



REPORT to the MAYOR and MEMBERS of the CITY COUNCIL  
From the CITY MANAGER

DATE: February 27, 2024

SUBJECT: CONSIDERATION OF THE FISCAL YEAR 2024 – 25  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
ACTION PLAN AND A REQUEST TO CIRCULATE THE  
CDBG ACTION PLAN FOR A 30 DAY PUBLIC REVIEW

ISSUING DEPARTMENT: Community Development

SUMMARY:

Issues:

1. Are the current CDBG program priorities in alignment with community needs?
2. How should the City program the FY 2024-25 CDBG allocation and available prior-year funds?

Recommendation:

Accept the proposed CDBG Action Plan priorities and direct staff to circulate for public review the draft FY 2024-25 CDBG Action Plan (**Attachment A**) and return to Council, for final review and approval after the 30-day public review process.

Fiscal Impact:

There is no impact to the General Fund. Federal CDBG funds allow the City to support programs and complete projects that support decent housing, a suitable living environment, and economic opportunities, principally for low and moderate income persons. The City's CDBG entitlement allocation for FY 2024-25 has not yet been announced, but is expected to be consistent with last year's funding of \$478,231. In addition, \$116,441 CDBG-CV CARES Act and \$20,000 prior-year CDBG funds are available to re-program. Project budgets for activities proposed in the draft Action Plan will be adjusted as needed should the allocation amount differ.

City's Strategic Goals:

- Invest in infrastructure to serve the needs of the community.
- Maintain a community where residents and visitors feel safe.
- Promote a high quality of life that current and future generations can afford to call home.

BACKGROUND:

The CDBG Entitlement Program is authorized under Title 1 of the Housing and Community Development Act of 1974, Public Law 93-383, as amended; [42 U.S.C. 5301 et seq.](#) As a CDBG entitlement community with a population of over 50,000, the City of La Mesa receives entitlement funds from the United States Department of Housing and Urban Development (HUD) that can be used to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and community facilities and services, with priority given to activities benefiting low and moderate income communities. La Mesa has participated in the CDBG program since the 1980s.

Project selection is based on community needs and priorities identified through a Consolidated Planning process established by HUD. Every five years, the City is required to prepare a Consolidated Plan (**Attachment B**) that establishes goals towards addressing those needs. Annual Action Plans identify specific activities to carry out the long term goals. The process includes multiple opportunities for citizen participation. Fiscal year 2024-25 is Year 5 of the 2020-25 Consolidated Plan. A new five-year plan will be prepared during the coming program year, for adoption with next year's Action Plan. The current CDBG program goals as established by the Consolidated Plan are:

- |   |                                 |
|---|---------------------------------|
| • Improve facilities and infrastructure | • Homeless Services             |
| • Fair Housing                          | • Public and Community Services |
| • Planning and Administration           | • Conserve the Housing Stock    |

The City's CDBG allocation has fluctuated from a high of \$689,000 in 1993, to a low of \$337,000 in 2012. Over the past ten years, funding has trended upward. In addition to the entitlement allocation, the City periodically receives program income from a Housing Rehabilitation Loan program that was CDBG-funded prior to 2011. Although the loan program is currently suspended, under recommendation by HUD, annual program income from repayment of outstanding loans can be expected until all have been repaid. There are currently four loans outstanding with a total balance of \$117,017.

All of the City's CDBG-funded activities meet at least one of the statutory goals of providing: 1. decent housing, 2. a suitable living environment, and 3. expanded economic

opportunity. The CDBG program goals align with the City Council's strategies and goals. Projects and activities funded with CDBG improve quality of life and help the City to improve public services and infrastructure and increase financial stability and public safety.

In addition to annual entitlement funding, CDBG-CV CARES Act grants totaling \$748,782 were awarded in 2020-21 to prevent, prepare for, and respond to COVID-19. Activities funded under the CARES Act are not subject to the CDBG program's annual 15% cap on public service activities. To-date, \$582,410 has been expended on two completed projects, a housing stability program that provided rental, mortgage and utility assistance, and a homeless services program that provided supportive housing, housing navigation and case management, testing and treatment, counseling, personal protective equipment (PPE), hygiene kits, and meals. The remaining balance of \$166,372 is currently programmed for a homeless housing solutions project that includes housing navigation services, motel vouchers, and flex funds for rental applications, utility deposits, and move-in cost assistance.

#### DISCUSSION:

In addition to an anticipated allocation of approximately \$478,000, prior-year year funding of \$20,000 is available from unused program administration budget. In addition, CDBG-CV CARES Act funding in the amount of \$166,372 is available to be re-programmed from a homeless housing solutions program that was carried out with alternate funding.

Community participation is a key component of the consolidated planning process. In accordance with the City's adopted Citizen Participation Plan, two public hearings and a 30-day public review period are held annually. Notice of public hearing for this item was mailed to community stakeholders including homeless service organizations, local churches, and other not-for-profit service providers on February 9, 2024, and published in the Daily Transcript on February 14, 2024.

The City continues to have highest need for capital improvement, fair housing, homeless service, and grant administration programs. Taking into account these ongoing priorities, the following activities are proposed in the draft 2024-25 Action Plan (**Attachment A**):

#### **Improve Facilities and Infrastructure: Sidewalk Improvements (\$262,231)**

The City's Sidewalk Master Plan Map identifies streets where pedestrian connectivity needs improvement. Eligible areas where sidewalk gaps occur include portions of Aztec Drive, Gateside Road, and Amarillo Avenue. A CDBG allocation of \$262,231, together with \$75,000 from 2023-24 CDBG will allow for completion of priority sidewalk segments in low/moderate residential neighborhoods. Locations will be selected based on walking safety and presence of hazards, with higher priority given to locations close to transit, schools, parks, and public interests.

**Improve Facilities and Infrastructure: Nancy Drive Street Improvements (\$150,000)**

Nancy Drive, between Gregory Street and Earl Street, is located in an eligible neighborhood. Water runoff has caused the road surface to degrade. To prevent further deterioration of the street surface, installation of concrete gutter extensions is proposed. The gutter extensions would provide a greater drainage surface. The remainder of the street will then be milled and paved. This project was originally considered for funding in 2023-24 and remains a priority.

**Homeless Services (166,372 CDBG-CV)**

Ongoing efforts of the City's person-centered Homeless Outreach and Mobile Engagement (HOME) program have identified a shortage of supportive housing options that the City is working to address with the assistance of the Regional Task Force on the Homeless. CDBG-CV funds would be used to provide educational, transportation, and housing readiness services to recipients of supportive housing, under the management of the City's HOME team staff. Planned activities would provide COVID-19 response to La Mesa's underserved homeless population within the existing CDBG-CV Homeless Services project description.

**Fair Housing (\$30,000)**

Under the Consolidated Plan, fair housing services are funded as a public service program. Fair housing services are provided to the City by the Center for Social Advocacy (CSA) San Diego County. Each year, the City must certify to HUD that the City is affirmatively furthering fair housing and the contract with CSA helps the City meet this CDBG program implementation requirement. The City's contribution to CSA, combined with that of several other east county jurisdictions, including the cities of El Cajon, Santee, and Lemon Grove, support this organization and furthers fair housing goals within La Mesa and the region. An allocation of \$30,000 is consistent with prior years. This activity falls within the 20 percent administrative cap.

**Planning and Administration (\$50,000)**

Planned administrative activities in 2024-25 include preparation of a new five-year Consolidated Plan, annual action plan, and performance report, environmental review of projects, contract administration, financial reporting, subrecipient monitoring, and public outreach. This activity falls within the 20 percent administrative cap.

**Conserve the Housing Stock (\$6,000)**

Administrative activities associated with the housing rehabilitation loan program include monitoring the loan portfolio and processing loan pay-off paperwork. This activity falls within the 20 percent administrative cap.

2024-25 Action Plan Summary	
<u>Facility and Infrastructure Improvements</u>	
Nancy Drive Improvements 2024-25	\$150,000
Sidewalk Improvements 2024-25	\$262,231
<u>Service Programs</u>	
Fair Housing	\$30,000
<u>Planning and Administration</u>	
CDBG Program Administration	\$50,000
Housing Program Rehab Administration	\$6,000
<u>CARES Act</u>	
Homeless Services	\$166,372
<b>Total Budget</b>	<b>\$664,603</b>

CONCLUSION:

The current CDBG program priorities remain in alignment with community needs, with facility and infrastructure improvements and homeless services being the highest priorities.

Staff recommends the Council accept the proposed CDBG Action Plan priorities and direct staff to circulate for public review the draft FY 2024-25 CDBG Action Plan (**Attachment A**) and return to Council, for final review and approval after the 30-day public review process.

Reviewed by:



Greg Humora  
City Manager

Respectfully submitted by:

Lynnette Santos

Lynnette Santos  
Director of Community Development

Attachment:

- A. Draft FY 2024-25 Annual Action Plan for HUD Funding Programs
- B. FY 2020-25 Consolidated Plan for HUD Funding Programs