



# Staff Report

## City Council

Item No. {{section.number}}.A

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**Meeting Date:** March 12, 2025

**From:** John A. Corella, Director of Public Works

**Title:** Community Development Block Grant FY 2025-2026 Annual Action Plan Introduction

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### **RECOMMENDATION:**

To introduce the Community Development Block Grant FY 2025-2026 Annual Action Plan for review, discussion, and direction.

### **BACKGROUND:**

The Community Development Block Grant (CDBG) program funding awarded from U.S. Department of Housing and Urban Development (HUD), allows Cathedral City to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and improving community facilities and services, principally for low-to-moderate (low-mod) income individuals.

As an entitlement city, Cathedral City receives annual entitlement funds to address the priority needs of our community outlined in the 5-Year Consolidated Plan (Con Plan). Within the Con Plan is the Annual Action Plan (AAP), identifying how CDBG funds will be allocated for the upcoming fiscal year as part of the Con Plan objectives.

At the City Council meeting on June 22, 2022, the City Council approved the FY 2022- 2027 Con Plan, which included broad priority needs and subcategory needs. The City Council wanted to select versatile priority needs such that, should an unforeseen priority need arise during the lifespan of the Con Plan, the need could still be addressed with CDBG funds.

### **DISCUSSION:**

At this City Council meeting, staff will be introducing the FY 2025-2026 AAP for review. The presentation on the AAP will include discussion on allocations for program administration and public improvements. In the previous year, the city received its CDBG allocation at the end of August; HUD has not provided a timeline for when the city can expect the CDBG allocation award in the upcoming fiscal year. The city is expecting approximately \$530,000 in funding, based on the previous fiscal year's funding award.

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The next steps include a staff presentation of the proposed CDBG FY 2025-2026 AAP and

the proposed schedule, including notices and public hearings to comply with HUD requirements and the approval of the AAP.

### **Cathedral City CDBG Program FY 2025-26**

Typically, the AAP includes allocations for program administration, public services and public improvements. Due to limited CDBG funding available, city staff are proposing to use the FY 2025-2026 General Fund to provide funds for public services. The funding for the public services is proposed to be at minimum, an amount equivalent to 15% of the CDBG allocation as allowed by the CDBG program (similar to what the City Council approved last year on May 8, 2024, for the FY 2024-2025 AAP). With the General Fund funding public services, it is proposed those CDBG funds provide additional funding for public improvements. Thus, the proposed FY 2025-2026 CDBG allocations are as follows:

<b>ADMINISTRATIVE (≤20%)</b>	<b>FUNDING</b>
Planning and Administration	\$ 51,000
TAMJAC (CDBG Consultant)	\$ 35,000
Fair Housing Services	\$ 20,000
<b>Total Funding Allocated</b>	<b>\$ 106,000</b>

<b>PUBLIC SERVICES (≤15%)</b>	<b>FUNDING</b>
<b>Total Funding Allocated</b>	<b>\$ -</b>

<b>PUBLIC IMPROVEMENTS (&gt;80%)</b>	<b>FUNDING</b>
Whitewater Area Street Rehabilitation	\$ 424,000
<b>Total Funding Allocated</b>	<b>\$ 424,000</b>

<b>TOTAL FUNDING</b>	<b>\$ 530,000</b>
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Public Improvements: The portion of the CDBG allocation that can be used for Public Improvements is not capped and in the above scenario is shown as \$424,000. As in past years, this funding would be used to fund a public improvement project within a low-mod area designated by HUD and the Sidewalk Repair Assistance Program.

### City's CDBG Annual Action Plan Progress

- The FY 2021-2022 program funded the Via De Anza Street Improvements Project, Phase I, utilizing the \$436,357 public improvements entitlement.
  - The FY 2022-2023 AAP public improvements entitlements allocation of \$387,119 funded the completion of the Via De Anza Street Improvements Project - Phase II and allocated \$15,000 to establish and initiate a Sidewalk Repair Assistance Program.
  - The FY 2023-2024 AAP public improvements entitlements allocated \$445,646 toward the Via De Anza Street Improvements Project - Phase III and allocated \$10,000 to the Sidewalk Repair Assistance Program.
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- The FY 2024-2025 AAP public improvements entitlement allocated \$451,000 toward the Whitewater Area Street Rehabilitation Project and \$5,000 to the Sidewalk Repair Assistance Program.

For the FY 2025-2026 AAP, staff are proposing public improvement allocations to fund the Whitewater Area Street Rehabilitation Project in the amount of \$424,000.

Please note, staff are proposing the Sidewalk Repair Assistance Program for the FY 2025-2026 be funded in the amount of \$5,000, by using the FY 2024-2025 CDBG remaining funds of this program. The approval of funding for the FY 2025-2026 CDBG Sidewalk Repair Assistance Program will be presented in an administrative or substantial amendment during FY 2025-2026.

AAP Schedule: The following schedule for study, review and approval of the FY 2025-2026 AAP is proposed to maintain compliance with HUD:

March 12, 2025, City Council Meeting:	Public Hearing for the introduction of the FY 2025-2026 AAP including program administration and public improvements.
March 13, 2025:	Posting of the 30-day notice for public comments on the AAP.
April 15, 2025:	End posting of the 30-day notice for public comments on the AAP.
April 23, 2025, City Council Meeting:	Public Hearing for the approval of the FY 2025-2026 AAP.

In summary, at tonight's City Council meeting, staff are requesting City Council review, discuss and provide direction to staff to proceed with the proposed FY 2025-2026 Annual Action Plan.

### **FISCAL IMPACT:**

This item has no fiscal impact at this time. Please note, if any funds remain from the FY 2024-2025 AAP, those funds will be reprogrammed into the FY 2025-2026 AAP via an administrative or substantial amendment.

### **FIVE-YEAR STRATEGIC PLAN:**

Goal A: Serve the Community with Pride and Dedication

Action A-1: Study the need to reallocate staff resources including the use of contracts

### **ATTACHMENTS:**

1. Draft FY 2025-2026 CDBG AAP