



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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File #: 17-0799, Version: 1

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### REPORT TO HOUSING AND HUMAN SERVICES COMMISSION

#### **SUBJECT**

Review of 2016-17 Consolidated Annual Performance Evaluation Report (CAPER)

#### **BACKGROUND**

The CAPER is an annual performance report on the housing and community development activities funded by two federal grants received annually by the city: the Community Development Block Grant (CDBG) and the HOME Investment Partnership Programs grant (HOME). The CAPER describes the accomplishments and status of each of the grant-funded activities identified in the 2016-17 HUD Action Plan, and has been prepared in compliance with HUD requirements.

The period covered by the draft CAPER, provided in **Attachment 1**, is fiscal year (FY) 2016-17, which marks the second year of the Five-Year Consolidated Plan (2015-2020). The CAPER is required by the U.S. Department of Housing and Urban Development (HUD), the federal agency which administers these grants. It must be submitted to HUD by September 30 of each year to maintain the City's ongoing eligibility for these grants.

#### **EXISTING POLICY**

##### **2015-2020 HUD Consolidated Plan:**

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|--------|--|
| Goal A | Assist in the creation, improvement, and preservation of affordable housing for lower-income and special needs households. |
| Goal B | Alleviation of Homelessness  |
| Goal C | Support provision of essential human services, particularly for special needs populations.                                 |
| Goal D | Expanding Economic Opportunities   |

#### **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, such as annual grant reporting, do not involve commitments to any specific project which may result in a potentially significant physical impact on the environment (CEQA Guideline 15378(b)(4)).

#### **DISCUSSION**

##### **Eligible Uses of the Grants**

The CDBG and HOME grants may only be used for activities that will primarily benefit the City's lower-income residents and neighborhoods. CDBG funds may be used for housing and community development activities, such as: housing rehabilitation, public services, public improvements and facilities, economic development, and certain other narrowly-defined community development activities. HOME grants may only be used for the creation and preservation of housing affordable to

lower-income residents, specifically: new construction, acquisition, and/or rehabilitation of deed-restricted affordable rental housing, tenant-based rental assistance (TBRA), or down-payment assistance programs. Both grants allow a limited amount of the funds to be used for program administration by the City. The draft CAPER confirms that the City has complied with these spending limitations during the past fiscal year.

### **Grant Reporting Requirements**

The HOME and CDBG grants are subject to various federal regulations that impose certain reporting requirements and expenditure time limits on all grantee jurisdictions. The primary reporting requirements are the following:

- Five-Year Consolidated Plan ("ConPlan"). The ConPlan is a five-year strategic plan that identifies the housing and community development needs of lower-income residents and neighborhoods of the City, based on community input. The ConPlan also prioritizes these needs, identifies funding available to the City to address them (primarily the CDBG and HOME grants), and establishes annual goals and objectives to meet the identified needs using the grant funds.
- Annual Action Plans. The Action Plan is essentially a one-year budget and grant application describing the proposed uses of the City's CDBG and HOME funds during the coming fiscal year. HUD must approve each Action Plan on or before July 1 of each year so the City can begin using the grant funds. Each Action Plan is appended into the ConPlan after approval by HUD.
- Annual Performance Report ("CAPER"). The CAPER describes each grantee jurisdiction's progress in implementing its most recent Action Plan. It includes a summary of the City's grant expenditures and the accomplishments of the grant-funded activities, most of which are implemented by non-profit agencies or "sub-recipients". The City must prepare and submit the CAPER to HUD within ninety days of the end of each fiscal year. The CAPERs allow both local and federal stakeholders to see how grantees around the country are using these HUD grants, and how well the grant-funded activities are performing.

The above plans and reports must be shared in draft form with the community to give local stakeholders an opportunity to comment and request changes before they are submitted to HUD. The City publishes notices in the Sunnyvale Sun and on its website, and holds public hearings before the Housing and Human Services Commission (and Council, in the case of the ConPlan and Action Plans) before each draft plan is finalized and sent to HUD.

The City's 2015-2020 ConPlan and most recent Action Plans and CAPERs can be found at: <https://sunnyvale.ca.gov/property/housing/default.htm>

### **Draft 2016-17 CAPER**

The draft CAPER describes the progress made towards achieving the housing and community development goals and objectives identified in the ConPlan and FY 2016-17 Annual Action Plan. The CAPER was prepared using accomplishment data reported by the City's sub-recipients, borrowers and sub-grantees. In general, the City's activities were successfully implemented during the past fiscal year, and many lower-income households benefitted from the programs or projects

funded by the grants. These activities helped many residents obtain jobs, housing, and human services addressing basic needs.

One of the most notable accomplishments of the past year was the closing on two City loans to MidPen Housing Corp. to assist in the development of Edwina Benner Plaza, a new 66-unit affordable rental project currently under construction at 460 Persian Drive in Sunnyvale. The City loans consisted of \$7.43 million in Housing Mitigation funds and \$600,000 in federal HOME Program funds. Building permits for the project were issued on May 8, 2017 and major construction work began in June. The project will include one-, two- and three-bedroom apartments, with units affordable to lower-income households with incomes ranging from 30 percent to 60 percent of area median income, and 13 units set aside for special needs households. The developer expects the project to be completed by next summer.

In addition, two other major programs funded in the past fiscal year, the Tenant Based Rental Assistance (TBRA) and WorkFirst Sunnyvale Programs, respectively, have continued to be very successful in helping homeless and at-risk households obtain regular paid employment and permanent housing. Further detail on the specific accomplishments achieved through these activities is provided in the draft CAPER (Attachment 1).

Comments provided by the Commission and/or members of the public during or prior to the hearing will be addressed in the final CAPER. Written comments received during the comment period, which runs from September 4 to September 20, will be included with the CAPER upon submittal to HUD.

### **FISCAL IMPACT**

There is no cost or fiscal impact related to approving this report, however timely submission of the CAPER allows the City to remain in good standing as a CDBG and HOME grantee and continue receiving both grants.

### **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.

Notice of a public hearing, including a 15-day public comment and review period, was published in a legal advertisement in the *Sunnyvale Sun* newspaper on September 1, 2017. A copy of that notice is included in the CAPER. The draft CAPER was made available for public review at the One-Stop Permit Center at City Hall and at the Sunnyvale Library, and was posted on the City Housing website for the 15-day review period.

### **ALTERNATIVES**

1. Approve the draft CAPER as presented in **Attachment 1**.
2. Approve the draft CAPER with modifications.

### **RECOMMENDATION**

Alternative 1: Approve the draft CAPER as presented in **Attachment 1** of the staff report.

Prepared by: Katrina L. Ardina, Housing Programs Analyst  
Reviewed by: Suzanne Isé, Housing Officer  
Approved by: Trudi Ryan, Director, Community Development

**ATTACHMENTS**

1. Draft CAPER