



Report to City Council

TO: Mayor and City Council

FROM: Felicia London, Chief Financial Officer/City Treasurer

AGENDA DATE: May 5, 2026

TITLE: PUBLIC HEARING TO APPROVE THE ANNUAL ACTION PLAN FOR PROGRAM YEAR 2026/27 – HUD GRANTS (CDBG, HOME, & ESG) (REPORT OF: FINANCIAL AND MANAGEMENT SERVICES) (ALL DISTRICTS)

TITLE SUMMARY: Public Hearing to approve the CDBG, HOME, & ESG Program Year 2026/27 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 Program Year 2026/27 Annual Action Plan.
2. Approve and adopt the Program Year 2026/27 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 Program Year 2026/27 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

On a yearly basis, 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 15, 2026, or sixty days after HUD announces its annual allocations. The activities recommended for inclusion in the Program Year (PY) 2026/27 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 PY 2026/27 Annual Action Plan.

DISCUSSION

The Annual Action Plan identifies how Moreno Valley will allocate its CDBG, HOME, and ESG funds for the upcoming program year. Attachment 1 to this report is the PY 2026/27 Annual Action Plan proposed for City Council consideration. The PY 2026/27 Annual Action Plan will serve as the annual update to the City's proposed five-year Consolidated Plan (PY 2023-2028). This Public Hearing represents the last Public Hearing in a series of meetings conducted under the PY 2026/27 Annual Action Plan schedule.

The City Council established CDBG funding priorities at the December 2, 2025, meeting. The City Council reviewed the project applications received for inclusion in the Annual Action Plan on April 21, 2026. In conformance with HUD requirements, a draft Annual Action Plan was made available for a 30-day public review from April 3, 2026, through May 5, 2026. Any public comments received will be incorporated into the final Annual Action Plan. The following provides a summary timeline of the events during the application process for PY 2026/27:

- | | |
|----------------------|---|
| 1. December 2, 2025 | City Council Public Hearing to review Policies and Objectives and to collect community needs and comments. |
| 2. December 12, 2025 | Notification of Notice of Funding Available (NOFA) Publishes.
Application made available on City website via PlanetBids. |
| 3. January 8, 2026 | Virtual Application Workshop. |
| 4. January 30, 2026 | Application Submittal Deadline. |
| 5. April 21, 2026 | City Council Public Hearing to review received project applications for inclusion in the draft Annual Action Plan. |
| 6. May 5, 2026 | City Council Public Hearing to approve the PY 2026/27 Annual Action Plan. |

7. May 15, 2026*

Submittal of Approved PY 2026/27 Annual Action Plan to HUD. *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 2026/2027 Estimated Allocation*	Funding Allocation
Planning and Administration Cap (10% of annual grant)	\$62,315
Mandatory CHDO set-aside (15% of annual grant)	\$93,473
Available for Other Activities	\$467,367
TOTAL Anticipated Allocation	\$623,155
TOTAL Prior Year CHDO Funds	\$413,056
TOTAL Uncommitted Prior Year HOME Funds	\$1,552,404
TOTAL Program Income	\$110,545
TOTAL Estimated Available for Funding	\$2,699,160

**HUD has not released the allocations for PY 2026/27; 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 2026/2027 Estimated Allocation*	Funding Allocation
Planning and Administration Cap (7.5% of annual grant)	\$12,880
Available for Other Activities	\$158,857
TOTAL Anticipated Allocation	\$171,737
TOTAL Uncommitted Prior Year ESG Funds	\$74,876
TOTAL Estimated Available for Funding	\$246,613

**HUD has not released the allocations for PY 2026/27; 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 2026/2027 Estimated Allocation*	Funding Allocation
Planning and Administration Cap (20% of annual grant)*	\$379,265
Public Services Cap (15% of annual grant)*	\$284,448
Available for Other Activities (65% of annual grant)	\$1,232,613
TOTAL Anticipated Allocation	\$1,896,326

TOTAL Uncommitted Prior Year(s) CDBG Funds**	\$360,698
TOTAL Estimated Available for Funding	\$2,257,024

*HUD has not released the allocations for PY 2026/27, 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 2.

ALTERNATIVES

1. Conduct a public hearing, provide staff with modifications, if any, and adopt the PY 2026/27 Annual Action Plan, authorize the City Manager to approve any reprogramming of allocations between funded programs within the adopted PY 2026/27 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 HUD’s 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 PY 2026/27 Annual Action Plan. Staff does not recommend this alternative as it will not allow the grant funds to be allocated and approved within HUD’s 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 3, 2026. Additional notification was available through the City’s website

PREPARATION OF STAFF REPORT

Prepared By:
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Department Approval by:
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Concurred By:
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Concurred By:
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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_FMS_PY26-27_ENTITLEMENT_FUNDS_PUBLIC_HEARING.docx
Attachments:	- Attachment 1 - PY 26-27 Annual Action Plan (AAP)-Draft.pdf - Attachment 2-PY26-27 MoVal Funding Recommendation Booklet.pdf
Final Approval Date:	Apr 30, 2026

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

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Brian Mohan

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