



## Report to City Council

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**TO:** Mayor and City Council

**FROM:** Brian Mohan, City Manager

**AGENDA DATE:** April 15, 2024

**TITLE:** PUBLIC HEARING TO REVIEW THE CDBG, HOME, & ESG PROJECT APPLICATIONS FOR INCLUSION IN FISCAL YEAR 2025/26 DRAFT ANNUAL ACTION PLAN (REPORT OF: CITY MANAGER)

**TITLE SUMMARY:** Public Hearing to review the CDBG, HOME, & ESG project applications for inclusion in Fiscal Year 2025/26 Draft Annual Action Plan

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### Recommendation(s)

That the City Council:

1. Conduct a Public Hearing for the Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), and Emergency Solutions Grants Program (ESG) programs to allow the public an opportunity to comment on the project applications for inclusion in the draft Fiscal Year (FY) 2025/26 Annual Action Plan.

### **SUMMARY**

Every year, the City is required to submit an Annual Action Plan to the U.S. Department of Housing and Urban Development (HUD). The Annual Action Plan identifies how the CDBG, HOME, and ESG program funds will be utilized to provide programs and projects that benefit low and moderate-income households and neighborhoods. It serves as the City's official grant application to HUD which must be submitted by May 16, 2025, or sixty days after HUD announces its annual allocations. The applications received for proposed activities for inclusion in the FY 2025/26 Annual Action Plan for CDBG, HOME, and ESG are summarized in Attachment 1. Staff recommends that the City Council conduct a public hearing to provide the public with an opportunity to review and comment on the qualified project applications for inclusion in the draft FY 2025/26 Annual Action Plan.

## **DISCUSSION**

The Annual Action Plan identifies how Moreno Valley will allocate its CDBG, HOME, and ESG funds for the upcoming fiscal year. The FY 2025/26 Annual Action Plan will serve as the annual update to the City's proposed five-year Consolidated Plan (FY 2023-2028). Tonight's Public Hearing represents one of the Public Hearings in a series of meetings conducted under the City's FY 2025/26 Annual Action Plan schedule. The City Council established CDBG funding priorities at the December 17, 2024, meeting. The following provides a summary of the events that have occurred during the application process to date:

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|----------------------|--|
| 1. November 26, 2024 | Finance Subcommittee review of grant policies and Objectives.  |
| 2. December 13, 2024 | Notification of Notice of Funding Available (NOFA) Publishes.<br>Application made available on City website via OpenGov. |
| 3. December 17, 2024 | City Council Public Hearing to review Policies and Objectives and to collect community needs and comments.               |
| 4. January 09, 2025  | Virtual Application Workshop.  |
| 5. January 31, 2025  | Application Submittal Deadline.  |

The following provides a summary of the events that are scheduled to occur during the continued application process:

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|-------------------|--|
| 6. April 15, 2025 | City Council Public Hearing to review received project applications for inclusion in the draft Annual Action Plan. |
| 7. May 6, 2025    | City Council Public Hearing to approve the FY 2025/26 Annual Action Plan.  |
| 8. May 16, 2025   | Submittal of Approved FY 2025/26 Annual Action Plan to HUD.  |

### **HOME Investment Partnerships Program (HOME) – Grant Purpose**

The Home Investment Partnerships Program was established by Title II of the Cranston-Gonzalez National Affordable Housing Act. The objectives of the HOME program include:

1. Expanding the supply of decent and affordable housing, particularly housing for low- and very low-income residents.
2. Strengthening the abilities of State and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing.
3. Providing financial and technical assistance to participating jurisdictions, including the development of model programs for affordable low-income housing.

4. Extending and strengthening partnerships among all levels of government and the private sector, including for-profit and non-profit organizations, in the production and operation of affordable housing.

#### **HOME Investment Partnerships Program (HOME) – Funding and Limitations**

<b>Year 2025/2026 Estimated Allocation*</b>	<b>Funding Allocation</b>
Planning and Administration Cap (10% of annual grant)	\$62,817
Mandatory CHDO set-aside (15% of annual grant)	\$94,226
Available for Other Activities	\$471,131
<b>TOTAL Anticipated Allocation</b>	<b>\$628,174</b>
TOTAL Prior Year CHDO Funds	\$319,513
TOTAL Uncommitted Prior Year HOME Funds	\$1,084,695
<b>TOTAL Estimated Available for Funding</b>	<b>\$2,032,382</b>

*\*HUD has not released the allocations for FY 2025/26, these amounts are estimates based on funding the City has received in prior years.*

#### **Emergency Solutions Grants Program (ESG) – Grant Purpose**

The objectives of the ESG program are to assist, protect, and improve living conditions for the homeless. The program provides funding to:

1. Engage homeless individuals and families living on the street.
2. Improve the number and quality of emergency shelters for homeless individuals and families.
3. Help operate shelters.
4. Provide essential services to shelter residents.
5. Rapidly re-house homeless individuals and families.
6. Prevent families/individuals from becoming homeless.

#### **Emergency Solutions Grants Program (ESG) – Funding and Limitations**

<b>Year 2025/2026 Estimated Allocation*</b>	<b>Funding Allocation</b>
Planning and Administration Cap (7.5% of annual grant)	\$13,045
Available for Other Activities	\$160,890
<b>TOTAL Anticipated Allocation</b>	<b>\$173,935</b>
TOTAL Uncommitted Prior Year ESG Funds	\$0

<b>TOTAL Estimated Available for Funding</b>	<b>\$173,935</b>
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*\*HUD has not released the allocations for FY 2025/26, these amounts are estimates based on funding the City has received in prior years.*

## **Community Development Block Grant (CDBG) – Grant Purpose**

The Community Development Block Grant program is authorized by Title I of the Housing and Community Development Act of 1974, as amended. The primary objective of the CDBG program is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income.

The CDBG objective is to be achieved in two ways: First, a grantee can only use funds to assist eligible activities that meet one of three national objectives of the program:

1. Benefit low- and moderate-income persons,
2. Aid in the prevention or elimination of slums and blight, or
3. Meet community development needs having a particular urgency.

Second, at least 70 percent of funds must be spent (over a period of up to 3 years) for activities that address the national objective of benefiting low- and moderate-income persons.

## **Community Development Block Grant (CDBG) – Funding and Limitations**

<b>Year 2025/2026 Estimated Allocation*</b>	<b>Funding Allocation</b>
Planning and Administration Cap (20% of annual grant)*	\$391,407
Public Services Cap (15% of annual grant)*	\$293,555
Available for Other Activities (65% of annual grant)	\$1,272,077
<b>TOTAL Anticipated Allocation</b>	<b>\$1,957,039</b>
TOTAL Uncommitted Prior Year(s) CDBG Funds**	\$75,797
<b>TOTAL Estimated Available for Funding</b>	<b>\$2,032,836</b>

*\*HUD has not released the allocations for FY 2025/26, these amounts are estimates based on funding the City has received in prior years.*

*\*\* The City may utilize prior-year uncommitted funds only towards non-public service activities.*

Our independent consultant, Avant-Garde Inc., conducted the application review process of the CDBG, HOME, and ESG proposed programs and summaries and requested funding are included in Attachment 1.

## **ALTERNATIVES**

1. Conduct a public hearing providing the public with an opportunity to comment on the applications received for projects for the FY 2025/26 Annual Action Plan and

provide an opportunity for the City Council to review the project applications. Staff recommends this alternative as it will allow the grant funds to be allocated and approved within HUDs requirements.

2. Do Not conduct a public hearing providing the public with an opportunity to comment on the applications received for the FY 2025/26 Annual Action Plan, and NOT provide an opportunity for City Council to review the project applications. Staff does not recommend this alternative as it will not allow the grant funds to be allocated and approved within HUDs requirements.

## **FISCAL IMPACT**

Expenses for these programs are reimbursed by the Federal grants. The ESG program requires a 100% match that the City requires its ESG subrecipients to meet. Based on the recommended actions, there is no impact on the General Fund.

## **NOTIFICATION**

Notice of this meeting was published in the Press-Enterprise and La Opinion newspapers on Friday, March 28, 2025. Additional notification was available through the City's website

## **PREPARATION OF STAFF REPORT**

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## **CITY COUNCIL GOALS**

None.

## **CITY COUNCIL STRATEGIC PRIORITIES**

1. Economic Development
2. Public Safety
3. Library
4. Infrastructure
5. Beautification, Community Engagement, and Quality of Life
6. Youth Programs

## Report Approval Details

Document Title:	STAFFREPORT_CM_FY25-26ENTITLEMENTFUNDS_PUBLICHEARING_2.docx
Attachments:	- FY 25-26 MoVal Funding Application Booklet.pdf
Final Approval Date:	Apr 9, 2025

This report and all of its attachments were approved and signed as outlined below:

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