



Board Agenda Item 8

DATE: June 18, 2024

TO: Board of Supervisors

SUBMITTED BY: Steven E. White, Director
Department of Public Works and Planning

Sanja Bugay, Director
Department of Social Services

SUBJECT: 2024-25 Annual Action Plan for Community Development Block Grant, HOME Investment Partnerships Grant, and Emergency Solutions Grants Programs

RECOMMENDED ACTION(S):

- 1. Conduct public hearing to receive testimony on proposed County community development, housing, and homeless program activities that will be funded by Federal grants;**
- 2. Approve the 2024-25 Annual Action Plan, including use of Community Development Block Grant, HOME Investment Partnerships Grant, and Emergency Solutions Grants;**
- 3. Authorize the Director of the Department of Public Works and Planning to execute Standard Form 424 (Application for Federal Assistance), Certifications, and Entitlement Grant Agreements for the Community Development Block Grant and the HOME Investment Partnerships Grant; and**
- 4. Authorize the Director of the Department of Social Services to execute Standard Form 424 (Application for Federal Assistance), Certification, and Entitlement Agreement for the Emergency Solutions Grants.**

Approval of the recommended actions are necessary to allow the County's participation in the U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG), HOME Investment Partnerships Grant (HOME), and Emergency Solutions Grants (ESG) entitlement programs and permit staff from the Department of Public Works and Planning (PWP) and the Department of Social Services (DSS) to submit the required planning document and applications for funds to HUD. The County's Urban County Area project jurisdiction (PJ) for Program Year (PY) 2024-25 will consist of unincorporated County areas and eight participating cities (Fowler, Kerman, Kingsburg, Mendota, Orange Cove, Reedley, Sanger, and Selma). This item is countywide.

ALTERNATIVE ACTION(S):

Your Board may approve the Annual Action Plan (AAP) as proposed or make any changes as appropriate, consistent with the Federal regulations governing each of these grant programs.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The AAP serves as the planning document for the County of Fresno for the PY 2024-25 allocations of CDBG (\$3,205,271), HOME (\$1,216,974), and ESG (\$272,849) funds. In addition to the allocations, PWP estimates receiving \$1,207,000 in program income for CDBG and \$561,664 in program income for HOME, but actual amounts fluctuate. The CDBG program income is atypically high due to the inclusion of program income generated by the City of Fowler as discussed below. Program income received in PY 2022-23 totaled \$374,185 for CDBG and \$1,232,233 for HOME. This program income is derived from repayment of loans previously issued with CDBG or HOME funds and must be reinvested back into the programs.

CDBG funding does not require matching funds. HOME funding requires 25% in matching funds, which can be met with waived local taxes and fees on assisted properties, but are currently being met with carryover match funds which totaled \$27,687,498 on July 1, 2023. ESG funding requires a 100% match and will be met with Homeless Housing, Assistance and Prevention (HHAP) funding, awarded to the County of Fresno and the Fresno Madera Continuum of Care (FMCoC), from the California Business, Consumer Services and Housing Agency.

An overview of CDBG funding levels is included as Attachment A. For PY 2024-25, \$128,526 of CDBG Public Services funds will support services for victims of domestic violence and youth programs. The Sheriff's Area Based Policing crime prevention, community education, neighborhood watch, and Cops in School intervention activities will be funded at \$320,000. CDBG funds for these two community-based programs are capped at 15% of the annual allocation. Additionally, \$241,000 in CDBG funds will support rehabilitation of commercial façades and housing, with \$141,000 of this amount coming from the City of Fowler's program income from the State CDBG program, which restricted to only residents of the City of Fowler.

The eight participating cities will receive proportional allocations of PY 2024-25 CDBG entitlement funds totaling \$1,296,471 in accordance with a population-based formula prescribed by HUD. The breakdown how these funds will be utilized is included as Attachment B. Attachments A and B also reflect the inclusion of approximately \$957,000 in City of Fowler-generated Program Income, with 80% for eligible CDBG activities and 20% retained by the County for administrative costs. City-generated Program Income is not generally called out separately in the AAP, but is included here due to the substantial amount. An additional \$39,779 in reprogrammed funds from previous activities and program income for other cities is also included in the amounts shown in Attachments A and B. The Program Income reported for the City of Fowler represents a one-time transfer from the State's CDBG program to the County's CDBG program. This transfer is being made at the request of the city to keep the funds local.

Funding for unincorporated area public facility and infrastructure improvement projects will be \$669,220 (an increase of \$279,220 from the prior year). The significant increase is due to allocating a larger percentage of the unincorporated area funds to these activities; the total allocation for unincorporated area activities actually decreased \$44,859 from the previous year. The Housing and Community Development Citizens Advisory Committee (CAC) has completed its review and ranking of six proposed public facility and infrastructure improvement projects for the unincorporated areas. The recommended amount of CDBG funds for unincorporated area public facility and improvement projects, in accordance with established Board policy, enables the first project on the CAC's recommended list to be funded with the remaining projects placed on a back-up list in priority order, as shown in Attachment C. Projects are then funded from the back-up list in the proposed priority order as funds may become available during the course of the year.

The final \$641,054 of CDBG funds, capped at 20%, will support program delivery, administrative costs, and absorb any shortfalls in anticipated program income.

An overview of HOME funding levels is included as Attachment D, and will support owner-occupied housing rehabilitation loans (\$65,938), first-time homebuyer assistance (\$150,000), loans to developers of affordable housing (\$1,200,000), program administration (\$177,700), and Community Housing Development Organizations (CHDO) Reserve (\$185,000). The County is mandated to set aside at least 15% of the

HOME allocation for affordable housing projects carried out by designated CHDOs. In past years, this amount had been included within the amount for development. Any recommended expenditures for CHDO-sponsored or developer-sponsored activities will be brought to the Board for approval. Any recommended loans for owner-occupied home rehabilitation or downpayment assistance activities will be presented to the Community Development Finance Committee for approval. The Finance Committee is subject to the Brown Act, holds public meetings, and consists of three members-one representative each from the PWP Financial Services Division, Internal Services, and the Revenue Reimbursement Division of the Auditor-Controller/Treasurer-Tax Collector.

The ESG funding will be used in conjunction with other State funding, as part of the homeless response system, to provide additional short and medium-term rental subsidies, case management, and supportive services to households experiencing a housing crisis.

DISCUSSION:

The AAP is prepared yearly and serves as the County's planning document and application for its allocation of entitlement funds from HUD. The PY 2024-25 AAP is the fifth annual plan within the five-year Consolidated Plan approved by your Board on April 28, 2020 and identifies specific goals the County will strive to achieve in the coming year. The AAP is required by HUD for the County to receive CDBG, HOME, and ESG funds. PWP and DSS collaborate to prepare the Consolidated Plan and each AAP and administer the CDBG, HOME, and ESG programs as directed by the Board. Last year's AAP was approved by your Board on May 9, 2023, and the timing of this item varies due to when Congress appropriates funds for HUD. Projects supported with CDBG and HOME funds are limited to unincorporated areas of the County and those cities participating in the County's Joint Powers Agreement (JPA) for HUD's Urban County Program, which was most recently authorized by the Board on August 8, 2023.

A description of CDBG programs for unincorporated areas of the County and HOME Programs for the unincorporated areas of the County and cities participating in the JPA are included as Attachments E and F. Consistent with last year, PWP will focus on facilitating up to a dozen housing rehabilitation loans to meet the targets established in the Consolidated Plan. PWP will also make updates to the Policy Manual for Affordable Housing Programs after soliciting and evaluating feedback from partner cities, underserved communities, and other stakeholders. Any recommended modifications will be brought before your Board for approval.

ESG funds may be used for the following five program components: street outreach/emergency shelter, homelessness prevention, rapid re-housing, Homeless Management Information System (HMIS), and administrative activities (up to 7.5% of the allocation). In compliance with HUD requirements, DSS consults with the Fresno Madera Continuum of Care (FMCoC) regarding recommendations for ESG allocations. Recommendations are integrated with the goals and other funding plans throughout the FMCoC to ensure the most effective use of State and Federal funding. PY 2024-25 ESG funds will be used to provide rental assistance and case management in coordination with advocacy and legal assistance provided by Housing Disability and Advocacy Program (HDAP) funding from the California Department of Social Services. Together, the funding will serve chronically homeless individuals in need of housing and disability advocacy to end their homelessness.

The AAP includes certifications that assure HUD that the County has complied with Federal regulations and requirements. These include conducting two public hearings, affirmatively furthering fair housing, maintaining a drug-free workplace, limiting lobbying, and ensuring that the activities of the AAP will principally benefit persons of low- and moderate-income. The County has complied with all of these requirements.

OTHER REVIEWING AGENCIES:

The Consolidated Plan Committee (CPC) conducted a noticed public hearing on housing and community development needs during its meeting on October 18, 2023. This public hearing began the planning process

for the AAP. The CPC includes Housing and Community Development Citizens Advisory Committee (CAC) members from unincorporated area communities and neighborhoods (appointed by your Board), and representatives from the eight participating cities.

The AAP has also been available for public review and comment to the general public on the County's website at www.fresnocountyca.gov/grants and the Central Branch of the Fresno County Public Library.

REFERENCE MATERIAL:

BAI #40, August 8, 2023
BAI #16, May 9, 2023
BAI #5, April 28, 2020

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachments A-F
On file with Clerk - 2024-25 Annual Action Plan

CAO ANALYST:

Salvador Espino