



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 25-638

Agenda Date: 3/26/2025

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DATE: March 26, 2025

TO: Honorable Mayor and City Councilmembers

FROM: Housing and Neighborhood Services Department

TITLE: PRESENTATION OF THE DRAFT 2025-2029 CONSOLIDATED PLAN AND 2025-2026 ANNUAL ACTION PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT FOR REVIEW AND COMMENT

RECOMMENDATION

Staff recommends that the City Council:

1. Receive a report on the draft Fiscal Year (FY) 2025-29 U.S. Department of Housing & Urban Development (HUD) Consolidated Plan, including the proposed program budget for the Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) programs, allocating funding for various housing and community development activities, planning, and program administration to be included in the FY 2025-26 Annual Action Plan (AAP);
2. Conduct a public hearing on the prioritization of the grant funds and development of the 2025-29 Consolidated Plan and the 2025-26 Annual Action Plan; and,
3. Close the Public Hearing and initiate the 30-day comment period.

BACKGROUND AND ANALYSIS

As a designated U.S. Department of Housing and Urban Development (HUD) entitlement community, the City of Oceanside receives Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) funds, collectively known as “HUD funds”. HUD funds are aimed at funding diverse programs and services to enhance the quality of life for Oceanside’s most vulnerable populations.

HUD regulations require that entitlement jurisdictions adopt a five-year Consolidated Plan for Housing and Community Development and Annual Action Plans for the use of its HUD funds. The Consolidated Plan is a collaborative process whereby a community establishes a unified vision for community development actions. It offers local jurisdictions the opportunity to shape the various housing and community development programs into effective, and coordinated, neighborhood and community development strategies. It also creates the opportunity for strategic planning and citizen participation to take place in a comprehensive context, and to reduce duplication of effort at the local level. The Consolidated Plan provides the necessary policy guidance for the implementation of programs and services to be funded annually. These programs and services are detailed in the Annual Action Plan (AAP), which serves as the City’s formal funding application to HUD for the

corresponding grant year.

The current five-year Consolidated Plan (2020-25) for the City of Oceanside expires June 30, 2025. A draft Consolidated Plan for FY 2025-29 and the FY 2025-26 AAP has been prepared for public comment and review. The draft FY 2025-29 Consolidated Plan and the AAP present the specific strategies and activities the City will undertake during the first year of this Consolidated Plan cycle as determined by public comment and outreach to date and with final direction provided by the City Council.

To determine community needs and objectives for the 2025-29 Consolidated Plan and AAP, staff worked with other City departments, City advisory commissions, neighborhood organizations, and non-profit social service and health agencies to gather information and review proposed objectives. City staff reviewed current population and demographic data to identify neighborhoods in the City that qualify for HUD-funded programs. In the past few months, staff presented to the Housing Commission, Community Relations Commission, and twelve community events/listening sessions (see Attachment 2).

Citizen Participation through Planning Process

Engaging residents and community members in defining and understanding the current housing and community development needs while prioritizing these HUD resources to address these needs is a key component of the development of the Consolidated Plan and the AAP. The City is required by HUD to gather input from its residents, including minorities, non-English speaking persons, low/moderate-income residents, persons with disabilities, advocates for seniors, disabled, illiterate and homeless, whom the grant programs are designed to serve. Public input received is used to establish strategies and funding priorities. This Public Hearing is an avenue for the community to engage in the prioritization of the grant funds and the development of the 2025-29 Consolidated Plan and 2025-26 AAP. A public hearing notice was published in the San Diego Union Tribune and translated into Spanish for publication in the North County Informador to comply with HUD requirements to reach out to persons with limited English proficiency.

HUD Planning Documents

2025-29 FIVE-YEAR CONSOLIDATED PLAN

City staff have prepared the draft 2025-29 Consolidated Plan in the form prescribed by HUD, in order to receive federal CDBG and HOME funds. The Consolidated Plan includes the following components:

- Public participation - four noticed Commission meetings with the Community Relations Commission and the Housing Commission in March and one community stakeholder meeting;
- Nine listening sessions events held in partnership with various community partners such as Oceanside Police Department (OPD) National Night Out and the Senior Expo;
- An assessment of the City's housing and community development needs based on demographic and housing market information; and
- The City's strategic plan that includes the priorities, objectives, and strategies for the investment of CDBG and HOME funds for the next five years.

Community input results and available data produced the following proposed priorities, which are substantially similar to the previous Consolidated Plan:

- Conserve and improve existing affordable housing
- Provide home-ownership and rental assistance
- Assist in the development of affordable housing
- Support Continuum of Care for the Homeless (including mental health)
- Provide for community facilities and infrastructure
- Provide needed community and supportive services
- Planning and administration

Staff has prepared and is presenting for public review and comment the draft FY 2025-29 Consolidated Plan and the FY 2025-26 AAP. The AAP presents the specific strategies and activities the City will undertake during the first year of this Consolidated Plan cycle as determined by public comment and outreach to date and with the direction of the City Council.

Beginning in summer 2024, staff solicited public comment in its listening sessions with the public and partnering agencies to discern housing and community development needs and priorities. A summary of public comments (Attachment 2) received will be included with the final AAP, as required by the HUD regulations. The draft 2025-29 Consolidated Plan and 2025-26 AAP, being presented at this time, will be available for a 30-day public review and comment period beginning with the March 26, 2025 Public Hearing. Copies of the draft 2025-29 Consolidated Plan and the 2025-26 AAP will be available for review at the following locations in the City of Oceanside: Oceanside Public Library (330 North Coast Highway), Mission Branch Library (3881-B Mission Avenue), and the Housing and Neighborhood Services Department (321 North Nevada Street). Following the public review and comment period, staff will submit the 2025-29 Consolidated Plan, including the 2025-26 AAP, with the inclusion of changes made to the AAP as a result of public comments, to the City Council for review and consideration. City Council consideration of the Plan is anticipated on May 7, 2025. The City must submit its 2025-29 Consolidated Plan, including the 2025-26 AAP, to the HUD Los Angeles Field Office for review no later than May 15, 2025.

FY 2025-26 Action Plan

As of the date of this report, Congressional budget appropriations for FY 2025-26 have not been identified and federal funds are facing significant cuts. For planning purposes, staff is anticipating a reduction of the current CDBG and HOME allocations of 25 percent, consistent with reductions in funding over the last several years and given the current federal budget discussions. Based upon this anticipated reduction in funding, the City would have a total of \$1,030,263 in CDBG funds and \$1,250,462 in HOME funds available for the upcoming fiscal year for eligible programs and activities (Attachments 3 and 4). Should funding be either substantially increased or decreased the change will be reflected on a pro-rata basis.

Table 1: FY 2025-26 CDBG and HOME Estimated Funding Availability

CDBG	
2025-26 Entitlement	963,633

Program Income (repaid/unexpended funds)	66,630
Total 2025-26 CDBG Available Funding	\$1,030,263
HOME	
2025-26 Entitlement	326,872
Program Income (repaid/unexpended funds)	184,968
Unallocated HOME funds	738,622
Total 2025-26 HOME available funding	\$1,250,462
TOTAL HUD Funds	\$2,280,725

CDBG Program

The primary objective of the CDBG Program is the development of viable urban communities, principally for low- and moderate-income persons. The City may allocate its CDBG funding to a wide range of eligible activities, including housing rehabilitation, capital improvement projects, public services, economic development, and other community development activities. HUD regulations limit ("cap") the use of CDBG funds for administration to 20 percent and public services to 15 percent of the entitlement grant for the year plus 15 percent of the previous year's program income. All activities funded through the CDBG program must meet one of these three National Objectives:

1. Benefit low- and moderate-income persons through social services, housing, or infrastructure projects;
2. Prevent or eliminate slums and blight through residential or commercial rehabilitation; or
3. Meet an urgent local need (such as the prior firestorms and floods in San Diego County).

Projects are then classified into three distinct categories:

1. Administration and Planning;
2. Public Services; and,
3. Capital Improvement Projects ("CIPs") and Community Development.

Below is a summary of the funding recommendations for a total of \$1,030,263 in programs and activities under each respective category.

1. Administration, Planning, and Housing Rehabilitation

Funds under this category cover all City staff costs associated with the management and administration of the City of Oceanside's CDBG program including regulatory compliance, contract administration, subrecipient monitoring and fiscal management and preparation of the required planning documents. The Administration and Planning category also includes housing program development, activities to promote fair housing and management of neighborhood revitalization programs. Per HUD regulations, administration and planning activities are capped at 20 percent of the annual entitlement allocation and current year program income, or approximately \$206,053.

2. Public Service Activities

The Public Services category includes services and programs for youth, senior citizens,

activities to promote fair housing, adults with disabilities, homeless persons, and other activities that benefit low- and moderate-income individuals, families, and neighborhoods. Per HUD regulations, funding of public service activities is capped at 15 percent of the annual entitlement allocation and prior year program income, or approximately \$154,540. The list of agencies and programs recommended for CDBG public services funding in FY 2025-26 is shown in Attachment 3.

The continuing decline of HUD dollars impacts all levels of HUD funding. Staff's recommendations for funding are consistent with prior City Council direction to limit funding to programs and activities that operate out of City resource centers, recreation facilities, and senior centers, or that serve CDBG-eligible neighborhoods and the objectives of the 2025-29 Consolidated Plan. Two internal Park & Recreation youth programs (Teen Start and For Kid's Sake) have been predominately funded by the General Fund and due to federal guidance regarding the appearance of CDBG funds supplementing City dollars it is recommended that the minimal CDBG dollars allocated to these two programs should end as we enter into the new Consolidated Plan cycle. With this reduction, funding for the required Fair Housing program will shift from the administration category to public service to address some of the anticipated federal cuts in the capped administration budget. Due to these limitations on funding and previous direction of City Council to prioritize programming available at City facilities, no CDBG funds will be available for emergency services, health services or programs for children and youth other than those at City recreation centers or community resource centers. Staff reduced all public services (exempting federally mandated Fair Housing) with the 25% reduction in funding. CDBG funds must be used to supplement, not supplant, other funding including existing General Fund support for programs.

3. Capital Improvement Projects ("CIPs") and Community Development

After the Public Services and Administration activities are funded, remaining funds may be used for eligible CIPs, public facility improvements, and other housing/community development related activities.

- *Section 108 Loan Repayment.* The City continues to make payments on an annual basis towards its Section 108 Loan for construction of Fire Station 7. Payments on this loan began in FY 2008-09 and are amortized over twenty years, with \$263,300 due in FY 2025-26. The total balance remaining is \$793,000 and will be fully paid in FY 2028-29.
- *Housing Programs.* The Housing and Neighborhood Services Department (NSD) manages housing rehabilitation programs, including loans to low-income homeowners and grants to very low-income mobile homeowners. Existing housing programs are funded with prior year dollars with a combined allocation of \$430,000; the FY 2025-26 budget includes \$150,000 for single family rehab, \$150,000 for mobile home grants, and \$130,000 for project management and loan services.
- *Public Facilities.* Several capital projects have been identified to address safety improvements, traffic calming needs, and pedestrian accessibility with the assistance of community input received through the Crown Heights Neighborhood, Eastside, Tri-City Neighborhood and Libby Lake Community Groups. Staff will prioritize these types of

projects over the Consolidated Plan five-year cycle and will identify specific projects for funding within each successive Annual Action Plan based upon further community input, eligibility, feasibility, and timing to implement.

HOME Program

The HOME Program goal is to preserve and increase the supply of decent, safe and sanitary affordable rental and owner-occupied housing for low-income households at 80 percent or below of the San Diego County Area Median Income (AMI). Eligible activities for the use of HOME Program funds include:

- New construction;
- Acquisition;
- Rehabilitation;
- First time homebuyer assistance;
- Tenant-based rental assistance; and,
- Program Administration.

In the draft FY 2025-26 Action Plan, staff is proposing funding for programs and activities using a total of \$1,250,462 in HOME entitlement, Program Income funds, and unallocated HOME dollars, as shown in Attachment 4.

1. Administration

Per HUD regulations, administration and planning activities are capped at 10 percent of the annual entitlement allocation, or approximately \$60,185.

2. Community Housing Development Organization (CHDO)

Per HUD regulations, at least 15 percent of HOME funds must be set aside for specific activities to be undertaken by a special type of nonprofit called a Community Housing Development Organization (CHDO), or approximately \$90,277.

3. Tenant Based Rental Assistance (TBRA)

The City has contracted with Interfaith Community Services (ICS) and implemented a TBRA program. TBRA is a bridge program for families struggling to pay rent at this time but with case management, housing navigation and other assistance provided by ICS will stabilize their housing and income within a short time frame. To ensure sufficient funds to operate the two-year program, staff recommends allocating an additional \$600,000 to assist families at-risk of becoming homeless.

4. Home-Ownership Assistance

Expand homeownership opportunities for low-income Oceanside residents through strategic deployment of CalHome and HOME funds. The current market conditions have been challenging for lower-income households with Oceanside median sales prices at \$844,000, up three to four percent from the prior year. With median home prices in Oceanside remaining significantly elevated and mortgage rates continuing to present affordability challenges, the program will provide vital down payment assistance. This assists five to ten households

achieve sustainable affordable homeownership. The program will focus on households earning between 60 to 80 percent of the AMI who have been impacted by the current market conditions.

FISCAL IMPACT

The Consolidated Plan refers to the City's planned use of federal CDBG and HOME entitlement funds. These funds must supplement, and not supplant, existing funding sources. Staff anticipates that the City will receive \$963,633 of CDBG entitlement funds, an estimated \$66,630 in CDBG program income, \$326,872 in HOME funds, and an estimated \$184,968 in HOME program income. The CDBG and HOME grant allocations will be incorporated into the City's FY 2025-26 budgets. Public service and planning and administration allocations must be used by the end of the particular program year; capital projects should be completed within twenty-four months.

CDBG and HOME funds are drawn down only as reimbursement for expenditures. All expenditures must be for eligible activities and according to the budget approved by the City Council. CDBG funds are in Fund number 237 and HOME funds are in Fund number 277. The CDBG and HOME Program has no impact on the General Fund.

COMMISSION OR COMMITTEE REPORT

Staff presented the draft 2025-29 Consolidated Plan and 2025-26 Annual Action Plan to the Community Relations Commission at its March 4, 2025 meeting a written comment was received and has been added to the Outreach Summary. The CRC approved the draft Plan for submission to Council. Staff will present the draft Plan to the Housing Commission at its March 25, 2025 meeting.

CITY ATTORNEY'S ANALYSIS

The City Council is authorized to hold a public hearing in this matter. Consideration of the matter should be based on the testimony and evidence presented at the hearing.

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Reviewed by: Leilani Hines, Housing & Neighborhood Services Director
Submitted by: Jonathan Borrego, City Manager

ATTACHMENTS:

1. Staff Report
2. Consolidated Plan Outreach Summary
3. FY 2025-26 CDBG Program Budget
4. FY 2025-26 HOME Program Budget
5. Draft 2025-29 Consolidated Plan and 2025-26 Annual Action Plan