



CITY OF POMONA COUNCIL REPORT

June 3, 2024

To: Honorable Mayor and Members of the City Council

From: Anita D. Gutierrez, City Manager

Submitted By: Beverly Johnson, Acting Neighborhood Services Director

**SUBJECT: ADOPTING THE FY 2024-2025 ANNUAL ACTION PLAN WITH
FUNDING RECOMMENDATIONS**

RECOMMENDATION:

It is recommended that the City Council take the following actions:

- 1) Adopt the following resolution:

RESOLUTION NO. 2024-48 – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, APPROVING THE FY 2024-2025 ANNUAL ACTION PLAN WITH PROPOSED FUNDING FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG), HOME INVESTMENT PARTNERSHIPS (HOME), AND EMERGENCY SOLUTIONS GRANT (ESG) FEDERAL ENTITLEMENT PROGRAMS

- 2) Approve final award recommendations for the FY 2024-2025 CDBG Program;
- 3) Approve final award recommendations for the FY 2024-2025 HOME Program;
- 4) Approve final award recommendations for the FY 2024-2025 ESG Program;
- 5) Approve awarding \$50,000 in Emergency Solution Grant to Volunteers of America Los Angeles, under the current site operator agreement for the Hope for Home Service Center;
- 6) Approve the inclusion of funding awards in the Annual Action Plan;
- 7) Adopt the FY 2024-2025 Annual Action Plan as amended by item 6 above; and
- 8) Authorize the City Manager to execute appropriate applications and certification documents for the Annual Action Plan for submittal to the U.S. Department of Housing and Urban Development (HUD).

EXECUTIVE SUMMARY:

Annually, the City receives entitlement funds from the U.S. Department of Housing and Urban Development (HUD) to address housing, homelessness, community and economic development needs under the following programs: Community Development Block Grant (CDBG), Home Investment Partnerships (HOME) and Emergency Solutions Grant (ESG) Programs. An Annual Action Plan must be submitted to HUD as a condition of receipt of these funds. The Annual Action Plan focuses primarily on the specific activities that the City will undertake and fund for FY 2024-2025 to meet priority needs.

SB1439/GOVERNMENT CODE §84308 APPLICABILITY:

☒ When this box is checked, it indicates the agenda item is subject to the Levine Act SB1439 requirements. Councilmembers are reminded to check their campaign contributions and determine whether they have received a campaign contribution of \$250 or more that would require disclosure and/or recusal from discussing or acting on this agenda item. Campaign contributions of \$250 or more made 1) by any person or entity who is identified in the agenda report as the applicant or proposer or 2) on behalf of the applicant or participant, including a parent, subsidiary or otherwise related business entity, or 3) by any person who has a financial interest in the agenda item requires a councilmember to comply with SB1439.

FISCAL IMPACT:

The final award for Consolidated Plan funding totals per HUD is \$2,630,626. As these are entitlement funds, revenue estimates with corresponding expenditures were adopted as special funds in the FY 2024-2025 Proposed Budget. Any differences between the adopted FY 2024-2025 Operating Budget and FY 2024-2025 Capital Improvement Program (CIP) Budgets' final revenues and appropriations will be addressed with the 1st Quarter Review, which will be brought forward to the City Council in November 2024.

PUBLIC NOTICING REQUIREMENTS:

Notice was published on May 3, 2024, in the Inland Valley Daily Bulletin for April 15, 2024, and June 3, 2024, Public Hearings (Attachment 6).

PREVIOUS RELATED ACTION:

The City Council adopted the Draft FY 2024-2025 Annual Action Plan (Attachment 5) on April 15, 2024.

DISCUSSION:

On May 7, 2024, HUD released the final formula allocations for the CDBG, HOME, and ESG Programs. The City of Pomona will receive the following allocations: CDBG: \$1,751,044; HOME: \$723,880; and ESG: \$155,702. The total anticipated funding is \$2,630,626. The FY 2024-2025 Annual Action Plan provides a one-year roadmap for spending these funds on activities that benefit low—to moderate-income persons.

Citizen Participation

On September 28, 2023, a Community Needs Survey was made available to Pomona residents to solicit community input. Staff placed the survey on the City's website for online completion and delivered hard copies to thirteen community service centers. In addition, staff made the survey available at nine community meetings. Outreach efforts to promote the online survey included mailing postcards to over 43,500 households, informing residents of community meetings/forums, and requesting their input via the Community Needs Survey. In addition, staff posted notifications regarding the survey's availability on the City's Facebook, Twitter, La Nueva Voz Newspaper, and the Inland Valley Daily Bulletin Newspaper. The survey responses are accepted through January 31, 2024. As a result of the outreach efforts, 366 surveys were received (Attachment 4).

Annual Fund Amounts

The FY 2024-2025 Entitlement allocations are listed below:

2024-25 ENTITLEMENT ALLOCATIONS FUNDS	AMOUNT
Community Development Block Grant (CDBG)	\$1,751,044
HOME Investment Partnership Program (HOME)	\$723,880
Emergency Solutions Grant (ESG)	\$155,702
ENTITLEMENT ALLOCATIONS TOTAL	\$2,630,626

The Annual Action Plan is due to HUD forty-five days before the start of the fiscal year or by August 16, 2024, for this application cycle. The draft Annual Action Plan was available for public review beginning April 15, 2024 through June 3, 2024. This public hearing is the second of two meetings required to approve the Annual Action Plan for submission.

Community Development Block Grant (CDBG) Program

The primary purposes of (CDBG) Program funds are to 1) provide decent housing, 2) provide a suitable living environment, and 3) expand economic opportunities, principally for low-to-moderate-income persons. By the CDBG national objectives, an activity must meet one of three objectives: 1) serve low-moderate income persons; 2) aid in the elimination of slums and blight; or 3) address recent, urgent health or welfare needs (e.g., natural disaster). An activity may be eligible because it either benefits an area (activity serves a census tract that has 51% or more low-moderate income persons) or a limited clientele (persons and families with low-to-moderate income). More than 70% of all funds must be expended to assist low-to-moderate-income persons and families. The City plans to spend 100% of CDBG funds to benefit low-to-moderate income persons and families.

Community Development Block Grant Low and Moderate Income Area Benefit

The Low and Moderate Income Area (LMA) benefit category is the most commonly used national objective for activities that benefit a residential neighborhood. An area benefit activity benefits all residents in a particular area where at least 51% of the residents are Low to Moderate Income

(LMI) persons. The LMA is determined by the block group level census data, a smaller subset of the census tract. By City Council policy, funding is distributed to each Council District based on the percentage of LMA within the City of Pomona.

LMA percentages for each Council District are attached, and staff will utilize funding percentages for CDBG district allocations (Attachment 1—Exhibits A & B and Attachment 2). Regardless of District allocations or percentages, project expenditures can only be made within the current HUD-recognized LMA (Attachment 3) or on projects related to eligible LMI residents.

Community Development Block Grant Eligible Activities

Eligible activities fall into five general categories: Administration/Planning, Housing, Economic Development, Public Service, or Capital Improvement. Certain activities are not eligible, including single event functions, contingency funds, on-going clean-up activities, or improvements to buildings and areas for the general conduct of government (except in the case of enhancements designed to assist people with disabilities in public places as required by the Americans with Disabilities Act).

Below is the breakdown of proposed CDBG funding allocations for FY 2024-2025 based on HUD requirements. The amounts provided under "capped" categories are rounded to the nearest dollar amount to ensure these regulatory caps do not exceed.

CDBG CATEGORY	AMOUNT	CAP
Administration	\$ 350,208	(20% cap)
Public Service	\$ 262,656	(15% cap)
Non-Public Service Activities	\$ 1,138,180	(No cap)

Total Available Funding: \$1,751,044

Citywide

Based on input from the Community Needs Survey Results and City departments, CDBG-funded citywide activities are needed, which otherwise could not be provided. These include projects that have been funded previously, such as parks and recreation services, infrastructure projects, anti-crime programs, and code enforcement. However, addressing public infrastructure is now ranked as the highest priority per residents. As such, the fiscal impact of a reduction or loss of CDBG funding would require the City to fund these activities from the General Fund or to significantly reduce and/or eliminate many of these services that principally benefit low-to-moderate-income residents of the City. Staff is proposing additional service programs designed to meet high-priority needs. Citywide needs were given priority in funding recommendations and include:

Code Enforcement	Housing Improvement Programs
Community Oriented Policing Program (CPOP)	Housing Services
Fair Housing Services	Public Infrastructure – ADA Path of Travel
Facility and Park Improvements	Public Service Programs
Homeless Services Programs	

Request for Proposal submittals, Late Requests, and Rejections:

This year, the City received 23 applications for CDBG funds, excluding Administration. Of the 23 applications, 12 were from Community-Based Organizations (CBOs), and 11 were from City Departments. All applications were reviewed, and 21 of the 23 were recommended for funding by the Grants Administration Committee. Also, CBO applications were reviewed by the Community Life Commission (CLC). The CLC was provided a list of the 10 CBO agencies that were deemed eligible, along with performance information for agencies previously funded. One CBO applicant withdrew their application from the program. The CLC recommended the remaining 9 proposals for funding consideration.

CDBG Program Administration

A total of \$350,208, or twenty percent of the total anticipated CDBG funding allocation, is available in FY 2024-2025 for Administration of the CDBG program, including general management, oversight, and coordination and monitoring of programs. HUD requires that municipalities cap administration costs at 20 percent of the total funding allocation.

Public Service Category

The City received several public service requests from City departments and public agencies. These requests, shaped by community input, highlight the on-going need for youth, homeless, senior services, and anti-crime programs. Thus, the City recommends continuing CDBG funding for youth programs such as after-school recreation and education and the CDBG Homeless Services Program to provide more services to people experiencing homelessness. Public agency requests include education programs, college preparation, fair housing counseling, recreational services, elderly enrichment activities, and services for homeless persons. Staff also proposes continuing CDBG funding for the Police Department's Community Problem-Oriented Policing (CPOP) Program. This program provided activities centered on safety and security, community crime prevention, and police services in the City's low-to-moderate-income neighborhoods. Under CDBG regulations, the CPOP program is considered a public service activity.

The following table breaks down available FY 2024-2025 public service funds, including \$40,000 of federally mandated Fair Housing Services, included in the HUD-required 15 percent public services cap.

CATEGORY	AMOUNT
Fair Housing Services	\$ 40,000
Other Public Service Activities	\$ 222,656

Total Available Funding: \$262,656

Non-Public Service Category

Non-public services include Capital Improvements, Housing Programs and Code Enforcement. In the Code Enforcement Division, the cost of operations and personnel are shared with the City's

General Fund. This is based on the percentage of time spent in CDBG-eligible areas versus time spent in non-CDBG-eligible areas. Following Federal requirements, staff has identified target areas to concentrate CDBG-funded Code Enforcement activities. These activities target areas based on various factors, including the number of police reports, code complaints filed, abatements performed, and Neighborhood Watch organizations within the area designated as slums and blighted areas.

In addition, the staff is proposing to fund Housing Services to maintain current housing programs and staff to provide loan processing, housing counseling, preparation of work specifications in housing-related projects, and housing inspections. Staff is also proposing continued infrastructure improvements based on Council direction, specifically ADA curb ramp improvements as proposed in consultation with the Public Works Department.

Home Investment Partnership Program (HOME)

HOME funds are used to preserve and create affordable housing. Eligible activities include Single-Family Housing Rehabilitation, Multi-Family Housing Rehabilitation, First-Time Home Buyer Programs, and Tenant-Based Rental Assistance. Below is a listing of eligible categories for the HOME Program and estimated funding levels.

CATEGORY	AMOUNT	CAP
Community Housing Development Organizations	\$108,582	(15% cap)
Administration	\$72,388	(10% cap)
Tenant Based Rental Assistance (TBRA)	\$0	(no cap)
First-Time Homebuyer Program	\$400,000	(no cap)
Single-Family Housing Rehabilitation	\$142,910	(no cap)

Total Available Funding: \$723,880

Emergency Solutions Grant Program (ESG)

Emergency Solutions Grant (ESG) program activities place emphasis on moving homeless persons from tentative, unstable living situations to more permanent, stable housing, and self-sufficiency. These activities fall under six basic funding categories as listed in the following table, according to the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act), enacted into law on May 20, 2009. Each category requires a mandated 100% match for funds expended, except for Administration. To meet this obligation, each agency receiving ESG funds from the City must identify the source of its matching funds as part of the application process. The city-operated programs provide a match through the salaries of non-ESG-funded staff who assist in administering the ESG grant. Any amounts funded for Street Outreach, Emergency Shelter, and Administration cannot exceed the statutory caps as regulated by HUD.

The categories and suggested funding amounts for FY 2024-25 appear below:

ESG CATEGORY	AMOUNT	CAP
Administration	\$11,677	(7.5% cap)
Homeless Prevention	\$0	(No cap)
Street Outreach	\$0	(60% cap)
Emergency Shelter	\$93,421	(60% cap)
Rapid Re-Housing	\$0	(No cap)
HMIS	\$50,604	(No cap)

Total Available Funding: \$155,702

ESG funds will be utilized primarily for shelter operations. The City did not solicit a Request for Funding Proposals (RFP) for Homeless Services using ESG funds for FY 2024-2025 because funds will be directed to the City's Hope for Home Services Center amounting to \$93,421. A portion of this funding, or \$50,000, will be awarded to Volunteers of American Los Angeles (VOALA). The total funding available for ESG activities is \$155,702.

Preliminary Funding Recommendations

Preliminary funding recommendations, as submitted by staff, are based on priorities established by prior year funding, Councilmember input, resident survey data, and agency good standing as established through annual performance evaluations. Under the direction of the Council, staff brought the applications for funding to the City Council for a public hearing on June 3, 2024, which is the final meeting for the adoption of the Annual Action Plan. The Annual Action Plans are due to HUD by August 16, 2024.

COUNCIL PRIORITIES & GOALS:

This item supports the 2021-2022 City Council Priority #1: Fiscal and Operational Responsibility
- Goal C: Obtain additional grant funding and other revenues to help achieve City goals.

Prepared by:

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ATTACHMENT(S):

Attachment 1 – Resolution No. 2024-48
Exhibit “A” - 2024-2025 CDBG Funding Options
Exhibit “B” - 2024-2025 ESG Funding Options
Attachment 2 – CDBG District Formula Allocations
Attachment 3 – CDBG Eligible Areas Map
Attachment 4 – FY 2024-2025 Community Needs Survey Results
Attachment 5 – FY 2024-2025 Annual Action Plan
Attachment 6 – Public Hearing Notice