

### REPORT TO COUNCIL

#### SUBJECT

Approve Budget Modification No. 5 in the Amount of \$500,000 to Provide Reimbursable Grant Funding for the 2023-2031 Housing Element, Village Centers Master Precise Plan, and Santa Clara County Planning Collaborative

#### GRANT SUMMARY

Approval is requested for Budget Modification No. 5 in the amount of \$500,000 to provide planning consultant services associated with the preparation of the 2023-2031 Housing Element of the General Plan; planning consultant services and staff time for the preparation of the Village Centers Master Precise Plan; and planning consultant services for the Santa Clara County Planning Collaborative.

The total cost for these services is fully reimbursable by the California Department of Housing and Community Development (HCD) through the Local Early Action Planning (LEAP) Grant Program pursuant to the Reimbursement Agreement approved by HCD in March 2021 (Attachment 1). The LEAP Grant provides funding to jurisdictions for the preparation and adoption of planning documents, process improvements that accelerate housing production, and compliance in implementing the sixth cycle of the Regional Housing Needs Allocation (RHNA). The Reimbursement Agreement was preceded by Council approval of a required Resolution ratifying and approving the City's application for the LEAP Grant funds (RTC No. 20-0497, May 19, 2020 - Resolution 991-20).

The LEAP Grant will provide reimbursable funding for the following projects:

- **2023-31 Housing Element of the General Plan**

As required by state law, the City must update its Housing Element every eight years. The upcoming Sixth Cycle of the Housing Element must be updated and adopted by HCD no later than January 31, 2023. Preparation of the 2023-2031 Housing Element requires extensive research and community engagement as well as preparation of a sites inventory and accommodation of the Sixth Cycle RHNA. Given the scope of work and recent drastic changes to land use and Housing Element law, a consultant is required to assist City staff with the preparation of the updated document. Consultant selection will occur through a competitive Request for Proposals (RFP). LEAP Grant funding in the amount of approximately \$175,000 will be used for consultant services and expenses only. Scope of work includes:

- Facilitation of project initiation meetings and development of Work Plan and Website
- Development of a formal community Outreach Plan and facilitation of community meetings
- Collection and analysis of relevant data for the preparation of Needs Assessment, Housing Opportunities, Housing Constraints, and Sites Inventory
- Creation of Housing Element drafts for administrative and public review and adoption

by City Council

- Preparation of required documents for California Environmental Quality Act (CEQA) review and submittal
- Completion of Final Housing Element for adoption by HCD

- **Village Centers Master Precise Plan**

In 2017, City Council adopted an updated Land Use and Transportation Element (LUTE), which included the new land use designation known as Village Center. This new designation is intended to support and accelerate housing production in areas at major intersections currently zoned Neighborhood Commercial and Office. Each Village Center, or portion of a Village Center, must also adopt a Village Center Precise Plan, which must contain objective development standards and design guidelines as required by SB 330. These new standards and guidelines will aid in streamlining the approval process for the development of individual sites within the Village Centers. Due to individual ownership and associated costs for the development of individual Village Center Precise Plans, the City will develop a Village Center Master Plan for all Village Centers using LEAP Grant funding in the amount of approximately \$310,500. The funding will be used for consultant services as well as staff time required for the creation of the new development standards and design guidelines. Ascent Environmental has been selected to assist with the development the Village Center Master Plan. Scope of work includes:

- Collection and analysis of data for the creation of zoning base maps, an existing conditions report, and opportunities and constraints analysis
- Development of long-term vision scenarios and conceptual plans
- Community engagement including up to five outreach meetings, engagement with property owners, and a community open house
- Preparation of required draft and final documents for California Environmental Quality Act (CEQA) review and submittal
- Development of draft zoning standards and objective design guidelines and presentation to interested boards and commissions, Planning Commission, and City Council
- Preparation of final zoning standards and objective design guidelines document

- **Santa Clara County Planning Collaborative**

In 2019, the Cities Association of Santa Clara County formed the Santa Clara County Planning Collaborative as a concerted regional effort to address housing and homelessness challenges faced throughout the County. The mission and goal of the Collaborative (now branded as *Let's Talk Housing: Santa Clara County*) is to encourage Countywide collaboration on housing production and legislation efforts, including preparation for the 2023-2031 Housing Element. The Collaborative has contracted with consultant firm Baird + Driskell Community Planning since March 2020 to facilitate and lead the effort. All participating cities in the Collaborative contribute their fair share of consulting costs, which are eligible for reimbursement by the LEAP Grant. Therefore, Sunnyvale will use \$14,500 in LEAP grant to cover its fair share participation cost.

The Housing Division and Planning Division of the Community Development Department will be responsible for the management of the grant.

## **EXISTING POLICY**

### **COUNCIL POLICY 7.1.5 - Donations, Contributions and Sponsorships:**

The City Manager may apply for grants of any dollar amount but shall notify the Council when grants are being pursued. Council approval of a budget modification to appropriate grant monies is required before funds can be expended by staff. Such a budget modification shall include the use to which the grant would be placed; the objectives or goals of the City which will be achieved through use of the grant; the local match required, if any, plus the source of the local match; any increased cost to be locally funded upon termination of the grant; and the ability of the City to administer the grant. For grants under the amount of \$5,000 that do not have any external reporting requirements or any local match requirement, Council approval of a budget modification is not required. The City Manager is authorized to accept and administratively appropriate the grant funds.

This grant does not meet all of the criteria to be administratively appropriated by the City Manager; therefore, a budget modification is required. Grant funds from the California Department of Housing and Community Development (HCD) have external reporting requirements and fall under the federal single audit guidelines.

Pursuant to Sunnyvale Charter Section 1305, at any meeting after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by affirmative votes of at least four members so as to authorize the transfer of unused balances appropriated for one purpose to another, or to appropriate available revenue not included in the budget.

## **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(a) as it is a fiscal action that has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. It is not anticipated that this update to the Housing Element will have any significant environmental impacts; however, the appropriate CEQA analysis and findings will be presented at the time of approval.

## **FISCAL IMPACT**

Budget Modification No. 5 has been prepared to appropriate \$500,000 in HCD LEAP grant funds to a new project in the General Fund to provide reimbursable funding for updating the 2023-2031 Housing Element and Village Centers Master Precise Plan as well as to cover the City’s portion of costs associated with the Santa Clara County Planning Collaborative.

### **Granting Agency**

California Department of Housing and Community Development (HCD)

### **Funding Source**

California Department of Housing and Community Development (HCD) Local Early Action Planning (LEAP) Grant Program

### **Required Local Match**

None

Increased Cost to City Upon Grant Termination  
None

**Budget Modification No. 5**  
**FY 2021/22**

	<b>Current</b>	<b>Increase/ (Decrease)</b>	<b>Revised</b>
<b>General Fund</b>			
<u>Revenues</u>			
California HCD LEAP Grant	\$0	\$500,000	\$500,000
<u>Expenditures</u>			
New Project - California HCD LEAP Grant	\$0	\$500,000	\$500,000

**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. In addition, the agenda and report are available at the Office of the City Clerk and on the City's website.

**STAFF RECOMMENDATION**

Approve Budget Modification No. 5 in the amount of \$500,000 for planning consultant services for the preparation of the 2023-2031 Housing Element of the General Plan; planning consultant services and staff time for the preparation of the Village Centers Master Precise Plan; and planning consultant services for the Santa Clara County Planning Collaborative.

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Reviewed by: Tim Kirby, Director of Finance  
Reviewed by: Jaqui Guzmán, Deputy City Manager  
Approved by: Kent Steffens, City Manager

**ATTACHMENTS**

1. Executed Department of Housing and Community Development Grant Reimbursement Agreement