



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Consider Approval of Draft Second Substantial Amendment to the 2019 Housing and Urban Development (HUD) Action Plan

BACKGROUND

CDBG and HOME Programs

The Community Development Block Grant (CDBG) program was established by the Housing and Community Development Act of 1974, Public Law 93-383; and the Home Investment Partnerships (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 income” 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.

The City must submit an Action Plan to HUD every year in order to receive federal entitlement grants from the CDBG and HOME Programs. HUD is the federal agency that administers and regulates these grants and the Action Plan sets forth the proposed uses of the CDBG and HOME funds projected to be available each fiscal year. These funds may be used for eligible community development activities to meet the priority and/or unmet needs, primarily of lower-income residents, described in the City’s HUD Consolidated Plan. In addition to the annual entitlement grant, the City may receive Program Income (PI) annually or an influx of funding specifically intended to respond to a public health and safety emergency.

CDBG CARES Funding

On March 27, 2020 the Federal Government signed the Coronavirus Aid, Relief and Economic Security Act (CARES Act) due to the COVID-19 pandemic. The CARES Act provides up to \$5 billion in CDBG supplemental funding. Of that amount, \$2 billion are being distributed to states and entitlement jurisdictions using the same statutory formula used to distribute the annual CDBG allocations.

The City is receiving approximately \$696,975 from HUD in CDBG CARES (“CDBG-CV”) funds through the CARES Act, in addition to its previously received and allocated entitlement grant and accrued Program Income (PI), during FY 2019/20. The CARES Act funds are designed to provide emergency assistance and healthcare response for individuals, families and businesses affected by

the 2020 Coronavirus pandemic.

Since the beginning of the 2020 Coronavirus pandemic, the City, County and other local jurisdictions with CDBG programs have been coordinating on bi-weekly conference calls to discuss priority needs in each community, specific to the 2020 Coronavirus response, and coordination around utilization of CDBG-CV funds. Several priority needs have been identified including, but are not limited to: rent relief, financial assistance (i.e., basic needs), hotel/motel vouchers, food/hot meal distribution, small business support, and protective equipment for frontline workers. The highest need currently, which has been echoed by both neighboring jurisdictions and local service-providers, is the establishment of a rent relief program to assist households directly impacted by the 2020 Coronavirus.

Due to the influx of CDBG-CV funds and the need to add a new project (i.e., 2020 Coronavirus Rent Relief and Community Support Program) to the FY 2019/20 roster, the City must make a Substantial Amendment to its FY 2019/20 Action Plan and provide an opportunity for community input, related to the expenditure of federal funds.

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

Substantial Amendment to the Action Plan

A local jurisdiction receiving federal funds through the CDBG and HOME program must, in accordance with their Citizen Participation Plan, make a Substantial Amendment to their annual Action Plan if certain criteria is met. The City made the first substantial amendment to the 2019 Action Plan in December 2019 to assist Sunnyvale Community Services in acquiring a new, larger facility to administer their services to the Sunnyvale community. The funds to process the first amendment to the 2019 Action Plan were acquired through the receipt of \$930,000 in Program Income. Typically, the process for a Substantial Amendment requires the same level of public

outreach and engagement as the original Action Plan. However, due to the 2020 Coronavirus's impact on community gatherings, HUD made waivers available to expedite the citizen participation process, through a modified citizen participation approach requiring only 5-days of public noticing and comment, as opposed to 30-days. In addition, a formal RFP is not required. The City has submitted the waivers to HUD and can now move forward with the modified process, which will allow the City to program the CDBG-CV funds faster via the substantial amendment process.

Proposed CDBG Activity

The project proposed to be funded through the Second Substantial Amendment to the FY 2019/20 Action Plan is shown in Table 1 below. The activity is eligible for CDBG funding based on federal regulations associated with the funding source, including new unique guidance on the use of CDBG-CV funds and meets one or more priority needs as identified in the City's 2015-2020 Consolidated Plan.

2020 Coronavirus Rent Relief and Community Support Program

Sunnyvale Community Services (SCS), a local non-profit organization with a mission to prevent homelessness and hunger in the local community applied for \$350,000 in funds to administer a rent relief and community support program for Sunnyvale households directly impacted by the 2020 Coronavirus pandemic. The program will support households by first assessing their situation, then creating an individual plan for each household to resolve their crisis. Support can include, but is not limited to: rental assistance, hotel/motel vouchers for those that need to isolate and find shelter, basic needs (i.e., food), ongoing case management and protective equipment for outreach workers.

SCS currently administers Sunnyvale's Homeless Prevention and Rapid Rehousing Program funded with the City's former redevelopment funding, which means they have the systems in place to administer rent and/or other necessary payments, specifically for CDBG eligible activities in this case, on behalf of households directly impacted by the 2020 Coronavirus pandemic. Additionally, SCS provides a wide-range of other support services (i.e., food assistance, etc.) that can ensure households continue to receive basic needs, and follow-up support until their crisis is resolved. SCS is also currently managing a \$250,000 COVID Emergency Support Grant, awarded by the City in March 2020 to provide immediate assistance to COVID financially impacted households.

Table 1

Agency Name	Program	Funding Requested	Staff Recommendation
Sunnyvale Community Services	2020 Coronavirus Rent Relief and Community Support Program	\$350,000	\$350,000
Total Funding Recommendation			\$350,000
Total Funds Available			Approx. \$696,975
Remaining Funds			\$346,975

At this time, the amendment only includes half of the City's CDBG-CV allocation because there is an immediate need for a rental relief program, which is the City's (also neighboring jurisdictions) highest

priority need. Remaining funds will be allocated toward other 2020 Coronavirus relief activities as staff continues to explore options with other non-profit partners. The City is currently exploring ways in which CDBG-CV funds can be used to assist community members that are quarantined, or ways to assist newly unemployed members of the community. Staff anticipates releasing a modified application in June, in which future CDBG-CV programs will be added to the 2020 Action Plan, to be considered by the Council in late July.

FISCAL IMPACT

This action has no impact on the General Fund. Approval of the Second Substantial Amendment to the FY 2019/20 Action Plan is necessary for the City to begin programming the CDBG-CV funds, in an effort to expeditiously provide relief to households directly impacted by the 2020 Coronavirus pandemic. These CDBG-CV funds will be managed by the City's Housing Division, along with our annual CDBG entitlement.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, Sunnyvale Public Library and Department of Public Safety; and by making the agenda and report available at the Office of the City Clerk and on the City's website.

Notice of the 5-day public comment and review period, was published in the *Sunnyvale Sun* newspaper on May 29, 2020. A draft Second Substantial Amendment to the FY 2019/20 Action Plan was made available for public review on the City's website for the required 5-day review period.

ALTERNATIVES

1. Approve the Second Substantial Amendment to the FY 2019/20 Action Plan as shown in Attachment 2 of the staff report.
2. Approve the Second Substantial Amendment to the 2019 Action Plan as shown in Attachment 2 of the staff report with modifications.

RECOMMENDATION

Alternative 1: Approve the Second Substantial Amendment to the 2019 Action Plan as shown in Attachment 2 of the staff report.

Approval of the Action Plan will allow the City to receive the CDBG-CV funds and use them to address local housing and community development needs, specific to households impacted by the 2020 Coronavirus in a timely manner.

Prepared by: Leif Christiansen, Housing Programs Analyst
Reviewed by: Jenny Carloni, Housing Officer
Reviewed by: Trudi Ryan, Community Development Director
Reviewed by: Teri Silva, Assistant City Manager
Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Draft Summary of the Substantial Amendment to the 2019 Action Plan
2. Draft Substantial Amendment to the 2019 Action Plan