



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Elizabeth Gibbs, City Manager

PREPARED BY: Mario Carlos, Homeless Services Coordinator
Elizabeth Gibbs

MEETING DATE: July 14, 2026

SUBJECT: Consideration of Resolution 2026-100, Approval of ERF-2-R Grant Agreement Amendment No.1 to Standard Agreement No. 23-ERF-2-R-10022 with the California Department of Housing and Community Development for the Encampment Resolution Funding Program Round 2 Rolling grant

STAFF RECOMMENDATION:

Adopt Resolution 2026-100

BACKGROUND:

On December 12, 2023, the City Council adopted Resolution No. 2023-190 accepting \$980,461 in Encampment Resolution Funding Program Round 2 Rolling grant funds and approving the original grant agreement.

The original Standard Agreement No. 23-ERF-2-R-10022 established a grant term from August 7, 2023, to March 31, 2027, with a maximum agreement amount of \$980,461.

Grant funds have been utilized for various activities and purchases including 5 shelter sleeping pods, electrical hookups, sound wall barrier design, master leases and housing deposits, wraparound services/outreach, security cameras, street repairs, and eligible staff time. From December 1, 2022 through July 9, 2026, the City has served 187 clients through ERF-related efforts, with 41 clients discharged to permanent housing. The City has also placed 8 clients total into motel rooms through motel vouchers for interim sheltering, with 4 clients currently residing in motels.

The California Department of Housing and Community Development has provided Amendment No. 1 to the ERF-2-R Grant Agreement for City approval. The amendment extends the agreement term from March 31, 2027, to April 30, 2028. It also updates the agreement exhibits, transfers administrative references from Cal ICH to HCD, updates expenditure and disbursement timelines, adds an annual reporting requirement, and adds non-bond funded language.

The amendment does not increase the grant award amount, does not require an additional City match, and does not substantively change the eligible use categories. The City Attorney has reviewed the amendment and found it generally acceptable.

JUSTIFICATION:

Approval of Amendment No. 1 gives the City additional time to use the remaining ERF-2-R funds for eligible homeless services and complete required HCD reporting and closeout activities.

The remaining service funds are planned for two primary eligible uses:

Interim Sheltering / Motel Vouchers: Temporary motel placements for eligible individuals connected to the ERF-2-R encampment resolution efforts. These funds may cover short-term motel lodging while staff work with clients on housing plans, document readiness, service connections, and transition to more stable housing options.

Rapid Rehousing / Short-Term Rental Assistance: Housing-related assistance for eligible households, including short-term rental assistance, security deposits, first month's rent, landlord incentives or holding fees where allowed, housing search assistance, case management, and service coordination needed to support housing stability.

The amendment also requires continued compliance with HCD grant requirements, including quarterly and annual reporting, final work product submission, HMIS/HDIS data requirements, record retention, and prior written HCD approval for budget changes between eligible use categories.

FISCAL IMPACT:

There is no additional fiscal impact associated with approval of Amendment No. 1. The ERF-2-R grant award remains \$980,461, and this amendment requires no City match requirement or local appropriation.

The City received approval, through a budget change request, to apply ERF-2-R funds to eligible staff expenses that have already been incurred. Reimbursement of staff expenses will require an interfund transfer, as they were incurred in a prior fiscal year. Finance is completing the necessary accounting updates to reflect the approved reimbursement of those staff costs. Staff requests a budget appropriation of \$338k to \$480k, which is dependent on the final accounting for the grant. The interfund transfer budget will transfer funds from Successor Agency Low/Mod Fund 810 to the General Fund 001.

After those accounting updates are completed, the remaining programmable ERF-2-R service funds are anticipated to be approximately \$114,001.41. This includes approximately \$34,001.41 remaining for interim sheltering/motel vouchers and \$80,000 remaining for rapid rehousing/short-term rental assistance.

Staff anticipates spending down the remaining service funds within the amended grant term, with priority given to motel voucher placements and rapid rehousing assistance for eligible households. Actual spend-down timing will depend on client eligibility, housing availability, landlord participation, and HCD requirements.

If Amendment No. 1 is not approved, the City may not benefit from the extended agreement term. It would be required to complete the remaining grant activities, reporting, and closeout under the existing agreement timeline, which may increase grant compliance risk.

ATTACHMENTS:

1. [Resolution 2026-100.docx](#)
2. [ERF-2-R CC Resolution No. 2023-190.pdf](#)
3. [23-ERF-2-R-10022-AM.1-Authorized-Signatory-Form.pdf](#)
4. [23-ERF-2-R-10022-AM.1-STD213A-Pending.pdf](#)
5. [Motel_Voucher_Program_Outcome_Measures_01-09-2026_to_07-09-2026.pdf](#)
6. [Program_Outcome_Measures_12-01-2022_to_07-09-2026.pdf](#)