



Agenda Report

25-354

Agenda Date: 4/8/2025

REPORT TO COUNCIL

SUBJECT

Public Hearing: Opportunity for Public Comment on the First Version of the DRAFT 2025-2030 Consolidated Plan & FY 25/26 Annual Action Plan for the Use of Federal Housing and Urban Development (HUD) Grant Funds

BACKGROUND

The City of Santa Clara receives entitlement funding from two federal programs administered by the United States Department of Housing and Urban Development (HUD): Community Development Block Grant (CDBG) and Home Investment Partnerships Act (HOME). The purpose of these two programs is to benefit persons of low and moderate incomes by providing decent, affordable housing, public services, and community development.

The City of Santa Clara is an entitlement jurisdiction, which means that HUD awards CDBG and HOME funds every year to be spent locally. The City does not compete for these funds, and the amount awarded each year is based on a population-based formula and the federal budget. This report covers both the five-year 2025-2030 Consolidated plan as well as the FY 25/26 Annual Action Plan, as these are bundled together due to the same time frame for HUD submission. The purpose of this report is to provide public input on the programs and funding for both plans.

Entitlement jurisdictions are required by HUD to develop a Five-Year Consolidated Plan (Consolidated Plan) that identifies goals and needs within the community that could be addressed using annual HUD funding allocations. The Consolidated Plan is a five-year planning document that covers the period of fiscal year 2025-2026 through fiscal year 2029-2030. The City of Santa Clara worked collaboratively with the County of Santa Clara and other entitlement jurisdictions in the County to identify and prioritize housing-related needs across the region, and strategies to meet those needs through the Consolidated Plan.

The City is also required each year to prepare an Annual Action Plan (AAP) to document how the City will use HUD funding consistent with the goals and needs identified in the current Consolidated Plan. Preparation of both plans must allow for public input through two public hearings: one during the drafting phase and one to present the final version prior to submission to HUD for approval. The April 8, 2025 City Council hearing is serving as the first public hearing for the proposed 2025-2030 Consolidated Plan and for the proposed FY 25/26 AAP and the May 13, 2025 City Council meeting will serve as the second hearing.

DISCUSSION

The City Council is being asked to take public input on both the Consolidated Plan and AAP documents and to provide direction to staff on any modifications that should be made to either plan before returning to the City Council for their final adoption. The final action on both is scheduled for the May 13, 2025 City Council meeting. Once the City Council approves the plans, staff will submit them to HUD for review and approval. Once HUD provides approval and clearance of funds, the City will then work with subrecipients to provide services. In addition to the \$1.7 million of HUD funding, the Community Development Department (CDD) anticipates using \$565,156 of appropriations in its annual operating budget for Public Service Activities, Capital Improvement Projects, and Affordable Housing Activities. These appropriations will be brought forward for City Council approval, as part of the FY 2025/26 and FY 2026/27 biennial operating budget adoption.

Consolidated Plan

The proposed 2025-2030 Consolidated Plan was prepared through a regional collaborative effort undertaken by the County of Santa Clara. The County hired a consultant, Root Policy Research, to conduct a community engagement process to identify needs, priorities, goals, strategies, and activities for future housing and community development activities, which the County should collectively address over the five-year Consolidated Plan period. Engagement activities included a Consolidated Plan website, www.letstalkhousingscc.org <<http://www.letstalkhousingscc.org>>, public outreach, community survey, two virtual regional workshops, three focus groups with stakeholders, and “pop-up” outreach events. The results of this combined effort were analyzed to identify goals and needs within the community that could be addressed by each participating jurisdiction using their annual HUD allocations of CDBG and HOME funds. The full draft Consolidated Plan and Annual Action Plan are included as Attachment 1.

Consolidated Plan Goals as identified through the collaborative outreach process:

Goal Description

Affordable Housing	Assist in the creation and preservation of affordable housing for low income and special needs households through continuation of the Neighborhood and Community Improvement Program (NCIP), Rehabilitation, and/or development of rental units occupied by low-income tenants, and tenant-based rental assistance (TBRA) rental subsidies.
Homelessness	Support activities, consistent with Continuum of Care strategies, to prevent and end homelessness. This could include building affordable housing for people who are homeless or at risk of homelessness as well as the provision of support services.
Public Services	Support activities that provide basic needs to lower-income households and special needs populations. Services would be provided to low-income households, elderly individuals, homeless persons, people with disabilities, and victims of domestic violence.
Fair Housing	Promote fair housing choice, through the following activities: fair housing education, fair housing testing, housing assistance hotline, and landlord/tenant mediation.
Public Facility	Public Facility Improvements can include but are not limited to Improvements repairing sidewalks for accessibility, traffic calming measures, and or improvements to public facilities.
Administration	Provide management, planning and implementation of the City’s CDBG & HOME programs as well as monitoring of public service and housing projects.

The Consolidated Plan also identifies Goal Outcome Indicators to evaluate the performance of Annual Action Plan activities.

Table 1: Consolidated Plan Goal Outcome Indicators:

Goals Summary for 5-Year Consolidated Plan Cycle				
Goal Name	Category	Needs Addressed	Estimated Funding For 5-Year Cycle	Goal Outcome Indicator
Affordable Housing	Affordable Housing	Affordable Housing	CDBG: \$2,550,000 HOME: \$250,000 HOME: \$2,992,500	Homeowner housing rehabilitation 200 households Rental Units rehabilitated 2 TBRA 125 Households
Homelessness	Homeless	Homelessness	CDBG: \$150,000	Homelessness Prevention: 150 people
Public Services	Non-Homeless Special Needs	Public Services	CDBG: \$900,000	Public Service Activities Other than Low/Mod. Income Housing Benefit: 2,000 households
Fair Housing	Non-Homeless Special Needs	Fair Housing	HOME: \$125,000	Public Service Activities Other than Low/Mod. Income Housing Benefit 150 households
Public Facilities	Non-Housing Community Development	Public Facilities	CDBG: \$600,000	Public Facility or Infrastructure Activities other than Low/ Mod. Income Housing Benefit: 1000 people
Administration & Planning	Admin & Planning	N/A	CDBG: \$1,050,000 HOME: \$207,500	N/A

Annual Action Plan (AAP)

The FY 25/26 AAP is a one-year Plan that directs how the HUD funds will be spent on projects and activities to address Goals identified in the Consolidated Plan. The following table details the City's Expected Resources and the projects/activities for the FY 25/26.

Table 2: Expected Resources

Source	Uses of Funds	2025-2026 Expected Resources Priority Table				Narrative Description
		Annual Allocation \$	Program Income \$	Prior Year Resource \$	Total: \$	
CDBG	Acquisition Housing Rehabilitation Public Improvements Public Services Administration and Planning	\$930,000	\$120,000	\$0	\$1,050,000	CDBG funds may be used for: 1) Land acquisition for affordable housing; 2) NCIP program and Minor Home Repair Program; 3) Public infrastructure improvements and other public facility improvements; 4) Capital Improvements to Affordable Housing; 5) Public services; 6) Administration and planning.
HOME	CHDO and regular HOME rental projects, such as property acquisition, new const., and/or rehabilitation Acquisition Tenant Based Rental Assistance Admin. and Planning for HOME programs and activities. Fair Housing Services	\$335,000	\$10,000	\$320,000	\$665,000	HOME funds may be used for: 1) TBRA 2) Rental Development and/or rehab 3) Fair Housing Services 4) Admin. & Planning. City expects approx.\$100,000 of PI from PY24/25 which is part of the Prior Year Resources amount. The City estimates approx. \$100,000 of PI in PY25/26. \$10,000 of which will be drawn in PY25/26 for administration and planning. The remaining \$90,000 will be programmed in PY26/27. If PI exceeds \$100,000, City will continue using 10% for admin.

Note: Numbers in tables are subject to change between DRAFT and FINAL versions.

As part of the AAP, the City identifies a proposed distribution of CDBG funds to Public Service Agencies (PSAs). PSAs are local non-profits that provide services within the community, which are eligible to receive CDBG funding. The City allows PSAs to apply for funding on a two or three-year cycle. HUD restricts the amount of funds that can be set aside for Public Service Activities. Of the estimated \$1,050,000 in FY 2025-2026 CDBG funds, \$180,000 is the maximum the City can spend on public service activities due to HUD's 15% public service cap. Following City Council direction, for efficiency purposes, the minimum amount of funding for each Public Service Agency is \$30,000. Based upon the applications received for the current cycle, staff recommends the following distribution of funds. The applicants are ranked from high to low in the table below based on their scoring in the Notice of Funding Availability.

Please note that Next Door Solutions, a public agency that provides services to domestic violence survivors, will continue to be funded with HOME-ARP funding in the amount of \$30,000 per year. HOME-ARP funds are managed through a separate plan and not included in the Consolidated Plan or AAP.

Table 3: Proposed CDBG Funding for Public Service Activities

Public Service Agency	Funding Requested	Proposed Funding	# served	Funding Source
Loaves & Fishes - Meals on Wheels	\$ 40,000	\$ 30,000	30	CDBG
Senior Adult Legal Assistance (SALA) -Legal Assistance	\$ 33,000	\$ 30,000	80	CDBG
Bill Wilson - Counseling & Family Therapy	\$ 35,000	\$ 30,000	120	CDBG
Silicon Valley Independent Living Center - Housing for persons with Disabilities	\$ 35,145	\$ 30,000	70	CDBG
Heart of the Valley - Support & Transportation Services	\$ 60,000	\$ 30,000	144	CDBG
Hope Services - Educational Services	\$ 34,760	\$ 30,000	11	CDBG
Total:	\$ 237,905	\$ 180,000	455	

The AAP process is also used to appropriate other categories of funding to Public Service Agencies (PSAs). Based on prior year funding, and as shown in the two tables below, staff will allocate \$565,156 from the General Fund, City Affordable Housing Fund (CAHF), and City Housing Successor Fund (CHSF) as part of CDD's annual operating budget (subject to City Council approval). Staff also recommends allocating \$1,022,197 in the FY 25/26 Annual Action Plan for CDBG Capital Improvements Projects and HOME Affordable Housing Activities.

Table 4: Proposed Local Funding for other Public Services

Other Agencies Recommended for Funding	Funding Requested	Proposed Funding	# served	Funding Source
Project Sentinel - Landlord/Tenant Mediation Services	\$ 74,388	\$ 69,159	200	GF
Catholic Charities Long-Term Care Ombudsman	\$ 30,000	\$ 15,300	240	GF
United Way 211 Services	\$ 5,000	\$ 5,000	500	GF
ABODE - Case Management Services for TBRA participants	\$ 300,697	\$ 300,697	N/A	CAHF/CHSF
County Intensive Case Management	\$ 125,000	\$ 125,000	20	CAHF/CHSF
County Homeless Prevention Program	\$ 50,000	\$ 50,000	20	CAHF
Total	\$ 585,085	\$ 565,156	980	

Table 5: Proposed HUD funding for Capital Improvements and Affordable Housing

Other Agencies Recommended for HUD Funding	Funding Requested	Proposed Funding	# served	Funding Source
Rebuilding Together Silicon Valley - Minor Home Repair Program	\$ 209,000	\$ 200,000	15	CDBG
Neighborhood Conservation & Improvement Program	N/A	\$ 400,000	10	CDBG
Project Sentinel - Fair Housing Services	\$ 35,000	\$ 22,197	15	HOME
ABODE - Tenant Based Rental Assistance HOME	\$ 400,000	\$ 400,000	15	HOME
Total	\$ 644,000	\$ 1,022,197	55	

Attachment 2 ("Annual Action Plan Breakdown-HUD Funds") provides a more detailed breakdown of the City's FY 25/26 HUD Expected Resources.

PSA submissions were ranked based on whether the proposed activity was deemed a high priority and consistent with the objectives and priorities of the Consolidated Plan, an organization's demonstrated managerial and financial capability to receive and expend grant funds, if the majority of beneficiaries to be served were extremely low and low income, the amount of funds leveraged and the agency's history of drawing funds down. Other considerations were years of service, the number of people served versus the amount of funds granted, and whether other agencies provide similar services.

FUNDING CONTINGENCIES

The Federal Budget for the upcoming year is uncertain, and there is a reasonable chance that the City may receive less federal funding than recent years. Staff have included the following contingency language on pages 154 & 155 of the DRAFT Annual Action Plan, (Attachment 1):

If CDBG funding is less than expected: If the City receives less CDBG Entitlement funding than expected, the Public Service and Administration Caps will be recalculated and amounts adjusted. If the calculation results in a Public Service Cap of less than \$180,000, the City will need to reduce its number of Public Service Agencies funded to come under the cap. Further, the amount allocated to the Minor Repair Program may need to be reduced.

If HOME funding is less than expected: If the City receives less HOME Entitlement funding than expected, the CHDO set-aside amounts and the Administration amounts will be recalculated. The TBRA program will then be reduced in funding.

Staff is asking City Council to consider staff's recommendations, provide input on the contingency language to prioritize public service activities to fund, take any public comment received and then, based on such input and other Council considerations, direct staff to proceed to finalize the plans consistent with staff's recommendations, or to make any necessary changes or adjustments as provided by City Council. Approved agencies will enter into one-year contracts with the option to renew for a second and third year subject to Federal appropriations.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

The estimated resources from HUD for FY 25/26 are \$1,050,000 in CDBG funds and \$665,000 in HOME funds. Additionally, subject to City Council approval as part of the FY 25/26 and FY 26/27 biennial operating budget adoption, the Community Development Department has appropriations of \$89,459 in the General Fund, \$225,697 in the City Affordable Housing Fund, and \$250,000 in the City Housing Successor Fund. These appropriations, in conjunction with the estimated new entitlement funds, would be used to support the goals set forth in the City's Consolidated Plan.

Actions to recognize and appropriate the CDBG and HOME FY 25/26 federal entitlement funds will be brought forward as part of the FY 2025/26 and FY 2026/27 Biennial Operating Budget process.

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

Preparation of the Consolidated Plan follows a procedure determined by HUD and has included two public hearings to identify community needs and objectives, and to review priorities for the City's HUD funding allocations. The first public hearing being held now, the April 8, 2025 Council Meeting, and the second will be

held at the May 13, 2025 City Council meeting. Comments made at the two public hearings will be noted in the final Consolidated Plan.

The Consolidated Plan will also be made available for public review and comment for a 30-day period from April 11 thru May 13, 2025. Noticing of the 30-day public comment period was published on March 5, 2025 in The Santa Clara Weekly. Noticing will also be e-blasted to community stakeholders. The Consolidated Plan was also made available on the City's website, and at public locations including the City Clerk's Office, the Housing and Community Services Division, and City libraries. Notification of the availability of the AAP was also emailed to interested parties which include local nonprofit agencies.

RECOMMENDATION

1. Note and File Public Comment on the 2025-2030 DRAFT Consolidated Plan and FY 25/26 Draft Annual Action Plan for U.S. Department of Housing and Urban Development Funds.
2. Approve the DRAFT 2025-2030 Consolidated Plan and FY 25/26 Draft Annual Action Plan, and direct staff to summarize all public comments into the Final versions to be presented to City Council on May 13, 2025 prior to submitting to HUD by May 16, 2025.

Reviewed by: Afshan Hamid, Director of Community Development

Approved by: Jövan D. Grogan, City Manager

ATTACHMENTS

1. 2025-2030 DRAFT Consolidated Plan and FY 25/26 DRAFT Annual Action Plan
2. FY 25/26 Annual Action Plan Breakdown - HUD Funds