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# **NEWPORT BEACH**

## **City Council Staff Report**

July 22, 2025  
Agenda Item No. 22

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** Seimone Jurjis, Assistant City Manager/Community Development Director - 949-644-3232, [sjurjis@newportbeachca.gov](mailto:sjurjis@newportbeachca.gov)

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**TITLE:** Resolution No. 2025-51: Community Development Block Grant — 2025-29 Consolidated Plan, 2025-26 Annual Action Plan, and Citizen Participation Plan Amendment

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### **ABSTRACT:**

The U.S. Department of Housing and Urban Development (HUD) requires the City of Newport Beach to prepare and submit a Consolidated Plan to establish the housing and community development priorities for Newport Beach for the next five years under the Community Development Block Grant (CDBG) Program. The Consolidated Plan is a roadmap describing how the City will spend CDBG funds in fiscal years 2025-26 through 2029-30, on projects and programs that benefit low- and moderate-income residents.

The one-year Action Plan allocates \$402,015 of CDBG funds to specific programs and projects in the upcoming 2025-26 fiscal year and meets the goals of the proposed 2025-29 Consolidated Plan.

The Citizen Participation Plan outlines how the public may participate in developing the Consolidated Plan, the Action Plans, and other reports and plans related to the CDBG Program. The Citizen Participation Plan amendment reflects updates to City and HUD procedures since the plan was last updated in 2020. The three documents were prepared and made available for the HUD-required 30-day public review and comment period, which began on June 21, 2025, and concludes with the public hearing before the City Council on July 22, 2025.

### **RECOMMENDATIONS:**

- a) Conduct a public hearing to receive comments on the Draft 2025-29 Consolidated Plan, Draft 2025-26 Action Plan, and Draft Citizen Participation Plan Amendment;
- b) Find the approval of the 2025-29 Consolidated Plan, 2025-26 Action Plan, and Citizen Participation Plan Amendment exempt from the National Environmental Policy Act NEPA pursuant to 24 CFR Part 58, Section 58.34;
- c) Find the approval of the 2025-29 Consolidated Plan, 2025-26 Action Plan, and Citizen Participation Plan Amendment are exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or

reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly;

- d) Adopt Resolution No. 2025-51, *A Resolution of the City Council of the City of Newport Beach, California, Approving the 2025-2029 Consolidated Plan, the 2025-2026 Annual Action Plan, and the Citizen Participation Plan for the Federal Community Development Block Grant Program*;
- e) Authorize the City Manager to:
1. Submit the 2025-29 Consolidated Plan, 2025-29 Action Plan, and Citizen Participation Plan Amendment to U.S. Department of Housing and Urban Development (HUD);
  2. Execute the 2025-26 Community Development Block Grant (CDBG) Program Grant Agreement and all related documents on behalf of the City;
  3. Execute the sub-recipient agreements with the nonprofit organizations receiving allocations of CDBG funds in the Action Plan; and
  4. Authorize the community development director, or their designee, to be the official representative of the City of Newport Beach, and to submit required environmental documentation for CDBG projects; and
- f) Authorize the City Manager and City Clerk to execute a five-year Professional Services Agreement with Michael Baker International, Inc. for CDBG program administration and affordable housing monitoring.

### **DISCUSSION:**

The City receives a formula grant allocation of CDBG funds each year from the federal government, through HUD. The objective of the CDBG program is to develop viable urban communities by providing suitable housing and expanding economic opportunities for low- and moderate-income residents. CDBG funds may be used for a variety of programs, services and facility improvements, such as:

- Community and senior services
- Fair housing services and landlord/ tenant dispute resolution
- Homelessness prevention and social services
- Public facilities and infrastructure improvements
- Disabled (Americans with Disabilities Act) accessibility improvements
- Housing programs
- Section 108 loan payments

According to CDBG regulation, the City may spend up to 20% of the annual formula grant allocation of CDBG funds on program administration.

Fifteen percent of the grant allocation may be used for community services such as senior meal delivery or homeless prevention programs. The remaining amount of funding may be used for economic development programs like grants to small businesses, or for projects such as street and sidewalk improvements, disabled accessibility improvements, or public facilities improvements such as the construction or rehabilitation of park and recreational facilities, provided the projects meet applicable CDBG regulations and national objectives.

### Program History

Since July 1, 1989, the City has received a total direct allocation of approximately \$16.4 million in CDBG funds from HUD, with annual allocations ranging from a low of \$319,676 in 2017, to a high of \$1,333,178 in 2020 with the additional allocation of COVID-19 relief funds. The 2025-26 formula grant allocation is \$402,015.

Each year, the City also uses a portion of the funds reserved for program administration to comply with Fair Housing Act requirements and make fair housing enforcement and landlord/tenant mediation services available to the community. These services have been provided at no cost to City of Newport Beach residents by the Fair Housing Foundation since 2011.

### Consolidated Plan, Action Plan, and Citizen Participation Plan

To be eligible for CDBG grants, every five years the City must prepare and submit a Consolidated Plan, and while this is normally completed prior to the beginning of the program year on July 1, the City is still within the statutory time limits and will submit the reports to HUD before the outside deadline in August. The City operates on a fiscal year from July 1 through June 30.

The Consolidated Plan examines housing and community development needs in Newport Beach and outlines the City's priorities, objectives and strategies for investment of CDBG funds to address those needs over the next five years.

The Action Plan details how next fiscal year's funding will be specifically allocated and describes how those specific projects address the priorities outlined in the Consolidated Plan. Staff's expenditure recommendations for funding for fiscal year 2025-26 are provided below.

The Citizen Participation Plan is updated with every new Consolidated Plan and describes the City's policies and procedures for obtaining input from citizens and other interested parties when preparing the various planning documents and summary reports related to administration of the CDBG program. It is a requisite for receiving CDBG funds.

The Citizen Participation Plan covers the Consolidated Plan, each subsequent annual Action Plan, as well as each of the fiscal year-end Consolidated Annual Performance and Evaluation Reports, as well as any amendments to the Consolidated Plan or its five

annual Action Plans. The City's adopted Citizen Participation Plan was last updated and approved by the City Council in 2020.

### Community Outreach

Staff held a community meeting on Monday, June 9, 2025, to solicit feedback from residents and other interested parties, and to identify the community's priorities for the CDBG program funds. A community survey was made available at the meeting, through a link on the City's website and social media channels, and via email communications to interested parties. The City received 48 survey responses. Based on this outreach and the data evaluated in preparation of the Draft 2025-29 Consolidated Plan, the following priorities were identified and will serve as the basis for CDBG program funding decisions over the next five years:

- Ensure equal access to housing opportunities
- Provide public services for low- and moderate-income residents
- Improve public facilities and infrastructure
- Address material barriers to accessibility
- Promote economic development
- Prevent and eliminate homelessness

On June 21, 2025, a notice was published in the Daily Pilot informing the general public the City had prepared the Draft 2025-29 Consolidated Plan and Draft 2025-26 Action Plan (Exhibit A to Attachment A), and Draft Citizen Participation Plan Amendment (Exhibit B to Attachment A), and the documents would be available for review and comment until the public hearing on July 22, 2025. The public was provided with an opportunity to provide oral and/or written comments on the three draft plans and the proposed activities for funding in the upcoming fiscal year. To date, no public comments have been received.

Additionally, the currently adopted Citizen Participation Plan requires that a public hearing be held to receive testimony from interested residents or parties regarding the Action Plan. The July 22, 2025, public hearing fulfills this requirement.

### Draft 2025-26 Annual Action Plan

On January 18, 2025, the City published a Notice of Funding Availability (NOFA) in the Daily Pilot newspaper and on the City website, to announce the availability of CDBG funds for Fiscal Year 2025-26 and to solicit proposals from nonprofit organizations that provide eligible CDBG services or projects that benefit Newport Beach residents.

The City received applications from five organizations requesting CDBG grants. In consideration of the funding available, the amount of funding requested, past performance, anticipated benefit to Newport Beach residents, and City priorities, staff recommends program / project funding levels in the Annual Action Plan as outlined in Table 1 on the next page.

The 2025-26 CDBG allocation from HUD will be \$402,015; which together with \$315,000 of program income, totals \$717,015 available for program year 2025-26.

### CDBG Ad Hoc Committee

On February 11, 2025, the City Council formed the Community Development Block Grant Ad Hoc Advisory Committee (Committee) with Mayor Pro Tem Lauren Kleiman and City Councilmember Sara J. Weber. The purpose of the committee is to review the applications received for the public service programs funded by CDBG and to recommend which organizations to fund. On March 6, 2025, the Committee held a meeting to review the grant applications. The recommendations are as follows:

Table 1		
Category	Requested	Recommended
<b><i>Public Services (subject to 15% grant cap)</i></b>	<b>Limit of \$60,302</b>	
Meals on Wheels OC: Home Delivered Meals	\$30,000	\$30,000
Newport Beach: City Motel Voucher Program	\$30,000	\$30,000
Newport Beach Housing Fund	\$50,000	\$0
<b><i>Administration (subject to 20% grant cap)</i></b>	<b>Limit of \$80,403</b>	
CDBG Program Administration	\$80,700	\$80,700
Fair Housing Foundation: Fair Housing Services	\$12,000	\$12,000
<b><i>Capital Projects</i></b>	<b>\$261,310</b>	
Trellis International: Senior Home Maintenance	\$15,000	\$0
<b>Total</b>	<b>\$217,700</b>	<b>\$152,700</b>

In consideration of the amount of public service funding available and the amounts requested pursuant to the NOFA, the Committee does not recommend funding the Newport Beach Housing Fund. The application did not clearly demonstrate how specific projects would be accomplished during the fiscal year, and funding the applicant would preclude the City's ability to fund the requests of existing public service providers serving senior citizens and people experiencing homelessness.

With the proposed funding levels shown in the table above, Meals on Wheels OC plans to serve approximately 100 Newport Beach residents during the 2025-26 fiscal year. In Newport Beach, the home-delivered meals program focuses on serving senior citizens, who account for approximately 22% of Newport Beach's overall population.

In supporting the Police Department's efforts towards addressing homelessness, the Committee also recommends allocating funding to supplement the City's motel voucher

program. The funding will provide approximately 30 individuals with short-term lodging while working to address their long-term housing and service needs.

The Committee does not recommend funding Trellis International’s application for a low- and moderate-income senior home maintenance program this year. An allocation of \$15,000 was provided to Trellis International under the 2024-25 Annual Action Plan and no information to support qualifying projects has been submitted to the City to date.

The Draft 2025-26 Annual Action Plan describes each program. Each of the programs and projects recommended are contemplated within the priorities of the proposed 2025-29 Consolidated Plan.

#### CDBG Administration and Affordable Housing Monitoring Consultant

The City utilizes a consultant to assist with the preparation of the various action plans and reports, which are submitted to HUD each year, evidencing how the grant funds are being used in strict compliance with HUD’s extensive regulations.

Pursuant to a Request for Proposals (RFP 25-16), the City selected a new CDBG program administration and affordable housing monitoring consultant, Michael Baker International, Inc., who will administer the program for each of the five fiscal years under the proposed 2025-29 Consolidated Plan.

The proposed Professional Services Agreement (Agreement) (Attachment B) with Michael Baker International, Inc. will run for a term of five years from July 22, 2025, through June 30, 2030, with a not-to-exceed contract amount of \$396,250. The Agreement uses the City’s standard template, including the standard required insurance coverage. The Agreement has been prepared by the City Attorney’s Office and has been approved as to form.

Table 2 below includes a summary of the costs included in the proposed Agreement:

<b>Table 2</b>		
<b>Fiscal Year</b>	<b>Activity</b>	<b>Amount</b>
2025-2026	CDBG Administration & Reports	\$45,000
	Affordable Housing Monitoring	\$10,500
2026-2027	CDBG Administration & Reports	\$63,500
	Affordable Housing Monitoring	\$11,025
2027-2028	CDBG Administration & Reports	\$66,600
	Affordable Housing Monitoring	\$11,575

2028-2029	CDBG Administration & Reports	\$69,475
	Affordable Housing Monitoring	\$12,200
2029-2030	CDBG Administration & Reports	\$72,725
	Affordable Housing Monitoring	\$8,450
2024-2025	CDBG CAPER	\$20,000
General	Audit/update existing files	\$5,200
<b>Total:</b>		<b>\$396,250</b>

**FISCAL IMPACT:**

There is no fiscal impact on the General Fund related to this item. This item provides for City Council approval of the expenditure of \$402,015 in CDBG funds for the 2025-26 fiscal year. The funding for the Agreement will also be allocated from the federal CDBG funds. The costs associated with staff management of the CDBG program are approximately \$17,000 per year and enough staff resources have been budgeted with the City's fiscal year 2025-26 budget. Funding for future years will be submitted for the City Council's approval through a CDBG Annual Action Plan in advance of that fiscal year.

The revenues and expenditures will be posted to the CDBG Funds accounts in the Community Development Department (120-12050502).

**ENVIRONMENTAL REVIEW:**

The development of required plans and allocation of CDBG program funds is an administrative activity exempt under 24 FR Part 58, Section 58. 34 of the National Environmental Policy Act of 1969 (NEPA), as amended.

Staff recommends the City Council find approval of the 2025-29 Consolidated Plan, 2025-26 Action Plan, and Citizen Participation Plan Amendment are not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

**NOTICING:**

In accordance with HUD requirements for a 30-day public review and comment period, notice of the public hearing was published in the Daily Pilot on June 21, 2025.

Notice was also sent to each of the applicants requesting funding and emailed to all parties that have signed up to receive notifications from the Planning Division. Further, the agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

**ATTACHMENTS:**

Attachment A – Resolution No. 2025-51

Attachment B – Professional Services Agreement