



MEMORANDUM

Community Development Department

DATE: February 7, 2019

TO: Human Relations Commission

FROM: Tim Wong, Housing and Neighborhood Services Manager
Wayne Chen, Assistant Community Development Director

SUBJECT: Recommendations for Fiscal Year 2019-20 Community Development Block Grant (CDBG) and General Fund Public Service Funding Requests

RECOMMENDATIONS

CDBG Public Services

- Fund the public agencies as recommended. If the CDBG public services budget increases, proportionately allocate any excess funding to all of the CDBG public service agencies up to each requested amount.

General Fund Public Services

- Fund existing public agencies with current FY 2018/19 funding levels with minor revisions.

MEETING PROCEDURES

1. Hear presentations from the agencies seeking Fiscal Year 2019-20 CDBG and General Fund public service funding.
2. Make funding recommendations on the Fiscal Year 2019-20 CDBG and General Fund supported public service requests.

BACKGROUND

Purpose

Every year, the City receives and allocates Federal CDBG and HOME funds from HUD. The City allocates its CDBG and HOME funds through this funding cycle. Whereas CDBG funds may be used for affordable housing, public services, and community development projects, HOME funding is restricted to affordable housing (capital) activities. HOME funds cannot be used for public services. Both CDBG and HOME funds must be used to benefit lower-income households and areas. In 2001, the Council expanded the funding cycle to award General Fund support to selected public service agencies that are not eligible for CDBG funding but that serve lower-income and/or at-risk populations.

The purpose of this hearing is for the Human Relations Commission (HRC) to make funding recommendations for Fiscal Year 2019-20 CDBG and General Fund public service requests. Staff from the agencies will be present to answer questions about their funding proposals. At the March 7, 2019 HRC meeting, CDBG and HOME capital project applicants will make presentations and the HRC will make funding recommendations on those proposals. On April 23, 2019, the HRC's public service and capital project recommendations will be presented to the Council, who will make final funding decisions on the 2019-20 CDBG/HOME budget. The funding decisions will be incorporated into the City's Fiscal Year 2019-20 Annual Action Plan that will be submitted to the U.S. Department of Housing and Urban Development (HUD) prior to that agency's May 15, 2019 submittal deadline.

CDBG/HOME Funding Cycle Process

To use the CDBG and HOME funds, the City must facilitate an application process and hold a minimum of two public hearings to approve use of the funds. To initiate the funding cycle, the City circulates an application to public service agencies, affordable housing developers, and other eligible groups. The HRC is holding two hearings to hear agency presentations and make funding recommendations to the City Council. The City Council will also hold a hearing to make final funding decisions.

Typically, the City is notified of its final CDBG and HOME allocations from HUD between February and April every year. The CDBG and HOME allocations presented in this HRC staff report are estimates. Once the final Fiscal Year 2019-20 allocations are confirmed by HUD, awarded amounts will be proportionately adjusted.

2019-20 CDBG/HOME Funding Cycle

The City is estimating that it will receive from HUD \$500,000 in CDBG funds and \$200,000 in HOME funding, based on preliminary information from HUD. When program income (loan repayments from completed capital projects) and carryover funds are considered, the City estimates it will have about \$600,000 in CDBG and \$200,000 in HOME funds available in Fiscal Year 2019-20.

Table 1 – Estimated Fiscal Year 2019-20 CDBG Funding

Sources of Estimated CDBG Funds	CDBG	HOME
Allocation from HUD	\$500,000	\$200,000
Program Income	100,000	-0-
Carryover ¹	-0-	-0-
Total	\$600,000	\$200,000
Uses of CDBG Funds		
Administration	\$120,000	\$20,000
Public Services	90,000	N/A
Capital Projects	390,000	180,000
Total	\$600,000	\$200,000

The City reserves 20 percent of the CDBG allocation and 20 percent of program income (\$120,000) and 10 percent of the HOME allocation and 10 percent of program income (\$20,000) for administration, as allowed under HUD regulations. A maximum of 15 percent of the CDBG allocation from HUD and 15 percent of CDBG program income (\$90,000) may be used for public services. Remaining funds are available for capital projects. A CDBG/HOME Allocation Chart is provided in Attachment 2.

The \$100,000 in CDBG program income is estimated to come from capital loan repayments. The estimated CDBG carryover consists of unused funds from completed projects. No CDBG carry over is anticipated for this year. No HOME program income or carryover is anticipated. All the prior year HOME funds were allocated to an affordable housing NOFA project.

The budget for the General Fund-supported public services agencies is established by the City Council. The current General Fund budget for these General Fund public service agencies is \$220,724, which is equal to the amount from the previous public service funding period.

¹ Carryover consists of program income received but not yet allocated; funds left over from completed capital projects where all the budgeted funding was not used because project bids came in lower than expected; and, in some years, excess funding when there is more funding than capital project requests.

FISCAL YEAR 2019-20 FUNDING REQUESTS

Both public service and capital project funding requests are being considered for this funding cycle. This staff report only contains information on the CDBG and General Fund public services requests, which are being discussed at the February 7, 2019 hearing. CDBG and HOME capital project requests will be discussed at the March 7, 2019 HRC meeting.

Since 2005, the Council has administered a two-year cycle for public service programs and an annual cycle for capital projects. The Council switched to a two-year public funding cycle to conserve staff's and agencies' time and resources in, respectively, administering and applying for an annual cycle. To facilitate funding in the second year of a two-year cycle, the Council decided to award public service agencies based on the percentage increase or decrease to the amount of available public service program funds. Fiscal Year 2019-20 will be the first year of a new two-year cycle. Public service agencies funded in this cycle will continue to receive funding in Fiscal Year 2020-21 proportionate to the available budget. Public service agencies not funded in this cycle may reapply during the Fiscal Year 2021-22 funding cycle.

The City received 16 public service funding requests for the Fiscal Year 2019-20 application period:

- 7 CDBG requests totaling \$106,849 (an estimated \$90,000 available)
- 10 General Fund requests totaling \$208,554 (an estimated \$220,000 available)

Summaries for the public service funding requests are provided in Tables 2 and 3. The assessment factors in Attachment 2 and activity summaries in Attachments 3 and 4 may be helpful for evaluating the funding requests. Copies of the funding proposals from the public service agencies were provided in advance and can also be found on the City's website at www.mountainview.gov/cdbg

FISCAL YEAR 2019-20 PUBLIC SERVICE FUNDING

2019-20 CDBG Public Service Funding

The City is estimating that it will have approximately \$90,000 in CDBG funding to allocate to public service agencies in Fiscal Year 2019-20. The total funding request of \$106,849 exceeds this amount by approximately \$16,000. All agencies currently funded,

except LifeMoves, reapplied for CDBG funding. LifeMoves previously received CDBG and General Fund support for homeless services in FY 2017-18. In this application cycle, LifeMoves chose not to apply since they had secured funding from other sources. NextDoor Solutions is a new applicant this year. A summary of the CDBG funding requests is provided in Table 3.

Table 2 – Summary of CDBG Public Service Requests

Agencies Currently Funded	Purpose of Request	Requested FY 2019-20 CDBG Funding	Staff Recommendations for FY 2019-20
Child Advocates of Silicon Valley	Provides volunteer advocates for children in the foster care system.	\$15,000	\$13,950
CSA – Homelessness Prevention and Homeless Services Program	Basic needs services, supplies, and assistance for the homeless and those at risk of homelessness.	\$33,194	\$28,194
CSA – Senior Case Management	Support services for seniors.	\$23,136	\$21,516
Senior Adults Legal Assistance	Legal assistance and referrals for seniors and disabled households.	\$10,000	\$9,300
SVILC	Housing placement assistance and referrals for disabled persons.	\$5,519	\$5,000
Vista	Case management for persons who are blind or visually impaired.	\$15,000	\$7,040
Subtotal for Existing Agencies		\$101,849	\$85,000
Next Door Solutions to Domestic Violence	Services for victims of domestic abuse	\$5,000	\$5,000
Total CDBG Funding Requested		\$106,849	\$90,000

Overview of Fiscal Year 2019-20 CDBG Public Service Requests

Agencies Currently Funded

The agencies currently funded provide basic needs services and all, except Child Advocates and Next Door Solutions, have a local presence via an office or facility where Mountain View clients can locally access services. All the agencies currently funded are meeting or exceeding their client service goals and all applied for similar funding levels of their current Fiscal Year 2018-19 allocations. Community Services Agency of Mountain View, Los Altos, and Los Altos Hills (CSA) was also awarded \$5,000 in General Fund support for the current two-year cycle. This funding was used to increase outreach, referrals, and coordination among other homeless shelter providers to more quickly place clients in available shelter beds and link them to services. To achieve efficiencies in service delivery, CSA has merged its former Alpha Omega Program that provided homeless services and its Emergency Assistance Program into one Homelessness Prevention and Homeless Services (HPHS) Program. The HPHS Program offers a range of services for persons and families, from those who need some assistance to remain housed to those who are chronically homeless. This approach is consistent with the County's and other agencies' collaborative efforts to provide wraparound assessment, placement, and assistance services.

Key Considerations for CDBG Funding

The following considerations, which are specific to CDBG public service funding, could be helpful for evaluating the funding requests:

- Due to Federal accounting and record keeping requirements, HUD encourages jurisdictions to fund agencies at a minimum of \$5,000, because the associated compliance costs for agencies are likely to exceed smaller grant amounts. If new CDBG agencies are funded, a minimum of \$5,000 is recommended in order to achieve greater administrative economies of scale.
- Federal rules do not allow CDBG funds to be substituted for General Fund money. Therefore, none of the agencies currently receiving only General Fund support can be switched to the CDBG Program. There are two agencies that receive both CDBG and General Fund support for the operation of their homeless services programs—CSA and LifeMoves. If the City continues to fund these agencies, it cannot increase their CDBG grant amounts while decreasing their General Fund support.

- Based on the expected amount of program income, the public services budget for Fiscal Year 2019-20 is estimated to be around \$90,000, which is less than the \$95,907 budget for Fiscal Year 2018-19.
- Awarded funding should satisfy one or more goals in the 2015-10 Consolidated Plan, the five-year strategic plan containing HUD-approved CDBG/HOME funding priorities. All of the public service agencies requesting funding satisfy one or both of the five 2015-20 Consolidated Plan goals below:
 - Goal #1: Support affordable housing for lower income and special needs households.
 - Goal #2: Support activities to prevent and end homelessness.
 - Goal #3: Support activities that provide basic needs to lower-income households and special needs populations.
 - Goal #4: Support programs and activities that strengthen neighborhoods.
 - Promote fair housing opportunities.

Funding awarded to the agencies not only assists Mountain View in meeting the goals above, but also support broader safety net services that underscore the City's commitment to sustaining a healthy, vibrant community for all of its residents.

CDBG Deliberations and Staff Recommendations

In forming its recommendations, the HRC may find it useful to review the assessment factors in Attachment 2 and CDBG public service program summaries and applications, in Attachments 3 and 5, respectively, may be helpful in evaluating the agencies.

Below are two funding options the HRC may want to consider in determining CDBG funding allocations for each agency. For both options, the HRC would need to prioritize the agencies whose amounts would be contingent upon receipt of additional program income.

- ***Option 1 – Staff's Recommendation:*** First fund the agencies as recommended by staff, estimated at \$90,000 as shown on Table 2; then, contingent upon an increase in the CDBG public services budget in excess of the available funding, then

proportionately allocate any excess public service funding to all funded agencies up to their requested amounts.

All the CDBG agencies serve vulnerable or at-risk populations and are worthy of funding. However, CDBG public service funding is scarce and the amount available has declined in recent years.

This approach allows for all applications to be awarded. However, this does not allow any of the existing agencies to be fully funded.

- **Option 2:** Fully fund all the existing agencies to their requested amount without funding the additional agency, Next Door Solutions to Domestic Violence. This approach still may not lead to all the currently funded requests to be fully funding since there is a difference of \$11,000.

The HRC could also utilize a different approach to its deliberations but would first need to agree on the allocation method. The two options suggested help focus the discussion on: (1) whether to fund all of the agencies; and (2) presents a practical method for allocating the available funding.

Fiscal Year 2019-20 General Fund Support

The total \$275,734 in requested Fiscal Year 2019-20 General Fund support shown in Table 3 exceeds the estimated amount available for Fiscal Year 2019-20 by \$55,010. The HRC should use the existing General Fund budget of \$220,724 as a basis for recommending General Fund allocations to agencies. If Council approves a different overall budget, the allocations will be proportionately adjusted.

Table 3 – Summary of General Fund Public Service Requests

Agencies Currently Funded	Purpose of Request	Requested FY 2019-20 CDBG Funding	Staff Recommendations for FY 2019-20 (Fund at current levels)
Catholic Charities	Long Term Care Ombudsman Program.	\$8,000	\$8,000
CSA – Homelessness Prevention/Homeless Services Program	Basic needs services, supplies, and assistance for the homeless and those at risk of homelessness.	\$5,000	\$5,000
CSA – Senior Nutrition Program	Meals for seniors.	\$33,054	\$33,054
Community School of Music and Arts	Arts education programs for youth and low-income families.	\$25,000	\$25,000
Day Worker Center of Mountain View	Public outreach and education to day workers and the community.	\$25,000	\$25,000
Healthier Kids Foundation	Provide vision services to low income children.	\$12,180	\$12,180
Housing and Economics Rights Advocates*	Financial Counseling	\$30,000	\$-0-
Junior Achievement of Silicon Valley and Monterey Bay	Financial literacy, work readiness, and entrepreneur skills for middle schoolers.	\$5,000	\$5,000
Mayview Community Health	Health care for uninsured and under insured residents	\$50,000	\$50,000
Parents Helping Parents	Support services and referrals to households with disabled children	\$7,500	\$5,000
The Health Trust’s Meals on Wheels Program	Meals and wellness services for homebound, disabled persons.	\$25,000	\$25,000
United Way of the Bay Area*	Information and referral services to food, shelter, health care and other community services	\$10,000	\$5,000
YWCA Domestic Violence Department/MAITRI	Shelter and support services for victims of domestic violence in Santa Clara County	\$40,000	\$37,000
Total General Fund Support Requested		\$275,734	\$220,724

• Denotes new application

Additional information on the General Fund agencies is provided in Attachment 4.

Overview of Summary of General Fund Requests

The City has budgeted \$220,724 from the General Fund to fund public services. The total amount of applications requested total to \$263,554 which means the funds are oversubscribed. One of the currently funded agencies, LifeMoves, chose not to apply this year. The City did receive two new applications, United Way of the Bay Area and Housing and Economic Rights Advocates. They have requested \$10,000 and \$30,000 in funding, respectively.

General Fund Deliberations and Staff Recommendations

Staff's Recommendation for General Fund Public Service Agencies

Staff recommends that all agencies receiving general fund awards be funded at their current levels with the United Way receiving the allocation previously budgeted for LifeMoves. United Way has also received \$2,500 for FY 2018-19 from a separate City funding process. Housing and Economics Right Advocates application was not recommended for funding. In addition, staff did not recommend funding for increases or decreases to the overall budget would be proportionately allocated. Similar to the CDBG agencies, the General Fund agencies satisfy one or more of the Consolidated Plan goals (refer to Attachment 4, fifth column).

All of the General Fund agencies provide needed and valuable services to extremely low- or very low-income seniors, disabled persons, youth, and families. General Fund money available for public services is limited, and it is not possible to increase funding to the agencies requesting it without reducing funding to other agencies. Maintaining funding for the agencies helps Mountain View support a variety of unique services for low-income and at-risk populations vital to sustaining an inclusive community. Without General Fund support, these agencies would not receive City funding, since they are not eligible under CDBG.

CONCLUSION

On February 7, 2019, the HRC will make funding recommendations for Fiscal Year 2019-20 CDBG and General Fund public service requests. The HRC will make recommendations on the CDBG and HOME capital project funding requests for Fiscal Year 2019-20 on March 7, 2019. On April 23, 2019, the HRC's public service and capital

project funding recommendations will be presented to the City Council, who will make final funding decisions. The City Council's funding decisions will then be incorporated into the Fiscal Year 2019-20 Annual Action Plan that will be submitted to HUD prior to that agency's May 15, 2019 submittal deadline.

- Attachments:
1. CDBG/HOME Allocation Flow Chart
 2. Assessment Factors
 3. Summary of Fiscal Year 2019-20 CDBG Public Service Requests
 4. Summary of General Fund Public Service Funding Requests