

**DATE:** March 5, 2026

**TO:** Human Relations Committee

**FROM:** Alec Vybiral, Housing Officer  
Julie Barnard, Affordable Housing Manager  
Wayne Chen, Housing Director

**SUBJECT: CDBG and HOME Funding Recommendations for Fiscal Year 2026-27 Annual Action Plan**

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**RECOMMENDATION**

1. Hold a public hearing to receive input on the draft Fiscal Year 2026-27 Annual Action Plan funding recommendations.
2. Recommend that the City Council approve the following draft Fiscal Year 2026-27 Annual Action Plan funding recommendations. If the actual Community Development Block Grant or HOME Investment Partnerships Program allocation amounts received by the City for Fiscal Year 2026-27 are different from the estimated amounts, recommend to Council that each of the funding recommendations be increased or decreased proportionally.
  - a. \$2,774,339 for direct allocation projects, and \$226,621 for program administration costs in Community Development Block Grant and HOME Investment Partnerships Program funds as shown in Table 3.
  - b. \$193,831 in Community Development Block Grant funding and \$45,980 in supplemental General Housing Funds for public services as shown in Table 4 below.
  - c. \$373,831 in General Housing Funds for contingency funding in the event that Fiscal Year 2026-27 CDBG funding is unable to be implemented as shown in Table 5.
3. Recommend that the City Council approve the General Fund allocations of \$171,000 for Fiscal Year 2026-27 for public service organizations as shown in Table 6.

## **BACKGROUND**

### **Purpose**

The purpose of this public hearing is for the Human Relations Committee (HRC) to receive public input and make funding recommendations to the City Council for annual expenditures of federal U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) funds as well as the City's annual General Fund Public Services Grants.

The City of Mountain View is developing its Fiscal Year 2026-27 Annual Action Plan, which is the second year of the City's [2025-30 Consolidated Plan](#), which was approved by Council on [May 13, 2025](#). These plans are required by HUD for jurisdictions like Mountain View that receive annual federal housing and community development funding (known as "entitlement jurisdictions"), such as CDBG and HOME programs.

The amount of CDBG and HOME program funds awarded each fiscal year fluctuates and is dependent on the adopted federal budget. These programs also utilize unspent funds from prior years as well as program income, which is revenue generated from CDBG or HOME-funded activities, such as loan repayments from affordable housing projects, which must be reinvested into eligible projects. Both the CDBG and HOME programs have distinct requirements that are conditioned by HUD, including the types of activities that can be funded and the amount of funding that can be allocated towards each activity type. Activities must benefit low- and moderate-income (LMI) persons and households that are below 80% of the area median income (AMI).

The Annual Action Plan describes the specific activities and projects that the City will allocate CDBG and HOME funds towards for a given fiscal year, in addition to the funding amounts and performance goals for those activities.

### **Overview of Funding Sources**

#### **CDBG**

CDBG funding helps jurisdictions address their community development needs, such as public service activities, capital projects, and economic development activities. Staff recommends the following use of CDBG funding:

- 15% for public service activities (maximum of 15% of CDBG allocation is allowed). Examples of eligible CDBG public service activities include, but are not limited to, homelessness prevention programs, legal services for seniors, and services for survivors of domestic violence.

- 65% for capital projects or economic development activities (100% of CDBG allocation is allowed). Examples of capital projects include, but are not limited to, acquisition of property for the development of affordable housing, and improvements to public facilities, parks, streets, and sidewalks that serve LMI residents. Economic development activities include technical assistance and loans for small businesses.
- 20% for program administration (maximum of 20% of CDBG allocation is allowed).

## HOME

HOME funding helps jurisdictions fund various types of affordable housing-related programs and developments, with the following allowed uses:

- 90% for affordable housing projects and programs, such as site acquisition, rehabilitation, financial assistance to eligible home buyers or owners for home purchase and tenant-based rental assistance (100% of HOME allocation is allowed).
- 10% for program administration (maximum of 10% of HOME allocation is allowed).

## Funding Allocation—Public Services and Capital Projects/Economic Development Activities

- Public Services—The City allocates CDBG funds for public services through a two-year Notice of Funding Availability (NOFA) process. The current two-year cycle comprises Fiscal Years 2025-26 and 2026-27. The Fiscal Year 2025-26 Annual Action Plan was approved by the City Council on [May 13, 2025](#), and was submitted to HUD before the deadline of May 15, 2025. The Fiscal Year 2026-27 Annual Action Plan marks the second year of the two-year cycle, and it is staff's recommendation to fund each of the City's CDBG public service partners at the same level as in Fiscal Year 2025-26.
- Capital projects and economic development activities—Grants for these activities are funded directly to agencies ("direct allocation process") rather than through a NOFA process, in alignment with the funding methodology as has been discussed previously with and supported by the HRC.

## Update on Fiscal Year 2025-26 CDBG and HOME Funds

HUD approved the City's Fiscal Year 2025-26 Annual Action Plan in September 2025. Concurrently with that approval, HUD sent the City the Fiscal Year 2025-26 CDBG and HOME grant agreements, both of which included a new addendum (Addendum) that has not been part of any agreement in prior years. The Addendum would impose new conditions on entitlement jurisdictions and their subrecipients that broadly require compliance with certain federal policy

directives. Examples of the new policy conditions include prohibitions and restrictions on using funds to “promote” “gender ideology,” “elective abortions,” or “illegal immigration.”

The absence of precise definitions and scope for these requirements, as well as the lack of clarity regarding federal agencies’ interpretation and implementation of the conditions in the Addendum, has created a high degree of uncertainty for funding recipients, including the City. Staff has assessed potential scenarios associated with accepting the new grant terms. Based on this analysis, the City has undertaken the following actions since receiving the CDBG and HOME grant agreements:

- **Joined Litigation:** On November 18, 2025, the Council voted to join as a plaintiff in the case of *Fresno v. Turner*, 3:25-cv-07070-RS (N.D. Cal.). Plaintiffs in *Fresno* are challenging the legality of the new policy conditions attached to federal grant funding, including CDBG and HOME. As of February 9, 2026, the City has successfully joined *Fresno* as a plaintiff and the case is ongoing.
- **Submitted Modified Grant Agreements to HUD:** In February 2026, the City submitted the CDBG and HOME grant agreements to HUD with modified language that temporarily prevents the enforcement of the new policy conditions.
- **Use of Prior Year Funds and Program Income:** As noted in the Overview above, unspent prior year funds and program income are important funding sources and are factored into the available funding estimate in every Annual Action Plan. The City’s Fiscal Year 2025-26 Annual Action Plan includes prior year funds and program income, and the City is prioritizing the use of these CDBG and HOME funds first to fund the approved public services and programs in the Fiscal Year 2025-26 Annual Action Plan.

## **DISCUSSION**

### **Fiscal Year 2026-27 CDBG and HOME Strategy**

The City’s administration of Fiscal Year 2026–27 CDBG and HOME funds remains subject to uncertainty in this dynamic environment. As such, staff evaluated four potential scenarios as shown in Table 1, which were informed by actions taken during Fiscal Year 2025-26 as discussed above.

**Table 1: Fiscal Year 2026-27 Scenarios**

Scenario	Description	Actions
<b>A</b>	HUD Agreements <b>do include</b> conditions similar to the Addendum	1. Submit modified grant agreements
		2. Use of Prior Year Funds and Program Income
<b>B</b>	HUD Agreements <b>do not include</b> conditions similar to the Addendum	Sign agreements and proceed as in past years
<b>C</b>	Litigation <b>overturns</b> Addendum	Sign agreements and proceed as in past years
<b>D</b>	Litigation <b>upholds</b> Addendum	City will further evaluate options

Based on currently available information, staff used Scenario A as the primary planning assumption in developing the proposed CDBG and HOME allocations for the Fiscal Year 2026–27 Annual Action Plan. As discussed further below, continued federal funding uncertainty may require temporary reliance on local housing funds, which could affect the timing or funding availability of other housing initiatives in future years.

**Estimated Funding Levels for Fiscal Year 2026-27 Annual Action Plan**

The Fiscal Year 2026-27 Annual Action Plan comprises the period of July 1, 2026 through June 30, 2027. The budget for the Annual Action Plan is composed of annual funding allocations, program income, and prior year resources, which are CDBG and HOME funds from prior years that were not expended. At this time, HUD has not provided the entitlement jurisdictions with their funding allocations. The estimated funding levels are shown in Table 2 below.

**Table 2: Estimated Funding Levels for Fiscal Year 2026-27**

Program	Estimated Entitlement Allocation	Estimated Program Income	Prior Year Resources	Total
<b>CDBG</b>	\$617,916	\$400,000	\$978,322	<b>\$1,996,238</b>
<b>HOME</b>	\$230,386	\$500,000	\$468,168	<b>\$1,198,554</b>

Total proposed Fiscal Year 2026-27 program activity supported by federal housing funds equals approximately \$3.2 million.

As noted, public services are funded through the NOFA process, while non-public service projects (e.g., capital projects and economic development activities) are funded through a direct allocation approach. Staff recommends that Fiscal Year 2026-27 funds be allocated towards the eligible CDBG and HOME projects shown in Table 3 below.

**Table 3: Proposed Projects for Fiscal Year 2026-27**

<b>Program</b>	<b>Category</b>	<b>Funding</b>	<b>Description</b>
<b>CDBG</b>	<b>Public Services (15% cap)</b>	\$193,831	These funds cover the second year of the two-year public services cycle.
	<b>Capital Projects/Economic Development (65%)</b>	\$1,598,823	These funds will be directly allocated to capital projects and economic development projects: <ul style="list-style-type: none"> <li>• <b>Rebuilding Together Peninsula Minor Home Repair Program (\$100,000)</b>— Provides emergency home repairs to LMI Mountain View homeowners.</li> <li>• <b>Upwards BOOST (\$80,000)</b>— Provides technical assistance to LMI microenterprise businesses in the City that provide childcare services.</li> <li>• <b>City of Mountain View (\$1,418,823)</b>— Funding for eligible projects in the City’s Affordable Housing Pipeline.</li> </ul>
	<b>Program Administration (20% cap)</b>	\$203,583	These funds cover program administration of the CDBG program.
<b>HOME</b>	<b>Capital Projects (90%)</b>	\$1,175,516	These funds will be directly allocated to the City’s Affordable Housing Pipeline (which are capital projects).
	<b>Program Administration (10% cap)</b>	\$23,038	These funds cover program administration of the HOME program.

**CDBG Public Service Funding Recommendations**

As mentioned above, Fiscal Year 2026-27 is the second year of the public services two-year funding cycle, and the City typically seeks to maintain the first-year funding level into the second year. HUD regulations limit the amount of CDBG funds that may be allocated to public service activities through the public service cap.

Based on current CDBG budget estimates and the applicable cap, the City may allocate up to \$193,831 in CDBG funds to public services for Fiscal Year 2026–27. This amount is \$45,980 less than the \$239,811 allocated in Fiscal Year 2025–26 due to a decrease in program income received

compared to the prior year. Program income fluctuates annually based on loan repayments and project timing, which resulted in lower available funding this year.

To maintain consistent funding levels for Fiscal Year 2026–27 at \$239,811, staff recommends the allocation of \$45,980 in General Housing Funds to supplement the \$193,831 of CDBG funding being allocated to public services. If the City receives more CDBG program income than anticipated, and therefore has more funding for public services, less of these supplemental funds will be used. The funding recommendations are shown in Table 4 below.

**Table 4: CDBG Public Service Funding Recommendations  
for Fiscal Year 2026-27**

Agency Name	Program/Activity Name	Fiscal Year 25-26 CDBG Funding	Fiscal Year 26-27 Funding Recommendations		
			CDBG	Supplemental	Total
Catholic Charities of Santa Clara County	Long-Term Care Ombudsman Program	\$13,589	\$10,984	\$2,605	<b>\$13,589</b>
Community Legal Services in East Palo Alto	Homelessness Prevention (Housing Legal Services Program)	\$32,439	\$26,219	\$6,220	<b>\$32,439</b>
Community Services Agency of Mountain View, Los Altos and Los Altos Hills (CSA)	Homeless Prevention/ Services	\$32,439	\$26,219	\$6,220	<b>\$32,439</b>
Community Services Agency of Mountain View, Los Altos and Los Altos Hills (CSA)	Senior Case Management	\$32,439	\$26,219	\$6,220	<b>\$32,439</b>
Day Worker Center of Mountain View	Education, Skills Training, and Job Placement Program	\$32,439	\$26,219	\$6,220	<b>\$32,439</b>
LifeMoves	MTV Housing Specialist	\$32,439	\$26,219	\$6,220	<b>\$32,439</b>
Senior Adults Legal Assistance (SALA)	Legal Assistance to Elders	\$19,211	\$15,528	\$3,683	<b>\$19,211</b>
Silicon Valley Independent Living Center (SVILC)	Housing Program for Persons with Disabilities	\$12,377	\$10,005	\$2,372	<b>\$12,377</b>
Vista Center for the Blind and Visually Impaired	Vision Loss Rehabilitation Program	\$32,439	\$26,219	\$6,220	<b>\$32,439</b>
<b>TOTAL CDBG FUNDS</b>		<b>\$239,811</b>	<b>\$193,831</b>	<b>\$45,980</b>	<b>\$239,811</b>

### Contingency Funding

Due to continued uncertainty, staff is recommending allocating \$373,831 in General Housing Funds as a one-time contingency for supporting the City’s CDBG-funded nonprofit partners, as shown in Table 5 below. This one-time contingency funding would help to mitigate any potential public service disruptions by maintaining existing funding levels in the event that federal CDBG funds are not available. There is a sufficient balance in General Housing Fund for this purpose for Fiscal Year 2026-27.

Using General Housing Funds as a contingency would impact funding availability for other City programs, such as for homeownership, tenant displacement response, and affordable housing development, and would be limited to Fiscal Year 2026-27. The City will need to explore alternative solutions for maintaining CDBG-funded services and projects if the *Fresno* litigation remains unresolved and federal funding availability remains uncertain beyond Fiscal Year 2026-27.

**Table 5: Proposed CDBG Contingency Funding**

CDBG Activity	Amount
Public Services <sup>1</sup>	\$193,831
Rebuilding Together Peninsula Minor Home Repair Program	\$100,000
Upwards BOOST	\$80,000
<b>TOTAL CONTINGENCY FUNDS</b>	<b>\$373,831</b>

### General Fund Public Services

In addition to CDBG funds, the City makes an annual appropriation of \$171,000 from its General Fund to support human services, educational, cultural, arts and other programs not eligible for federal funds. The allocation of General Funds helps provide additional resources to local community organizations, as federal funds are limited, have strict eligibility and reporting requirements and are often oversubscribed. These funds operate on a two-year cycle and are overseen by the Human Services Division in the City Manager’s Office. The allocations for the Fiscal Year 2025-27 cycle were approved by the City Council on [May 13, 2025](#), and are shown in Table 6 below.

<sup>1</sup> When combined with the proposed \$45,980 of supplemental public services funding, this contingency amount of \$193,831 helps maintain coverage for the full public services amount of \$239,811.

**Table 6: General Fund Public Service Funding  
 for Fiscal Year 2025-27 Cycle**

<b>Agency Name</b>	<b>Program/ Activity Name</b>	<b>Funding Per Fiscal Year</b>
<b>Community School of Music and Arts (CSMA)</b>	Preschool Music and Art Program	<b>\$15,030.11</b>
<b>Community Services Agency of Mountain View, Los Altos and Los Altos Hills (CSA)</b>	Senior Nutrition Program	<b>\$18,489.54</b>
<b>Counseling and Support Services for Youth (CASSY)</b>	Mountain View School-Based Mental Health Services Program	<b>\$16,032.11</b>
<b>Day Worker Center of Mountain View</b>	Healthy Meals Program	<b>\$18,489.54</b>
<b>Healthier Kids Foundation</b>	Physical Health Screenings	<b>\$9,944.92</b>
<b>Hope's Corner Inc</b>	Healthy Food for Hope	<b>\$18,489.54</b>
<b>Junior Achievement of Northern California</b>	JA Mountain View Youth Economic Empowerment Initiative	<b>\$7,500.00</b>
<b>Loaves &amp; Fishes Family Kitchen</b>	Meals on Wheels for Low-Income, Homebound Seniors	<b>\$18,489.54</b>
<b>MayView Community Health</b>	Increasing Access to Medical Care for Underserved Mountain View Residents	<b>\$12,525.09</b>
<b>Parents Helping Parents, Inc.</b>	Supporting Families Raising Children with Disabilities	<b>\$7,500.00</b>
<b>The United Effort Organization</b>	Case Management Services for Vulnerable Populations	<b>\$10,020.07</b>
<b>YWCA Golden Gate Silicon Valley</b>	Domestic Violence Support Services	<b>\$18,489.54</b>
<b>TOTAL GENERAL FUND</b>		<b>\$171,000</b>

**NEXT STEPS**

Staff will forward HRC’s recommendations for the City Council public hearing currently scheduled for April 28, 2026, during which the Council will make the final funding decisions. The City Council’s funding decisions will then be incorporated into the Fiscal Year 2026-27 Annual Action Plan that will be submitted to HUD by the submittal deadline, which staff expects to be May 15, 2026.