

REPORT TO HOUSING AND HUMAN SERVICES COMMISSION

SUBJECT

Review and Recommend Approval of Draft 2015-20 HUD Consolidated Plan

REPORT IN BRIEF

The U.S. Department of Housing and Urban Development (HUD) requires all local jurisdictions that receive Community Development Block Grant (CDBG) and HOME Investment Partnerships Program funds as an annual entitlement grant to prepare a five-year strategic planning document known as a "Consolidated Plan" or "ConPlan". The City is an entitlement grantee of CDBG and HOME funds. The ConPlan describes the grantees' priority community needs and proposed uses of CDBG, HOME, and other available funds during the five-year period. The City's current ConPlan was approved in 2010 and expires on June 30, 2015. Until the new ConPlan is adopted, the 2010 ConPlan will remain in effect. The main policies, programs, and goals of the 2010 ConPlan are quite similar to those in the Draft 2015 ConPlan, as they remain valid today. However, the Draft 2015 ConPlan does not include as many references to issues resulting from the 2009 recession, such as the foreclosure crisis and high unemployment rates, which no longer reflect current market conditions.

Staff has prepared the Draft 2015 ConPlan (**Attachment 1**) in accordance with federal requirements governing the use of these entitlement grants, including the citizen participation requirements and a new HUD format driven by a new HUD software system which grantees must now use to develop their ConPlans, as discussed further below. The ConPlan identifies the City's priority needs for housing and community development, and provides a strategy to address those needs, including goals regarding affordable housing; alleviation of homelessness; public services, facilities, and neighborhood improvements; and economic development.

Council will consider the Draft 2015 ConPlan for adoption at its May 5 meeting, in order to meet HUD's submittal deadline of May 15, 2015.

Staff recommends that the Council approve the Draft 2015-2020 Consolidated Plan as provided in **Attachment 1**.

BACKGROUND

The ConPlan is a five-year strategic planning document required by HUD as a condition of providing annual CDBG and HOME entitlement grants to the City. The ConPlan is intended to serve as:

- 1) A planning document for the jurisdiction, which builds on a participatory process among citizens, organizations, businesses, and other stakeholders;
- 2) An application for federal funds under HUD's formula grant programs for local jurisdictions;
- 3) A strategy to be followed in carrying out HUD programs; and
- 4) A management tool for assessing performance and tracking results.

The Code of Federal Regulations, Title 24, Volume 1, Section 91.2, requires the ConPlan to include the following components:

- An assessment of the housing and community development needs of the jurisdiction;
- A strategy that establishes priorities for addressing the identified housing and community development needs; and
- A one-year Action Plan that describes the intended uses of HUD funds and other available resources for the first year of the 5-year ConPlan period. A draft of the first Action Plan, for FY 2015-16, is the subject of a separate report on the Commission's agenda.

HUD requires the ConPlan to cover a five-year planning period; however, it must only be implemented for as long as Sunnyvale receives Community Development Block Grant (CDBG) funds and/or HOME funds directly from HUD under the entitlement provisions of these programs. Sunnyvale's Draft 2015 ConPlan will cover the period from July 1, 2015 through June 30, 2020.

The CDBG statutes set forth three basic goals for the use of CDBG funds: to provide decent housing, a suitable living environment, and expand economic opportunities, primarily for lower-income people. The HOME Program statutes provide one primary goal for the use of HOME funds, which is to provide housing affordable to lower-income households. This may be achieved by providing financial assistance for new construction, rehabilitation, or acquisition of affordable rental housing, acquisition of sites for housing, and/or tenant-based rental assistance.

The ConPlan must describe how the CDBG and HOME goals will be addressed by all of the programs and projects proposed for CDBG and HOME funding during the next five years. It must also include strategies for effective and coordinated local and regional approaches to meeting these goals and objectives, and describe how the city will use federal and any other available resources to address the identified priority needs.

New HUD Software Platform

In 2012, HUD introduced the "eCon Planning Suite", a collection of new online software tools it developed to "help grantees create market-driven, leveraged housing and community development plans." The new software includes some limited GIS mapping capabilities and relevant Census Bureau and HUD data for each jurisdiction, to help grantees complete the needs analysis required for the ConPlan.

The new HUD software also includes new document templates which grantees must use to prepare their ConPlans and Annual Action Plans from now on. The format produced with these templates is more constrained than the relatively free-form ConPlans allowed in prior years, so the Draft 2015 ConPlan (**Attachment 1**) looks quite different than the City's 2010 ConPlan. For instance, the template is structured as a series of standardized questions or required statements that cannot be edited, with spaces for responses to the questions to be filled in by grantee staff. The space for each response has a limit of 4,000 characters, or less in some cases. In addition, the HUD-required tables are all labeled and numbered by the system in a way that can be a bit confusing. The plan produced by the new template is somewhat shorter, but perhaps slightly less reader-friendly than the current ConPlan. Staff has attempted to make the document as readable as possible within the constraints of this new template.

EXISTING POLICY

2015-2023 Housing Element

- Goal A Assist in the provision of adequate housing to meet the diverse needs of Sunnyvale's households of all income levels.
- Goal B Maintain and enhance the condition and affordability of existing housing in Sunnyvale.
- Goal E 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

This matter is not a project within the meaning of CEQA because the creation of government funding mechanisms or other government fiscal activities do not involve commitment to any specific project which may result in a potentially significant physical impact on the environment. (Guideline 15378(b) (4).)

DISCUSSION

Collaboration and Public Participation Requirements

One of the goals of the ConPlan process is to effectively engage public participation and identify the needs of lower-income residents, who are the primary intended clients of the CDBG and HOME programs. The ConPlan also creates an opportunity for strategic planning and citizen participation to take place in a comprehensive context. In other words, multiple needs competing for the same limited funds are considered at the same time for potential HUD funding, and general funding priorities are developed for use in the five-year planning period. The required planning process consists of: 1) conducting outreach and holding public meetings in order to engage the general public, partner agencies and stakeholders, 2) identifying strategic opportunities, 3) increasing community awareness of the federal grants and of community needs, and 4) aligning resources to address the priority needs.

Staff coordinated with the other entitlement jurisdictions in Santa Clara County to begin the process of updating all the jurisdictions' ConPlans for the 2015-2020 period. For many years, Housing staff has participated in the county-wide "CDBG Coordinators Group" which meets quarterly to coordinate efforts related to the CDBG and HOME grants and required planning processes. In 2014 this group decided to jointly hire a consultant to assist with all of the ConPlan updates, similar to the joint process which was implemented in 2010, the last time the ConPlans needed to be updated. Staff participated in this group effort both times, which resulted in significant cost savings to all participating jurisdictions, compared to what would have been required if every city and the county contracted separately for this work.

The CDBG coordinators group met several times to develop a request for proposals, review the proposals, interview proposers, and select a consultant for this project. A consultant team consisting of LeSar Development Consultants and MIG, Inc. was selected to develop an initial draft ConPlan for each participating jurisdiction that would be consistent with the new HUD software system and ongoing statutory requirements. The draft plans developed by the group with the help of the consultants, would establish a set of regional goals which could then be customized by each

jurisdiction to address local needs, and specify each jurisdiction's objectives and funding priorities, while retaining some consistent background data and goals that are regional in nature. The resulting ConPlan for each jurisdiction would include community goals, objectives and priority needs which would set the stage for the annual Action Plans to be developed during the five-year period.

Public participation was a key component of the development of the draft ConPlans. The CDBG coordinators group, with the help of the consultants, launched the regional outreach effort described below to inform and develop the priorities and strategies contained within the draft ConPlans provided to each jurisdiction. This outreach effort engaged various stakeholders, including residents, affordable housing providers, health and human services agencies, the Housing Authority, staff of relevant city and county departments, and clients of some of these agencies. Sunnyvale staff then added some additional local detail to the Sunnyvale Draft ConPlan, using input obtained in local hearings before the Commission and Council between October 2014 and March 2015, as well as some of the goals and policies in the 2010 ConPlan, which remain relevant today, and other relevant local information.

Regional Outreach Effort

A comprehensive summary of the regional public participation process described below, and how it impacted goal-setting, is provided in Appendix A of the Draft ConPlan (**Attachment 1**). The process consisted of a regional survey and three regional forums held between September and November 2014, described briefly below.

The consultants, with direction and assistance from jurisdiction staff, conducted a regional needs survey to solicit input from stakeholders in Santa Clara County. This survey was conducted online and on paper to reach the widest possible audience. Survey respondents were informed that the purpose of this survey was to help the participating jurisdictions determine local priorities for use of their HUD entitlement funds, which must be used to fund projects or programs that primarily serve lower-income residents and/or local neighborhoods with a higher percentage of lower-income residents. The survey polled respondents about the level of need in their neighborhoods for various types of improvements, projects or programs that should be considered for HUD funding. It is important to note that the regional survey results reflect the community development concerns and priorities of the respondents. Since the survey was distributed through available outreach methods, and respondents were not necessarily a representative sample of the region's entire population, the survey results were augmented with other sources, such as Census and HUD data on housing market conditions, demographic and economic indicators, as well as input from the regional forums and local hearings, to complete the needs assessment.

The three regional public forums were held to educate and engage local stakeholders about the ConPlan process, and to identify priority housing and community development needs. The regional forums were held in Mountain View, San Jose, and Gilroy to be convenient to the northern, central, and southern parts of the county. In total, seventy-six people attended the regional forums, including community members, service providers, and other interested stakeholders.

Sunnyvale staff attended and assisted with the Mountain View forum. Staff also provided public notice of the survey and regional forums through various outreach methods, including emails to the Housing Division's e-newsletter and affordable housing interest list, posting in the biweekly City Manager's blog, on the Housing Division webpage, posting flyers at City Hall and the Library, and

announcing the forums at the Commission meetings. In addition, the consultant team provided social media posts and distributed paper flyers to various organizations and community centers throughout the county using a contact list developed jointly by the CDBG coordinators group.

Public Hearings in Sunnyvale

Sunnyvale began holding local public hearings on its 2015 ConPlan update in October 2014 with the biennial priority needs hearing. By the time the 2015 ConPlan is scheduled to be adopted by Council in May, a total of seven local public hearings will have been held on the priority needs and/or the Draft 2015 ConPlan before the Commission or Council.

Priority Needs Identified Through Outreach Process

The table below provides a snapshot of the priority needs identified through the regional forums and regional needs survey, and the ConPlan goal associated with each need. Some needs relate to more than one goal, as indicated in the table. While these needs were derived from a county-wide outreach process, they likely apply to communities throughout the county, including Sunnyvale. Most of the listed needs are addressed in the Draft 2015 ConPlan for Sunnyvale. Not all needs can be addressed with the limited HUD funding available, therefore the Sunnyvale ConPlan prioritizes those needs which are most pressing in Sunnyvale, and for which local projects or programs can be feasibly developed with CDBG and HOME funds. Some of the listed needs are addressed with non-HUD local funds, such as homelessness prevention and some of the public services. These needs can be further refined with input received during the public hearings before the HHSC and Council.

Goals	Affordable Housing	Alleviation of Homelessness	Community Development	Economic Development
Priority Needs				
Affordable Rental Housing <i>including special needs housing</i>	X	X		
Fair Housing Services	X	X		
Rental Assistance (TBRA)	X	X		
Emergency Assistance <i>shelter/transitional housing, homelessness prevention, rapid re-housing</i>		X		
Public Services <i>food, clothing, health care, shelter, case management, legal assistance, counseling, etc.</i>		X	X	
Employment Development <i>for homeless and at-risk clients</i>		X		X
Community Facilities and Infrastructure <i>accessibility improvements pedestrian improvements</i>			X	

Needs Assessment

The first major required section of the ConPlan is the Needs Assessment. The needs shown above are described in more detail in that section, with a number of HUD-required tables, generated using

the new HUD software system, as well as other relevant Census data and local information. Much of the content is quite similar to the data provided in the Housing Needs Assessment of the City's recently adopted 2015 Housing Element of the General Plan. The main difference is that the Housing Element does not address economic development issues as much, as that is covered in other elements of the General Plan. The Needs Assessment provides evidence that there is a significant shortage of affordable housing throughout the region, and that lower-income residents need various types of assistance to help them cope with rising housing costs and very limited availability of affordable housing, such as legal services, food aid, and emergency assistance. The affordable housing shortage is also a primary factor in the increasing population of unsheltered homeless people in the county, which has been widely covered in the media recently. Although data from the 2015 Homeless Census and Survey is not yet available, data from the 2013 Census is included in the needs assessment.

Strategic Plan

The second section of the ConPlan is the Strategic Plan, which is intended to help guide the City in allocating its CDBG and HOME funds to various projects and programs to meet the priority needs during the five-year period. The primary goals in Sunnyvale's draft Strategic Plan, consistent with the table above, are:

- A. Affordable Housing
- B. Alleviation of Homelessness
- C. Other Community Development Efforts (public services, facilities and infrastructure)
- D. Expand Economic Opportunities

These goals and their associated strategies, programs and projects are described briefly in the Executive Summary and in further detail in the Strategic Plan section of the draft 2015 ConPlan (**Attachment 1**).

The ConPlan must be approved by Council and submitted to HUD no later than May 15, 2015. HUD must approve the ConPlan within 45 days of receipt (by July 1, 2015).

Council is scheduled to consider the Draft 2015 ConPlan for approval on May 5, 2015.

FISCAL IMPACT

Approval of the 2015-20 ConPlan will not impact the General Fund, but it will qualify the City to receive its CDBG and HOME grants for the next five years, subject to continued federal appropriations. Upon HUD approval, the recommended action will provide an estimated \$1.2 million annually in CDBG and HOME funding to the City, assuming level funding for the next five years.

PUBLIC CONTACT

Public contact was made through posting of the Housing and Human Services Commission 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. In addition, an extensive regional and local public outreach process has been followed as part of the development of the Draft ConPlan.

A thirty-day public comment period on the Draft 2015 ConPlan will begin on March 30, 2015, as advertised in the Sunnyvale Sun. A copy of the Draft is available for public review at City Hall, in the

Sunnyvale Library, and online at: *HUDPrograms.inSunnyvale.com*

ALTERNATIVES

1. Recommend that Council approve the Draft 2015-2020 Consolidated Plan as provided in **Attachment 1**.
2. Recommend that Council adopt the Draft 2015-2020 Consolidated Plan with modifications.

STAFF RECOMMENDATION

Alternative 1: Recommend that Council adopt the Draft 2015-2020 Consolidated Plan as provided in **Attachment 1**.

The Draft 2015 ConPlan meets the current HUD requirements for content and public participation. It sets forth local goals, reflects regional collaboration, and describes how the City will use its HUD funds to address local housing and community development needs during the next five years.

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Reviewed by: Robert A. Walker, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Draft 2015-2020 Consolidated Plan