



# County of Monterey

## Item No.4

### Urban County Standing Committee

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

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March 22, 2024

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- a. Receive a report on the U.S. Department of Housing and Urban Development entitlement programs including Community Development Block Grant (CDBG) and the HOME Investment Partnership Act grant program; and;
- b. Provide direction to staff on HUD entitlement programs to include in the 2025-29 Consolidated Plan.

#### **RECOMMENDATION:**

It is recommended that the Urban County Committee:

- a. Receive a report on the U.S. Department of Housing and Urban Development entitlement programs including Community Development Block Grant (CDBG) and the HOME Investment Partnership Act grant program; and;
- b. Provide direction to staff on HUD entitlement programs to include in the 2025-29 Consolidated Plan.

#### **SUMMARY:**

The Urban County is required to prepare a new five-year Consolidated Plan for the period 2025-2029. The Consolidated Plan is the Urban County's identification of affordable housing, community development, and public service needs and how the Urban County may use Community Development Block Grant (CDBG) funding to address those priorities. In addition to CDBG funding, the Consolidated Plan can be used to qualify for three additional U.S. Department of Housing and Urban Development (HUD), Community Planning and Development division programs. These programs are Emergency Shelter Grants (ESG); HOME Investment Partnership (HOME); and, Housing Opportunities for People with AIDS (HOPWA).

As part of that process the Urban County is required to invite all cities within the County to opt-in/-out of the Urban County. Cities that opt-into the Urban County may not apply for Community Development Block Grants (CDBG) through the State of California's CDBG program if they are members of the Urban County. As part of preparing the Consolidated Plan, the County can explore forming partnerships to support projects beyond what is allowed by the CDBG program. Staff is seeking policy direction from the HHHS Committee on how much effort they would like to see invested in expanding the HUD entitlement funding coming into Monterey County as part of the Consolidated Plan process.

#### **DISCUSSION:**

As noted above, all four HUD programs use the same Consolidated Plan document to identify and quantify the specific needs of the community and to identify programs and projects that will address

these needs. Jurisdictions do not have to include all four programs in their Consolidated Plan and jurisdictions that participate independently in one program may join consortiums to participate in other programs. The minimum qualification for designation is a population of 100,000, of which at least 50.1% are considered low-moderate income.

In 2013, the County prepared its first Consolidated Plan for designation as an Urban County and began receiving an annual CDBG award. The Consolidated Plan did not address ESG, HOME or HOPWA programs. The County met the population threshold but not the low-moderate population share. Because the County did not meet both threshold requirements, it formed a consortium with the cities of Del Rey Oaks and Gonzales. The County is required to invite all cities in the County to join or drop out of the consortium at least once every three-years. The current consortium includes Del Rey Oaks, Gonzales, Greenfield, and Sand City and covers the 2022-2024 period.

The Urban County is required to prepare new Consolidated Plans at least every five-years, with the next cycle covering 2025-29. As part of the next Consolidated Plan cycle, the County, and cities, can consider forming a HOME consortium like the one formed for CDBG. The state's Permanent Local Housing Allocation (PLHA) will also be starting its next 5-year funding cycle. PLHA, while not a HUD program, has significant overlap with CDBG, ESG, and HOME, that could make it a valuable financial resource to address housing needs throughout the County.

Relying on grant funding to plan and implement affordable housing, community development, infrastructure, public facilities, and public service programs has risks. Well designed programs in competitive communities may receive \$2-\$3 million dollar grants every 3 to 4 years, or they may not receive anything. Because grant funding is unpredictable, it also makes it difficult to establish ongoing programs, such as downpayment assistance or housing rehabilitation, and require expensive start-up costs if there is a break in grant continuity.

State and federal entitlement programs for community development and housing could bring in approximately \$10.2 million annually. This is broken down as follows: \$4.6 million through CDBG, \$1.18 million through HOME and, \$3.3 million through PLHA. There are several challenges and opportunities associated with maximizing these guaranteed revenue streams. The biggest challenge is developing an allocation formula that makes participation beneficial to each jurisdiction and delivering the types of projects they deem beneficial. Combining these individual allocations could allow for a more continuous provision of programs that are individually expensive, e.g., down payment assistance and housing rehabilitation programs, compared to the limited number of projects a jurisdiction could undertake. Attachment A provides one-year and five-year funding estimates by city.

The cities of Monterey, Salinas, and Seaside are Metropolitan Cities and independently qualify for CDBG entitlement funding. It is unlikely that these cities will combine their CDBG allocations with the Urban County. Additionally, the City of Salinas receives HOME entitlement funding and manages ESG funds for the County, all 12 cities in the county, and the County of San Benito. Salinas has indicated that they will continue to include ESG in their Consolidated Plan.

**OTHER AGENCY INVOLVEMENT:**

The County currently as a Joint Powers Agreement with the cities of Del Rey Oaks, Gonzales, Greenfield, and Sand City for the CDBG Urban County. At a minimum, the County is required to invite all cities in the County to opt-in/opt-out of the Urban County before the 2025-2029 Consolidated Plan cycle. The cities of Carmel-by-the-Sea, Greenfield, and Soledad have delegated their 2019-2024 PLHA funds to the County. The staff recommendation is that the Committee direct staff to work with all the cities to determine their levels of interest joining the CDBG Urban County, expanding the Urban County to include HOME, and prepare one, county-wide, PLHA 5-Year Plan for the next PLHA cycle.

**FINANCING:**

There is no direct financial impact associated with receiving this report. The staff costs associated with outreach for CDBG, HOME, and PLHA are reimbursable activities through current CDBG and PLHA grants. The CDBG program regulations allow the Urban County to use up to 20% of the annual grant for general administration. HOME regulations allow for up to 10% of the annual grant for General Administration. PLHA regulations allow for up to 5% of the annual grant for General Administration.

**BOARD OF SUPERVISORS STRATEGIC INITIATIVES:**

CDBG, HOME, and PLHA funding can be used to address each of the Board of Supervisors Strategic Initiatives. CDBG is currently used to fund health and human services public service programs, infrastructure, and public facility projects. PLHA funds are programed to increase the supply of affordable housing and homeless services. All three grant programs include funding to manage the programs.

Mark a check to the related Board of Supervisors Strategic Initiatives

- X Economic Development
- X Administration
- X Health & Human Services
- X Infrastructure
- X Public Safety

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The following attachments are on file with HCD:

Attachment A - Funding Estimates