

AGENDA ITEM SUMMARY

City Council



STAFF

Beth Rosen, Grants Compliance and Policy Manager

SUBJECT

Items Relating to the Appropriation of Federal Funds in the Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) Program Funds.

EXECUTIVE SUMMARY

A. First Reading of Ordinance No. 097, 2025, Making Supplemental Appropriations in the Community Development Block Grant Fund.

B. First Reading of Ordinance No. 098, 2025, Making Supplemental Appropriations in the HOME Investment Partnerships Grant Fund.

C. First Reading of Ordinance No. 099, 2025, Making Supplemental Appropriations in the HOME Investment Partnerships Grant American Rescue Plan Act Fund.

The purpose of these items are to appropriate the City's Fiscal Year (FY) 2025 Community Development Block Grant (CDBG) Entitlement Grant and FY2025 Home Investment Partnerships Program (HOME) Participating Jurisdiction Grant from the Department of Housing and Urban Development (HUD), CDBG program income from FY2023 & FY2024 and HOME Program Income from FY2023 & FY2024, and supplemental funding to the FY21 HOME American Rescue Plan Act (HOME-ARP) Fund.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinances on First Reading.

BACKGROUND / DISCUSSION

The Community Development Block Grant (CDBG) Entitlement Program provides annual grants on a formula basis to eligible cities and counties to improve the living conditions for low and moderate- income persons. Recipient communities develop their own programs and funding priorities. In the 2025-2029 Consolidated Plan which will be submitted to HUD by August 16, 2025, the City prioritized the use of these funds to further its affordable housing goals and provide public services for persons experiencing homelessness.

The HOME Investment Partnership Program (HOME) provides annual grants on a formula basis to Participating Jurisdictions to implement local housing strategies designed to increase homeownership and housing opportunities for low and very low-income residents. These funds are used annually to further the affordable housing goals outlined in the Housing Strategic Plan.

On May 14, 2025, the City received notice of its Fiscal Year 2025 CDBG and HOME allocations from the Department of Housing and Urban Development. This appropriation includes \$1,152,451 for CDBG and \$650,489.56 for HOME. Additionally, the City receives annual repayments into the CDBG & HOME programs, referred to as Program Income (PI), through the payoffs of Home Buyer Assistance (HBA) loans and loan payments on affordable housing projects. These payments go back to their respective programs for re-allocation to eligible projects. Since April 1, 2024, the CDBG program has received \$103,659 in Program Income and the HOME Program has received \$83,688 in Program Income.

Ordinance No. 097, 2025 appropriates a total of \$1,237,712 into the CDBG Program, which includes the Entitlement Award of \$1,152,451 and \$85,261 from Program Income.

Ordinance No. 098, 2025, appropriates a total of \$796,968.56 into the HOME Program, which includes the Entitlement Award of \$650,489.56 and \$146,479 from Program Income.

These funds are allocated through an annual Competitive Process, with funding recommendations being made to Council by the Human Services and Housing Funding Board. Recommendations for the use of these funds will be presented to Council at its regular meeting on June 17, 2025.

On April 30, 2025, the City received notification from HUD that it made an administrative error in the calculation of the 2021 American Rescue Plan Act funds allocated to the City through the HOME Investment Partnerships Program. Specifically, HUD determined that the City received \$3,941 less in its HOME-ARP allocation than it should have.

Ordinance No. 099, 2025, appropriates an additional \$3,941 into the HOME Investment Partnerships Grant American Rescue Plan Act (HOME-ARP) Fund.

These funds will supplement the existing Supportive Services funds already contracted with Subrecipients.

CITY FINANCIAL IMPACTS

These items will appropriate \$2,038,621.56 in federal funding to the City which will be allocated to housing and community development related programs and projects, and the administration of the funds, thereby reducing the demand on the City's General Fund budget to address such needs.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

None.

PUBLIC OUTREACH

None.

ATTACHMENTS

1. FY2025 CDBG & HOME Formula Letter from HUD
2. Amended HOME-ARP Award Letter from HUD
3. Ordinance No. 097, 2025
4. Ordinance No. 098, 2025
5. Ordinance No. 099, 2025