



PUBLIC HEARING

City of San Bernardino Request for Council Action

Date: May 15, 2024

To: Honorable Mayor and City Council Members

From: Charles A. Montoya , City Manager;
Gabriel Elliott, Director of Community Development and Housing

Department: Community Development & Housing

Subject: **Adopt Fiscal Year 2024-25 Annual Action Plan for the Community Development Block Grant, HOME Investment Partnership 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. Approve and adopt the Fiscal Year 2024-25 Annual Action Plan for the Community Development Block Grant, HOME Investment Partnership, and Emergency Solutions Grant Programs; and
2. Adopt Resolution No. 2024-094, authorizing the acceptance and allocation of the Fiscal Year 2024-25 Annual Action Plan; and
3. Authorize the Director of Finance and Management to adjust the Fiscal Year 2024-2025 Budget appropriation to align with the Fiscal Year 2024-25 Annual Action Plan allocation; and
4. Authorize the City Manager or designee to take any further actions and execute any further documents as necessary to effectuate the submittal of the Fiscal Year 2024-2025 Annual Action Plan and certification to the U.S. Department of Housing and Urban Development.

Executive Summary

The United States Department of Housing and Urban Development (HUD) provides Community Development Block Grant (CDBG), Emergency Solution Grant (ESG), and HOME Investment Partnership Program (HOME) funds annually to the City based on a formula calculation to help develop viable urban communities improving the lives of low to moderate-income residents. Funds are also used to create economic

opportunities, provide assistance to homeless individuals and families, and develop affordable housing. Per HUD regulations, the City seeks to conduct a Public Hearing to collect resident views on housing and community development needs.

Background

The City of San Bernardino (City) is entitled to receive Community Development Block Grant (CDBG), HOME Investment Partnership (HOME), and Emergency Solutions Grant (ESG) funds from the United States Department of Housing and Urban Development (HUD). The funds are made available to provide decent housing, suitable living environments, and expanded economic opportunities, principally for low and moderate-income persons. Each year, the City prepares an Annual Action Plan (AAP), which describes how the City will spend its federal CDBG, HOME, and ESG funds that it expects to receive from the HUD.

The Fiscal Year 2024-25 (FY2024-25) AAP is intended to recognize and accept the new FY2024-25 HUD allocation of CDBG, HOME, and ESG funding and allocate these funds to activities that will address the strategies and objectives identified in the City's 2020-25 HUD Consolidated Plan that was approved by the City Council on April 15, 2020.

On May 1, 2024, the first public hearing for the FY 2024-25 AAP was conducted where staff presented their proposals for how to allocate the estimated CDBG, HOME, and ESG funding. The total allocation amounts that the City would receive were estimates based off previous allocations as the actual amounts were not yet provided by HUD. As part of their recommendation, staff proposed \$1 million in funding to be directed towards the El Sol Wellness Center. During the public hearing, Council directed staff to divide the proposed \$1 million in El Sol funding as follows:

- \$250,000 for the El Sol Wellness Center
- \$250,000 for the Encanto Park baseball field
- \$250,000 for the Gutierrez Park baseball field
- \$250,000 for the Project Fighting Chance

Discussion

To receive federal funding from HUD, the City must submit an AAP that identifies the proposed activities that will be used to address the priority needs and specific goals identified in the City's 2020-2025 (Five-Year) Consolidated Plan. For FY2024-25, the City has been allocated approximately \$2,746,082 in CDBG funds, \$1,160,208 in HOME funds, and \$258,646 in ESG funds. It is important to note that the total funding allocations that were presented at the May 1, 2024, Mayor and City Council Meeting were estimates based off allocations from previous years. On May 7, 2024, HUD provided the City with its actual funding allocations for FY 24-25, which accounts for the differences from the draft proposal that was originally presented.

Community Development Block Grant (CDBG)

The allocation for CDBG FY2024-25 is \$2,746,082, of which \$549,216 is allowed for program administration. The primary objective of the CDBG program is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate-income.

During the application period for CDBG, the City received 15 applications from the community. Staff recommends that both the San Bernardino Police Department and the Inland Fair Housing Mediation Board receive grant funding for their respective programs. The San Bernardino Police Department would develop a Quality-of-Life Team that would have a significant impact on interaction with the homeless population in the City. The Inland Fair Housing organization will have a significant impact on the LMI population by assisting with housing and with several workshops for educating the community. A full list of all applicants can be found in Attachment 3.

The final recommendations for CDBG funding, based on the HUD allocation and Council direction, is to reduce the El Sol allocation to \$250,000 and increase the Public Works allocation by \$750,000. In total, \$1,309,341 will be allocated to the City's Public Works department for capital improvement projects, with the following allocations being made administratively:

- \$250,000 for the Encanto Park
- \$250,000 for the Gutierrez Park
- \$250,000 for the Ruben Campos Community Center

It is important to note that in order to align Council's direction with federal rules and CDBG guidelines, staff must direct the \$250,000 Project Fighting Chance allocation to the Ruben Campos Community Center, which is the City facility that is used by Project Fighting Chance. The City cannot fund Project Fighting Chance directly with this portion of CDBG funds because federal regulations establishes a 15% cap (24 CFR 570.421d) on how much of the annual allocation can go towards "Public Service" activities (i.e., programs). The proposed funding for the Inland Fair Housing Mediation Board (which is required to be compliant with 24 CFR 570.487b) and the Police Department's Quality of Life Team (which Council did not change) uses all available funding for Public Service activities.

The \$1 million allocation that Council broke up into smaller \$250,000 allocations was for Public Facilities (i.e., capital improvement projects). As a result, staff will use that allocation to make capital improvements at the Ruben Campos Community Center, which will be to the benefit of community members and organizations who use that facility, such as Project Fighting Chance.

The table on the following page outlines the proposed CDBG funded activities.

Draft Proposal		City Council Disposition/HUD Allocation	
CDBG		CDBG	
Proposed Funding Activity	Amount	Proposed Funding Activity	Amount
Estimated 24/25 Grant Fund Allocation	\$ 2,900,000	Actual 24/25 Grant Fund Allocation	\$ 2,746,082
Reprogrammed Funds	\$ 520,000	Reprogrammed Funds	\$ 520,000
Program Income	\$ -	Program Income	\$ -
Total Available Funds	\$ 3,420,000	Total Available Funds	\$ 3,266,082
Administration	\$ 580,000	Administration	\$ 549,216
Section 108 Payment	\$ 745,612	Section 108 Payment	\$ 745,612
Subtotal	\$ 1,325,612	Subtotal	\$ 1,294,828
Public Service Programs		Public Service Programs	
Fair Housing	\$ 80,000	Fair Housing	\$ 80,000
SB Police Department	\$ 355,000	SB Police Department	\$ 331,912
Subtotal:	\$ 435,000	Subtotal:	\$ 411,912
Public Facility Projects		Public Facility Projects	
EI Sol	\$ 1,000,000	EI Sol	\$ 250,000
SB Public Works	\$ 659,388	SB Public Works	\$ 1,309,341
Subtotal:	\$ 1,659,388	Subtotal:	\$ 1,559,341
Grand Total:	\$ 3,420,000	Grand Total:	\$ 3,266,082

Jurisdictions receiving CDBG funds must use the funds to meet one of the three national objectives:

1. To benefit low and moderate-income persons;
2. To aid in the prevention or elimination of slums and blight; or
3. To meet community development needs having a particular urgency.

The City typically requests the maximum available funding allocation allowed for Administration, which includes staff salaries, office space, equipment, training, and other operational expenses. Additionally, the City is required to fund Section 108 Repayment (\$745,612) and Fair Housing services. For Public Services, the CDBG requirement restricts funding to 15% of the total CDBG allocation, or \$549,216. The Reprogrammed Funds in the amount of \$520,000 is reallocated grant funds from the previous fiscal year. These funds will be distributed among the approved subrecipients.

HOME Grant

The allocation for HOME for FY2024-25 is \$1,160,208 with \$116,201 allowed for program administration. The objectives of the program are:

Draft Proposal		City Council Disposition/HUD Allocation	
HOME		HOME	
Proposed Funding Activity	Amount	Proposed Funding Activity	Amount
Estimated 24/25 Grant Fund Allocation	\$ 1,460,936	Actual 24/25 Grant Fund Allocation	\$ 1,160,208
Reprogrammed Funds	\$ -	Reprogrammed Funds	\$ -
Total Available Funds	\$ 1,460,936	Total Available Funds	\$ 1,160,208
Administration	\$ 146,094	Administration	\$ 116,021
Subtotal	\$ 146,094	Subtotal	\$ 116,021
Affordable Housing Projects/Programs		Affordable Housing Projects/Programs	
Affordable Housing Projects	\$ 394,842	Affordable Housing Projects	\$ 124,187
NPHS	\$ 920,000	NPHS	\$ 920,000
Subtotal:	\$ 1,314,842	Subtotal:	\$ 1,044,187
Grand Total:	\$ 1,460,936	Grand Total:	\$ 1,160,208

- To strengthen the ability of state and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing.
- To provide assistance to participating jurisdictions for the development of affordable housing.
- To strengthen partnerships among all levels of government and the private sector.

This table shows the proposed fund activities and the final recommendations for HOME based on the HUD allocation and the City Council direction:

In program year 2023/2024 the Owner-Occupied Rehabilitation Program was paused due to Housing staff transitions. Staff recommends providing HOME funding to Neighborhood Partnership Housing Services (NPHS) for \$920,000. This will allow for a potential 20 households to be served, which will make up for the 2023/2024 shortfall. NPHS has a long-standing positive partnership with the City and has demonstrated responsible monitoring and program management.

Emergency Solutions Grant (ESG)

The City's total allocation for FY2024-25 ESG is \$258,646, of which \$19,398 is allowed for administration. The remaining \$253,040 can be directed towards programs that provide:

1. Engagement of individuals and families living on the streets.
2. Improvement of homeless shelters and operation of shelters.
3. Rapid re-housing of homeless persons, and;
4. Homelessness prevention for families and individuals at risk of becoming homeless.

This table shows the proposed fund activities and the final recommendations for ESG based on the HUD allocation and the City Council direction:

Draft Proposal		City Council Disposition/HUD Allocation	
ESG		ESG	
Proposed Funding Activity	Amount	Proposed Funding Activity	Amount
Estimated 24/25 Grant Fund Allocation	\$ 273,557	Actual 24/25 Grant Fund Allocation	\$ 258,646
Reprogrammed Funds	\$ 80,500	Reprogrammed Funds	\$ 80,500
Program Income	\$ -	Program Income	\$ -
Total Available Funds	\$ 354,057	Total Available Funds	\$ 339,146
Administration	\$ 20,517	Administration	\$ 19,398
Subtotal	\$ 20,517	Subtotal	\$ 19,398
Public Service Programs		Public Service Programs	
Salvation Army	\$ 298,540	Salvation Army	\$ 284,748
HMIS	\$ 35,000	HMIS	\$ 35,000
Subtotal:	\$ 333,540	Subtotal:	\$ 319,748
Grand Total:	\$ 354,057	Grand Total:	\$ 339,146

During FY2023-24, additional resources, such as program income from CDBG and HOME, may become available and be allocated to eligible CDBG and HOME activities. Any activities identified to receive additional CDBG or HOME resources will be brought to the Council for approval. Reprogrammed Funds in the amount of \$80,500 is reallocated grant funds from the previous fiscal year. These funds will be distributed among the approved subrecipients.

Once approved by City Council, the Housing staff will return on June 5, 2024, for execution of the subrecipient agreements, effective as of July 1, 2024, which is the beginning of the program year. The attached AAP has outlined all vendors and amounts to be allocated for services.

2021-2025 Strategic Targets and Goals

The proposed Action Plan will meet Key Target No. 3: Improved Quality of Life by providing infrastructure, fair housing, and business assistance in the City. This funding will allow the City to continue to fund programs that preserve and improve the quality of the housing stock, promote home ownership, assist in small business start-ups and expansions, fund infrastructure projects, and maintain a working relationship with the federal government.

Fiscal Impact

There is no fiscal impact to the General Fund associated with this report.

Conclusion

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

1. Approve and adopt the Fiscal Year 2024-25 Annual Action Plan for the Community Development Block Grant, HOME Investment Partnership, and Emergency Solutions Grant Programs; and
2. Adopt Resolution No. 2024-094, authorizing the acceptance and allocation of the Fiscal Year 2024-25 Annual Action Plan; and
3. Authorize the Director of Finance and Management to adjust the Fiscal Year 2024-2025 Budget appropriation to align with the Fiscal Year 2024-25 Annual Action Plan allocation; and
4. Authorize the City Manager or designee to take any further actions and execute any further documents as necessary to effectuate the submittal of the Fiscal Year 2024-2025 Annual Action Plan and certification to the U.S. Department of Housing and Urban Development.

Attachments

Attachment 1	Consolidated Plan
Attachment 2	FY 2024/2025 Annual Action Plan
Attachment 3	Resolution No. 2024-094

Ward:

All Wards

Synopsis of Previous Council Actions:

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|----------------|---|
| April 15, 2020 | Mayor and City Council approved the City's Consolidated Plan for 2020-2025. |
| May 1, 2024 | Proposed Annual Action Plan was taken to City Council for public comment and for City Council to review proposed subrecipients. |