



# STAFF REPORT – CITY COUNCIL MEETING

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**TO:** Honorable Mayor and City Council Members

**FROM:** Director of Community Development David Loya

**PREPARER:** Sara Cunha, Community Development Specialist

**DATE:** February 26, 2026

**TITLE:** **Provide Direction on Potential Projects the City May Submit for Funding Under the State Community Development Block Grant (CDBG) 2025 Notice of Funds Availability (NOFA).**

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## **RECOMMENDATION:**

It is recommended that the Council:

- 1) Open the Public Hearing and receive public comment on potential projects for funding under the CDBG 2025 NOFA;
- 2) Provide direction to staff regarding the activities for which the City should draft an application; and
- 3) Direct Staff to notice a hearing to authorize submission of the City's 2025 CDBG Application.

## **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. This hearing is required to receive public input regarding projects the City should consider applying for. Staff recommend the Council receive public comment, consider the project list (Attachment A), and provide staff direction on which activities to apply for.

## **BACKGROUND:**

The City Council held a hearing on February 4, 2026, to discuss potential programs or projects for the 2025 CDBG NOFA. Staff held a noticed scoping meeting on February 17, 2026. And the Council's February 18, 2026, meeting is the third opportunity for public input. Staff will provide updates from the February 17 meeting to the Council.

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, \$9,250,000 has been set aside for housing and economic development projects and programs, while \$ 7,300,000 is set aside for planning and public services. An additional \$2,000,000 is set aside for local administration.

The City currently has two active CDBG grants, one for Economic Development and Planning 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.

The City is eligible to apply for the 2025 NOFA.

### **DISCUSSION:**

City Council will decide which CDBG activities the City will include in the 2025 CDBG application. At the Public Hearing on February 4, 2026, Council reviewed a number of potential eligible activities the City may submit for funding under the CDBG 2025 NOFA, which encompasses the following eligible activities; Public Service and Planning and Technical Assistance, Housing and Economic Programs, Public Improvement, Community Facilities, 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. Applications may be submitted in the following combinations:
  - 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

2 Projects, 2 Programs, 3 Public Service, or 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). Any activities involving displacement, will require relocation per Federal relocation plan requirements.

Staff will provide a summary of the competitiveness of each potential application at the hearing.

### **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:**

For the Recommended Council Action:

1. Open the public hearing, receive a staff report and public comment on potential projects for funding under the CDBG 2025 NOFA;
2. Provide direction to staff regarding the activities for which the City should draft an application; and
3. Direct Staff to notice a hearing to authorize submission of the City's 2025 CDBG Application for March 18.

**ATTACHMENTS:**

- A. Potential CDBG Project List
- B. CDBG Scoring Matrix