



City of Sunnyvale

Agenda Item

26-0383

Agenda Date: 4/14/2026

REPORT TO HOUSING AND HUMAN SERVICES COMMISSION

SUBJECT

Consider Approval of Draft 2026 Housing and Urban Development (HUD) Action Plan

REPORT IN BRIEF

The City must submit an Action Plan (Attachment 2) to HUD every year in order to receive its federal Community Development Block Grant (CDBG) and HOME entitlement grants. 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 that Council approve Alternative 1, to adopt the draft 2026 Action Plan, as shown in Attachment 2.

The City Council is scheduled to consider this item on May 5, 2026.

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 2025 and covers program years 2025 through 2030 (RTC No. 25-0551). 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.

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.

The Action Plan is comprised of all grants and loans recommended by the City for funding for the upcoming fiscal year. Funding recommendations are made following a competitive funding application cycle, reviewed by the Housing and Human Services Commission (HHSC) for consideration during the March 25, 2026 meeting (RTC No. 26-0145). During that meeting, the HHSC recommended funding of the grants shown in this Action Plan (Attachment 2); those funding recommendations are reflected in the staff recommended Action Plan which is submitted to HHSC for a recommendation to Council and then Council action. The locally approved Action Plan must be submitted to HUD by May 15, 2026. Upon HUD approval, the annual Action Plans are appended to the five-year Consolidated Plan.

EXISTING POLICY

2025-2030 HUD Consolidated Plan

- **Goal A** Assist in the creation, improvement, and preservation of affordable housing for lower-income and special needs households.

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- **Goal B** Alleviation of Homelessness.
- **Goal C** Support provision of essential human services, particularly for special needs populations.
- **Goal D** Expanding Economic Opportunities.

2023-2031 Housing Element

GOAL H-1 PROVISION OF ADEQUATE HOUSING SITES - Provide adequate sites for the development of new housing through appropriate land use and zoning to address the diverse needs of Sunnyvale's residents and workforce.

GOAL H-2: AFFORDABLE HOUSING AND HOME BUYER ASSISTANCE - Assist in the provision of affordable housing to meet the diverse needs of Sunnyvale's lower- and moderate-income households.

GOAL H-3: HOUSING CONSERVATION AND MAINTENANCE - Maintain and enhance the condition and affordability of existing housing in Sunnyvale.

GOAL H-5: EQUAL HOUSING OPPORTUNITIES AND SPECIAL NEEDS - Promote equal housing opportunities for all residents, including Sunnyvale's special needs populations, so that residents can reside in the housing of their choice.

Council Policy Manual

5.1.3 Human Services

- 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

Action Plan

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 achieved by directing funds that are received from HUD to programs and activities and that serve extremely low-, very low-, low-, and moderate-income persons.

When developing the draft Action Plan, staff analyzed the City's ongoing programs eligible for CDBG and/or HOME funds, such as the Home Improvement Program and Tenant Based Rental Assistance (TBRA), and sought proposals from the community for programs and projects to be funded with

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available CDBG and HOME funds in the coming fiscal year.

Funding requests for CDBG public (human) services and HOME TBRA are considered on a competitive basis every two years, with conditional funding awards covering a two-year term; CDBG capital project proposals are considered annually.

In January 2026, the City released a Request for Proposals (RFP) for FY 2026/27 CDBG capital funds and an RFP for FY 2026/27 and 2027/28 HOME TBRA & the HOME American Rescue Plan funds. The City received two applications for CDBG capital funds and two applications to administer the HOME TBRA program as described below. Existing human services providers will continue into the second year of their two-year funding cycle through FY 2026/27.

Funding Estimates

As of the date of this report, HUD has not yet released the FY 2026/27 allocations; therefore, staff has assumed entitlements of the same amount as the previous fiscal year. Last fiscal year, the City received a CDBG grant of \$1,038,891 and a HOME grant of \$383,900.

Prior Year Fund Balance

The City also has a prior year fund balance, including \$704,892 in CDBG entitlement grant funds and \$927,785 in HOME grant funds.

The CDBG balance includes unexpended funds from prior-year programs, including the WorkFirst program following the agency's closure in early 2025, as well as any program income received in the current fiscal year that will carry forward to the next fiscal year.

The HOME balance includes unexpended TBRA funds from prior-years, as well as required Community Housing Development Organization (CHDO) set-aside funds that have remained uncommitted to a project each year because the City does not have a valid CHDO eligible to apply. The CHDO set-aside is further explained later in the report.

Estimated Program Income

In addition to the estimated FY 2026/27 grant, the City expects to receive approximately \$150,000 in CDBG program income and \$50,000 in HOME program income. These estimates are based on recent program income trends, including revenue generated through the City's Housing Rehabilitation Revolving Loan Fund funded by CDBG funds.

HOME-ARP

In addition to these funds, the City also has set-aside funds from the HOME American Rescue Plan (HOME-ARP) program, which was allocated by HUD to local jurisdictions to assist in responding to the COVID-19 pandemic in 2021. Staff plans to use an estimated \$792K of these funds in year two of the TBRA program cycle.

Should actual FY 2026/27 entitlement allocations differ from current estimates, staff will adjust final awards amounts based on application rankings.

Table 1

Total Estimated CDBG Funds for FY 2026/27

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Available Funds	CDBG
FY 2026/27 Entitlement Grant (Estimated)	*\$1,038,891
Prior Year Fund Balance	*704,892
FY 2026/27 Program Income	*150,000
Total Funds for FY 2026/27	*\$1,893,783

**Amounts are estimates*

Total Estimated HOME Funds for FY 2026/27

Available Funds	HOME
FY 2026/27 Entitlement Grant (Estimated)	*\$383,900
Prior Year Fund Balance	*\$927,785
FY 2026/27 Program Income	*50,000
Available HOME-ARP Funds	\$792,775
Total Funds for FY 2026/27	*\$2,153,560

**Amounts are estimates*

Action Plan’s Proposed CDBG Activities

The projects and programs proposed to be funded in FY 2026/27 are shown in Table 2 below and in Attachment 2. 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 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.

2. Capital Projects & Economic Development

Rebuilding Together Silicon Valley

Staff received an application from Rebuilding Together Silicon Valley for the Repair and Accessibility Modification Services Program. The program proposes to serve 13 low- and moderate-income owner-occupied homeowners by providing rehabilitation work focused on accessibility and safety repairs.

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Typical projects involve accessibility ramp installation, exterior painting, stair repairs, deck and porch repairs, debris removal, and deferred maintenance repair work occurring on two rebuilding days each year involving a large community of volunteers. The program will help preserve the City's existing housing stock by maintaining natural affordable homes and enabling residents, particularly seniors and individuals with disabilities, to safely age in place. The program would complement the City's existing CDBG-funded Home Improvement Program, allowing the program to focus on high-demand grants for roof replacement and emergency rehabilitation.

Staff recommended funding this program in-full for \$200,000 to HHSC on March 25, 2026. The Commission voted 4-1, with one Commissioner absent, to recommend Alternative 2, directing staff to negotiate a revised funding amount with Rebuilding Together Silicon Valley, not to exceed the total CDBG funds available (RTC No. 26-0145). Rebuilding Together Silicon Valley confirmed its capacity to expand the program and serve up to 32 households with additional funding; the revised award of \$483,788 is reflected in the Action Plan.

Upwards Care, Inc.

Staff also received an application from Upwards Care, Inc. to continue their Boost Program under the CDBG economic development category. The program has been implemented for one year and equips low- to moderate-income childcare providers with personalized 1-on-1 coaching and digital tools to optimize operations and revenue. In addition to personalized market outreach and technical assistance with access to a platform for families to find their services, some providers are able to create additional jobs, increasing their ability to care for more children. The program has assisted 8 microenterprise home daycare providers in their first year of operation. For the next fiscal year, the agency proposes to assist an additional 13 providers with the requested funding amount. Staff recommended funding this program in-full for \$119,000 to HHSC on March 25, 2026. The Commission voted 4-1, with one Commissioner absent, to recommend Alternative 2, directing staff to negotiate a revised funding amount with Upwards Care, Inc., not to exceed the total CDBG funds available (RTC No. 26-0145).

Upwards Care, Inc. confirmed its capacity to expand the program to serve up to 60 microenterprise home daycare providers with additional funding; the revised award of \$552,000 is reflected in this Action Plan.

In recommending Alternative 2, the Commission directed staff to engage both capital project applicants to assess the feasibility of scaling their programs to fully expend the available CDBG capital funds. Based on positive discussions with both of the organizations, staff has updated the recommended funding for each agency (see Table 2 below).

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., roofs, 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 staff recommended allocation for the home improvement minor grant program for next year is \$200,000, based on funding availability, level of demand for this program in recent years, and actual expenditures in the current fiscal year.

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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 awarded on a biennial funding cycle, with two-year awards subject to adjustments based on final HUD allocations. FY 2026/27 represents the second year of the Human Services Grants funding cycle. Based on performance to date, including demonstrated outcomes, contract fulfillment, and available funding, staff recommend continued funding for all four federally funded programs. Each program is proposed to receive slightly higher amounts in Year 2 to optimize the public services cap, which includes both 15 percent of the annual entitlement and 15 percent of the program income.

Action Plan's Proposed HOME Activities

1. Tenant Based Rental Assistance Program (TBRA)

FY 2026/27 will mark the first year of a new two-year contract for the HOME TBRA program. An RFP process was conducted to select a program administrator, with staff recommending Sunnyvale Community Services to HHSC on March 25, 2026.

HOME funds, aside from City administrative costs, and CHDO set-aside (defined below) are allocated towards operating a TBRA at \$1 million in rental subsidy per year. TBRA is a flexible rental subsidy program that assists low-income 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. The City typically provides \$350,000 for operation of the TBRA program in non-federal City funds.

2. Community Housing Development Organization

Federal regulations require that 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. The set-aside funds may be reprogrammed if not committed within the two years. The prior year fund balance in Table 1 includes funds that are expected to be released.

HOME American Rescue Plan Program (HOME-ARP)

In FY 2021/22, special HOME funds were allocated to the City through the American Rescue Plan Act to address the economic impacts of COVID-19 on housing stability. The City has HOME-ARP funds remaining from that allocation.

To maximize impact and maintain program continuity, the City included HOME-ARP funding in the TBRA RFP to support the program at its current scale. All HOME-ARP funds must be expended by September 2030. The allocation and use of some of these funds is reflected in the FY 2026/27 Action Plan.

Table 2
FY 2026/27 CDBG & FY 2026/27 - 2027/28 HOME Recommendations

Agency	Program	Original Recommend Funding		Updated Recommended Funding	
		CDBG	HOME & HOME-ARP	CDBG	HOME & HOME-ARP
City of Sunnyvale	Admin	\$ 211,363	\$ 38,390	\$ 211,363	\$ 38,390
Project Sentinel	Fair Housing	\$ 26,415	\$ -	\$ 26,415	\$ -
City of Sunnyvale	Housing Improvement Program	\$ 200,000	\$ -	\$ 200,000	\$ -
City of Sunnyvale	Revolving Loan Fund	\$ 100,000	\$ -	\$ 100,000	\$ -
City of Sunnyvale	Revolving Loan Fund - Admin	\$ 140,000	\$ -	\$ 140,000	\$ -
Various	Public Services	\$ 180,217	\$ -	\$ 180,217	\$ -
Rebuilding Together	Repair and Accessibility Modifications	\$ 200,000	\$ -	\$ *483,788	\$ -
Upwards	Boost	\$ 119,000	\$ -	\$ *552,000	\$ -
Sunnyvale Community Services	Tenant Based Rental Assistance	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000
N/A	CHDO Set Aside	\$ -	\$ 115,170	\$ -	\$ 115,170
Total		\$ 1,176,995	\$ 2,153,560	\$ 1,893,783	\$ 2,153,560

**The recommend funding amounts for Rebuilding Together Silicon Valley and Upwards Care, Inc. reflect revised allocations based on staff discussions with each agency to determine capacity for additional CDBG funding and allocate remaining funds accordingly, consistent with HHSC's recommendation (RTC No. 26-0145). With additional funding, Rebuilding Together Silicon Valley will serve 32 households, and Upwards Care, Inc. will serve 60 childcare providers.*

Next Steps

If adopted by both HHSC and City Council, staff will submit the Action Plan to HUD for final approval. From there, City staff will enter into contracts with each grantee with funding to start on July 1, 2026.

FISCAL IMPACT

Approval of the FY 2026/27 Action 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 has no direct impact on the General Fund.

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

In accordance with HUD requirements, a 30-day public comment period for the draft FY 2026/27 Action Plan will begin on April 6, 2026, with notice published in the *Sunnyvale Sun*. The First Public Hearing, presenting the draft Action Plan will be presented to the Housing and Human Services Commission on April 14, 2026, and to the City Council on May 5, 2026, which will serve as the final public hearing.

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

1. Adopt the draft 2026/27 HUD Action Plan as shown in Attachment 2 to this report.
2. Adopt the draft 2026/27 HUD Action Plan as shown in Attachment 2 to this report with modifications..

RECOMMENDATION

Recommend to Council Alternative 1: Adopt the draft 2026/27 HUD Action Plan as shown in Attachment 2 to this report.

Approval of the Action Plan will allow the City to receive the 2026 CDBG and HOME grants and use them to address local needs for affordable housing and related programs, consistent with the 2025-2030 Consolidated Plan.

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

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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: Susan Yoon, Assistant City Attorney
Reviewed by: Connie Verceles, Deputy City Manager
Approved by: Tim Kirby, City Manager

ATTACHMENTS

1. Reserved for Report to Council
2. Draft 2026 HUD Action Plan
3. Excerpt Draft Minutes of Housing and Human Services Commission Meeting of March 25, 2026