

STAFF REPORT*CITY OF OCEANSIDE*

DATE: March 27, 2024

TO: Honorable Mayor and City Councilmembers

FROM: Neighborhood Services Department

SUBJECT: HOUSING AND URBAN DEVELOPMENT 2024-25 ANNUAL ACTION PLAN BUDGET

SYNOPSIS

Staff recommends that the City Council:

1. Receive a report on the anticipated Fiscal Year (FY) 2024-25 Housing & Urban Development (HUD) program budget for the Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) programs, allocating funding for various housing and community development activities, planning, and program administration to be included in the FY 2024-25 Annual Action Plan;
2. Conduct a public hearing on the prioritization of the grant funds and development of the 2024-25 Annual Action Plan; and,
3. Close the Public Hearing and initiate the 30-day comment period.

BACKGROUND

As a designated U.S. Department of Housing and Urban Development ("HUD") entitlement community, the City of Oceanside receives Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) funds, collectively known as "HUD funds". HUD funds are aimed to fund diverse programs and services to enhance the quality of life for Oceanside's most vulnerable populations.

HUD regulations require that entitlement jurisdictions adopt a five-year Consolidated Plan for Housing and Community Development and annual Action Plans for the use of its HUD funds. The Consolidated Plan describes the housing and community development needs of the City's low/moderate-income residents and outlines goals and objectives to address those needs over a five-year period and provides the framework for the City's annual Action Plan. The City Council adopted the 2020-25 Consolidated Plan on August 5, 2020; this plan will expire on June 30, 2025. The Annual Action Plan (AAP) presents the specific strategies and activities the City will undertake to fulfill the goals and objectives of the Consolidated Plan during a particular year, and shows how available resources will be used during that year as determined by public comment, outreach, and City Council.

The City has prepared, for public comment and review, the draft 2024-25 AAP. The Action Plan constitutes the City's formal funding application to HUD for the corresponding grant year. The 2024-25 Action Plan represents the fourth year of the Consolidated Plan period.

ANALYSIS

As of the date of this report, Congressional budget appropriations for Fiscal Year (FY) 2024-25 have not yet been adopted. For planning purposes and in the preparation of the Action Plan, staff assumes the availability of CDBG and HOME entitlement allocations currently received for FY 2023-24. In addition to its annual entitlement amount, the City will also allocate prior year unencumbered CDBG and HOME funds. These funds typically become available as projects are completed under budget, loans are repaid or other program income is generated.

Staff anticipates that the City will have available a total of \$2,139,635 in CDBG funds and \$974,065 in HOME funds available for the upcoming fiscal year for eligible programs and activities (Attachments A and B).

Table 1: FY 2024-25 CDBG and HOME Funding Availability

CDBG	
2024-25 Entitlement	\$812,555
<i>2024/25 Entitlement - Public Services at max 15%</i>	\$208,753
<i>2024/25 Entitlement - Administration at max 20%</i>	\$278,337
Program Income (repaid/unexpended funds from prior years)	\$92,040
Subtotal	\$1,391,685
2024-25 CDBG Unallocated Funds	\$747,950
Total 2024-25 CDBG Available Funding	\$2,139,635
HOME	
2024-25 Entitlement	\$461,331
<i>2024-25 Entitlement - Administration at max 10%</i>	\$88,406
<i>2024-25 Entitlement - CHDO at max 15%</i>	\$97,012
Program Income (repaid/unexpended funds from prior years)	\$237,310
Subtotal	\$884,059
2024-25 HOME Unallocated Funds	\$90,006
Total 2024-25 HOME Available Funding	\$974,065
TOTAL HUD Funds	\$3,113,700

CDBG Program:

The primary objective of the CDBG Program is the development of viable urban communities, principally for low- and moderate-income persons, through decent housing, a suitable living environment and expanded economic opportunity. The City may allocate its CDBG funding to a range of eligible activities, including housing rehabilitation, home ownership, capital improvement projects, public services, economic development, and other community development activities. HUD regulations limit ("cap") use of CDBG funds for administration to 20 percent and public services to 15 percent of the entitlement grant for the year. All activities funded through the CDBG program must meet one of three National Objectives:

1. Benefit low- and moderate-income persons through social services, housing, or infrastructure projects;
2. Prevent or eliminate slums and blight through residential or commercial rehabilitation; or
3. Meet an urgent local need (such as the prior firestorms and floods in San Diego County).

Projects are then classified into three distinct categories:

1. Administration and Planning
2. Public Services
3. Capital Improvement Projects ("CIPs") and Community Development

Below is a summary of the funding recommendations for a total of \$1,391,685 in programs and activities under each respective category.

1. Administration, Planning, and Housing Rehabilitation

Funds under this category cover all City staff costs associated with the management and administration of the City of Oceanside's CDBG program including regulatory compliance, contract administration, subrecipient monitoring and fiscal management and preparation of the required planning documents. The Administration and Planning category also includes housing program development, activities to promote fair housing and management of neighborhood revitalization programs. Per HUD regulations, administration and planning activities are capped at 20 percent of the annual entitlement allocation and current year program income, or approximately \$278,337.

2. Public Service Activities

Per HUD regulations, funding of public service activities is capped at 15 percent of the annual entitlement allocation and prior year program income, or approximately \$208,753. Public service activities are those services that address the economic health and welfare needs of low- and moderate-income residents that may include education, youth recreation and services for seniors.

3. Capital Improvement Projects ("CIPs") and Community Development

After the Public Services and Administration activities are funded, remaining funds may be used for eligible CIPs, public facility improvements, and other housing/community development related activities.

- *Section 108 Loan Repayment.* The City continues to make payments on an annual basis on its Section 108 Loan for construction of Fire Station 7. Payments on this loan began in FY 2008-09 and are amortized over twenty years, with \$257,546 due in FY 2024-25. The total balance remaining is \$1,066,441.53 and will be fully paid in FY 2028-29.
- *Housing Programs.* The Housing and Neighborhood Services Department (NSD) manages housing rehabilitation programs, including loans to low-income homeowners and grants to very low-income mobile home owners. Existing housing programs are funded with prior year dollars with a combined allocation of \$430,000; the FY 2024-25 budget includes \$150,000 for single family rehab, \$150,000 for mobile home grants, and \$130,000 for project management and loan services.
- *Public Facilities.* Several capital projects have been identified with the assistance of community input received through the Parks & Recreation Master Plan, the Crown Heights Neighborhood, Tri City Neighborhood and Libby Lake Community Groups. Staff prioritized these projects over the Consolidated Plan five-year cycle.

The list of agencies and programs recommended for CDBG funding in FY 2024-25 is shown in Attachment A. The recommendations are based upon past allocations and feedback from the community and consistent with direction to limit funding to programs and activities that are offered through City resource centers, recreation facilities, and senior centers, or that serve CDBG-eligible neighborhoods. CDBG funds must be used to supplement, not supplant, other funding including existing General Fund support for programs.

HOME Program:

The HOME Program goal is to preserve and increase the supply of decent, safe and sanitary affordable rental and owner-occupied housing for low-income households at 80% or below of the San Diego County Area Median Income (AMI). Eligible activities for the use of HOME Program funds include:

- New construction
- Acquisition
- Rehabilitation
- First time homebuyer assistance
- Tenant-based rental assistance
- Program Administration

In the draft FY 2024-25 Action Plan, staff is proposing funding for programs and activities using a total of \$974,065 in HOME entitlement and Program Income funds, as shown in Attachment B.

1. Administration

Per HUD regulations, administration and planning activities are capped at 10 percent of the annual entitlement allocation, or approximately \$88,406.

2. Community Housing Development Organization (CHDO)

Per HUD regulations, at least 15 percent of HOME funds must be set aside for specific activities to be undertaken by a special type of nonprofit called a Community Housing Development Organization (CHDO), or approximately \$97,012.

3. Tenant Based Rental Assistance (TBRA)

The NSD has contracted with Interfaith Community Services (ICS) and implemented a TBRA program. TBRA is a bridge program for those families struggling to pay rent at this time but with case management, housing navigation and other assistance provided by ICS will stabilize their housing and income within a short time frame. To ensure sufficient funds to operate the two-year program staff recommends allocating an additional \$178,647 to assist families at-risk of becoming homeless.

FY 2023-24 Annual Action Plan	\$1,114,851
FY 2024-25 Annual Action Plan	\$178,647
Total	\$1,293,498

Citizen Participation through Planning Process

Engaging residents and community members in defining and understanding the current housing and community development needs while prioritizing these HUD resources to address these needs is a key component of the development of the Consolidated Plan and the AAP. The City is required by HUD to gather input from its residents, including minorities, non-English speaking persons, low/moderate-income residents, persons with disabilities, advocates for seniors, disabled, illiterate and homeless, whom the grant programs are designed to serve. Public input received is used to establish the strategies and funding priorities.

Beginning on January 26, 2024, staff has been soliciting public comment in its listening sessions with the public and partnering agencies to discern housing and community development needs and priorities. A summary of public comments (Attachment C) received will be included with the final AAP submitted as required by the HUD regulations. The draft AAP, being presented at this time, will be available for a 30-day public review and comment period beginning with the March 27 2024, Public Hearing. Following the public review and comment period, staff will submit the 2024-25 Action Plan, with the inclusion of changes made to the AAP as a result of public comments, to the City Council for review and consideration. City Council consideration is anticipated on May 8, 2024. The City must submit an approved AAP to the HUD Los Angeles Field Office for review no later than May 15, 2024.

In addition to the public outreach to date, the February 27, 2024 Housing Commission meeting, the 30-day public review and comment period, and the Public Hearing are avenues for the community to engage in the prioritization of the grant funds and the development of the 2024-25 Action Plan for the final year of the five-year Consolidated Plan.

FISCAL IMPACT

The 2024-25 Annual Action Plan refers to the City's planned use of federal and state entitlement funds. These funds must supplement, and not supplant, existing funding sources. Staff anticipates that the City will receive \$1,299,645 of CDBG entitlement funds, an estimated \$92,040 in program income, and \$646,749 in HOME funds and an estimated \$237,310 in HOME program income. The CDBG and HOME grant allocations will be incorporated into the City's FY 2024-25 budget. Public service and planning and administration allocations must be used by the end of the particular program year; capital projects should be completed within twenty-four months.

CDBG and HOME funds are drawn down only as reimbursement for expenditures. All expenditures must be for eligible activities and according to the budget approved by the City Council. CDBG funds are in Fund 237. The CDBG Program has no impact on the General Fund.

INSURANCE REQUIREMENTS

Does not apply.

COMMISSION OR COMMITTEE REPORT

The 2024-25 HUD Funding Priorities was approved by the Housing Commission at its regularly scheduled meeting on February 27, 2024.

CITY ATTORNEY'S ANALYSIS

The City Council is authorized to hold a public hearing in this matter. Consideration of the matter should be based on the testimony and evidence presented at the hearing.

RECOMMENDATION

Staff recommends that the City Council:

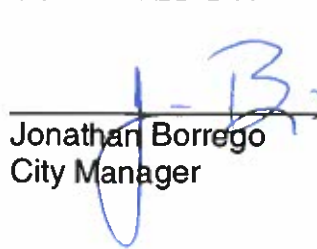
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PREPARED BY:



Cecilia Barandiaran
Management Analyst

SUBMITTED BY:



Jonathan Borrego
City Manager

REVIEWED BY:

Leilani Hines, Housing and Neighborhood Services Director

Jill Moya, Financial Services Director



Auth for L.H.
JM

ATTACHMENTS:

- A – CDBG Program Budget
- B – HOME Program Budget
- C – Public Comment Summary

CDBG PROGRAM BUDGET (2024-2025 Pending Council Approval)

Revenue	BUSINESS UNIT	FY23-24	FY 24-25	Change from FY2024-2025	NOTES
a. CDBG entitlement grant		\$ 1,299,645	\$ 1,299,645	\$ -	
b. Program income current year		\$ 109,242	\$ 92,040	\$ (17,202)	
c. Unallocated CDBG funds		\$ 490,549	\$ 747,950		
Total CDBG Revenue current year		\$ 1,899,436	\$ 2,139,635	\$ 240,199	
Expenditures 2024-25					
a. CDBG Administration and Planning:					
1. Housing Program Development	921477200237	\$ 141,627	\$ 139,593	\$ (2,034)	
2. Fair Housing Programs	921477200237	\$ 25,000	\$ 25,000	\$ -	
3. Grants Administration	921769000237	\$ 115,150	\$ 113,744	\$ (1,406)	
Total Administration and Planning / Cap		\$ 281,777	\$ 278,337	\$ (3,440)	20% = \$278,337
Admin and Planning cap figured at 20% entitlement plus current year program income					
			\$ 278,337		
b. CDBG Public Services:					
1. Teen Programs	921634600237	\$ 17,563	\$ 17,349	\$ (214)	
2. Parks & Recreation 4 Kids Sake	921634700237	\$ 17,563	\$ 17,349	\$ (214)	
3. Senior Nutrition Program	921558500237	\$ 30,787	\$ 30,411	\$ (376)	
4. Vista Community Clinic Teen REACH	921559400237	\$ 18,973	\$ 18,741	\$ (232)	
5. Vista Community Clinic Club 55	822138500237	\$ 13,685	\$ 13,518	\$ (167)	
6. Community Resource Centers	921115300237	\$ 93,789	\$ 92,644	\$ (1,145)	
7. North County Lifeline Youth Programs	921549500237	\$ 18,964	\$ 18,741	\$ (223)	
Total Public Services and Cap		\$ 211,324	\$ 208,753	\$ (2,571)	15% = \$208,752
Public Services cap figured at 15% entitlement plus prior year's program income					
			\$ 208,753		
c. Housing Rehabilitation					
1. Single Family Rehabilitation Loans*		\$ 150,000	\$ 150,000		
2. Mobilehome Rehabilitation Grants		\$ 150,000	\$ 150,000		
3. Program Management and Loan Services	921476300237	\$ 130,000	\$ 130,000	\$ -	
Total Housing Rehabilitation		\$ 430,000	\$ 430,000	\$ -	
d. Section 108 Loan Payment					
	921769500237	\$ 251,335	\$ 257,546	\$ 6,211	
e. Capital Projects					
Crown Heights Resource Center Project	821166319237	\$ 200,000	800,000.00		
Libby Lake Park Lighting		\$ 125,000	65,000.00		
Country Club Senior Center Flooring Replacement		\$ -	100,000.00		
Libby Lake Futsal Court Design		\$ 400,000	-		
Total Capital		\$ 725,000	\$ 965,000		
Total CDBG Budget		\$ 1,899,436	\$ 2,139,635		

HOME PROGRAM BUDGET 2024-25 (Pending City Council Approval)

Revenue	BUSINESS UNIT	FY 2023-24	FY 2024-25	Change from FY 2023-24	NOTES
a. HOME entitlement grant		\$ 646,749	\$ 646,749	\$ -	
b. Program income current year		\$ 128,271	\$ 237,310	\$ 109,039	
c. <i>Unallocated HOME dollars</i>		\$ 501,518	\$ 90,006		
Total HOME Revenue current year		\$ 1,276,538	\$ 974,065	\$ (302,473)	

Expenditures 2024-2025

a. HOME Administration and Planning:

1. Administration @ 10% of allocation	923477500277	\$ 64,675	\$ 88,406	\$ 23,731	
2. CHDO @ 15% of entitlement	923479800277	\$ 97,012	\$ 97,012	\$ -	
					Prior year HOME dollars (TBRA II program has a 2-year commitment
3. TBRA	823153817277	\$ 1,114,851	\$ 178,647	\$ (936,204)	of \$1,293,498)
4. Homeownership	923182322277.5395	\$ -	\$ 610,000	\$ 610,000	
Total HOME Admin, CHDO, Project (and reserve bud		\$ 1,276,538	\$ 974,065	\$ (302,473)	

2023-24 CDBG Outreach Meeting Comments

FY 2024-25 Community Outreach Summary

1. North County LGBTQ Town Hall (1/26/24)
 - a. Need for more space – donations for purchase of Bread of Life building
 - b. Legislation advocacy
2. Libby Lake Resource Center (2/13/24)
 - a. Lighting
 - i. More light along Calle Avenida Descanso *
 - ii. Lighting at cul-de-sac (Calle Vallecito & Casa Dr) *
 - iii. Soccer field lighting in park
 - iv. More lighting in the streets *
 - v. More lighting in all of Oceanside *
 - b. Housing
 - i. More affordable housing *
 - ii. Help to buy a house or build Habitat houses *
 - iii. Housing for persons with lower-income *
 - c. General
 - i. Avenida Descanso / Calle de Retiro – bumps and Anne Sladdon
 - ii. Basketball Court
 - iii. Tree lights (brighter lights), basketball courts, drainage for flooding at Libby Lake, baseball field, soccer field, flat surface park, leveled area (park lights), park lights, bigger bathrooms
3. Crown Heights Resource Center (2/29/24)
 - a. Crown Heights Traffic & Lighting
 - i. Install lighting at Horne Street and Oceanside High School
 - ii. Install speed bumps for the safety of the kids, cars do not respect stop signs *
Tree roots lifting and destroying sidewalk outside Oceanside High School *
 - iii. There are lots of potholes in the crossing of E. Minnesota Avenue and Vine Street *
 - iv. We need a stop sign at Center Avenue and N. Grant Street *
 - v. We need speed bumps at Division Street and more lighting at Cesar Chavez park *
 - vi. Stop at Division Street and Horne *
 - vii. Traffic control along the entire length of Division Street *
 - viii. Add lighting or light up crosswalk at the Grant and Center Street intersection *
 - ix. Renovate many of the alleyways and side roads *
 - x. Code enforcement for unhoused folks on Brooks Street *
 - xi. Fix lighting throughout neighborhood and especially Brooks Street *
 - b. Community-wide Comments
 - i. Stop sign at Jefferson school *
 - ii. We need more stops at Mission and Airport Road, San Diego Street and Holly also at the Mission Cove apartments *
 - iii. Bus stop on mission near the airport needs to be fixed *
 - iv. Traffic control on San Diego Street and Holly road *
 - v. Add stops to Mission Cove if possible

* Comment translated from Spanish