

### REPORT TO HOUSING AND HUMAN SERVICES COMMISSION

#### **SUBJECT**

Consider Approval of Draft Substantial Amendment to the 2020 Housing and Urban Development (HUD) Action Plan

#### **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. Sunnyvale's last Consolidated Plan was approved in 2020 and covers fiscal years 2020/21 through 2024/25. In addition, every year entitlement grantees must submit an annual "Action Plan" to HUD for its approval to obtain the grant 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 five-year Consolidated Plan. The 2020 Action Plan, including any subsequent Substantial Amendments, is the first Action Plan to be added to the City's 2020-2025 Consolidated Plan.

#### **CDBG and HOME Programs**

The CDBG program was established by the Housing and Community Development Act of 1974, Public Law 93-383; and the 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 and moderate" 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 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.

#### **EXISTING POLICY: 2020-2025 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. Due to the increased need for supportive services and the increase in Program Income received, the City was able to increase its Human/Public Services allocation from \$200,219 to \$300,000, which according to the City’s Citizen Participation Plan requires a substantial amendment as the increase in funding is greater than 30% of the allocated amount cited in the Action Plan submitted to HUD.

This Substantial Amendment is simply a correction in the amount of funding provided in fiscal year 2020/21, no changes to any projects or programs are proposed. The process for a Substantial Amendment requires the same level of public outreach and engagement as the original Action Plan.

### **Increased Funding for CDBG Activity**

The increase to Human/Public Services funding through the Substantial Amendment to the FY 2020/21 Action Plan is shown in Table 1 below. The activity is eligible for additional CDBG funding based on federal regulations associated with the funding source and meets one or more priority needs as identified in the City’s 2020-2025 Consolidated Plan. As the City received a significant amount of Program Income, this additional allocation of funding for Human Services was awarded in compliance with HUD regulations, as Human Services is capped at 15% of both Entitlement Grant and Program Income.

#### *Public Services (Human Services)*

CDBG funds may be used for various public services, as long as a majority of the clients are lower income persons, and the services address the priority needs identified in the Consolidated Plan. Services include but are not limited to: legal assistance for seniors, supportive services (counseling services, food distribution, etc.) for disabled adults, homeless residents, seniors and at-risk youth.

**Table 1**

Agency Name	Program	Original Funding Allocation	Funding Increase Recommendation	Final Funding Allocation
Human Services Grant Recipients*	Human/Public Services	\$200,219	\$99,781	\$300,000

\*Agencies include: Sunnyvale Community Services, YWCA, Next Door, First United Methodist Church and Bill Wilson Center. Note that there is no change in any of these programs.

## **FISCAL IMPACT**

Approval of the Substantial Amendment to the FY 2020/21 Action Plan is necessary for the City to reconcile additional CDBG funds that were awarded to existing Human/Public Services programs who provide essential safety net services to low-income residents of Sunnyvale. The COVID-19 pandemic has increased demand for supportive services - and this is a method to expand capacity for the City's service partners. A Budget Modification to true up the current budget will be presented to Council when this item moves forward for their approval.

## **PUBLIC CONTACT**

Public contact was made by posting the Housing and Human Services Commission's agenda on the City's official notice bulletin board and on the City's website. Notice of public hearings, including the 30-day public comment and review period, was published in the *Sunnyvale Sun* newspaper on May 7, 2021. A draft Substantial Amendment to the FY 2020/21 Action Plan was made available for public review on the City's website for the required minimum 30-day review period prior to City Council action.

## **ALTERNATIVES**

1. Recommend that the City Council approve the Substantial Amendment to the FY 2020/21 Action Plan as shown in Attachment 3 of the staff report.
2. Recommend that the City Council approve the Substantial Amendment to the FY 2020/21 Action Plan as shown in Attachment 3 of the staff report with modifications.

## **RECOMMENDATION**

Recommend to Council Alternative 1: Recommend that the City Council approve the Substantial Amendment to the 2020 Action Plan as shown in Attachment 3 of the staff report. Approval of the first Substantial Amendment to the 2020 Action Plan will allow the City to reconcile the additional CDBG funds that were used to address local needs for affordable housing and related programs, consistent with the 2020-2025 Consolidated Plan. This will ensure all future reporting for FY 20/21 matches the Annual Action Plan.

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Reviewed by: Jenny Carloni, Housing Officer

Reviewed by: Trudi Ryan, Director, Community Development Department

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

**ATTACHMENTS**

1. *Reserved for Report to Council*
2. Draft Summary of the Substantial Amendment to the 2020 Action Plan
3. Draft Substantial Amendment to the 2020 Action Plan