



COUNCIL REPORT

DATE: March 14, 2023
CATEGORY: Consent
DEPT.: Community Development
TITLE: **HOME-ARP Allocation Plan and Funding**

RECOMMENDATION

1. Approve the Home Investment Partnerships Program American Rescue Plan (HOME-ARP) Allocation Plan (Attachment 1 to the Council report) for submittal to the U.S. Department of Housing and Urban Development (HUD) as a Substantial Amendment to the Fiscal Year 2021-22 Annual Action Plan.
2. Appropriate HOME-ARP funding of \$982,560 upon HUD approval of the City's HOME-ARP Allocation Plan and awarding of funds. (Five votes required)
3. Authorize the City Manager or designee to execute and submit to HUD any required agreements and certifications related to the HOME-ARP Allocation Plan and Funding.

BACKGROUND

Congress passed the American Rescue Plan Act in 2021, which included \$5 billion in HOME Investment Partnerships Program American Rescue Plan (HOME-ARP) funds to help communities across the country address the ongoing impacts of the COVID-19 pandemic on particularly vulnerable populations. This one-time funding is administered through the Department of Housing and Urban Development's (HUD) HOME program. The City of Mountain View is an "entitlement jurisdiction," which enables the City to receive grants on a formula basis for the HOME program directly from HUD. The City will receive a one-time HOME-ARP allocation of \$982,560. Each HOME-ARP grantee must first develop an Allocation Plan in order to receive its HOME-ARP funds.

There are four eligible groups of recipients, known as Qualifying Populations, that can be assisted by HOME-ARP funds, as follows:

1. Individuals experiencing homelessness;
2. Individuals at risk of homelessness;

3. Persons fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking, as defined by HUD; and
4. Other populations for which providing supportive services or assistance would prevent homelessness or would serve those at greatest risk of housing instability, as defined by HUD.

Jurisdictions can use their HOME-ARP funds for specific eligible activities, which include:

- Development of affordable rental housing;
- Tenant-based rental assistance;
- Supportive services;
- Development of noncongregate shelter facilities;
- Capacity building and operating support for organizations implementing a HOME-ARP activity; and
- Planning and administration costs.

The City of Mountain View's HOME-ARP Allocation Plan (Attachment 1 to the Council report) outlines how the City plans to spend its HOME-ARP funds. HUD has established a set of required actions for the allocation planning process, which includes consultations with entities serving the qualifying populations as well as data collection regarding unmet needs and system gaps. Activities recommended for funding must be clearly supported by the data analysis and input gathered through a consultation process with community members/groups and stakeholders as required by HUD and discussed further in the Analysis section below.

Per guidance issued in the HUD notice in September 2021, the HOME-ARP Allocation Plan is a substantial amendment to the Fiscal Year 2021-22 Annual Action Plan. Annual Action Plans identify the jurisdiction's Community Development Block Grant (CDBG) and HOME projects for the given year and how they will work to achieve the goals outlined in the City's Federal 2020-25 Consolidated Plan. As the HOME-ARP funds are an additional funding source other than the annual CDBG and HOME grants received from HUD, the Fiscal Year 2021-22 Annual Action Plan will require a substantial amendment to include the HOME-ARP Allocation Plan.

ANALYSIS

HUD has provided a template for developing and submitting the HOME-ARP Allocation Plan and includes several specific elements which are outlined below:

- Consult with several stakeholder organizations, including the County Continuum of Care, Housing Authority, public agencies, and private and nonprofit organizations serving the four Qualifying Populations noted in the Background section.
- Collect and analyze data to estimate the size and demographic composition of each Qualifying Population and summarize the unmet housing, shelter, and service needs facing these populations.
- Assess the existing gaps in the City's housing and shelter inventory, homeless assistance and services, and homelessness prevention service delivery system.
- Based on the unmet needs and gaps analysis, allocate HOME-ARP funds across the eligible activities and outline the distribution methods.
- Include a summary of the consultation process, its results, and any comments received through public participation.

The City retained the Cloudburst Group, which has extensive experience in working with HUD and State and local governments on Federal grant programs, including HOME-ARP, to support the plan development process. Development of the plan commenced in March 2022 with the consultation process and included a set of stakeholder consultation sessions, an online stakeholder survey, and an extensive analysis of multiple data sources. The consultation sessions and survey sought to engage service, shelter, and housing providers as well as others with knowledge of the HOME-ARP Qualifying Populations across the community. Input received through the consultation process, along with quantitative data analysis, identified priority areas of need and directly informs the allocation recommendations in the City's HOME-ARP Allocation Plan.

Stakeholder Consultation Summary and Findings

The City held 10 virtual stakeholder consultation sessions and distributed an online stakeholder survey to broaden input and provide additional opportunities for organizations to contribute to the consultation process. The survey included a series of questions to gauge the level and type of need for housing, shelter, and services for each of the HOME-ARP Qualifying Populations. Overall, the City received input from 17 individuals across 15 organizations, with at least one organization from each of the required organization types being consulted in the development of the City's Allocation Plan.

Across the consultation sessions and through the survey, stakeholders identified high unmet need for the following activities relative to the other eligible activities:

1. **Affordable rental housing:** While stakeholders described a need for both short- and long-term housing solutions, they also underscored how the lack of affordable and available permanent housing options for lower-income communities strains the existing housing and shelter inventory.
2. **More supportive services:** Case management was ranked as the most needed supportive service for each Qualifying Population. Housing search assistance/counseling, mental health services, landlord/tenant liaison, and food assistance made up the top five ranked supportive services identified in the survey.

Stakeholders highlighted the factors below as the top contributors to housing challenges:

- Rising housing costs;
- Inflation;
- Lack of affordable housing options at different income levels;
- Difficulty using rental vouchers on the private market; and
- Rise in evictions.

In addition, limited resources and funding and difficulty finding and keeping well-trained staff have led to housing, shelter, and service systems which are having difficulty meeting the current level of need of the four Qualifying Populations in Mountain View.

Summary of Needs Assessment and Gap Analysis

The HOME-ARP funding allocation plan must include a “Needs Assessment and Gaps Analysis Summary” (Needs Assessment) (see Attachment 1). The Needs Assessment analyzes various data sources, including Census data, to identify priority areas of need. The City gathered and analyzed data relating to all four Qualifying Populations from local, State, and Federal sources. Table 1 below outlines the primary quantitative data sources used.

Table 1: Summary of Primary Data Sources Referenced for Each Qualifying Population

HOME-ARP Qualifying Populations	Primary Quantitative Data Source
Individuals experiencing homelessness	<ul style="list-style-type: none"> • Continuum of Care (CoC) Homeless Management Information System (HMIS) (2021)/Point-In-Time Count (2022) • Santa Clara County, Women Experiencing Homelessness report (2018)
Individuals at risk of homelessness	<ul style="list-style-type: none"> • Comprehensive Housing Affordability Strategy (CHAS 2014-2018) • McKinney-Vento ED Facts Initiative (SY 2019-2020) • Santa Clara County Housing Authority (SCCHA) client data (2022) • National Low Income Housing Coalition, Out Of Reach (2022) • Mountain View Eviction Prevention Program Monthly Status Report (Fiscal Year 2021-22)
Persons fleeing/attempting to flee domestic violence, sexual assault, dating violence, stalking, or human trafficking	<ul style="list-style-type: none"> • CoC HMIS (2021) • Next Door Solutions to Domestic Violence program data (PY 2021-2022) • California Department of Justice Criminal Justice Statistics Center, Domestic Violence-Related Calls for Service (DVRCS 2019-2021) • Mountain View Police Department Annual Report (2021) • Santa Clara County Community Development Block Grant (CDBG) Program Statistics (2022) • Santa Clara County Study on Women and Homelessness (2020) • Santa Clara County Convention on the Elimination of All Forms of Discrimination (CEDAW) Task Force, Compendium of Reports (2021) • South Bay Coalition to End Human Trafficking (SBCEHT), Annual Report (2021)
Other populations at risk of housing instability and homelessness	<ul style="list-style-type: none"> • CHAS (2014-2018) American Community Survey (ACS) (2016-2020) • National Low Income Housing Coalition, Out Of Reach (2022) and The Gap (2022) for Santa Clara County • Community Services Agency (CSA) Rental Assistance Program data (Fiscal Year 2022-23) • Mountain View's 2020-24 Consolidated Plan

The data underscored the needs identified in the stakeholder consultation sessions and surveys for more affordable rental housing options and expanding the availability of supportive services, particularly for individuals experiencing homelessness and persons fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking. The Needs Assessment and Gaps Analysis also highlighted the following gaps:

- **Current Shelter and Housing Inventory:** Gaps have been identified within the current affordable rental housing inventory; availability and utilization of rental assistance; and noncongregate shelter facilities, particularly confidential emergency shelters for persons fleeing/attempting to flee domestic violence and supportive housing options.
- **Service Delivery System:** The current supportive services system highlighted the need for improved coordination between service providers at the local and regional level. In addition, gaps related to nonprofit capacity, such as high staff turnover, insufficient training opportunities, and high workloads were identified as impacting nonprofits' ability to effectively meet the needs of the populations served.

Based on this analysis, the priority areas of need in Mountain View are developing affordable rental housing and supportive services. More information about the findings from the different data sources is available in the Needs Assessment and Gaps Analysis section in Attachment 1.

Use of HOME-ARP Funding

Based on the feedback received during the consultation process and the unmet needs and gap analysis, the recommended uses for HOME-ARP funding are summarized in Table 2 below.

Table 2: Summary of Eligible Activities Recommended for HOME-ARP Funding

Eligible Activity	Activity Description	Funding Amount (in \$)	Grant Percentage of Funding Amount	HUD Allocation Limit
Development of Affordable Rental Housing	Supplement City efforts to develop additional affordable rental housing options	\$780,176	79%	Not Applicable
Supportive Services	Supplement City funding for supportive services	\$50,000	5%	Not Applicable
Nonprofit Operating	Operating support for organizations selected to implement HOME-ARP affordable rental housing development or supportive services	\$5,000	1%	5%
Administration and Planning	Build staff capacity for the management, coordination, monitoring, and evaluation of the HOME-ARP program, as it is a new source of Federal funding with its own unique program requirements	\$147,384	15%	15%
Total HOME-ARP Allocation		\$982,560	100%	

The City does not intend to give preference to any specific Qualifying Population for affordable rental housing projects supported with HOME-ARP funds but may include a preference in the provision of supportive services for individuals experiencing homelessness and persons fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking. If the City decides to include this preference, doing so would help address two of the priority needs identified in the Needs Assessment and Gaps Analysis. Specifically, stakeholders noted the need for improved community outreach to individuals experiencing homelessness and persons fleeing/attempting to flee. Including a preference would target funding for these two Qualifying Populations who are currently facing an unmet need.

Human Relations Commission Public Hearing

On March 2, 2023, the Human Relations Commission (HRC) held a public hearing to review the HOME-ARP Allocation Plan and to receive public comments. No public comments were provided. The HRC unanimously recommended that Council approve the Plan and staff’s recommended funding allocations.

Next Steps

If Council approves the HOME-ARP Allocation Plan, the City will submit the Allocation Plan to HUD prior to the March 31, 2023 deadline. HUD will review the HOME-ARP Allocation Plan and

release funding after approval. To streamline the process, it is recommended that Council approve the appropriation of funds pending HUD approval of the Allocation Plan.

FISCAL IMPACT

If approved, the City would be eligible to receive the HOME-ARP allocation of \$982,560. The funding would supplement City funding for programs and initiatives related to the 2022-27 Strategic Plan, the City's Housing Element, and the City's Federal Consolidated Plan.

CONCLUSION

Information analyzed from the consultation sessions, stakeholder survey, and quantitative data demonstrates that there are high levels of unmet needs faced by all four of the HOME-ARP Qualifying Populations. While the City's HOME-ARP allocation of \$982,560 is meaningful, more funding is needed to completely address the housing, shelter, and service needs for each of the Qualifying Populations.

Given the limited resources available as well as the priority areas of need identified in the Needs Assessment and Gaps Analysis, prioritizing affordable rental housing and supportive services can help meet the needs of all four Qualifying Populations. Doing so will help ensure that the HOME-ARP-eligible activities have the greatest impact and best meet the needs of some of Mountain View's most vulnerable communities.

ALTERNATIVES

1. Do not authorize approval of the HOME-ARP Allocation Plan for submittal to HUD.
2. Provide other direction to staff.

PUBLIC NOTICING

The meeting agenda and Council report have been posted on the City's website and announced on Channel 26 cable television. The City held a 15-day public comment period from February 24 to March 12, 2023 per the HOME-ARP noticing guidance issued by HUD. The draft HOME-ARP Allocation Plan was posted on the City website on February 24, 2023. Advertisements of the opening of the public comment period and the public hearing on March 2, 2023 were placed in the in the *Palo Alto Daily Post* in English and in the *Mountain View Voice* in English and all MEP

languages (Spanish, Mandarin, and Russian). The English and translated notices were posted on the City website.

Prepared by:

Harsha Ramchandani
Housing Specialist I

Wayne Chen
Assistant Community Development Director

HR-WC/6/CAM
846-03-14-23CR
202657

Approved by:

Audrey Seymour Ramberg
Assistant City Manager

Attachment: 1. Draft HOME-ARP Allocation Plan