



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### **SUBJECT**

Evaluations and Funding Recommendations for FY 2019/20 Human Services Grants and CDBG Capital Project Loans

### **BACKGROUND**

Sunnyvale receives an annual allocation of Community Development Block Grants (CDBG) and Home Investment Partnership Program (HOME) from the federal government to be used for community development programs and local housing strategies designed to increase opportunities for low and very low-income residents. The City received 15 proposals for human services funding and two capital project proposals in response to the Request for Proposals (RFP) issued in January 2019. A list of the proposals is provided in Attachment 1. The staff scoring committee, consisting of several Community Development Department staff members, evaluated the proposals based on the requirements and evaluation criteria in Council Policy 5.1.3: Human Services, as well as the unmet and priority needs described in the City's 2015-2020 Consolidated Plan, and also using the scoring system provided in the RFPs.

### **Priority Needs for Human Services**

The Commission and City Council confirmed in November 2018 that the list of priority needs in the 2015-2020 Consolidated Plan continues to be valid, therefore the human services proposals had to describe how they address one or more of these priority needs:

- 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 (i.e., 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.

### **AVAILABLE FUNDING FOR FY 2019/20**

For the current fiscal year (2018/19) the City received a CDBG entitlement grant from the U.S. Department of Housing and Urban Development (HUD) of \$1,107,869. Consistent with HUD guidance, staff has developed the draft funding allocations for FY 2019/20 based on an assumption that CDBG funding will remain approximately the same as last year, but is aware that this may prove to be incorrect and adjustments may be required later in the process.

In addition to the FY 2019/20 allocation, staff estimates that approximately \$150,000 in CDBG program income will be received by the end of the current fiscal year. Program income consists of

loan payments on prior CDBG loans. So far this fiscal year, the City has received \$125,000 in program income, and the remaining \$25,000 is what staff expects to receive by June 30, 2019.

### CDBG Capital Projects

CDBG capital project proposals may include housing rehabilitation, economic development activities, public facilities and infrastructure improvements, site acquisition, commercial building rehabilitation, and several other rather obscure types of projects listed in the CDBG statutes. Any of the project types must show clear evidence that they will “primarily benefit” low income residents. This means at least 51% of the users of the facility to be improved, or beneficiaries of the activity (e.g., loan recipient, occupants of housing to be improved, job training program participants) must be lower-income.

Sunnyvale currently has 2018 CDBG funds that were uncommitted during the last RFP process. Staff estimates that amount to be approximately \$150,000, but will have an accurate accounting at the end of the current fiscal year. These funds can be applied towards FY 2019/20 capital projects, if needed.

### CDBG Public Services Funding

CDBG regulations limit public services funding to no more than 15% of the City's FY 2019/20 CDBG grant, plus 15% of CDBG program income received in the prior fiscal year (FY 2018/19). Based on this formula staff estimates that approximately \$187,500 will be available for public services for next year.

### Supplemental General Funds for Human Services

Council annually considers supplements to CDBG public services funding with general funds, referred to as the “Supplemental General Funds” for human services. In November 2018, Council set a tentative funding amount of \$135,000 in supplemental General Funds for each of the next two fiscal year's human services grants. This amount, established so that staff and the Commission will have a general idea of approximately how much funding will be available, will be confirmed or modified by Council during the final budget hearing in late June. If the General Fund allocation stays the same and the estimated CDBG funding described above is granted, an approximate total of \$322,500 in CDBG and General Funds would be available next year for human services grants. The maximum amount available for any single human services grant is set by Council policy at 25% of the total funds available for human services, which would be approximately \$80,000, based on an estimated total of \$322,500.

<b>ESTIMATED Funds Available for FY 2019/20</b>	<b>CDBG</b>
Entitlement Grant	\$1,100,000
FY 18/19 Program Income (PI)	\$150,000
<b>Total Budget Allocation Estimates Total Grant + PI</b>	<b>\$1,250,000</b>
Maximum Funds Available for Program Administration (20% of CDBG Grant)	\$250,000
Maximum Funds Available for Human Services (15% of CDBG Grant + PI)	\$187,500
Funds Available for Capital Projects*	\$812,000
<b>General Fund Supplement - Human Service Grants</b>	<b>\$135,000</b>

\* “Funds available for capital projects” includes activities funded through the City's Home Improvement Program (approximately \$50k).

## **FY 2019/20 FUNDING PROPOSALS**

### **Staff Scoring Committee**

The staff scoring committee met to discuss the proposals, eligibility and completeness requirements, scoring, and possible funding scenarios. Each member of the committee independently scored each proposal, and their scores for each proposal were averaged. Staff then ranked the proposals by average score, as shown in Attachments 2 and 3.

### **CDBG Capital Project Proposals**

A CDBG Capital Project RFP is issued on an annual basis. For FY 2019/20, two capital project proposals were received, as shown in Attachment 2. Sufficient funds are estimated to be available for both capital project proposals at or near the amounts requested. Staff recommendation is to fund, in full, both Christian Church Home and Sunnyvale Community Services' proposals, totaling \$741,139. Should there be a reduction in final funding allocations, the reduction shall come from the WorkFirst Sunnyvale funding award due to its lower ranking. Should there be excess funding from the final allocations, excess funding can be added to the rehabilitation project for contingency purposes and shall be set aside for the City's annual planned allocation for ADA Curb Ramps, slated for construction in FY 2020/21.

### **Human Services Proposals**

#### **CDBG Public Services Recommendations**

As shown on Attachment 2, for the CDBG Public Service applicants, staff recommends funding five applicants for a total of \$180,000. The total requested amount of funding is \$197,800. Staff is recommending a lower funding amount for three prospective grantees to stay within estimated available funding. Two applicants requested the minimum funding amount and no changes are recommended. Although ranked number one, a \$10,000 reduction is recommended for the Food Assistance Program for Low-Income Sunnyvale Residents (Sunnyvale Community Services), consistent with the prior allocation. Two other programs (ranked three and four) are recommended for reduction by \$2,800 and \$5,000. If the City's final grant amount is significantly lower or higher than the estimate shown above, staff may recommend reducing or increasing funding from the lower and higher scoring proposals and/or adjusting the recommended funding for one or more of these proposals.

#### **General Fund (GF) Recommendations**

Seven applications were received for FY 2019/20 General Fund Human Service grants, seen in Attachment 3. Available funding for FY 2019/20 and FY 2020/21 is tentatively set at \$135,000, with total application requests of over \$145,000. With the increase in funding this year, all seven General Fund proposals are recommended to receive a funding allocation, ranging from \$10,000 to \$24,000. Using the staff rankings, funding was cut from programs that were ranked lowest or had incomplete applications. Since the funding is awarded on a two-year cycle, funding applications approved this year will automatically receive the same funding level for the next fiscal year without staff reissuing a Human Services RFP.

#### **HOME Funding Recommendations**

The City did not receive any applications for FY 2019/20 HOME Funds. The City anticipates to roll the funds forward and issue a larger RFP in January 2020. Sunnyvale will also have an opportunity to

join the Santa Clara County HOME Consortium starting in FY 2020/21, which could be considered later in 2019. The Consortium brings together interested cities who currently receive HOME allocations, and allow those cities to combine HOME funds for a broader scope of housing projects and to better meet timeliness requirements. Over time, each city will receive their share of HOME funding; the consortium removes the barrier of spending money on an annual basis and allows consolidation for deeper funding of fewer projects in each community. Many of the smaller cities in Santa Clara County already participate with the County in the HOME Consortium.

### **NEXT STEPS**

Staff will include the Housing and Human Services Commission (HHSC) CDBG funding recommendations in the draft 2019 Action Plan, which will be considered by the HHSC at its regular meeting on April 17, 2019. At that time the HHSC may make changes to the funding recommendations if needed, such as if new information becomes available regarding the federal appropriations for the City's CDBG entitlement grant. The 2019 Action Plan will then be reviewed by the Council on May 7, 2019 before being submitted to HUD.

The Commission's recommendations for GF human services will be considered by the Council at the Budget Hearing on June 25, 2019. Awards will not become final until after Council adopts the final FY 2019/20 budget and HUD approves the City's 2019 Action Plan.

### **ALTERNATIVES**

1. Recommend that City Council fund the CDBG capital project and human service proposals in the amounts shown in Attachments 2 to this report, and the General Fund human service proposals shown in Attachment 3 to this report, with staff having the authority to make minor adjustments as needed once the final grant allocations arrive.
2. Recommend that City Council fund one or more of the proposals with a different amount(s) than those recommended by staff under Alternative 1, not to exceed the total amount of funding estimated to be available for each type of proposal and/or funding source.

### **RECOMMENDATION**

Alternative 1: Recommend that City Council fund the CDBG capital project and human services proposals in the amounts shown in Attachments 2 to the report, and the General Fund human service proposals show in Attachment 3 to the report, with staff having the authority to make minor adjustments as needed once the final grant allocations arrive.

Prepared by: Jenny Carloni, Housing Officer

Reviewed by: Trudi Ryan, Director, Community Development

### **ATTACHMENTS**

1. FY 2019/20 List of Grant Proposals Received
2. FY 2019/20 CDBG Draft Funding Recommendations
3. FY 2019/20 General Fund Human Services Draft Funding Recommendations
4. FY 2019/20 Capital Project and Human Services Proposals