City of San Leandro

Staff Report

City Hall
835 East 14th Street
San Leandro, California

File #: 26-101

Adopt a Resolution Approving: 1. FY 2026-2027 Community Development Block Grant (CDBG) Annual Action Plan; 2. FY 2027 CDBG funding allocations for Housing and Program Administration; and 3. Authorizing the City Manager to execute all necessary agreements and documents with Eden Housing for an amount not to exceed $501,338.50 in CDBG funds for a multi-family rehabilitation project at The Surf (15320 Tropic Court).

COUNCIL PRIORITY

- Housing and Homelessness

SUMMARY

The City of San Leandro (City) anticipates receiving a Fiscal Year (FY) 2026-2027 Community Development Block Grant (CDBG) entitlement allocation of $771,290 from the U.S. Department of Housing and Urban Development (HUD). Staff recommends that the City Council adopt the FY 2026-2027 Annual Action Plan and approve funding allocations of $154,258 for Program Administration, $115,693.50 for Public Services supporting seniors and at-risk youth, and $501,338.50 for a Housing project to fund the rehabilitation of The Surf (15320 Tropic Court), a 46-unit affordable multifamily rental development owned and operated by Eden Housing.

RECOMMENDATIONS

Staff recommend that the City Council adopt a Resolution (Attachment A) approving:

1. FY 2026-2027 CDBG Annual Action Plan (Attachment B); and
2. FY 2027 CDBG funding allocations for Housing and Program Administration; and
3. Authorization for the City Manager to execute all necessary agreements and documents with Eden Housing for an amount not to exceed $501,338.50 in CDBG funds for a multi-family rehabilitation project at The Surf (15320 Tropic Court).

BACKGROUND

HUD annually allocates grants such as CDBG and Home Investment Partnerships Program (HOME) to eligible jurisdictions to support local community development activities. The City is one of ten entitlement jurisdictions within Alameda County that qualifies for direct CDBG funding from HUD, as it exceeds the 50,000-population threshold required for entitlement status. Entitlement grant allocations are determined primarily through a HUD formula that incorporates objective measures of community need, including poverty levels, population trends, housing overcrowding, the age of the housing stock, and the rate of population growth relative to other metropolitan areas. To receive these federal funds, jurisdictions must comply with Title I of the National Housing and Community Development Act of 1974, which requires preparation of a five-year Consolidated Plan, Annual Action Plan, and a Consolidated Annual Performance and Evaluation Report (CAPER). These documents identify local community development priorities and outline strategies to address them. The 2025-2029 Consolidated Plan was adopted by City Council on June 16, 2025.

FY 2026-2027 CDBG Annual Action Plan

The FY 2026-2027 Annual Action Plan is a one-year plan that describes the eligible activities that the City intends to undertake in FY 2027 (July 1, 2026 - June 30, 2027) to address the needs and implement the

strategies identified in the adopted 2025-2029 Consolidated Plan. The Annual Action Plan describes the activities that the City intends to fund to address priority housing and non-housing community development needs. The City is part of the Alameda County HOME Consortium and is required to submit the Annual Action Plan to HUD along with the County by the June 3, 2026 deadline.

FY 2027 CDBG Funding Allocations

On April 3, 2026, the City received notification from HUD regarding its FY 2027 CDBG allocation. The City anticipates receiving $771,290 in FY 2027 CDBG entitlement funds for eligible activities.

The FY 2027 CDBG funding allocations are based on HUD's final allocation formula and are subject to City Council approval. In addition, the City has adopted a CDBG Contingency Plan (Attachment C) to address any potential increases or decreases in HUD funding. A detailed funding breakdown is provided in the table below.

FY 2027 CDBG Budget	
Entitlement Amount	$771,290
Prior Year Unexpended Funds (FY 2026)	$0
Total	**$771,290**
Program Administration (20%)	$154,258
Public Service (15%)	$115,693.50
Affordable Housing Rehabilitation (65%)	$501,338.50
Total	**$771,290**

ANALYSIS

FY 2027 CDBG Administration

Of the total anticipated entitlement amount, a total of $154,258 has been allocated to Program Administration to cover eligible staff and consultant costs. In addition, the City will allocate $20,000 to ECHO Housing for the Fair Housing Services Program. A detailed funding breakdown is provided in the table below.

FY 2027 CDBG Administration	
City of San Leandro	$134,258
ECHO Housing-Fair Housing Services Program	$20,000
Total	**$154,258**

FY 2027 CDBG Public Service Funding Allocations

Of the total anticipated entitlement amount, a total of $115,693.50 has been allocated to eligible Public Service activities, which must primarily benefit very low- and low-income households. This allocation marks the second year of the City's two-year funding cycle for CDBG Public Services covering FY 2026 and FY 2027, which City Council approved on June 16, 2025. A detailed funding breakdown is provided in the table below.

FY 2027 CDBG Public Services	
CALICO- Child Abuse Intervention Project	$25,359.26
Service Opportunities for Seniors, Inc. (SOS)/Meals On Wheels-Meal Delivery to Homebound Seniors	$55,653.02
Spectrum- San Leandro Senior Nutrition Program	$34,681.22
Total	**$115,693.50**

FY 2027 CDBG Affordable Housing Funding Allocations

In FY 2027, the City intends to fund one CDBG Housing project. The allocation will support affordable housing

in the City by funding the rehabilitation of The Surf, a 46-unit affordable housing development located at 15320 Tropic Court, which was constructed in 1965.

The City conducted a competitive Request for Interest (RFI) process in February 2026, soliciting applications from the City's Affordable Rental Housing List for capital rehabilitation funding. The City received four applications and selected Eden Housing for an award of up to $501,338.50 in CDBG funds to support the rehabilitation of The Surf. Through a separate action, the City intends to provide additional HOME funding for the project. A detailed funding breakdown is provided in the table below.

FY 2027 CDBG Affordable Housing Rehabilitation	
Eden Housing (The Surf) - Funding for the rehabilitation of a 46-unit affordable rental housing development	$501,338.50
Total	**$501,338.50**

Funding will be provided in the form of a forgivable loan, with terms substantially consistent with those outlined in the table below.

CDBG Loan Terms	
Term	15 years
Interest Rate	3% simple interest per annum
Repayment	Deferred and loan forgiven at maturity if no uncured default
Residual Receipts Requirement	None
Project Timeline	FY 2027 – FY 2028 (July 1, 2026 – June 30, 2028)

SUMMARY OF PUBLIC OUTREACH EFFORTS
In compliance with HUD regulations, the City posted the FY 2026-2027 Annual Action Plan for a 30-day comment period from April 4 - May 4, 2026. The documents were made available for public review on the City's website and at the City Hall public counter.

ENVIRONMENTAL REVIEW
The National Environmental Policy Act (NEPA) generally exempts planning documents, such as the Annual Action Plans, from environmental review requirements. Environmental review under NEPA will be conducted at the project or activity level, as applicable.

Previous Actions
On June 16, 2025, City Council adopted Resolution No. 2025-072, which approved 1) the 2025-2029 Consolidated Plan that governs the City's use of CDBG funds and 2) a two-year CDBG Public Services funding cycle for FY 2026 and FY 2027, establishing funding allocations for eligible Public Service subrecipients across both program years.

Financial Impacts
Sufficient funding will be available and budgeted for FY 2027 CDBG funding allocations. CDBG programs and projects are funded by annual federal HUD grant funding.

ATTACHMENTS

***A**: Draft Resolution*
***B:** FY 2026-2027 CDBG Annual Action Plan*
***C:** Resolution 2024-021 (CDBG Contingency Plan)*

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