



Agenda Item

City Council

Item #: 10.3.

4/8/2025

File #: 25-0191

TO: Honorable Mayor and Members of the City Council

THRU: Tom Kisela, City Manager

FROM: Russell Bunim, Community Development Director

1. SUBJECT

Update on the progress of the development of the 2025-2029 Consolidated Plan including the 2025-2026 Annual Action Plan and 2025-2029 Regional Analysis of Impediments to Fair Housing Choice.

2. SUMMARY

Update on the progress of the development of the 2025-2029 Consolidated Plan including the 2025-2026 Annual Action Plan and the 2025-2029 Regional Analysis to Fair Housing Choice.

3. RECOMMENDED ACTION

1. Approve the identified priorities to be incorporated into the 2025-2029 Consolidated Plan.
2. Approve the funding recommendations for the 2025-2026 Annual Action Plan.
3. Authorize staff to incorporate approved priorities and funding recommendations into the 2025-2029 Consolidated Plan that includes the 2025-2026 Annual Action Plan.
4. Receive and file the 2025-2029 Regional Analysis to Fair Housing Choice.

4. FISCAL IMPACT

None.

5. STRATEGIC PLAN GOALS

Goal 3: Enhance Public Communication Strategy and Quality of Life

6. DISCUSSION AND BACKGROUND

The U.S. Department of Housing and Urban Development (HUD) mandates that jurisdictions receiving annual entitlement funding through the Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) programs develop a Consolidated Plan (Con Plan) every five years. This plan is designed to establish the City's housing and community development priorities, ensuring alignment with the objectives of the CDBG and HOME programs. Serving as a comprehensive strategic framework, the Con Plan enables the City to assess affordable housing and community development needs, evaluate market conditions, and make informed decisions based on data analysis.

Analysis of Impediments to Fair Housing Choice

As part of the development of the Con Plan, HUD requires participating jurisdictions to conduct an Analysis of Impediments to Fair Housing Choice (AI). The AI is a comprehensive study aimed at identifying and evaluating potential barriers-both in the public and private sectors-that may hinder an

individual's ability to select housing free from discrimination. Additionally, it provides recommendations for addressing these barriers through a five-year Fair Housing Action Plan.

The AI study delivers the following key components:

1. An overview of relevant laws, regulations, and administrative policies and procedures;
2. An evaluation of the impact of these laws on the location, availability, and accessibility of housing; and
3. An analysis of public and private conditions influencing fair housing choice.

For the 2025-2029 Analysis of Impediments to Fair Housing Choice (AI), the City partnered with 35 other Orange County municipalities and the County of Orange to create a Regional AI. This comprehensive study addresses barriers to fair housing choice at both the countywide level and within individual jurisdictions.

The AI will be available for public review and comment from April 10, 2025 to May 12, 2025.

2025-2029 Identified Priorities

The City is currently in the process of developing the 2025-2029 Con Plan. Five priority goals were identified to guide the allocation of CDBG and HOME funding over the next five fiscal years:

- Economic Development
- Affordable Housing
- Homelessness
- Public Programs
- Public Capital and Infrastructure Projects

The following sources were used to determine need:

- City Council identified priorities
- 2025-2029 Regional AI
- City-wide needs assessment survey conducted from August 2023-December 2023 utilizing the City's website, City sponsored city-wide events, Housing Summit, and City public counters
- Other data sources identified in the Con Plan, including but not limited to the City's General Plan, United States Census Bureau, and Orange County Housing Authority
- Public input from the CDBG Program Committee public hearings and meeting

Consolidated Plan CDBG Eligibility Map

As part of the Consolidated Plan (Con Plan), the City's consultant developed updated eligibility areas in the city utilizing the 2022 5-Year American Community Survey (ACS) data from the U.S. Census Bureau, the most current data available. To meet eligibility, a census tract must have at least 51% of all households earning at or below 80% of the Area Median Income (AMI). The updated eligibility map, reflecting the current criteria, is provided in Attachment 2.

2025-2026 Annual Action Plan

The Consolidated Plan (Con Plan) is implemented through Annual Action Plans (AAP), which provide a comprehensive summary of the strategies, activities, and federal and non-federal resources allocated each year to address the specific needs and objectives outlined in the Con Plan. The 2025-2029 Con Plan includes the first year of the plan, the 2025-2026 AAP.

The City published a Notice of Funding Availability in the City Orange News on November 14, 2024,

and solicited applications from November 14, 2024, to February 1, 2025, for consideration of estimated funding for the Fiscal Year 2025-2026 CDBG and HOME funds. The City received eight applications for public programs and two applications for public infrastructure projects (summarized in Attachment A) for the 2025-2026 AAP.

On February 13, 2025, the CDBG Program Committee convened to review presentations from applicants. Alongside the submitted applications, the Community Development Department proposed allocating funding under the Public Capital Improvements and Infrastructure category to develop a new program aimed at supporting local qualifying businesses. Prior to implementation, the program's structure and parameters would be presented to the City Council for consideration. The designated funding set-aside would enable staff to explore and evaluate potential program options.

On March 13, 2025, the Community Development Block Grant (CDBG) Program Committee conducted a Public Hearing to provide funding recommendations for the proposed programs and projects. These recommendations were based on the estimated CDBG funding allocation of \$1,034,444.

- 20% or \$206,888.80 for administration
- 15% or \$155,166.60 for public service activities
- 65% or \$672,388.60 for public capital improvement and infrastructure projects

This year, the City received a total of eleven applications for a total request of:

- \$246,640 for public service activities
- \$967,936.50 for public facilities projects

Factors used to determine funding recommendations include:

- Project eligibility
- Program description
- Organizational capacity and experience
- Goals and outcomes
- Budget
- Past performance goals
- Audit review
- Funding/Local priorities

For detailed information on the funding recommendations, refer to Attachment 3.

To date, the City has not received the final notification regarding the actual funding amounts. The proposed funding recommendations will be incorporated into the draft Consolidated Plan (Con Plan) and will be presented to the City Council for approval at a Public Hearing once the final allocations are confirmed, along with the final version of the 2025-2029 Con Plan.

7. ATTACHMENTS

- Attachment 1 Draft 2025-2029 Consolidated Plan
- Attachment 2 Consolidated Plan CDBG Eligibility Map
- Attachment 3 2025-2026 CDBG Funding Recommendations

- Attachment 4 2025-2029 Regional Analysis of Impediments to Fair Housing Choice