



# Agenda Item

## Orange City Council

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Item #: 10.2.

6/23/2026

File #: 26-0270

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**TO:** Honorable Mayor and Members of the City Council

**THRU:** Jarad Hildenbrand, City Manager

**FROM:** Russell Bunim, Community Development Director

### 1. SUBJECT

Policies and Procedures for the Business Assistance Façade Program funded through the Community Development Block Grant Program

### 2. SUMMARY

Consideration of the draft Policies and Procedures for the Business Assistance Façade Program for submission to the Department of Housing and Urban Development.

### 3. RECOMMENDED ACTION

1. Approve the Policies and Procedures for the Business Assistance Façade Program.
2. Submit the Policies and Procedures for the Business Assistance Façade Program to the Department of Housing and Urban Development for approval.

### 4. FISCAL IMPACT

None.

### 5. STRATEGIC PLAN GOALS

Goal 2: Enhance Economic Development and Achieve Fiscal Sustainability

### 6. DISCUSSION AND BACKGROUND

On June 24, 2025, the City approved the implementation of a Business Assistance Program through the adoption of the FY2025-2026 Annual Action Plan (AAP), with initial funding of \$70,741 of Community Development Block Grant Funds (CDBG). The Annual Action Plan provides a comprehensive summary of the strategies, activities, and federal and non-federal resources allocated each year to address the specific needs and objectives identified in the Consolidated Plan (Con Plan). The Con Plan is a five-year plan completed by the City that establishes the housing and community development priorities, ensuring alignment with the objectives of the CDBG and HOME Investment Partnerships (HOME) programs. The Con Plan serves as a strategic framework that enables the City to assess affordable housing and community development needs, evaluate market conditions, and make informed decisions based on data analysis. The 2025-2026 AAP is the first year of the 2025-2029 Con Plan.

#### Community Development Façade Program

On December 9, 2025, the City approved a Substantial Amendment to the 2025-2026 AAP that

proposed establishing a Community Development Façade Program (Façade Program) activity to provide financial assistance to improve building exteriors visible from the public right-of-way to enhance neighborhood aesthetics and support local economic development. The approved initial funding for the Façade Program was \$150,000.

### **Program Name Proposal**

Staff proposes to establish the Supporting Local Investment in Commercial Exteriors (SLICE) Program. The acronym “SLICE” was intentionally selected to reflect the program’s purpose of supporting targeted improvements to commercial properties while creating a recognizable, place-based identity that aligns with the City of Orange. Establishing a clear, memorable program name is intended to support outreach, increase visibility, and encourage participation among local businesses through a clear and recognizable program identity.

### **Funding Limits**

Funding levels and limits have been established to ensure equitable distribution of funds while maximizing the number of businesses served. The SLICE Program is designed to provide façade improvement grants of up to \$50,000 per business to eligible for-profit businesses located within low- and moderate-income (LMI) areas. Eligible improvements include exterior rehabilitation, accessibility upgrades, and other visible enhancements that contribute to improved building appearance and public benefit.

The program also includes provisions to allow participation by multi-tenant commercial properties, such as strip malls and shopping centers, recognizing that many small and locally owned businesses operate within these types of commercial settings. Each tenant benefiting from improvements will be treated as an individual assisted business and will be subject to a maximum grant award of \$50,000 per tenant. To promote equitable distribution of limited CDBG funds and maximize the number of businesses served, the total grant award for any one multi-tenant commercial property will not exceed \$150,000, regardless of the number of businesses assisted. This structure allows multiple small businesses to benefit while preventing a disproportionate share of limited federal funds from being allocated to a single property.

Funding will be provided on a reimbursement basis, with payments issued following verification of completed work in accordance with program requirements. This approach ensures accountability and safeguards the proper and compliant use of public funds.

### **Business Selection**

The program incorporates a competitive application process with a standardized scoring system that evaluates projects based on factors such as LMI area benefit, visibility, business impact, project readiness, and level of private investment. The program prioritizes small and locally owned businesses, particularly those serving neighborhood needs within LMI areas in eligible CDBG areas. A minimum of 25% match contribution is required to leverage private funding and maximize the impact of CDBG resources. Projects that demonstrate a higher-than-required match contribution will receive additional consideration through the scoring process, further incentivizing private investment and increasing the overall impact of available program funds.

Additionally, program requirements related to cost allocation, cost reasonableness, and limitations on assistance are incorporated to prevent undue private benefit and ensure compliance with federal regulations.

To ensure compliance with CDBG regulations, the program includes requirements related to

environmental review, procurement, financial management, duplication of benefits, and ongoing monitoring. The City will maintain documentation demonstrating that all assisted activities meet the Low- and Moderate-Income Area (LMA) National Objective.

### **Marketing**

The City will conduct targeted outreach to ensure broad awareness of the program, including the use of social media, direct business engagement, partnerships with local organizations, and multilingual materials to reach underserved business communities. These efforts are intended to promote equitable access to program resources and ensure participation from a diverse range of local businesses.

### **Program Administration & Compliance**

The SLICE Program is structured to ensure strong fiscal oversight and compliance with federal requirements. All projects will be subject to environmental review prior to the commitment of funds, and no construction may begin until clearance is obtained. Funding will be provided on a reimbursement basis, with payments made directly to contractors upon verification of completed work.

To ensure long-term public benefit, projects receiving more than \$25,000 in assistance will be subject to a recorded use restriction. The City will also implement monitoring procedures to verify compliance with program requirements and retains the ability to recapture funds if conditions of the grant agreement are not met.

The proposed program structure is designed to balance accessibility for small businesses with strong federal compliance and fiscal safeguards. By establishing clear funding limits, leveraging private investment, and prioritizing high-impact improvements, the program maximizes the effectiveness of limited CDBG resources while ensuring equitable distribution of funds.

### **CDBG Committee Recommendation**

The CDBG Committee convened on April 30, 2026 to consider the draft Policies and Procedures presented for the Business Assistance Façade Program. The Committee voted unanimously to recommend the Policies and Procedures, with Committee Members Le, Lozano, and Vaughn absent.

### **Updates to Draft Policies and Procedures**

Administrative revisions were made to the draft Policies and Procedures previously presented to the CDBG Committee to provide further clarification.

In addition, the following updates were made:

1. Clarification and addition of definitions related to Low- and Moderate-Income (LMI) persons and the Low- and Moderate-Income Area (LMA) National Objective.
2. Clarification of eligible ADA-related improvements, limiting eligibility to exterior and entrance-related accessibility improvements associated with the project.
3. Clarification of the service area definition, establishing a one-mile radius from the business location, with documentation required to demonstrate that at least 51% of residents within the area are low- and moderate-income.
4. Clarification of tie-breaker procedures for applications receiving identical scores, including prioritization based on private investment, the number of LMI serving tenants, and support for

small businesses demonstrating strong neighborhood-serving characteristics.

5. Addition of language requiring SLICE funded improvements to be maintained in good condition, consistent with the approved project scope, and in active commercial use for a minimum period of five years following project completion.

6. Clarification of monitoring procedures and compliance requirements.

Sections related to code compliance corrections were removed to maintain the program's focus on exterior façade improvements and minimize expansion into broader rehabilitation activities, consistent with recommendations from the City's consultants.

## **7. ATTACHMENTS**

- Draft Policies and Procedures for the Business Assistance Façade Program