




# City Council Meeting

Item #6 (21-271)  
**2021-2022 Annual Action Plan for the use of Housing and Urban Development (HUD) Grant Funds and CDBG Policies, Procedures, and Monitoring Manuals**

March 23, 2021

1




## Overview

### BACKGROUND

- The City of Santa Clara receives entitlement funding from the US Department of Housing and Urban Development (HUD) to benefit low-income households by providing affordable housing and community development services.
- HUD requires cities to develop an Annual Action Plan (AAP) that detail projects and activities that support the needs and goals identified in their 5-Year Consolidated Plan (ConPlan). The programs and activities must benefit low-income individuals and households.
- HUD requires that cities develop programmatic policies and monitoring procedures for their CDBG funded programs.

2

2



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## Overview

### RECOMMENDATION

- Note and file public comment on the 2021-2022 Draft Annual Action Plan for the expenditure of HUD funds.
- Approve the DRAFT 2021-2022 Annual Action Plan and to direct staff to incorporate all public comments into the final version to be presented to City Council on May 4, 2021 for final opportunity for public comment prior to submitting the final version to HUD by May 15, 2020.
- Approve the CDBG Policies and Procedures, and the CDBG Monitoring Plan.

3

3



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## Key Dates

- 03/03/2021: Notification of Public Hearings and 30-day Public Comment Period published in the Santa Clara Weekly
- 03/23/2021: **Public Hearing 1** - First opportunity for the public to comment on the Annual Action Plan while it is still in the drafting stage.
- 04/01/2021: **Start of 30-day Public Comment Period for Annual Action Plan**
- 05/04/2021: **Public Hearing 2** - Final opportunity for public comment on the Annual Action Plan prior to submission.
- 05/15/2021: **Final Annual Action Plan Submission to HUD**

4

4



5

**Consolidated Plan (ConPlan)**

**BACKGROUND**


The ConPlan is designed to help jurisdictions assess their affordable housing and community development needs and market conditions, and to make data-driven, place-based investment decisions. The planning process serves to identify housing and community development priorities.

The ConPlan is carried out through Annual Action Plans, which provide a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified by the ConPlan.

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6

6



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## Consolidated Plan (ConPlan)

### SUMMARY OF CONSOLIDATED ACTION PLAN GOALS

- 1) Affordable Housing
- 2) Homelessness
- 3) Public Services
- 4) Public Facility Improvement
- 5) Fair Housing Services;
- 6) Administration of activities and programs in support of the ConPlan goals.

7

7



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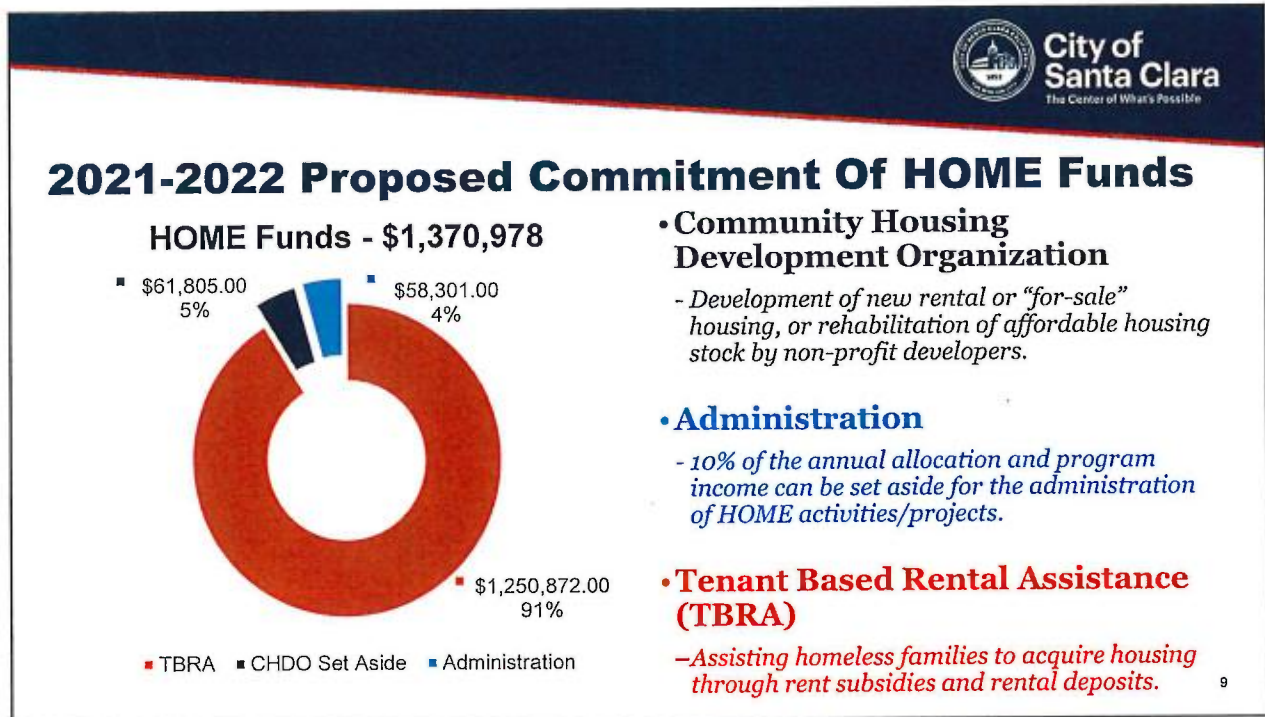
## 2021-2022 Annual Action Plan

### Estimated Resources

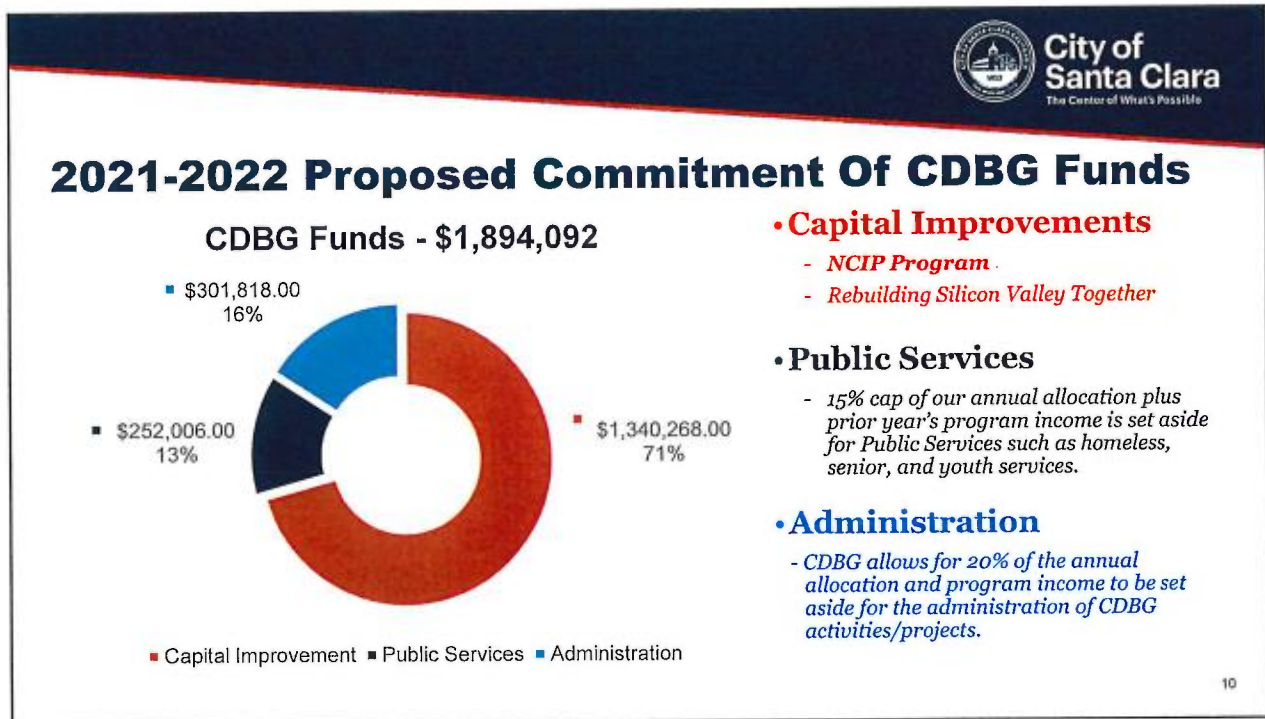
HOME	CDBG	Local Funds
<b>\$1,370,978</b>	<b>\$1,894,092</b>	<b>\$570,697</b>
\$433,011 21/22 Allocation (approximately 0.16% decrease from last year)	\$1,059,092 21/22 Allocation (approximately 1.83% increase from last year)	\$225,697 City Affordable Housing Funds
\$15,000 Program Income	\$450,000 Program Income	\$250,000 City Housing Successor Funds
\$922,967 Prior Years' Funding	\$385,000 Prior Years' Funding	\$95,000 General Funds

8

8



9



10



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## **Emergency Rental Assistance Program**

- The Emergency Rental Assistance Program (ERAP) was funded with CARES Act funds, CDBG funds, and local funds for total of \$2.8M
- The program assists Santa Clara residents who earn less than 80% of the Area Median Income (AMI). The program pays 85% of their rent arrears to a maximum of three (soon to be six) consecutive months.
- To this date, ERAP has assisted 166 households with \$669,625; an average of \$4,034 per subsidy.
- In April, we will begin Phase 3. Currently, there are approximately 300 people on the waitlist.

11

11




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## **2019 HUD Annual Performance Assessment**

- Achieved the majority of our 5-year ConPlan goals.
- Met our homelessness prevention goals through our Tenant Based Rental Assistance program which assisted 46 families in 2019.
- Exceeded HUD's minimum requirement of expending 70% of our CDBG funds on serving low-moderate income persons. 100% of the funds were used to serve low-moderate income persons.
- Met the critical program requirement of expending CDBG funds in a timely manner and stayed below the maximum set asides for administration (20%) and public service activities (15%).

12

12



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## Council Action

### Recommendation

1. Note and File Public Comment on the 2021-2022 Draft Annual Action Plan for U.S. Department of Housing and Urban Development Funds (CDBG & HOME).
2. Approve the 2021-2022 Draft Annual Action Plan, and direct staff to incorporate all public comments into the Final versions to be presented to City Council on May 4, 2021 prior to submission to HUD by May 15, 2020.
3. Approve the CDBG Policies & Procedures and Monitoring Manuals.
4. Any other Council direction.

13

13



**City Council Meeting**

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14



U.S. Department of Housing and Urban Development  
San Francisco Regional Office - Region IX  
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San Francisco, California 94104  
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March 18, 2021

The Honorable Lisa Gillmor  
Mayor of Santa Clara  
1500 Warburton Avenue  
Santa Clara, CA 95050-3713

Dear Mayor Gillmor:

SUBJECT: Annual Performance Assessment  
Community Development Block Grant  
HOME Investment Partnerships Program  
Program Year: July 1, 2019 – June 30, 2020 (2019)

The U.S. Department of Housing and Urban Development (HUD or the Department) Office of Community Planning and Development (CPD) assesses the performance of its grant recipients on an annual basis. This letter conveys the results of the evaluation for the 2019 program year.

A principal report utilized by CPD to assess performance is the Consolidated Annual Performance and Evaluation Report (CAPER), submitted by grant recipients within 90 days of the completion of each Program Year. The CAPER provides important information on the use of Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funds in meeting specific housing and community development goals and addressing the needs of the homeless, as identified in the grantee's Five-year Consolidated Plan and Annual Action Plan. Additionally, this performance assessment takes into consideration information collected from other financial and performance reports, correspondence, and monitoring documentation.

Program year 2019 (PY 2019) marked the fifth and final year of Santa Clara's 2015-2019 Consolidated Plan. The city's Consolidated Plan established five-year goals to benefit its low- and moderate-income residents by providing decent and affordable housing, creating suitable living environments and economic opportunities, and supporting activities to end homelessness.

In PY 2019, despite challenges posed by the COVID-19 pandemic, the city was able to achieve the majority of its five-year Consolidated Plan goals. Santa Clara met its homelessness prevention goals through HOME-funded Tenant Based Rental Assistance programs, which assisted 46 households in PY2019. As it has in previous years, the city continued to address the needs of vulnerable populations in the community with a variety of CDBG-funded public services, such as the Santa Clara Senior Center's Senior Nutrition Program, which provided daily meals to 560 low-income seniors, and Bill Wilson Center's Family Therapy, School Outreach, and Grief Counseling Programs, which provided counseling services to 115 extremely low-income youth and their families.



Based on available information as presented in the enclosed report, in CDBG PY 2019 the city complied with certain key requirements which measure capacity. The city reported that 100 percent of CDBG funds expended in program year 2019 were directed to serving low- and moderate-income persons, which is substantially above the requirement that 70 percent of funds are used for that purpose. CDBG program requirements also limit the amount of funds obligated for public services to 15 percent or less and for administration and planning to 20 percent or less of the annual grant amount. The report shows that the city's public services obligation is below the 15 percent cap at 13.66 percent, and the administration and planning obligation meets the cap at 20 percent. Another regulatory limitation on CDBG administration and planning costs is that no more than 20 percent of any origin year grant may be expended for planning and administrative costs. The city is currently in compliance with this requirement for origin year grants 2016 through 2019.

Finally, the critical program requirement of expending CDBG funds in a timely manner was met for program year 2019. A review of Santa Clara's expenditures on May 2, 2020 showed the city had a balance of 1.48 times its annual allocation, thus meeting the requirement that the amount of CDBG funds on hand 60 days prior to the end of the program year not exceed 1.5 times the annual allocation.

Santa Clara has also performed well and in accordance with certain statutory and regulatory requirements for the HOME program. The city met its expenditure requirement deadline, which occurred on July 31, 2019.

Based on this analysis, HUD has determined that Santa Clara has the continuing capacity to administer its CDBG and HOME programs. The activities undertaken are consistent with Santa Clara's HUD-approved Consolidated Plan, and the city continues to make progress in meeting its housing and community development goals.

In accordance with the Consolidated Plan regulations described at 24 CFR §91.525, if Santa Clara has comments regarding the enclosed report, please submit them to this office within 30 days of receipt of this letter. This office may revise the report after considering the city's response. If the Department does not receive comments within the 30-day time period, this letter and the attached report can be made available to the public.

The Department appreciates its partnership with Santa Clara staff and looks forward to continuing to support the city's efforts to meet the goals of the Consolidated Plan. If there are any questions or there is a request for technical assistance, please do not hesitate to contact Meira Barrett, Senior Community Planning and Development Representative, at 415-489-6568 or [Meira.A.Barrett@hud.gov](mailto:Meira.A.Barrett@hud.gov).

Sincerely,  
**KIMBERLY**  
**NASH**  
Kimberly Nash  
Director  
Community Planning and  
Development Division

Digitally signed by: KIMBERLY NASH  
DN: CN = KIMBERLY NASH C = US O  
= U.S. Government OU = Department  
of Housing and Urban Development,  
Office of Administration  
Date: 2021.03.18 16:37:28 -0700

Enclosure

cc:

Deanna Santana, City Manager

Andrew Crabtree, Director of Community Development

Jonathan Veach, Housing and Community Development Division Manager

Eric Calleja, Housing Development Officer

**Annual Performance Assessment  
City of Santa Clara**

**2019**

**Consolidated Annual Performance and Evaluation Report (CAPER)**

Program Year End: June 30, 2020  
Report Due: December 29, 2020  
Report Received: December 21, 2020

Funding Covered by CAPER:

CDBG

Allocation: \$987,798.00  
Program Income: \$932,634.69

HOME

Allocation: \$395,531.00  
Program Income: \$256,828.74

**Summary of Program Compliance**

**Community Development Block Grant Program (CDBG)**

- Public Services Obligation [24 CFR 570.201(e)(1) or (2)]
  - Standard: <15% of Allocation plus Program Income received in prior year
  - Actual %: 13.66%
  - Obligated as reported in CAPER: \$182,375.93
  
- Administration & Planning Obligation [24CFR 570.200(g)(2)]
  - Standard: <20% of Allocation plus Program Income received in current year
  - Actual %: 20.00%
  - Obligated as reported in CAPER: \$384,086.54
  
- Administration & Planning Expenditure [24CFR 570.200(g)(1)]
  - Standard: <20% of Origin Year Allocation excluding Program Income
  
  - 2016 Origin Year Allocation - Grant B16MC060022
    - Allocation: \$897,752.00
    - Grant Drawn %: 92.04%
    - Actual Administration & Planning %: 20.00%
    - Administration & Planning Expenditure: \$179,550.40
  
  - 2017 Origin Year Allocation - Grant B17MC060022
    - Allocation: \$903,714.00
    - Grant Drawn %: 89.66%
    - Actual Administration & Planning %: 20.00%
    - Administration & Planning Expenditure: \$180,742.80

- 2018 Origin Year Allocation - Grant B18MC060022
  - Allocation: \$968,933.00
  - Grant Drawn %: 39.75%
  - Actual Administration & Planning %: 20.00%
  - Administration & Planning Expenditure: \$193,786.60
- 2019 Origin Year Allocation - Grant B19MC060022
  - Allocation: \$987,798.00
  - Grant Drawn %: 54.83%
  - Actual Administration & Planning %: 20.00%
  - Administration & Planning Expenditure: \$197,559.60
- Benefit to Low to Moderate-Income Persons [24 CFR 570.200(a)(3)]
  - Standard: At least 70% of the aggregate amount of CDBG funds received by the recipient shall be used for activities that benefit low- and moderate-income persons as reported in the CAPER.
  - Actual %: 100%
- Timeliness of Expenditures [24 CFR §570.902]
  - Standard: The regulations require that 60 days before the end of the program year, the city have no more than the equivalent of 1 ½ years' worth of CDBG grant funds available in its U.S. Treasury account. A ratio at or below 1.50 is acceptable.
  - Actual ratio: 1.48
  - Balance: \$1,461,918.30
  - Test date: May 2, 2020

**HOME Investment Partnerships Program (HOME)**

- HOME Expenditures [24 CFR 92.500(d)(1)(C)]
  - PJs have five years from the date of their executed grant agreement with HUD to expend HOME funds, applicable for all expenditure deadlines that occur on or after January 1, 2015. The following information identifies the disbursement requirement for the 2014 HOME allocation and any shortfalls as of September 30, 2019.
  - Disbursement Deadline: July 31, 2019
  - Disbursement Requirement: \$10,734,188.75 Shortfall: \$0