



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 25-735

Agenda Date: 5/7/2025

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DATE: May 7, 2025

TO: Honorable Mayor and City Councilmembers

FROM: Housing and Neighborhood Services Department

TITLE: APPROVAL OF THE 2025-2029 CONSOLIDATED PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT AND THE FY 2025-2026 ANNUAL ACTION PLAN; AND AUTHORIZATION TO SUBMIT THE 2025-2029 CONSOLIDATED PLAN AND FY 2025-2026 ANNUAL ACTION PLAN TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

RECOMMENDATION

Staff recommends that the City Council:

1. Approve the 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. Authorize the City Manager to sign and execute required forms and documents for the grant funds; and,
3. Authorize the Neighborhood Services Director to sign agreements with subrecipients.

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. Staff has prepared the Consolidated Plan, in the form prescribed by HUD, for the next five-year period beginning July 1, 2025 through June 30, 2030, along with the AAP for the first year of the Consolidated Plan for City Council's consideration (Attachment 2).

In developing the 2025-29 Consolidated Plan and 2025-26 AAP, collectively known as the "Plans", the City engaged residents and community members in defining and understanding the current housing and community development needs while prioritizing these HUD resources to address these needs. The City, specifically, engaged those residents HUD funds are intended to serve, including minorities, non-English speaking persons, low/moderate-income residents, persons with disabilities, advocates for seniors, disabled, illiterate and homeless. 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. A summary of outreach efforts is included as Attachment 3.

In compliance with the HUD regulations, the 2025-29 Consolidated Plan and 2025-26 AAP, was made available for public review beginning with a March 26, 2025 Public Hearing held by the City Council. Copies of the 2025-29 Consolidated Plan and the 2025-26 AAP were available 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), and on-line. The public comment period closed on April 27, 2025, and all comments received were added to the 2025-29 Consolidated Plan, including the 2025-26 AAP.

Upon review and consideration by City Council, the 2025-29 Consolidated Plan and 2025-26 AAP will be submitted to the HUD Los Angeles Field Office no later than May 15, 2025.

2025-29 Five-Year Consolidated Plan

The Consolidated Plan includes the following components:

- Public participation process which includes four noticed Commission meetings with the Community Relations Commission and the Housing Commission in March and one community stakeholder meeting and nine listening session 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.

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 anticipated to have significant cuts. It is anticipated that the fiscal

year (FY) 2026 federal budget proposal will be release by mid-May 2025. 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 \$1,214,890 in HOME funds available for the upcoming fiscal year for eligible programs and activities (Attachment 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)	66,630
Total 2025-26 CDBG Available	\$1,030,263
HOME	
2025-26 Entitlement	384,376
Program Income (repaid/unexpended)	184,968
Unallocated HOME funds	645,546
Total 2025-26 HOME available	\$1,214,890
TOTAL HUD Funds	\$2,245,153

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. CDBG funds must be used to supplement, not supplant, other funding including existing General Fund support for programs.

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 and as specified in Attachment 4.

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. 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.

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, specifically for youth and seniors, or that serve CDBG-eligible neighborhoods and the objectives of the 2025-29 Consolidated Plan. The list of agencies and programs recommended for CDBG public services funding in FY 2025-26 is shown in Attachment 4. Recommended funding is reflective of the anticipated reduction in CDBG funding.

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 funds 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 stakeholders. 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 FY 2025-26 Action Plan, staff is proposing funding for programs and activities using a total of \$1,214,890 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 \$56,934.

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 \$57,956.

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, participants 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. This dollar amount is consistent with current TBRA funding levels.

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 median home prices in Oceanside remaining significantly elevated and mortgage rates continuing to present affordability challenges, the

program will provide vital down payment assistance. The recommended \$500,000 in HOME funds will assist approximately 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.

5. New Construction of Housing

Included in the Consolidated Plan are FY 2021 HOME-ARP funds, in the amount of \$1,911,217, previously awarded by City Council Resolution No. 24-R0334-1 to support the construction of National CORE's Coast Villas project (i.e., new construction of 56 housing units for homeless or at-risk of homeless seniors and veterans in response to the City's 2024 Notice of Funding Availability). HOME-ARP funds must be used specifically to assist individuals or households who are homeless, at risk of homelessness, and other vulnerable populations to reduce homelessness and increase housing stability.

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, \$384,376 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 have no impact on the General Fund.

COMMISSION OR COMMITTEE REPORT

Staff presented the 2025-29 Consolidated Plan and 2025-26 Annual Action Plan to the Community Relations Commission (CRC) at its March 4, 2025 meeting. A written comment was received and has been added to the Outreach Summary. The CRC approved the Plans for submission to Council. Staff also presented the Plans to the Housing Commission at its March 25, 2025 meeting. Housing Commission approved the Plans along with the recommendation to Council that any CDBG funding available for Capital Improvement Projects be used for eligible housing activities.

CITY ATTORNEY'S ANALYSIS

City Attorney's analysis does not apply.

Prepared by: Cecilia Barandiaran, Management Analyst

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

ATTACHMENTS:

1. Staff Report
2. 2025 Consolidated Plan
3. Consolidated Plan Outreach Summary
4. CDBG and HOME Budgets