



City of Santa Clara

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Agenda Report

21-540

Agenda Date: 5/4/2021

REPORT TO COUNCIL

SUBJECT

Public Hearing: Final version of the FY21/22 Annual Action Plan for the use of Federal Housing and Urban Development Grant Funds

COUNCIL PILLAR

Promote and Enhance Economic, Housing and Transportation Development

BACKGROUND

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 used for the development of affordable housing options.

As an entitlement agency, the City is required to develop a Five-Year Consolidated Plan (ConPlan) that identifies goals and needs within the community that could be addressed through the use of HUD funding. 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 ConPlan. Both documents must be reviewed and approved by HUD in order for the City to receive annual HUD fund allocations.

HUD requires that the public be provided a 30-day public comment period, which began on April 1, 2021, along with two public hearings to provide the opportunity for input on the development of the AAP. One of the public meetings must be during the drafting phase, which was held on March 23, 2021, the second public hearing is May 4, 2021. All public comment will be included in this final version of the AAP, and submitted to HUD for approval on or before May 15, 2021.

DISCUSSION

FY21/22 AAP is a one-year Plan that directs how the HUD funds received by the City will be spent on projects and activities to address the Goals identified in the ConPlan. HUD has announced the Annual Allocations for the 2021 program year. The HOME program expects to receive approximately \$150,000 in Program Income in FY21/22; however only 10% (\$15,000) will be programmed in FY21/22. The remaining Program Income will be programmed in the FY22/23 AAP. The following table summarizes the City's Expected Resources and the projects/activities for the FY2021-2022. Additional detail is provided in Attachment 1 - The 2021-2022 Annual Action Plan.

| | Goal Name | Start Year | End Year | Category | Needs Addressed | Funding | Goal Outcome Indicator |
|---|--------------------|------------|----------|----------------------------|----------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Affordable Housing | 2021 | 2022 | Affordable Housing | Affordability: Affordable Housing | CDBG \$1,189,445 HOME \$1,397,208 HOME \$61,805 | Homeowner housing rehab and project delivery 45 households TBRA 45 households CHDO Housing 1 Household |
| 2 | Homelessness | 2021 | 2022 | Homeless | Availability/ Accessibility: Homelessness | GENERAL \$22,197 CAHF \$225,697 CHSF \$250,000 | Homeless Prevention 63 Homeless Prevention 65 |
| 3 | Public Services | 2021 | 2022 | Non-Homeless Special Needs | Availability/ Accessibility: Public Services | CDBG \$232,829 GENERAL \$72,803 | Public Service Activities Other than Low/Mod. Income Housing Benefit Public Service Activities for Low/Moderate-Income Housing Benefit 1409 & 595 |
| 4 | Fair Housing | 2021 | 2022 | Non-Homeless Special Needs | Availability/ Accessibility: Fair Housing | HOME: \$22,197 | Public Service Activities Other than Low/Mod. Income Housing Benefit Public Service Activities for Low/Mod. Income Housing Benefit 30 |
| 5 | Planning & Admin. | 2021 | 2022 | Planning & Admin. | N/A | CDBG \$301,818 HOME \$58,301 | N/A |

Per HUD requirements, fifteen percent (15%) of HOME funds are reserved for development of affordable housing for a Community Housing Development Organization (CHDO). A CHDO is a private, non-profit, community-based, service organization that develops affordable housing in the local community. HUD also allows for a set percentage of both HOME (10%) and CDBG (20%) funds to be allocated by the local jurisdiction for administrative costs.

Attachment 2, the Annual Action Plan Funding Breakdown, details which programs and activities will be funded with HUD funds and local funds to benefit Santa Clara's low-income population. The Public Service Agencies identified in the proposed distribution are in their second year of a three-year contract with the City to provide such services.

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

Entitlement amounts for FY21/22 are \$1,059,092 in CDBG funds and \$433,011 in HOME funds. The estimated FY20/21 program income for CDBG and HOME that will be programmed is \$450,000 and \$15,000 respectively. This proposed allocation of the City's available HUD funds would be used to support the goals set forth in the City's Consolidated Plan.

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 AAP follows a procedure determined by HUD and includes two public hearings to identify community needs and objectives, and to review priorities for the City's HUD funding allocations. The first public hearing was on the March 23, 2021 Council Meeting, and the second will be held on the May 4, 2021 City Council meeting. Comments made at the two public hearings and during this meeting will be noted in the final AAP.

The AAP is also made available for public review and comment for a 30-day period. Noticing of the 30-day public comment period, which began on April 1, 2021, was published on March 3, 2021 in The Santa Clara Weekly. The AAP was also made available on the City's website, and at public locations including the City Clerk's Office, and the Housing and Community Services Division. Notification of the availability of the AAP was also emailed to interested parties which include local nonprofit agencies.

ALTERNATIVES

1. Approve the FY21/22 Annual Action Plan.
2. Any other Council direction.

RECOMMENDATION

1. Approve the FY21/22 Annual Action Plan, and direct staff to incorporate all public comments into the final version to be submitted to HUD on or before May 15, 2021.

Reviewed by: Andrew Crabtree, Director of Community Development
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. 2021-2022 Annual Action Plan
2. 2021-2022 Annual Action Plan Funding Breakdown (5.4.21)