



DATE: June 30, 2018

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **Adoption of Consolidated Plan and Approval of Fiscal Year 2020-21 CDBG/HOME Funding Cycle**

RECOMMENDATION

1. Adopt the Fiscal Years 2020-25 Consolidated Plan and Fiscal Year 2020-21 Action Plan in Attachments 1 and 2, respectively, and authorize the City Manager to execute the required forms and certifications and submit this document to the U.S. Department of Housing and Urban Development.
2. Approve \$362,000 in Fiscal Years 2015-2018 Community Development Block Grant and \$980,000 in Fiscal Years 2015-2018 Home Investment Partnership Program funds to Fiscal Year 2020-21 capital projects as shown in Attachment 3 to the Council report.
3. Approve the maximum allowable amount, \$88,914 in Fiscal Year 2020-21 Community Development Block Grant funds, to existing public service programs as shown in Attachment 4 to the Council report.
4. Approve the maximum allowable amount, currently estimated at \$118,552 in Fiscal Year 2020-21 Community Development Block Grant and \$27,316 in Fiscal Year 2020-21 Home Investment Partnership funds, for the management and administration of the Community Development Block Grant and Home Investment Partnership programs.
5. If the program income and/or carryover are more or less than the amounts estimated, proportionally appropriate the difference to the capital project agencies based on their awarded funding levels up to the amounts requested; proportionately appropriate the maximum allowable increased or decreased CDBG allocation and program income to public service agencies up to the amounts requested; proportionately appropriate the maximum allowable increased or decreased Community Development Block Grant and/or Home

Investment Partnership allocation and program income to administration; and carry over the remaining funds to Fiscal Year 2021-22 capital projects.

BACKGROUND

Fiscal Years 2020-25 Consolidated Plan

The City of Mountain View is a recipient of Federal funding from the Department of Housing and Urban Development (HUD) for the purposes of investing in housing and community development-related activities in the City. These funds are from the Federal Community Development Block Grant (CDBG) and the Home Investment Partnership (HOME) programs.

As a recipient of these Federal funds, the City is required to prepare a Consolidated Plan every five years, which provides detailed assessments of the local housing and community development needs and a five-year strategic plan. The strategic plan includes key priorities, goals, and target outcomes for the investment of the CDBG and HOME funding.

As with the previous Consolidated Plans, the City partnered with Santa Clara County along with the other participating jurisdictions in the County excluding the City of Milpitas, which is on a separate schedule. The purposes for this regional process are: (1) to streamline the development of the Consolidated Plan by creating a common report template that can be used by each participating jurisdiction; (2) to identify shared regional issues/needs; and (3) to discuss potential areas of collaboration. This regional process is facilitated by a consultant firm; Michael Baker International (MBI) was the consultant selected for this 2020-25 Consolidated Plan process. MBI led the regional public outreach process and conducted the needs analysis and market assessment of housing and community development-related issues for each of the participating jurisdictions.

Public outreach included a Countywide survey, four regional meetings, and two local community meetings. The survey was provided in English, Spanish, and Vietnamese and was available online and as a hard copy. City staff advertised the survey via print ad in the *Mountain View Voice*, online, and through e-mail. In the survey, participants were asked a number of questions regarding community development needs in their jurisdictions. At the regional and local meetings, attendees were asked more specific questions about their housing and community needs. Additional information regarding the public outreach process and summary of the feedback received are attached as exhibits in the draft Consolidated Plan.

The needs assessment and market analysis focuses on various housing and community development needs of the City's low-income populations using specific Census data as specified by HUD. Where available, the Census data is supplemented by local or recent data. The consultant then worked with staff to tailor the document to make it specific to the local conditions of Mountain View; this process included additional quantitative and qualitative analyses regarding needs, priorities, and goals by City staff, in coordination with the Public Works, Community Services, and Police Departments and the City Manager's Office.

Fiscal Year 2020-21 Annual Action Plan

Recipients of HUD funding must create Annual Action Plans demonstrating how the five-year Consolidated Plan priorities and goals will be met on an annual basis. The Fiscal Year 2020-21 Annual Action Plan is the first year of the Fiscal Years 2020-25 Consolidated Plan. CDBG funds may be allocated for public services (up to 15 percent of CDBG funding) and capital projects benefitting lower-income households. The HOME program is primarily for capital projects, such as the development of affordable housing or acquisition/rehabilitation projects, or other affordable housing programs.

In Mountain View, applications for capital projects are considered annually, but applications for public services are awarded biennially and paired with General Fund support. The Fiscal Year 2020-21 Annual Action Plan is the second year of the two-year cycle for public service agencies. As a result, only capital projects are being considered in this round of CDBG funding (discussed in further detail in the Analysis section below). The Council's final funding decisions for Fiscal Year 2020-21 will be included in the Fiscal Year 2020-21 Annual Action Plan.

Coronavirus Aid, Relief, and Economic Security Act

During the development of the Fiscal Year 2020-21 Annual Action Plan, COVID-19 rapidly emerged and became a global emergency. In response to the crisis and its economic impact, Congress passed the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provided additional CDBG funding to the City and allowed HUD to provide certain waivers for greater flexibility regarding the use of the funds, including the following:

- Shortening the public review period to expedite distributing funds to the community as quickly as possible;

- Removing the 15 percent public service limit for Fiscal Year 2019-20, Fiscal Year 2020-21 CDBG allocations, and program income received for programs that address COVID-19-related impacts as specified by HUD; and
- Extending the Consolidated Plan and Annual Action Plan submittal date to August 16, 2020 from the usual May 15 deadline.

On April 2, 2020, the City received notice from HUD that it would receive \$348,702 of CARES Act CDBG funding. In addition to the CARES Act funding, the City received its Fiscal Year 2020-21 allocation in the amount of \$592,761. This year's allocation is slightly higher than in previous years.

COVID-19 Rent Relief Program

On March 12, 2020 the City Manager, acting in the position of Director of Emergency Services, declared a state of emergency due to the COVID-19 pandemic. On March 17, 2020, the City Council adopted a resolution ratifying the state of emergency and appropriated \$500,000 in Below-Market-Rate (BMR) housing funds to establish the COVID-19 Rent Relief Program (C-19 RRP) to provide rental assistance for tenants in Mountain View who are unable to pay their rent due to job loss, wage reductions, or increased health-care or child-care expenses due to the pandemic. At that time, the City Council also stated that it would consider additional funding for the C-19 RRP program should there be a demonstrated need for it. The City partnered with the Community Services Agency (CSA) to implement the C-19 RRP. CSA began accepting applications on March 25, 2020, and the demand for assistance was immediate and substantial.

Given the overwhelming demand and the flexibility provided by HUD regarding the use of CDBG funding, on April 14, 2020, the City Council appropriated a total of \$1.13 million in CDBG funding for the C-19 RRP, including \$385,395 from the Fiscal Year 2020-21 allocation. This information is summarized in Table 2 and further discussed in the Analysis section below regarding the Fiscal Year 2020-21 Annual Action Plan.

ANALYSIS

Fiscal Years 2020-25 Consolidated Plan

As mentioned, housing and community development needs surfaced during the public outreach process through the consultant's evaluation of needs and market factors and through additional analysis by staff. While the needs are various, they are summarized in the following key categories:

- **Increasing affordable housing opportunities.** There are over 11,200 low- and moderate-income households in Mountain View, over two-thirds of which have a housing burden (defined as spending more than 30 percent of their income on housing expenses). Overall, nearly one-third of all Mountain View households are housing-burdened. Additionally, lower-income households and minorities may disproportionately live in poor housing conditions, defined by HUD as "housing problems."
- **Responding to homelessness.** Homelessness was identified as a regionwide concern, and it is also a concern in Mountain View. The City has taken a leadership role in compassionately responding to the needs of those living in vehicles or who are unsheltered in Mountain View. Addressing homelessness has been a persistent challenge in Silicon Valley, and continued efforts to respond to the issue in a multi-pronged approach are needed.
- **Enhancing social services.** A wide range of social service needs were identified during the Consolidated Plan process, such as those for mental health and youth services. Other service areas such as activities that can enhance civic participation and increase social capital were also identified.
- **Strengthening neighborhoods.** This category includes a wide range of needs and is based on the benefit of increasing the number and quality of various types of infrastructure. This includes funding improvements to nonprofit facilities that serve the community, facilitating the provision of recreational spaces, and mobility, accessibility, and circulation improvements.
- **Promoting fair housing.** There continues to be a need for a broad range of activities to promote fair housing. Fair housing issues can occur for various reasons, such as lack of English proficiency, lack of access to information, discrimination, and market-based factors. Advancing fair housing is also a fundamental component of these Federal programs and HUD requirements and is

a fundamental component of eligible activities that may be funded through the CDBG program.

- **Supporting economic development and resiliency.** Supporting economic development was identified as an area of need during the Consolidated Plan process prior to the emergence of COVID-19. Work force development and job-readiness programs were some examples of economic development-related activities. However, since the shelter-in-place and social distancing measures have been instituted, the specific issues of economic recovery and resiliency have become fundamental to the discussion given the dramatic increase in unemployment rates, bankruptcies by businesses, and the disproportionate impact COVID-19 has had on lower-income workers and on specific industries and jobs. As such, this Consolidated Plan's priorities and goals regarding the economy should also reflect the ability for the City to respond to COVID-19 impacts.

Five-Year Goals and Target Outcomes

The Consolidated Plan requires that priorities, goals, and target outcomes be identified for each five-year period. Based on the findings of need as summarized in the above section, the following are the recommended goals and target outcomes for the Fiscal Years 2020-25 Consolidated Plan. Note that the impacts of the COVID-19 crisis are still emerging, and there is significant uncertainty about the extent and nature of its impacts on communities. As a result, a key guiding principle for this Consolidated Plan is to incorporate clear but flexible priorities and goals that would allow the City to respond to a range of needs that may emerge during the next five years. The target outcomes are estimates for each goal based on data from past projects or services. For example, the CSA homeless prevention program serves approximately 3,000 people annually, so a five-year goal would be 15,000 people.

**Table 1: Recommended Goals and Target Outcomes
 for Fiscal Years 2020-25 Consolidated Plan**

Goals	Target Outcomes
<p>Increase affordable housing: Support affordable housing initiatives and opportunities through development of units and programs. Illustrative examples could include new construction and acquisition/rehabilitation of existing housing units to meet a diverse range of housing needs, including families or special-needs populations. Examples of programs can include partnership with nonprofit organizations for rental opportunities and affordable home ownership programs.</p>	<p>400 units created and/or rehabilitated</p>
<p>Respond to homelessness: Establish and support homeless prevention services and programs in collaboration with the County and nonprofit agencies. Illustrative examples include: programs and activities that will assist the homeless or individuals/families/households at risk of homelessness; anti-displacement measures; financial assistance (grocery gift card and other essential needs); crisis intervention; job training and search assistance; and other vital social services.</p>	<p>15,000 persons assisted</p>
<p>Enhance social services: Support services that promote safety, security, wellness, and well-being of individuals and households, social capital, and civic engagement. Illustrative examples could include financial literacy, physical and mental health programs, parenting classes, accessibility to child care, civic participation classes, diversity awareness, cultural sensitivity, and other similar services. Support opportunities and programs for special-needs populations and services, including, but not limited to, abused and abandoned children, victims of domestic violence, seniors, and physically disabled individuals. Collaborate with social service partners to extend the reach of services to the population in need.</p>	<p>2,000 persons assisted</p>
<p>Enhance physical infrastructure: Promote strong neighborhoods, support health and wellness, foster human development, promote open space resources, and sense of place by enhancing/maintaining existing community and/or public infrastructure; and developing new community and/or public infrastructure. Illustrative examples include: improvements to nonprofit/social service facilities; creating/enhancing recreational spaces; and mobility/accessibility/circulation improvements, etc.</p>	<p>5,740 persons assisted</p>

Goals	Target Outcomes
Address and promote fair housing: Address and promote fair housing with counseling, compliance, education, and removal of barriers to housing opportunities in collaboration with organizations, agencies, social service entities, and the County. Illustrative examples of addressing and promoting fair housing include: provide counseling and/or legal resources for families and individuals with fair housing concerns; tenant/landlord mediation services; actively monitor and test for fair housing compliance; and outreach to the underrepresented populations.	150 individuals or families assisted
Support economic resiliency: Support activities that promote economic resiliency, create economic opportunity, and improve work force development and skills training. Illustrative examples include: activities that create partnership opportunities for employment; job ladders; career building; job readiness programs; business incubation; and creative approaches/solutions that promote long-term economic sustainability.	40 persons assisted

If approved, these priorities, goals, and target outcomes will constitute the framework that guides which proposals will be funded through the Annual Action Plan for each of the next five years.

Fiscal Year 2020-21 Annual Action Plan

This section provides a summary of the funding available (Table 2) and recommended projects (Table 3) for the Fiscal year 2020-21 Annual Action Plan.

**Table 2: Total Estimated Funding Available for
Fiscal Year 2020-21 Annual Action Plan**

	CDBG	HOME
Fiscal Year 2020-21 Allocation		
• Fiscal Year 2020-21 Allocation	\$592,761	\$273,160
• (Second Year of Public Service Funding)	(\$88,914)	\$0
• (C-19 RRP Amount)	(\$385,295)	\$0
• (Administration)	(\$118,552)	(\$27,316)
Net Available	\$0	\$245,844

	CDBG	HOME
Program Income		
• Existing	\$7,747	\$521,666
• Estimated	\$100,000	\$0
Net Available	\$107,747	\$521,666
Reprogrammed Funds		
Net Available	\$429,107	\$322,545
Total Net Available Funds	\$536,854	\$1,090,055

As shown in Table 2 above, funding for this program year is composed of three sources: the Fiscal Year 2020-21 allocation amounts, existing and estimated program income, and reprogrammed funds from previous years, with additional context as follows:

- **Fiscal Year 2020-21 Allocation:**
 - This funding source represents the amount of CDBG/HOME funding specifically for Fiscal Year 2020-21. As mentioned, the City received its annual CDBG allocation in the amount of \$592,761 in addition to its HOME allocation of \$273,160.
 - Public Service: As mentioned, Fiscal Year 2020-21 is the second year of the two-year funding cycle for public services. Therefore, the amounts funded in the first year (Fiscal Year 2019-20) for public services will be applied proportionately to the same projects with a minimum allocation of \$5,000 (see Attachment 4, which also provides a summary of subgrantees that received General Fund support). Additionally, although HUD typically allows a maximum of 15 percent of CDBG funding to be used for public services, the flexibility provided by the Federal CARES Act allowed the City to use its entire balance for Fiscal Year 2020-21 (after accounting for funding public services agencies and administration) for the C-19 RRP (which is a public service activity). HOME cannot fund public service activities.
 - Administration: HUD allows up to 20 percent of CDBG funds for administration and up to 10 percent for HOME administration.
 - Summary: The City’s Fiscal Year 2020-21 CDBG amount has already been fully allocated for public services activities (those already funded in the first year of the current two-year cycle and the C-19 RRP) and administration.

- **Program Income:**

- HUD requires that jurisdictions include in its Annual Action Plans identification of program income that is available to be invested in activities for that particular year. “Program income” is CDBG/HOME funds that have been repaid to the City by a subgrantee. For example, a nonprofit developer who has received CDBG/HOME for an affordable housing project repays that funding to the City is considered program income, and those funds can be used to invest in other eligible activities. The City includes both existing program income that has already been received and program income that staff anticipates receiving during the Annual Action Plan period.
- CDBG Program Income: The City currently has approximately \$7,747 in CDBG program income and estimates receiving an additional \$100,000 during Fiscal Year 2020-21, for a total of approximately \$107,747.
- HOME Program Income: The City currently has \$521,666 in HOME program income. Staff does not anticipate that the City will receive additional HOME program income during Fiscal Year 2020-21.
- If the total funding, including program income, is less than or greater than the estimates, the funding levels awarded to subgrantees will be proportionately adjusted.
- Although program income can be used for administrative costs, it is anticipated that the administrative costs for Fiscal Year 2020-21 will come out of the Fiscal Year 2020-21 allocation. However, it should be noted that since Fiscal Year 2006-07, the amount of administrative funding allowed under CDBG and HOME has not been enough to cover administrative expenses, such as personnel, contract services, office supplies, and office space rent. Housing Impact Fees and BMR funds are used for this funding gap. If additional administrative funding is needed, a portion of program income may be used for this purpose.

- **Reprogrammed Funds:**

- Reprogrammed funds are CDBG/HOME funds from previous years’ allocations that are available for Fiscal Year 2020-21.
- CDBG reprogrammed funds total \$429,107 for Fiscal Year 2020-21. These funds, along with CDBG program income, constitute the CDBG funds

available for capital projects as shown in Table 3 below (as noted, Fiscal Year 2020-21 allocation is being used for second-year public service projects and C-19 RRP).

- HOME reprogrammed funds total \$322,545 for Fiscal Year 2020-21. These funds will be used together with the Fiscal Year 2020-21 HOME allocation and program income as identified in Table 2 above.

Fiscal Year 2020-21 Requests for Capital/Housing Funding

There are three funding requests for capital/housing projects, as shown below in Table 3, totaling \$362,000 for CDBG and \$980,000 for HOME. As shown in Table 2 above, there is approximately \$536,800 in CDBG funding and approximately \$1.09 million in HOME funding remaining for capital/housing projects for Fiscal Year 2020-21 after accounting for public services/C-19 RRP and administrative costs. Therefore, there is sufficient funding to meet these requests.

HUD performs an annual spending timeliness test at the end of every April. In an effort to encourage timely disbursement of funds, HUD requires that jurisdictions not maintain a balance that exceeds 1.5 times its annual allocation. For example, if a jurisdiction receives an annual allocation of \$500,000, its total CDBG balance cannot exceed \$750,000. If the balance does exceed \$750,000, the jurisdiction must put together a spending plan outlining how plans to expend its CDBG funds to get below the 1.5 amount. If the jurisdiction does not fulfill its spending plan, HUD could impose penalties, including taking back the funds. Based on the proposed funding plan, the City’s remaining balance would be within the maximum allowed by HUD and could be used for future requests.

Table 3: Fiscal Year 2020-21 Capital/Housing Funding Requests

Subgrantee/ Sponsor	Project	CDBG Funding Requested	HOME Funding Requested
Bridge Housing	Acquisition of Mariposa Club Apartments	N/A	\$980,000
LifeMoves	Graduate House Rehabilitation of Kitchen	\$12,000	N/A
City of Mt. View	Construction of Mora Park	\$350,000	N/A
Total Amount of Funds Requested		\$362,000	\$980,000
Total Amount Available		\$536,854	\$1,090,055
Remaining Balance		\$174,854	\$110,055

Brief Descriptions of Capital/Housing Funding Requests

Below is a summary of each of the capital/housing projects, with detailed project descriptions and the project applications are provided in Attachment 2:

- **Acquisition of the Mariposa Club Apartments – Bridge Housing:**

Bridge Housing proposes to acquire and rehabilitate the 48 units at the Mariposa Club Apartments, located at 660 Mariposa Avenue. The \$980,000 would be for the acquisition of the site. After acquiring the site, the units will be deed-restricted for households not earning more than 80 percent area median income. The units would be deed-restricted in perpetuity. The acquisition of property for affordable housing is an eligible HOME activity and would meet Goal 1 – Increase Affordable Housing identified in Table 1 above.

- **Interior rehabilitation of the Graduate House – LifeMoves:**

The Graduate House is a transitional housing facility owned by LifeMoves. The \$12,000 is to supplement the original funding awarded, but not disbursed, of \$58,000 in Program Year 2018. The funds will be used for the interior rehabilitation (new windows, rehab of kitchen) of a long-term transitional single-family home used to house seven to 10 individuals who have been homeless, including formerly chronically homeless individuals. Rehabilitation of transitional housing is an eligible CDBG activity and would meet Goal 2 – Respond to Homelessness identified in Table 1 above.

- **Mora Park Project – City of Mountain View:**

The City is in the process of constructing Mora Park. The park will include the following amenities: a lawn and play area, a loop trail with pathways leading through orchard groves, and an area with fitness equipment, picnic tables, and benches. One accessible parking stall will be added along the street frontage on Ortega Avenue. Because the surrounding community primarily is inhabited by low-income households, this is a CDBG-eligible activity and would meet Goal 4 – Enhance Physical Infrastructure identified in Table 1 above.

Human Relations Commission Recommendations

On March 5, 2020, the Human Relations Commission (HRC) reviewed the draft Fiscal Years 2020-25 Consolidated Plan and Fiscal Year 2020-21 Annual Action Plan and

provided its input. The HRC agreed with the Consolidated Plan priorities and goals and noted that more resources for at-risk populations and greater mental health services and for persons with disabilities would be beneficial. The HRC recommended adoption of the Consolidated Plan with a 5-0 vote.

In addition, the HRC heard presentations from the agencies seeking capital/housing funding as shown in Table 3 above and recommended funding the projects with a vote of 5-0.

FISCAL IMPACT

Fiscal Years 2020-25 Consolidated Plan

The development of the Fiscal Years 2020-25 Consolidated Plan has no impact on the General Fund as it was developed with Federal funds. Implementation of the Consolidated Plan will occur through the development of Annual Action Plans, which will invest Federal CDBG and HOME funds.

Fiscal Year 2020-21 Annual Action Plan

The recommended use of Fiscal Year 2020-21 Action Plan CDBG and HOME funds for capital projects, public services, and administration will not impact the General Fund.

There are public service agencies that are not eligible for CDBG funding which receive General Fund support and are reviewed with the CDBG/HOME funding cycle (refer to Attachment 4). Since this is the second year of the two-year funding cycle, the General Fund-supported agencies would typically receive funding in the same proportion and amounts as the Fiscal Year 2019-20 allocation. Final decisions regarding the General Fund public services budget will be made by the City Council during the annual City budget approval process.

CONCLUSION

The purpose of this hearing is for the City Council to consider Fiscal Year 2020-21 capital project funding requests, to adopt the Fiscal Year 2020-21 Action Plan, and to confirm Fiscal Year 2020-21 CDBG and HOME funding for administration and public services. After the Council makes its final decisions, staff will, as necessary, amend the Fiscal Year 2020-21 Action Plan and submit it to HUD for that agency's consideration prior to the August 16, 2020 deadline.

ALTERNATIVES

Fiscal Years 2020-25 Consolidated Plan

1. Revise the priorities and goals of the Fiscal Years 2020-25 Consolidated Plan and adopt the Consolidated Plan.
2. Do not adopt the Consolidated Plan.
3. Provide other direction to staff.

Fiscal Year 2020-21 Annual Action Plan

1. Increase, decrease, or not award funding to certain capital projects for Fiscal Year 2020-21.
2. Provide other direction to staff.

PUBLIC NOTICING

A legal notice was published in the *San Jose Post Record* and published in the *Mountain View Voice*. Notices regarding this agenda item were e-mailed to over 120 organizations and groups on the CDBG/HOME interested parties list, posted on the City's web page, and announced on Channel 26. A link to this report was provided to the HRC.

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- Attachments:
1. Draft 2020-25 Consolidated Plan
 2. Draft 2020-21 Action Plan
 3. Fiscal Year 2020-21 Capital Project Funding Recommendations
 4. Fiscal Year 2020-21 CDBG and General Fund Public Service Agencies
 5. Redline of Revisions from June 1 Consolidated Plan Draft