



Agenda Report

Fullerton City Council

MEETING DATE: JULY 15, 2025

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: SUNAYANA THOMAS, COMMUNITY AND ECONOMIC DEVELOPMENT DIRECTOR

PREPARED BY: DANIEL VALDEZ, HOUSING MANAGER

SUBJECT: 2025-29 FIVE-YEAR CONSOLIDATED PLAN, FISCAL YEAR 2025-26 ONE-YEAR STRATEGY / ACTION PLAN, 2025-29 FAIR HOUSING IMPEDIMENTS ANALYSIS

SUMMARY

The U.S. Department of Housing and Urban Development (HUD) requires every jurisdiction receiving federal community development and housing funds submit a Five-Year Consolidated Plan and a One-Year Strategy / Action Plan. HUD also requires a Five-Year Analysis of Impediments to Fair Housing Choice.

PROPOSED MOTION

1. Approve 2025-29 Five-Year Consolidated Plan and authorize Community and Economic Development Director, or designee, to submit the 2025-29 Five-Year Consolidated Plan to the U.S. Department of Housing and Urban Development.
2. Approve Fiscal Year (FY) 2025-26 One-Year Strategy / Action Plan for the Community Development Block Grant (CDBG) Program and HOME Investment Partnership Program.
3. Authorize City Manager, or designee, to make budget amendments to the FY 2025-26 Adopted Budget to align CDBG and HOME budgets with final HUD allocation determination.
4. Authorize Community and Economic Development Director, or his/her designee, to execute the FY 2025-26 CDBG agreements with the approved agencies and the Memorandums of Understanding for the approved projects with the affiliated City Departments.

ALTERNATIVE OPTIONS

- Approve the Proposed Motion
- Other options brought by City Council.

STAFF RECOMMENDATION

Staff recommends the Proposed Motion.

CITY MANAGER REMARKS

The City Manager recommends approval of the Five Year Consolidated Plan & the one year strategy and action plan.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Infrastructure and City Assets
- Fiscal and Organizational Stability.

FISCAL IMPACT

This item has no City General Fund impact as the activities described in the 2025 Annual Action Plan receive federal funds awarded to the City by HUD.

2025-26 funding sources include:

CDBG Funds (Fund 35)

Annual allocation: \$1,397,459

Housing rehabilitation revolving funds: \$150,000

HOME Funds (Fund 32)

Annual allocation: \$446,386.07

Carryover Funds: \$1,850,000

Anticipated Program Income: \$120,000

The FY 2025-26 Adopted Budget included funding for CDBG and HOME programs based on estimates at that time (May 2025) but not final HUD allocations. Staff requests budget amendment authority to align the FY 2025-26 CDBG and HOME budgets with final approved HUD allocations.

BACKGROUND AND DISCUSSION

HUD requires every jurisdiction receiving federal community development and housing funds submit a Five-Year Consolidated Plan ("Consolidated Plan") and a One-Year Annual Strategy / Action Plan ("Action Plan"). The Consolidated Plan uses 2020 census information and receives updates with more current statistics when possible. The Consolidated Plan allows staff to assess and evaluate future programs and activities to ensure programs meet identified needs. The current Fullerton Consolidated Plan received approval in 2020.

Consolidated Plan / Action Plan

The Consolidated Plan is a five-year planning document that guides creating and implementing City Housing and Community Development programs into a single unified plan. City community development programs develop and maintain viable communities by preserving and developing affordable housing, expanding economic opportunities and encouraging a safe and suitable living environment without discrimination based on race, color, religion, gender, national origin, familial status or disability.

Federal regulations require each jurisdiction receiving federal funds develop an Analysis of Impediments to Fair Housing, updating the analysis and submitting to HUD every five years. Jurisdictions analyze fair housing issues such as integration and segregation of members of protected classes, racially or ethnically concentrated areas of poverty regionally, disparities in access to opportunity for protected classes and disproportionate housing needs. The analysis also examines publicly supported housing in the City, fair housing issues for persons with disabilities, private and public fair housing enforcement, outreach capacity and resources. The analysis identifies contributing factors to fair housing issues and steps to take to overcome barriers.

The Action Plan sets goals, objectives in the Consolidated Plan and performance benchmarks to measure progress towards those goals and objectives. The Action Plan also contains proposed CDBG projects, eligible HOME activities and required narratives.

Consolidated Plan goals implement or continue the following activities:

- affordable housing development, including special needs and veteran housing
- substandard housing rehabilitation
- homeless, or those at risk of becoming homeless, assistance
- non-profit organizations that provide public services assistance
- fair housing practices support
- job creation and retention
- provide public infrastructure
- neighborhood revitalization.

Staff advised the public of available funding and solicited proposals for CDBG funds in October 2024 in compliance with federal regulations and to encourage citizen participation. The City received 14 applications from agencies and four applications from City departments in response on November 19, 2024.

Analysis of Impediments to Fair Housing Choice

The Consolidated Plan includes the 2025-29 Orange County Assessment of Fair Housing (AFH) Executive Summary. Jurisdictions that receive funding from the U.S. Department of Housing and Urban Development (HUD), including Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME) complete an AFH at least once every five years, consistent with the Consolidated Plan

cycle, as required by the Housing and Community Development Act of 1974 and the Cranston-Gonzalez National Affordable Housing Act. The Orange County AFH will be submitted to HUD as required on behalf of all jurisdictions involved.

Community Development Block Grant Program

The Housing and Community Development Act of 1974, Title I as amended, established the CDBG Program and authorized HUD to provide funding for community development activities. Jurisdictions receive CDBG funding provided each proposed project meets eligibility requirements and, as outlined in the Consolidated Plan, either:

1. benefits low- and moderate-income residents
2. helps prevent or eliminate slums or blight
3. meets other community development needs having a particular urgency, because existing conditions pose a serious and immediate threat to community health or welfare and other financial resources are not available to meet such needs.

The CDBG budget assumes the City will receive a \$1,397,459 FY 2025-26 allocation from HUD, a slight decrease from FY 2024-25 (\$1,407,083). Table 1 shows the recommended CDBG budget for FY 2025-26 total \$1,547,459 including new allocations (\$1,397,459) and reprogrammable / revolving account funds (\$150,000).

Attachment 2 itemizes the 2024-25 and proposed 2025-26 requests, the 2024-25 allocations, 2025-26 grant amount and limits and the 2025-26 recommended allocation from the Community Development Citizens Committee. Attachment 2 shows Housing Administration cannot exceed 20% of annual entitlement (\$279,491) and Public Service Activities cannot exceed 15% (\$209,618). Attachment 3 provides a summary of the 2025-26 CDBG and HOME programs.

Table 1 - Total 2025-26 Recommended CDBG Budget

2025-26 Entitlement Allocations	\$1,397,459
Housing Rehab Revolving Account (estimated)	\$150,000
<i>CDBG Budget</i>	<i>\$1,547,459</i>
Housing Rehab Revolving Account	(\$150,000)
<i>TOTAL AVAILABLE (for new CDBG programs)</i>	<i>\$1,397,459</i>

Public Service Activities

The City can use a portion of CDBG entitlement for Public Service Activities but cannot exceed 15% (\$209,618) of the annual entitlement. Public Service Activities include, but are not limited to, elderly and homeless services, childcare, health, drug abuse, education, employment and recreational needs.

The Community Development Citizens Committee (CDCC) held a series of public meetings to review proposals and requests for CDBG funding and heard applicant

presentations. The CDCC members considered the following when reviewing applications:

- cost effectiveness
- population served (youth, seniors, homeless)
- program administration and implementation
- program history.

CDCC also evaluated the extent each agency depends on CDBG funding to sustain program operations and deliver direct services to Fullerton residents. The application adhered to the guidelines outlined in the Citizen Participation Plan. Table 2 includes the CDCC recommendations for non-profit public services programs based upon the 2025-26 entitlement.

Table 2 - 2025-29 Recommended Public Services Programs

<i>Public Services Program</i>	<i>Funding Recommendation</i>
Boys & Girls Club of Fullerton - After-School Program	\$20,000
CARE Housing Service Corp. – Fullerton City Lights Social Services Onsite Direct Service Program	\$40,000
Community SeniorServ, Inc. – Home Delivered Meals	\$15,000
Community SeniorServ, Inc. – Lunch Café Program	\$15,000
Mercy House Living Centers, Inc. - Bridges at Kraemer Place	\$15,000
Pathways of Hope – Community-Based Services Program	\$26,618
Recovery Road – Recovery Road Fullerton Grant	\$10,000
StandUp for Kids – Road Map to Success Youth Mentoring	\$ 10,000
YMCA of Orange County – Maple Neighborhood YMCA Youth Achievers	\$18,000
<i>TOTAL PUBLIC SERVICE FUNDING</i>	<i>\$169,618</i>

Proposed CDBG Funding Summary

Table 3 summarizes the overall CDCC recommendation for the CDBG program.

Table 3 – Summary of 2025-26 Recommended CDBG Budget

Housing Administration (Includes Fair Housing Foundation - Fair Housing Program)	\$279,491
Housing Rehabilitation (Includes Housing Rehab Project Revolving Account)	\$578,350
Infrastructure Reconstruction – Street Improvements	\$350,000
Code Enforcement – Special Code Enforcement Program	\$130,000
Economic Development – Upwards Inc. (Boost Program)	\$40,000
Public Service Activities	\$169,618
<i>TOTAL</i>	<i>\$1,547,459</i>

The City determined the loan program no longer provides an impactful tool to support needed repairs due to the declining market value of mobile homes and the aging condition of many units. The City will discontinue offering Mobile Home Loans through its CDBG-funded rehabilitation activities. Instead, the City will, with City Council support, expand the Mobile Home Rehabilitation Grant Program. This revised program provides eligible low- and moderate-income homeowners with forgivable grants that do not require repayment. The maximum grant amount would increase from \$10,000 to \$30,000 per mobile home.

HOME Program

The 1990 Cranston-Gonzalez National Affordable Housing Act, Title II (the HOME Investment Partnerships Act), created the HOME Program to expand affordable housing supply. The HOME Program is not a categorical grant and allows eligible jurisdictions to establish the type and mix of housing assistance programs to meet local housing needs. Eligible activities include first-time homebuyer, tenant-based rental assistance, acquisition, rehabilitation and new construction programs.

The City housing rehab program includes both CDBG and HOME funding and includes either rehab loans or grants. The City established a Loan Committee in the late 1970s to review and approve applications for CDBG and HOME funded loans and to award contracts for housing rehabilitation loans. Loans and grants offered by the City include the following:

1. single-family units (owner occupied)
2. mobile home loans
3. emergency loans/grants (provides grants to residents below 50% of the median income to address emergency health and safety issues).

HOME funding consists of three categories:

- administration
- acquisition / rehabilitation / new construction
- Community Housing Development Organizations (CHDO) funds.

HOME administration cannot exceed 10% (\$46,638) of annual allocation. The City must allocate 15% (\$69,958) of HOME dollars to a CHDO for an eligible HOME project. The City will allocate CHDO funds through a separate process. Like the CHDO funds, the funds allotted to acquisition / rehabilitation / new development are not attached to a specific project. However, HUD regulations require an affordable housing funding activity approved in the Action Plan before receiving funds. Action Plan approval does not obligate the City to fund the activities listed as the City may amend the Action Plan. Staff would present specific projects to City Council for consideration. Table 4 shows the total available HOME funding for 2025-26.

Table 4 - Total 2025-26 HOME Program Budget

2025-26 Entitlement Allocation	\$466,386.07
Carryover HOME Funds	\$1,850,000
<i>TOTAL AVAILABLE</i>	<i>\$2,316,386.07</i>

This Plan includes a market-rate survey to allow HOME funds used for Housing Rehabilitation by demonstrating 95% of the median purchase price / after rehab value for Orange County totals \$789,000.

Attachments:

- Attachment 1 – PowerPoint Presentation
- Attachment 2 – CDBG Proposed Projects and Funding Recommendations
- Attachment 3 – Summary of Proposed CDBG/HOME Programs for FY 2025-26
- Attachment 4 – 2025-29 Draft Consolidated Plan

cc: City Manager Eric J. Levitt