



# AGENDA REPORT

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

**FROM:** Emily Weinstein  
Housing and Community  
Development Director

**SUBJECT:** Prohousing Incentive Pilot Program  
Grant Application Round 4

**DATE:** March 5, 2026

City Administrator Approval

  
Jestin Johnson (Mar 5, 2026 15:54:35 PST)

Date: Mar 5, 2026

## RECOMMENDATION

**Staff Recommends That City Council Adopt A Resolution Authorizing The City Administrator To (1) Apply For, Accept, And Appropriate Up To \$1,600,000 In Funds From The State of California Department Of Housing And Community Development's Prohousing Incentive Pilot Program For Capitalized Service Reserves for Affordable Housing And (2) Make Grants Or Development Loans Under The New Construction Of Multifamily Rental Affordable Housing Program Or The Rapid Response Homeless Housing Program, Contingent On Funding Availability**

## EXECUTIVE SUMMARY

In December 2022, the City of Oakland (City) became the first community in the San Francisco Bay Area to receive the State of California's (State) "**Prohousing**" designation. The Prohousing designation recognizes communities that have gone **above and beyond the requirements of state law to produce more housing** and especially more affordable housing. The State simultaneously launched a companion grant program available for communities that have received this Prohousing designation.

On September 30, 2025, the State issued its fourth Notice of Funding Availability (NOFA) for the Prohousing Incentive Pilot Program. **Staff seeks authorization to apply for up to \$1.6 million from this program.** Under the proposed resolution, the City Administrator would also have **authorization to accept and appropriate the funding if it is awarded.**

Staff propose the potential funding be dedicated to capitalized service reserves for permanent supportive housing units identified through the City's Rapid Response Homeless Housing (R2H2) program and/or the New Construction NOFA. Service funding is an essential component of successful permanent supportive housing, and this grant represents a rare opportunity to seek State support for this need. This resolution would also **authorize the City Administrator to distribute the funds** for the intended purpose if the State issues the City an award.

## **BACKGROUND / LEGISLATIVE HISTORY**

On May 17, 2022, the City Council approved [89197 C.M.S.](#) to authorize an application to the State's Prohousing designation program. On December 20, 2022, the State Department of Housing and Community Development (State HCD) announced that the City would receive its "Prohousing" designation in recognition of the City's voluntary efforts to promote housing production and especially affordable housing production. The City's Prohousing application cited a wide range of Oakland's policies, practices, and programs, including the use of specific plans to streamline environmental reviews, several funding programs for affordable housing, and zoning changes. The City was the first jurisdiction in the San Francisco Bay Area to receive the Prohousing designation. On September 16, 2025, the City Council approved [90836 C.M.S.](#), which authorized a renewal application to the State's Prohousing designation program.

The Prohousing Incentive Pilot Program is a State HCD funding program that was created specifically for communities that received the Prohousing designation. The funding can be used for any housing and community development purpose allowed under State law and is therefore an unusually flexible funding source. During the first round of funding for this grant program in 2023, the City applied for and received \$2.39 million. The City applied for but did not receive \$1.39 million in the Round Two and Round Three Notice of Funding Availabilities. The reason the City's application was not funded is that the program prioritized funding new Prohousing jurisdictions that had not previously received funds. This policy exhausted funding before the program had the opportunity to provide additional funds to Oakland.

The City's Prohousing designation renewal is pending final approval with the State, so the final score on its renewal application is not yet known. The maximum amount of funding the City can seek is based on a combination of the City's population and the score of the renewed Prohousing designation application. The final eligible amount would likely be between \$1.3 million and \$1.6 million.

## **ANALYSIS AND POLICY ALTERNATIVES**

The proposed resolution would authorize the City Administrator to apply to the Prohousing Incentive Pilot Program to advance the Citywide priority of **housing, economic, and cultural security** by supporting the construction of affordable housing. The funding in this grant could be applied towards a wide variety of housing and community development purposes, including but not limited to first-time homebuyer assistance, home rehabilitation, rental assistance, operating subsidy, or direct capital costs for interim or permanent affordable housing.

Staff recommends using this grant as capitalized service reserves for permanent supportive housing. A capitalized service reserve is a lump sum awarded to a project that can be drawn on over an extended period of time to pay for service-related costs. **A shortage of service and operating funding is one of the greatest barriers to the production of housing for unhoused Oaklanders**, and the Prohousing Incentive Pilot Program is a rare opportunity to secure State funding for capitalized service reserves. Staff anticipate using this subsidy immediately through the City's R2H2 program. If there is any service subsidy available after the R2H2 projects are funded, the capitalized service reserves could be used for homeless units

under the City's New Construction NOFA.

In the Round 4 NOFA for the Prohousing Incentive Pilot Program, the State has announced their intention to prioritize funding for jurisdictions that have not yet received funds via this grant program. With only \$8 million available statewide for the Round 4 NOFA, it is likely the funds in this NOFA will be exhausted before Oakland is able to receive any. Regardless, staff recommends the City still apply for this program in the case funds are available. Unlike most grant opportunities, this grant features a streamlined application process that minimizes the staff time required to file an application.

### **FISCAL IMPACT**

If awarded, this grant would provide between \$1.3 to \$1.6 million to the City.. The funding would be accepted and appropriated to the City's Housing & Community Development Department, Grant Fund(s) to be determined and Project Code(s) to be determined.

### **PUBLIC OUTREACH / INTEREST**

No public outreach was conducted beyond the normal Council noticing procedures as previous stakeholder engagement has identified service funding as a key bottleneck in producing Permanent Supportive Housing.

### **COORDINATION**

This report was reviewed by the Budget Bureau and Office of the City Attorney.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** If awarded, the grant would support the operation of permanent supportive housing units. These permanent supportive housing units would help Oakland residents exist homelessness and remain in the community.

**Environmental:** This item has no significant environmental impacts.

**Race and Equity:** According to the racial equity analysis of homelessness conducted by Oakland's Department of Race and Equity<sup>1</sup>, African American Oaklanders experience disproportionate rates of homelessness compared to their percentage of the general population. By providing more permanent supportive housing placements, this grant will help reduce the number of unhoused Oakland residents. This will consequentially reduce the impact of this racial disparity.

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<sup>1</sup> <https://everyonehome.org/wp-content/uploads/2021/02/2021-Centering-Racial-Equity-in-Homeless-System-Design-Full-Report-FINAL.pdf>

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That City Council Adopt A Resolution Authorizing The City Administrator To (1) Apply For, Accept, And Appropriate Up To \$1,600,000 In Funds From The State of California Department Of Housing And Community Development's Prohousing Incentive Pilot Program For Capitalized Service Reserves for Affordable Housing And (2) Make Grants Or Development Loans Under The New Construction Of Multifamily Rental Affordable Housing Program Or The Rapid Response Homeless Housing Program, Contingent On Funding Availability

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

Respectfully submitted,



Emily Weinstein (Mar 5, 2026 10:16:41 PST)

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