



CITY COUNCIL STAFF REPORT



January 6, 2026

ITEM TITLE

Housing Grant Funds: Federal Block Grant Programs Funding Priorities for Fiscal Year 2026/27

Report Number: 26-0003

Location: No specific geographic location

Department: Housing and Homeless Services

G.C. § 84308 Regulations Apply: No

Environmental Notice: The proposed activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act (“CEQA”) State Guidelines. Therefore, pursuant to State Guidelines Section 15060(c)(3), no environmental review is required. Under the National Environmental Policy Act (“NEPA”) the activity is exempt pursuant to Title 24, Part 58.34(a)(2)-(3) of the Code of Federal Regulations and pursuant to the U.S. Department of Housing & Urban Development Environmental Guidelines.

Recommended Action

Conduct the public hearing and accept the report.

SUMMARY

As a Department of Housing and Urban Development Entitlement Community, the City of Chula Vista (“City”) receives Community Development Block Grant, HOME Investment Partnerships Act Program, and Emergency Solutions Grant Program funds annually. These grants are aimed to fund diverse programs and services to enhance the quality of life for Chula Vista’s most vulnerable populations. The City prepares an Annual Action Plan for use of the funds describing the housing and community development needs of the City’s low/moderate-income residents and outlines the strategies to address those needs.

This Public Hearing will provide the community with an overview and an opportunity to provide input on the Goals and Funding priorities established through the 2025-2029 Five-Year Consolidated Plan.

ENVIRONMENTAL REVIEW

The proposed activity was reviewed for compliance with CEQA, and it was determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment. Therefore, pursuant to Section 15060(c)(3) of the State CEQA

Guidelines, the activity is not subject to CEQA. Under NEPA, the activity is exempt pursuant to Title 24, Part 58.34(a)(2)&(3) of the Code of Federal Regulations and pursuant to the U.S. Department of Housing & Urban Development Environmental Guidelines. Thus, no further environmental review is necessary at this time.

This determination is predicated on CEQA Guidelines Section 15004 which provides direction to lead agencies on the appropriate timing for environmental review. Projects for which these grant funds are intended will require preparation of environmental documents in accordance with the State CEQA Guidelines, NEPA, and the City's Municipal Code.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

U.S. Department of Housing and Urban Development ("HUD") Entitlement jurisdictions receive Community Development Block Grant ("CDBG"), HOME Investment Partnerships Act ("HOME") Program, and Emergency Solutions Grant ("ESG") Program annual allocations via a formula-based system determined by statistical and demographic data. The funds aim to address HUD's performance measurement framework and were each enacted with a distinct community need as further described below.

CDBG: The primary objective of the CDBG program is the development of viable urban communities through decent housing, a suitable living environment and expanding economic opportunities for low/moderate-income persons. Activities funded under this program must address one of three National Objectives:

1. Benefit to low/moderate-income persons through social services, housing or infrastructure projects;
2. Aid in the prevention or elimination of slums and blight through residential or commercial rehabilitation; or
3. To meet an urgent need such as a natural disaster or pandemic.

Historically, the City has utilized this flexible funding source to fund social services programs as well as improve public facilities and construct new streets and sidewalks.

HOME: The purpose of the program is to create and retain affordable housing. The type of assistance allowable under this program includes new construction of owner-occupied housing, rehabilitation of owner-occupied housing, assistance to homebuyers, new construction of rental housing, rehabilitation of rental housing, and tenant-based rental assistance.

In the past, the City has leveraged HOME funds by providing tenant based rental assistance, gap financing to first-time homebuyers, and loans for developers investing in our community by creating new affordable housing units such as Lofts on Landis, Duetta, and Volta.

ESG: The program was created specifically to address homelessness as it provides grant funding to engage and rapidly re-house homeless individuals and families as well as help operate and provide essential services in emergency shelters. Funds may also be used to prevent individuals and families from becoming homeless through rapid re-housing programs.

Currently the City is utilizing ESG funds for operational costs for shelters designated for victims of domestic violence and homeless prevention.

As a recipient of these funds, the City is required to prepare a five-year [Consolidated Plan](#) (“5-Year Plan”) describing the housing and community development needs of the City’s low/moderate-income residents and outlining strategies to address those needs over a five-year period. The 5-Year Plan provides the necessary policy guidance for implementation of programs and services to be funded, as further detailed in the Action Plan submitted to HUD as the formal funding application for the respective program year. As a reference, the City is currently in the first year of its 2025-2029 5-Year Plan.

Citizen Participation through Planning Process

Engaging residents and community members in defining and understanding the current housing and community development needs while prioritizing resources to address these needs is a key component of the development of the 5-Year Plan. The City is required by HUD to gather input from its residents including minorities, non-English-speaking persons, low/moderate-income residents, persons with disabilities, advocates for seniors, persons who are illiterate, and persons experiencing homelessness, whom the grant programs are designed to serve. Public input received is used to establish the strategies and funding priorities previously described.

A survey went out, via Community Voices, with email and social media advertising, from late November to mid-December 2025 to allow for other means of participation, gather public opinions regarding community needs, and learn how funds should be prioritized. The results show the following:

1. The greatest needs in Chula Vista are public services, affordable housing, and economic development.
2. Regarding infrastructure needs, the most urgent are street lighting and street improvements (new pavement).
3. The highest community facilities needs are for senior centers, parks and recreational facilities, and homeless shelters and facilities.
4. Affordable housing projects and programs are needed in the form of assistance to remove lead-based paint from homes, assistance for energy efficiency improvements to homes, and ADA home improvements.
5. Of the allowable public services, senior services and health services had the highest scores, indicating greater need.
6. Substance abuse services scored highest among special needs services.
7. Lastly, participants indicated a desire for job training and new job opportunities.

This Public Hearing is another avenue for the community to engage in the prioritization of the grant funds and the development of the upcoming 2026/27 Action Plan (“Action Plan”).

Funding Priorities for the 2025-2029 Consolidated Plan

As previously described, the 5-Year Plan is the strategic plan for allocating and leveraging the entitlement grants described above. It utilizes qualitative and quantitative data gathered through citizen participation, market analysis, and an assessment to identify the highest priority needs in which to direct entitlement dollars. Table 1, on the following page, highlights the goals that were approved and incorporated in the 2025-2029 5-Year Plan as high-priority needs.

Funding Availability and Request for Applications (Program Year 2026/27)

A Notice of Funding Availability for request of the grant funds will be released on February 1, 2026 for

eligible agencies and City Departments. The application period will run from February 2, 2026 through March 2, 2026. While the City has not received formal communication from HUD on the anticipated grant funds for the 2026/27 program year, staff will be assuming the same amount as in prior years. As a reference, the City has received a slight decrease for each of the grants in the past four years.

Next Steps

Once the applications have been received and reviewed for eligibility and funding consideration, staff will return to present the funding applicant proposals and provide funding recommendations for the 2026/27 program year.

Table 1: 2025-2029 Consolidated Plan Funding Priorities

PRIORITY	GOAL	ACTIVITY TYPE
Affordable Housing	Increase affordable rental and owner-occupied housing to improve housing opportunities that reflect the community’s needs.	<ul style="list-style-type: none"> • New Construction • Acquisition • Rehabilitation • First-Time Homebuyer Assistance • Tenant-Based Rental Assistance
Capital Improvement and Public Facilities	Support the development of vibrant, equitable and accessible neighborhoods by investing in public facilities and infrastructure.	<ul style="list-style-type: none"> • ADA improvements • New streets and sidewalks • Public facility improvements
Social Service Programs	Invest in community social services to promote equity and serve the most vulnerable of the community’s population.	Public Services to low/moderate income including the following population: <ul style="list-style-type: none"> • Homeless Veterans; Youth; Seniors; Victims of Domestic Violence; Special Needs/Disabled
Economic Development	Enhance the City’s economic stability by investing in inclusive economic growth initiatives that develop and strengthen small businesses, employment and workforce development programs and improving access to jobs.	<ul style="list-style-type: none"> • Business Financial Assistance Programs • Business Technical Assistance • Job Training and Placement

Homelessness	Assist individuals and families to gain stable housing after experiencing homelessness or a housing crisis by providing appropriate services and housing solutions on a path to stability.	<ul style="list-style-type: none"> • Shelter Operations • Homeless Prevention • Homeless Outreach • Homeless Supportive Services
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DECISION-MAKER CONFLICT

Staff have reviewed the decision contemplated by this action and have determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff are not independently aware, and have not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

There is no fiscal impact to the General Fund as a result of this action as all costs associated with the planning and administration of the CDBG, HOME, and ESG programs are covered by the respective grants.

ONGOING FISCAL IMPACT

There is no ongoing fiscal impact to the City's General Fund as a result of this action.

ATTACHMENTS

None.

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