Legislation Details (With Board Report)

File #:	25-166	**Name:**	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 $1,436,390 for Fiscal Year (FY) 2025-26
Type:	General Agenda Item	**Status:**	Agenda Ready
File created:	2/28/2025	**In control:**	Urban County Standing Committee
On agenda:	3/10/2025	**Final action:**	

Title: 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 $1,436,390 for Fiscal Year (FY) 2025-26; and
b. Receive scoring of applications and provide direction on funding allocations to include in the Urban County 2025-26 Annual Plan;
c. Approve CDBG funding recommendations for FY 2025-26 Projects and Services to be included in the Draft 2025-26 Annual Action Plan and CDBG Consolidated Planning Period from FY 2025-26 through FY 2029-30;
d. Approve an overall plan for the CDBG Consolidated Planning Period from FY 2025-26 through FY 2029-30; and
e. Direct staff to prepare the 2025-26 Annual Plan for consideration by the Board of Supervisors on May 13, 2025, as required by CDBG Regulations.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Staff Report, 2. Attachment 1 - Urban County 2025-26 Summary of Anticipated Sources & Uses, 3. Attachment 2 - Urban County 2025-26 Application Summary, 4. Attachment 3 - Urban County 2025-26 Application Details.

Date	Ver.	Action By	Action	Result
3/10/2025	1	Urban County Standing Committee		

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RECOMMENDATION:

It is recommended that the 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 $1,436,390 for Fiscal Year (FY) 2025-26; and

b. Receive scoring of applications and provide direction on funding allocations to include in the Urban County 2025-26 Annual Plan;
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d. Approve an overall plan for the CDBG Consolidated Planning Period from FY 2025-26 through FY 2029-30; and
e. Direct staff to prepare the 2025-26 Annual Plan for consideration by the Board of Supervisors on May 13, 2025, as required by CDBG Regulations.

BACKGROUND:
Since Monterey County was first designated an Urban County in 2013, it has received more than $14 million in CDBG funds. Over the last twelve years, these funds have been used to support projects in the Cities of Del Rey Oaks, Gonzales, Greenfield, Sand City and the unincorporated areas of Monterey County. The Urban County is open to any jurisdiction within Monterey County that is not designated a HUD Entitlement Community.

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.

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 at least once every three-years. Cities that opt-into the Urban County may not apply for CDBG through the State of California's CDBG program if they are members of the Urban County. Currently, the consortium includes unincorporated areas of Monterey County, Gonzales, Greenfield, Marina, and Sand City. HUD qualified the Urban County on a three-year cycle that begins July 1, 2025. The Joint Exercise of Powers Agreement estimated three-year funding at $4,309,170. The available funding has been allocated as follows: Gonzales $175,566; Greenfield $547,299; Marina $452,696; Sand City $74,076, the County $1,561,824, General Administration $855,834, and Public Services at $641,876.

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. Consideration of the funding requests by the Urban County Committee is the first step in the development of the Action Plan. On January 14, 2025, the Board of Supervisors approved a Committee Rotation Schedule for all Board Committees. Supervisors Church and Root Askew were appointed to the Urban County Standing Committee for Calendar Year 2025 to review and recommend Urban County funding priorities.

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 2025-26. 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 16, 2024, the County held a noticed public workshop to kick off the 2025-26 application process. Sixteen applications requesting a total of $2,234,210 were received by January 17, 2025, due date. On February 27, 2025, city and County staff met to review the applications and develop funding

recommendations.

DISCUSSION:

The Urban County is expected to have $1,436,390 for all activities in 2025-26. This includes: $1,426,390 in new CDBG funding and $10,000 in program income. The funding forecast assumes that new CDBG funding is the same as in 2024-25 along with a change of partnership from Del Rey Oaks to Marina increase. 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% (213,959) of the 2025-26 CDBG award to public service activities and up to 20% (285,278) 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 and program income (totaling $937,153) can only be used for projects that support affordable housing, infrastructure, or public facilities. Based on the Joint Exercise of Powers Agreement and funding available, staff recommends to fund Gonzales at $630,566 in the 2024-25 Annual Action Plan. This will leave a balance of $306,587 to support other affordable housing, infrastructure, or public facilities requests.

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. For 2025-26, the Urban County received ten applications requesting a total of $519,575. The staff recommendation is to fund eight 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%, $285,278, 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 $46,575 to provide these services. The balance of the funds will be used by the County to manage the program.

Prepared by: Dawn M. Yonemitsu, Management Analyst II, x 5387
Reviewed by: Darby Marshall, Housing Program Manager, x5391
Approved by: Craig W. Spencer, Director of Housing and Community Development

Attachments:

Attachment 1: Urban County 2025-26 Summary of Anticipated Sources & Uses

Attachment 2: Urban County 2025-26 Application Summary

Attachment 3: Urban County 2025-26 Application Details

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