



Report to City Council

TO: Mayor and City Council

FROM: Brian Mohan, City Manager

AGENDA DATE: May 6, 2025

TITLE: PUBLIC HEARING TO APPROVE THE ANNUAL ACTION PLAN FOR FISCAL YEAR 2025/26 – HUD GRANTS (CDBG, HOME, & ESG) (REPORT OF: CITY MANAGER) (ALL DISTRICTS)

TITLE SUMMARY: Public Hearing to approve the CDBG, HOME, & ESG Fiscal Year 2025/26 Annual Action Plan

DISTRICT: All Districts

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 (ESG) programs included in the Fiscal Year 2025/26 Annual Action Plan.
2. Approve and adopt the Fiscal Year 2025/26 Annual Action Plan as an application to the U.S. Department of Housing and Urban Development (HUD) for funding under the federal CDBG, HOME, and ESG programs with Council amendments, if any.
3. Authorize the City Manager to approve any reprogramming of allocations between funded programs within the adopted Fiscal Year 2025/26 Annual Action Plan in compliance with the City's Citizen Participation Plan, if necessary.
4. Authorize the City Manager to execute any documents necessary to effectuate the actions taken herewith.

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 no later than 45 days prior to the start of the fiscal year (May 16, 2025), or sixty days after HUD announces its annual allocations. The activities recommended for inclusion in the Fiscal Year (FY) 2025/26 Annual Action Plan for CDBG, HOME, and ESG are summarized in Attachment 2. Staff recommends that the City Council conduct a public hearing and approve and adopt the 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. Attachment 1 to this report is the FY 2025/26 Annual Action Plan proposed for City Council consideration. 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 the last Public Hearing in a series of meetings conducted under the FY 2025/26 Annual Action Plan schedule.

The City Council established CDBG funding priorities at the December 17, 2024, meeting. The City Council reviewed the project applications received for inclusion in the Annual Action Plan on April 15, 2025. In conformance with HUD requirements, a draft Annual Action Plan was made available for a 30-day public review from April 4, 2025, through May 6, 2025. Any public comments received will be incorporated into the final Annual Action Plan. The following provides a summary of the events that have occurred during the application process to date:

- November 26, 2024 Finance Subcommittee review of grant policies and Objectives.
- December 13, 2024 Notification of Notice of Funding Available (NOFA) Publishes.
Application made available on City website via OpenGov.
- December 17, 2024 City Council Public Hearing to review Policies and Objectives and to collect community needs and comments.
- January 09, 2025 Virtual Application Workshop
- January 31, 2025 Application Submittal Deadline
- April 15, 2025 City Council Public Hearing to review received project applications for including in the draft Annual Action Plan.

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

- May 6, 2025 City Council Public Hearing to approve the FY 2025/26 Annual Action Plan.
- May 16, 2025* Submittal of Approved FY 2025/26 Annual Action Plan to HUD. *HUD has not released the FY 2025/26 allocations, jurisdictions will be able to submit their Annual Action Plans once these are released. Jurisdictions have up to 60 days after allocations are announced to submit their Annual Action Plans 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

Year 2025/2026 Estimated Allocation*	Funding Allocation
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
TOTAL Anticipated Allocation	\$628,174
TOTAL Prior Year CHDO Funds	\$319,513
TOTAL Uncommitted Prior Year HOME Funds	\$1,084,695
TOTAL Estimated Available for Funding	\$2,032,382

**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

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

**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

Year 2025/2026 Estimated Allocation*	Funding Allocation
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
TOTAL Anticipated Allocation	\$1,957,039
TOTAL Uncommitted Prior Year(s) CDBG Funds**	\$75,797
TOTAL Estimated Available for Funding	\$2,032,836

*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 CDBG, HOME, and ESG proposed programs and summaries and requested funding are included in Attachment 2.

ALTERNATIVES

1. Conduct a public hearing, provide staff with modifications, if any, and adopt the FY 2025/26 Annual Action Plan, authorize the City Manager to approve any reprogramming of allocations between funded programs within the adopted FY 2025/26 Annual Action Plan in compliance with the City's Citizen Participation Plan. *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 proposed Annual Action Plan and not approve the FY 2025/26 Annual Action Plan. *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, April 04, 2025. Additional notification was available through the City's website.

PREPARATION OF STAFF REPORT

Prepared By:
Viviana McDaniel
Grants Division Manager

Concurred By:
Dena Heald
Chief Financial Officer/City Treasurer

Department Head Approval:
Brian Mohan
City Manager

Concurred By:
Launa Jimenez
Assistant City Manager (Administration)

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_FMS_FY25-26ENTITLEMENTFUNDS_PUBLCHEARING_3.docx
Attachments:	- Attachment 1- FY 25-26 Annual Action Plan (AAP)-Draft.pdf - Attachment 2- FY 25-26 MoVal Funding Recommendation Booklet-Draft.pdf
Final Approval Date:	Apr 28, 2025

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

Natalia Lopez

Dena Heald

Launa Jimenez

Brian Mohan

Patty Rodriguez