

Agenda Report

June 8, 2026

TO: Honorable Mayor and City Council

THROUGH: Housing, Homelessness and Planning Committee (June 3, 2026)

FROM: Department of Housing

SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER INTO FIFTEEN AGREEMENTS WITH A COMBINED NOT-TO-EXCEED VALUE OF \$6,639,358 WITH THE U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR THE 2025 CONTINUUM OF CARE GRANTS FOR HOMELESS SERVICES

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the recommended actions are not a “project” subject to the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21065 and within the meaning of State CEQA Guidelines Section 15378(b)(4) and (5);
2. Authorize the City Manager to enter into fifteen agreements with one-year terms and a collective not-to-exceed total of \$6,639,358 with the U.S. Department of Housing and Urban Development for the 2025 Continuum of Care grants for homeless services as detailed in Attachment A; and
3. Authorize the City Manager to execute five amendments to the contracts specified under Recommendation 2 with each amendment adding the amount of annual funding awarded by HUD and extending the term by one year.

BACKGROUND:

Federal Continuum of Care (CoC) Program funding is awarded to local CoCs by the U.S. Department of Housing and Urban Development (HUD) on an annual competitive basis rather than on an entitlement, formula basis (e.g., Community Development Block Grant and HOME program funds). The City’s Department of Housing is the Collaborative Applicant/Lead Agency for the Pasadena CoC (also known as the Pasadena Partnership to End Homelessness) and, as such, administers awarded CoC grants.

On July 31, 2024, HUD released a CoC Notice of Funding Opportunity (NOFO) which permitted communities to submit a single consolidated application applicable to FY 2024 and FY 2025 CoC grants. The two-year NOFO was intended to streamline the award of the 2025 CoC grants without requiring CoCs to undertake a second time-intensive application process in 2025. As a result of the July 2024 NOFO, the City was awarded fifteen grants for homeless services.

On November 13, 2025, HUD issued a separate FY 2025 CoC NOFO, distinct from the 2024 two-year NOFO, which introduced significant reforms to the Continuum of Care program. Among the most controversial changes was a new requirement that no more than 30% of a community's renewal funding could be used for permanent housing programs, a sharp departure from HUD's longstanding policy of prioritizing permanent housing which had resulted in CoC portfolios made up of roughly 90% permanent housing projects. The 30% permanent housing cap would have forced the defunding of existing permanent supportive housing and rapid rehousing programs nationwide, putting the housing of an estimated 170,000 formerly homeless households at risk. Two lawsuits were filed against HUD in late November and early December 2025, one from a coalition of 21 attorneys general and governors and another from a group of 11 local governments and non-profit organizations. On December 8, 2025, HUD rescinded the November NOFO ahead of a court hearing. On December 19, the U.S. District Court for Rhode Island issued a preliminary injunction, halting enforcement of both the new FY 2025 NOFO and HUD's rescission of the two-year NOFO. The injunction preserved the status quo, and HUD was ordered to process renewal grants under the FY 2024-25 NOFO framework. On April 1, 2026, the U.S. Court of Appeals for the First Circuit affirmed the lower-court injunction, rejecting HUD's attempts to proceed with its November NOFO. The Court held that HUD's abrupt policy shift, without adequate justification, likely violated the Administrative Procedure Act and posed immediate harm to communities.

Additionally, the Consolidated Appropriations Act, 2026 was signed into law on February 3, 2026, which included a section requiring HUD to non-competitively renew CoC grants expiring in the first quarter of Calendar Year 2026 and mandated successive renewals if new FY 2025 awards were not issued by specified dates. The law explicitly instructed HUD to extend these grants for 12 months, in effect freezing the competition for new awards.

In compliance with the court's injunction and legislative mandates, HUD announced the first round of renewals on March 31, 2026, which included two of the Pasadena CoC's fifteen renewal grants. A subsequent award announcement on May 21, 2026, included the remaining thirteen renewal grants. In total, the fifteen CoC grants include \$6,639,358 of funding for permanent supportive housing, rapid rehousing, coordinated entry, CoC system planning and administration, and the administration of the Homeless Management Information System database. The subject grant agreements include conditions that are similar to those included in the prior round of CoC grant agreements executed in 2025. Specifics of each grant are detailed in Attachment A.

All grants have a 25 percent match requirement. The match requirement for grant funds passed through to sub-recipients will be met by the sub-recipient agencies. For the City-sponsored rental assistance grant, in-kind match is provided by a third party and is documented in a formal Memorandum of Understanding (MOU). The match requirement for the City-sponsored Homeless Management Information System (HMIS) project will be satisfied with \$64,328 of federal Emergency Solutions Grant funds included in the Department's proposed FY 2027 Operating Budget. The match requirement for the City-sponsored Planning grant will be satisfied using \$63,390 of General Funds included in the Department's proposed FY 2027 Operating Budget.

Upon execution of the grant agreements, the City will execute amendments to thirteen existing sub-recipient agreements originally approved by City Council on September 1, 2021, September 19, 2022, September 18, 2023, October 21, 2024, and November 18, 2024. The amendments will increase the total not-to-exceed contract values by the amounts awarded by HUD and will extend the terms by one year.

COUNCIL POLICY CONSIDERATION:

Approval of the subject recommendations will provide permanent housing and supportive services to individuals and families experiencing and who have previously experienced homelessness in Pasadena. This action is consistent with the City Council's goal to support and promote the quality of life and local economy. The proposed projects are in accordance with the Pasadena Continuum of Care system, General Plan Housing Element, Five-Year Consolidated Plan, and Five-Year Public Housing Authority Plan.

ENVIRONMENTAL ANALYSIS:

CEQA excludes, from environmental review, actions that are not "projects" as defined by Public Resources Code Section 21065 and within the meaning of State CEQA Guidelines Section 15378(b). Sections 21065 and 15378(b) define a project as an action which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Section 15378(b)4(4) and (5) excludes from the definition of "project" government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment or administrative activities of governments that will not result in direct or indirect physical changes in the environment. The actions proposed herein, entering into federal grant agreements to support homeless services and entering into amendments thereto are government fiscal and administrative activities, and therefore are not a "project" as defined by CEQA. Since the actions are not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:

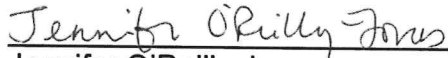
Approval of the recommended actions will have no fiscal impact as the funds are included in the Department's proposed FY 2027 Operating Budget.

Respectfully submitted,



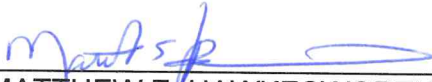
JAMES WONG
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Prepared by:



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Approved by:



MATTHEW E. HAWKESWORTH
Interim City Manager

Attachment A: 2025 CoC Grants