



PUBLIC HEARING

City of San Bernardino Request for Council Action

Date: June 4, 2025

To: Honorable Mayor and City Council Members

From: Bill Gallardo, Interim City Manager;
Gabriel Elliott, Director of Community Development & Housing

Department: Community Development & Housing

Subject: **Draft Fiscal Year 2025-2029 Consolidated Plan, Draft Analysis of Impediments to Fair Housing, and Draft FY 2025-2026 Annual Action Plan Associated with the Community Development Block Grant, HOME Investment Partnerships, and Emergency Solutions Grant Programs (All Wards)**

Recommendation:

It is recommended that the Mayor and City Council of the City of San Bernardino, California:

1. Conduct a Public Hearing to receive public comments on the draft Fiscal Year 2025-2029 Consolidated Plan, draft Analysis of Impediments to Fair Housing Choice, and draft Fiscal Year 2025-2026 Annual Action Plan associated with the Community Development Block Grant, HOME Investment Partnerships, and Emergency Solutions Grant Programs; and
2. Authorize the City Manager, or designee, to take any further actions and execute any documents and agreements as necessary to effectuate the submittal of the draft Consolidated Plan and draft Annual Action Plan and necessary certifications to the United States Department of Housing and Urban Development.

Executive Summary

This staff report presents the draft 2025–2029 Consolidated Plan (Con Plan), the draft Analysis of Impediments to Fair Housing Choice (AI), and the draft Fiscal Year 2025–2026 (FY25-26) Annual Action Plan (AAP) for the City of San Bernardino for review,

recommendations, and public input. These federally required planning documents guide the City's use of over \$4 million annually in U.S. Department of Housing and Urban Development (HUD) funding provided through the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Emergency Solutions Grant (ESG) programs. Comments and recommendations from the City Council and the public will inform the final plans, helping ensure alignment with the City's goals of equitable investment and enhanced quality of life.

Background

As an entitlement jurisdiction, the City of San Bernardino receives annual federal funding through the U.S. Department of Housing and Urban Development (HUD) under the Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), and Emergency Solutions Grant (ESG) programs.

To continue receiving these funds, HUD requires the City to develop and submit:

- A 5-Year Consolidated Plan, which identifies priority needs and strategies;
- An Analysis of Impediments to Fair Housing Choice, which evaluates barriers to fair housing and proposes remedies; and
- The Fiscal Year 2025-2026 Annual Action Plan (FY25-26 AAP), which outlines projects and programs for the upcoming fiscal year.

The current Consolidated Plan covering 2020/2021 to 2024/2025 will expire on June 30, 2025. The proposed 2025–2029 Consolidated Plan will guide the City's use of HUD funds over the next five years. The accompanying FY 2025–2026 Annual Action Plan is the first year of implementation under this new Consolidated Plan. On May 13, 2025, HUD announced the fiscal year 2025 allocations of funding approved for the City.

In preparation for the FY25–26 allocation cycle, the City's Housing Division released a Notice of Funding Availability (NOFA) in January 2025, soliciting project proposals from eligible nonprofit organizations, city departments, and other stakeholders. Applications were reviewed for alignment with HUD priorities, community needs, and compliance with applicable federal regulations. Projects recommended for funding are reflected in the draft Annual Action Plan.

Pursuant to HUD regulations (24 CFR Part 91) and the City's Citizen Participation Plan, a 30-day public comment period was provided from May 1, 2025, to May 30, 2025. A notice was published in the newspaper in English and Spanish, announcing the date and location of the public hearing to solicit feedback. Comments received during the public comment period and at the public hearing will be incorporated into the final documents as appropriate.

Additionally, in connection with the HOME Investment Partnership Program, on March 5, 2025, the Mayor and City Council approved an Exclusive Negotiating Agreement (ENA) with JHC Acquisitions LLC, an affiliate of Jamboree Housing Corporation. The ENA established a two-year negotiation period to finalize a Disposition and Development Agreement (DDA), which will address the terms for property conveyance,

project design, financing, construction, and long-term operations. Home funds are anticipated to support this project.

Discussion

The Consolidated Plan is based on a comprehensive community needs assessment, data analysis, and stakeholder consultation. It sets forth the City's strategic vision for housing, homelessness prevention, economic development, and neighborhood revitalization.

The Consolidated Plan:

- Identifies housing and community development needs;
- Establishes long-term objectives and measurable outcomes;
- Guides investments in low- and moderate-income neighborhoods; and
- Ensures compliance with federal regulations and the City's Citizen Participation Plan.

Priority needs identified include:

- Affordable housing preservation and production
- Homelessness prevention and rapid rehousing
- Public facility improvements
- Economic development and job creation
- Youth and senior services

This Plan reflects a citywide effort to promote equitable investment, preserve and create affordable housing, address chronic and transitional homelessness, and revitalize underserved neighborhoods over the five-year planning period from July 1, 2025, to June 30, 2030.

Analysis of Impediments to Fair Housing Choice (AI)

The AI is an assessment of fair housing laws, ordinances, statutes, and administrative policies of a state or a unit of local government, as well as local conditions that affect the location, availability, and accessibility of housing by examining barriers and impediments to fair housing choice. The development of an AI is part of the consolidated planning process required for all entitlement communities.

The AI outlines existing barriers to fair housing in San Bernardino, including discriminatory practices, lack of accessible housing, and limited housing choices. Strategies to address these include:

- Public education on fair housing rights
- Strengthened enforcement and outreach
- Collaboration with regional partners and housing providers

Notice of Funding Availability (NOFA)

The NOFA was widely distributed through Public Noticing in the newspaper, City's website, and social media to encourage participation from local nonprofits, housing developers, and community organizations. Organizations may only qualify for funding consideration by submitting an application during the NOFA period. All applications

were evaluated and considered for:

- Alignment with the City's 2025–2029 Consolidated Plan priorities
- Service to low- and moderate-income residents or neighborhoods
- Organizational capacity and past performance
- Cost-effectiveness and leverage of other resources
- Compliance with federal and local program requirements

Following staff review, top-ranked proposals were recommended for inclusion in the FY 2025–2026 Annual Action Plan.

CDBG

The CDBG program provides flexible funding to develop viable urban communities by:

- Providing decent housing
- Creating suitable living environments
- Expanding economic opportunities

All CDBG-funded activities must meet one of HUD's three national objectives:

1. Benefit low- and moderate-income (LMI) persons
2. Prevent or eliminate slums or blight
3. Meet an urgent community development need

ESG

The ESG program provides federal funding to assist individuals and families experiencing or at risk of homelessness. ESG funds are intended to:

- Prevent homelessness through rapid rehousing and homelessness prevention services
- Support emergency shelter operations and essential services for unsheltered populations
- Strengthen local service systems through coordination and data collection

The City uses ESG funds to support activities that align with its homelessness response strategy and the priorities of the local Continuum of Care.

Eligible ESG Activities Include:

- Street Outreach: Engagement, case management, and connections to housing or emergency services for unsheltered individuals
- Emergency Shelter: Operations and essential services such as meals, case management, and security
- Homelessness Prevention: Financial assistance and services to help people at risk of eviction remain housed
- Rapid Re-Housing: Short- and medium-term rental assistance and supportive services to quickly house homeless individuals and families
- HMIS/Data Collection: Support for the Homeless Management Information System (HMIS) used to track outcomes and coordinate care

All ESG-funded activities must comply with HUD regulations at 24 CFR Part 576 and

serve individuals and families who meet HUD's definition of homelessness or are at imminent risk.

HOME

The City allocates HOME funds in accordance to the Consolidated Plan and Annual Action Plan priorities, emphasizing long-term affordability, housing choice, and neighborhood stabilization.

The program provides funding for:

- Developing and rehabilitating affordable rental and ownership housing.
- Assisting low-income households with homebuyer down payment assistance.
- Supporting nonprofit housing development partners.
- Leveraging public and private investment to increase the supply of quality, affordable housing.

Eligible HOME Activities Include:

- Acquisition, rehabilitation, or construction of affordable rental housing
- Homebuyer assistance (down payment and closing cost subsidies)
- Owner-occupied housing rehabilitation
- Operating and capacity support for Community Housing Development Organizations
- Tenant-based rental assistance, as needed

HOME-assisted housing must meet income targeting and affordability requirements as defined in 24 CFR Part 92. The program is typically leveraged with other funding sources, including Low-Income Housing Tax Credits (LIHTC), local housing trust funds, and private investment.

FY2025-2026 Annual Action Plan (FY25-26 AAP)

The FY25-26 AAP represents the City's first-year implementation strategy under the 2025–2029 Consolidated Plan. The FY25-26 AAP outlines specific goals, projects, and funding allocations for the use of the CDBG, ESG, and HOME funds.

HUD allocations are:

- CDBG (\$2,712,293): Supporting administration, public services, facility improvements, and Section 108 debt repayment;
- HOME (\$1,149,833.55): Financing the development of affordable housing through strategic partnerships;
- ESG (\$241,347): Addressing homelessness through emergency shelter, prevention, and rapid rehousing.

At the time of publication, HUD had not yet released final entitlement grant allocations for the 2025–2026 program year. However, HUD has released the funding allocations, and the funding amounts have been adjusted proportionally for all the project budgets to reflect final allocations in accordance with HUD guidance and the City's Citizen Participation.

Draft	FY2025-2026	Annual	Action	Plan:
ACTIVITY	CDBG	ESG	HOME	
25/26 Grant Fund Allocation	\$2,712,293	\$241,347	\$	1,149,833.55
Reprogrammed Funds				
Program Income				
Total - FY25/26 Available Grant Fund	\$2,712,293	\$241,347	\$	1,149,833.55
Administration (maximum available)	\$542,458	\$18,101	\$	114,983.35
Section 108 Repayment	\$688,777.60			
Public Service (maximum 15%)	\$406,844			
Fair Housing (IFHMB) ¹	\$79,015			
SB Police Department	\$194,489			
Cedar House	\$24,692			
Pearl Transit	\$59,262			
Whole Person Care Clinic (WPCC)	\$49,385			
Public Service Program Total	\$406,843			
Public Facilities Projects	\$1,074,214			
SB HOPE Campus	\$1,074,214			
Public Facilities Projects Total	\$1,074,214			
Homeless Assistance ²		\$223,246		
Salvation Army		\$167,259.00		
Family Association of Redlands		\$55,987		
Homeless Assistance Total		\$223,246		
Housing Programs/Projects				
Jamboree (5th and Meridian)			\$	1,034,850.20
Housing Programs/Projects Total			\$	1,034,850.20
TOTAL FUNDED	\$2,712,293.00	\$241,347.00		\$1,149,833.55

¹Required for all jurisdictions receiving CDBG funds.

²May spend up to 60% on combined Emergency Shelter and Street Outreach activities

REQUIRED FUNDING ALLOCATIONS

The City is required to use a portion of its CDBG entitlement to repay outstanding obligations under the HUD Section 108 Loan Guarantee Program in accordance with 24 CFR 570.705(b)(2). As such, the City's FY25–26 AAP includes a designated line item to meet its mandatory loan repayment obligations and maintain compliance with federal loan terms and conditions.

The Section 108 activity is an ongoing CDBG obligation for a 17.43-acre commercial property on Highland Avenue between Arden Street and Guthrie Street. There is one remaining payment of \$652,290.90 due August 1, 2026. The City is moving forward

with selling the property to a developer who will build a multi-tenant commercial shopping center.

In accordance with 24 CFR 570.601(a)(2), the City is required to affirmatively further fair housing as a condition of receiving CDBG funds. To comply with this requirement, the city allocates funds to support fair housing education, outreach, counseling, and enforcement activities. These services are essential to addressing discriminatory practices, promoting housing choice, and ensuring equal access to housing for all residents, regardless of race, color, national origin, religion, sex, familial status, or disability.

CDBG PUBLIC SERVICES

The City received applications for FY 2025–2026 funding consideration. After a thorough review and evaluation, the City selected five organizations for inclusion in the draft Annual Action Plan due to limited funding availability.

1. **Inland Fair Housing Mediation Board:** to provide Fair Housing and Landlord/Tenant mediation services. (As required)
2. **San Bernardino Police Department PEACE Team:** Delivers outreach and services to individuals experiencing or at risk of homelessness, aiming to improve access to housing, support, and referrals that promote stability and prevent homelessness.
3. **Cedar House:** Provides comprehensive support for individuals facing drug and alcohol addiction, including treatment, outreach, and pathways to education and employment. The goal is to promote healing, improve access, and support long-term wellness for individuals and families.
4. **Pearl Transit:** Provides custom dentures, aligners, and bite guards as no-cost dental prostheses for low-income San Bernardino individuals, including those experiencing or at risk of homelessness.
5. **Whole Person Care Clinic:** This clinic provides short-term housing and supportive care for up to 160 individuals recovering from medical or behavioral health conditions. The program offers up to six months of services to promote recovery and connect participants to long-term housing.

The applications from Another Level Beyond Transitional Housing, Inland Empire Community Outreach Center, Vera Open Arms, and Upwards Inc. were not selected for funding due to one or more of the following reasons:

- (a) the proposals did not meet threshold eligibility requirements
- (b) lacked sufficient alignment with CDBG program priorities and national objectives
- (c) demonstrated limited capacity to carry out the proposed activities or fiscal responsibility, and program readiness.

CDBG PUBLIC FACILITIES

The draft Annual Action Plan including allocating all CDBG Public Facility funds to the San Bernardino HOPE Campus is a strategic investment that aligns with the City's Consolidated Plan priorities and CDBG-eligible uses by addressing homelessness through infrastructure that provides shelter, medical and behavioral health services,

and housing support. As a centralized service hub, the Campus offers long-term community impact, improves service coordination, and serves the City's most vulnerable residents. Concentrating funds enhances the project's viability, ensures compliance with accessibility and safety standards, and increases the City's ability to leverage additional federal and state resources to support and sustain the initiative.

ESG

The City received multiple proposals requesting ESG funds in excess of the total allocation available. Applications were evaluated based on several criteria, including project readiness, cost-effectiveness, alignment with ESG program priorities, demonstrated capacity, and ability to leverage additional funding sources.

The Homeless team recommends ESG funding to The Salvation Army and Family Service Association of Redlands for FY25-26. Based on the city's evaluation criteria, their proposals scored highest and demonstrated a strong capacity to deliver ESG-eligible services across a broad population.

The proposal submitted by VARP, Inc., was carefully reviewed. While it demonstrated alignment with the City of San Bernardino's Consolidated Plan goals, it was not selected for ESG funding at this time due to limited available resources and the competitive nature of the process. VARP, Inc. continues to be a valued service provider and will remain a subrecipient of funding under the Encampment Resolution Funding program, supporting the City's ongoing efforts to reduce unsheltered homelessness.

HOME

The Jamboree development includes 101 residential units. Of these, approximately eight (8) units will be reserved for individuals experiencing or at risk of experiencing homelessness. The remaining units will serve families earning at or below 60% of the Area Median Income. Planned on-site amenities include a community room with kitchen, computer lounge, basketball court, swimming pool, and tot lot.

The City intends to donate the subject property to support the project. In anticipation of future development, staff recommends allocating FY 2025-2026 HOME funds to the project. At a later date, a formal request for Council approval of the HOME Funding Commitment Agreements will be brought forward.

2021-2025 Strategic Targets and Goals

The funding recommendations will meet Key Target No. 2: Focused, Aligned Leadership and Unified Community by developing and implementing a community engagement plan and building a culture that attracts, retains, and motivates the highest quality talent; Key Target No. 3: Improved Quality of Life by reducing the burden of homelessness through engagement, collaboration, and alignment with other entities.

Fiscal Impact

The draft ConPlan, AI, and AAP are presented for City Council and public review, comment, and recommendation. These plans have no impact on the General Fund.

The recommended activities outlined in the AAP will be funded with Federal CDBG, ESG, and HOME funds.

Conclusion

It is recommended that the Mayor and City Council of the City of San Bernardino, California:

1. Conduct a Public Hearing to receive public comment on the draft Fiscal Year 2025-2029 Consolidated Plan, Draft Analysis of Impediments to Fair Housing Choice, and draft Fiscal Year 2025-2026 Annual Action Plan associated with the Community Development Block Grant, HOME Investment Partnerships, and Emergency Solutions Grant Programs; and
2. Authorize the City Manager, or designee, to take any further actions and execute any documents and agreements as necessary to effectuate the submittal of the draft Consolidated Plan and draft Annual Action Plan and necessary certifications to the United States Department of Housing and Urban Development.

Attachments

Attachment 1	Draft FY2025-2029 Consolidated Plan
Attachment 2	Draft Analysis of Impediments to Fair Housing Choice
Attachment 3	Draft FY2025-2026 Annual Action Plan

Ward:

All Wards

Synopsis of Previous Council Actions:

March 3, 2025 The Mayor and City Council approved the Exclusive Negotiating Agreement between the City and JHC Acquisitions LLC, an affiliate of Jamboree Housing Corporation.