

## EXECUTIVE SUMMARY

The 2011-2015 **Consolidated Plan** for the City of Rancho Santa Margarita satisfies the federal requirements that must be met in order to receive **Community Development Block Grant (CDBG)** funds from the **U.S. Department of Housing and Urban Development (HUD)**. The CDBG program was created by the Housing and Community Development Act of 1974. The primary objective of CDBG program is to develop viable urban communities by providing decent housing, a suitable living environment, and economic opportunities, principally for persons of Low- and Moderate-income. The City has been a recipient of CDBG funds since 2006. Prior to 2006, the City participated in the CDBG Urban County program that is managed by the County of Orange.

CDBG funds are allocated on a formula basis to eligible jurisdictions. The formula for the allocation of CDBG is based on certain variables including current population, projected population growth, age of housing stock and the number of lower income residents. Each activity to be undertaken with these funds must meet one of the three CDBG program national objectives:

- Benefit Low- and Moderate-income persons
- Aid in the prevention or elimination of slums and blight
- Meet a community development need having a particular urgency

HUD requires entitlement communities to prepare a Consolidated Plan every three to five years. The last Consolidated Plan for the City was prepared in 2006. The 2011-2015 Consolidated Plan, will cover the five-year period of Fiscal Year 2011-2012 through Fiscal Year 2015-2016. The Consolidated Plan is a planning document that identifies the City's housing and community needs and outlines a strategy to address these needs utilizing CDBG funds.

The Plan includes the following components:

- An assessment of the jurisdiction's housing and community needs and market conditions
- A strategy that establishes priorities for addressing identified needs over a five-year period
- A one-year investment plan that outlines the intended use of resources (the Action Plan)

## COORDINATION AND OUTREACH

A key component of the Consolidated Plan is input from residents, businesses and other community stakeholders. The City of Ranch Santa Margarita encouraged citizen involvement in the planning, implementation and evaluation of the Consolidated Plan. The following means were utilized to gather public input during the preparation and review of the Plan:

- Implementation of a “CDBG Needs Assessment Survey” by which residents, business owners and service providers were asked to rank the importance of a variety of CDBG-eligible activities.
- Inclusion of extensive public input received by the City during the recent update of the City’s **Housing Element**. The Housing Element represents the City’s primary housing planning document. Similar to the Consolidated Plan, it assesses current and future housing needs and establishes housing policies to meet these needs.
- A public review/comment period that provided the community with an additional opportunity to review and shape the Consolidated Plan
- A public hearing before the City Council, which provided an open forum for additional input.

In addition to these efforts, the City also consulted with community-based and public service agencies, neighboring jurisdictions and regional government agencies. The primary purpose of this consultation was to obtain important information regarding the needs of Rancho Santa Margarita residents.

One challenge encountered in preparing the Consolidated Plan was the source of data. HUD requires the City to use Census data to prepare the Plan; however, because the 2000 Census is dated and comprehensive 2010 data has not been published, the City is allowed to use other reliable data sources. Primary data sources included the Census Bureau’s **2007-2009 American Community Survey** (an on-going sample survey of America that ascertains how “it looks and lives”). Data was obtained from other federal agencies, the State of California, the County of Orange, local school districts, and service providers.

## **HOUSING AND COMMUNITY NEEDS ASSESSMENT**

According to the State of California, as of January 2010, the City’s population is 49,945. The City is predominately White (approximately 80.4 percent) and approximately 16.4 percent of Rancho Santa Margarita residents are Hispanic/Latino. According to the U.S. Census Bureau, Rancho Santa Margarita is a young community. Approximately one-fourth of the City’s residents are age 14 years of age or younger; approximately half are between the age of 25 and 54. Only 5 percent of the City’s residents are over the age of 64. Age plays a significant role in determining the recreational and service needs of the community.

Based on the Census Bureau, only 3.6 percent of the City’s residents live in poverty; however, 23.1 percent of the City’s residents meet HUD’s definition of a Low- and Moderate-Income person, i.e., an individual with a household income equal to or less than 80 percent of the County median income. This data indicates that poverty and lower-income status is not widespread; however, there are many Rancho Santa Margarita residents that may need and qualify for CDBG-supported assistance.

According to HUD data, 83.5 percent of elderly renter households (i.e., individuals age 85 and older) are spending more than 30 percent of their income on housing (more than 40 percent of these households are paying more than 50 percent of their income on housing). Senior households that own their home fair better with regard to income spent on housing. According to HUD data, approximately 48 percent are paying more than 30 percent of income for housing. A significant percentage of large renter households (defined by HUD as a household with five or more members) are also paying more than 30 percent of their income on housing (82 percent). In order to afford rents, large households may move into smaller units or double up with other individuals/households in order to reduce their rent burden. The results for either scenario are overcrowded or accelerated deterioration of a housing unit.

Homelessness is not a significant issue in Rancho Santa Margarita. Additionally, due to the situational and transient nature of homelessness, it is very difficult to enumerate the number of homeless in the City. National and state statistics indicate that a homeless rate of one percent of a jurisdiction's population would not be an unreasonable estimate. This statistic is consistent with a Point In Time homeless survey conducted for the entire County in January 2009 - this survey did not identify any Rancho Santa Margarita homeless; however, based on input from the O.C. Sheriff and local service providers, there is a need for emergency and transitional housing for victims of domestic violence. The current economic slowdown has increased the number of households at risk of becoming homeless. Local providers indicate significant increases in requests for services from Rancho Santa Margarita residents who have lost their job, or whose unemployment benefits are running out, or have had work hours reduced. Service requests have increased for food and clothing, as well as assistance with rent and utilities.

## **HOUSING MARKET ANALYSIS**

The State of California reports that Rancho Santa Margarita has 16,972 housing units, over 77 percent of these units are owner occupied. The City's housing stock is in excellent to very good condition, primarily due to the fact that less than 4 percent of the City's housing stock was constructed before 1980. By contrast 54 percent of the housing stock was built between 1990 and 1999. This is a significant finding which may impact the demand for housing rehabilitation assistance programs. Major building systems (e.g., plumbing, roofing) begin to show wear after 30 years, so while the City's housing stock does not presently require larger resources to support rehabilitation programs, the situation may change as housing units age. It is important to note that while the housing stock is in good condition, some lower income, elderly or disabled homeowners may not have the financial resources or knowledge to undertake minor home improvements needed to maintain their homes or to improve accessibility.

Like rest of the nation, the City's homeowners experienced a significant drop in home values. Between 2007 and 2009, home values in the City dropped approximately 30 percent, and have remained relatively static over the past three years. Conversely, rents have increased modestly (2.4 percent over the past year).

As required by the State, the City has prepared a Housing Element that outlines a strategy to address housing needs. The City has identified vacant and underutilized land that is suitable for housing development and it is possible a portion of these units could be priced for lower income households. The Housing Element has also identified several barriers to the creation of housing opportunities in Rancho Santa Margarita. There are several market and environmental constraints that the City cannot control (e.g., price of land, cost of financing, seismic hazards); however, there are some actions the City can take to mitigate constraints imposed by local government action including assisting housing developers navigate the construction planning/permitting process, and implementing incentive programs such as density bonus, which allows for more units to be constructed than allowed by zoning regulations in exchange for development of "affordable" housing units.

Similar to the City's housing stock, the City's public infrastructure and improvements are in good condition; however, some older neighborhoods in the City that are beginning to show signs of age. The City's Seven-Year Capital Improvement Budget has identified streets and sidewalks that are in need of repair, replacement or rehabilitation. Finally, with a population of approximately 50,000, it is likely that many residents are in need of free or reduced-cost services to meet a variety of needs, e.g., childcare, domestic violence counseling, or in-home support services. Local service providers have provided input on the number of clients they serve and the types of services needed.

## **STRATEGIC PLAN**

In order to effectively use CDBG funds, HUD requires the City to develop a Strategic Plan that prioritizes needs and outlines a course of action that can be implemented to meet these needs. The Strategic Plan addresses the City's priority housing and service needs and also establishes goals and outcomes for this public investment.

### **Housing Goals**

- Preserve the City's housing supply by providing rehabilitation grants to qualified homeowners
- Assist lower income renters obtain/maintain affordable housing by supporting the Orange County Housing Authority and its efforts to obtain additional financial resources to expand the federal rental assistance program

**Homeless Goals**

- Assist households at risk of becoming homeless by supporting community-based agencies that provide monetary assistance and counseling services to households on the verge of eviction.
- Assist those already homeless by supporting programs that provide short-term and interim housing and services that help the homeless become self-sufficient.

**Special Needs Goals**

- Support community organizations that serve the frail elderly, elderly and persons with disabilities. Services should help individuals maintain independent living and/or improve their quality of life.

**Community Needs Goals**

- Support agencies that provide quality services for lower income youth and their families; services should help nurture academics and character building.
- Support agencies that provide quality services for lower families and individuals; services should address an immediate need and help build self-reliance.

**Public Infrastructure and Improvement Goals**

- Invest in the City's neighborhoods by eliminating deteriorating infrastructure (e.g., streets and sidewalks) and also provide for improved mobility access for persons with disabilities.

**Program Administration Goals**

- Ensure housing opportunities are available in a manner that is free of discrimination.
- Ensure CDBG funds are managed in an effective and efficient manner and comply with all applicable regulations,

**2011-2012 ANNUAL ACTION PLAN**

Where the Strategic Plan outlines broader programs, objectives and outcomes over a five-year period, the Annual Action Plan details the specific activities in which the City will invest its CDBG allocations during a 12-month period. The Action Plan also acts as the City's application to HUD for CDBG funding, estimated at \$222,880 for Fiscal Year 2011-2012. The table below lists the activities slated for CDBG funding during Fiscal year 2011-2012; the Action Plan lists the specific activities, location and anticipated outputs that will be undertaken with CDBG funding. While the Consolidated Plan is updated every five years, the Action Plan is prepared on an annual basis.

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| ▪ Services that assist elderly, disabled, homeless, and lower income residents: | \$33,216  |
| ▪ Street/Sidewalk ADA improvements:   | \$153,227 |
| ▪ CDBG Administration and fair housing services:                                | \$35,000  |

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