



# AGENDA REPORT


**TO:** Jestin D. Johnson  
City Administrator

**FROM:** Emily Weinstein  
Director, Department of  
Housing & Community  
Development

**SUBJECT:** May 2025 Annual Action Plan  
Amendment

**DATE:** May 20, 2025

City Administrator Approval

  
Jestin Johnson (May 1, 2025 20:29 PDT)

Date: **May 1, 2025**

## **RECOMMENDATION**

**Staff Recommends That The City Council Adopt A Resolution:**

- 1) Authorizing The City Administrator To Prepare And Submit To The United States Department Of Housing & Urban Development (HUD), A First Substantial Amendment To The City Of Oakland's Annual Action Plan For Fiscal Year 2024/25 To Update Multiple Allocations For Current- And Prior-Year HUD Grants;**
- 2) Amending Resolution No. 90372 C.M.S., Which Among Other Things, Included Exhibit A Allocations And A List Of Eligible Backup Activities To Be Funded With Funds That Become Available As A Result Of Projects Being Completed Under Budget, Delayed, Cancelled Or Reprioritized, To Modify Said Resolution To Reflect Updated Allocations As Described In Amended Exhibit A And An Updated List Of Eligible Backup Activities To Be Funded With Grant Funds That Become Available As A Result Of Projects Being Completed Under Budget, Delayed, Cancelled Or Reprioritized, Contingent Upon Available Funding From HUD;**
- 3) Amending The Citizen Participation Plan To Increase The Threshold Of What Constitutes A Substantial Amendment To An Activity-Level Reallocation Action That Shifts More Than Twenty Percent Of The Annual Grant Award Amount; And**
- 4) Authorizing The City Administrator To Award Agreements For Activities As Set Forth In Exhibit A And The List Of Eligible Backup Activities To Be Funded With Grant Funds That Become Available As A Result Of Projects Being Completed Under Budget, Delayed, Cancelled Or Reprioritized, Attached Hereto, And The City's Amended Fiscal Year 2024/25 Annual Action Plan Inclusive Of Prior-Year Funding Availability, Subject To Compliance With Any Applicable Competitive Bidding Requirements, Without Returning To Council**

## **EXECUTIVE SUMMARY**

This proposed resolution will authorize a first substantial amendment to the Annual Action Plan submitted to the United States Department of Housing & Urban Development (HUD) and an amendment to Resolution No. 90372, updating Exhibit A allocations and the backup activities list for spending under the federal housing & community development grants - specifically the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Housing Opportunities for Persons With AIDS (HOPWA), and Emergency Solutions Grants (ESG) programs. The amendment will also streamline administrative processes by (1) authorizing the City Administrator to execute agreements and reprogram funds without further Council approval, contingent on compliance with competitive bidding requirements and (2) amending the Citizen Participation Plan to increase the threshold for what constitutes a "substantial amendment" under the Citizen Participation Plan when changing the amount of an activity from 25% of the line-item amount to 20% of the total annual grant award amount. Such streamlining was recommended by HUD technical assistance to help the City meet HUD's strict deadlines for spending funds, which is complicated by HUD's rules governing how the funds may be used, competitive bidding requirements to procure vendors, federal environmental review requirements, and other administratively burdensome crosscutting regulations.

## **BACKGROUND / LEGISLATIVE HISTORY**

HUD's FY 2024 allocations to Oakland total \$14,260,551 across four grants:

***Community Development Block Grant Program (CDBG):*** CDBG funds a variety of housing & community, and economic development activities to principally benefit low- and moderate-income residents. In Oakland, this includes, but is not limited to, homelessness prevention services, fair housing legal services, affordable housing pre-development, and rehabilitation of owner-occupied housing. These funds also support the implementation of the City's [Code Compliance Relocation Program](#) (O.M.C. 15.60), which requires property owners to pay relocation costs when tenants have to be temporarily relocated in order to correct severe code violations.

***HOME Investment Partnerships Program (HOME):*** HOME is a federal source of capital funding for affordable housing development and rehabilitation. This grant allows the City to leverage Affordable Housing Trust fund dollars. Recent affordable housing developments funded in part by HOME include 95th & International and Ancora Place.

***Housing Opportunities for Persons With AIDS (HOPWA):*** The City is the HOPWA recipient for the Eligible Metropolitan Statistical Area (EMSA) that is comprised of Alameda County and Contra Costa County. HOPWA funds housing & supportive services for low-income People Living With HIV/AIDS (PLWHA) and their families. Services and housing assist this population with achieving & maintaining housing & improving their access to, and engagement with, HIV/AIDS treatment and care. These supports also reduce the risks of homelessness and improving participants' access to health care and related supportive services.

Oakland EMSA's annual HOPWA grant is administered by the Community Homelessness Services Division (CHS) of the Human Services Department. CHS has spent the past year deploying available HOPWA funds to project sponsors and working with the HUD Field Office to extend prior-year grants that would have otherwise expired. This item will streamline the use of HOPWA funds by reprogramming available funds and authorizing the City Administrator to rapidly deploy these funds to ensure that all funding goes to help local low-income PLWHA and none of the funding is returned to HUD.

***Emergency Solutions Grants Program (ESG):*** ESG funds homelessness services, such as emergency shelters and rapid re-housing. Through shelters, supportive services are available to assist clients with maintaining & increasing income, acquiring, and maintaining health insurance, and applying for relevant benefits.

Collectively, these grants help the City execute Oakland's housing & community development priorities. HUD's FY 2024 allocations to Oakland total \$14,260,551 across CDBG (\$7,484,410), HOME (\$2,368,547), HOPWA (\$3,761,466), and ESG (\$646,128).

Under 24 C.F.R. Part 91, HUD requires jurisdictions to submit Annual Action Plans outlining proposed uses of federal funds. The City's Annual Action Plan for FY 2024/25 was approved and authorized for forwarding to HUD per City Council Resolution No. 90372 on July 16, 2024. The adoption of the City's Annual Action Plan for FY 2024/25 authorized allocations for HUD-funded projects.

To ensure accountability and transparency, HUD also mandates the submission of a Consolidated Annual Performance and Evaluation Report (CAPER) within 90 days after the close of each fiscal year. The CAPER provides a comprehensive review of the activities funded in the prior fiscal year, including detailed outcomes and impacts aligned with HUD's goals. This report evaluates progress toward affordable housing development, homelessness reduction, public services, and other community needs, offering the Council and stakeholders a critical feedback loop to assess program effectiveness. By analyzing the CAPER, the Council can review how allocated funds were utilized, measure their impact on Oakland's low- and moderate residents, and incorporate findings into future planning decisions.

### ***Constraints and Limitations on CDBG, HOME, HOPWA, and ESG Funds***

CDBG, HOME, HOPWA, and ESG funds are subject to a series of administratively burdensome crosscutting federal requirements that make their use uniquely difficult compared with other affordable housing and community development resources in Oakland. Some requirements apply to all four programs, while other requirements are program specific. As a consequence, it requires considerable advance planning to identify a spending plan for these federal formula grants.

All CDBG, HOME, HOPWA, and ESG funds are subject to a federal mandate for competitive bidding of service providers and other vendors. As the City's competitive bidding process can be lengthy, this competitive bidding requirement makes it difficult to add new vendors partway through the Annual Action Plan period. The fastest and most efficient way to reallocate funds is

therefore to increase funding for previously identified eligible uses with previously procured vendors available. Many eligible funding uses, especially those involving construction, trigger a federal environmental review when funding is committed to a project, in addition to triggering other crosscutting requirements that can result in significant increased project costs and/or delays. Federal environmental review can require several months to complete. Any significant new use for CDBG, HOME, HOPWA, and ESG funds may also trigger a substantial amendment requirement for the Annual Action Plan. Such an amendment requires public noticing, a public hearing, public review period, and significant administrative burden filing the relevant amendment with HUD.

CDBG is subject to several restrictions that further complicate its use. No more than 15% of CDBG funds from a program year may be spent on what HUD defines as “public services.” This limits most CDBG funds to be spent on capital expenses and a limited set of specific programs that HUD excludes from its definition of public services (for example, the Code Compliance Relocation Program is counted under the separate “relocation” eligible use category rather than being considered a public service). Furthermore, no more than 20% of CDBG funds may be spent on grant administration. CDBG also has a unique “use it or lose it” provision that underlines the importance of timely expenditure. If the City’s CDBG balance with HUD exceeds 1.5 times the annual CDBG grant, HUD can claw back the excess funds and potentially reduce the City’s future CDBG allocations.

HOME funds are available for capital uses, but the level of federal environmental review they trigger can generate significant pre-development costs for project developers. Federal environmental review requires projects to avoid “choice limiting actions” such as applying for a building permit. To avoid substantial delays in project timeframes and associated construction cost inflation, the City seeks to match HOME funds to projects that are already subject to federal environmental reviews due to other project funding (such as HUD’s 202 program). There is a limited supply of projects with pre-existing federal funding, which increases the difficulty of reallocating HOME funds between projects.

HOPWA uses must be carefully tailored to ensure that all funds serve clients with HIV. HOPWA funds are also subject to a strict “use it or lose it” provision- the City only has three years to expend HOPWA funds before HUD can revoke unspent funds. Service providers with HOPWA awards can use no more than 7% of HOPWA funding for program administrative costs, which makes it impractical to create standalone HOPWA-funded programs. For this reason, HOPWA is typically used to contribute towards the cost of larger initiatives.

## **ANALYSIS AND POLICY ALTERNATIVES**

Amendments to the Annual Action Plan must follow HUD’s substantial amendment procedures, including public review and public hearing. Since adopting the FY 2024/25 Annual Action Plan, staff identified opportunities to optimize allocations for current and prior-year HUD funds to better advance housing & community development goals. This includes reallocating resources to high-priority projects and ensuring compliance with federal expenditure timelines to avoid recapture of unspent funds.

This resolution will authorize a first substantial amendment to the Annual Action Plan and Resolution No. 90372, updating Exhibit A allocations and the backup activities list. The

amendment will also streamline administrative processes by authorizing the City Administrator to execute agreements and reprogram funds without further Council approval, contingent on compliance with competitive bidding requirements. Such streamlining was recommended by HUD technical assistance, which was provided to the City to help it address its longstanding timely spending challenges with CDBG and HOPWA. This item will advance the City's objectives of housing, economic, and cultural security by ensuring the efficient and impactful use of federal housing resources.

This amendment also proposes an amendment to the Citizen Participation Plan, which governs public engagement for HUD-funded projects. This streamlining was also recommended by HUD technical assistance. The resolution authorizes the City Administrator to increase the threshold for what constitutes a "substantial amendment" under the Citizen Participation Plan when changing the amount of an activity (Exhibit A line item) from 25% of the line-item amount to 20% of the total annual grant award amount. This adjustment aims to reduce administrative delays for reallocation/reprogramming while maintaining compliance with federal public participation requirements.

This resolution aligns with HUD technical assistance and other federal guidelines, ensuring timely expenditure of funds while maintaining flexibility to adapt to evolving community needs. The proposed changes align with the Citywide priorities of 1) housing, economic, and cultural security, and 2) responsive, trustworthy government by leveraging federal resources efficiently, addressing housing insecurity, and advancing equitable development in Oakland, while ensuring transparency and responsiveness to community priorities through enhanced administrative flexibility.

### **FISCAL IMPACT**

The proposed resolution has no net fiscal impact. By amending the Annual Action Plan and authorizing the City Administrator to reprogram and deploy prior- and current-year CDBG, HOME, HOPWA, and ESG funds, the City ensures compliance with federal timeliness requirements, avoiding recapture of unspent grants. The inclusion of eligible backup activities allows for swift reallocation of funds available from under-budget, delayed, or canceled projects to other eligible priorities, minimizing gaps in service delivery and ensuring timely expenditure of federal funds before they expire. These amendments maximize the impact of Oakland's HUD funds while ensuring alignment with the Housing & Community Development Department's [Strategic Action Plan](#). Failure to reallocate and deploy unspent funds in a timely manner risks noncompliance with HUD's timely expenditure requirement and can result in recapture of funds. A total amount of \$14,260,551 from HUD grants covered in this item have been appropriated to CDBG, fund 2108 (\$7,484,410); HOME, fund 2109 (\$2,368,547) and HOPWA/ESG, fund 2103 (\$4,407,594). Funds will be reallocated to eligible backup activities in projects to be determined.

## **PUBLIC OUTREACH / INTEREST**

The [Annual Action Plan](#) was developed through extensive community engagement and incorporated the City's key housing & community engagement strategic plans, which in and of themselves involved extensive community engagement. These City plans include but are not limited to: the Housing & Community Development Department's [Strategic Action Plan](#), the City's [2023-2031 Housing Element](#), and [Permanent Access to Housing \(PATH\) Framework](#), and the countywide [Home Together Community Plan](#).

A [draft](#) of this first Substantial Amendment to the Annual Action Plan for FY 2024/25 is available for public review and comment during the required 30-day period before submission to HUD at <https://tinyurl.com/3j983z6t>. This item is presented at a public hearing item at a duly noticed meeting of the City Council. A summary of public comments on this first Substantial Amendment to the Annual Action Plan for FY 2024/25 will be incorporated in the final submission to HUD.

## **COORDINATION**

This report was completed in coordination with the Community Homelessness Services Division of the Human Services Department and the City Attorney's Office and reviewed by the Budget Bureau of the Finance Department.

## **SUSTAINABLE OPPORTUNITIES**

**Economic:** CDBG, HOME, HOPWA, and ESG grants fund and support organizations that provide assistance to unhoused and other low- and moderate-income households of Oakland most in need of resources to access quality housing, social services and expanded economic opportunities that prevent or eradicate homelessness; that supports the production and preservation of affordable housing & the protection of Oaklanders from displacement.

**Environmental:** The CDBG program provides funding for services to rehabilitate blighted or substandard housing, remove hazards such as lead-based paint, and other health and building safety issues that help preservice Oakland's existing housing stock and improve the environment.

**Race & Equity:** CDBG, HOME, ESG, and HOPWA support activities for low- and moderate-income residents, unsheltered families and individuals, and persons living with HIV/AIDS. Support to these populations and subpopulations, seeks to reduce inequities in outcomes of wellbeing, including but not limited to housing, suitable living environments, economic opportunities, community development, and public services.

## **ACTION REQUESTED OF THE CITY COUNCIL**

Adopt A Resolution:

1) Authorizing The City Administrator To Prepare And Submit To The United States Department Of Housing & Urban Development (HUD), A First Substantial Amendment To The City Of Oakland's Annual Action Plan For Fiscal Year 2024/25 To Update Multiple Allocations For Current- And Prior-Year HUD Grants;

2) Amending Resolution No. 90372 C.M.S., Which Among Other Things, Included Exhibit A Allocations And A List Of Eligible Backup Activities To Be Funded With Funds That Become Available As A Result Of Projects Being Completed Under Budget, Delayed, Cancelled Or Reprioritized, To Modify Said Resolution To Reflect Updated Allocations As Described In Amended Exhibit A And An Updated List Of Eligible Backup Activities To Be Funded With Grant Funds That Become Available As A Result Of Projects Being Completed Under Budget, Delayed, Cancelled Or Reprioritized, Contingent Upon Available Funding From HUD;

3) Amending The Citizen Participation Plan To Increase The Threshold Of What Constitutes A Substantial Amendment To An Activity-Level Reallocation Action That Shifts More Than Twenty Percent Of The Annual Grant Award Amount; And

4) Authorizing The City Administrator To Award Agreements For Activities As Set Forth In Exhibit A And The List Of Eligible Backup Activities To Be Funded With Grant Funds That Become Available As A Result Of Projects Being Completed Under Budget, Delayed, Cancelled Or Reprioritized, Attached Hereto, And The City's Amended Fiscal Year 2024/25 Annual Action Plan Inclusive Of Prior-Year Funding Availability, Subject To Compliance With Any Applicable Competitive Bidding Requirements, Without Returning To Council

For questions regarding this report, please contact Caleb Smith, Senior Policy Analyst at 510-590-6275.

Respectfully submitted,



[Emily Weinstein \(Apr 28, 2025 11:38 PDT\)](#)

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Director, Housing & Community Development  
Department

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Attachments (1):

A. Amended Exhibit A Allocations and Backup Activities