
File #: 20-0233, Version: 1

REPORT TO COUNCIL

SUBJECT

Adoption of the Draft 2020-2025 HUD Consolidated Plan and Draft 2020 HUD Action Plan

REPORT IN BRIEF

The City must submit a Consolidated Plan to the U.S. Department of Housing and Urban Development (HUD) every five-years to maintain eligibility for federal funding through the Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) programs. The Consolidated Plan (Attachment 1) sets the goals and priorities for the next five-years, specific to issues related to housing and community development. Additionally, and in alignment with the Consolidated Plan, the City must submit an Action Plan (Attachment 2) to HUD every year in order to receive the aforementioned federal entitlement grants and each annual Action Plan is appended to the Consolidated Plan. The Action Plan sets forth the proposed uses of the CDBG and HOME funds projected to be available in the coming fiscal year. Staff recommends that the Council approve Alternatives 1 and 3, to adopt the draft 2020-2025 Consolidated Plan, as shown in Attachment 1 and adopt the 2020 Action Plan, as shown in Attachment 2.

BACKGROUND

HUD requires entitlement grantees (i.e., cities, counties and states) to submit an application, referred to as a Consolidated Plan, every five-years, to maintain eligibility for CDBG and HOME program grants. As an entitlement city, Sunnyvale receives an annual allocation of federal funds from the Department of Housing and Urban Development (HUD). Sunnyvale's last Consolidated Plan was approved in 2015 and covered Program Years 2015 through 2019.

The County of Santa Clara partnered with all County jurisdictions to hire a consultant team, from Michael Baker International (MBI), to prepare the draft 2020-2025 HUD Consolidated Plan. The process included robust community engagement to establish goals and priorities that will guide the regional utilization of federal funds for the next five-years.

In addition, entitlement grantees must submit an annual "Action Plan" to HUD for its approval to obtain the federal funding for the coming fiscal year. Action Plans are required to describe the grantees' local needs and the projects and programs to be funded with the grant funds in the coming fiscal year. Upon HUD approval, the annual Action Plans are appended to the Consolidated Plan.

One way to think of the Consolidated Plan (also referred to as the Con Plan), and how it relates to each annual Action Plan during its five-year cycle, is that the Con Plan is an Umbrella Document that sets priority needs for the City's federal funding of community development type projects and activities; while the annual Action Plan assists in implementing the goals cited in the Consolidated Plan and describes the activities that will be undertaken to achieve those goals on a yearly basis.

CDBG and HOME 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.

CDBG Eligible Uses	HOME Eligible Uses
Activities that "principally benefit" lower-income households, such as: housing rehabilitation, public facilities and infrastructure, public services, energy conservation, economic development and job creation/retention.	Activities that fund lower-income housing efforts, including: construction, rehabilitation, and acquisition of affordable housing, first-time home buyer assistance, and tenant-based rental assistance.

EXISTING POLICY

2015-2023 Housing Element

GOAL HE-1 ADEQUATE HOUSING: Assist in the provision of adequate housing to meet the diverse needs of Sunnyvale's households of all income levels.

GOAL HE-2 ENHANCED HOUSING CONDITIONS AND AFFORDABILITY: Maintain and enhance the condition and affordability of existing housing in Sunnyvale.

GOAL HE-5 EQUAL HOUSING OPPORTUNITIES: 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

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 and CEQA Guidelines section 15378 (b) (5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

All federally funded projects are subject to environmental review under the requirements of the National Environmental Policy Act (NEPA) and, pursuant to HUD regulations, prior to any commitment of federal funds for expenditure unless such projects are deemed exempt from review. The recommended actions are considered administrative or fiscal activities and do not constitute a commitment of funding to any of the projects identified in the Action Plan, and therefore are exempt from NEPA pursuant to 24 Code of Federal Regulations (CFR) sections 58.34(a)(1) and 58.34(a)(3). Activities identified in the Action Plan as public services are exempt under NEPA pursuant to 24 CFR 58.34(a)(4), supportive services are categorically excluded not subject to section 58.5, and program administration activities are exempt pursuant to 24 CFR 58.34(a)(3), and no further NEPA review is

required for these activities.

DISCUSSION

The City's consultant, MBI, has prepared a draft 2020-2025 HUD Consolidated Plan to assess housing and community development needs, identify goals, and develop strategies for the continued implementation of the City's CDBG and HOME programs for the next five years. A Consolidated Plan (Attachment 1) is a required document for any local jurisdiction that wants to operate a CDBG and/or HOME program.

The Housing and Human Services Commission (HHSC) meetings have been cancelled due to a lack of discussion items. A hearing on the Action Plan would have been the first telepresence meeting since the COVID-19 pandemic (and resulting shelter in place). As this would have been the only item for HHSC consideration, and it is typically a short discussion item, staff is using the streamlined review afforded by HUD during the shelter in place orders, rather than setting up a telepresence meeting. The funding recommendations incorporated in the two documents are based on the City's Ranking Committee recommendations and were not reviewed by the HHSC.

Additionally, this staff report includes the draft 2020 Annual Action Plan, which provides a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used next fiscal year to address the priority needs and specific goals identified by the draft 2020-2025 Consolidated Plan. The draft 2020 Action Plan is a one-year plan to begin implementation of the Con Plan using the direct allocation of federal funding the City will receive in FY 2020/21.

The overall goal of the CDBG and HOME programs is to develop viable urban communities by providing decent and affordable housing, providing a suitable living environment, and expanding economic opportunities for lower income individuals. This goal is realized by directing funds that are received from the U.S. Department of Housing and Urban Development (HUD) to programs, policies, and goals that serve extremely low, very low, and moderate-income persons.

2020-2025 Consolidated Plan

To effectively direct and allocate the CDBG and HOME funds received by HUD, the City prepared the draft 2020-2025 Consolidated Plan to assess housing and community development needs, identify goals, and develop strategies for the continued implementation of the City's CDBG and HOME programs.

Goals and Objectives

The goals of the CDBG and HOME programs include but are not limited to: developing viable urban communities by providing decent and affordable housing, providing a suitable living environment, and expanding economic opportunities. The goals are realized by directing funds that are received from HUD to programs, policies, and goals that serve extremely low, very low, low, and moderate-income persons.

The goals established for Sunnyvale's 2020-2025 Con Plan are as follows:

1. Affordable Housing

- Support affordable rental housing for lower-income households (i.e. rental unit rehabilitation, rental assistance, home improvement grants/loans, etc.).

2. Homelessness

- Help people who are currently homeless or at imminent risk of homelessness through housing opportunity and supportive service programs.

3. Other Community Development Efforts

- Support provision of essential human services, particularly for special needs populations, and expand community facilities/infrastructure.

4. Expanding Economic Development Opportunities for Lower Income People

- Support economic development activities that promote employment growth and help lower income people secure and maintain jobs through work readiness programs.

The four goals in the draft 2020-2025 Consolidated Plan mirror the goals of the 2015-2020 Con Plan, as there is still work to do on each of the goals, which was reinforced during the regional outreach and engagement process.

Citizen Participation Process

Outreach is essential to the City's ability to create an effective plan, and to allocate resources appropriately; the City, along with the County of Santa Clara and other local jurisdictions, attempted to reach as many residents as possible during the community engagement process. Several opportunities and various methods for participation and public comment were available throughout the development of the draft 2020-2025 Consolidated Plan; both on a Sunnyvale specific, and regional (Santa Clara County) level.

First, a Regional Needs Survey was developed. The survey was available to the public between October 29 and December 20, 2019, with 1,718 surveys collected. The survey was available in English, Spanish, Vietnamese, and Chinese. Second, there were pop-up events (including the Sunnyvale Farmers Market), regional forums, focus groups and stakeholder consultations. Lastly, the draft 2020-2025 Consolidated Plan and Action Plans are subject to public hearings, and a 30-day public review period, where the community can provide additional feedback. That feedback will be provided prior to action on this item.

2020 Annual Action Plan

As shown in the table below, HUD has released the FY 2020/21 allocations, and the City will receive a CDBG grant of \$1,184,793 and a HOME grant of \$426,754 for FY 2020/21 (a five percent increase from FY 2019/20). In addition to the FY 2020/21 grant, there is an approximate balance of \$60,000 in CDBG program income from FY 2019/20, not including amounts deposited into the Housing Rehabilitation Revolving Loan Fund (RLF) and there is still a balance of HOME funds from previous years that the City plans to allocate to eligible projects. Furthermore, the City also has a balance of \$346,975 in CDBG-CV funds, which HUD recently allocated to local jurisdictions to assist in responding to the current public health crisis. Half of the CDBG-CV funds were allocated in the 2019 Action Plan and therefore are not included in the 2020 Action Plan.

Total HUD Funds for FY 2020/21

Available Funds	CDBG	HOME
FY 2020 Entitlement Grant	\$1,184,793	\$426,754
HOME PA (Admin Reserves)	N/A	\$51,863
FY 2019 Program Income	*\$60,000	N/A

Remainder CDBG-CV (CARES Act)	\$346,975	N/A
2020-2021 Total Funds Available	\$1,591,768	\$478,617
Unallocated Fund Balance from FY 2019/20	\$179,983	\$762,771
Total Funds for FY 2020	*\$1,771,751	\$1,241,388

(All amounts preceded with * are estimates)

Action Plan's Proposed **CDBG** Activities

The projects and programs proposed to be funded in 2020 are shown in Table 2 below and in Attachment 2. These activities are eligible for the indicated funding type and amount recommended, based on federal regulations associated with these grants, and meeting one or more priority needs as identified in the City's draft 2020-2025 Consolidated Plan.

1. Administration and Planning

Administration includes the City's expenses for staffing and implementing the CDBG and HOME programs, including, but not limited to: public outreach, developing Requests for Proposals (RFPs), contract management, subrecipient monitoring, program compliance and ongoing communication with the HUD Field Office representatives. This action is capped at 20% of the entitlement grant.

2. Capital Projects & Economic Development

The "WorkFirst Sunnyvale" Program has been implemented for over six years by Sunnyvale Community Services, in partnership with Downtown Streets Team. The program provides homeless and at-risk clients with job readiness training, job placement services, career counseling and supportive services. It helps clients obtain long-term employment and/or increase their earnings in order to obtain housing, stability, and increased self-sufficiency. The program qualifies for CDBG funding as a Community-Based Development Organization (CBDO) economic development activity.

Staff also received an application from Related California for CDBG funding to assist with funding the undergrounding of utilities for the Block 15 affordable housing development. Due to the City's timeliness status, all FY 2020/21 funding must be spent by April 2021. Staff met with Related California to discuss this timeline and it was understood that this project would occur after that time. Therefore, staff recommends this project be considered again in FY 2021/22 and will not be funded under the FY 2020/21 RFP.

3. COVID-19 Rent Relief and Community Support Program

The COVID-19 Rent Relief and Community Support Program is a continuation of a financial assistance program launched in FY 2019/20. The Program's formation is a direct result of additional CDBG funds that were allocated to the City through the CARES Act (\$696,975 in CDBG-CV funds) - specifically intended to respond to the impacts of COVID-19 in the local community. The Program will provide direct rental assistance, case management and supportive services to Sunnyvale households directly impacted by the pandemic - and the Program will be administered by Sunnyvale Community Services. It is important to reiterate that the CDBG-CV funds are separate from the regular annual entitlement grant funds.

4. Housing Rehabilitation (Owner-Occupied)

The Home Improvement Program provides grants and in-kind assistance to lower-income homeowners, including mobilehome owners, for minor home improvements (e.g., energy efficiency upgrades, exterior painting, emergency repairs and disabled access improvements). The Home Access Grant is also available to lower-income renters, with the landlord's consent. The revolving loan fund (RLF) provides funding for larger loans to lower-income homeowners and/or non-profit housing developers for major housing rehabilitation projects. The recommended allocation for home improvement grants for next year is \$50,000, based on the level of demand for this program in recent years and actual expenditures in the current fiscal year.

5. Public Infrastructure

When available, the City allocates funds for a curb ramp project, which improves the accessibility of the City's sidewalks, crosswalks and related pedestrian infrastructure for disabled users.

6. Public/Human Services

Public/Human Services grants are on a biennial budget-cycle. Applicants are awarded funding for a two-year period, subject to variations based on final HUD allocations. The City is in the second year of the Human Services Grants funding cycle - and the next opportunity to apply for human services funding will be in January 2021.

Action Plan Proposed **HOME** Activities

1. Tenant Based Rental Assistance Program (TBRA)

TBRA is a flexible rental subsidy program that assists individual households afford the cost of their rental unit. The level of TBRA assistance varies, as the subsidy amount is based upon the income of the household (client pays 30 percent of household income) and the maximum term of the program is two-years. Each TBRA participating household is directly referred from Sunnyvale Community Services or Downtown Streets Team and will receive case management during their term in the TBRA program. Abode Services would manage this program.

2. Affordable Housing Development (Block 15)

Block 15 is a 90-unit affordable housing development on City owned land and the HOME funding will go toward new construction activities. Once completed, Block 15 will serve extremely low-income to low-income households, and 25 percent of the units will be set-aside for households with developmental and intellectual disabilities.

3. Community Housing Development Organization (CHDO)

At least 15 percent of HOME funds must be set aside for specific activities to be undertaken by a special type of nonprofit called a Community Housing Development Organization (CHDO). A CHDO is a private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves. In order to qualify for designation as a CHDO, the organization must meet certain requirements pertaining to their legal status, organizational structure, and capacity and experience. There are currently no CHDOs in Sunnyvale that can apply for HOME funds, therefore the set aside remains in the City's Action Plan as unallocated until an eligible CHDO applies in future program years.

Sunnyvale FY 2020/21 CDBG & HOME Recommendations

Agency Name	Program	Funding Amount Requested		Funding Recommendation	
		CDBG	HOME	CDBG	HOME
Sunnyvale Community Services	WorkFirst Sunnyvale	\$ 411,224		\$ 411,224	
Sunnyvale Community Services	COVID-19 Rent Relief and Community Support	\$ 250,000		\$ 250,000	
Abode Services	Tenant Based Rental Assistance (TBRA)		\$ 609,029		\$ 600,000
The Related Companies	Block 15 Affordable Housing	\$ 730,000	\$ 1,300,000	\$ -	\$ 482,837
Administration (20% + PI)				\$ 250,000	\$ 94,538
Public Services (15% + PI)				\$ 200,219	
Sunnyvale Home Improvement Program				\$ 50,000	
HOME CHDO Set Aside (15% HOME)					\$ 64,013
Total 2020 Entitlement Grant + Program Income				\$ 1,244,793	\$ 478,617
CDBG-CV Funds				\$ 346,975	
Uncommitted 2019-20 Funds				\$ 179,983	\$ 762,771
Total Funds Available				\$ 1,771,751	\$ 1,241,388
Total Funds Allocated for 2020				\$ 1,161,443	\$ 1,241,388
Total Funds Remaining for 2020				\$ 610,308	\$ -
Funds Allocated for ADA Curb Ramps				\$ 610,308	

NEXT STEPS

If adopted by the City Council, staff will submit the plans to HUD for final approval before August 14, 2020. From there, City staff will enter into funding contracts with each grantee.

FISCAL IMPACT

Adoption of the draft 2020-2025 HUD Consolidated Plan will not impact the General Fund, but it will qualify the City to receive federal CDBG and HOME grants for the next five years, subject to continued federal appropriations and compliance with program regulations. Upon HUD approval, the City will receive its annual entitlement (Program Year 2020) of \$1,184,793 in CDBG and \$426,754 in HOME funding. Additionally, the City received \$250,000 in CDBG-CV funds, which will be allocated to address the impacts of the COVID-19 pandemic. Adoption of the Draft 2020 HUD Action Plan will allow the City to begin spending the funds in September 2020.

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. In addition, an extensive regional and local public outreach process has been followed as part of the development of the draft 2020-2025 Consolidated Plan.

Per HUD requirements, a nine-day public comment period on the draft 2020-2025 Consolidated Plan and draft 2020 Action Plan began on July 17, 2020, as advertised in the Sunnyvale Sun. A copy of the Draft documents are available for public review at City Hall, in the Sunnyvale Library, and online at: <https://sunnyvale.ca.gov/property/housing/default.htm>

ALTERNATIVES

Consolidated Plan

1. Adopt the draft 2020-2025 HUD Consolidated Plan as shown in Attachment 1 to the report.
2. Adopt the draft 2020-2025 HUD Consolidated Plan with modifications.

Action Plan

3. Adopt the draft 2020 HUD Action Plan as shown in Attachments 2 to the report.
4. Adopt the draft 2020 HUD Action Plan with modifications.

RECOMMENDATION

Alternative 1: Adopt the draft 2020-2025 HUD Consolidated Plan as shown in Attachment 1 to the report.

Alternative 3: Adopt the draft 2020 HUD Action Plan as shown in Attachment 2 to the report.

As discussed, both the Consolidated Plan and Action Plan are key documents in the City's administration and management of our federal funding programs. Sunnyvale has had great success with projects utilizing these funding sources. Alternative 1 and 3 allow the City to continue receiving these federal funds to continue serving our lower income members of the community.

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ATTACHMENTS

1. Draft 2020-2025 HUD Consolidated Plan
2. Draft 2020 HUD Annual Action Plan