

Attachment A

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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. To receive the CDBG grant, the County must have an approved Action Plan and Consolidated Plan. The plans must include a description of eligible projects and programs to be funded. To remain eligible for HUD CDBG funds, the County is required to conduct two public hearings annually on CDBG funding priorities and goals. The County adopts an Action Plan annually and Consolidated Plan every 5 years in May following a public comment period and public hearing. The second public hearing is held in September when the Board of Supervisors receives the Consolidated Annual Performance and Evaluation Report (CAPER).

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. Invitations to join the Urban County were mailed to all twelve cities on August 7, 2024. Four of them responded to be added to the consortium and one responded to not be included. 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.

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.

On November 14, 2024, the Urban County issued a Notice of Fund Availability (NOFA) to more than 125 public and non-profit service agencies soliciting funding proposals for the Urban County's FY 2025-26 AAP. On December 16, 2024, the County held a noticed public workshop for interested parties to learn about the Urban County CDBG program, help identify unmet or underserved needs in the community that the CDBG funds may be used to address, and to learn how to apply for CDBG funding.

The County attended the following cities City Council meetings to educate the community about CDBG: Gonzales on December 2, 2024; Sand City on January 21, 2025; Marina on January 22, 2025; and Greenfield on January 28, 2025. On February 19, 2025, the County held a CDBG Community Meeting and on March 10, 2025, the Board of Supervisor's Monterey County

Urban Standing Committee met to develop funding recommendations for the FY 2025-26 AAP and take additional public comment on unmet or underserved community development needs. On April 10, 2025, the draft 2025-2029 Consolidated Plan, including the FY 2025-26 AAP, was released for a 30-day public review. The documents were made available on the websites of the County, Gonzales, Greenfield, Marina, and Sand City as well as social media postings on Facebook and Instagram.

Consolidated Plan

The CDBG entitlement program provides annual federal grants to carry out a wide range of economic and community development activities directed toward promoting economic development, revitalizing neighborhoods, and providing improved community facilities and services which benefit low- and moderate-income persons.

The Urban County's draft 2025-2029 Consolidated Plan and the proposed Annual Action Plan for FY 2025-26, attachment B, is now in the final stage of process. The purpose of the public hearing is to solicit public comment from interested citizens, public agencies, and other interested parties regarding the development of the Five-Year Consolidated Plan and proposed use of federal funds in the preparation of the First Year Annual Action Plan. During the time covered by the Consolidated Plan, the Urban County will receive approximately \$7,131,950 in CDBG funding. Attachment A1 shows how this funding will likely be distributed between the County and the cities participating in the Urban County.

The Consolidated Plan consists of four distinct parts. The first part is a needs assessment of the Urban County and begins on page 14 of the Consolidated Plan. This includes an assessment of housing needs for extremely low, very low, low, and moderate-income families, including the needs of homeless individuals and families. The County held consultation meetings, made surveys available and continuously requested input from the community to assist with the need's assessment. The second part is a Housing Market Needs Analysis. The third part is a five-year strategic plan which includes priorities for assisting categories of residents by income level, statements of objectives, proposed programs, as well as accomplishments that are expected to be achieved in the next five years. This part begins on page 84 of the Consolidated Plan. The following priorities were identified for the Draft FY 2025-2029 Five-Year Consolidated Plan:

1. **Affordable Housing:** Promote, preserve, and assist in the development of affordable housing for low- and moderate-income residents, special needs groups, those at-risk of homelessness, and disproportionately impacted residents.
2. **Homeless Services and Homeless Prevention:** Improve and expand public services that benefit the homeless and those at risk of becoming homeless.
3. **Infrastructure Improvements:** Improve and expand infrastructure improvements that benefit low- and moderate-income neighborhoods and residents.
4. **Public Facilities:** Improve and expand public facilities that benefit low- and moderate-income neighborhoods and residents.
5. **Public Services including Fair Housing:** Improve and expand public services that benefit low- and moderate-income neighborhoods and residents; and promote fair and equal housing choice for all persons, promote housing that is accessible to and usable by

persons with disabilities, and comply with the non-discrimination requirements of the various Fair Housing laws.

- 6. Planning and Administration:** Provide for administration and planning activities to develop housing and community development strategies and programs needed to carry out actions that address identified needs in the Consolidated Plan.

The fourth part of the Consolidated Plan (beginning on page 120) is the first year Annual Action Plan. It provides a proposed one-year allocation of funding, outlines the intended use of resources, a description of activities to be undertaken, and the specific objectives and priority needs to be addressed. The Action Plan serves as the Urban County's application for funding from HUD.

During the five-year Consolidated Plan period, the Urban County will receive approximately \$7.1 million in CDBG funding. It is anticipated that the Urban County will receive \$1,426,390 of CDBG funds in FY 2025-26. Three types of activities can be undertaken: projects, services, and administration. Project activities are generally infrastructure or construction projects. Service activities are programs benefitting low and moderate individuals and households earning no more than 80% of Area Median Income.

Administration activities include direct and indirect costs associated with managing the grant. There are no restrictions on the amount of grant funds that can be allocated for project activities. The only mandated activity that the Urban County must fund is providing fair housing services. There are limits placed on the amounts that may be used for public services and general administration. The total of public service contracts cannot exceed 15% of the total grant. Administration costs cannot exceed 20% of the total grant. The Urban County may fund fair housing services under either the public service or general administrative caps.

City Participation

Annual funding allocations for city partners are \$24,692 for Sand City; \$175,566 for Gonzales; \$150,899 for Marina; and \$182,433 for Greenfield. The County's allocation for projects in the unincorporated areas is \$520,608. These amounts roughly equate to how HUD would allocate funds to each jurisdiction if they were eligible for designation as an entitlement community.

Project Activities

The County received four applications for projects requesting a total of \$2,439,069. Three of the projects are recommended for funding as described on pages 137-139 of the Consolidated Plan. The first project, requesting \$1,209,069; however, only \$156,587 recommended, was submitted by the Community Homeless Solutions, which operates a Permanent Supportive Housing, Youth Housing, Bridge Housing and Domestic Violence facility in Marina by having roof replacement. The second project, requesting \$900,000; however, only \$630,566 recommended, was submitted by the City of Gonzales and will fund the purchase of a new Type 1 fire engine. The new fire engine will serve the city of Gonzales and the Gonzales Rural Fire Protection District. The third project, requesting \$150,000 and recommended in full, was submitted by the Monterey-Salinas Transit District and will fund a Marina bus stop ADA improvement. Due to the lack of funding,

the Veterans Transition Center project for ADA restroom improvements requesting \$180,000 is not being recommended for funding currently.

Public Service Activities

The Urban County has \$213,959 available to fund public services. The County received ten applications for public service activities requesting a total of \$519,575. Staff from each jurisdiction reviewed the applications and discussed the recommended funding levels which were then forwarded to the Monterey County Urban Standing Committee for consideration and recommendation for approval by the Board of Supervisors.

Based on the amount of funding available, statutory restrictions, and the priority needs determined to have a high priority level, the Monterey County Urban Standing Committee funding recommendations for the FY 2025-26 Annual Action Plan are shown on pages 126-136 of the Consolidated Plan. Nine public service activities are recommended for funding; however, only eight to be funded in Public Services and fair housing to be funded with Administration funds. These activities include fair housing and tenant/landlord mediation; developing youth leaders; and addressing access to transitional and permanent housing. A complete list of agencies, the projects, amounts requested, and the recommended funding is included as Attachment A2.

HUD Submittal

Once the Board of Supervisors acts, the Consolidated Plan will be submitted to HUD for final approval. A final copy of the document will be made available on each participating jurisdiction's website and a hard copy will be available at the Housing and Community Development Department immediately thereafter.

The Board of Supervisors is being asked to approve the Consolidated Plan, which includes the AAP with contingency language authorizing staff to adjust awards to subrecipients based on the actual amount of funding made available by HUD. If less funding than anticipated is received, all awards will be reduced by the same percentage as any reduction in funding; if more funding than anticipated is received, public service awards will remain the same for four of the projects and the remaining four that are currently underfunded will be increased up to the amount requested. General administration may be adjusted to 20% of the HUD grant amount and Community Homeless Solutions project may be increased up to the amount requested. The allocations for the city of Gonzales and Monterey-Salinas Transit District will remain the same regardless of an increase in amount of funding awarded.

The Urban County requires a non-standard Subrecipient Agreement (Attachment 4) to implement the program with approved subrecipients. Subrecipient Agreements are used because the Urban County is not purchasing goods or services from the subrecipients but rather funding their ability to do so. The Subrecipient Agreement incorporates most standard County requirements, including the standard insurance requirements and requirements imposed by HUD to administer the CDBG program. The Urban County may contract with agencies that provide legal services; therefore, it was necessary to provide an option under Audits and Inspections to ensure client confidentiality.

CDBG funds are federal; therefore, the County must comply with the National Environmental Policy Act (NEPA) before formally committing funds to a specific project. Generally, actions funded by the Urban County fall into one of three categories: 1) exempt by definition pursuant to 24 CFR § 58.34, 2) categorically excluded and not subject to 24 CFR § 58.5, or 3) categorically excluded and subject to review with 24 CFR § 58.5 but no compliance / consultation with regulatory authorities was required. The Urban County is required to use the HUD Environmental Review Online System (HEROS) to prepare Environmental Review Records (ERR) for all projects. The recommended resolution (Attachment 5) will authorize the Director of Housing and Community Development or their designee to sign all ERRs and accept the federal courts jurisdiction in the event the ERR is challenged instead of the Chair of the Board of Supervisors or County Administrative Officer.

No public comments had been received regarding the Consolidated Plan, which includes the Annual Action Plan as of the time this staff report was prepared.

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