



Agenda Item

Orange City Council

Item #: 8.2.

5/12/2026

File #: 26-0014

TO: Honorable Mayor and Members of the City Council

THRU: Jarad Hildenbrand, City Manager

FROM: Russell Bunim, Community Development Director

1. SUBJECT

Public Hearing to consider the Fiscal Year 2026-2027 Annual Action Plan for the Community Development Block Grant and HOME Investment Partnerships Programs

2. SUMMARY

Consideration and approval of proposed funding allocations for public projects, programs, economic development activities, and administrative expenses funded through the Community Development Block Grant and HOME Investment Partnerships Programs.

3. RECOMMENDED ACTION

1. Conduct and close Public Hearing.
2. Approve the draft Fiscal Year 2026-2027 Annual Action Plan and authorize the City Manager or his designee to execute the Fiscal Year 2026-2027 Memorandum of Understanding with City departments, Subrecipient Agreements with non-profit agencies, and all related U.S. Department of Housing and Urban Development documents.
3. Authorize staff to incorporate comments received at the Public Hearing and make non-material corrections to the Annual Action Plan, if required, before submitting to the Department of Housing and Urban Development.

4. FISCAL IMPACT

All public projects, programs, and administration will be fully funded by the Community Development Block Grant Fund (310) and HOME Investment Partnerships Program (317).

5. STRATEGIC PLAN GOALS

Goal 3: Enhance Public Communication Strategy and Quality of Life

6. DISCUSSION AND BACKGROUND

The U.S. Department of Housing and Urban Development (HUD) requires jurisdictions that receive annual Community Development Block Grant (CDBG) or HOME Investment Partnerships (HOME) funding to prepare a Consolidated Plan (CP). The CP evaluates local housing and community development needs and establishes a data-driven, place-based framework to guide funding decisions. Implementation of the CP occurs through Annual Action Plans (AAPs), which identify specific actions and activities to address the priority needs outlined in the CP.

The City is currently preparing its 2026-2027 AAP, representing the second year of the 2025-2029 CP. The CP establishes five priority goals for the use of CDBG and HOME funds during fiscal years 2026-2030:

1. Economic Development
2. Homelessness
3. Affordable Housing
4. Public Programs
5. Public Infrastructure and Capital Improvement Projects

Notice of Funding Availability

To align funding with these priorities, the City issued a Notice of Funding Availability (NOFA) on November 27, 2025. Applications were accepted through January 26, 2026, with technical assistance provided upon request. The City received nine applications for public service programs and one application for a public infrastructure project from the following organizations:

1. Assistance League
2. Boys & Girls Club of Central Orange Coast
3. Fair Housing
4. Families Forward
5. Friendly Center
6. Harm Reduction Circle
7. The Hub OC
8. Los Angeles Wealth and Opportunity Institute
9. Orange Police Department
10. Orange Public Works Department

Citizen Participation

The CDBG Committee (Committee) held a public hearing on February 12, 2026, during which applicants presented their proposals and responded to questions. The Committee reconvened on March 12, 2026, to deliberate and develop funding recommendations for City Council consideration. These preliminary recommendations were based on estimated entitlement amounts of \$910,000 for CDBG and \$304,529 for HOME. The Committee's recommendations are reflected in Column D of Attachment 1.

On April 10, 2026, the City received HUD's official award letter confirming entitlement amounts of \$998,622 for CDBG and \$343,806.81 for HOME (Attachment 2). Based on these final allocations, staff adjusted the initial funding recommendations in accordance with the Committee's direction should the entitlement be higher than estimated, as summarized below:

- Public Programs: excess of estimated funds to be distributed proportionally to each awarded program.

- Public Facilities and Infrastructure: difference to be allocated to the Business Assistance Program.

These revised funding recommendations are reflected in Column E of Attachment 1 and have been incorporated into the draft 2026-2027 AAP (Attachment 3).

Other updates to draft AAP

Furthermore, a HOME funded Affordable Housing activity has been added to the AAP to reserve funds for a future project. In accordance with HUD requirements, at least 15% of the annual HOME allocation will be set aside for projects developed by Community Housing Development Organizations (CHDOs) and is reflected in the updated AAP activity as a potential resource for future affordable housing development. Staff will return to the City Council at a later date with specific project recommendations for consideration.

The specific breakdown of funding for the HOME activities is reflected in Attachment 1.

Prior Year Resources

An analysis of prior year resources identified approximately \$58,694 in unused prior year funds available for programming. Unused funds become available when a prior year funded project is completed under budget. HUD requires that all funds be fully accounted for in the AAP. Public service programs are subject to a cap of 15% of the annual CDBG entitlement and administrative costs are capped at 20%. Public Capital Improvement and Public Infrastructure projects are not subject to a funding cap and therefore the only qualifying category eligible for the additional funds.

As a result, staff recommends allocating \$12,000 to the Public Works Street Rehabilitation and ADA Wheelchair Ramps Project for the project delivery costs related to consultant support services in developing the Environmental Review, public noticing, and Labor Compliance, including Section 3 reporting. Additionally, staff recommends the remaining \$46,694 be allocated to the Business Assistance Façade Program, as the only other eligible activity not subject to a cap.

Accordingly, the total adjusted allocations for the qualifying projects are reflected in column F of Attachment 1, as follows:

- Business Assistance Façade Program: \$141,716
- 26-27 Street Rehabilitation and ADA Wheelchair Ramp Replacement: \$566,082

In addition, HOME has \$251,762 in prior year resources to be allocated to future affordable housing projects, bringing that revised total to \$509,617, reflected in Attachment 1.

30-Day Public Review Period

The draft 2026-2027 AAP was made available for public review and comment from April 9, 2026, through May 11, 2026, at City facilities and on the City's website. As of this writing, no public comments have been received.

Recommendation

Staff recommends the draft 2026-2027 AAP for submission to HUD for approval.

7. ATTACHMENTS

- Attachment 1 Summary of Funding Recommendations

- Attachment 2 Award Letter for Fiscal Year 2026-2027
- Attachment 3 Draft 2026-2027 Annual Action Plan