



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 26-1298

Agenda Date: 3/25/2026

Agenda #: 16.

DATE: March 25, 2026

TO: Honorable Mayor and City Councilmembers

FROM: Housing and Neighborhood Services Department

TITLE: DRAFT FISCAL YEAR 2026-27 ANNUAL ACTION PLAN FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT AND HOME INVESTMENT PARTNERSHIPS PROGRAM

RECOMMENDATION

Staff recommends that the City Council receive a report on the draft Fiscal Year (FY) 2026-27 Annual Action and Funding Plan (Action Plan) for U.S. Department of Housing & Urban Development (HUD) Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) grant funds; conduct a public hearing on the prioritization of the grant funds for the FY 2026-27 Action Plan; and, initiate the required 30-day public review and comment period.

BACKGROUND AND ANALYSIS

As a designated HUD entitlement community, the City of Oceanside receives CDBG and HOME funds, collectively known as "HUD funds". HUD funds are aimed at funding diverse programs and services to enhance the quality of life for Oceanside's most vulnerable populations.

HUD regulations require that entitlement jurisdictions adopt a five-year Consolidated Plan for Housing and Community Development and an Action Plan each year for the use of its HUD funds. The Consolidated Plan provides the necessary policy guidance for the implementation of programs and services to be funded annually. In May 2025, the City Council adopted the current five-year Consolidated Plan (2025-29).

The annual Action Plan details the specific activities that will be undertaken each year to achieve the goals set forth in the Consolidated Plan and serves as the City's formal funding application to HUD for the corresponding grant year. A draft Action Plan (Attachment 1) for FY 2026-27 has been prepared based upon public comments received and outreach conducted to date. Public comments were solicited through various listening sessions with the public and partnering agencies to discern housing and community development needs and priorities (Attachment 2).

This draft FY 2026-27 Action Plan will be available for a 30-day public review and comment period beginning with the March 25, 2026 Public Hearing. Copies of the draft FY 2026-27 Action Plan is available for review at the following locations in the City of Oceanside: Oceanside Public Library (330 North Coast Highway), Mission Branch Library (3881-B Mission Avenue), and the Housing and

Neighborhood Services Department (321 North Nevada Street). It will also be available on the Housing and Neighborhood Services Department website at [Community Development Opportunities/CDBG | Oceanside, CA <https://www.ci.oceanside.ca.us/government/housing-neighborhood-services/community-development-opportunities>](https://www.ci.oceanside.ca.us/government/housing-neighborhood-services/community-development-opportunities). As required by the HUD regulations, a summary of public comments received will be included with the final Action Plan.

Following the public review and comment period, staff will consider any public comments and revise the FY 2026-27 Action Plan, as appropriate. The FY 2026-27 Action Plan will then be considered by the City Council for final approval, anticipated at its meeting on May 6, 2026. The City must submit its FY 2026-27 Annual Plan to the HUD Los Angeles Field Office for review 45 days prior to the start of its Fiscal Year (May 15, 2026) but not prior to the announcement by HUD of allocation amounts for HUD funds as per HUD CPD Notice 24 CFR Part 91.

FY 2026-27 Action Plan

As of the date of this report, HUD has not released allocations amounts for FY 2026-27. For planning purposes and in preparation of the Action Plan, staff assumes the CDBG and HOME entitlement allocations would be similar to those received for FY 2025-26. If there should be any changes to the projected CDBG and/or HOME entitlements, staff will adjust the projected amounts and apply the changes to the capped categories and CIP balance equally (i.e., if there is a 5% reduction, the cut will be made to capped categories of Administration and Public Service in an effort to maintain allowable caps and individual programs under Public Service will have the 5% cut distributed equally across all programs). In addition to its annual entitlement amount, the City will also allocate prior year unencumbered CDBG and HOME funds. These funds typically become available as projects are completed under budget, loans are repaid, or other program income is generated.

Staff anticipates that the City will have available a total of \$1,338,732 in CDBG funds and \$1,646,847 in HOME funds available for the upcoming fiscal year for eligible programs and activities (Attachments 3 and 4).

CDBG Program:

The primary objective of the CDBG Program is the development of viable urban communities, principally for low- and moderate-income persons, through decent housing, a suitable living environment and expanded economic opportunity. The City may allocate its CDBG funding to a range of eligible activities, including housing rehabilitation, home ownership, capital improvement projects, public services, economic development, and other community development activities. HUD regulations limit ("cap") use of CDBG funds for administration to 20 percent and public services to 15 percent of the entitlement grant and program income received for the year. All activities funded through the CDBG program must meet one of three National Objectives:

1. Benefit low- and moderate-income persons through social services, housing, or infrastructure projects;
2. Prevent or eliminate slums and blight through residential or commercial rehabilitation; or
3. Meet an urgent local need (such as the firestorms and floods in San Diego County).

Projects are then classified into three distinct categories:

1. Administration and Planning

2. Public Services
3. Capital Improvement Projects (“CIPs”) and Community Development

Below is a summary of the funding recommendations for a total of \$1,338,732 in programs and activities under each respective category.

1. Administration, Planning, and Housing Rehabilitation

Funds under this category cover all City staff costs associated with the management and administration of the City of Oceanside’s CDBG program. Per HUD regulations, administration and planning activities are capped at 20 percent of the annual entitlement allocation and current year program income, or approximately \$259,358 for FY2026-27.

2. Public Service Activities

Public service activities are those services that address the economic, health and welfare needs of low- and moderate-income residents. Per HUD regulations, funding of public service activities is capped at 15 percent of the annual entitlement allocation and prior year program income, or approximately \$194,518. Programs identified under Public Services include Fair Housing and Landlord-Tenant Relations, Youth Development/After School Programs, Community Resource Centers and Food Banks/Pantries. These programs help address community needs and prior Council direction.

3. Capital Improvement Projects (“CIPs”) and Community Development

After the Public Services and Administration activities are funded, remaining funds may be used for eligible capital improvement projects, public facility improvements, and/or other housing/community development related activities.

- *Housing Programs.* The Housing and Neighborhood Services Department (NSD) manages housing rehabilitation programs, including loans to low-income homeowners and grants to very low-income mobile homeowners. For FY 2026-27, staff recommends allocating \$150,000 for single family rehab, \$150,000 for mobile home grants, and \$130,000 for associated project management and loan services to the City’s existing housing rehabilitation program for total of \$430,000.
- *Section 108 Loan Repayment.* The City has two years remaining to make payments towards the Section 108 Loan for construction of Fire Station 7. The FY 2026-27 payment is \$263,300.

CDBG	
Funds Available	
2026-27 Entitlement	1,236,259
Program Income (PI)	60,530
Unallocated funds from previous year(s)	41,943
TOTAL Available Funds	\$ 1,338,732
Proposed Funding Program	

Administration & Planning (Max 20% of entitlement)	259,358
Public Services (Max 15% entitlement plus PI)	194,518
Housing Rehabilitation	430,000
Section 108 Loan Repayment	263,300
Capital Improvement Projects (CIP) Available Budget	191,556
TOTAL Expenses	\$ 1,338,732

The list of specific agencies and programs recommended for CDBG funding in FY 2026-27 is shown in Attachment 3. The recommendations are based upon past allocations and feedback from the community and consistent with direction to limit funding to programs and activities that work out of the City’s facilities, or that serve CDBG-eligible neighborhoods. CDBG funds must be used to supplement and not supplant other funding including existing General Fund support for programs.

HOME Program:

The HOME Program goal is to preserve and increase the supply of decent, safe, and sanitary affordable rental and owner-occupied housing for low-income households at 80% or below of the San Diego County Area Median Income (AMI). Eligible activities for the use of HOME Program funds include:

- New construction
- Acquisition
- Rehabilitation
- First time homebuyer assistance
- Tenant-based rental assistance
- Program Administration

For the draft FY 2026-27 Action Plan, staff is proposing funding for programs and activities using a total of \$1,646,847 in FY 2026-27 HOME entitlement, Program Income and Unallocated funds from previous years, as shown in Attachment 4.

1. Administration

Per HUD regulations, administration and planning activities are capped at 10 percent of the annual entitlement allocation, or approximately \$60,920.

2. Community Housing Development Organization (CHDO)

Per HUD regulations, at least 15 percent of HOME funds must be set aside for specific activities to be undertaken by a special type of nonprofit called a Community Housing Development Organization (CHDO), or approximately \$75,343.

3. Tenant Based Rental Assistance (TBRA)

The Housing and Neighborhood Services Department (NSD) proposes the use of \$1,510,584 in HOME funds to implement a Tenant-Based Rental Assistance (TBRA) program to support housing stability for an estimated 30+ income-qualified households with priority to certain populations. An estimated twenty percent (20%) or \$302,117 of the available funds will be

used for direct delivery and/or administrative costs associated with the implementation of the TBRA program.

The proposed TBRA program is intended to provide temporary rental assistance to eligible households to maintain or obtain housing in the private rental market. Assistance may include rental subsidies, security deposits, and utility deposits, consistent with HOME program requirements. Assistance for this program is for 12 months, and participants will be expected to develop a stabilization plan designed to support long-term housing stability following the assistance period.

Eligible populations include income-qualified households earning less than 60% of the AMI, residents of the City of Oceanside, with preference for those at imminent risk of housing loss or displacement, including those who have received an eviction notice, experienced a significant loss of income or financial hardship, or whose existing rental assistance is scheduled to end (e.g., Section 8 Emergency Housing Voucher (EHV) participants).

Additional priority may be given to individuals or households currently experiencing homelessness who are being assisted through the City’s Encampment Resolution Fund Program, those residing in emergency shelters, safe havens, or places not meant for human habitation and are transitioning into permanent housing. TBRA assistance cannot be used to cover rental arrears and cannot be combined with other subsidy programs.

HOME	
Funds Available	
2026-27 Entitlement	502,289
Program Income/Unallocated Funds (Repaid/prior years)	1,144,558
TOTAL Available Funds	\$ 1,646,847
Proposed Funding Program	
Administration (Max 10% entitlement plus PI)	60,920
Community Housing Development Organization (entitlement)	75,343
Eligible Housing Activities (TBRA)	1,510,584
TOTAL Expenses	\$ 1,646,847

FISCAL IMPACT

The Consolidated Plan refers to the City’s planned use of federal CDBG and HOME entitlement funds. These funds must supplement and not supplant existing funding sources. Staff anticipates that the City will receive \$1,236,259 of CDBG entitlement funds, an estimated \$60,530 in CDBG program income, and an additional \$41,943 in unallocated funds from previous year, totaling \$1,338,732 in available CDBG funds for FY 2026-27. In addition, staff anticipates the City will receive \$502,289 in HOME entitlement funds, an estimated \$106,909 in HOME program income and \$1,037,649 in unallocated HOME funds, totaling \$1,646,847 in HOME Funds available for FY 2026-27. The CDBG

and HOME grant allocations will be incorporated into the City's FY 2026-27 budgets. Public service and planning and administration allocations must be used by the end of the particular program year; capital projects should be completed within twenty-four months.

CDBG and HOME funds are drawn down only as reimbursement for expenditures and in accordance with the budget approved by the City Council in the Action Plan. CDBG funds are in Fund number 237 and HOME funds are in Fund number 277. The CDBG and HOME Program has no impact on the General Fund.

COMMISSION OR COMMITTEE REPORT

On February 24, 2026, the Housing Commission recommended that City Council approve the draft FY 2026-27 Action Plan, with HOME funds prioritized towards tenant-based rental assistance, upon completion of the required public review and comment period. On March 3, 2026, the Community Relations Commission recommended City Council also approved the draft Action Plan.

CITY ATTORNEY'S ANALYSIS

The City Council is authorized to hold a public hearing in this matter. Consideration of the matter should be based on the testimony and evidence presented at the hearing.

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Reviewed by: Leilani Hines, Housing & Neighborhood Services Director
Submitted by: Jonathan Borrego, City Manager

ATTACHMENTS:

1. Staff Report
2. FY 2026-27 Draft Action Plan
3. Public Comment
4. FY 2026-27 CDBG Program Budget
5. FY 2026-27 HOME Program Budget
6. TBRA Fact Sheet