



City of Sunnyvale

Agenda Item

26-0084

Agenda Date: 2/25/2026

REPORT TO HOUSING AND HUMAN SERVICES COMMISSION

SUBJECT

Consider Approval of First Substantial Amendment to the 2025/26 Housing and Urban Development (HUD) Action Plan to Terminate WorkFirst Sunnyvale Project

BACKGROUND

Sunnyvale receives an annual allocation of Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) funds from the federal government to support community development programs and local housing strategies that aim to increase opportunities for low- and very low-income residents. Each year, the City completes an annual Action Plan that acts as an application for funding as well as a budget and strategic document outlining how resources will be utilized in the coming fiscal year. The FY 2025/26 Action Plan was approved by City Council on May 6, 2025 (RTC 25-0551).

The plan included funding the WorkFirst Sunnyvale program, a workforce development program that provided people at risk of or experiencing homelessness with job readiness training, employment support and case management services. The program was implemented by Sunnyvale Community Services (SCS), in partnership with Downtown Streets Team (DST).

As of October 31, 2025, DST ceased operations and the WorkFirst Sunnyvale program can no longer continue. Approximately **\$340,000** in unspent program funds will be uncommitted and made available for future program needs. Because this represents a significant change in program scope, a substantial amendment is required to formally implement this change.

The City Council is scheduled to consider this item on March 24, 2026.

EXISTING POLICY

2025-2029 HUD Consolidated Plan

Goal A: Assist in the creation, improvement, and preservation of affordable housing

Goal B: Alleviation of Homelessness

Goal C: Provide essential human services, particularly for special needs populations

Goal D: Expanding Economic Opportunities

Sunnyvale Housing Element

Policy H-5.13: Housing and Services to Address Homelessness. Participate in the County Collaborative on Affordable Housing and Homeless Issues to support its efforts to prevent and end homelessness. Facilitate and sponsor the provision of permanent supportive housing for homeless people. Support local service providers that offer facilities and support services to homeless individuals and families, and persons at risk of homelessness

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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.

The action is also exempt under the National Environmental Policy Act (“NEPA”) pursuant to 24 CFR section 58.34(a)(1) and (3) as it relates to the development of plans and strategies and is an administrative and managerial activity. Although site-specific projects may be identified in the Action Plan, approval of the Plan does not constitute a formal commitment for those projects.

DISCUSSION

The 2025/26 Action Plan acts as a budget and strategic document outlining how resources will be utilized during the fiscal year. The plan currently includes funding the WorkFirst Sunnyvale program for \$513,534 for FY 2025/26. The program was implemented by SCS, in partnership with DST, and has operated in Sunnyvale for over ten years. It assisted clients with obtaining job skills and employment and/or increasing their earnings in order to obtain housing, stability, and increased self-sufficiency.

In September 2025, SCS told the City that the DST would be ceasing operations on October 31, 2025. In accordance with the City’s service agreement, the Housing Division issued a termination letter that the program would conclude as of the termination date, November 24, 2025. All program related expenses were submitted and reimbursed through this date, totaling an amount of approximately \$160,000. This leaves a remaining balance of approximately \$353,534 from the committed funds.

City staff determined that the most appropriate course of action following the program’s closure is to uncommit the remaining program funds for the remainder of the fiscal year. These funds will be made available for consideration in future Requests for Proposals that the City plans to issue.

The City of Sunnyvale’s Citizen Participation Plan requires that residents be given a meaningful opportunity to participate in the planning, implementation, and assessment of HUD-funded activities. Because the program’s closure represents a significant change in scope, this triggers the need for a **substantial amendment** to the Action Plan. A substantial amendment must follow the same public outreach and engagement process used when the original plan was adopted.

The substantial amendment (Attachment 3) includes two changes. First, it updates the program’s target end date from June 30, 2026, to November 24, 2025. Second, it updates the budget to allow the City to uncommit the remaining **approximately \$353,354**. Again, these funds will remain uncommitted for the rest of FY 2025/26 and will become available for future programming through the City’s next Notice of Funding Availability process occurring in early 2026, which is adopted as part of the FY 2026/27 Action Plan.

FISCAL IMPACT

This action has no impact on the General Fund. Approval of the First Substantial Amendment to the FY 2025/26 Action Plan is required to uncommit the remaining funds previously allocated to the WorkFirst Sunnyvale program. Once uncommitted, these funds will remain available to support future eligible programs.

PUBLIC CONTACT

Public contact was made by posting the meeting agenda on the City's official-notice bulletin board at City Hall. In addition, the agenda and this report are available at the City Hall reception desk located on the first floor of City Hall at 456 W. Olive Avenue, the One-Stop Permit center located on the second floor of City Hall (both during normal business hours), and on the City's website.

ALTERNATIVES

Recommend to City Council:

1. Approve the draft First Substantial Amendment to the FY 2025/26 Action Plan as shown in Attachment 3 of the staff report.
2. Approve the draft First Substantial Amendment to the FY 2025/26 Action Plan with modifications.
3. Do not amend the existing FY 2025/26 Action Plan.

RECOMMENDATION

Recommend to City Council Alternative 1: Approve the draft First Substantial Amendment to the FY 2025/26 Action Plan as shown in Attachment 3 of the staff report.

LEVINE ACT

The Levine Act (Gov. Code Section 84308) prohibits city officials from participating in certain decisions regarding licenses, permits, and other entitlements for use if the official has received a campaign contribution of more than \$500 from a party, participant, or agent of a party or participant in the previous 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html

An "X" in the checklist below indicates that the action being considered falls under a Levine Act category or exemption:

SUBJECT TO THE LEVINE ACT

- Land development entitlements
- Other permit, license, or entitlement for use
- Contract or franchise

EXEMPT FROM THE LEVINE ACT

- Competitively bid contract*
- Labor or personal employment contract
- Contract under \$50,000 or non-fiscal
- Contract between public agencies
- General policy and legislative actions

* "Competitively bid" means a contract that must be awarded to the lowest responsive and responsible bidder.

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Reviewed by: Amanda Sztoltz, Housing Officer
Reviewed by: Trudi Ryan, Director of Community Development

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Reviewed by: Connie Verceles, Deputy City Manager
Approved by: Tim Kirby, City Manager

ATTACHMENTS

1. Reserved for Report to Council
2. Draft Summary of the First Substantial Amendment to the FY 2025/26 Action Plan
3. Draft First Substantial Amendment to the FY 2025/26 Action Plan