

**Resolution No.**

# **STOCKTON CITY COUNCIL**

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## **APPROVAL OF A FOURTH AMENDMENT TO THE CITY'S 2020-2025 CONSOLIDATED PLAN**

The City of Stockton is a recipient of funding from several federal programs from the U.S. Department of Housing and Urban Development (HUD). HUD requires jurisdictions to prepare a five-year Consolidated Plan as one of the conditions for receiving Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), and Emergency Solutions Grant (ESG) funding. The Consolidated Plan assesses community needs related to affordable housing and community development and establish a 5-year strategic plan to address the needs. In addition to the Consolidated Plan, the City must prepare and submit Annual Action Plans and performance reports for each fiscal encompassed by the five-year Consolidated Plan. The City's Economic Development Department (EDD) is the lead department in administering these HUD funded programs; and

HUD requires that the City follows its Citizen Participation Plan when amending its Consolidated Plan if new goals, projects, or policies are to be implemented that were not previously identified in the active Consolidated Plan and/or Annual Action Plan; and

This item serves to comply with the City's HUD Citizen Participation Plan requirements and inform the public of two proposed amendments to the City's 2020-2025 Consolidated Plan; and

Through this item, the Economic Development Department (EDD) is proposing a Substantial Amendment # 4 to the 2020-2025 Consolidated Plan to carry out the following updates:

1. Amend the Consolidated Plan to establish HOME Program Preferences for rental housing projects, in accordance with 24 CFR 92.253(d)(3) to allow the award of HOME funds to housing developers intending to develop housing for particular segments of the population.
2. Amend the Consolidated Plan to designate a slum/blight area map for use of CDBG funds for eligible activities in Program Year 2024-2025 under the Slum Blight Area Basis National Objective for aiding in prevention or elimination of slums or blight; and

HUD's HOME program is a key funding source used by the City for affordable housing, and by way of the Code of Federal Regulations (CFR) applicable to the program, HUD imposes stringent regulatory requirements to ensure that affordable housing

projects meet HOME specific project underwriting requirements. One of the specific HOME program requirements, codified at 24 CFR 92.253(d)(3), requires any HOME assisted housing project that proposes to provide housing to a particular segment of the population (e.g. seniors, veterans, homeless/at risk of homelessness, farmworkers, youth, etc.) be described in the City's HUD Consolidated Plan (without violating any nondiscrimination requirements); and

Following HUD's direction, staff has analyzed the HOME regulation requirements at 24 CFR 92.253(d)(3) and proposes establishing a list of HOME "preference" population types (referred to as "HOME Preferences"). These HOME Preferences will allow the City to support, with City HOME funds, eligible affordable housing proposals aimed at providing housing to particular segments of the population. The proposed HOME Preferences have been informed by project types proposed to the City in the recent past. Without the establishment of HOME Preference types, the City of Stockton would be unable to establish a housing pipeline which would impact the City's ability partner with housing developers and spend HOME funds on addressing the affordable housing challenges; and

The proposed HOME Preference Policy is included hereto as Exhibit 2, incorporated by reference; and

The CDBG Slum Blight Area (SBA) national objective allows the use of CDBG program funds to fund activities aimed at preventing or eliminating slums or blight. Since 1996, Stockton has used a portion of CDBG funds in addressing slum and blight through various programs, including the Commercial Façade Improvement Forgivable Loan Program. The programs have aided in revitalizing blighted commercial properties within the previous Redevelopment Project Areas, which also met the definition for HUD's Slum Blight Area designation; and

Pursuant to 24 CFR 570.208(b)(1), an activity will be considered to address prevention or elimination of slums or blight on an area basis if:

- i) The area "meets a definition of a slum, blighted, deteriorated or deteriorating area under State or local law";
- ii) The area also meets the conditions in either paragraph (A) or (B):
  - A) At least 25 percent of properties throughout the area experience one or more of the following conditions:
    - 1) Physical deterioration of buildings or improvements;
    - 2) Abandonment of properties;
    - 3) Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings;
    - 4) Significant declines in property values or abnormally low property values relative to other areas in the community; or

5) Known or suspected environmental contamination.

B) The public improvements throughout the area are in a general state of deterioration; and

In order for SBA designation to remain eligible, the City must maintain documentation on the boundaries and conditions of the area, as well as the methodology used to delineate the area. Furthermore, the designated area must be redetermined every 10 years for continued qualification; and

Activities assisted with CDBG funds must address one or more of the conditions that contributed to the deterioration of the area; and

In 2023, RSG, Inc. completed a reevaluation of the previous Slum Blight Area as well as the current Opportunity Zones census tracts. Using available data, conducting a field study for physical assessments, and considering the City's and Council's goals of revitalizing downtown and the Shape Stockton initiative, the Slum Blight Area was determined to include a 5.62-square mile area located in central/south Stockton. The area is primarily composed of Downtown Stockton, the Little Manila/Gleason Park area, South Airport Way Corridor, and Cabral/East Cabral area; and

The evaluation determined that 34 percent of properties within the Slum Blight Area exhibit one or more forms of HUD's condition of blight. The area also met the slum and blight criteria established under state law (California Health and Safety Code §§ 33030 and 33031(a)(1)) and local law Stockton Municipal Code (SMC) Section 8.36.040). Therefore, the area qualifies as a slum and blighted area under the CDBG program regulations, and the SBA national objective will be used in deploying CDBG-funded activities and programs to assist in addressing slum and blight within the map area; and

The proposed Slum-Blight Area Map is included hereto as Exhibit 3, incorporated by reference. This map was previously approved by the City Council through the adoption of the FY 2024-2025 Annual Action Plan (resolution no. 2024-04-16-1602); however HUD has informed staff that the current 2020-2025 Consolidated must be amended to adopt and integrate the map for use during Program Year 2024-2025; and

It is hereby found and declared that there exists in the City a "blighted area" as defined by federal HUD regulation 24 CFR 570.280(b), State law regulations California Health and Safety Code section 33030 and 33031 (a)(1), and local law regulation SMC section 8.36.040; and

On September 10, 2024, a public notice was published announcing the availability of the Draft 2020-2025 Consolidated Plan Substantial Amendment #4 for public review. An English and Spanish notice was published in The Record, the local newspaper of general circulation and posted in public places including the City's website and social media platforms. In addition, a notice and draft document were distributed to the San

Joaquin Continuum of Care. The public review period for citizens to review and comment on the draft plan began September 11, 2024; and

On September 18, 2024, the Community Development Committee (CDC) held a public meeting to review and provide public comment on the Draft 2020-2025 Consolidated Plan Substantial Amendment #4; and

On November 12, 2024, the City Council held a public hearing, during which staff presented the proposed 2020-2025 Consolidated Plan Substantial Amendment #4, and citizens were provided opportunity to comment; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The City Council hereby approves the fourth amendment to the City's 2020-2025 Consolidated Plan (Exhibit 1) including the proposed HOME Preference Policy (Exhibit 2).

2. The City Council hereby adopts the identifying area as a blighted area as defined by federal HUD regulation 24 CFR 570.280(b), state law regulations California Health and Safety Code sections 33030 and 33031(a)(1), and local law SMC section 8.36.040, as set out in Exhibit 3.

3. The City Manager or designee is hereby authorized to execute all documents and take all necessary and appropriate actions to carry out the purpose and intent of the Resolution.

PASSED, APPROVED, and ADOPTED November 12, 2024.

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KEVIN J. LINCOLN II  
Mayor of the City of Stockton

ATTEST:

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KATHERINE ROLAND, CMC, CPMC  
Interim City Clerk of the City of Stockton