



AGENCY: City Council
MEETING DATE: February 12, 2024
DEPARTMENT: Community Development
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AGENDA ITEM SUMMARY

TITLE:
RECEIVE REPORT REGARDING 2023 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM NOTICE OF FUNDING AVAILABILITY (NOFA) AND PROVIDE DIRECTION TO STAFF REGARDING POTENTIAL APPLICATION

ISSUE:

Every year, the California Department of Housing and Community Development (HCD) releases a funding opportunity under the Community Development Block Grant (CDBG) program. Funds for the program are made available to HCD from the United States Department of Housing and Urban Development (HUD). As a non-entitlement jurisdiction, the City is eligible to apply for grants through the CDBG program.

The City held a design phase hearing during a regular meeting of the City Council on July 24, 2023, in order to give the public an opportunity to comment regarding potential projects and programs for CDBG applications. At this meeting, Council gave direction to staff regarding potential activities for the expected 2023 Notice of Funding Availability (NOFA). On August 14, 2023, staff reported out at a Council meeting that a NOFA for waitlisted projects only would be released in 2023 and that a NOFA for new projects and programs would be released in January 2024. At that time, CDBG staff had indicated that unused 2023 funding and 2024 funding would be made available in a combined NOFA to be released in January 2024. However, the remaining 2023 funding has been made available for projects only through an Amendment to the 2023 NOFA, and the 2024 funding is expected to be made available for projects and programs under a separate NOFA later in 2024.

The change in allowing only projects and not programs requires that Council give direction regarding potential projects before staff can complete an application.

ANALYSIS:

The 2023 Notice of Funding Availability (NOFA) for approximately \$19 million for waitlisted projects was released on September 29, 2023 (the City did not have a waitlisted project and was not eligible to apply at that time). Rather than the release of a NOFA in January 2024 combining approximately \$19 million in unused 2023 funding and approximately \$30 million in 2024 funding as anticipated, the NOFA originally released in September 2023 was amended in January 2024 to add the \$19 million in unused 2023 funding. Of note, programs are not eligible activities under this NOFA Amendment #1; only Over-the-Counter projects will be eligible. As Council had previously directed staff to prepare an application for a Housing Program, staff is seeking direction on a potential project for application under the Amended NOFA. The 2023 NOFA Amendment #1 schedule is as follows:

NOFA Amendment #1 Release	January 31, 2024
Application Portal Opens	March 1, 2024
Application Portal Closes	April 30, 2024
Executed Standard Agreements	October – December 2024

CDBG staff have cited the need to migrate to a new grants management system as the reason for delaying the release of the 2024 funding. As the CDBG program is one of HCD's high-performing programs, it will be one of the first to implement the new system. Implementing the new system from solicitation through award will help CDBG staff to design the system and ensure that its functionality meets their needs; they have cited this as the reason they cannot delay implementation until 2025. Applications for the 2023 funding will be submitted in the current system, eCivis; applications for the 2024 funding will be submitted in the new system, Consolidated Housing Accountability Application Procurement Project (CHAAPP).

Under the 2023 NOFA Amendment #1, jurisdictions may submit one application of up to \$3.3 million for a project in support of Housing, Community Development, or Economic Development. Projects must be shovel ready to be eligible Over-the-Counter projects. Awards will be made on a first-come, first-served basis to applications meeting threshold requirements. As \$19 million is available, the best chance for receiving funding is to submit as soon as the application portal becomes available.

At this time, the 2024 NOFA is expected to be released in summer or fall of 2024; CDBG staff have indicated that all types of Over-the-Counter projects and programs, Planning, and Public Services activities will be eligible activities under the 2024 NOFA. The City will complete the design phase process for the 2024 funding later in the year.

RECOMMENDED ACTION:

Direct staff to prepare an application for 2023 CDBG program funding and schedule a pre-application public hearing.

ALTERNATIVE ACTION(S):

Direct staff not to prepare an application for 2023 CDBG program funding.

FISCAL IMPACT:

CDBG funds allow the City to conduct activities and complete projects to benefit the community, in particular the City's low- and moderate-income residents, for which funding would otherwise be unavailable. CDBG activities also create job opportunities in the community. CDBG grant administration requires significant commitment of staff time, but CDBG provides funding for administrative activities that is generally adequate to service the program.

CONSISTENCY:

The State CDBG mission is to improve the lives of low-and moderate-income residents through the creation and expansion of community and economic development opportunities, which supports livable communities for all residents. This mission is consistent with City Priority Areas established in City Council's April 2019 Goal Setting process including Priority Area "Jobs/Industry" (Economic Development loans and grants, Business Assistance Program); Priority Area "Quality of Life" (public improvements projects); and Priority Area "Infrastructure" (community development capital projects).

IMPLEMENTATION/TIMEFRAMES:

If directed to move forward with preparation of an application for 2023 funding, staff will do so. A public hearing will be scheduled for February 26, 2024 to give the public an opportunity to comment on the proposed project before application submission. If Council adopts a resolution approving the application, it will be submitted when the application portal opens on March 1, 2024. Projects awarded under this NOFA will have an expenditure period of two years and nine months from

contract execution. If the City is awarded funding, a contract will likely be executed between October and December 2024.

ATTACHMENTS:

1. 2023 Community Development Block Grant Program Notice of Funding Availability – Amendment #1.

NOTIFICATION:

1. CDBG “Notify Me” Subscribers