



Agenda Report

Fullerton City Council

MEETING DATE: JULY 21, 2026

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: SUNAYANA THOMAS, DIRECTOR OF COMMUNITY AND ECONOMIC DEVELOPMENT

PREPARED BY: DANIEL VALDEZ, HOUSING MANAGER

SUBJECT: COMMUNITY DEVELOPMENT BLOCK GRANT
PROGRAM FISCAL YEAR 2026-2027 ANNUAL ACTION
PLAN

SUMMARY

The City must prepare an Annual Action Plan outlining the goals, objectives, performance measures and proposed projects funded during the program year including eligible HOME Investment Partnerships activities to receive Community Development Block Grant (CDBG).

PROPOSED MOTION

1. Approve the 2026-2027 Annual Action Plan, including any public service allocation amendments, and authorize Director of Community and Economic Development, or designee, to submit required documents to HUD and execute the 2026-27 CDBG and HOME agreements with nonprofits and City Departments.
2. Authorize City Manager, or designee, to make budget amendments to the Fiscal Year (FY) 2026-27 Adopted Budget or align CDBG and HOME budgets with final HUD Allocation determination.

ALTERNATIVE OPTIONS

- Approve the Proposed Motion
- Provide alternate distributions for subrecipient allocation
- Other options brought by City Council.

STAFF RECOMMENDATION

Staff recommends City Council approve the 2026-27 Annual Action Plan, including the Community Development Citizens' Committee's (CDCC) recommended CDBG and HOME funding allocations.

CITY MANAGER REMARKS

None.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Fiscal and Organizational Stability
- Infrastructure and City Assets.

FISCAL IMPACT

There is no fiscal impact to the General Fund. HUD provides federal funding through the CDBG program for 2026-27 Annual Action Plan activities and funding for the City's eligible HOME Investment Partnerships activities. These activities are budgeted in the CDBG Fund (Fund 35) and Grants Fund (Fund 32).

Sources of funding for FY 2026-27 include:

CDBG Funds (Fund 35)

- Annual Allocation: \$1,410,857
- Carryover Funds: \$74,284.

HOME FUNDS (Fund 32)

- Annual Allocation: \$475,838.42
- Approximate Carryover Funds: \$486,985
- Anticipated Income: \$100,000.

These programs and activities will be included in the Fiscal Year 2026-27 Proposed Budget per initial HUD funding levels. However, Staff requests authorization to make budget adjustments, as necessary, to align with the final HUD allocations, as the City has not received the final CDBG and HOME funding amounts.

BACKGROUND AND DISCUSSION

The Community Development Block Grant (CDBG) Program was established under Title I of the Housing and Community Development (HUD) Act of 1974, as amended, and authorizes HUD to provide funding for eligible community development activities. To qualify for funding, proposed projects must meet eligibility requirements identified in the City's Consolidated Plan and Action Plan and must principally benefit low- and moderate-income persons, aid in the prevention or elimination of slums or blight or address urgent community development needs that pose a serious and immediate

threat to the health and welfare of the community where other financial resources are not available.

The City anticipates receiving a 2026 CDBG allocation of approximately \$1,410,857 from HUD. Table 1 summarizes the recommended total 2026 budget of \$1,585,141.

Table 1 - Total FY 2026

<i>Entitlement Allocation</i>	<i>\$1,410,857</i>
<i>Carryover CDBG Funds</i>	<i>\$74,284</i>
CDBG Budget	\$1,485,141

The Annual Action Plan implements activities that advance the goals established in the 2025–2029 Consolidated Plan. These activities include supporting the development of affordable housing, including housing for special needs populations and veterans; rehabilitating substandard housing; providing assistance to nonprofit organizations that deliver essential public services; promoting fair housing practices; assisting individuals and families who are experiencing homelessness or are at risk of becoming homeless; investing in public infrastructure improvements such as streets, streetscapes, flood control, and sewer systems; and supporting Parks and Recreation services that enhance quality of life for residents.

Staff publicly noticed the availability of CDBG funding and solicited project proposals in accordance with the federal requirements to encourage citizen participation. In response to the notice of funding availability, the City received 18 applications from non-profit organizations and City departments for consideration of CDBG funding. The CDCC reviewed all submitted proposals and requests for CDBG funding and received applicant presentations during a series of public meetings. In evaluating applications, the CDCC considered factors including cost effectiveness, populations served (such as youth, seniors and individuals experiencing homelessness), program administration, implementation capacity and the extent to which agencies rely on CDBG funding to continue providing direct benefits to Fullerton residents.

Recommended CDBG Budget

Attachment 3 identifies the 2026 grant entitlement and applicable funding caps, along with the allocations, funding requests and the Community Development Citizens' Committee's (CDCC) funding recommendations. Attachment 3 further reflects that Housing Administration costs may not exceed 20 percent of the annual entitlement amount (\$282,171) and Public Service Activities may not exceed 15 percent (\$211,628).

The Summary of Proposed Projects and Funding Recommendations provides an overview and description of the CDBG funded projects and programs reviewed by the CDCC for funding consideration. Table 2 summarizes the overall CDCC recommendation for the CDBG program.

Table 2 - 2026-27 Recommended CDBG Summary

Housing Administration (includes Fair Housing Services)	\$282,171.40
Housing Rehabilitation Program	\$341,515.00
Code Enforcement	\$130,000.00
Street Infrastructure Improvements	\$350,000.00

(Yale, Santa Fe, Princeton, Berkeley Avenues)	
Parks and Recreation Senior Mobility Program	\$25,000.00
Total	\$1,128,686.40

Public Service Activities

Public Service Activities include, but are not limited to, services for seniors, individuals experiencing homelessness, children, healthcare, prevention and treatment, education, employment assistance and other social services.

Federal regulations limit the amount of CDBG entitlement funds that may be allocated toward Public Service Activities to no more than 15 percent of the City's annual entitlement allocation. Accordingly, the CDCC limited recommended Public Service Activity funding to \$211,628.55.

The application and review process was conducted in accordance with the City's Citizen Participation Plan and consistent with the goals and priorities identified in the 2025-2029 Five-Year Consolidated Plan. Table 3 identifies the Public Service Activity programs recommend for funding, including amount requested and the Committee's recommendation.

Table 3 - FY 2026 Recommended Public Services Program

Public Service Programs	Amount Requested	CDCC Recommendations
Boys and Girls Club	\$40,000.00	\$30,000.00
CARE Housing	\$40,000.00	\$40,000.00
Community Serv-Meals on Wheels – Home Delivery	\$25,000.00	\$20,000.00
Community Serv-Meals on Wheels – Hot Lunch Café	\$25,000.00	\$20,000.00
CSUF-Auxiliary Services	\$32,978.00	\$20,000.00
HART Community Homes	\$40,000.00	\$0.00
High Hopes Counseling	\$12,100.00	\$10,000.00
Mercy House Living Center	\$15,000.00	\$15,000.00
Pathways of Hope	\$65,920.00	\$25,000.00
Solidarity	\$195,000.00	\$31,628.55
Total Public Service Funding	\$490,998.00	\$211,628.55

Public Service Applications Withdrawn or Not Recommended

1. The Electric Company Theatre submitted an application for CDBG funding; however, the organization subsequently withdrew its application after determining it would be unable to provide the documentation required to meet CDBG program eligibility and compliance requirements.

2. Upwards Care Inc, a childcare provider and current recipient of CDBG funding, was evaluated by the CDCC based on program performance and outcomes. Due to the organizations' inability to meet established program goals and performance measures and feedback from childcare providers during the third and fourth quarters, the CDCC did not recommend funding for FY 2026-27.

Housing Rehabilitation Program

The City's Rehabilitation Program provides housing improvement assistance to qualified residents through grants designed to preserve safe and habitable housing conditions. The program is funded through the CDBG and HOME program resources.

The Housing Rehabilitation Program serves income qualified residents of all ages, with seniors comprising a significant portion of applicants. Assistance is available for owner-occupied single-family residences and mobile homes and may include repairs and improvements such as roofing, plumbing, accessibility modifications, and other health and safety-related repairs.

Program funding would focus on providing grants for targeted housing repairs and improvements that address rehabilitation needs, allowing the City to assist a greater number of households within available funding resources. Emergency grants are also available for urgent repairs necessary to correct conditions that would otherwise make a home unsafe or uninhabitable, including issues such as broken gas lines, electric failures or water heater replacement.

Fair Housing

Fair Housing services are required by HUD as part of the City's eligibility to receive CDBG funding. These services support compliance with federal fair housing laws by promoting equal access to housing opportunities and addressing potential housing discrimination issues.

The Fair Housing program includes landlord and tenant assistance services that provide education, mediation, referrals and guidance regarding housing rights and responsibilities. The program benefits both tenants and property owners by helping resolve disputes early, improving communications, reducing the potential for legal conflicts and promoting stable housing opportunities within the community.

Code Enforcement

The City established a proactive Code Enforcement Program to address neighborhood conditions and improve quality of life within designated areas of the community. The assigned Code Enforcement Officer works collaboratively with the Housing Division to connect residents with available supportive services and grant funded assistance programs that address housing, health, safety and community needs.

Infrastructure Improvements

The Public Works Department has requested \$350,000 in CDBG funding for the neighborhood infrastructure improvements within the Yale, Santa Fe, Princeton, and Berkeley Avenues areas south of Commonwealth Avenue. Proposed improvements include rehabilitation of existing streets and pavement, repair of curb and gutter,

sidewalk repairs, construction of ADA compliant curb ramps and improvements to ADA compliant alley and driveway approaches.

Table 4 - FY 2026 Recommended Public Works Project

Program	Amount Requested	CDCC Recommendation
Street Rehabilitation Improvements	\$350,000	\$350,000

Parks and Recreation

The Parks and Recreation Department has requested \$50,000 in CDBG funding to support its Senior Mobility Transportation Program. The program provides transportation for older adults to medical appointments, Community Center meal services, and social and recreational activities, helping seniors maintain their independence and access essential services. Full funding will help sustain the current level of service, while a reduced allocation may require the Department to evaluate program modifications to align with available funding.

Table 5 - Parks and Recreation CDCC Recommendation

Program	Amount Requested	CDCC Recommendation
Senior Mobility Transportation Program	\$50,000	\$25,000

HOME Program

The HOME Investment Partnership Program (HOME) is a federal housing program designed to expand the supply of housing for low- and moderate-income households. The program provides participating jurisdictions with flexibility to establish housing assistance programs that address local housing needs. Eligible activities include tenant-based rental assistance, acquisition and rehabilitation.

The City may utilize HOME funding in one or more of the following categories: Administration, Affordable housing acquisition and rehabilitation, New construction, Community Housing Development Organization (CHDO) setting aside funds and Tenant-Based Rental Assistance.

The 2026-27 HOME allocation totals \$475,838. HOME administration costs cannot exceed ten percent of the HOME allocation (\$47,584). Additionally, a minimum of 15 percent of the HOME allocation (\$71,376) must be reserved for a CHDO eligible activity.

Table 6 - Total FY 2026 HOME Program Budget

2026-27 Entitlement Allocation	\$475,838
Carryover HOME Funds (Prior Year Funds)	\$486,985
Anticipated Program Income HOME Funds	\$100,000
Total Available	\$1,062,823

The following lists proposed HOME activities for 2026-27:

Administration: The City would allocate the maximum \$47,584 to HOME Program administration.

CHDO: The City would allocate \$71,376 for acquisition, rehabilitation and/or new activities.

TBRA Mobile Home: The mobile home rental assistance program for seniors. Staff would continue to develop the two-year program for seniors and/or veterans meeting the income guidelines for living in mobile homes for the 2026-27 program year (\$218,608).

TBRA Citywide: The Citywide rental assistance program provides rental reimbursement for 15 families who are paying more than 30 percent of their income to rent (\$425,256).

Housing Rehabilitation: The City would allocate (\$300,000) HOME Funds to the Rehabilitation Program for use over two years, pending HUD approval.

The proposed 2026-27 Annual Action Plan reflects the priorities established in the City's 2025-2029 Consolidated Plan and the funding recommendations developed by the Community Development Citizens' Committee through a public application and review process. The recommended allocations balance federal program requirements with local community needs by investing in affordable housing, neighborhood infrastructure, housing rehabilitation, public services, fair housing, and programs that benefit low- and moderate-income residents.

Approval of the Annual Action Plan will authorize staff to submit the required documents to HUD and implement the recommended CDBG and HOME-funded activities for the 2026-27 program year. Staff will continue to administer the programs in accordance with federal regulations and will return to City Council, as necessary, with any required amendments resulting from final HUD funding allocations or program modifications.

Attachments:

- Attachment 1 - PowerPoint Presentation
- Attachment 2 - Draft Annual Action Plan Fiscal Year 2026-27
- Attachment 3 - Summary of Proposed Projects and Funding Recommendations

cc: City Manager Eddie Manfro