

City of Hesperia STAFF REPORT



DATE: April 15, 2025

TO: Mayor and Council Members

FROM: Rachel Molina, City Manager

BY: Nathan Freeman, Director of Development Services
Eydee Jimenez, Economic Development Supervisor

SUBJECT: Substantial Amendment to the 2021–2022, 2023–2024, and 2024–2025 Community Development Block Grant Annual Action Plans

RECOMMENDED ACTION

It is recommended that the City Council:

1. Conduct a public hearing and adopt Resolution No. 2025-010, including any necessary modifications, following public testimony;
2. Approve a substantial amendment to the 2021-2022, 2023-2024, and 2024-2025 Community Development Block Grant (CDBG) Annual Action Plans by reallocating a total of \$1,063,171 from unprogrammed prior-year (2019-2024) CDBG funds to the Program Year (PY) 2023 and PY 2024 Street Improvement projects; and
3. Authorize the City Manager or designee to execute and transmit all necessary documents, including the substantial amendment to the annual Action Plans and any additional amendments, to ensure the timely expenditure of CDBG funds.

BACKGROUND

The U.S. Department of Housing and Urban Development (HUD) requires all entitlement communities receiving CDBG funds, such as Hesperia, to prepare and submit a Consolidated Plan every five years to establish a unified, strategic vision for economic development, housing, and community development activities.

The Consolidated Plan is implemented through annual Action Plans, which outline the activities and resources to be used each year to accomplish the goals identified in the Consolidated Plan. The City must submit an annual Action Plan to HUD for each year of the five-year Consolidated Plan period.

A substantial amendment to a Consolidated Plan or annual Action Plan is required when a significant change is proposed to funding levels, goals, or activities. In this case, the repurposing of \$1,063,171 in unprogrammed CDBG funds to the PY 2023 and PY 2024 Street Improvement projects constitutes a substantial amendment.

Additionally, the PY 2021 Action Plan must be amended due to the reallocation of \$698,996 from that year. This amount is significant enough to trigger a substantial amendment under the City's Citizen Participation Plan. The reallocation of these funds into the PY 2023 and PY 2024 Street Improvement Projects also necessitates amendments to the PY 2023 and PY 2024 Action Plans.

ISSUES/ANALYSIS

This substantial amendment to the annual Action Plans is necessary because the City proposes to allocate \$1,063,171 in prior-year uncommitted CDBG funds to the PY 2023 and PY 2024 Street Improvement projects. These projects will improve various roadways within CDBG-eligible areas of the City, benefiting a substantial number of residents.

Currently, the City is awaiting the release of its PY 2024 funds into its line of credit. Two potential funding scenarios are outlined below:

Scenario 1 PY 2024 Street Improvement Project		Scenario 2 PY 2024 Street Improvement Project	
Funding Sources	Amount Funded	Funding Sources	Amount Funded
PY 2024 Original Allocation	\$810,781	PY 2024 Original Allocation	\$0.00
PY 2021 Uncommitted Funds	\$698,996	PY 2021 Uncommitted Funds	\$698,996
PY 2025 Anticipated Allocation for a new Street Project	\$0.00	PY 2025 Anticipated Allocation committed to the PY 24 Street Project	\$810,781
Total:	\$1,509,777	Total:	\$1,509,777

If the City does not receive its PY 2024 allocation, the uncommitted PY 2021 funds will remain committed to the PY 2024 Street Improvement Project, and PY 2025 funds will also be allocated to it.

CITY GOAL SUPPORTED BY THIS ITEM

Future Development - Facilitate balanced growth to ensure cohesive community development and pursue economic development.

FISCAL IMPACT

There is no fiscal impact to the General Fund associated with this report. The \$1,063,171 in uncommitted prior-year CDBG funds affected by this substantial amendment have already been awarded to the City through its annual allocation. Funding related to the substantial amendment will be included in the FY 2025-26 Capital Improvement Program (CIP) Budget.

ALTERNATIVE(S)

1. Provide alternative direction to staff.

ATTACHMENT(S)

1. Resolution No. 2025-010
2. Draft Substantial Amendment to Action Plans