



Agenda Report

19-085

Agenda Date: 5/7/2019

REPORT TO COUNCIL

SUBJECT

Public Hearing: FY 2019/2020 Final Annual Action Plan for the use of Federal Housing and Urban Development Grant Funds

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 plan 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 two opportunities to offer input on the development of the AAP; once during the development of the draft AAP, and once prior to submission of the final version of the AAP to HUD for review. The first public hearing was held on March 26, 2019, at the City Council meeting. The City Council meeting of May 7, 2019, provides the second public hearing prior to submitting the final version of the AAP to HUD on or before May 15, 2019.

DISCUSSION

On April 15, 2019, HUD announced the FY 2019/2020 CDBG and HOME allocations. Both the Action Plan and "Attachment A" have been updated to reflect the final allocation amounts. Also, the Contingency Provisions were removed from the Action Plan because the amounts have been finalized by HUD.

Based on the allocations combined with carryover funds from prior years, the City is anticipating the following total resources:

RESOURCES	FY 19/20 Entitlement	Prior Year Balance	Est. Program Income CDBG FY19/20 HOME FY18/19	FY19/20 Expected Resources
CDBG funds	\$987,798	\$270,000	\$350,000	\$1,607,798
HOME funds	\$395,531	\$502,506	\$200,000	\$1,098,037

Fifteen percent (15%) of the HOME funds are reserved by HUD for distribution to a Community Housing Development Organization (CHDO). A CHDO is defined as a private, non-profit, community-based, service organization that develops affordable housing in the local community. HUD procedures allow a set percentage of both HOME and CDBG funds to be allocated by the local jurisdiction for administrative costs.

Attachment A ("Funding Proposals Summary") 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 currently under a 2-year contract with the City to provide such services. Fiscal Year 2019/2020 will be the second year of the contract.

The public comment period for the Annual Action Plan was noticed and ran from April 4 - May 7, 2019. The 30-day comment period provides an opportunity for members of the public to comment on the AAP before it is finalized. As of the date of this report staff, has not received any comments on the AAP.

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 FY 2019/2020 are \$1,607,798 in CDBG funds and \$1,098,037 in HOME funds. This proposed allocation of the City's available CDBG and HOME grant and program income funds would be used to support the goals set forth in the City's Consolidated Plan.

In addition, the FY 2019/2020 Recommended Operating Budget includes a \$15,000 one-time General Fund allocation to fund one of the Public Service Agencies as the total requested by Public Service Agencies exceeded the amount of HUD funds available for distribution.

The combined (CDBG and HOME) FY 2019/2020 federal entitlement grants and a one-time General Fund allocation are assumed in the development of the upcoming FY 2019/2020 and 2020/2021 Biennial 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>> or at the public information desk at any City of Santa Clara public library.

Preparation of the AAP 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 was held on the March 26, 2019 Council Meeting, and the second on the May 7, 2019 City Council meeting. Comments made at the two public hearings will be noted in the final AAP.

The AAP was also made available for public review and comment for a 30-day period from April 4 - May 7, 2019. Noticing of the 30-day public comment period was published on March 6, 2019 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, 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. Approve the FY 2019/2020 Annual Action Plan, and direct staff to incorporate all public comments into the final version for submission to the U.S. Department of Housing and Urban Development.
2. Any other Council direction.

RECOMMENDATION

Alternative 1:

1. Approve the FY 2019/2020 Annual Action Plan, and direct staff to incorporate all public comments into the final version for submission to the U.S. Department of Housing and Urban Development.

Reviewed by: Andrew Crabtree, Director of Community Development

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. 2019 Annual Action Plan (FY 2019/2020) FINAL Redline
2. FY19-20 Application Review - Attachment A