



City of Sunnyvale

Agenda Item

19-0990**Agenda Date: 11/20/2019**

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

Consider Approval of the 2019 Housing and Urban Development (HUD) Draft Amended Action Plan

BACKGROUND

HUD requires entitlement grantees (i.e., cities, counties and states) to submit an application, referred to as a Consolidated Plan, every five years, to maintain eligibility for CDBG and HOME Program grants. Sunnyvale's last Consolidated Plan was approved in 2015 and covers fiscal years 2015/16 through 2019/20. In addition, every year entitlement grantees must submit an annual "Action Plan" to HUD for its approval to obtain the grant for the coming fiscal year. Action Plans are required to describe the grantees' local needs and the projects and programs to be funded with the grant funds in the coming fiscal year. Upon HUD approval, the annual Action Plans are appended to the five-year Consolidated Plan. The 2019 Action Plan, including any subsequent Amendments, will be the final Action Plan to be added to the City's 2015-2020 Consolidated Plan. On May 7, 2019, the City Council approved the City's 2019 Annual Action Plan (RTC No.19-0510). The Annual Action Plan was then submitted to HUD for final review, and was approved in October 2019.

CDBG and HOME Programs

The CDBG program was established by the Housing and Community Development Act of 1974, Public Law 93-383; and the HOME Program was established by the National Affordable Housing Act of 1990. These programs provide annual grants to jurisdictions to enable them to "develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for low and moderate-income persons." CDBG regulations define "low and moderate" as households earning not more than 80% of area median household income, or what the City and the State of California refer to as "lower-income households". The CDBG and HOME lower-income limits are established annually by HUD and is currently set at \$94,450 for a household of four in the Sunnyvale-San Jose metropolitan area, with adjustments for larger or smaller households. To be eligible for most types of CDBG or HOME assistance, the household's gross annual income cannot exceed that amount.

EXISTING POLICY: 2015-2020 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.

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. The action is also exempt under the National Environmental Policy Act (“NEPA”) pursuant to 24 CFR 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

Since the approval of the Action Plan, the City has been notified that a large payment from a past CDBG loan will be made in November 2019. This payment will be considered Program Income and needs to be reallocated and spent by April 2020, making it an extremely time sensitive item. The reallocation of Program Income triggers an amendment to the Annual Action Plan, described below.

Supplemental Funding and Amendment to the Action Plan

The City is set to receive approximately \$930,000 in CDBG Program Income resulting from the sale of a Sunnyvale Community Services (SCS) property, originally purchased in part with a CDBG loan. The sale will close escrow on November 26, 2019. When the City was first notified of the pending sale, staff released an RFP to determine how to spend the anticipated funds. This program income requires an Amendment to the FY 2019/20 Action Plan, since a project that was not previously cited in the approved 2019 Action Plan may be added this year. The process for an Amendment requires the same level of public outreach and engagement as the original Action Plan.

The City released the Supplemental CDBG Request for Proposals (RFP) on September 27, 2019, and received one proposal. The proposal was for acquisition of a new public facility submitted by Sunnyvale Community Services. A ranking committee of four Sunnyvale staff members reviewed and ranked the proposal and eventually recommended that the proposal be funded in full. The Housing and Human Services Commission recommended funding this proposal on October 23, 2019 (Attachment 4). Based on this recommendation, the proposed project to be funded has been added to the 2019 Amended Action Plan (Attachment 3) and summarized for convenience in Attachment 2.

Proposed CDBG Activity to be Funded

The project proposed to be funded through the Amended Action Plan is shown in Table 1 below. The activity is eligible for CDBG funding based on federal regulations associated with the funding source, and meets one or more priority needs as identified in the City’s 2015-2020 Consolidated Plan.

Capital Projects & Economic Development

Sunnyvale Community Services (SCS), a local non-profit organization with a mission to prevent homelessness and hunger in the local community applied for \$900,000 to support the acquisition of a new, larger facility within the boundaries of the City of Sunnyvale. Per HUD’s definition, the request from SCS is classified as “Acquisition of a Public Facility.” The new, larger facility will enhance and expand SCS’s ability to provide services and support to their clients, and provide additional space for staff to administer the wide-range of services SCS provides to the community.

19-0990

Agenda Date: 11/20/2019

Table 1

Agency Name	Program	Funding Requested	Staff Recommendation
Sunnyvale Community Services	Acquisition of Public Facility	\$900,000	\$900,000
Total Funding Recommendation			\$900,000
Total Funds Available			Approx. \$930,000
Remaining Funds*			\$30,000

*Remaining funds will be allocated toward Consolidated Plan preparation costs.

FISCAL IMPACT

Approval of the Amended Action Plan is necessary for the City to continue receiving federal grants. Once Program Income is received, it must be allocated and spent promptly, and spent prior to drawing any funds from the entitlement grants. The recommended funding allocation in the Amended Action Plan makes use of the Program Income, consistent with CDBG program regulations. Expenditure of these federal funds is necessary to meet timeliness requirements. There is no impact to the General Fund.

PUBLIC CONTACT

Public contact was made by posting the Housing and Human Services Commission's agenda on the City's official notice bulletin board and on the City's website. Notice of public hearings, including the 30-day public comment and review period, was posted at City Hall and published in the *Sunnyvale Sun* newspaper on November 8, 2019. A draft Amended Action Plan was made available for public review at the One Stop Counter at City Hall, at the Sunnyvale Library, and on the City's website for the required minimum 30-day review period prior to City Council action.

ALTERNATIVES

Recommend to City Council:

1. Approve the 2019 Amended Action Plan as shown in Attachment 3 of the staff report.
2. Approve the 2019 Amended Action Plan as shown in Attachment 3 of the staff report with modifications.

RECOMMENDATION

Recommend to Council Alternative 1: Approve the 2019 Amended Action Plan as shown in Attachment 3 of the staff report.

Approval of the Amended Action Plan will allow the City to allocate the Program Income received during program year 2019, and use it to address local needs for affordable housing and related programs, consistent with the 2015-2020 Consolidated Plan. The City Council will hold a public hearing to consider the 2019 Amended Action Plan on December 10, 2019. Once approved, staff will forward the Amended Action Plan to HUD no later than December 11, 2019 to allow funds to be quickly disbursed prior to closure of escrow of the SCS Public Facility. Failure to approve the Amended Action Plan could result in the City being in default of timeliness requirements per HUD's regulations in April 2020.

Prepared by: Leif Christiansen, Housing Programs Analyst

Reviewed by: Jenny Carloni, Housing Officer

19-0990

Agenda Date: 11/20/2019

Reviewed by: Teri Silva, Assistant City Manager
Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Reserved for Report to Council
2. Draft Summary of 2019 Amended Action Plan
3. Draft 2019 Amended Action Plan
4. HHSC October 23, 2019 Draft Minutes (excerpt)