



## Council Agenda Report

Item 6f

**Department:** Community Development  
**Cost Center:** 4008  
**For Agenda of:** 2/18/2025  
**Placement:** Consent  
**Estimated Time:** N/A

**FROM:** Timmi Tway, Community Development Director

**Prepared By:** David Amini, Housing Coordinator

**SUBJECT:** APPROVAL OF THE 2025-26 COMMUNITY DEVELOPMENT BLOCK GRANT RECOMMENDATIONS

### RECOMMENDATION

Adopt a Draft Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, approving the 2025-26 Community Development Block Grant (CDBG) Program Funding Recommendations" for a total of \$495,178.

### POLICY CONTEXT

The approved funding priorities and proposed funding recommendations from the Human Relations Commission (HRC) align with the City's Major City Goals for FY 2023-25 for Goal 3, Housing and Homelessness, specifically to:

*Support the expansion of housing options for all, and continue to facilitate the production of housing, including the necessary supporting infrastructure, with an emphasis on affordable and workforce housing as well as accessibly connected development. Collaborate with local non-profit partners, non-governmental agencies, the county, the state, and federal governments to advocate for increased funding and implementation of comprehensive and effective strategies to prevent and reduce homelessness.*

The 2025-26 CDBG recommendations allow the City to further implement the General Plan 6<sup>th</sup> Cycle Housing Element by satisfying the following on-going programs:

***Housing Element Program 1.7*** Continue to support local and regional solutions to homelessness by funding supportive programs, services, and housing solutions.<sup>i</sup>

***Housing Element Program 4.7*** Affirmatively Further Fair Housing<sup>ii</sup>

***Housing Element Program 6.17*** Financially assist in the development of affordable housing.<sup>iii</sup>

***Housing Element Program 8.11*** Continue to provide resources that support local and regional solutions to meet the needs of the homeless.<sup>iv</sup>

## DISCUSSION

### Background

The Community Development Block Grant (CDBG) program is administered through the U.S. Department of Housing and Urban Development (HUD) and provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. As an Urban County under the CDBG program, the County of San Luis Obispo allocates funding to local jurisdictions in three separate program areas: Public Services, Development of Affordable Housing and/or Public Facilities, and Program Administration/Capacity Building. The City of San Luis Obispo is anticipated to receive an estimated allocation for the 2025-26 funding cycle of \$495,178 as a participant in San Luis Obispo County's Urban County Program.

The total funding allocations allowed per category are as follows pursuant to applicable regulations:

<b>Jurisdiction</b>	<b>Estimated Allocation</b>	<b>County Admin Allocation (65% of 20%)</b>	<b>City Admin Allocation (35% of 20%)</b>	<b>City Public Services Allocation (15%)<sup>v</sup></b>	<b>City Remaining Funds Available for 2025-26 Project Applications (65%)</b>
City of San Luis Obispo	\$495,178	\$64,373	\$34,662	\$74,277	\$321,866
<b>City Total:</b>			<b>\$460,516</b>		

The City and County share the administration portion of funding in a 35/65 percent split of the 20% Administration allowance, which was the negotiated split between the City and County as part of the regional effort to administer the reporting and administration requirements for a Consolidated Plan<sup>vi</sup> for the 2025-2029 program years.

The City of San Luis Obispo received a total of seven applications for the 2025-26 Community Development Block Grant (CDBG) program, requesting a total of \$510,095. A total of \$153,567 was requested for the public services category, and \$321,866 was requested for the public facilities/housing projects category.

Applications were received from Community Partnership of San Luis Obispo (CAPSLO), 5 Cities Homeless Coalition (5CHC), San Luis Obispo Nonprofit Housing Corporation (SLONP), the City of San Luis Obispo, and People's Self-Help Housing. After allocation of the administration costs, there is \$460,516 available for allocation to applicants. The City must submit recommended funding amounts to the County by February 27, 2025. County staff will hold a hearing and present the Action Plan to the Board of Supervisors in April 2025, and subsequently submit the Action Plan to HUD once approved. The 2025 Program Year will begin July 1, 2025, and end June 30, 2026.

### Previous Council or Advisory Body Action

On November 7, 2023, the City Council adopted the Human Relations Commission's recommended funding priorities. The ranked priorities established by the City Council are:

1. Provide emergency and transitional shelter, homelessness prevention and services.
2. Develop and enhance affordable housing for low and very-low income persons.
3. Enhance economic development (to include seismic retrofit, economic stability, low- and moderate-income jobs).
4. Promote accessibility and/or removal of architectural barriers for disabled and elderly.

On November 6, 2024, the Human Relations Commission (HRC) reviewed the applications for funding and considered a staff-recommended funding allocation. After deliberation, the HRC approved the staff recommended funding allocation.

**Table 1. Recommended Funding Allocation**

No.	Applicant	Activity	City 2025-26 CDBG	
			Funding Recommended	Funding Requested
Public Services (15% of \$495,178)				
1	Community Action Partnership of San Luis Obispo (CAPSLO)	CAPSLO Prado Homeless Services Center (Prado HSC) 2025-26	\$64,357.00	\$85,000.00
2	Peoples' Self-Help Housing	Supportive Housing Services	-	\$13,647.00
3	5Cities Homeless Coalition	Rapid Rehousing/Homeless Prevention	\$9,920.00	\$9,920.00
4	CAPSLO Energy Services	Minor Home Repair	-	\$45,000.00
SUBTOTAL			\$74,277.00	\$153,567.00
Housing and Public Facilities				
5	San Luis Obispo Nonprofit Housing Corporation (SLONP)	Monterey Family Apartments	\$321,866.00	\$321,866.00
SUBTOTAL			\$321,866.00	\$321,866.00
Administration and Capacity Building				
6	City of San Luis Obispo	CDBG Administration	\$7,968.00	\$7,968.00
7	City of San Luis Obispo	Capacity Building	\$26,694.00	\$26,694.00
SUBTOTAL			\$34,662.00	\$34,662.00
TOTAL			\$430,805.00	\$510,095.00

All projects and programs that requested funding are further described below and shown in Attachment B. A copy of each 2025-26 CDBG application is also provided in Attachment C<sup>vii</sup>.

### **Funding Recommendations**

Staff is recommending that Council approve the staff-recommended and HRC approved funding allocation to the projects below.

1. **Community Action Partnership of San Luis Obispo (CAPSLO)** – Prado Homeless Services Center: CAPSLO has requested \$ 85,000 in CDBG funds to increase the capacity, range, and efficiency of services offered by staff at the 40 Prado Homeless Services Center. The City is recommending a partial funding award for this application of \$64,357.
2. **5Cities Homeless Coalition** – Homeless Prevention – Countywide Services: 5Cities has requested \$9,920 in CDBG funds to continue operating its Homeless Prevention program that provides financial and case management services for families considered at-risk for homelessness. The City is recommending a full funding award for this application of \$9,920.
3. **San Luis Obispo Nonprofit (SLONP) Housing Corporation** – Monterey Family Apartments: SLONP Housing Corporation has requested \$321,866 in CDBG funds for the Monterey Family Apartments project, which is expected to serve low-income and below households. The City is recommending a funding award for this application of \$321,866 which is the maximum funding available for this application.
4. **City of San Luis Obispo** – CDBG Administration and Capacity Building: City Community Development staff are requesting \$26,694 for administrative costs of the CDBG program and \$6,673 towards further implementation of the Housing Element. The capacity building allocation can be used for affordable housing or low-income related City programs. Staff anticipates using a portion of this funding towards Program 1.7 from the 6th Cycle Housing Element which directly benefits homeless and low-income individuals by continuing to support local and regional solutions to homelessness by funding supportive programs, services, and housing solutions. Staff will also continue to implement Program 8.11 from the Housing Element which requires the City's Housing Policies and Programs team to continue to provide resources that support local and regional solutions to meet the needs of the homeless.

### **Public Engagement**

A public hearing was held by the Human Relations Commission (HRC) on November 6, 2024 to provide an opportunity for the public to comment on the funding recommendations for the 2025-26 CDBG funding cycle.

## ENVIRONMENTAL REVIEW

With the exception of the award recommendation to SLONP for the Monterey Family Apartments project, the proposed CDBG funding allocations are not considered a “project” under Section 15378 of the CEQA Guidelines. Further, the proposed CDBG funding allocation to SLONP is categorically exempt from environmental review per California Environmental Quality Act (CEQA) Guidelines (Section 15061(b)(2)) because the funding allocation is intended to provide for the approved project application ARCH-0020-2022 (1480 Monterey), that has been determined to be categorically exempt from environmental review under CEQA (Class 32, In-fill Development Projects.)

## FISCAL IMPACT

Budgeted: Yes

Budget Year: 2025-26

Funding Identified: Yes

### Fiscal Analysis:

<b>Funding Sources</b>	<b>Total Budget Available</b>	<b>Current Funding Request</b>	<b>Remaining Balance</b>	<b>Annual Ongoing Cost</b>
General Fund	\$	\$	\$	\$
State				
Federal: CDBG	\$495,178	\$495,178	\$0	
Fees				
Other:				
<b>Total</b>	<b>\$495,178</b>	<b>\$495,178</b>	<b>\$</b>	<b>\$</b>

The CDBG program is a funding source administered by the federal government. Staff are monitoring the potential that this funding source may be paused or eliminated. If the City does not receive the expected allocation of CDBG funds due to a pause or elimination of this funding source, there would not be costs incurred to the City.

## ALTERNATIVES

***Council may modify the recommended funding amounts.***

## ATTACHMENTS

- A – Draft Resolution adopting 2025-26 CDBG Regulations
- B – Draft 2025-26 CDBG HRC Recommendations
- C – 2025-26 CDBG Applications

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i Continue to support local and regional solutions to homelessness by funding supportive programs, services, and housing solutions.

ii The City shall support Affirmatively Further Fair Housing (AFFH) by:

- Facilitating public education and outreach by providing informational flyers on fair housing and reasonable accommodation at public counters and on the City's website. Information will be included with utility billing at least once per year.
- Training staff, elected officials, and appointees on issues of disparity, structural racism, and inequality through the City's Diversity, Equity and Inclusion (DEI) Program.
- Implementing language standards and procedures for providing equal access to City services and programs to all residents, including persons with limited proficiency in English.
- Deed- restricting units to provide affordability and reduce displacement.
- Supporting new technologies and/ or products such as modular housing construction to reduce costs and increase access to housing.
- Distributing information regarding tenant rights and Fair Housing resources as part of Code Enforcement's response to housing code enforcement issues.

iii Financially assist in the development of 20 housing units per year that are affordable to extremely low, very- low, low- and moderate income households during the planning period using State, Federal, and local funding sources, with funding priority given to projects that result in the maximum housing benefits for the lowest household income levels.

iv Continue to provide resources that support local and regional solutions to meet the needs of the homeless and continue to support, jointly with other agencies, shelters and programs, such as Housing First and Rapid Rehousing, for the homeless and displaced individuals and families.

v Awards made for public services may not exceed 15 percent of the total amount of CDBG funds available pursuant to 42 U.S.C. 5305 (a)(8).

vi The Consolidated Plan is a five-year strategic planning document for the Urban County of San Luis Obispo the "County") that establishes the goals for the County's community development and affordable housing activities. The U.S. Department of Housing and Urban Development (HUD) requires that San Luis Obispo County outline a vision for an effective and coordinated community development strategy.

vii The application from the County of San Luis Obispo for CDBG Administration is not included.