



# City of Sunnyvale

## Agenda Item

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### **REPORT TO HOUSING AND HUMAN SERVICES COMMISSION**

#### **SUBJECT**

Consider Approval of the Draft 2025-2030 HUD Consolidated Plan and Draft FY 2025/26 HUD Action Plan

#### **REPORT IN BRIEF**

The City must submit a Consolidated Plan to the U.S. Department of Housing and Urban Development (HUD) every five-years to maintain eligibility for federal funding through the Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) programs. The Consolidated Plan (Attachment 2) sets the goals and priorities for the next five years, specific to issues related to housing and community development. Additionally, and in alignment with the Consolidated Plan, the City must submit an Action Plan (Attachment 3) to HUD every year in order to receive the aforementioned federal entitlement grants and each annual Action Plan is appended to the Consolidated Plan. The Action Plan sets forth the proposed uses of the CDBG and HOME funds projected to be available in the coming fiscal year. Staff recommends that the Housing and Human Services Commission recommend Council approve Alternatives 1 and 3, to adopt the draft 2025-2030 Consolidated Plan, as shown in Attachment 2 and adopt the 2025 Action Plan, as shown in Attachment 3.

The City Council is scheduled to consider this item on May 6, 2025.

#### **BACKGROUND**

As an entitlement city, Sunnyvale receives an annual allocation of federal funds from the Department of Housing and Urban Development (HUD). Every five years, the City must submit a Consolidated Plan to maintain eligibility for Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) funding. Sunnyvale's last Consolidated Plan was approved in 2020 and covered Program Years 2020 through 2024. In addition, each year the City must submit an Annual Action Plan to describe the grantees' local needs and the projects and programs to be funded with the grant funds in the coming fiscal year.

One way to think of the Consolidated Plan and how it relates to each annual Action Plan during its five-year cycle is that the Consolidated Plan is an umbrella document that sets priority needs for the City's federal funding of community development type projects and activities; while the annual Action Plan assists in implementing the goals cited in the Consolidated Plan and describes the activities that will be undertaken to achieve those goals on a yearly basis.

The County of Santa Clara partnered with all County jurisdictions to hire a consultant, Root Policy, to prepare the draft 2025-2030 HUD Consolidated Plan. The process included robust community engagement to establish goals and priorities that will guide the regional utilization of federal funds for the next five years.

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CDBG and HOME funds may be used for eligible community development activities to meet the priority and/or unmet needs, primarily of lower-income residents, described in the City's HUD Consolidated Plan.

CDBG Eligible Uses	HOME Eligible Uses
Activities that "principally benefit" lower-income households, such as: housing rehabilitation, public facilities and infrastructure, public services, energy conservation, economic development and job creation/retention.	Activities that fund lower-income housing efforts: construction, rehabilitation, and acquisition of affordable housing, first-time home buyer assistance, and tenant-based rental assistance.

## **EXISTING POLICY**

### **2023-2031 Housing Element**

- **GOAL HE-1 ADEQUATE HOUSING:** Assist in the provision of adequate housing to meet the diverse needs of Sunnyvale's households of all income levels.
- **GOAL HE-2 HOUSING AFFORDABILITY:** Maximize affordable units to reach the deepest level of affordability, support the provision of rental assistance, and support collaborative partnerships with non-profit organizations, and affordable housing builders.
- **GOAL HE-3 HOUSING CONSERVATION:** Maintain and enhance the condition and affordability of existing housing in Sunnyvale.
- **GOAL HE-5 EQUAL HOUSING OPPORTUNITIES:** Promote equal housing opportunities for all residents, including Sunnyvale's special needs populations, so that residents can reside in the housing of their choice.

### **Human Services Policy 5.1.3**

The City shall make its best efforts to provide supplemental human services, which include but are not limited to emergency services, senior services, disabled services, family services and youth services.

## **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 and 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. All federally funded projects are subject to environmental review under the requirements of the National Environmental Policy Act (NEPA) prior to any commitment of federal funds for expenditures.

## **DISCUSSION**

### **2025-2030 Consolidated Plan**

Root Policy has prepared the draft 2025-2030 HUD Consolidated Plan to assess housing and community development needs, identify goals, and develop strategies for the continued implementation of the City's CDBG and HOME programs for the next five years. The Consolidated Plan (Attachment 2) is a required document for any local jurisdiction that wants to operate a CDBG and/or HOME program.

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*Goals and Objectives*

The goals of the CDBG and HOME programs include but are not limited to: developing viable urban communities by providing decent and affordable housing, providing a suitable living environment, and expanding economic opportunities. The goals are realized by directing funds that are received from HUD to programs, policies, and goals that serve extremely low-, very low-, low-, and moderate-income persons.

The goals established for Sunnyvale's 2025-2030 Consolidated Plan are as follows:

- 1. Affordable Housing**

Support affordable rental housing for lower-income households (e.g., rental unit rehabilitation, rental assistance, home improvement grants/loans, etc.).

- 2. Homelessness**

Help people who are currently homeless or at imminent risk of homelessness through housing opportunity and supportive service programs.

- 3. Other Community Development Efforts**

Support provision of essential human services, particularly for special needs populations, and expand community facilities/infrastructure.

- 4. Expanding Economic Development Opportunities for Lower Income People**

Support economic development activities that promote employment growth and help lower income people secure and maintain jobs through work readiness programs.

The four goals in the draft 2025-2030 Consolidated Plan mirror the goals of the 2020-2025 Consolidated Plan, as there is still work to do on each of the goals, which was reinforced during the regional outreach and engagement process. These goals were used to evaluate funding proposals for FY 2025/26.

*Citizen Participation Process*

Outreach is essential to the City's ability to create an effective plan, and to allocate resources appropriately the City, along with the County of Santa Clara and other local jurisdictions, attempted to reach as many residents as possible during the community engagement process. Several opportunities and various methods for participation and public comment were available throughout the development of the draft FY 2025/26 Consolidated Plan; both on a Sunnyvale specific, and regional (Santa Clara County) level.

First, a Regional Needs Survey was developed and made available to the public between October 29 and December 31, 2024, with 1,718 surveys collected. The survey was available in English, Spanish, Vietnamese, and Chinese. Second, there were pop-up events (including the Sunnyvale Farmers Market), regional forums, focus groups and stakeholder consultations. Lastly, the draft 2025-2030 Consolidated Plan and Action Plans are subject to public hearings, and a 30-day public review period, where the community can provide additional feedback. That feedback will be provided prior to action on this item.

**2025 Annual Action Plan**

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Additionally, the City must submit the 2025 Annual Action Plan, which provides a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used next fiscal year to address the priority needs and specific goals identified by the draft 2025-2030 Consolidated Plan. The draft 2025 Action Plan is a one-year plan to begin implementation of the Consolidated Plan using the direct allocation of federal funding the City will receive in FY 2025/26.

#### *HUD Spending Limits for Public Services and Administration*

HUD regulations limit how much entitlement grantees can allocate for program administration and public (human) services activities. CDBG administration is limited to 20% of annual funds, and public services are limited to 15% of CDBG grant. HOME regulations limit funding for administration to no more than 10% of the entitlement grant.

#### *Funding Estimates*

As shown in the table below, HUD has not yet released the FY 2025/26 allocations so staff has assumed entitlements of the same amount as the previous fiscal year. Last fiscal year, the City received a CDBG grant of \$1,043,481 and a HOME grant of \$377,129. In addition to the estimated FY 2025/26 grant, there is an approximate balance of \$240,000 in CDBG program income from FY 2024/25; this estimate was used to assume the Program Income to be collected during FY 2025/26 which will be deposited into the City's Housing Rehabilitation Revolving Loan Fund. Furthermore, the City also has an unencumbered balance of approximately \$150,000 in Coronavirus Aid, Relief, and Economic Security (CARES) Act (CDBG-CV) funds, which HUD had allocated to local jurisdictions to assist in responding to the COVID-19 pandemic. Should actual funding amounts be greater or less than the estimates, staff will make modifications to final grant amounts based on application ranking.

#### **Total Estimated CDBG and HOME Funds for FY 2025/26**

<b>Available Funds</b>	<b>CDBG</b>	<b>HOME</b>
FY 2025 Entitlement Grant (Estimated)	*\$1,043,481	*\$377,129
FY 2024 Program Income	*\$240,000	*\$100,000
CDBG-CV Unencumbered Funds (CARES Act)	\$150,000	N/A
<b>2025-2026 Total Funds Available</b>	<b>*\$1,433,481</b>	<b>*\$477,129</b>
Unallocated Fund Balance from FY 2024/25	\$102,000	\$514,300
<b>Total Funds for FY 2025/26</b>	<b>*\$1,535,481</b>	<b>*\$991,429</b>

(All amounts preceded with \* are estimates)

#### *Action Plan's Proposed CDBG Activities*

The projects and programs proposed to be funded in FY 2025/26 are shown in Table 2 below and in Attachment 3. These activities are eligible for the indicated funding type and amount recommended, based on federal regulations associated with these grants, and meeting one or more priority needs as identified in the City's draft 2025-2030 Consolidated Plan.

#### **1. Administration and Planning**

Administration includes the City's expenses for staffing and implementing the CDBG and HOME programs, including, but not limited to, public outreach, developing Requests for Proposals, contract management, subrecipient monitoring, program compliance and ongoing communication with the HUD Field Office representatives. This action is capped at 20% of the entitlement grant for CDBG and 10% for HOME.

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## 2. Capital Projects & Economic Development

The “WorkFirst Sunnyvale” Program has been implemented for over ten years by Sunnyvale Community Services, in partnership with Downtown Streets Team. The program provides homeless and at-risk clients with job readiness training, job placement services, career counseling and supportive services. It helps clients obtain long-term employment and/or increase their earnings in order to obtain housing, stability, and increased self-sufficiency. The program qualifies for CDBG funding as a Community-Based Development Organization economic development activity. Staff had recommended funding this program for \$469,950. On March 26, 2025, the Housing and Human Services Commission (HHSC) voted 4-2 to recommend funding the program in-full for \$513,534 (RTC No. 25-0452).

Staff also received an application from Upwards Care, Inc. for CDBG funding to implement their Boost program that would equip low-to-moderate income childcare providers with personalized 1-on-1 coaching and digital tools to optimize operations and revenue. Due to applications exceeding available funding, staff had recommended this program for funding at a decreased funding amount of \$160,000. On March 26, 2025, the HHSC recommended not funding the program.

## 3. Housing Rehabilitation (Owner-Occupied) and Revolving Loan Fund

The Home Improvement Program provides grants and in-kind assistance to lower-income homeowners, including mobile homeowners, for minor home improvements (e.g., energy efficiency upgrades, exterior painting, emergency repairs and disabled access improvements). The Home Access Grant is also available to lower-income renters, with the landlord’s consent. The recommended allocation for home improvement grants minor grant program for next year from staff had been \$150,000, based on funding availability, level of demand for this program in recent years, and actual expenditures in the current fiscal year. On March 26, 2025, the HHSC voted 4-2 to add the remaining Capital Projects funds to this program for a total of \$266,416.

The Revolving Loan Fund is used to operate the City’s in-house Home Improvement Program and provides larger loans for major home repairs to low income homeowners. The recommended allocation for the Revolving Loan Fund is \$240,000 in Program Income (\$100,000 for loans and \$140,000 for Revolving Loan Fund administration).

## 4. Public/Human Services

Public/Human Services grants are on a biennial budget-cycle. Applicants are awarded funding for a two-year period, subject to variations based on final HUD allocations. FY 2025/26 is the first year of the Human Services Grants funding cycle. All four federal funding applicants are recommended to receive funding, with three applicants receiving slightly lower amounts than requested due to budgetary constraints.

The City also uses General Funds to supplement CDBG funding because public services are the most competitive component. The agencies that applied for CDBG funds (grants of \$25,000 or more) are listed in the Action Plan (Attachment 3); while the agencies that applied for General Funds (grants of less than \$24,999) are listed in Attachment 5 as General Fund awards are not a part of the Action Plan and are provided merely as reference to the Council; the final General Fund human services grants to be considered by Council will be included in the recommended budget in June 2025. It should be noted that General Fund Human Service applications received were well under budget, and therefore staff increased the grant limits to \$40,000 per grantee, based on applicant



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feedback that they could scale up (with one program indicating they could only increase by \$34,000).

### *Action Plan Proposed HOME Activities*

#### 1. Tenant Based Rental Assistance Program (TBRA)

FY 2025/26 is the second year of a two-year contract for TBRA administered by Sunnyvale Community Services; all HOME funds outside of administrative services and CHDO (defined below) are allocated towards TBRA. TBRA is a flexible rental subsidy program that assists individual households afford the cost of their rental unit. The level of TBRA assistance varies, as the subsidy amount is based upon the income of the household (client pays 30 percent of household income) and the maximum term of the program is two years. Each TBRA participating household is directly referred from Sunnyvale Community Services or Downtown Streets Team and will receive case management during their term in the TBRA program.

#### 2. Community Housing Development Organization

At least 15 percent of HOME funds must be set aside for specific activities to be undertaken by a special type of nonprofit called a Community Housing Development Organization (CHDO). A CHDO is a private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves. To qualify for designation as a CHDO, the organization must meet certain requirements pertaining to their legal status, organizational structure, and capacity and experience. There are currently no CHDOs in Sunnyvale that can apply for HOME funds; therefore, the set aside remains in the City's Action Plan as unallocated until an eligible CHDO applies in future program years.

### *Coronavirus Aid, Relief, and Economic Security (CARES) Act (CDBG-CV)*

In FY 2019/20, special CDBG funds were allocated to the City through the CARES Act, a Federal financial assistance program. The program funding responded to the impacts of COVID-19 in the local community. The City has \$150,000 left of its allocation and made these funds available through the competitive RFP process; any awarded funds must be expended by June 2026. The City received one application for these funds which is for the Year-Round Food Assistance operated by Sunnyvale Community Services. Since the COVID-19 pandemic, demand for the program continues to increase making it eligible for CDBG-CV funds to respond to ongoing financial effects of the pandemic. It is important to reiterate that the CDBG-CV funds are separate from the regular annual entitlement grant funds. The City will reflect this award in the 2020 Action Plan, as required by HUD; these funds will not be reflected in the 2025 Action Plan.

### **Sunnyvale FY 2025/26 CDBG & HOME Recommendations**

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Agency	Program	Funding Recommendation				
		Staff				HHSC
		CDBG	CDBG-GE	General Fund	HOME	
City of Sunnyvale	Admin	\$ 182.18	\$ -	\$ -	\$ 37.00	\$ 219.1
Project Sentinel	Fair Housing	\$ 26.41	\$ -	\$ -	\$ -	\$ 26.41
City of Sunnyvale	Housing Improvement					
	Minor	\$ 150.00	\$ -	\$ -	\$ -	\$ 266.4
City of Sunnyvale	Revolving Loan Fund -					
	Program	\$ 100.00	\$ -	\$ -	\$ -	\$ 100.0
City of Sunnyvale	Revolving Loan Fund -					
	Admin	\$ 140.00	\$ -	\$ -	\$ -	\$ 140.0
Various	Public Services	\$ 156.45	\$ -	\$ -	\$ -	\$ 156.4
Sunnyvale Community	Workforce	\$ 469.95	\$ -	\$ -	\$ -	\$ 513.5
Upwards	Boost	\$ 160.00	\$ -	\$ -	\$ -	\$ -
Sunnyvale Community	Food Pantry	\$ -	\$ 150.00	\$ -	\$ -	\$ 150.0
Sunnyvale Community	Service Based Rental Assistance	\$ -	\$ -	\$ -	\$ 1,000.00	\$ 1,000.0
N/A	CHDO Set Aside	\$ -	\$ -	\$ -	\$ 52.50	\$ 52.50
City of Sunnyvale	General Fund Public Services*			\$ 194.00	\$ -	\$ 194.0
<b>TOTAL</b>		<b>\$ 1,385.00</b>	<b>\$ 150.00</b>	<b>\$ 194.00</b>	<b>\$ 1,089.50</b>	<b>\$ 2,818.5</b>

\*General Fund Public Services are not included in the Action Plan

### Federal Funding Uncertainty

In light of funding and budget uncertainty at the Federal Government level, staff has included two recommendations as to how the City can handle a scenario in which federal CDBG and HOME funds are substantially reduced or completely removed. While the City has not received any direct correspondence on reduction in these grants, based on the instability and proposed desires to cut federal budgets, the City Council will consider proactive decision making on backfilling federal funds with General Fund in order for the projects proposed in the Action Plan to move forward. Alternatives 3 and 4 provide options to backfill General Fund or to not backfill General Fund.

### Next Steps

If adopted by the City Council, staff will submit the plans to HUD for final approval before May 15, 2025. From there, City staff will enter into funding contracts with each grantee for programs to start on July 1, 2025.

### FISCAL IMPACT

Approval of the 2025/26 Action Plan and 2025-2030 HUD Consolidated Plan is necessary for the City to receive two federal grants (CDBG and HOME) next fiscal year. The recommended funding allocations in the Action Plan make use of these grant funds and related program income for various purposes consistent with the grant program regulations. Expenditure of these federal funds is necessary to meet timeliness requirements. The adoption of the Action Plan and Consolidated Plan has no direct impact on the General Fund.

Should the City have complete or substantial loss of HUD CDBG and HOME funds in FY 2025/26, and direct staff to backfill these federal funds using local General Funds, the impact to the General Fund would be up to approximately \$1,430,000. This amount is equal to the estimated CDBG and HOME entitlement allocations and does not include unencumbered funds as they are already in the City's accounts from prior years.

### PUBLIC CONTACT

Public contact was made by posting the Council meeting agenda on the City's official-notice bulletin board at City Hall, at the Sunnyvale Public Library and in the Department of Public Safety Lobby. In

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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 (during normal business hours), and on the City's website.

Per HUD requirements, a 30-day public comment period on the draft 2025-2030 Consolidated Plan and draft 2025 Action Plan will begin on April 4, 2025, as advertised in the *Sunnyvale Sun*. A copy of the Draft documents will be available for public review on at the One-Stop Permit Center in City Hall, in the Sunnyvale Library, and online at

<https://www.sunnyvale.ca.gov/homes-streets-and-property/housing>

### **ALTERNATIVES**

Recommend that the City Council:

1. Adopt the draft 2025-2030 HUD Consolidated Plan and 2025/26 Action Plan as show in Attachments 2 and 3 to this report.
2. Adopt the draft 2025-2030 HUD Consolidated Plan and 2025/26 Action Plan as show in Attachment 2 and 3 to this report with modifications.

*Due to federal funding uncertainty, should CDBG and HOME HUD funds be eliminated or substantially reduced, the City shall:*

3. In the event that CDBG and/or HOME funds are eliminated or substantially reduced, backfill all HUD funds identified in the 2025/26 Action Plan with General Fund.
4. In the event that CDBG and/or HOME funds are eliminated or substantially reduced, do not backfill any HUD funds identified in the 2025/26 Action Plan with General Fund and include a grantee contract clause that funds shall not be reimbursed until HUD funds are made available to the City.

### **STAFF RECOMMENDATION**

Recommend to Council Alternatives 1 and 3: Adopt the draft 2025-2030 HUD Consolidated Plan and 2025/26 Action Plan as show in Attachments 2 and 3 to this report and backfill all HUD funds identified in the 2025/26 Action Plan with General Funds.

Approval of the Action Plan and Consolidation Plan will allow the City to receive the 2025 CDBG and HOME grants and use them to address local needs for affordable housing and related programs, consistent with the 2025-2030 Consolidated Plan.

Backfilling all HUD funds identified in the 2025/26 Action Plan with General Fund will continue to provide support these ongoing programs and allow them to continue to serve some of the most vulnerable households in our community.

### **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](http://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



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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: Trudi Ryan, Director, Community Development  
Reviewed by: Kurtis Mock, Budget Manager  
Reviewed by: Matt Paulin, Director of Finance  
Reviewed by: Sarah Johnson-Rios, Assistant City Manager  
Approved by: Tim Kirby, City Manager

**ATTACHMENTS**

1. Reserved for Report to Council
2. Link to Draft 2025-2030 HUD Consolidated Plan
3. Link to Draft 2025 HUD Action Plan
4. Excerpt Draft Minutes of Housing and Human Services Commission Meeting of March 26, 2025
5. General Fund Human Services Proposals and HHSC Recommendations