



STAFF REPORT – CITY COUNCIL MEETING

TO: Honorable Mayor and City Council Members

FROM: David Loya, Director of Community Development

PREPARER: Sara Cunha, Community Development Specialist II

DATE: February 4, 2026

TITLE: Public Scoping Hearing on Potential Projects the City may Submit for Funding Under the State Community Development Block Grant (CDBG) 2025 Notice of Funds Availability (NOFA).

RECOMMENDATION:

It is recommended that the City Council:

- 1) Conduct a public hearing to receive public comments on potential projects for funding under the 2025 CDBG Notice of Funds Availability (NOFA); and
- 2) Direct Staff to contact stakeholders to determine eligibility and competitiveness of potential projects; and
- 3) Direct Staff to return to Council if the City is eligible to apply, to determine which programs or projects to apply for.

INTRODUCTION:

The State Department of Housing and Community Development (HCD) released the amended 2025 CDBG NOFA on December 15, 2025. The 2025 CDBG NOFA has an application deadline of April 3, 2026. Staff recommend the Council consider the project list (Attachment A) and direct Staff to return with an analysis and recommendation for CDBG activities. This hearing is required to receive public input regarding projects the City should consider applying for.

BACKGROUND:

Approximately \$27 million in federal funds will be allocated to eligible jurisdictions through the federal Small Cities Community Development Block Grant (CDBG) for the 2025 funding year, with funds provided as grants to Non-Entitlement Jurisdictions. Of this \$27 million, \$9.25 million is for housing and economic development projects and programs, while \$ 7.3 million is set aside for planning and public services. An additional \$2 million is set aside for local administration.

The City currently has two active CDBG grants, one for Economic Development activities, utilizing this funding for its Business Assistance and Microenterprise loan programs, and one for Planning and Technical Assistance for the planning and feasibility of a Valley West Neighborhood Center.

DISCUSSION:

The 2025 CDBG NOFA encompasses the following eligible activities: Public Service and Planning, Housing Programs, Economic Development Programs, Public Facilities Projects, Infrastructure Projects, and Housing Projects.

The 2025 CDBG NOFA limits are as follows:

- All applications will be eligible under a Competitive Application process, with certain submissions competing under defined set-asides. There are no Over-the Counter (OTC) applications.
- Each Jurisdiction may submit up to three (3) applications during this NOFA cycle for a total of \$3,600,000.
 - i) One (1) Project + One (1) Program + One (1) Public Service or Planning - OR
 - ii) One (1) Project + Two (2) Public Service or Planning -OR
 - iii) One (1) Program + Two (2) Public Service or Planning

**Note: Two (2) Projects, Two (2) Programs, Three (3) Public Service, or Three (3) Planning applications are NOT allowed

- Public Service and Planning activities up to \$300,000
- Projects up to \$3.3 million
- \$1.5 million for Housing Programs, and \$1.5 million for Economic Development Programs.

Applications are rated and ranked competitively. An applicant's score will be the total of the points received from all scoring criteria including High Poverty Service Area, Community Need Data, Capacity & Knowledge, CDBG as Gap Funding, Application Corrections (Attachment B).

POLICY IMPLICATIONS:

The CDBG program has been used in a variety of projects and programs implementing the City Council's goals and priority projects over the years. This funding is critical to funding affordable housing, public facilities, the City's business loan programs, housing rehabilitation programs, and a variety of other public benefit projects. The City must maintain a Certified Housing Element of the General Plan to be eligible for CDBG funds.

ENVIRONMENTAL REVIEW (CEQA):

Environmental review levels are reviewed for each activity. Some projects or programs may be exempt, as noted for each proposed activity (see Attachment A).

BUDGET/FISCAL IMPACT:

The matching funds requirements vary by program and are not required of all activities. Staff will provide a thorough analysis of match and fiscal impact when the projects are determined for the grant.

RECOMMENDED COUNCIL ACTION:

1. Hold a Public Hearing and receive public comments on potential projects for funding under the 2025 CDBG Notice of Funds Availability (NOFA);
2. Direct Staff to contact stakeholders to determine eligibility and competitiveness of potential projects; and
3. Direct Staff to return to Council if the City is eligible to apply, to determine which programs or projects to apply for.

ATTACHMENTS:

- A. Potential Community Development Projects
- B. CDBG Scoring Matrix