; and 80% by March 15, of the contract year.
  - All Public Service projects that serve homeless populations are required to participate in the County's Homeless Management Information System (HMIS). For information regarding HMIS please contact OC Partnership at: (714) 288-4007, or [dawn.lee@ocpartnership.net](mailto:dawn.lee@ocpartnership.net).
  - 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 Report (GPR) 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.
- Organizations that receive an unsuccessful assessment of performance will be reviewed and reevaluated by the ARC for future funding consideration.

Projects meeting the December 15<sup>th</sup> 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 Orange County Board of Supervisors at the public hearing.

## **E. Single Year Funding**

As in prior years, Public Facilities and Improvements (PF&I) applications must compete in an annual competitive RFP process. Organizations submitting multiple Public Facility and Improvement applications must prioritize their applications. Applicants may request more than 35% total funds for this activity, but final awards will be capped to no more than 35% of total funds for any one applicant.

The ARC will convene 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, consistent with the Request for Proposal (RFP) guidelines.

## **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**

All proposals will be reviewed utilizing the following six (6) steps:

1. Initial threshold review of all proposals submitted based on eligibility requirements established by HUD.
2. After threshold review applications are forwarded to ARC for review, scoring, and ranking, consistent with the RFP guidelines.
3. Applicants deemed as unsuccessful by ARC are afforded the opportunity to protest.
4. After addressing any protests 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 Orange County 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 Services staff will review project performance from projects within the past 3 years.
- Renewal evaluations will focus on, but will not limited to, subrecipient compliance with contractual obligations and meeting scheduled accomplishments as reported on the current year's Grantee Performance Report (GPR).

**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, Housing Rehabilitation and Public Facilities and Improvements projects and activities.

- Public Services – Housing Rehabilitation
  - 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).
  - Maintain \$350,000 maximum funding amount for Housing Rehabilitation; but allow applicants to request more than 35% of the total funding available, however, limit awards to no more than 35% of the total funds available.
- Public Facilities and Improvements (PF&I)
  - Maintain \$350,000 maximum funding amount for Public Facilities and Improvement (PF&I); but allow applicants to request more than 35% of the total funding available, however, limit awards to no more than 35% of the total funds available.

### **Minimum Application Requirements**

- A minimum application grant amount (based on available funding) 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, Executives 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 Amendments to Projects**

### **1. Substantial Amendment**

From time-to-time, it may be necessary for the County to process a “substantial amendment” to the Five Year Consolidated Plan or the One Year Annual Action Plans to allow for new CDBG, ESG, HOME or local-funded activities, modification of existing activities; or other CPD program administrative actions.

Any proposed amendment that is considered a “substantial amendment” is subject to the Citizen Participation process, requires formal action by the Board of Supervisors, and approval by HUD. A thirty (30) day public notice is published to provide the opportunity for the public to review and comment on the proposed substantial amendments. The County will consider all comments or views received from the public concerning proposed substantial amendments in accordance with 24 CFR 91.105 (c)(3). A summary of these comments and views, including comments or views not accepted (and the reason why) shall be attached to the substantial amendment.

The County of Orange is required by HUD [24 CFR 91.505 (b)] to identify the criteria to be used in determining if a proposed action will be considered a *Substantial Amendment*. The following criteria will be used by the County – if any one criterion applies, a substantial amendment will be required:

1. A new activity not previously listed and described in the Consolidated Plan/Annual Action Plan;
2. When a proposal is made to amend the description of an existing activity in such a way that the newly described purpose, scope, or beneficiaries differ significantly from the original activity’s purpose, scope, or beneficiaries; or
3. An increase in the amount of Federal Community Planning Development and/or local funds allocated to an existing activity when the following apply:
  - a. An increase in funding for a public service activity in an amount greater than a 50% increase over the current funded amount.
  - b. An increase in the funding for public facility improvements/housing rehabilitation in an amount greater than a 50% increase over the current funded amount.

In an effort to efficiently utilize CDBG funds within the time frames required by HUD, the County will consider the reprogramming of unspent CDBG balances from completed and cancelled CDBG-funded activities to other eligible activities as a “Non-Substantial Amendment”. In the event that any of these “administrative” reprogramming actions fall under the “substantial amendment” criteria, the proposed actions are subject to the Citizen Participation process, requires formal action by the Board of Supervisors, and subsequent approval by HUD.

The County will maintain and provide for public review a Reprogramming Action File that provides details for every reprogramming action (Substantial and Non-Substantial) taking place during the program year.

#### **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.

**Table 8: PERFORMANCE OUTCOME MEASUREMENT SYSTEM**

**Step 1: Assess Needs and Select Goals**

**Step 2: Select Objectives with Outcomes**

**Availability/Accessibility**

**Affordability**

**Sustainability**

Enhance Suitable Living Environment Through New/Improved Accessibility  
  
Create Decent Housing with New/Improved Availability  
  
Promote Economic Opportunity Through New/Improved Accessibility

Enhance Suitable Living Environment Through New/Improved Affordability  
  
Create Decent Housing with New/Improved Affordability  
  
Promote Economic Opportunity Through New/Improved Affordability

Enhance Suitable Living Environment Through New/Improved Sustainability  
  
Create Decent Housing with New/Improved Sustainability  
  
Promote Economic Opportunity Through New/Improved Sustainability

**Step 3: Design Programs and Choose Activities**

<p><b>Housing Rehabilitation</b>  <b>Rental Housing Production</b>  <b>Community Facilities</b>  <b>Public Safety</b>  <b>Infrastructure</b>  <b>Lead-based Paint Activities</b></p>	<p><b>HIV/AIDS</b>  <b>Tenant-based Rental Assistance</b>  <b>Economic Development</b>  <b>Housing for Homeless</b>  <b>Special Needs Housing</b>  <b>Homeownership Assistance</b></p>	<p><b>Housing Counseling</b>  <b>Public Services</b>  <b>Code Enforcement</b>  <b>Water/Sewer Utilities</b>  <b>Transportation</b></p>
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**Step 4: Complete the Consolidated Plan/Action Plan**

**Step 5: Develop the Outcome Statement**

**Output (quantified) + Outcome + Activity (description) + Objective**

<p><b>Number of households assisted</b>  <b>Number of new businesses assisted</b>  <b>Number of jobs created/retained</b>  <b>Number of units made 504-accessible</b>  <b>Number of years of affordability guaranteed</b>  <b>Number of jobs with health care benefits</b>  <b>Number of units meeting Energy Star standards</b></p>	<p><b>Number of persons stabilized</b>  <b>Acres of brownfields remediated</b>  <b>Amount of money leveraged</b>  <b>Number of affordable units</b>  <b>Number of housing units for HIV/AIDS</b>  <b>Number of units for chronically homeless</b>  <b>Number of units made lead safe</b></p>
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**Step 6: Report (IDIS, CAPER)**

For all projects report program requirements plus:	
Income levels of persons, or households (30%, 50%, 60%, or 80% of area median income)	
Leverage	Number of persons, households, units
Number of communities/neighborhoods assisted	Current racial/ethnic and disability categories

Source: Federal Register/Vol. 70, No. 111/Friday, June 10, 2005/Notices [FR Doc. 05-11619 Filed 6-8-05; 11:37 am]

## **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). Guidance on performance and outcome accountability documents is available by contacting:

OC Community Services  
Orlando Calleros, Manager  
1770 North Broadway  
Santa Ana, CA 92706-2680  
Telephone No. (714) 480-2731  
E-MAIL: [orlando.calleros@occr.ocgov.com](mailto:orlando.calleros@occr.ocgov.com)

## **I. Program Income**

Successful applicants will be required to comply with regulations set forth in 24 CFR 570.504, as well as all applicable State and Orange County regulations when reporting PROGRAM INCOME. PROGRAM INCOME is considered as funds generated by the successful applicant as a result of receiving Federal and or local funds provided in a contract with Orange County.

All Program Income accrued shall be returned to Orange County on a quarterly basis prior to the successful applicant receiving any reimbursement from grant funds provided in their contract with Orange County.

By July 15, of the contract year successful applicants shall complete and submit a Year-End Program Income letter, indicating the total amount of Program Income returned to Orange County.

### **III. PROPOSED FY 2011-12 FUNDING ALLOCATION POLICY PROCESS (FAPP) SCHEDULE**

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July 28, 2010 - August 27, 2010	Public Notice for 30-Day Public Review Period of FAPP
September 28, 2010	Board of Supervisors Public Hearing for FAPP
October 6, 2010	In BidSync, release RFP for Public Facilities and Improvements (PF&I)
October 28, 2010	FY 2011-12 RFP for PF&I proposals due
February 22, 2011- March 23, 2011	30-day Public Review and Comment Period of the Draft 2011-12 Annual Action Plan (AAP) for the Public Hearing
April 26, 2011	Board of Supervisors Public Hearing to receive public comments on the Draft FY 2011-12 AAP
May 12, 2011	Submit the Board adopted FY 2011-12 AAP to HUD

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