



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JUNE 23, 2026

FROM: HOUSING AND HUMAN SERVICES WARDS: ALL

SUBJECT: PROPOSED ADOPTION OF THE CITY OF RIVERSIDE ANNUAL ACTION PLAN FOR THE USE OF FEDERAL ENTITLEMENT FUNDING WITH ESTIMATED AMOUNTS TOTALING \$9,050,905.55 FROM THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR FISCAL YEAR 2026-2027 - FUNDS TRANSFER AND SUPPLEMENTAL APPROPRIATION

ISSUE:

Adopt the Fiscal Year 2026-2027 Annual Action Plan for the use of federal entitlement funding with estimated amounts totaling \$9,050,905.55 from the United States Department of Housing and Urban Development.

RECOMMENDATIONS:

That the City Council:

1. Conduct the Public Hearing;
2. Adopt the 2026-2027 Annual Action Plan for the use of Community Development Block Grant, Emergency Solutions Grant, Housing Opportunities for Persons with AIDS, and HOME Investment Partnerships Program funds with estimated amounts totaling \$9,050,905.55;
3. Authorize City staff to make any necessary changes to funding recommendations for funded Community Development Block Grant, Emergency Solutions Grant, Housing Opportunities for Persons with AIDS, and HOME Investment Partnerships Program sub-recipients based on the federal grants' final allocations and finalize the 2026-2027 Annual Action Plan for submittal to the United States Department of Housing and Urban Development;
4. Authorize the City Manager, or his designee, to execute the United States Department of Housing and Urban Development grant agreements for the Community Development Block Grant, Emergency Solutions Grant, Housing Opportunities for Persons with AIDS, and HOME Investment Partnerships programs and the agreements with the City's subrecipients as identified in the 2026-2027 Annual Action Plan; and
5. With at least five affirmative votes, authorize the estimated appropriation of funds and authorize the Chief Financial Officer, or designee, to record revenue and appropriate funds among various funds and accounts established by the Finance Department for HUD entitlement grants related to the HUD 2026-2027 Annual Action Plan.

BACKGROUND:

As a designated entitlement jurisdiction, the City receives federal funding to support projects and programs that provide decent and affordable housing, sustain suitable living environments, and expand economic opportunities for low- and moderate-income persons. The City is required to develop an Annual Action Plan for the use of these funds, which serves as the means to meet the application and submission requirements for four entitlement programs including Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), Housing Opportunities for Persons with AIDS (HOPWA), and HOME Investment Partnerships Program (HOME). Upon City Council approval of the draft 2026-2027 HUD Annual Action Plan, the plan will be finalized. The Annual Action Plan (Plan) must be submitted to the United States Department of Housing and Urban Development (HUD) no later than August 14, 2026.

DISCUSSION:

The City’s Fiscal Year (FY) 2026-2027 HUD allocations for these formula programs as well as the proposed activities to be funded are as follows:

Community Development Block Grant (CDBG) - \$2,749,768

In the draft Plan, the City is recommending allocating FY 2026-2027 CDBG funding allocation of \$2,749,768. Activities eligible for funding under the CDBG program include acquisition of real property, construction, rehabilitation or improvements to public facilities, housing-related services and activities, economic development, public services, and program planning and administration. Eligible activities are required to meet a CDBG program national objective, which include: 1) assist low- and moderate-income persons; 2) aid in the prevention or elimination of slum or blight; and 3) meet urgent community needs. Projects proposed for CDBG funding in FY 2026-2027 are listed in Attachment 1.

Activity	Amount
CDBG Project Recommendations	\$2,199,814.40
City Program Administration (20% cap)	\$ 549,953.60
Total	\$2,749,768.00

Emergency Solutions Grant (ESG) - \$250,428

Activities eligible for funding under the ESG program include support for the operations and provision of essential homeless services including street outreach, emergency shelter, and rapid re-housing activities. No more than 60% of the City’s ESG grant allocation can be used to fund shelter and outreach services.

In the draft Plan, staff is recommending allocating \$250,428 of FY 2026-2027 ESG funding to the following activities:

Activity	Amount
Operation SafeHouse Youth Emergency Shelter	\$80,000.00
Operation SafeHouse Main Stay Shelter	\$70,256.80
Foothill Aids Rapid Rehousing Program	\$81,016.20
City Program Administration (7.5% cap)	\$19,155.00
Total	\$250,428.00

Housing Opportunities for Persons with AIDS (HOPWA) - \$5,068,975

In the draft Plan, the City is using the FY 2026-2027 HOPWA funding allocation of \$5,068,975. The City has been designated by HUD as the eligible metropolitan service area (EMSA) grantee to administer the HOPWA funding for both Riverside and San Bernardino counties. HOPWA funds may be used for housing projects, rental subsidies, mortgage and utility payments, supportive services, and program administration. Funding recommendations for the FY 2026-2027 HOPWA allocation will be utilized to provide services for activities both in Riverside and San Bernardino County. No more than 3.5% of the total allocation will be utilized for City program administration.

Activity	Amount
Foothill AIDS Project	\$2,010,452.87
Housing Authority of the County of Riverside	\$2,006,452.88
TruEvolution	\$900,000.00
City Program Administration	\$152,069.25
Total	\$5,068,975

HOME Investment Partnerships Program (HOME) - \$981,734.55

The HOME Program goal is to preserve and increase the supply of decent, safe, and sanitary affordable rental and owner-occupied housing for persons at 80% or below the Riverside County area median household income.

In the draft Plan, staff is recommending allocating \$981,734.55 of FY 2026-2027 HOME funding to the following activities:

Activity	Amount
Infill Residential Development Program	\$883,561.10
City Program Administration (10% cap)	\$ 98,173.45
Total	\$981,734.55

The City anticipates receiving \$200,000 in program income. These funds may be used to fund the Infill Residential Development Program and Tenant-Based Rental Assistance Program.

Citizen Participation

The City has an annual requirement to include citizen participation and community input on the use of these funds prior to submitting the Plan to HUD. This year, the community input process included the following mailing a postcard citywide; sharing the process on the City’s website; and conducting in-person Community Ward meetings; one in each Ward.

A public notice of funding availability was released in December 2025, a 30-day public comment period on the draft of the 2026-2027 Plan from May 21 to June 19, 2026, and the subject public hearing (noticed for June 19, 2026) to receive public comment on the proposed Plan.

FISCAL IMPACT:

The fiscal impact of this recommendation is \$9,050,955.55 The estimated funding is included in the City’s FY 2026-2027 proposed budget and will be appropriated with the adoption of the budget by the City Council. After City Council adoption, the FY 2026/27 budget will be adjusted upon receipt of the final HUD allocation.

Prepared by:

Approved by: Michelle Davis, Housing and Human Services Department

Certified as to availability of funds: Julie Nemes, Interim Finance Director

Approved by: Kris Martinez, Assistant City Manager

Approved as to form: Rebecca Reibold-McKee, Interim City Attorney

Attachments:

1. CDBG Project Funding Recommendations 2026-2027
2. HUD Annual Action Plan DRAFT 2026-2027
3. PPT Presentation