



**TO:** Hyun Kim, Interim City Manager  
**FROM:** Tanja Carter, Director, Community & Economic Development  
**COPY:** Community Vitality and Safety Committee; Vicky McLaurin, Committee Executive Liaison  
**PRESENTER:** Taylor Palmer Jenson, Senior Housing Analyst, Community and Economic Development  
**SUBJECT:** 2026 Annual Action Plan for Housing and Urban Development (HUD) Grant Programs  
**DATE:** March 26, 2026

**PRESENTATION TYPE:**

Request for Resolution

**SUMMARY:**

The purpose of this memo is to provide Council an opportunity to review and comment on the funding recommendations for planned activities for the City’s HUD grant program year 2026 (PY 2026), beginning July 1, 2026, and ending June 30, 2027. Funding recommendations and/or planned activities for the City’s Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), and Emergency Solutions Grant (ESG) are included in this memo. This memo also serves to inform the Committee about CDBG and HOME subrecipient agreements to be executed between the City, the Tacoma Community Redevelopment Authority (TCRA), Lakewood, and individual subrecipients for PY 2026.

The City of Tacoma anticipates the following funding amounts for PY 2026:

- CDBG: \$2,370,358
- ESG: \$207,272
- HOME: \$1,070,526

The grant amounts listed above are estimates which will be used until HUD releases the entitlement allocations for the upcoming program year. Once the Federal Government has adopted a budget, HUD has 60 days to release the entitlement allocations. Final adjustments will be made to the City’s Annual Action Plan (Plan) document when actual allocations are made available.

In order for the City to receive its entitlement funding, the deadline for submission of this plan to HUD is May 15, 2026. 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.

**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 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 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.

**ISSUE:**  
***CDBG***



Of the anticipated CDBG grant allocation of \$2,370,358, 20% (\$474,071) is set aside for administrative purposes correlating with the management of the City’s CDBG program. Over 50% (\$1,240,734) 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>\$2,370,358</b>
<b>Uses:</b>	
Administration (20% cap)	\$474,071
Public Service Grants (15% cap)	\$355,553
Housing Assistance Programs	\$1,240,734
Economic Development	\$300,000
<b>Total Uses</b>	<b>\$2,370,358</b>
<p>Once the CDBG allocation for PY2026 is released by HUD, the following adjustments will be made if needed:</p> <ul style="list-style-type: none"> <li>• If the award is greater than the estimated amount, after updating the Administration (20%) and Public Services (15%) allocations, any additional funding will be added to the City’s Single Family Residence Rehabilitation Loan (SFR) program.</li> <li>• If the award given is less than the estimated amount, funds will be reduced from the City’s SFR program, after updating the Administration (20%) and Public Services (15%) allocations. Any remaining reductions needed will be made from the City/TCRA SFR Program.</li> </ul>	

*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 notice and instructions for accessing the application were published in both the Tacoma News Tribune and the Tacoma Daily Index, advertised in a City of Tacoma news release, posted on the City’s website, and emailed to all projects funded in the current program year and those listed on an interested parties list, for which members of the public can register by contacting the [City of Tacoma Housing Division](#) anytime throughout the year.

*TCRA Funding Recommendations*

Following staff review, eligible applications and staff ratings are presented to the TCRA. Based on anticipated funding levels, a total of \$944,470 in CDBG funds are being made available for award to Community and Economic Development programs. Of this amount, the TCRA recommends \$644,470 for housing assistance projects and \$300,000 for economic development activities. If the allocation approved in the upcoming Congressional budget differs from anticipated funding levels, the amounts will be adjusted as described in Table 2. Projects are anticipated to be selected by the TCRA on March 26, 2026. Projects will be presented to Council during Final Action on the AAP.



**CDBG Public Services**

Fifteen percent (\$355,553) 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 2.

**TABLE 2: NCS RECOMMENDATIONS FOR CDBG PUBLIC SERVICES FUNDS**

<b>Program</b>	<b>Estimated Amount</b>
Temporary Shelter	\$355,553
<b>Total</b>	<b>\$355,553</b>
Once the CDBG allocation for PY2026 is released by HUD, the following adjustments will be made if needed:	
<ul style="list-style-type: none"> <li>• If the award is greater than the estimated amount: The difference will be added to Temporary Shelter.</li> <li>• If the award given is less than the estimated amount: The difference will be taken from Temporary Shelter.</li> </ul>	

**ESG**

Of the \$207,272 ESG grant allocation, an Administration cap (for City staff costs) is set at 7.5% (\$15,545). 2.5% (\$5,181) 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 (\$186,546) are to be allocated for external contracts. Recommended allocations for external contracts are presented in Table 3. 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 3: EMERGENCY SOLUTIONS GRANT (ESG)**

<b>Total Available 2026</b>		<b>\$207,272</b>
<b>Uses:</b>		
Administration (7.5% cap)	7.5%	\$15,545
HMIS Operations (2.5% cap)	2.5%	\$5,181
External Contracts (Temporary Shelter and/or Rapid Re-Housing)	90%	\$186,546
<b>Total Uses</b>	<b>100%</b>	<b>\$207,272</b>
Once the ESG allocation for PY2026 is released by HUD, the following adjustments will be made if needed:		
<ul style="list-style-type: none"> <li>• If the award is greater than the estimated amount: The difference will be split proportionately based on current allocation percentages between temporary Shelter and rapid re-housing (keeping in mind the 60% cap for shelter).</li> <li>• If the award given is less than the estimated amount: The difference will be absorbed equally across all uses (keeping in mind the 60% cap for shelter).</li> </ul>		



**TABLE 4: NCS RECOMMENDATIONS FOR ESG FUNDING (EXTERNAL CONTRACTS)**

<b>Program</b>	<b>Estimated Amount</b>
Temporary Shelter	\$124,360
Rapid Re-Housing	\$62,186
<b>Total</b>	<b>\$186,546</b>

**HOME**

Of the HOME grant allocation of \$1,070,526, an Administration cap is set at 10% (\$107,052). The remaining 90% (\$963,474) is proposed for City of Tacoma Housing Programs and the City of Lakewood. Recommended allocations are presented in Table 5. If funding is more or less than the estimated amount, the applicable percentages will be applied to each funding category as identified below.

**TABLE 5: HOME INVESTMENT PARTNERSHIP (HOME)**

<b>Total Available 2026</b>		<b>\$1,070,526</b>
<b>Uses:</b>		
Administration (10% cap)	10.0%	\$107,052
City of Tacoma Housing Programs	66.6%	\$712,971
City of Lakewood Housing Programs	23.4%	\$250,503
<b>Total Uses</b>	<b>100%</b>	<b>\$1,070,526</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 AGREEMENTS**

City staff will request authority from the City Council to enter into three (3) subrecipient agreement(s) with the TCRA and up to twenty (20) subrecipient agreement(s) with individual contractor(s). These agreements will include PY 2026 CDBG, HOME, and ESG grant funds and support housing, community and economic development, and public service activities.

Staff will also request that City Council authorize staff to increase or decrease the final funding amounts and related agreements as necessary upon receiving final PY 2026 funding award amounts and participating consortium members annual percentage breakdown from HUD.

**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 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 deadline of May 15, 2026, for submittal of the Annual Action Plan. It is suggested that any alternatives such as these be pursued after the May 15th date and rolled into an amendment to the Annual Action Plan or addressed in future years' program activities.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Not approve the plan as presented to make changes to 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 to 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

**FISCAL IMPACT:**

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	\$2,370,358
	730100 – CED Economic Grants	4331280 – Dir Fed HUD Home	\$1,070,526
	730100 – CED Economic Grants	4331282- Dir Fed HUD ESG	\$207,272
<b>TOTAL</b>			<b>\$ 3,648,156</b>

**RECOMMENDATION:**

Staff recommends approval of the Plan as presented. Staff requests a resolution setting April 21, 2026, as the date for a public hearing on the Annual Action Plan. Failing to approve the Plan, and as a result, failing to submit the Plan to HUD, will result in the delay or loss of the City's CDBG, HOME, and ESG funds, and prevent implementation of programs and projects that will provide considerable benefits to the community.