



## Agenda Report

20-251

Agenda Date: 3/31/2020

### REPORT TO COUNCIL

#### **SUBJECT**

**Public Hearing:** Opportunity for Public Comment on the 2020-2025 DRAFT Consolidated Action Plan and FY2020-2021 Draft Annual Action Plan for U.S. Department of Housing and Urban Development Funds (CDBG & HOME)

#### **BACKGROUND**

As an "entitlement jurisdiction," the City of Santa Clara receives annual funding from the United States Department of Housing and Urban Development (HUD) in the form of Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) funds. CDBG funds are used to provide public services to Santa Clara's low-income residents and funding for capital improvement projects. HOME funds are generally used for the development of affordable housing programs.

Entitlement jurisdictions are required by HUD to develop a Five-Year Consolidated Action Plan (ConPlan) that identifies goals and needs within the community that could be addressed using annual HUD funding allocations. The ConPlan is a five-year planning document that covers the period of fiscal year 2020-2021 through fiscal year 2024-2025. 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 ConPlan. The entitlement grantee jurisdictions involved in the collaborative outreach efforts included: City of Cupertino, City of Gilroy, City of Mountain View, City of Palo Alto, City of San José, City of Santa Clara, City of Morgan Hill, and City of Sunnyvale.

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 ConPlan. 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 March 31, 2020 City Council hearing is serving as the first public hearing for the proposed 2020-2025 ConPlan as well as for the proposed 2020-21 AAP.

#### **DISCUSSION**

The City Council is being asked to take public input on both the ConPlan and AAP documents and 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 5, 2020 City Council meeting.

**Consolidated Plan (ConPlan)**

The proposed 2020-2025 ConPlan was prepared through a regional collaborative effort undertaken by the County of Santa Clara and eight entitlement cities within the County. The County hired a consultant, Michael Baker International, 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 ConPlan period.

Engagement activities included a community survey, public outreach, stakeholder consultations, focus groups, and “pop-up” outreach events. City staff also held two public meetings on November 14, 2019. The results of this combined effort were synthesized and 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.

**ConPlan Goals as identified through the collaborative outreach process:**

| <u>Goal</u>        | <u>Description</u>   |
|--------------------|--|
| Affordable Housing | Assist in creation and preservation of affordable housing for low income and special needs households through continuation of the Neighborhood and Community Improvement Program (NCIP), rehab of rental units occupied by low income tenants, tenant-based rental assistance (TBRA) rental subsidies, and new construction. |
| Homelessness       | Support activities, consistent with Continuum of Care strategies, to prevent and end homelessness. This includes 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 Facilities  | Improve accessibility for persons with physical disabilities by identifying and repairing intersections for accessibility, mostly through installation of sidewalk curb cuts.  |

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

**ConPlan Goal Outcome Indicators:**

| Goals Summary for 5-Year ConPlan Cycle |                                   |                    |  |  |
|--|-----------------------------------|--------------------|--|--|
| Goal Name                              | Category                          | Needs Addressed    | Estimated Funding For 5-Year Cycle                             | Goal Outcome Indicator   |
| Affordable Housing                     | Affordable Housing                | Affordable Housing | CDBG: \$5,250,000<br>HOME: \$325,000                           | Homeowner housing rehab.:<br><b>200 households</b><br><br>Rental units rehabilitated:<br><b>5 units</b>                                  |
| Homelessness                           | Homeless                          | Homelessness       | CDBG: \$100,000<br>HOME: \$2,500,000<br><br>LOCAL: \$2,628,485 | Homelessness Prevention:<br><b>675 people</b><br><br>TBRA:<br><b>200 households</b><br><br>Case Management Services<br><b>250 people</b> |
| Public Services                        | Non-Homeless Special Needs        | Public Services    | CDBG: \$1,460,000  | Public Service Activities Other than Low/Mod. Income Housing Benefit:<br><b>2,000 households</b>   |
| Fair Housing                           | Non-Homeless Special Needs        | Fair Housing       | LOCAL: \$100,000   | Public Service Activities Other than Low/Mod. Income Housing Benefit<br><b>150 households</b>  |
| Public Facilities                      | Non-Housing Community Development | Public Facilities  | CDBG: \$130,000  | Public Facility or Infrastructure Activities other than Low/Mod. Income Housing Benefit:<br><b>25,000 people</b>                         |

**Annual Action Plan (AAP)**

The 2020-2021 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 ConPlan. The following table details the City's Expected Resources and the projects/activities for the FY2020-2021.

| Source                                  | Uses of Funds   | 2020-2021 Expected Resources Priority Table |                      |                           |              | Narrative Description  |
|---|---|---|----------------------|---------------------------|--------------|--|
|   |   | Annual Allocation<br>\$                     | Program Income<br>\$ | Prior Year Resource<br>\$ | Total:<br>\$ |  |
| CDBG                                    | Acquisition<br><br>Housing Rehabilitation<br><br>Public Improvements<br><br>Public Services<br><br>Administration and Planning  | \$1,039,874                                 | \$400,000            | *\$142,000                | *\$1,581,874 | CDBG funds may be used for:<br>1) land acquisition for affordable housing;<br>2) NCIP program;<br>3) public infrastructure improvements;<br>4) public services;<br>5) administration and planning.   |
| HOME                                    | Acquisition<br><br>Construction and/or rehab of rental units<br><br>Homeowner Rehabilitation<br><br>Tenant Based Rental Assistance<br><br>Administration and Planning | \$433,815                                   | *\$140,000           | *\$1,082,442              | *\$1,656,257 | HOME funds may be used for: 1) TBRA; 2) NCIP program; 3) Rental development; 4) Fair Housing Services; 5) Administration & Planning.<br><br>City expects approx. *\$145,000 of PI in PY19/20. \$14,500 of that will have been drawn for admin in 19/20. That leaves \$130,000 to be programmed in 20/21. Approx. \$100,000 of PI is expected in 20/21. \$10,000 of that will be drawn in 20/21 for admin and remaining balance will carry over to 21/22. This is how the \$140,000 in PI for 20/21 was calculated.<br><br>If 20/21 PI exceeds \$100,000, City will continue using 10% for admin. |
| General Fund                            | Public Services   | \$20,000<br>\$80,000<br>\$5,100             | 0                    | 0                         | \$105,100    | Fair Housing Services<br><br>Tenant-landlord dispute resolution<br><br>United Way 211 referral services  |
| City Affordable Housing Fund (CAHF)     | Public Services   | \$275,697                                   | 0                    | 0                         | \$275,697    | \$160,697 will supplement services in the expanded TBRA program.<br><br>\$115,000 to fund case management services for chronically homeless individuals and families, leveraging housing subsidies from the County Office of Supportive Housing.   |
| Successor Housing Agency Program Income | Public Services   | \$250,000                                   | 0                    | 0                         | \$250,000    | \$110,000 to fund case management services for chronically homeless individuals and families, leveraging housing subsidies from the Office of Supportive Housing.<br><br>\$140,000 to fund case management services for TBRA clients.  |
| Total                                   |   | \$2,104,486                                 | \$540,000            | \$1,224,442               | \$3,868,928  |  |

Note: Numbers highlighted in yellow 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 three or two-year cycle. HUD restricts the amount of funds that can be set aside for Public Service Agencies. Of the \$1.6 million in FY2020-2021 CDBG funds, \$252,027 is set aside for this purpose. Based upon the applications received for the current cycle, staff is recommending the following distribution of funds.

#### Proposed CDGB Funding Distribution to PSAs:

| Public Service Agency                         | Funding Requested | Proposed Funding | # served     |
|---|-------------------|------------------|--------------|
| Bill Wilson Center – Family Therapy           | \$50,000          | \$35,000         | 160          |
| Bill Wilson Center – Family Advocacy          | \$45,000          | \$35,000         | 107          |
| The Health Trust – Meals on Wheels            | \$40,645          | \$27,825         | 20           |
| Santa Clara Senior Center Nutrition Program   | \$24,000          | \$24,000         | 800          |
| SVILC Housing for Persons with Disabilities   | \$20,000          | \$18,000         | 57           |
| Next Door Solutions Crisis & Support          | \$20,000          | \$19,177         | 69           |
| Senior Adult Legal Assistance                 | \$24,000          | \$16,500         | 90           |
| Live Oak Adult Day Services                   | \$20,000          | \$15,000         | 11           |
| Catholic Charities Long-Term Care Ombudsman   | \$15,000          | \$10,000         | 375          |
| Heart of the Valley Volunteer Coordinator     | \$15,000          | \$15,000         | 249          |
| HOPE Educational Services                     | \$74,904          | \$36,504         | 126          |
| YWCA Domestic Violence Services               | \$15,000          | \$0              | n/a          |
| IEP Collaborative – Assist Students with IEPs | \$15,000          | \$0              | n/a          |
| <b>Total:</b>                                 | <b>\$378,549</b>  | <b>\$252,006</b> | <b>2,064</b> |

Attachment A (“Funding Proposals Summary”) provides a more detailed breakdown of the City’s FY20-21 Expected Resources and how staff proposes to spend said resources. Attachment A details the proposed Public Service Agencies and their funding levels as well as funds set aside for Capital Improvements (e.g., the City’s Neighborhood Conservation Improvement Program, Rebuilding Together Minor Home Repair program, City Curb Ramp project, and LifeMoves Generator Purchase project). Further, Attachment A details HOME fund resources and activities that HOME funds will be used to fund.

PSA submissions were ranked based on whether the proposed activity was deemed a high priority in the ConPlan, years of service, amount of funds leveraged, the majority of beneficiaries to be served that were extremely low and low income, and the agency’s history of drawing funds down. Other considerations were number of people served versus amount of funds granted, and whether other agencies provide similar services.

Staff is asking City Council to consider the recommendations and any public comment received in order to direct staff to approve these 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 for FY20/21 are \$1,581,874 in CDBG funds, \$1,656,257 in HOME funds, \$105,100 in General Fund, \$275,697 in the City Affordable Housing Fund and \$250,000 in the Housing Successor Agency Fund. This proposed allocation of the City’s available resources would be used to support the goals set forth in the City’s Consolidated Plan.

The combined (CDBG and HOME) FY 20/21 federal entitlement funds, General Fund, City Affordable Housing Fund and Housing Successor Agency Fund will be incorporated as part of the budget amendments to FY 2020/21 Operating Budget.

**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) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

Preparation of the ConPlan 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 will be held at the March 31, 2020 Council Meeting, and the second will be held on the May 5, 2020 City Council meeting. Comments made at the two public hearings will be noted in the final ConPlan.

The ConPlan will also be made available for public review and comment for a 30-day period from April 1 - May 5, 2020. Noticing of the 30-day public comment period was published on March 12, 2020 in The Santa Clara Weekly. Noticing was also e-blasted to community stakeholders and posted on the City Manager’s blog. The ConPlan 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.

**ALTERNATIVES**

1. Note and File Public Comment on the 2020-2025 DRAFT Consolidated Action Plan and FY2020-2021 Draft Annual Action Plan for U.S. Department of Housing and Urban Development Funds (CDBG & HOME).
2. Approve the DRAFT 2020-2025 Consolidated Plan and FY2020-2021 Draft Annual Action Plan, and direct staff to incorporate all public comments into the Final versions to be presented to City Council on May 5, 2020 prior to submitting to HUD by May 15, 2020.
3. Any other Council direction.

**RECOMMENDATION**

1. Note and File Public Comment on the 2020-2025 DRAFT Consolidated Action Plan and FY2020-2021 Draft Annual Action Plan for U.S. Department of Housing and Urban Development Funds (CDBG & HOME).
2. Approve the DRAFT 2020-2025 Consolidated Plan and FY2020-2021 Draft Annual Action Plan, and direct staff to incorporate all public comments into the Final versions to be presented to City Council on May 5, 2020 prior to submitting to HUD by May 15, 2020.

Reviewed by: Andrew Crabtree, Director of Community Development

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. 2020-2025 DRAFT Consolidated Action Plan
2. 2020-2021 DRAFT Annual Action Plan
3. FY20/21 HUD Funding Proposal - Attachment A
4. Public Comment