



PUBLIC HEARING

City of San Bernardino Request for Council Action

Date: April 16, 2025

To: Honorable Mayor and City Council Members

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

Department: Community Development & Housing

Subject: **Proposed Substantial Amendment to Fiscal Year 2021-2022 and 2024-2025 Annual Action Plans and Community Development Block Grant Citizen Participation Plan (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 obtain citizens' comments on the proposed Substantial Amendments to:
 - A. Fiscal Year 2021-2022 Annual Action Plan allocating Fiscal Years 2020-2021, 2021-2022, 2022-2023, and 2023-2024 HOME Investment Partnerships Program funds to Arrowhead Grove (Phase 4). Project funding will increase from \$385,870 to \$4,900,00; and
 - B. Fiscal Year 2024-2025 Annual Action Plan allocating the remaining Fiscal Years 2020-2021, 2021-2022, 2022-2023, and 2023-2024 HOME Investment Partnerships Program funds to Jamboree Housing Corporation for an affordable housing development. Project funding will increase from \$124,187 to \$2,003,178.80.
 - C. Fiscal Year 2024-2025 Annual Action Plan allocating Community Development Block Grant Program funds. The amendment specifically identifies four (4) Public Works projects with details to which funds were previously allocated.
 - D. The Community Development Block Grant Citizen Participation Plan.

2. Approve the draft Substantial Amendments to the Fiscal Years 2021-2022 and 2024-2025 Annual Action Plans for the Community Development Block Grants and HOME Investment Partnership-funded projects; and
3. Adopt Resolution 2025-XX, Substantial Amendments to the Fiscal Years 2021-2022 and 2024-25 Annual Action Plans for the Community Development Block Grants and HOME Investment Partnerships Program-funded projects to increase funding to the Arrowhead Grove Phase 4 and Jamboree Project from unspent funds; and
4. Approve the proposed substantial amendments to the Community Development Block Grant Citizen Participation Plan.
5. Authorize The City Manager or designee to take any further actions and execute any further agreements or documents, as necessary, to effectuate the submittal of the proposed Substantial Amendments to the Fiscal Year 2021-2022 and 2024-2025 Annual Action Plan.

Executive Summary

City Staff is requesting a Public Hearing to solicit public comments on the proposed Substantial Amendment to the Community Development Block Grant Citizen Participation Plan and the Fiscal Year (FY) 2021-2022 and 2024-2025 Annual Action Plans (AAP) for the City's Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME). Specifically;

- FY2021-2022 AAP to increase funding for Arrowhead Grove Phase 4 to \$4,900,000.
- FY2024-2025 AAP to allocate HOME funds to Jamboree Housing Corporation for affordable housing development.
- FY2024-2025 AAP will incorporate project details for four (4) Public Works projects.

Background

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

In accordance with HUD regulations, the City is required to develop and implement an Annual Action Plan as part of its Consolidated Plan. The Annual Action Plan outlines specific projects and activities funded through HUD programs. Periodically, adjustments to the plan are necessary to address evolving community needs, funding availability, and program priorities. When a proposed change meets the criteria for a Substantial Amendment — such as significant reallocation of funds, changes in project scope, or the

addition of new activities — the City must amend the Annual Action Plan and follow public participation requirements.

On June 2, 2021, the Mayor and City Council approved FY2021-2022 AAP, allocating \$385,870 to Arrowhead Grove Phase 4.

On May 15, 2024, the Mayor and City Council approved FY2024-2025 AAP, allocating \$1,309,341 in CDBG to Public Works Department. Of this, \$750,000 was allocated for CDBG-eligible activities for City public facilities and park improvements (e.g., Encanto Park, Gutierrez Park, and Ruben Campos Community Center). Additionally, \$124,187 in HOME funds were allocated to affordable housing projects.

As part of the amendment process, the City conducted community outreach and provided opportunities for public comment in accordance with its Citizen Participation Plan. To meet these requirements, the City issued a public notice in English and Spanish on 3/13/2025 and posted the notice on the City's website. The notice provided details on the proposed Substantial Amendment, the availability of the draft document for public review, and instructions for submitting comments. A 30-day public comment period was held from 3/17/2025 to 4/15/2025 in compliance with HUD's public participation guidelines, and all comments have been incorporated into the Substantial Amendment.

Discussion

This Substantial Amendment proposes modifications to the City's FY2021/2022 and FY2024/2025 AAP for the City's CDBG and HOME program allocations, and the CDBG Citizen Participation Plan.

CDBG

The total allocation of \$1,309,341 CDBG funds to Public Works allowed flexibility in evaluating each location and designating funds for necessary improvements. City Council's approval of recommendations for funding CDBG projects included increasing the Public Works allocation by \$900,000 to allow for CDBG-eligible activities with City public facilities and four (4) infrastructure improvements: 1) Encanto Park, 2) Gutierrez Park, 3) Ruben Campos Community Center and 4) Hillside Street Improvements).

However, the four infrastructure projects were not specifically named in the FY2024-2025 AAP Project Summary, nor was the scope of work provided. This is because the Council directed the funding for these infrastructure improvements during the approval of the FY2024-2025 AAP, which was prior to the development of any scope of work; as a result, the strategy was an attempt to provide additional flexibility and reduce the number of substantial amendments if the actual funding needed for each project differed from what Council approved after developing the scope of work for each project. HUD approved the Annual Action Plan when it was submitted; however, they are now requesting this information to be provided. This Substantial Amendment seeks to add the names of the four public works projects.

HOME

The Substantial Amendment seeks to reallocate prior years' unspent HOME funds from FY2020-2021 through FY2024/2025 AAPs to two affordable housing projects: Jamboree and Arrowhead Grove Phase 4.

Approved Action Plan By FY

<u>FY 2020/21 PROGRAMS</u>	<u>Original AP</u>	<u>Balance Remaining</u>	<u>Substantial Amendment</u>
Affordable Rental Housing Project	\$ 500,000.00	\$ 500,000.00	\$ (500,000.00)
Infill Housing*	\$ 700,000.00	\$ 375,000.00	
Seccombe Park Housing Project	\$ 740,100.00	\$ 740,100.00	\$ (740,100.00)
Homekey Motel Conversion to Permanent Supportive Housing	\$ 1,300,000.00	\$ 1,300,000.00	\$ (1,300,000.00)
Home Single Family Rehab	\$ 449,550.00	\$ 18,235.96	\$ (18,235.96)
FY 2020/21 PROGRAMS	\$ 3,874,857.90	\$ 2,933,335.96	\$ (2,558,335.96)
FY 2021/22 PROGRAMS			
HOME Administration	\$ 139,570.70	\$ 139,570.70	\$ (139,570.70)
Infill Housing*	\$ 25,000.00	\$ -	\$ -
Seccombe Park Housing Project	\$ 431,266.00	\$ 431,266.00	\$ (431,266.00)
Eastpointe Intentional Housing - Homeownership	\$ 214,000.00	\$ 214,000.00	\$ (214,000.00)
Arrowhead Grove Phase 4	\$ 385,870.00	\$ 385,870.00	
U.S. Vets New Affordable Housing3	\$ 470,000.00	\$ 470,000.00	\$ (470,000.00)
FY 2021/22 PROGRAMS	\$ 1,665,706.70	\$ 1,640,706.70	\$ (1,254,836.70)
FY 2022/23 PROGRAMS			
HOME Administration	\$ 156,952.00	\$ -	\$ -
Affordable Rental Housing Project (New Construction)	\$ 675,568.00	\$ 675,568.00	\$ (675,568.00)
Infill Housing*	\$ 937,000.00	\$ 937,000.00	\$ (568,000.00)
FY 2022/23 PROGRAMS	\$ 1,769,520.00	\$ 1,612,568.00	\$ (1,243,568.00)
FY 2023/24 PROGRAMS			
HOME Administration	\$ 146,093.60	\$ 21,539.14	\$ (21,539.14)
Placeholder	\$ 1,314,842.00	\$ 1,314,842.00	\$ (1,314,842.00)
FY 2023/24 PROGRAMS	\$ 1,460,935.60	\$ 1,336,381.14	\$ (1,336,381.14)
FY 2024/25 PROGRAMS			
HOME Administration	\$ 116,021.00	\$ 116,021.00	
Affordable Housing Projects	\$ 124,187.00	\$ 124,187.00	
NPHS - OORP*	\$ 920,000.00	\$ 920,000.00	
FY 2024/25 PROGRAMS	\$ 1,160,208.00	\$ 1,160,208.00	\$ -
TOTAL PENDING PROGRAMS/PROJECTS		\$ 8,683,199.80	\$ (6,393,121.80)

*Project underway funds not reallocated.

Arrowhead Grove Phase IV	\$ 4,900,000.00
Jamboree 5th & Meridian	\$ 1,493,121.80
	\$ 6,393,121.80

The HOME allocation can be used for City administrative costs, such as staff salaries and supplies, but is capped at 10% in any given program year. The unspent administrative funds are now being programmed for affordable housing projects.

FY2020/2021

- The Seccombe Park Housing Project is on hold pending the relocation of the existing park.
- Homekey Motel Conversion to Permanent Supportive Housing (The City never applied for nor received Homekey funds in-FY 2020-2021).

- Single-family rehabilitation has a remaining balance.

FY2021/2022

- The Seccombe Park Housing Project is on hold pending the relocation of the existing park.
- For Eastpoint Intentional Housing (Homeownership), the developer was unable to secure the funding necessary to demonstrate the project's financial viability.
- U.S. Vets Affordable Housing, the project will utilize Permanent Local Housing Allocation (PLHA) funds and Low-Moderate Housing funds.

FY2022/2023 to FY2024/2025

- The Affordable Rental Housing Project placeholder allocations are being utilized for Arrowhead Grove Phase 4 and the Jamboree Housing Corporation project.

The Housing staff will return to the Council to request approval of the HOME regulatory and loan agreements.

Citizen Participation Plan

As part of the amendment process, the City conducted community outreach and provided opportunities for public comment in accordance with its Citizen Participation Plan (CPP). The CPP was last updated in 2019. The proposed changes align with the City's strategic goals of promoting affordable housing, enhancing public infrastructure, and improving social services for vulnerable populations.

Updates to the CPP ensure that the public has a meaningful role in shaping how the CDBG funds are used. The requirements include the following key elements:

1. Public Notice & Access to Information
2. Public Hearings & Meetings
3. Public Comment Periods
4. Substantial Amendments
5. Accommodations & Inclusivity
6. Citizen Complaints

Approval of this amendment will allow the City to optimize the use of HUD funding and ensure that resources are effectively directed to meet the most pressing community needs.

Fiscal Impact

There is no General Fund impact associated with this Substantial Amendment.

Conclusion

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

1. Conduct a Public Hearing to obtain citizens' comments on the proposed Substantial Amendments to:
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 - D. The Community Development Block Grant Citizen Participation Plan
2. Approve the draft Substantial Amendments to the Fiscal Years 2021-2022 and 2024-25 Annual Action Plans for the Community Development Block Grants and HOME Investment Partnership-funded projects; and
3. Adopt Resolution 2025-XX, Substantial Amendments to the Fiscal Years 2021-2022 and 2024-25 Annual Action Plans for the Community Development Block Grants and HOME Investment Partnership-funded projects; and
4. Approve the proposed updates to the Community Development Block Grant Citizen Participation Plan.
5. Authorize The City Manager or designee to take any further actions and execute any further agreements or documents, as necessary, to effectuate the submittal of the proposed Substantial Amendments to the Fiscal Year 2021-2022 t and 2024-2025Annual Action Plan.

Attachments

Attachment 1	2021-2022 Annual Action Plan
Attachment 2	2024-2025 Annual Action Plan
Attachment 3	Proposed Citizen Participation Plan
Attachment 4	30-Day Public Comment and Public Hearing Notice
Attachment 5	Resolution 2025 - XXXX

Synopsis of Previous Council Actions

June 2, 2021	City Council approved the Fiscal Year 2021-2022 Annual Action Plan.
May 15, 2024	City Council adopts the Fiscal Year 2024-2025 Annual Action Plan.

