



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO HOUSING AND HUMAN SERVICES COMMISSION

SUBJECT

Evaluations and Funding Recommendations for FY 2024/25 & FY 2025/26 Allocation of HOME Investment Partnership Program and FY 2024/25 Community Development Block Grant Funds.

BACKGROUND

Sunnyvale receives an annual allocation of Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) funds from the U.S. Department of Housing and Urban Development (HUD) to be used for community development programs and local housing strategies designed to increase opportunities for low and very low-income residents.

CDBG Eligible Projects

The City operates its CDBG funding on a two year cycle. Year one of the funding cycle awards CDBG funds, in either grant or loan form, to both capital projects and human service grantees. In addition to the CDBG funds, the City supplements an additional \$135,000 annually from the General Fund to further support human service grantees. All human service grantees funded through CDBG and General Fund are awarded two year funding contracts contingent on available funding and performance. Should CDBG funding increase or decrease, all human service grants would be adjusted proportionately.

During year two of the funding cycle, only CDBG capital project funds are considered. CDBG capital project proposals may include housing rehabilitation projects, economic development activities, public facilities and/or infrastructure, acquisition of land for CDBG-eligible projects, commercial building rehabilitation, and several other miscellaneous 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 assisted, or beneficiaries of the activity (loan recipient, occupants of housing to be improved, job training program participants etc.) must be lower-income.

Since FY 2024/25 will be the second year of the City’s CDBG funding cycle, only CDBG capital projects are being considered under this RFP; human service grants will automatically enter year two of their contract.

HOME Eligible Projects

Over the past few years, the City’s HOME allocation has remained steady but limited. There has been less demand for these funds for new construction due to the minimal funding availability compared to high cost of construction. Since 2022, HOME funds are now committed solely to the City’s Tenant Based Rental Assistance (TBRA) program in two-year funding contracts. The TBRA program assists income eligible households by providing rental assistance. Therefore, with this RFP, the City plans to use FY 2024/25 and FY 2025/26 HOME funding towards a new two-year TBRA

Administrator contract.

Final grant recommendations will be used to prepare the 2024-25 Annual Action Plan, which will be considered by the HHSC on April 16th, and City Council on May 7th.

EXISTING POLICY

2020-2025 HUD Consolidated Plan:

- Goal A Assist in the creation, improvement, and preservation of affordable housing for lower-income and special needs households.
- Goal B Alleviation of Homelessness.
- Goal C Support provision of essential human services, particularly for special needs populations.
- Goal D Expanding Economic Opportunities.

Council Policy 5.1.3 Human Services *(from Purpose Statement)*

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.

Sunnyvale Housing Element

Goal H-5: Equal Housing Opportunities and Special Needs

Promote equal housing opportunities for all residents, including Sunnyvale's special needs populations, so that residents can reside in the housing of their choice.

Policy H-5.13: Housing and Services to Address Homelessness.

Participate in the County Collaborative on Affordable Housing and Homeless Issues to support its efforts to prevent and end homelessness. Facilitate and sponsor the provision of permanent supportive housing for homeless people. Support local service providers that offer facilities and support services to homeless individuals and families, and persons at risk of homelessness.

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.

DISCUSSION

Available Funding for Fiscal Year 2024/25

As of March 2024, the City has not been notified of its formal 2024/25 entitlement allocation; therefore, staff will utilize the standard practice of using the previous year allocation as an estimate of funds available for the coming year, given that recent annual entitlement grants are generally consistent. Sunnyvale plans to receive an estimated CDBG funding allocation from the U.S. Department of Housing and Urban Development (HUD) in the amount of \$1,000,000 and HOME funds in the amount of approximately \$450,000.

In addition to the FY 2024/25 allocation, staff estimates that approximately \$150,000 in CDBG program income (prior year loan repayments) will be received by the end of the current fiscal year for CDBG, and \$262,183 for HOME. For FY 2024/25, staff will continue to prioritize that CDBG program income be deposited into the City's Revolving Loan Fund (RLF) as it is nearly depleted.

HOME funding estimates are presented in a two-year format to account for the two year funding cycle of the TBRA program.

ESTIMATED Funds Available for FY 2024/25 (1 Year Grant Cycle)	CDBG
Entitlement Grant	\$1,000,000
Prior Year Fund Balances Available to Commit	\$220,000
FY 23/24 Program Income (PI) for RLF	\$150,000
Total Budget Allocation Estimates Total Grant + PI	\$1,370,000
Maximum Funds Available for Program Administration (20% of CDBG Grant)	\$200,000
Year 2 Public Services Grants	\$150,000
Revolving Loan Fund (PI Only)	\$150,000
Funds Available for Capital Projects*	\$870,000

* "Funds available for capital projects" includes activities funded through the City's Home Improvement Program (approximately \$250k).

ESTIMATED Funds Available for FY 2024/25 & 2025/26 (2 Year Grant Cycle)	HOME
Entitlement Grant	\$900,000
Prior Year Fund Balances	\$710,000
Available Program Income (PI)	\$262,183
CHDO Disencumbered Fund Balance	\$248,412
Total Budget Allocation Estimates Total Grant + PI	\$2,120,595
Maximum Funds Available for Program Administration (10% of HOME Entitlement Grant + PI)	\$116,000
Estimated Funds Available for 2 Year TBRA Contract	\$2,004,595

The City received one proposal for HOME TBRA funding and two CDBG capital project proposals in response to the RFP issued in December 2023. Descriptions of each program and their application ranking is discussed in depth below. The applications are included as Attachment 3.

FY 2024/25 Funding Proposals

Staff Scoring Committee

The staff scoring committee, consisting of several Community Development Department staff members, met to discuss the proposals, eligibility, completeness requirements, scoring, and possible funding scenarios based on the requirements and evaluation criteria located in the RFP. In addition, the staff scoring committee, when reviewing proposals, referred to the priority needs described in the City's 2020-2025 Consolidated Plan. 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 Attachment 2.

CDBG Capital Project Proposals

For FY 2024/25, two capital project proposals were received as shown in Attachment 2 however only one is being recommended for funding.

1. Sunnyvale Community Services WorkFirst Sunnyvale (WFS)
 - a. Sunnyvale Community Services has requested \$511,811 for their WorkFirst Sunnyvale program for FY 2024/25. The WFS program has been CDBG funded for over ten years and is a job-training and placement program that serves the City's unhoused population; this unique program is considered a community based development organization (CBDO) and is allowed to apply under Capital Project funding. The program proposes to engage up to 60 unhoused individuals who would receive ongoing supportive services (i.e., benefits counseling, housing search, food security, etc.), coupled with job-training and placement opportunities through WFS's Job Squad Program and Weekly Success Meetings. Out of the 60 participants engaged each year, about 15 participants will be placed in employment opportunities. As the top ranked proposal, staff recommends funding this proposal for the full requested amount, shown in Attachment 2.
2. WeeCare
 - a. WeeCare has requested \$280,000 for their Upwards BOOST Program, An economic development program that offers personalized business and technical support for small, micro-enterprise daycare providers to grow their business. Over twelve months, BOOST coaches the daycare providers, equipping them with digital tools and professional guidance to build sustainable operations and proposes to serve 35 low-moderate households with this program. Staff does not recommend funding this proposal based on the lack of demonstrated experience with the financial management, administration and compliance of CDBG funds, unclear objectives and need, and a budget focused on staffing rather than program outcomes. Proposal was also missing the mandatory 25% matching funds.

HOME Tenant Based Rental Assistance (TBRA) Proposals

The City received one TBRA proposal from the existing TBRA program administrator, Sunnyvale Community Services (SCS), who is requesting \$2,000,000 in HOME funding to continue administering the TBRA program for the next two fiscal years.

Sunnyvale Community Services proposes to use the HOME funding to:

- a. Serve up to 50 low-income households through the TBRA program annually, specifically targeting those who are experiencing homelessness or at risk of homelessness.
- b. Provide ongoing case-management/benefits counseling to program participants.
- c. Recruit, retain and sustain productive partnerships with new and existing landlords.

The Evaluation Committee recommends funding SCS in the amount of up to \$2,000,000 to continue administering the City's TBRA program for the 2024-25 and 2025-26 fiscal years, \$1,000,000 per fiscal year. The City also allocates local funding for administrative and case management support outside of the RFP process for the TBRA program Administrator.

NEXT STEPS

Staff will include the Housing and Human Services Commission (HHSC) funding recommendations in the draft 2024 Action Plan, which will be considered by the HHSC at its regular meeting on April 16, 2024. The 2024 Action Plan will then be reviewed by the Council on May 7, 2024, before being submitted to HUD no later than May 15, 2024. Awards will not become final until after Council and HUD approve the City's 2024 Action Plan.

PUBLIC CONTACT

Public contact was made by posting the Council meeting agenda on the City's official-notice bulletin board at City Hall, at the Sunnyvale Public Library and in the Department of Public Safety Lobby. In addition, the agenda and this report are available at the NOVA Workforce Services reception desk located on the first floor of City Hall at 456 W. Olive Avenue (during normal business hours), and on the City's website.

ALTERNATIVES

1. Fund the CDBG capital project and TBRA proposals in the amounts shown in Attachment 2 to this report.
2. Fund one or more of the proposals with a different amount(s) than those recommended by staff as show in Attachment 2, not to exceed the total amount of funding estimated to be available for each funding source.

RECOMMENDATION

Alternative 1: Fund the CDBG capital project and TBRA proposals in the amounts shown in Attachments 2 to this report.

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Reviewed by: Jenny Carloni, Housing Officer
Reviewed by: Trudi Ryan, Director, Community Development

ATTACHMENTS

1. FY 2024/25 List of Grant Proposals Received
2. FY 2024/25 CDBG and HOME TBRA Draft Funding Recommendations
3. FY 2024/25 Capital Project and HOME TBRA Proposals