



NEWPORT BEACH

City Council Staff Report

May 26, 2026
Agenda Item No. 13

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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TITLE: Resolution No. 2026-31: Community Development Block Grant – 2026-2027 Annual Action Plan

ABSTRACT:

The City of Newport Beach receives funds each year through the U.S. Department of Housing and Urban Development (HUD) program for Community Development Block Grants (CDBG), to benefit those with low and moderate incomes, aid in the prevention of neighborhood deterioration, and meet other urgent community development needs due to natural disasters or other emergencies. In compliance with the CDBG program regulations, the City prepares a grant application in the form of an Annual Action Plan outlining how funds will be used in the community. The plan implements strategies adopted in the City's five-year Consolidated Plan. For the City Council's consideration are the specific programs and funding proposed for Fiscal Year 2026-27, allocating approximately \$409,157 in grant funds and \$325,000 in program income.

RECOMMENDATIONS:

- a) Conduct a public hearing to receive comments on the Annual Action Plan;
- b) Find the approval of the 2026-2027 Annual Action Plan exempt from the National Environmental Policy Act (NEPA) pursuant to 24 CFR Part 58, Section 58.34;
- c) Find the approval of the 2026-2027 Annual Action Plan exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and Section 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly;
- d) Adopt Resolution No. 2026-31, *A Resolution of the City Council of the City of Newport Beach, California, Approving the 2026-2027 Annual Action Plan for the Allocation of the Federal Community Development Block Grant Program Funds for Fiscal Year 2026-2027*; and

e) Authorize the City Manager to:

1. Proportionally adjust appropriations to specific programs and projects as necessary to conform with the final 2026-2027 formula grant allocation of CDBG funds from HUD if the appropriation is more or less than \$409,157;
2. Submit the 2026-2027 Annual Action Plan to HUD;
3. Execute the 2026-2027 CDBG Program Grant Agreement and all related documents on behalf of the City of Newport Beach;
4. Execute all sub-recipient agreements with the non-profit organizations receiving allocations of CDBG funds in the 2026-2027 Action Plan; and
5. Authorize the Community Development Director, or his designee, to be the official representative of the City of Newport Beach, administer the 2026-2027 Annual Action Plan and submit required environmental documentation to HUD for CDBG projects.

DISCUSSION:

The City receives a formula grant allocation of CDBG funds each year from the federal government, a program run by HUD. The objective of the CDBG program is to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. CDBG is authorized under Title I of the Housing and Community Development Act of 1974. CDBG funds may be used for a wide variety of programs, services and facilities improvements, including but not limited to:

- Community and senior services
- Fair housing enforcement and landlord/ tenant mediation
- Homeless prevention and domestic violence programs
- Public facilities and infrastructure improvements
- Disabled (ADA) accessibility improvements
- Housing programs
- Section 108 loan payments

Since July 1, 1989, the City has received a total direct allocation of approximately \$16.8 million of CDBG funds from HUD with annual allocations ranging from a low of \$319,676 in 2017, to a high of \$534,000 in 1995. The 2026-2027 formula grant allocation is \$409,157. In addition, the City anticipates \$325,000 in program income from the lease of property acquired with CDBG funds, for a total of \$734,157 to be programmed for fiscal year 2026-2027.

According to CDBG regulations, the City may spend up to 15% of the annual formula grant allocation of CDBG funds for community services such as senior meal delivery, senior services or homeless prevention programs and 20% for program administration. The remaining amount of funding may be used for projects such as street and sidewalk improvements, disabled accessibility improvements, and public facilities improvements

such as the construction or rehabilitation of park and recreational facilities, provided the projects meet applicable CDBG regulations and national objectives.

Each year, the City uses a portion of the funds reserved for program administration to comply with Fair Housing Act requirements and make fair housing enforcement and landlord/tenant mediation services available to the community. These services have been provided free of cost to City residents by the Fair Housing Foundation since 2011.

On February 7, 2026, the City published a Notice of Funding Availability (NOFA) in the Daily Pilot newspaper and on the City website, to announce the availability of CDBG funds and solicit proposals from tax-exempt, nonprofit organizations that provide eligible CDBG services or projects that benefit the residents.

In response to the NOFA, four nonprofit organizations submitted applications for CDBG grants. In consideration of the funding available, the amount of funding requested, past performance, anticipated benefit to the residents, and the City’s priorities, staff recommends program/project funding levels in the Action Plan as follows:

Category	Requested	Recommended
Public Services (subject to 15% grant cap)	Limit of \$110,123.55	
Meals on Wheels OC: Home Delivered Meals	\$30,000	\$30,000
Lifting Up Foundation: Technical Assistance	\$15,000	\$15,000
Project Hope Alliance: Case Management	\$15,000	\$0
Newport Beach PD: Motel Voucher	\$30,000	\$0
Administration (subject to 20% grant cap)	Limit of \$146,831.40	
CDBG Program Administration	\$120,000	\$120,000
Fair Housing Foundation: Fair Housing Services	\$16,000	\$16,000
Capital Projects (remaining amount)	\$553,157	
City IPF Project	\$0	\$0
Total	\$226,000	\$181,000

The Action Plan, found in the draft resolution (Attachment A), describes each program. With the proposed funding levels shown in the table above, Meals on Wheels OC plans to serve approximately 33 City residents during the 2026-2027 fiscal year; the agency’s focus is serving meals to homebound senior citizens. Seniors make up approximately 24% of the City’s population. Lifting Up Foundation plans to serve approximately 400 unduplicated City residents with the proposed funding level and will provide support services to low-to-moderate income veterans. Funding for two homelessness services providers is not recommended this fiscal year, Project Hope Alliance and the Newport

Beach Police Department motel voucher program, as the City's recent homeless counts show a drastic reduction from prior years. Additionally, the City has other resources being funneled to address homelessness, specifically aimed at street exits, including the Costa Mesa Bridge Shelter and 12 new permanent supportive housing units at the Avon River project which is set for move-in in July 2026.

Under the Capital Projects category, \$553,157 is available to be programmed. Staff will return to the City Council for approval of selected project(s) once award recommendations are available.

Each of the programs and projects recommended above are contemplated within the Strategic Plan priorities of the 2025-2029 Consolidated Plan.

On April 25, 2026, staff published a notice in the Daily Pilot informing the general public that the City had prepared the Draft 2026-2027 Annual Action Plan. The notice also indicated the plan would be available for review and comment until May 26, 2026. The public has been provided with an opportunity to provide oral and/or written comments on the proposed activities included in the Draft 2026-2027 Annual Action Plan. At the time this report was prepared, no public comments were received. Additionally, the current Citizen Participation Plan requires that a public hearing be held to receive testimony from interested residents or parties regarding the Action Plan. The May 26, 2026, public hearing fulfills this requirement.

FISCAL IMPACT:

This item provides for City Council approval of the use of an estimated \$409,157 of CDBG funds, and \$325,000 in program income for the 2026-2027 fiscal year, to be adjusted by the city manager as necessary to conform with the final 2026-2027 formula grant allocation from HUD.

ENVIRONMENTAL REVIEW:

The development of required plans and allocation of CDBG program funds is an administrative activity exempt under 24 CFR Part 58, Section 58.34 of the National Environmental Policy Act of 1969 (NEPA), as amended.

Staff recommends the City Council find the adoption of the 2026-2027 Annual Action Plan is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

In accordance with HUD requirements for a 30-day public review and comment period, notice of the public hearing was published in the Daily Pilot on April 25, 2026. Notice was also sent to each of the applicants requesting funding and emailed to all parties that signed up to receive email notifications from the Planning Division. Further, the agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

ATTACHMENT:

Attachment A – Resolution No. 2026-31 (2026-2027 Annual Action Plan included)