



# City of Sunnyvale

## Agenda Item

22-0093

Agenda Date: 10/26/2022

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## REPORT TO HOUSING AND HUMAN SERVICES COMMISSION

### **SUBJECT**

Biennial Review of Priority Needs for Human Services and Recommendation to City Council

### **BACKGROUND**

The City provides grants to eligible human services agencies on a competitive basis pursuant to Council Policy 5.1.3 (*Human Services*), originally adopted in 1981, and amended in 1999 and 2006. Eligible human service agencies are those that provide assistance programs for lower-income clients (a household income of less than 80% of area median income), such as food, legal services, health care, literacy classes, child-care, and so on. Most of the clients served by these programs are seniors, people with disabilities, very low-income households, and homeless persons. The City uses a combination of its annual Community Development Block Grant (CDBG) from the federal government to fund these grants, and a smaller supplemental amount of City General Funds.

Applications for the human services grants are solicited every two years, following hearings held by the Housing and Human Services Commission (HHSC) and City Council to determine the City's current "priority human service needs". Human service grants are awarded conditionally for a two-year period, with the second-year grants conditioned on several factors, such as successful completion of the grant activity in the first year, compliance with the terms of the grant agreement, and availability of federal funding for the second year.

Sunnyvale establishes priority needs to help guide human service grant applications; those priority needs are identified through this hearing process as most deserving of the City's funds designated for human services for the upcoming two years. The total amount of funding requested usually exceeds the amount available by a factor of two or more. It is therefore helpful for applicants to know the priorities so that they better determine if their programs are likely to succeed in receiving a grant through the City's grant program. This program is quite competitive and, typically, not all grant applicants will be funded. Programs that address needs other than the identified priority needs are not excluded from this grant program, although proposals addressing one or more of the priority needs will be awarded more points in the "need" category than those addressing non-priority needs.

After the list of priority needs has been recommended by the HHSC and approved by City Council, staff will issue a request for proposals (RFP) for human services programs funded through both General Fund and CDBG. The key difference in funding source is the dollar amount of the grant (CDBG only funds grants and/or loans exceeding \$25,000), and the ability for the non-profit to manage federal funds vs. local funding. The HHSC will have an opportunity to review and comment on the draft RFP before it is published. After proposals are reviewed by staff for eligibility and issued technical scores by the staff scoring committee, the HHSC will hold at least two public hearings to evaluate the eligible proposals and recommend grant awards to City Council. City Council will consider the recommended grant amounts and make final funding decisions in May 2023.

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In addition to determining the priority needs, City Council has also established a practice of determining the amount of General Funds to be provided for human services grants to supplement the CDBG funds. This process, known as supplemental funding, is described further in the Discussion section of this report.

City Council will consider this item at its November 1, 2022 meeting.

### **EXISTING POLICY**

#### **Council Policy 5.1.3, Human Services**

The City will biennially, prior to adoption of the two-year Resource Allocation Plan, review prevailing conditions of human needs within the City and give appropriate attention to Human Services Policies in the City. The Housing and Human Services Commission, following one or more public hearings, will recommend to City Council priority human service needs for the next two years. Following a public hearing, City Council will adopt a two-year priority of human service needs.

The City seeks to meet as many Human Service needs as possible using its limited available resources. The primary resource utilized for funding human services is the Federal Community Development Block Grant (CDBG) Program, which permits up to 15% of the annual grant entitlement to be utilized for such purposes. The City Council may choose to supplement CDBG funding of human services through the annual budget process.

#### **City's 2020-2025 Consolidated Plan, Strategic Plan-25, Priority Needs**

Goal 3: Other Community Development Efforts

Goal Description: Support provision of essential human services, particularly for special needs populations.

#### **City's 2020-2025 Consolidated Plan, Strategic Plan-45, Goals Summary**

Goal 5: Public Services

Goal Description: Human Services Grants

### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" with the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment. Any future project funded with federal CDBG funding will undergo thorough NEPA review.

### **DISCUSSION**

#### **Part 1. Determining Priority Needs**

Since the majority of human service grants are funded through federal CDBG funds, the funded projects/programs must be consistent with the priority needs outlined in the City's 2020-2025 Consolidated Plan (Con Plan), which is a five-year strategic plan that the U.S. Department of Housing and Urban Development (HUD) requires the City to prepare as a condition of receiving the CDBG grant. The 2020-2025 Con Plan can be found in Attachment 3 to this report. HUD recognizes that the priority needs may change periodically during the five-year term of the Con Plan; therefore, the biennial hearing allows an opportunity for the public and local officials to make adjustments to the

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list of priorities, if needed, to reflect evolving local circumstances. This hearing also provides the public an opportunity to raise any issues that may be relevant to the process of allocating the City's available CDBG and general funds in the coming two years.

The Con Plan, adopted by Council in July 2020, includes the following list of priority needs for human services and prioritized client types:

**Priority Client Types**

Very low-income, extremely low-income, and/or special needs households (e.g., seniors, disabled, homeless persons, children, youth, victims of domestic violence, etc.).

**Priority Needs (Service Types)**

- A. Basic needs (e.g., food, shelter, transportation, health & mental health care, employment assistance/training, childcare, etc.).
- B. After school or intervention programs to provide youth with positive alternatives to drugs, violence, and/or gangs (e.g., recreational, mentoring, educational, and career-building activities).
- C. Mental health, addiction and substance abuse counseling, particularly for youth and those exiting institutions.
- D. Other specialized supportive services as may be requested by the community, such as foreclosure assistance, legal assistance for seniors and others, and other specialized human services, such as those currently supported by the City, or those that may address a new or unmet priority need.

**Part 2. Determining Supplemental Funding Amount**

The second purpose of this hearing is to recommend the General Fund supplemental funding amount for the coming year, in accordance with past Council direction. As noted above, for many years Sunnyvale has provided funding for the human services grants using CDBG and General Funds (supplemental funds). Approximately one-third of the funding for the grants has come from the City's General Fund in recent years.

Following Council direction in 2018, a planned expenditure of \$135,000 annually for human services grants is allocated for each of the next twenty years in the Resource Allocation Plan, including fiscal years (FY) 2023/24 to 2024/25. Council confirms this appropriation annually when adopting the City budget each June and has an opportunity to affirm or modify the amount planned for the coming year during the biennial priority needs hearing. The amount of supplemental and CDBG funds provided for this program in the past five fiscal years, and a five-year average of each, is shown in Attachment 2.

During the previous priority needs hearing in fall 2020, the idea of increasing the biennial supplemental General Fund amount based on increases in population was considered but not formally memorialized for ongoing consideration.

It is important to emphasize that the supplemental funding amount recommended at this time is used for planning purposes only and does not constitute a budget appropriation of any kind. Staff uses the recommended amount approved by City Council in November to indicate in the RFP how much funding of each type (CDBG or General Funds) is estimated to be available for human services

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grants in the coming year. The RFP will emphasize that these amounts are just estimates and could change by the time the City budget is adopted in June 2023. The RFP will further note that any grant award recommendations are contingent on the amount of funding ultimately appropriated by Congress (for the CDBG funds) and City Council (for the General Funds).

### **FISCAL IMPACT**

The recommended alternatives are consistent with the current Adopted Budget and 20-year Resource Allocation Plan, and therefore would have no fiscal impact on the General Fund. The recommended actions are for planning purposes only, to allow staff to solicit funding proposals, while formal appropriations for FY 2023/24 will be presented in the FY 2023/24 Recommended Budget for City Council consideration.

### **PUBLIC CONTACT**

Public contact was made through posting of the Housing and Human Services agenda on the City's official-notice bulletin board, on the City's website, and by making the agenda and report available in the Office of the City Clerk.

### **ALTERNATIVES**

Recommend the City Council:

1. Approve the list of priority needs as stated in the staff report, excerpted from the City's 2020-2025 Consolidated Plan submitted to the Department of Housing and Urban Development.
2. Approve the list of priority needs as stated in the staff report, excerpted from the City's 2020-2025 Consolidated Plan submitted to the Department of Housing and Urban Development, with modifications.
3. Approve supplemental funding in the amount of \$135,000 for human services grants for FY 2023/24 and FY 2024/25.
4. Approve supplemental funding in the amount determined by the Commission for human services grants for FY 2023/24 and FY 2024/25.

### **STAFF RECOMMENDATION**

Recommend to the City Council Alternatives 1 and 3: 1) Approve the list of priority needs as stated in the staff report, excerpted from the City's 2020-2025 Consolidated Plan submitted to the Department of Housing and Urban Development; and, 3) Approve supplemental funding in the amount of \$135,000 for human services grants for FY 2023/24 and FY 2024/25.

The current list of priority needs is broad enough to encompass virtually all types of human services; therefore, modification of the list does not appear to be necessary. Continuing the supplemental funding amount of \$135,000 is recommended because it is consistent with the City's past practice in accordance with City Council direction and with the 20-year Resource Allocation Plan. Staff does not recommend an increase in supplemental General Funds for FY 2023/24 and FY 2024/25 based on City financial projections and recent funding demand.

Prepared by: Leif Christiansen, Housing Programs Analyst  
Reviewed by: Jenny Carloni, Housing Officer  
Reviewed by: Trudi Ryan, Director, Community Development  
Reviewed by: Teri Silva, Assistant City Manager

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Approved by: Kent Steffens, City Manager

**ATTACHMENTS**

1. Reserved for Report to Council
2. Five-Year Human Services Funding Levels
3. Link to Draft 2020-2025 Consolidated Plan