



**TO:** Hyun Kim, City Manager  
**FROM:** Felicia Medlen, Housing Division Manager, Community & Economic Development  
Tanja Carter, Director, Community & Economic Development  
Toni Esparza, Director Neighborhood and Community Services  
**COPY:** City Council and City Clerk  
**SUBJECT:** Resolution Authorizing Submittal of the 2026 Annual Action Plan to the US Department of Housing and Urban Development by May 15, 2026  
**DATE:** May 5, 2026

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**SUMMARY AND PURPOSE:**

The purpose of this resolution is twofold. First, it is to provide the City Council (Council) an opportunity to review and comment on funding recommendations and planned activities for the upcoming program year (PY), beginning July 1, 2026, and for submittal of the Annual Action Plan to the US Department of Housing and Urban Development (HUD). Second, this resolution serves to request approval from Council for City staff to execute three categories of agreements: 1) two subrecipient agreements between the City of Tacoma and the Tacoma Community Redevelopment Authority (TCRA): One Community Development Block Grant (CDBG) and one HOME Investment Partnership Program (HOME), 2) a third subrecipient agreement between the City, the TCRA, and the City of Lakewood for HOME activities, and 3) up to twenty agreements with individual subrecipients and/or contractors for program year 2026 CDBG and Emergency Solutions Grant (ESG) funds administered by the City.

The City received the following allocations amounts for program year 2026:

- CDBG: \$2,455,189
- ESG: \$208,329
- HOME: \$1,076,033

Funding recommendations for the allocations stated above are incorporated into the PY 2026 Annual Action Plan (Plan). This Plan is required by HUD for the City to receive its entitlement funding. Recommendations for CDBG Community and Economic Development projects are made by the TCRA. Recommendations for CDBG Public Services and ESG projects are made by Neighborhood & Community Services (NCS) staff with input from the Human Services Commission (HSC) and the Tacoma - Lakewood - Pierce County Continuum of Care (CoC).

The Plan also allocates HOME funds to be administered by the TCRA in support of Affordable Housing projects. Projects are identified in early spring during a competitive notice of funding availability (NOFA) led by the TCRA.

On May 5, 2026, staff will present the Plan to Council and seek final action on its submittal to HUD.

**BACKGROUND:**

CONSOLIDATED PLANNING

As a participating jurisdiction in HUD Community Planning and Development entitlement programs, the City of Tacoma implements the Consolidated Planning process for the Tacoma-Lakewood HOME Consortium. The five-year cycle begins with the development of a Consolidated Plan. The 2025-2029 Consolidated Plan provides the current framework for addressing housing, public services, and community and economic development needs in Tacoma. Annual Action Plans serve as administrative plans to ensure that yearly spending decisions are furthering progress



towards meeting the needs and goals identified in the Consolidated Plan. Progress is measured and submitted to HUD at the end of the program year in the Consolidated Annual Performance and Evaluation Report (CAPER).

As part of the Annual Action Planning process, the City is tasked by HUD with determining local funding allocations and service delivery activities for the CDBG, HOME, and ESG programs for the upcoming program year, which occurs between July 1<sup>st</sup> and June 30<sup>th</sup>.

### ANNUAL FUNDING RECOMMENDATIONS

HOME funds and a portion of CDBG funds are allocated by the City through two annual competitive funding opportunities managed by the Housing Division of the Community and Economic Development Department. The CDBG Community and Economic Development Notice of Funding Availability (NOFA) process, which allocates a portion of CDBG funds to minor capital projects, home repair, and microenterprise assistance, coincides with the Annual Action Planning process. An Affordable Housing NOFA process in the spring lays out larger scale housing projects and activities that are incorporated into the Plan through an amendment at that time.

The TCRA is an independent, non-profit public development authority and advisory group. TCRA members are appointed by the City Council and have the responsibility for reviewing and recommending programs that meet the CDBG and HOME Investment Partnership priorities related to housing and community and economic development initiatives. Individual service provider recommendations are based on the examination of each application received, review of past performance, availability of funding, and applicable interviews conducted.

The HOME allocation is administered within a HUD approved consortium made up of the cities of Tacoma and Lakewood. The TCRA conducts oversight of all HOME activities. The HOME funds are used primarily for permanent affordable rental housing and affordable homeownership, and they support the TCRA's down payment assistance program. These projects are coordinated through a network of non-profit and for-profit developers and local service providers.

The Neighborhood and Community Services Department develops the spending plan for ESG and CDBG Public Services funds. Funding recommendations are reviewed and approved by the HSC and are presented to the CoC. Recommended activities are aligned with Council priorities as well as HUD-eligible services. Specifically, ESG funds can be used for the following program components: street outreach, emergency shelter, homelessness prevention, and rapid re-housing. There is a cap on street outreach and emergency shelter; no more than 60% of the total annual HUD allocation may be used for any combination of these two categories. A portion of the funds are also dedicated to administration and planning, and to support operations of the Homeless Management Information System (HMIS). These activities are coordinated through a network of subcontractors and/or subrecipients and oversight is provided by the Neighborhood and Community Services Department.

Of the planned CDBG grant allocation of \$2,455,189, 20% (\$491,037) is set aside for administrative purposes correlating with the management of the City's CDBG program. Over 50% (\$1,295,874) is proposed for housing assistance and just over 10% (\$300,000) is to be allocated to fund economic development activities. Recommended allocations are presented in Table 1. Allocations are consistent with Council priorities and HUD eligibility requirements.



**TABLE 1: COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

<b>Total Available 2026</b>	<b>\$2,455,189</b>
<b>Uses:</b>	
Administration (20% cap)	\$491,037
Public Service Grants (15% cap)	\$368,278
Housing Assistance Programs	\$1,295,874
Economic Development	\$300,000
<b>Total Uses</b>	<b>\$2,455,189</b>

***CDBG Community and Economic Development NOFA***

The CDBG Community and Economic Development (CED) NOFA for PY 2026 was released on January 12, 2026, to identify projects that will receive funds allocated for Housing Assistance and Economic Development. The application period closed on February 9, 2026. In total, nine (9) applications were received. Two (2) applicants proposed housing assistance activities, and seven (7) applicants proposed economic development microenterprise assistance activities. Staff screened each application to confirm its general eligibility under federal program requirements.

Additionally, staff reviewers independently rated all nine (9) applications. Ratings are based on each project’s alignment with City Council funding priorities and other considerations such as cost effectiveness, program need, the project’s ability to leverage CDBG funds, past performance, collaboration efforts, staff capacity, fiscal responsibility, and completeness of the application.

***TCRA Funding Recommendations***

Based on anticipated funding levels, a total of \$1,595,874 in CDBG funds is being made available for Community and Economic Development programs. Of this amount, there is a set aside of \$651,404 for the City’s Single-Family Residence Homeowner Occupied Rehabilitation Loan program. The TCRA recommends \$644,470 for an external housing rehabilitation program and \$300,000 for economic development activities. Housing and microenterprise assistance projects were selected by the TCRA on March 26, 2026.

**TABLE 2: RECOMMENDATIONS FOR CDBG FUNDING**

<b>Organization</b>	<b>Program</b>	<b>Estimated Amount</b>
City of Tacoma	Single Family Rehab Program	\$651,404
Rebuilding Together South Sound	Community Revitalization Partnership Program	\$644,470
Business Impact Northwest	Bookkeeping Services for Tacoma LMI Entrepreneurs	\$125,000
Tacoma Pierce County Chamber of Commerce	Spaceworks Tacoma Incubator	\$175,000
	<b>Total</b>	<b>\$1,595,874</b>



**CDBG Public Services**

Fifteen percent (\$368,278) of CDBG funds are allocated for public service programs, which represents the maximum percentage of CDBG funds allowed by HUD for this use. Recommendations are reviewed by the HSC and the CoC before they are presented to City Council for final action and submitted to HUD as part of the 2026 Annual Action Plan. Programs to be funded are outlined in Table 3.

**TABLE 3: NCS RECOMMENDATIONS FOR CDBG PUBLIC SERVICES FUNDS**

<b>Program</b>	<b>Estimated Amount</b>
Shelter Programs	\$368,278
<b>Total</b>	<b>\$368,278</b>

**ESG**

Of the \$208,329 ESG grant allocation, an Administration cap (for City staff costs) is set at 7.5% (\$15,624). 2.5% (\$5,208) is proposed for staff oversight of the Homeless Management Information System (HMIS), a localized information system used to collect client-level data and service provision activities. The remaining funds (\$187,497) are to be allocated for external contracts. Recommended allocations for external contracts are presented in Table 4. Recommendations are presented to the HSC and the CoC before they are presented to City Council for final action and submitted to HUD as part of the 2026 Annual Action Plan. Recommended activities are consistent with Council priorities and HUD-eligible activities.

**TABLE 4: EMERGENCY SOLUTIONS GRANT (ESG)**

<b>Total Available 2026</b>		<b>\$208,329</b>
<b>Uses:</b>		
Administration (7.5% cap)	7.5%	\$15,624
HMIS Operations (2.5% cap)	2.5%	\$5,208
External Contracts (Shelter Programs and/or Rapid Re-Housing)	90%	\$187,497
<b>Total Uses</b>	<b>100%</b>	<b>\$208,329</b>

**TABLE 5: NCS RECOMMENDATIONS FOR ESG FUNDING (EXTERNAL CONTRACTS)**

<b>Program</b>	<b>Estimated Amount</b>
Shelter Programs	\$124,997
Rapid Re-Housing	\$62,500
<b>Total</b>	<b>\$187,497</b>



**HOME**

Of the HOME grant allocation of \$1,076,033, an Administration cap is set at 10% (\$107,603). The remaining 90% (\$968,430) is proposed for City of Tacoma Housing Programs and the City of Lakewood. Recommended allocations are presented in Table 6. If funding is more or less than the estimated amount, the applicable percentages will be applied to each funding category as identified below.

**TABLE 6: HOME INVESTMENT PARTNERSHIP (HOME)**

<b>Total Available 2026</b>		<b>\$1,076,033</b>
<b>Uses:</b>		
Administration (10% cap)	10.0%	\$107,603
City of Tacoma Housing Programs	66.6%	\$716,639
City of Lakewood Housing Programs	23.4%	\$251,791
<b>Total Uses</b>	<b>100%</b>	<b>\$1,076,033</b>

Through the Annual Action Plan process, HOME funds are allocated by the City Council to the TCRA for oversight. Each program year, the TCRA leads a competitive process to identify HOME-funded programs in support of permanent affordable rental housing, affordable homeownership housing, and down payment assistance.

SUBRECIPIENT AND SUBCONTRACTOR AGREEMENTS

City staff will request authority from the City Council to enter into the three (3) subrecipient agreements with the TCRA: one (1) amendment adding PY26 HOME funds in the amount of \$1,101,066 in support of permanent affordable rental housing, administration, affordable homeownership housing, and down payment assistance; one (1) amendment being for PY26 CDBG funds in the amount of \$1,786,911 in support of administration and housing activities; and one (1) subrecipient agreement with the TCRA and the City of Lakewood in the amount of \$387,005 to administer and carry out PY26 HOME activities under the Tacoma-Lakewood HOME Consortium.

City staff will also request authority from the City Council to execute up to twenty (20) agreements with subrecipients and/or contractors for PY26 CDBG funds up to the total amount of \$1,964,152 for CDBG economic development, housing, and public service activities; and PY26 ESG funds up to a total amount of \$208,329 for ESG administration, emergency shelter, HMIS, and rapid re-housing.



### **COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:**

During a 30-day period, beginning on April 1, 2026, and ending on May 1, 2026, the public was invited to make comment in writing or in person at a public hearing before the City Council. A public hearing was held during a regular City Council meeting on April 21, 2026. To notify the public, the City published a legal ad in The News Tribune summarizing the contents of the draft AAP and outlining instructions for submitting written or verbal comment.

As a HUD grantee, the City is required to provide a summary of comments received and why the comments were accepted or rejected when submitting the AAP. The City's requirements for seeking public input on the AAP are outlined in the City's Participation Plan.

### **2025 STRATEGIC PRIORITIES:**

#### **Equity and Accessibility: (*Mandatory*)**

Eligibility criteria for CDBG, HOME, and ESG grant activities are set by HUD. Households and small business owners earning 80% or less of Tacoma/Pierce County Area Median Income (AMI) must benefit from recommended projects included in the Plan. ESG funds are used for projects providing services to those who are at risk of, or are currently, experiencing homelessness. Efforts will be made to ensure that historically underrepresented populations are aware of program requirements and benefits. The City allocates its funds citywide. The Equity Index score for the following indicators reflect the citywide score.

#### **Economy/Workforce: *Equity Index Score: Moderate Opportunity***

Increase the number of Tacoma households that have livable wage jobs within proximity to the city.  
Increase the number of diverse livable wage jobs.

#### **Livability: *Equity Index Score: Moderate Opportunity***

Improve health outcomes and reduce disparities, in alignment with the community health needs assessment and CHIP, for all Tacoma residents  
Decrease the percentage of individuals who are spending more than 45% of income on housing and transportation costs.  
Increase positive public perception of safety and overall quality of life.

**Explain how your legislation will affect the selected indicator(s).** The recommended projects outlined in the Plan have been selected for their ability to address needs and goals outlined in the 2025-2029 Consolidated Plan for housing, community and economic development, homeless assistance, and social services. The City of Tacoma will aim to accomplish the following goals through implementation of the Plan:

- Prevent/reduce homelessness and housing instability – Through funds for a wide range of services and facilities intended to prevent residents from becoming homeless and serving those experiencing homelessness. These funds also support critical and minor home repairs.
- Support rental and homeownership opportunities – These funds contribute directly to the development of affordable rental and homeownership housing units. These funds also contribute to a down payment assistance program which helps eligible households purchase a home and build equity.
- Advance economic opportunity - Supporting down payment and other related costs to homebuyers and the city's Affordable Housing Trust Fund, which facilitates the development or rehabilitation of rental or homeownership properties.



**ALTERNATIVES:**

The alternatives presented in this report are based on review and analysis of each application for funding and staff's best judgement of program activities that will lead to the preferred outcome as established in the PY 2026 Annual Action Plan, which will be submitted to HUD for review and approval on or before May 15, 2026. Other options could include, but are not limited to, changing the funding mix between activities or between individual service providers. Further alternatives might include revamping the way these services are procured and the types of activities the City wishes to pursue. Changes of this nature would require intensive staff review and would likely jeopardize the HUD-imposed May 15, 2026, Annual Action Plan submittal deadline. It is suggested that any alternatives such as these be pursued after the May 15th date and rolled into a current year plan amendment or addressed in future years' program activities.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Not approve the plan as presented and change funding mix between activities or between individual service providers	Further customize federal program funding to meet local needs	Jeopardize the HUD-imposed deadline for submittal of the Plan
2. Not approve the plan as presented and revamp the way services are procured and the types of activities the City wishes to pursue	Further customize federal program funding to meet local needs	Jeopardize the HUD-imposed deadline for submittal of the Plan
3. Address the above alternatives in future years' program activities	Further customize federal program funding to meet local needs	No negative impacts are anticipated from this alternative

**EVALUATION AND FOLLOW UP:**

Progress towards the annual goals will be reported in the City's 2026 Consolidated Annual Performance and Evaluation Report following the close of the program year on June 30, 2026.

**STAFF/SPONSOR RECOMMENDATION:**

Staff recommends approving the Plan as presented.

**FISCAL IMPACT:**

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1195- CED Federal Grants	730100 - CED Economic Grants	5330100- External Contracts	\$2,455,189



	731200 – CED Affordable Housing Fed	5330100- External Contracts	\$1,076,033
	731000 –Public Services	5330100- External Contracts	\$208,329
<b>TOTAL</b>			<b>\$3,739,551</b>

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1195- CED Federal Grants	730100 – CED Economic Grants	4331281 –Dir Fed HUD CDBG	\$-2,455,189
	731200 – CED Affordable Housing Fed	4331280 – Dir Fed HUD Home	\$-1,076,033
	731000 –Public Services	4331282- Dir Fed HUD ESG	\$-208,329
<b>TOTAL</b>			<b>\$-3,739,551</b>

Are the expenditures and revenues planned and budgeted in this biennium’s current budget?

YES

**ATTACHMENTS:**

- Draft 2026 Tacoma-Lakewood HOME Consortium Annual Action Plan
- Form of City-TCRA HOME Subrecipient Agreement
- Form of City- TCRA CDBG Subrecipient Agreement
- Form of City, TCRA, and Lakewood Subrecipient Agreement