

# City of Hesperia STAFF REPORT



**DATE:** April 21, 2026  
**TO:** Mayor and Council Members  
**FROM:** Rachel Molina, City Manager  
**BY:** Eydee Jimenez, Economic Development Supervisor  
Orlando Acevedo, Director of Development Services  
**SUBJECT:** 2026-2027 Community Development Block Grant Annual Action Plan

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## RECOMMENDED ACTION

It is recommended that the City Council conduct a public hearing and, upon receiving public testimony:

- (1) Adopt Resolution No. 2026-14 approving the 2026-2027 Community Development Block Grant (CDBG) Annual Action Plan (AAP);
- (2) Authorize staff to modify the AAP as directed by the City Council;
- (3) Authorize the City Manager or designee to execute and transmit all required documents, including the adopted 2026-2027 AAP and any amendments, to the U.S. Department of Housing and Urban Development (HUD), to ensure timely receipt of funds.

## BACKGROUND

### Consolidated Plan

HUD requires all entitlement communities receiving CDBG funds to prepare and submit a Consolidated Plan (CP) every five years to establish a unified strategy for housing, community and economic development. The CP identifies priority needs and outlines how funding will be used to support decent housing, a suitable living environment, and expanded economic opportunities for low- and moderate-income residents.

The CP is implemented through Annual Action Plans (AAPs), which identify the specific activities and funding allocations, including CDBG resources, for each program year.

### Annual Action Plan

To implement the CP, the City has prepared an AAP outlining activities and budgets for the upcoming program year. The AAP allocates CDBG funds to specific programs and projects.

Applications for Administration and Non-Administration/Non-Public Service (Capital) activities were distributed to City departments. An application was also provided to the Fair Housing Foundation (FHF) to accomplish the City's fair housing service requirements. Applications were made available at City Hall and on the City's website and were due January 28, 2026. No late applications were accepted.

### Update Since Public Notice

Since publication of the public hearing notice on March 18, 2026, the City was notified by HUD that it will not receive HOME Investment Partnerships Program (HOME) funds for Program Year 2026–2027. As a result, the previously anticipated Consolidated Plan Substantial Amendment and HOME-funded activities have been removed from consideration.

The public hearing will proceed as scheduled and will focus solely on the 2026–2027 CDBG Annual Action Plan.

### **ISSUES/ANALYSIS**

#### AAP (Program Funding)

Based on submitted applications and the City's five-year goals, the proposed funding allocations for Administration and Capital Improvements are included in Exhibit "A." These recommendations prioritize street improvements and housing rehabilitation and align with CDBG national objectives.

The City's estimated CDBG allocation is \$946,179. Up to 20% may be used for administration; however, staff recommend allocating \$124,000 (13.1%). Public service activities will continue to be funded through the City's General funded Community Assistance Program (CAP), allowing CDBG funds to focus on capital improvements. The remaining \$822,179 will be allocated accordingly.

Due to potential changes in the City's 2026–2027 CDBG allocation, staff recommends the following adjustment methodology:

- If the CDBG allocation is higher than \$946,179:
  - Additional funds will be allocated to the Street Improvement Project. All other funding levels will remain unchanged.
- If the CDBG allocation is lower than \$946,179:
  - Reductions will be applied proportionately across all eligible categories, including Administration and Capital Improvements, to maintain a balanced program while continuing to prioritize investment in street improvements to the greatest extent feasible.

#### Recommendations

Exhibit A outlines recommended funding for all eligible activities. Each project will be monitored by the Economic Development Division to ensure compliance with CDBG requirements. The City Council retains discretion to modify funding allocations.

#### Public Notice

The 30-day public review period for the Annual Action Plan began on March 18, 2026, and concludes on April 21, 2026. Documents were made available online and at City facilities. Although the original public notice referenced both the Annual Action Plan and a Consolidated Plan Substantial Amendment related to HOME funding, the City has since been notified that HOME funds will not be allocated. Therefore, only the Annual Action Plan is being considered at this public hearing.

All public comments will be incorporated prior to submission to HUD. Upon conclusion of the public comment period, all written comments received will be included in the final document submitted to HUD.

### **CITY GOAL SUPPORTED BY THIS ITEM**

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

**Capital Improvement** - Continually evaluate capital improvement priorities.

### **FISCAL IMPACT**

The City's estimated allocation is \$946,179 in CDBG funds. Approval of the AAP will allocate these funds to eligible activities. There is no impact to the City's General Fund.

### **ALTERNATIVE(S)**

Provide alternative direction to staff.

### **ATTACHMENT(S)**

1. Resolution No. 2026-14
2. Exhibit A: Department Action Plan Budget Recommendation
3. Exhibit B: CDBG Application Summary Matrix
4. Copies of the 2026-2027 AAP are on file with the City Clerk and are available on the City's website
5. Application Notebooks (Binders provided under separate cover)