

ATTACHMENT D

Entitlement City Tasks & Funding Requirements

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Reoccurring Entitlement City Tasks

Consolidated Plan

As a recipient of CDBG and HOME funds, the City of Victorville is required to prepare a five-year strategic plan known as the Consolidated Plan (ConPlan). The ConPlan must be prepared every three to five years. The current ConPlan was approved by the City Council on April 19, 2022, and its five-year cycle ends on June 30, 2027, with the City of Victorville currently preparing for year four of the five-year cycle.

The ConPlan describes the City in terms of its overall characteristics and focuses on areas where federal dollars can be used to improve or enhance the living environment for the residents, particularly for those of very low, low, and moderate income. The ConPlan identifies priority housing and community needs and lays out the City's five-year plan to address these needs. The needs identified in the ConPlan are:

- Supportive services for the homeless and at risk
- Human services
- Housing programs
- Accessibility and Mobility
- Economic Development

The "2025-2026 CPD Grant Subcommittee Recommendations" (Staff Report - Attachment C) analyzes the subcommittee's recommendations by referencing the project type (e.g. Public Service, Construction, Housing, and Community Housing Development Organization [CHDO]). The noted categories correspond to the applicable ConPlan needs as follows:

Project Type	ConPlan Need
Public Service	<ul style="list-style-type: none">• Supportive services for the homeless and at risk• Human services
Construction	<ul style="list-style-type: none">• Housing programs• Accessibility and Mobility• Economic Development
Housing	<ul style="list-style-type: none">• Housing Programs• Supportive services for the homeless and at risk
CHDO	<ul style="list-style-type: none">• Housing Programs• Supportive services for the homeless and at risk

Annual Action Plan

The Annual Action Plan outlines how the City will allocate both CDBG and HOME funds for eligible activities that address the priority needs identified in the Consolidated Plan. Both CDBG and HOME have specific program requirements, for example, CDBG funds

must be utilized to achieve one of three national objectives: elimination of slums and blight, benefit to low- and moderate-income persons, and/or meet an urgent need such as a natural disaster. HOME funds must be used to preserve or increase housing opportunities for low-income residents.

Analysis of Impediments

The Analysis of Impediments (AI) is a report that identifies fair housing issues in the City of Victorville and the region, contributing factors to issues, and outlines goals and strategies to address issues. The fair housing analysis in the AI focuses on patterns of integration and segregation, racially and ethnically concentrated areas of poverty, disparities in access to opportunity, and disproportionate housing needs. Other components of the AI examine publicly supported housing, disability and access, fair housing enforcement, and demographics. The AI process involves an analysis of data provided by HUD, local data from the jurisdictions and PHAs, and feedback gathered from the community. The recommendations in the AI will be used to inform future policies in the City of Victorville that will promote fair housing choice and inclusive communities.

Program/Project Oversight and Compliance Management

As an Entitlement City, staff is responsible for oversight and compliance management for every program or project funded with Victorville's HUD funds. These activities include fund distribution, on-site monitoring visits to all grant recipients, review of records to ensure that services were performed for eligible (low and moderate-income) participants, procurement compliance on construction projects including Davis-Bacon wage compliance, compliance with all procurement requirements, monitoring project implementation, program compliance and internal audit compliance.

Federal regulations allow that a portion of the grant allocation can be designated for staff and program administration costs (not to exceed 20% for CDBG and 10% for HOME), which fund a portion of the Planning Department staff.

Fiscal Year 2025-2026 Funding Requirements

CDBG Funds

The City anticipates receiving \$1,373,412 in new CDBG grant funds for Fiscal Year (FY) 2025-2026. An additional \$15,000 from prior year CDBG-CV funds is available for reprogramming, which is available due to projects that were cancelled by the subrecipient (Staff Report – Attachment B). Inasmuch as the funds subject to reprogramming are no longer allocated to a project that is moving forward, they are proposed to be reallocated to a utility assistance program that has an ongoing need within the City.

Distributions of proposed CDBG funding disbursement are as follows:

FY 2025-2026 CDBG Allocations		
Project Type	Proposed Funding	Comments
Public Service Projects	\$206,012	<i>Maximum allowed by HUD-15%</i>
Construction/Other Projects	\$892,718	<i>Minimum allowed by HUD-20%</i>
Administration	\$274,682	<i>Maximum allowed by HUD-20%</i>
TOTAL (2023-2024)	\$1,373,412	

In order to qualify for CDBG funding, all eligible activities must principally benefit low and moderate-income persons. An activity will be considered to principally benefit low and moderate-income persons if it meets one or more of the following standards:

- 100% Low/Mod Income Benefit (includes public service activities) - The activity has an income eligibility requirement that limits the benefits exclusively to low and moderate-income persons.
- Area Benefit - The activity is designed to serve Low/Mod areas such as the City's CDBG Target Areas (Staff Report - Attachment E). In order for an area to be included in the map, at least 51% of the census tract block group residents must be low- and moderate-income households.
- Presumed Benefit - The activity would benefit one or more of the following groups presumed to be low-income under CDBG regulations: abused children, battered spouses, the elderly, adult persons with severe disabilities, the homeless, illiterate persons, and migrant farm workers.
- 51% Low Mod Limited Clientele (not public service activities) - The activity has income eligibility restrictions and requires income verifying documentation to assure that at least 51% of the users or beneficiaries of an assisted facility are low income (e.g. the rehabilitation of a day care center serving 51% low-income households).
- Job Creation/Retention for Low-Income Population - The activity is designed to create or retain permanent jobs, a majority of which will employ low-income persons.
- Slum/Blight Elimination - The activity is designed to eliminate slum and blight as part of a comprehensive plan.

As recommended by the CPD Grant Subcommittee, all projects/programs recommended for fund allocation are eligible activities in accordance with the noted standards.

HOME Investment Partnership Program (HOME) Funds

The City is anticipated to receive \$509,649 in HOME grant funds for fiscal year 2025-2026. Distributions of HOME funds for activities are as follows:

HOME Allocations		
Project Type	Proposed Funding	Comments
Housing Projects	\$382,237	<i>Maximum allowed by HUD-N/A</i>
CHDO Projects	\$76,447	<i>Minimum allowed by HUD-15%</i>
Administration – Victorville’s portion	\$25,482.50	<i>Maximum allowed by HUD-10%</i>
Administration – Apple Valley’s portion of Victorville’s share	\$25,482.50 (<i>Maximum w/documentation</i>)	
TOTAL (2023-2024)	\$509,649	

In 2003, the City of Victorville formed a consortium with the Town of Apple Valley in order to meet the population threshold of obtaining HOME entitlement status with HUD. The successful formation of this consortium has resulted in an annual allocation of HOME funds to both communities. Without the establishment of a consortium with the Town of Apple Valley, the City of Victorville would not be eligible to receive funds directly without contributing assets (i.e. monetary, property, etc.) or establish projects/programs that are tailored to meet the City’s local needs, as funds would be distributed at the behest of San Bernardino County.

Federal regulations limit the kinds of activities that the City may carry out with HOME funds. The City is required to utilize HOME grant funding to “provide decent affordable housing to lower-income households; expand the capacity of nonprofit housing providers; strengthen the ability of state and local governments to provide housing; and leverage private-sector participation.” Generally, HOME funds are required to be allocated to the following categories:

- Homeowner Rehabilitation - HOME funds may be used to assist existing owner-occupants with the repair, rehabilitation, or reconstruction of their home.
- Homebuyer Activities - Funds may be used to finance the acquisition and/or rehabilitation or new construction of homes for homebuyers.
- Housing - Affordable housing may be acquired and/or rehabilitated or constructed.
- Tenant-Based Rental Assistance (TBRA) - Financial assistance for rent, security deposits and, under certain conditions, utility deposits may be provided to tenants.

As recommended by the CPD Grant Subcommittee, all projects/programs recommended for fund allocation are eligible activities in accordance with the noted standards.

Applications, Project Types and Funding Considerations

Applications

For the FY 2025-2026 funding cycle, 42 applications were received for both CDBG and HOME funds. Applications for funding were made available beginning Friday, November 15, 2024, and were due no later than January 17, 2025. Additionally, technical workshops were held on November 19, 2024; December 11, 2024; and again, on January 7, 2025, to assist potential applicants in the application process.

Project Types - Public Service Projects

Public Service Projects are defined by the population they serve and may only be funded with CDBG. Most public service projects are determined to be eligible based on the federal guidelines that presume certain groups are eligible, such as the homeless, victims of domestic violence, senior adults, certain at-risk groups such as the unemployed and youth, and low/moderate income families. CDBG regulations place a 15% cap on funds that can be allocated to Public Service Projects. This year a total of \$206,012 is recommended to fund projects defined as CDBG Public Service Projects, which does not exceed 15% of the City's total anticipated 2025-2026 CDBG allocation from HUD.

Project Types - Construction and Other Community Development Projects

Construction and Other Community Development Projects are generally limited by their location and are funded with CDBG. A target area map is determined by the 2020 census and defines those areas where there exists a concentrated portion of the low and moderate-income population, or an area severely affected by blight. A project is eligible under this project type when it demonstrates that the immediate or target area benefits from the project or activity. This year \$892,718 of the City's total anticipated 2025-2026 CDBG allocation from HUD is available to fund projects defined as Construction and Other Community Development Projects (Housing Projects may also be funded from this category).

Project Types - Housing Projects

Housing Projects may be funded with either CDBG or HOME funds. CDBG regulations limit housing activities to "providing or improving permanent residential structures, which upon completion will be occupied by low and moderate-income persons". HOME regulations are designed to provide affordable housing to low and very-low-income households. HUD requires a minimum of 15% of the Consortium's total HOME allocation to be reserved for CHDO activities. As proposed, the 2025-2026 Action Plan allocates \$458,684 in HOME funds and \$147,730 in CDBG funds to applicable housing projects in accordance with HUD standards.

Funding Considerations

City Council Policy - On January 15, 2019, the City Council adopted the second amendment to Council Policy No. CP-94-4, which established guidelines on the policies and procedures used for the administration and utilization of various HUD and California Department of Housing and Community Development grants. The policy states that the City Council is tasked with the responsibility of determining program and project priority

as well as allocating funds each fiscal year in which grant funds are available. In order to facilitate the annual allocation of funds, the City Council designates two members of the City Council every year to serve on a Grant Subcommittee who act to:

- Determine program and project priority of each applicable grant funding source; and
- Formulate recommendations for presentation to the City Council regarding Federal and State grant funding distribution.

Staff prepares summary tables of the applications received to assist the Grant Subcommittee in reviewing the proposed project's compliance with the Council Policy. After review of the applications received and in consultation with a CPD Grant Subcommittee member appointed by the City Manager, recommendations for the allocation of CDBG and HOME funding is incorporated into the subject Annual Action Plan for review and approval by the City Council. Recommendations made by the CPD Grant Subcommittee are evaluated based upon the following criteria:

- Need
- Benefit
- Organization and Administrative Capacity
- Funding
- City Council Priorities
- Collaboration
- Participation

Religious Organizations

With the passage of the President George W. Bush's Faith-Based Initiative, HUD revised its regulations to remove barriers to the participation of faith-based organizations in HUD programs. In general, no group of applicants competing for HUD funds should be subject to greater or fewer requirements than other organizations solely because of their religious character or affiliation. However, HUD does require that organizations clearly delineate eligible and ineligible uses of funds. HUD's final rule stipulates that a recipient organization may not use direct HUD funds to support inherently religious activities, such as worship, religious instruction, or proselytization.