



File #: 16-0743, Version: 1

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 providing assistance programs for lower-income clients (those with 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. Historically the City has used a portion of its annual Community Development Block Grant (CDBG) from the federal government to fund these grants, although in more recent years, City General funds have also been used.

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." 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 funding for the second year.

The priority needs are those identified through this hearing process as most deserving of the City's funds designated for human services. The total amount of funding requested usually exceeds the amount available by a factor of two or more, so it is helpful to let applicants know what the priorities are, so they may determine if their programs are likely to succeed in receiving a grant through the City's funding opportunity. 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 funding opportunity, 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 serving the priority needs, and will begin reviewing proposals in early 2017. 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 several 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 2017.

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 is known as supplemental funding, and this process is described further in the Discussion section of this report.

City Council will consider this item at its November 15, 2016 meeting.

EXISTING POLICY

Human Services Policy 5.1.3

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) 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.

2015-2020 HUD Consolidated Plan

Goal C, Action 1: Support provision of essential human services, particularly for special needs populations.

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.

DISCUSSION

Part 1. Determining Priority Needs

The use of CDBG funds, which comprised about 61% of the funding for human services grants in the last two-year cycle (2015 and 2016), must be consistent with the City's 2015-2020 Consolidated Plan (ConPlan), 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 ConPlan 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 (seniors, disabled, homeless persons, children, youth, victims of domestic violence, etc.).

Priority Needs (Service Types)

- A. Basic needs (such as food, shelter, transportation, health & mental health care, employment assistance/training, child care, 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.

At the last priority needs hearings, held in late 2014, the HHSC and Council reaffirmed the above list of priority needs, consistent with the Consolidated Plan (ConPlan). The ConPlan is a five-year plan the City prepares to remain eligible for two annual federal grants: the CDBG and HOME grants, which provide a total of about \$1.2 million annually to the City, much of which is passed through to local non-profits. The ConPlan describes various affordable housing, human services, and community development activities the City plans to design and fund with these two grants over the five-year period.

One purpose of the current hearings is to determine whether this list of priority needs should continue to be implemented for the next two-year funding cycle, or if it should be modified or updated in any way prior to solicitation of proposals. Another purpose of the hearings is to provide City Council an opportunity to indicate how much General Fund monies to target for human services funding in the upcoming fiscal year ("supplemental funding"), either \$100,000, as shown in the current Projects Budget and annually in the 20-year Resource Allocation Plan (RAP), or a different amount.

HUD recognizes that the priority needs may change periodically during the 5-year term of the ConPlan; therefore, the biennial hearing allows an opportunity for the public and local officials to make adjustments to the list of priorities if needed to reflect evolving local circumstances. This hearing also allows the public an opportunity to raise any issues that may be relevant to the process of allocating the City's available CDBG funds in the coming two years.

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 prior years to include a planned expenditure of \$100,000 annually for human services grants for each of the next twenty years in the RAP. 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 hearings. In the last two-year funding cycle, for fiscal years 2015-16 and 2016-17, Council approved \$135,000 in supplemental funding for each of the two years. 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 1.

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

grants in the coming year. The RFP emphasizes that these amounts are just estimates, and could change by the time the City budget is adopted in June, and 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).

The amount of supplemental funding indicated in the RAP for FY 2017-18 and subsequent years is \$100,000, however this figure is just an estimate used for long-range planning purposes, and the formal appropriation, which could be higher or lower than this amount based on fiscal conditions at the time of the budget hearings, does not occur until the budget for each fiscal year is adopted in June of each year.

Last year, the HHSC proposed a budget issue suggesting that the supplemental funding amount shown in the Resource Allocation Plan (RAP) should be indexed to the consumer price index (CPI) to adjust for inflation. This suggestion was considered during the City's FY 2016/17 Budget hearings as Budget Supplement No. 6, and was deferred to the FY 2017/18 budget deliberations, which will occur in May 2017.

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 Fiscal Year 2017/18 will be presented in the FY 2017/18 Recommended Budget for City Council consideration.

PUBLIC CONTACT

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

ALTERNATIVES

1. Recommend to City Council the list of priority needs as shown above, excerpted from the 2015-2020 ConPlan.
2. Recommend to City Council the list of priority needs shown above, with modifications.
3. Recommend a supplemental funding amount of \$100,000 for human services grants for FY 2017-18.
4. Recommend a different supplemental funding amount for human services grants for FY 2017-18.

STAFF RECOMMENDATION

Staff recommends Alternatives 1 and 3: 1) Recommend to City Council the list of priority needs as shown in the staff report, excerpted from the 2015-2020 ConPlan; and, 2) Recommend a supplemental funding amount of \$100,000 for human services grants for FY 2017-18.

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. However, if members of the public or the commission feel otherwise, modifications can be made at this time.

Determining the supplemental funding amount of \$100,000 is recommended because it is consistent with the City's past practice in accordance with City Council direction and with the 20-year RAP.

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ATTACHMENTS

1. Five-Year Human Services Funding Levels