



DATE: April 21, 2015

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **Fiscal Year 2015-16 CDBG/HOME
Funding Cycle – Public Hearing**

RECOMMENDATION

1. Allocate an estimated \$363,000 in Community Development Block Grant (CDBG) and \$182,000 in Home Investment Partnership Program (HOME) funds to Fiscal Year 2015-16 capital projects as shown on Table 4 of this Council report.
2. Allocate the maximum allowable amount, currently estimated at \$96,000 in CDBG funds, to public service programs as shown on Table 5 of this Council report.
3. Allocate the Fiscal Year 2015-16 General Fund public services budget, currently recommended at \$197,224, to public service programs as shown on Table 6 of this Council report.
4. Allocate the maximum allowable amount, currently estimated at \$128,000 in CDBG and \$20,000 in HOME funds, for the management and administration of the CDBG and HOME programs.
5. If the actual allocations, program income, and/or carryover are more or less than the amounts estimated, proportionally allocate the difference to the capital project agencies based on their awarded funding levels up to the amounts requested; proportionately allocate the maximum allowable increased or decreased CDBG allocation and program income to public service agencies up to the amounts requested; proportionately allocate the maximum allowable increased or decreased CDBG and/or HOME allocation and program income to administration; and carry over the remaining funds to Fiscal Year 2016-17 capital projects.
6. Adopt the Fiscal Years 2015-20 Consolidated Plan and Fiscal Year 2015-16 Action Plan in Attachment 3, as amended by the City Council's decisions, 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.

BACKGROUND

The purpose of this public hearing is for the Council to consider the Human Relations Commission's (HRC) capital project and public service funding recommendations, make final funding decisions on the Fiscal Year 2015-16 CDBG and HOME allocations, and adopt the City's Fiscal Years 2015-20 Consolidated Plan/Fiscal Year 2015-16 Action Plan. The HRC held its recommendations hearing on March 5, 2015. The funding recommendations from that hearing and the minutes are provided in Attachments 1 and 2 and are summarized later in this report.

CDBG and HOME Funding Cycle

Annually, the City receives CDBG and HOME funding from the U.S. Department of Housing and Urban Development (HUD) that is allocated to public service programs and capital projects benefitting lower-income households. A portion of the funding is also used to administer the funds. While capital project applications are considered for funding every year, public service applications are accepted biennially. Fiscal Year 2015-16 is the first year of the two-year cycle for public service programs, so agencies awarded funding would also receive funding in Fiscal Year 2016-17, proportionate to the available funding.

Adoption of an updated Consolidated Plan is also included for Council consideration in this funding cycle. The Consolidated Plan is a HUD-required document that identifies the needs of the community's low-income population and contains goals on how the City will use Federal CDBG and HOME funds to address those needs. HUD requires jurisdictions to update and adopt the Consolidated Plan every five years in order to continue to receive these funds. The current Consolidated Plan will expire on June 30, 2015. The updated Consolidated Plan (the Draft Fiscal Years 2015-20 Consolidated Plan (Draft Plan)), is provided in Attachment 3. The annual Action Plan, which summarizes activities the City funds toward meeting Consolidated Plan goals, is typically submitted as a separate document. This year, the Action Plan has been incorporated into the Draft Plan since Fiscal Year 2015-16 would be the first year of the five-year cycle. After adoption, the Final Fiscal Year's 2015-20 Consolidated Plan/Fiscal Year 2015-16 Action Plan will be submitted to HUD by the May 15 deadline.

Consolidated Plan Outreach

In adherence to Federal requirements for preparing the Consolidated Plan, the City performed a variety of outreach in this funding cycle to get input on needs and the Draft Fiscal Years 2015-20 Consolidated Plan/Fiscal Year 2015-16 Action Plan. Over 700 entities, organizations, and agencies that provide services benefitting Mountain View

residents were encouraged to attend the public forums and respond to a Needs Survey. Approximately 500 English/Spanish flyers on the regional and community forums were distributed at City Hall, the Library, the Community Center, the Senior Center, and through the City's Community Outreach Program to neighborhood and community groups and facilities. Newspaper display ads were published in the *Mountain View Voice*, *San Jose Mercury News*, *El Observador*, *La Oferta*, and other publications.

The HRC hosted a local community forum on October 23, 2014, and the City collaborated with other County jurisdictions in hosting three Countywide meetings to identify local and regional needs. Fifty-seven (57) members of the general public, service providers, nonprofit representatives, and interested stakeholders attended the Mountain View forums.

Announcements on the availability of the Draft Plan were published in local newspapers, mailed and/or e-mailed to the same interested parties, and posted on the City's website and in key locations throughout the City. Aside from comments made on the draft goals, which are summarized later in this report, no other comments were received during the March 13, 2015 through April 13, 2015 comment period.

ANALYSIS

Fiscal Year 2015-16 CDBG/HOME Funding

Over the past decade, the Federal CDBG and HOME funding has decreased from a high of \$834,000 and \$480,000, respectively, to \$540,596 and \$243,015 for Fiscal Year 2014-15. The estimated CDBG and HOME allocations, program income, and unused funds from completed projects (reprogrammed funds) are shown below in Table 1. The estimated CDBG and HOME allocations in Fiscal Year 2015-16 are \$540,000 and \$200,000, respectively. Roughly \$100,000 in CDBG program income is anticipated to also be available for Fiscal Year 2015-16.

Table 1: Estimated CDBG and HOME Funding for Fiscal Year 2015-16

	Estimated CDBG Funds Fiscal Year 2015-16	Estimated HOME Funds Fiscal Year 2015-16
HUD Fund Allocation	\$540,000	\$200,000
Program Income ¹	\$100,000	\$0
Reprogrammed Funds ²	\$350,000	\$2,000
Available Funds	\$990,000	\$202,000

The actual amount of unused funds from completed projects that could be reprogrammed to Fiscal Year 2015-16 activities will not be known until the end of the fiscal year. If the total funding is less or greater than the estimates, the funding level awarded to agencies will be proportionately adjusted up to the amounts requested.

As shown in Table 2, the estimated Fiscal Year 2015-16 CDBG allocation is similar to the Fiscal Year 2014-15 amount, while the HOME allocation is about 18 percent lower.

**Table 2: Comparison of CDBG and HOME Allocations
for Fiscal Years 2014-15 and 2015-16**

	CDBG Funds		HOME Funds	
	Fiscal Year 2014-15	Fiscal Year 2015-16 (Estimated)	Fiscal Year 2014-15	Fiscal Year 2015-16 (Estimated)
HUD Fund Allocation	\$540,596	\$540,000	\$243,015	\$200,000
Program Income	\$186,974	\$100,000	\$0	\$0
Reprogrammed Funds	\$325,971	\$350,000	\$23,000	\$2,000
Available Funds	\$1,053,541*	\$990,000	\$266,015*	\$202,000

***Note:** The figures for the Fiscal Year 2014-15 may not match those in the prior year report since those figures were based on estimates.

¹ The estimated amount of program income is based on loan repayments the City expects to receive in Fiscal Year 2014-15 that would be available for Fiscal Year 2015-16 public services and capital projects, as well as administration.

² Reprogrammed funds consist of unused funds from completed projects and may be used for capital projects but not for public services or administration.

CDBG Expenditure and HOME Commitment Requirements

By April 30 of every year, the City must not have more than 1.5 times the annual grant amount in unspent CDBG funds.³ HUD monitors the expenditure requirement with the intent of keeping jurisdictions on track in meeting their Consolidated Plan goals and annual objectives. However, the requirement has become challenging to meet for many local jurisdictions, especially those with allocations less than \$600,000.

Due to unexpected program income received last fiscal year, the City may not meet the April 30, 2015 expenditure requirement. City staff has been communicating with HUD. Based on a positive track record in meeting grant requirements, the City will be allowed to submit a compliance plan if the requirement is not met this year. A similar compliance plan was prepared in 2010 when the City exceeded its requirement due to acquisition funds pooled for the Franklin Street Family Apartments, a 51-unit subsidized rental complex for very low-income families.

HOME funding is subject to two-year commitment and four-year expenditure requirements. The City's HOME annual allocation has been around \$220,000 on average. Due to the relatively small amount of HOME funding, the City has primarily been using the HOME funds in combination with CDBG funds to rehabilitate existing subsidized rental units. These projects enable the HOME funds to be spent quickly and have helped the City consistently meet these HOME requirements.

Fiscal Year 2015-16 CDBG/HOME Uses

HUD regulations allow jurisdictions to use 20 percent of the CDBG and 10 percent of the HOME allocation and program income for administration. Up to 15 percent of the CDBG allocation and prior year program income may be used to fund public service programs. Remaining funds are available for the capital projects. The Fiscal Year 2015-16 estimates for the allowable uses are shown in Table 3.

³ The expenditure requirement threshold is calculated by multiplying the HUD allocation by a factor of 1.5. For example, if the annual allocation is \$500,000, the balance of unspent funds cannot exceed \$750,000.

Table 3: Fiscal Year 2015-16 CDBG and HOME Estimates

Fiscal Year 2015-16	CDBG Funds	HOME Funds
Administration	\$128,000	\$20,000
Public Services	\$96,000	N/A
Capital/Housing Projects Budget	\$766,000	\$182,000
Totals	\$990,000	\$202,000

Administration Funding

Roughly \$128,000 in CDBG and \$20,000 in HOME funds will be available for Fiscal Year 2015-16 administrative activities. The administration funds are used for staffing, contract services, and general office expenses. While HUD does allow jurisdictions to use CDBG administrative funds for fair housing services, most cities, including Mountain View, do not use administrative funds for this purpose because it is a limited amount of funding.

CDBG Public Service Funding

Fifteen (15) percent of the HUD CDBG allocation and program income received in the prior fiscal year can be used for public services. The Fiscal Year 2015-16 estimated CDBG public service funding is about \$96,000, which includes program income estimates. The \$96,000 is about \$11,000 lower than the \$108,788 used to fund current fiscal year programs. HOME funds cannot be used to fund public service agencies.

CDBG/HOME Capital Project Funding

CDBG funding that is not used for administration or public services may be used for capital projects that benefit lower-income households and areas. HOME funding not allocated for administration can only be used for affordable housing activities. Roughly \$766,000 for CDBG and \$182,000 for HOME capital projects is estimated to be available for Fiscal Year 2015-16.

General Fund Public Service Funding

The City uses General funds to support some agencies that are not eligible for CDBG funding. For the current two-year cycle (Fiscal Years 2013-14 and 2014-15), the Council

approved a total budget of \$188,114, which included minimum allocations of \$5,000 and 10 percent increases up to requested amounts using \$11,990 in limited-period funding. Since Council only granted these increases and use of limited-period funding for a two-year term, the budget for Fiscal Year 2015-16 reverts back to \$176,124, the same budget adopted by the Council for the previous two-year cycle. However, the Council could decide to maintain or increase the amount as part of the budget process.

In Fiscal Year 2014-15, the City began to receive its share of the former redevelopment funds, known as “Boomerang” funds, from the County. Housing advocates encourage cities to use 20 percent of these funds for housing as was the requirement under the former Redevelopment law. These funds are referred to as Boomerang funds. However, these funds are General Fund moneys and their use is subject to Council discretion. As part of the budget approval process last year, the Council designated \$51,000 in limited-period funding to Low- and Moderate-Income Housing (LMIH) to be reviewed annually. Council also reserved a one-time allocation of \$140,000 to the LMIH last year.

The budget for the General Fund agencies funded in this CDBG/HOME cycle and possible use of the Boomerang funds for public services will be discussed as part of the overall budget process. The funding levels recommended by the HRC, as amended by Council decisions this evening, may be further revised based on Council’s adopted budget.

HRC RECOMMENDATIONS

Capital Projects

The City has received two funding requests, one combination CDBG/HOME application and one CDBG request, as shown below in Table 4. There is enough funding to fully fund both agencies’ requests. Unused capital funding will be carried over to Fiscal Year 2016-17.

Table 4: Fiscal Year 2015-16 Capital Project Requests and Recommendations

Sponsor	Project	CDBG Funding Requested	HOME Funding Requested	HRC Recommendations
MidPen Housing	Ginzton Terrace Rehabilitation New energy-efficient windows benefitting 107 units for low-income seniors	\$343,000	\$182,000	\$343,000 in CDBG funds and \$182,000 in HOME funds
Rebuilding Together Peninsula (RTP)	Safe at Home Program (Minor home repair and accessibility modifications)	\$20,000	N/A	\$20,000 in CDBG funds
Total		\$363,000	\$182,000	
Estimated Amount of Funds Available		\$766,000	\$182,000	
Estimated Amount of Carryover Funds for FY 2016-17 Capital Projects		\$403,000	\$0	

At the March 5, 2015 hearing, the HRC heard presentations from the agencies seeking capital project funding and, with a unanimous 5-0 vote, made the following funding recommendations for Council consideration:

- **Full funding for proposed rehabilitation work at Ginzton Terrace Apartments** using all available HOME funds supplemented with CDBG funds. Currently, those amounts are estimated to be **\$182,000 in HOME funds and \$343,000 in CDBG funds.**

MidPen is requesting \$525,000 to install new energy-efficient windows and casings at Ginzton Terrace Apartments, a 107-unit subsidized rental complex for lower-income seniors. The property is eligible to receive both CDBG and HOME funds. The request was split to apply all available HOME funds to the project.

Funding would be awarded in the same manner as rehabilitation funding was granted for work at the Paulson Park, Fountains, and San Veron Park rental

complexes: a minimum 35-year, no-interest loan with a 10-year payment deferment period, and repayment based on residual receipts.

- **Full funding for Rebuilding Together Peninsula's Safe at Home Program with \$20,000 in CDBG funds.**

Rebuilding Together Peninsula (RTP) is requesting \$20,000 to continue operation of the Safe at Home Program (Minor Home Repair and Accessibility Program). Under the program, low-income homeowners may receive free minor home repairs and accessibility modifications. Typical work includes adaptive steps, installation of grab bars, new locks, and repair of leaky faucets and other basic maintenance to serve a minimum of 10 households, up to \$2,000 per household.

Summary of HRC Capital Project Deliberations

The HRC's discussions began with deciding whether to fund both MidPen's and RTP's requests. HRC members cited support for RTP's program which helps primarily lower-income seniors on limited incomes remain independent. A few Commissioners commented on the need to maintain the City's existing subsidized housing stock and it was clarified that the new windows for Ginzton Terrace would be energy efficient, similar to windows installed with CDBG and HOME funds at other subsidized rental complexes.

Public Services

After hearing presentations from public service agencies requesting CDBG funding and General Fund support, the HRC deliberated and, on a 4-1 vote, made the funding recommendations noted in Tables 5 and 6. Video coverage of the HRC's public service and capital project deliberations may be accessed via the web links in Attachment 4.

CDBG Public Service Recommendations

Ten (10) agencies requested \$151,079 in CDBG public service funding, which exceeds the estimated budget by \$55,079. There is not enough funding for all of the agencies' requests and the total budget of \$96,000 is less than the total \$108,788 the agencies are currently receiving. HUD recommends that agencies not receive less than \$5,000 since the cost to administer the grant could outweigh its benefit.

Seven of the 10 agencies requesting funding have been funded for two or more years. Two of the 10 agencies, Silicon Valley Independent Living Center (SVILC) and Vista, were first funded this fiscal year from program income. One new CDBG-eligible

agency has applied for funding, Child Advocates, which provides advocacy services for children in foster care. The amount of funding requested by each agency along with the HRC's recommendations are provided in Table 5.

Table 5: 2015-16 CDBG Public Service Funding Requests and HRC Recommendations

CDBG-Funded Public Service Agencies	Current FY 2014-15 Funding	Funding Requested for FY 2015-16	HRC's Recommendations
Existing Agencies			
CSA – Alpha Omega Program	\$5,919	\$11,075	\$5,752
CSA – Emergency Assistance Program	\$26,754	\$27,755	\$25,999
CSA – Senior Services Program	\$21,115	\$21,749	\$20,519
InnVision Shelter Network – Shelter and Support Services for the Homeless	\$20,000	\$25,000	\$19,435
MayView Community Health Center – Medical Supplies/Equipment (Also General Fund Supported – \$36,500)	9,000	\$9,000	\$8,746
Project Sentinel – Fair Housing Services (Also General Fund Supported – \$15,000)	\$10,000	\$10,000	\$0
Senior Adults Legal Assistance	\$6,000	\$6,500	\$5,831
Total for Existing Agencies	\$98,788	\$111,079	\$86,282
Program Income Funded Agencies			
SVILC – Housing-Related Assistance for the Disabled*	\$5,000	\$10,000	\$0*
Vista – Support Services for Blind and Visually Impaired Persons*	\$5,000	\$10,000	\$0*
New Agency			
Child Advocates of Silicon Valley	N/A	\$20,000	\$9,718
Total for All Agencies	\$108,788	\$151,079	\$96,000
Estimated CDBG Funding Available for FY 2015-16		\$96,000	

*These two agencies were recommended for funding contingent upon the receipt of program income in excess of fully funding the existing agencies. Funding priority was recommended for Vista if enough program income is received to fund one agency at a minimum of \$5,000.

The public service agencies made presentations to the HRC who made the following CDBG public service recommendations:

- **Fund the existing agencies in amounts proportionate to the available budget with the exception of Project Sentinel, as shown in Table 5. Allocate Project Sentinel's \$9,718 share to Child Advocates of Silicon Valley.**

All of the existing agencies provide essential services such as food, shelter, and health care and free legal assistance. Child Advocates would provide oversight and advocacy services for foster children that are not currently funded. The agency is already serving 10 children in Mountain View, and the volunteer advocates' oversight helps keep County case management and court staff informed of foster children's needs. HRC members commended Project Sentinel on their positive track record in addressing housing discrimination but decided to recommend that share of funding for Child Advocates.

The Executive Director of Project Sentinel has since stated that in order for fair housing services to be adequately sustained, her agency would need \$20,000 or more, similar to funding for fair housing services in Sunnyvale (\$19,400) although less than Palo Alto's funding (\$32,000). She said of all the cities in northern Santa Clara County, Mountain View generates the highest number of fair housing cases. Adequate funding for fair housing services is required by HUD. If Council would like to restore some or all of Project Sentinel's funding, the following alternatives are options:

1. Use "Boomerang" funds or provide additional General Fund money to Project Sentinel for fair housing services. If Council chooses this option, it will not be able to later switch the allocated funding from General Fund back to CDBG. Federal rules do not allow CDBG funds to be substituted for General Fund money;
2. Restore all or some of Project Sentinel's \$9,718 share using CDBG funds and instead fund Child Advocates in an amount of \$10,000 or other amount designated by the Council, contingent upon the receipt of program income;
3. Restore all or some of Project Sentinel's funding by not funding or reducing funding to Child Advocates or one or more of the existing CDBG agencies; or
4. Restore all or some of Project Sentinel's \$9,718 share using CDBG administration funding and allocate an additional \$10,000 in Below-Market-Rate Housing funds to cover CDBG administrative expenses.

- **Continue to fund the program income-funded agencies, contingent on the availability of program income, after existing agencies are fully funded, with a priority order of Vista-SVILC, in case there is only enough program income to fund one agency.**

Vista provides training and other services for blind and visually impaired persons. SVILC provides housing placement and referral services for the disabled. The HRC members were in support of SVILC's and Vista's unique services, but funding these agencies would require reductions to existing agencies. Also, there may be an additional reduction to CDBG funding in the second year of the funding cycle that may result in allocations less than \$5,000 for Vista, SVILC, and some of the existing agencies. The HRC recommended that Vista and SVILC continue to be funded in a minimum amount of \$5,000, contingent upon the receipt of program income after the existing agencies are fully funded.

General Fund Recommendations

All 11 existing agencies reapplied for funding, requesting a total of \$231,041. This amount exceeds the current adopted budget by \$42,927. There were no new General Fund agencies for consideration. The agencies' funding requests are provided in Table 6.

Table 6: General Fund Public Service Funding Requests and HRC Recommendations

Agency/Program	Current FY 2014-15 Funding	Funding Requested for FY 2015-16	HRC Recommendations for FY 2015-16 (FY 2011-12/2012-13 Funding Levels)	Additional Funding Recommendations for FY 2015-16
Catholic Charities – Long-Term Care Ombudsman Program	\$8,000	\$8,000	\$8,000	\$8,000
CSA – Senior Nutrition Program	\$34,045	\$34,036	\$33,054	\$33,054
Community School of Music and Arts – Art and Music Programs for Youth	\$17,039	\$20,000	\$15,490	\$15,490
Day Worker Center – Services for Day Workers	\$10,000	\$25,000	\$10,000	\$15,000**
Junior Achievement – Workforce Readiness Education	\$5,000	\$5,000	\$12,180	\$5,000
Health Trust – Meals on Wheels Program	\$5,000	\$7,500	\$3,900	\$5,000***
Healthier Kids Foundation – Community Outreach Program	\$12,180	\$12,180	\$5,000	\$12,180
MayView Community Health Center – Health Care for Low-Income Households	\$40,150	\$51,000	\$36,500	\$41,500**
Parents Helping Parents, Inc. – Services for Families with Special-Needs Children	\$5,000	\$5,000	\$5,000	\$5,000
Project Sentinel – Fair housing Services	\$16,500	\$17,825	\$15,000	\$20,000**
YWCA/Maitri – Housing and Services for Domestic Violence Victims	\$35,200	\$45,500	\$32,000	\$37,000**
Total	\$188,114*	\$231,041	\$176,124	\$197,224

* This amount includes limited-period funding totaling \$11,990.

** These amounts include an additional \$5,000 to the HRC's recommended funding.

*** This amount includes an additional \$1,100 to the HRC's recommended funding.

With the exception of requests from the Day Worker Center, MayView Community Health Center (MayView), and YWCA/Maitri, most of the General Fund agencies requested no increase or increases less than \$5,000. The Day Worker Center requested \$15,000 in additional funding to expand their outreach and educational programs to Mountain View's working poor, in addition to day workers. For Fiscal Year 2014-15, MayView has been allocated \$40,150, which includes \$3,650 in limited-period funds, to provide health care to low-income households. MayView is requesting a \$10,850 increase. YWCA/Maitri, which serves victims of domestic violence, is requesting \$45,500 compared to the current allocation of \$35,200, which includes \$3,650 in limited-period funds. Both MayView and YWCA cite increased caseloads, demand, and operational costs as the basis for their requests.

HRC members cited that all of the agencies provide a variety of services for Mountain View's neediest citizens and made the following recommendations:

- **Fund all agencies at the Fiscal Years 2011-12/2012-13 funding levels without the additional \$11,990 in limited-period funding.**

The General Fund agencies administer a variety of programs serving at-risk youth, the disabled, the indigent, and other lower-income, special-needs populations. Increased funding to certain agencies would have resulted in decreased funding to other agencies. Citing the City's history in funding the existing General Fund agencies, the HRC recommended that the funding levels from the previous two-year funding cycle be maintained with no shifts or adjustments among agencies if the previous two-year budget is used as the basis for funding.

- **Consider maintaining or increasing the current budget of \$188,114. If the budget is higher than \$188,144, give priority for the additional funding to the Day Worker Center, MayView, and the YWCA/Maitri.**

Since the requests exceed the budget by over \$40,000, the HRC recommended the Council consider maintaining the current funding levels and budget of \$188,114, or, if possible, increasing the budget to help support, in particular, the Day Worker Center's expanded programs and fund MayView's and YWCA's/Maitri's increased operational expenses.

If Council wishes to increase General Fund support to nonprofit agencies, staff recommends the amounts shown in Table 6, which consists of the Fiscal Year 2011-12/2012-13 allocations to agencies with \$5,000 increases to Day Worker Center, MayView Community Health Center, YWCA/Maitri, and Project Sentinel, and an \$1,100 increase to the Health Trust, so that agency receives \$5,000.

Summary of CDBG and General Fund Public Service Deliberations

In making their recommendations, the HRC referenced the number of Mountain View residents served and the types of services provided by the agencies. The dissenting vote was made because one of the Commissioners felt that existing agencies should not continue to be funded based on precedent alone and that more discussion and comparison of agencies' outcomes was needed.

The HRC began discussion with the CDBG agencies and made inquiries to CSA and InnVision about the additional funding they requested for their homeless services. CSA clarified that their Alpha Omega Program, which provides direct services to homeless persons, was separate and distinct from its homelessness prevention program, which assists households that are already housed. InnVision stated that less than 10 percent of their clients who complete their transitional housing programs become homeless again. If Council is interested in providing greater support to housing/homeless services, it can consider allocating some of the Boomerang funds to them as part of the budget process.

There was also strong interest among a majority of Commissioners in funding Child Advocates, which provides oversight services for foster care children. The HRC also stated that the City is not currently funding foster care support services and that more investment in this area is needed.

With respect to the General Fund agencies, it was challenging to determine whether to change allocations for certain agencies because any increases to those agencies would result in decreases to other agencies. Junior Achievement was questioned about a period where fewer clients were served due to staffing changes. There were also inquiries about the General Fund budget. It was clarified: (1) that the General Fund public services budget is established by Council; and (2) that the recommended funding levels, if approved by Council, would be adjusted based on the adopted budget. In support of more funding for the agencies, the HRC recommended that the Council consider maintaining the current General Fund budget of \$188,114 and the associated funding levels for the agencies. The HRC also recommended increasing the budget, if possible, with priority for the additional funding going to the Day Worker Center, MayView, and YWCA/Maitri, since those agencies requested larger increases than the other agencies for their increased needs.

Recommendations on the Draft Fiscal Years 2015-20 Consolidated Plan Goals

During the March 5, 2015 hearing, the HRC recommended that Goal 3 of the draft goals below be expanded to specifically reference “seniors, youth, and the disabled” as special-needs populations. Upon further research by LeSar/MIG, the firm hired to assist with the Consolidated Plan update, it was clarified that youth by itself is not considered a special-needs category. LeSar/MIG suggests the term “abused and neglected youth,” which is a HUD-referenced special-needs category since low-income youth and homeless youth are already covered. The proposed goals are as follows:

Draft Fiscal Years 2015-20 Consolidated Plan Goals

1. Support affordable housing for lower-income and special-needs households.
2. Support activities to prevent and end homelessness.
3. Support activities that provide basic needs to lower-income households and special-needs populations, *such as seniors, abused and neglected youth, and the disabled.*
4. Support programs and activities that strengthen neighborhoods.
5. Promote fair housing opportunities.

There was also discussion on whether to keep or remove Goal 5 to promote fair housing opportunities since no CDBG funding was recommended for this purpose. However, General Fund support was recommended to fund fair housing services, and HUD requires jurisdictions to fund fair housing, so the goal was retained. One of the HRC members was concerned that Goal 4, to support neighborhood strengthening activities, was included given the limited amount of Federal funding relative to the City’s affordable housing and public service needs. Staff cautioned that Goal 4 provides the City flexibility to use the funds for the Minor Home Repair Program, needed ADA-related improvements, and as a match for other grants, such as the State Housing Related Parks grant, which is being used with CDBG funds for upgrades at Rengstorff Park. Activities under this goal also help spend the funds toward meeting the annual expenditure requirement. Goal 4 was retained. No additional changes were proposed for the goals.

FISCAL IMPACT

The recommended actions regarding the allocation of CDBG and HOME funds to capital projects, public services, and administration will not impact the General Fund. Adoption of the Fiscal Years 2015-20 Consolidated Plan/Fiscal Year 2015-16 Action Plan will also not impact the General Fund as the document contains policies and programs for use of Federal CDBG and HOME funds.

Currently, 11 public service agencies receive General Fund support in the CDBG/HOME funding cycle. Agencies funded for Fiscal Year 2015-16 would typically continue to receive funding in Fiscal Year 2016-17 proportionate to the available budget. 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 2015-16 capital project and public service funding requests and adoption of the Fiscal Years 2015-20 Consolidated Plan/2015-16 Action Plan. After the Council makes final decisions, staff will, as necessary, amend the Fiscal Years 2015-20 Consolidated Plan/2015-16 Action Plan, and submit it to HUD for that agency's consideration prior to the May 15, 2015 deadline.

ALTERNATIVES

1. The Council may choose to increase, decrease, or not award funding to certain capital projects and/or public service programs. Under this alternative, the Council could consider the following:
 - a. Use "Boomerang" funds or provide additional General Fund money to Project Sentinel for fair housing services. In future funding cycles, Project Sentinel's funding up to the Fiscal Year 2015-16 amount would continue to come from the General Fund. Increases above that General Fund amount could come from CDBG.
 - b. Restore all or some of Project Sentinel's proposed \$9,718 CDBG funding level by not funding Child Advocates at this time. Instead, Child Advocates would receive \$10,000 in funding, contingent upon the receipt of program income. Child Advocates would also have first priority for program income after existing agencies were fully funded.

- c. Restore all or some of Project Sentinel's proposed \$9,718 CDBG funding level by not funding or reducing funding to Child Advocates or one or more of the existing CDBG agencies.
 - d. Restore all or some of Project Sentinel's proposed \$9,718 CDBG funding level by using CDBG administrative funds and allocate an additional \$10,000 in Below-Market-Rate Housing funds to cover CDBG administrative expenses.
2. Provide direction to allocate additional General Fund resources to nonprofit agencies as part of the budget process.
 3. Provide other direction to staff.

PUBLIC NOTICING

A legal notice was published in the *San Jose Post Record* and display ads were published in the *Mountain View Voice*. Notices regarding this agenda item were sent 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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RA/7/CAM
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- Attachments:
1. [March 5, 2015 Human Relations Commission Staff Report](#)
 2. [March 5, 2015 Human Relations Commission Minutes](#)
 3. [Draft 2015-20 Consolidated Plan/2015-16 Action Plan](#)
 4. [Web Link to March 5, 2015 Human Relations Commission Hearing](#)