



County of Monterey

Item No.2

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: 26-285

March 26, 2026

Introduced: 3/20/2026

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

- a. Receive a report regarding Urban County allocations for projects and services based upon anticipated U.S. Department of Housing and Urban Development, Community Development Block Grant funding of \$1,361,629 for Fiscal Year 2026-27 and \$173,385 remaining funds from 2025-26; and
- b. Receive a report regarding County of Monterey allocations for projects based upon anticipated U.S. Department of Housing and Urban Development, HOME Investment Partnership Program funding of \$403,480 for Fiscal Year 2026-27 and \$612,500 from 2025-26;
- c. Receive scoring of applications and provide direction on funding allocations to include in the Draft Urban County 2026-27 Annual Plan;
- d. Approve Community Development Block Grant and HOME Investment Partnership Program funding recommendations for Fiscal Year 2026-27 Projects and Services to be included in the Draft Urban County 2026-27 Annual Action Plan;
- e. Direct staff to prepare the 2026-27 Annual Plan for consideration by the Board of Supervisors on May 12, 2026, as required by Community Development Block Grant and HOME Investment Partnership Program Regulations.

It is recommended that the Urban County Standing Committee:

- a. Receive a report regarding Urban County allocations for projects and services based upon anticipated U.S. Department of Housing and Urban Development, Community Development Block Grant funding of \$1,361,629 for Fiscal Year 2026-27 and \$173,385 remaining funds from 2025-26; and
- b. Receive a report regarding County of Monterey allocations for projects based upon anticipated U.S. Department of Housing and Urban Development, HOME Investment Partnership Program funding of \$403,480 for Fiscal Year 2026-27 and \$612,500 from 2025-26;
- c. Receive scoring of applications and provide direction on funding allocations to include in the Draft Urban County 2026-27 Annual Plan;
- e. Approve Community Development Block Grant and HOME Investment Partnership Program funding recommendations for Fiscal Year 2026-27 Projects and Services to be included in the Draft Urban County 2026-27 Annual Action Plan;
- e. Direct staff to prepare the 2026-27 Annual Plan for consideration by the Board of Supervisors on May 12, 2026, as required by Community Development Block Grant and HOME Investment Partnership Program Regulations.

BACKGROUND:

Since the County of Monterey was first designated an Urban County in 2013, it has received more than \$17 million in CDBG funds. Over the last thirteen years, these funds have been used to support

projects in the Cities of Del Rey Oaks, Gonzales, Greenfield, Sand City and the unincorporated areas of Monterey County. In the 2025/26 fiscal year, Del Rey Oaks left the Urban County and the City of Marina joined as a new partner. The Urban County is open to any jurisdiction within Monterey County that is not designated a HUD Entitlement Community.

A five-year Consolidated Plan for the 2025-2029 period has been adopted for the Urban County. The Consolidated Plan is the Urban County's identification of affordable housing, community development, and public service needs and how the Urban County may use Community Development Block Grant (CDBG) funding to address those priorities. As part of the Consolidated Plan process the Urban County is required to invite all cities within the County to opt-in/out of the Urban County at least once every three years. Cities that opt-into the Urban County may not apply for CDBG funding through the State of California's CDBG program if they are members of the Urban County. Currently, the consortium includes unincorporated areas of Monterey County, Gonzales, Greenfield, Marina, and Sand City.

HUD qualified the Urban County on a three-year cycle that began July 1, 2025. At the time, the Joint Exercise of Powers Agreement estimated \$4,309,170 in funding over three years (2025-2028). However, based on the actual amount received in 2025, which was slightly lower than anticipated, the new three-year total is estimated at \$4,084,887. The three-year funding estimate is based on actual funding of \$1,361,629 in 2025 and an assumption that the 2025 actual amount remains the same in 2026 and 2027. Among the jurisdictions participating in the Urban County, the available annual funding has been allocated as follows: Gonzales \$175,566; Greenfield \$547,299; Marina \$452,696; Sand City \$74,076, the County \$1,405,540, General Administration \$816,977, and Public Services at \$612,733.

HOME funding became available to the County in the 2025/2026 fiscal year. This funding source is additive to the CDBG Urban County funding. HOME funds may be used to address affordable housing needs in the unincorporated areas of the County. It can provide new construction, acquisition, rehabilitation, and/or rental assistance. As an entitlement community, the County must prioritize activities that primarily benefit low- and moderate-income people. With HOME funding included, the Urban County is expected to have \$1,535,014 of CDBG funds and \$1,116,850 HOME funds for all activities in 2026-27. This includes: \$1,361,629 in new CDBG funding, \$173,385 remaining CDBG funds from 2025-26, \$403,480 in new HOME funding with a required match of .25 per dollar of \$100,870, and \$612,500 HOME funds from 2025-26.

Each year, the Urban County is required to submit an Action Plan to HUD which includes approved funding recommendations for affordable housing, infrastructure, public facilities, public services, and general administration. Consideration of the funding requests by the Urban County Committee is the first step in the development of the Action Plan. It is recommended that the Urban County Committee consider the funding recommendations of staff from all five participating jurisdictions for affordable housing, infrastructure, public facility projects, and public services. The Grant Application Review Packet (GARP), Attachment A, summarizes the anticipated sources (page 3) and uses of CDBG funding (Appendix A, pages 15-16 and Attachment B) during 2026-27. GARP also provides detailed information on the proposed projects (pages 5-14). Attachment B provides a summary of the applications received by major activity areas: affordable housing/infrastructure/public facilities; public

services; and general administration for CDBG and HOME.

On January 14, 2026, the County held a noticed public workshop to kick off the 2026-27 application process. Seventeen applications requesting a total of \$3,970,450 were received by January 30, 2026, due date. On March 4, 2026, City and County staff met to review the applications and develop funding recommendations. Recommendations are explained in further detail in the discussion below and within the attachments to this report.

DISCUSSION:

The funding forecast assumes that new CDBG and HOME funding are the same as in 2025-26. To account for the variable nature of new funding, the Action Plan recommends adjusting the actual grant awards based on the percentage new funding varies from the estimated funding. This option removes the need for the Board of Supervisors to reconsider the Action Plan should actual funding differ from expected funding.

Urban County may allocate up to 15% (\$204,244) of the 2026-27 CDBG award to public service activities and up to 20% (\$272,326) for general administration. The only activity that the Urban County is required to fund under CDBG is Fair Housing. Fair Housing can be funded under the public service or general administration caps. County may allocate up to 10% (\$40,348) of the 2026-27 HOME award for general administration; however, we are choosing to only allocate \$7,808.

The remaining new CDBG grant funds (totaling \$885,059) can only be used for projects that support affordable housing, infrastructure, and public facilities. Based on the Joint Exercise of Powers Agreement, staff recommend funding Marina for \$452,696 in the 2026-27 Annual Action Plan to upgrade the community kitchen facilities and accessibility improvements at Vince DiMaggio Park. This will leave a balance of \$432,363 and \$173,385 from 2025-26, for a total of \$605,748 to support affordable housing, infrastructure, and public facilities. The allocation for the city of Marina will remain the same regardless of an increase or decrease in amount of funding awarded.

The remaining new HOME grant funds (totaling \$496,542) can only be used to provide new construction, acquisition, rehabilitation, and/or rental assistance. Staff recommends allocating \$100,000 to rental assistance and \$396,542 to rehabilitation. With the 2025-26 funding, with allocations of \$150,000 for rental assistance and \$425,000 for rehabilitation, it brings the total to \$250,000 for rental assistance and \$821,542 for rehabilitation. Staff recommends funding Community Homeless Solutions \$821,542 of HOME grant funds and the amount will remain the same regardless of an increase or decrease in amount of funding awarded.

CDBG Public Services

CDBG regulations limit the amount that the Urban County may allocate to public services to 15% of the current year grant and 15% of the program income received during the prior year (actual funds received, not forecast). The Urban County generally requires public service activities to be completed within the year funded and any unused funds may not be applied to future years. For 2026-27, the Urban County received ten applications requesting a total of \$593,160. The staff recommendation is to fund eight of the applications under the public service allocation and one under

the public service allocation and HOME funds. The application submitted by the Eden Council for Hope and Opportunity (ECHO) is to provide fair housing services. Staff are recommending that this application be funded under the general administration cap.

CDBG General Administration

Urban County will use up to 20%, \$272,326, of the grant to manage the CDBG program and pay for fair housing services. Fair housing is the only mandated activity that CDBG must be used to fund. The Eden Council for Hope and Opportunity (ECHO) has requested \$44,460 to provide these services. The balance of the funds will be used by the County to manage the program.

HOME Rental Assistance

County received two applications for Tenant-Based Rental Assistance (TBRA). One application was received that failed the application completeness and attachments provided criteria; therefore, no recommendation for funding is made on this application. The second application requested CDBG and HOME funding. Staff recommend funding Central Coast Center for Independent Living (CCCIL) with \$48,056 HOME funds provided that CCCIL modifies its approach to comply with HOME TBRA eligibility requirements. Staff also recommends allowing the Housing Authority of the County of Monterey to apply for the remaining TBRA funds for the Emergency Housing Voucher program, as the agency is well positioned to administer and maximize the use of these resources.

HOME General Administration

County can use up to 10% for administration. County is only allocating \$7,808 of the new HOME grant and \$37,500 of the 2025-26 funding to manage the HOME program.

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Approved by: Craig W. Spencer, Director of Housing and Community Development

Attachments:

Attachment A - Grant Application Review Packet

Attachment B - Application Summary