



Agenda Item

Orange City Council

Item #: 9.1.

12/9/2025

File #: 25-0611

TO: Honorable Mayor and Members of the City Council

THRU: Jarad Hildenbrand, City Manager

FROM: Russell Bunim, Community Development Director

1. SUBJECT

Public Hearing to consider a Substantial Amendment to the Fiscal Year 2025-2026 Annual Action Plan that is included in the 2025-2029 Consolidated Plan to establish a Business Assistance Façade Program.

2. SUMMARY

A Substantial Amendment to the 2025-2026 Annual Action Plan, included as part of the 2025-2029 Consolidated Plan, proposing to establish a Community Development Business Façade Program aimed at enhancing commercial corridors within Community Development Block Grant eligible areas and allocate \$150,000 in available unspent funding from Fiscal Years 2023, 2024 and 2026 to the program.

3. RECOMMENDED ACTION

1. Approve the Substantial Amendment to the 2025-2026 Annual Action Plan that is included in the 2025-2029 Consolidated Plan to create a Community Development Business Façade Program activity.
2. Allocate \$100,000 to the Community Development Business Façade Program from the following sources:
 - a. \$45,741 from the Fiscal Year 2025-2026 Community Development Business Assistance Program (Admin)
 - b. \$36,973.89 from Fiscal Year 2022-2023 unspent entitlement funds
 - c. \$67,285.11 from Fiscal Year 2023-2024 unspent entitlement funds
3. Approve grant awards up to \$50,000 for each eligible business.
4. Approve priority for eligible businesses providing 25% or more in matching funds.
5. Authorize staff to incorporate public comments received into the Substantial Amendment.
6. Authorize the City Manager or his designee to approve non-material changes to the Substantial Amendment if needed and execute any documents or agreements required by the Department of Housing and Urban Development.
7. Authorize staff to submit the Substantial Amendment to the Department of Housing and Urban Development.

4. FISCAL IMPACT

The expense for this activity is \$150,000 and will be funded through Community Development Block Grant Fund (310).

5. STRATEGIC PLAN GOALS

Goal 2: Enhance Economic Development and Achieve Fiscal Sustainability

Goal 3: Enhance Public Communication Strategy and Quality of Life

6. DISCUSSION AND BACKGROUND

The U.S. Department of Housing and Urban Development (HUD) mandates that jurisdictions receiving annual entitlement funding through the Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) Programs develop a Consolidated Plan (Con Plan) every five years. The Con Plan is designed to establish the City's housing and community development priorities, ensuring alignment with the objectives of the CDBG and HOME programs. Serving as a comprehensive strategic framework, the Con Plan enables the City to assess affordable housing and community development needs, evaluate market conditions, and make informed decisions based on data analysis.

On June 24, 2025, the City formally adopted the 2025-2029 Con Plan, which identified economic development as a high-priority objective. As part of the Con Plan, the 2025-2026 Annual Action Plan (AAP) included funding in the amount of \$70,741 to support the creation of a Community Development Business Assistance Program aimed at advancing this priority.

2025-2026 Annual Action Plan

The Con Plan is executed through AAPs, which provides a detailed summary of the strategies, activities, and allocation of federal and non-federal resources each year to address the priorities identified in the Con Plan. The 2025-2029 Con Plan includes the 2025-2026 AAP, which is the first year of the five-year cycle.

Community Development Business Façade Program

The Community Development Department is proposing the establishment of a Business Façade Program aimed at revitalizing commercial corridors within eligible CDBG areas. The program would provide financial assistance to improve building exteriors visible from the public right-of-way, thereby enhancing neighborhood aesthetics and supporting local economic development.

Eligible improvements may include, but are not limited to:

- Architectural design services and related professional fees
- Labor, materials, and fixtures
- Restoration of historical or architecturally significant façade elements
- Gutters and downspouts
- Doors and windows
- Exterior painting, including murals
- Exterior lighting affixed to the building
- Siding and trim enhancements, including awnings and planter boxes
- Soffit and fascia repairs
- Decorative fencing to improve curb appeal
- Display windows and lighting for retail, restaurant, or service businesses
- Signage integrated into the building's architectural design
- Accessibility improvements for individuals with disabilities
- Installation or repair of awnings or shade structures
- Roofing repairs or replacement
- Interior blight remediation addressing code violations (e.g., accessibility, fire safety, mold)

The proposed program would provide grants of up to \$50,000 per eligible business located within designated CDBG areas determined by the adopted and most current CDBG eligibility area map. Staff is recommending that priority consideration be extended to businesses that contribute matching funds of 25% or more.

Proposed Funding

The funding for the Business Assistance Façade Program would not impact current projects and programs funded with CDBG. The funding for the program would come from the following sources:

1. \$45,741 from the \$70,741 allocated in the 2026-2027 AAP, included in the 2025-2029 Con Plan, for the development of a business assistance program (administration). The transfer will leave \$25,000 for the administration and development of the program and keep the administration allowance within the administrative cap.
2. Unspent funds from Fiscal years 2023 and 2024 funded projects that had savings from their approved budgets in the following fiscal years:
 - a. \$36,973.89 from Fiscal Year 2022-2023
 - b. \$67,285.11 from Fiscal Year 2023-2024

Citizen Participation Process

The Citizen Participation Plan (CPP) outlines the procedures for citizen participation in the planning process of the Con Plan and AAP. Pursuant to the City's CPP, the City shall amend the approved Consolidated Plan and Annual Action Plan when there is a:

- Substantial change (20% or more) in its allocation priorities or a substantial change in the method of distribution of funds takes place; or
- Carries out an activity, using funds from any program covered by the Con Plan (including program income) not previously described in the action plan; or has a
- Substantial change in the purpose, scope, location, or beneficiaries of an activity.

The City of Orange applied its substantial change criteria based on the introduction of a new activity not previously included in the City Council approved 2025-2026 AAP. The proposed funding allocation exceeds 20% of the original allocation, constituting a substantial amendment under the City's adopted guidelines.

CDBG Committee Public Hearing

On October 16, 2025, the CDBG Committee held a public hearing to review the proposed establishment of a Business Assistance Façade Program. During the hearing, the Committee also considered and discussed additional business assistance initiatives, including:

- Microenterprise Assistance (five or fewer employees, including owner) including training and technical assistance, startup for LMI entrepreneurs
- Financial assistance for growth or job retention, including loans/grants for equipment, working capital, expansion; job creation or retention.
- Technical assistance for small businesses including business counseling or mentoring,

marketing, legal/accounting advice; procurement training

- Job training and workforce development

In addition, the Committee discussed the advantages of a façade program, including:

- Visible community impact with tangible results that make storefronts more inviting, especially for older businesses with deteriorating buildings
- Revitalization of commercial corridors to increase foot traffic by making businesses more appealing and reduce commercial vacancies
- Do not have complex underwriting and job creation documentation, are lower risk for fraud, and easier to administer
- Create community pride for surrounding neighborhoods
- Buildings stay within the City of Orange

After deliberation, the Committee voted unanimously to recommend the establishment of a Business Assistance Façade Program and allocate \$150,000 in available CDBG funds to support its implementation.

30-Day Public Review of Substantial Amendment

Copies of the Substantial Amendment were made available for a 30-day public review and comment period, beginning October 30, 2025, and concluding on December 1, 2025 on the City's website and at the following locations:

- City Clerk's Office - 300 East Chapman Avenue, Orange, CA 92866
- Community Development Department - 300 East Chapman Avenue, Orange CA 92866
- Orange Main Library - 407 East Chapman Avenue, Orange, CA 92866
- El Modena Branch Library - 380 S. Hewes Street, Orange, CA 92866
- Taft Branch Library - 740 East Taft Avenue, Orange, CA 92865
- City Website: www.cityoforange.org/our-city/departments/community-development/housing/cdbg

No comments were received.

Staff recommends the approval of the Substantial Amendment to the 2025-2026 AAP, included in the 2025-2029 Con Plan, and the initial funding of \$150,000 to implement the program.

7. ATTACHMENTS

- Substantial Amendment to the 2025-2026 Annual Action Plan
- 2025-2029 Consolidated Plan