



# City of Oceanside

300 North Coast Highway,  
Oceanside, California 92054

## Staff Report

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**File #:** 26-1425

**Agenda Date:** 5/6/2026

**Agenda #:** 16.

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DATE: May 6, 2026

TO: Honorable Mayor and City Councilmembers

FROM: Housing and Neighborhood Services Department

**SUBJECT: APPROVAL OF THE FISCAL YEAR 2026-27 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) ANNUAL ACTION PLAN AND AUTHORIZATION TO SUBMIT THE PLAN TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)**

### **RECOMMENDATION**

Staff recommends that the City Council approve Fiscal Year (FY) 2026-27 Annual Action and Funding Plan (AAP) for submission to the U.S. Department of Housing & Urban Development (HUD) for the Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) grant funds; authorize the City Manager to sign and execute required forms and documents for the grant funds; and, authorize the Housing and Neighborhood Services Director to sign agreements with subrecipients.

### **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 (ConPlan) for Housing and Community Development and an Action Plan each year for the use of its HUD funds. The ConPlan provides the necessary policy guidance for the implementation of programs and services to be funded annually. On May 7, 2025, the City Council adopted the current five-year ConPlan (2025-29).

The Annual Action Plan (AAP) presents the specific strategies and activities the City will undertake to fulfill the goals and objectives of the ConPlan during a particular year. Each year of the City solicits public comment through a variety of community outreach meetings, public hearings or workshops, online public comment and City Council recommendations that alignment with City goals to determine the AAP projects and available resources for the fiscal year. The draft FY 2026-27 Action Plan was available for public comment from March 25, 2026, through April 30, 2026 and a public hearing was held by the City Council on March 25, 2026. As required by HUD regulations, a summary of all public comments received will be included with the final AAP.

### **FY 2026-27 Action Plan**

At the time of the Public Hearing held on March 25, 2026, the City had not yet received from HUD its

FY 2026-27 CDBG and HOME entitlement allocations. Therefore, for planning purposes and in the preparation of the AAP, staff had assumed the availability of the same amount of CDBG and HOME entitlement allocations currently received for FY 2025-26. On April 6, 2026, HUD provided the City with its award amount for both CDBG and HOME funds. Funding has been reduced by 9% for CDBG and 7% for HOME. This reduction in funds impacts the proposed CDBG and HOME projects previously identified for funding at the March 25, 2026 Public Hearing.

The table below identifies the reduction to CDBG and HOME Administration and proposed projects from the previous estimate of available funds. The reduction in funds has the greatest impact on administration and public service activities due to statutory limitations for those activities that are based upon the actual annual entitlement amount. CDBG Admin is capped at 20 percent and HOME Admin at 10 percent of our entitlement and available program income. CDBG funding for Public Service activities are capped at 15 percent.

At the March 25, 2026 City Council meeting, staff presented a list of Public Service activities for FY 2026-27 CDBG funding. The proposed funding included an increase of \$15,000 to fair housing and landlord-tenant services provided by CSA San Diego and a new activity to support food insecurity (Food Bank/Pantry) for \$26,868. These increases of funding were made possible due to the withdrawal in requests for CDBG funding of previously supported activities, Serving Seniors and Club 55.

Given the reduction of CDBG funding now available, staff is recommending a reduction in the new Food Bank/Pantry activity from the proposed \$26,868 in funding to \$10,000 as this activity is not an existing program and is still in development with no current vendor identified. By reducing funding for this new activity, impacts to existing public service programs is minimized.

<b>FISCAL YEAR 2026-27</b>			
<b>Fund Type</b>	<b>Projected Budget as of 3/25/2026</b>	<b>Actual Budget as of 4/6/2026</b>	<b>Difference</b>
CDBG Revenue	\$ 1,236,259	\$ 1,123,152	(\$ 113,107)
CDBG Program Inco	\$ 60,530	\$ 60,530	\$ 0
CDBG Admin (20%)	\$ 259,358	\$ 236,736	(\$ 22,622)
CDBG Public Service (15%)	\$ 194,518	\$ 177,562	(\$ 28,981)

<b>FISCAL YEAR 2026-27</b>			
<b>Fund Type</b>	<b>Projected Budget as of 3/25/2026</b>	<b>Actual Budget as of 4/6/2026</b>	<b>Difference</b>
HOME Revenue	\$ 502,289	\$ 467,836	(\$ 34,452)
HOME Program Inco	\$ 106,909	\$ 106,909	\$ 0
HOME Admin	\$ 60,920	\$ 57,475	(\$ 3,445)
HOME CHDO	\$ 75,343	\$70,175	(\$ 5,168)

HOME TBRA	\$ 1,510,584	\$ 1,484,745	(\$ 25,839)
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For HOME funded activities a reduction of 7% was implemented across the board.

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 \$1,225,625 in CDBG funds and \$1,612,395 in HOME funds available for the upcoming fiscal year for eligible programs and activities (see 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 \$1,225,625 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 including regulatory compliance, contract administration, subrecipient monitoring and fiscal management and preparation of the required planning documents. Per HUD regulations, administration and planning activities are capped at 20 percent of the annual entitlement allocation and current year program income, or approximately \$236,736.

2. Public Service Activities

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 \$177,552. Public service activities are those services that address the economic health and welfare needs of low- and moderate-income residents that may include education, health and wellness, youth recreation and/or after school programs, activities to promote fair housing, activities addressing access and barriers to services and services for seniors.

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

The remaining balance of funds, after the funding of Public Services and Administration activities, are then used for eligible capital improvement projects, public facility improvements, and other housing/community development related activities.

- *Section 108 Loan Repayment.* The City continues to make payments on an annual basis towards its Section 108 Loan for construction of Fire Station 7. Repayment on this loan began in FY 2008-09 and is amortized over twenty years, ending in FY 2028-29. For FY 2026-27, the payment due is \$263,300.
- *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. These loans are available to Oceanside residents for the purpose of addressing health and safety needs in the primary residence. For FY 2026-27, staff recommends allocating a total of \$430,000 for the City’s existing housing rehabilitation program, with \$150,000 for single family rehabilitation loans, \$150,000 for mobile home grants, and \$130,000 for associated project management and loan services.

A complete list of those agencies and programs recommended for CDBG funding in FY 2026-27 is provided 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 Community Resource Centers, recreation facilities, and senior centers, 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.

<b>CDBG</b>	
<b>Funds Available</b>	
2026-27 Entitlement	\$ 1,123,152
Program Income (repaid/unexpended funds over years)	\$ 60,530
Unallocated CDBG funds	\$ 41,943
<b>TOTAL</b>	<b>\$ 1,225,625</b>
<b>Funding by Activities</b>	
Public Services (Max 15% entitlement plus program income)	\$ 177,552
Administration and Planning (Max 20% of current year program income)	\$ 236,736

Capital Improvement Projects (“CIPs”) and Development	\$ 693,300
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### 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 percent 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

The FY 2026-27 Action Plan, staff outlined funding for programs and activities using a total of \$1,612,395 in HOME entitlement, contingency, and Program Income funds, as shown in Attachment 4.

#### 1. Administration

Per HUD regulations, administration and planning activities are capped at 10 percent of the annual entitlement allocation plus program income, or approximately \$57,475.

#### 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 \$70,175.

#### 3. Tenant-Based Rental Assistance (TBRA)

The Housing and Neighborhood Services Department (NSD) proposes the use of \$1,484,745 in HOME funds to implement a Tenant-Based Rental Assistance (TBRA) program to support housing stability for an estimated 30 income-qualified households for a period of up to 12 months with priority to certain populations.

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.

HOME regulations allow the establishment of preferences but cannot violate any applicable fair housing, civil rights, and nondiscrimination requirements. To assist those lower-income households most in need, the City has established preferences for Oceanside residents at imminent risk of housing loss or displacement. This includes households that have received an eviction notice, experienced a significant loss of income or financial hardship, or whose existing rental assistance is scheduled to end. Specifically, with the imminent conclusion of federal funding for the Emergency Housing Voucher (EHV) program in 2026, TBRA will serve as a vital resource to stabilize EHV participants' housing situations while long term resources are identified.

Additional priority may be given to households currently experiencing homelessness who are being assisted through programs and services, such as, but not limited to, the City's Encampment Resolution Fund (ERF) Program, emergency shelters, safe havens, and safe parking and working towards transitioning into permanent housing. TBRA assistance cannot be used to cover rental arrears and cannot be combined with other subsidy programs.

<b>HOME</b>	
<b>Funds Available</b>	
2026-27 Entitlement	\$ 467,836
Program Income	\$ 106,909
Unallocated funds from prior years	\$ 1,037,649
<b>TOTAL</b>	<b>\$ 1,612,395</b>
<b>Funding by Activities</b>	
Administration (Max 10% of entitlement plus income)	\$ 57,475
Community Housing Development Organization (Minimum 15% of entitlement)	\$ 70,175
Eligible Housing Activities (TBRA)	\$ 1,484,745

**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 \$1,123,152 of CDBG entitlement funds, an estimated \$60,530 in CDBG program income, \$467,836 in HOME entitlement funds, and an estimated \$106,909 in HOME program income and \$1,037,649 in unallocated HOME funds from previous FYs. The CDBG and HOME grant allocations will be incorporated into the City's FY 2026-27 budgets. Funds allocated for public service and planning and administration activities 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 provided only as reimbursement for expenditures. All expenditures must be for eligible activities and according to the budget approved by the City Council. 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.

**INSURANCE REQUIREMENTS**

Does not apply.

**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 rental assistance upon completion of the required public review and comment period. On March 3, 2026, the Community Relations Commission recommended City Council also approve the Action Plan.

**CITY ATTORNEY'S ANALYSIS**

The referenced documents have been reviewed by the City Attorney and approved as to form.

**RECOMMENDATION**

Staff recommends that the City Council approve the Fiscal Year (FY) 2026-27 Annual Action and Funding Plan for submission to the U.S. Department of Housing & Urban Development (HUD) for the Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) grant funds; authorize the City Manager to sign and execute required forms and documents for the grant funds; and, authorize the Housing and Neighborhood Services Director to sign agreements with subrecipients.

PREPARED BY: Cecilia Barandiaran, Management Analyst

REVIEWED BY: Leilani Hines, Housing and Neighborhood Services Director;  
Jill Moya, Financial Services Director

SUBMITTED BY: Jonathan Borrego, City Manager

ATTACHMENTS:

- 2026-27 Annual Action Plan
- CDBG and HOME Program Budgets