



# County of Monterey

Item No. 3

## Urban County Standing Committee Report

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

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- a. Receive a report regarding Urban County allocations for projects and services based upon anticipated U.S. Department of Housing and Urban Development (HUD), Community Development Block Grant (CDBG) funding of \$1,155,895;
- b. Receive scoring of applications and provide direction on funding allocations to include in the Urban County 2024/25 Annual Plan; and,
- c. Direct staff to prepare the 2024/25 Annual Plan for consideration by the Board of Supervisors as required by CDBG Regulations.

### **RECOMMENDATION:**

It is recommended that Urban County Committee:

- a. Receive a report regarding Urban County allocations for projects and services based upon anticipated U.S. Department of Housing and Urban Development (HUD), Community Development Block Grant (CDBG) funding of \$1,155,895;
- b. Receive scoring of applications and provide direction on funding allocations to include in the Urban County 2024/25 Annual Plan; and,
- c. Direct staff to prepare the 2024/25 Annual Plan for consideration by the Board of Supervisors as required by CDBG Regulations.

### **SUMMARY:**

HUD qualified Monterey County together with the Cities of Del Rey Oaks and Gonzales as an Urban County in 2013, for entitlement purposes. In 2016, Greenfield and Sand City joined the Urban County. To receive the CDBG grant, the County must have an approved Action Plan. The Action Plan must include a description of eligible projects and programs to be funded. The Urban County Committee reviews and recommends funding for county projects and public services to the Board of Supervisors, which constitutes the Action Plan.

### **BACKGROUND:**

Since Monterey County was first designated as an Urban County, it has received more than \$12.9 million in new CDBG funding and augmented it with more than \$1.2 million in program income. Over the last 11 years, these funds have supported a wide range of projects in the cities of Del Rey Oaks, Gonzales, Greenfield, and Sand City and the unincorporated areas of Monterey County. The Urban County is open to any city within the County that is not already designated as a HUD Entitlement Community.

Each year, the Urban County is required to submit an Action Plan to HUD which includes approved funding recommendations for affordable housing, infrastructure, public facilities, public services, and general administration. Jurisdictions participating in the Urban County were invited to participate in the ranking of applications received for public services and

facilities. They also have submitted recommendations for use of the funding for consideration. Consideration of the funding requests by the Urban County Committee is the first step in the development of the Action Plan.

It is recommended that the Urban County Committee consider the recommendations of member jurisdictions for affordable housing, infrastructure and public facility projects and the recommendations of staff from all five participating jurisdictions regarding the allocation of public service funds. Attachment 1 summarizes the anticipated sources and uses of CDBG funding during 2024/25. Attachment 2 provides a summary of the applications received by major activity area: affordable housing/infrastructure/public facilities; public services; and general administration. Attachment 3 provides more detailed information on the proposed projects, target populations, project need, and performance measures/outcomes.

On December 13, 2023, the County held a noticed public workshop to kick off the 2024/25 application process. Eleven applications requesting a total of \$1,207,391 were received by January 19, 2024, due date.

#### **DISCUSSION:**

The Urban County is expected to have \$1,453,972 for all activities in 2024/25. This includes: \$1,155,895 in new CDBG funding; \$10,000 in program income; and \$144,859 recaptured from prior year grants. The funding forecast assumes that new CDBG funding is 97% of the amount provided in 2023/24. Availability of CDBG funding has decreased the last five years; therefore, an estimated decrease was calculated at 3% and implemented in the 2024/25 funding. To account for the variable nature of new CDBG funding, the Action Plan recommends adjusting the actual grant awards based on the percentage new funding varies from the estimated funding. This option removes the need for the Board of Supervisors to reconsider the Action Plan should actual funding differ from expected funding.

The Urban County may allocate up to 15% (173,384) of the 2024/25 CDBG award to public service activities and up to 20% (231,179) for general administration. The only activity that the Urban County is required to fund is Fair Housing. Fair Housing can be funded under the public service or general administration caps.

The remaining new grant funds, program income, and funds recaptured from prior year grants (totaling \$906,191) can only be used for projects that support affordable housing, infrastructure, or public facilities. The 2020-2024 Consolidated Plan allocated grant funding in 2022/23, 2023/24, and 2024/25 to a project sponsored by the city of Greenfield. The Urban County will provide the 2024/25 allocation of \$427,191 to the City of Greenfield for pedestrian improvements on Walnut Avenue between El Camino Real and Highway 101. The Consolidated Plan also allocated grant funding in 2024/25 to the City of Del Rey Oaks in the amount of \$50,000. The Veterans Transition Center applied for \$500,000 for Solar Empowerment. The staff recommendation is to fund \$274,000. There is approximately \$154,859 in recaptured and program income funds that are available for County sponsored projects. Public Works has requested additional funding of \$250,000 for the Aromas Elementary Sidewalks. Staff's recommendation is to fund an additional \$155,000. Should the Urban County elect not to fund public services and/or general administration at the maximum allowed level, the surplus funds would be available to augment County sponsored projects,

such as public facilities (homeless shelters), infrastructure, and housing rehabilitation programs.

#### *Public Services*

CDBG regulations limit the amount that the Urban County may allocate to public services to 15% of the current year grant and 15% of the program income received during the prior year (actual funds received, not forecast). The Urban County generally requires public service activities to be completed within the year funded and any unused funds may not be applied to future years. Historically, the Urban County has only allocated the current year grant funding for these activities due to difficulties accounting for the highly variable stream of revenue from program income. For 2024/25, the Urban County received eight applications requesting a total of \$230,200. The staff recommendation is to fund seven of the applications under the public service allocation. The application submitted by the Eden Council for Hope and Opportunity (ECHO) is to provide fair housing services. Staff is recommending that this application be funded under the general administration cap.

#### *General Administration*

The Urban County will use up to 20%, \$231,179, of the grant to manage the CDBG program and pay for fair housing services. Fair housing is the only mandated activity that CDBG must be used to fund. The Eden Council for Hope and Opportunity (ECHO) has requested \$40,200 to provide these services. The balance of the funds will be used by the County to manage the program.

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Approved by: Craig W. Spencer, Director of Housing and Community Development CS

The following attachments are on file with HCD:

Attachment 1 - Urban County 2024-25 Summary of Anticipated Sources & Uses

Attachment 2 - Urban County 2024-25 Application Summary

Attachment 3 - Urban County 2024-25 Application Details