

# Capitola City Council

## Agenda Report



**Meeting:** July 24, 2025

**From:** Building, Planning, and Economic Development Department

**Subject:** 2024 CDBG Grant Award

**Recommended Action:** Receive staff update on the 2024 Community Development Block Grant Award for the Jade Street Community Center Project Phase II and Public Service Food Distribution Programs; and adopt a resolution amending the FY 2025-26 budget to accept \$3.6 million into the CDBG Special Revenue Fund.

**Background:** The U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) program authorizes the use of funds to assist low- and moderate-income families or aid in the prevention or elimination of blight. There are two types of CDBG programs: "entitlement" and "non-entitlement". Large metropolitan cities and urban counties are entitled to receive annual grants under the "entitlement" program directly from HUD. The City falls within the "non-entitlement" program, which is administered by the State Department of Housing and Community Development (HCD) and where the City can apply for funding under a competitive application process.

On August 30, 2024, HCD released the 2024 NOFA that allows a jurisdiction to apply for up to three applications for a maximum of \$3.6 million. Funding limits for the NOFA are as follows:

- Over-the-Counter (OTC) Project (public improvement, public facility, etc.) – Up to \$3.3 million
- OTC Program (housing programs, economic development programs, etc.) – Up to \$1.5 million
- Competitive Program (public services, planning study, etc.) – Up to \$300,000

On September 26, 2024, the City Council Adopted a resolution authorizing staff to submit a grant application under the 2024 CDBG NOFA.

**Discussion:** On July 14, 2025, the City received an award notification for \$3.6 million, for the two following projects/programs:

1. **Public Facility:** The Jade Street Park Improvements Project includes the following: replace the existing playground structure with a universally accessible playground, renovate the restrooms in the park to improve accessibility, and rehabilitate the outdoor/patio space adjacent to the Community Center. The City requested \$3.3 million in CDBG funds for the Jade Street Park Improvements.
2. **Public Service:** In 2021, the City was awarded public service dollars from CDBG for three non-profits for their food distribution programs: Grey Bears (\$52,950), Second Harvest Food Bank (\$112,000), and Community Bridges (\$299,720). Within the 2024 NOFA, the City is only able to apply on behalf of two organizations. The application included Grey Bears and Second Harvest as they have now exhausted the 2021 funding.

**Fiscal Impact:** The \$3.6 million award is 100% grant funded. A budget amendment is required to increase the CDBG Special Revenue account by \$3.6 million.

**Attachments:**

1. Notification of Award
2. Resolution Amending Budget

**Report Prepared By:** Katie Herlihy, Community and Economic Development Director

**Reviewed By:** Julia Gautho, City Clerk; Samantha Zutler, City Attorney

**Approved By:** Jamie Goldstein, City Manager