



DATE: May 2, 2017

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **Fiscal Year 2017-18 CDBG/HOME
Funding Cycle – Public Hearing**

RECOMMENDATION

1. Allocate the maximum allowable amount, currently estimated at \$90,000 in CDBG funds, to public service programs as shown in Table 3 of this Council report, with each agency receiving at least \$5,000.
2. Allocate the Fiscal Year 2017-18 General Fund public services budget, currently recommended at \$200,724, to public service programs as shown in Table 4 of this Council report.
3. Allocate an estimated \$490,000 in Community Development Block Grant (CDBG) and \$210,524 in Home Investment Partnership Program (HOME) funds to Fiscal Year 2017-18 capital projects as shown in Table 5 of this Council report.
4. Allocate the maximum allowable amount, currently estimated at \$120,000 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, proportionately 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 and no less than \$5,000; proportionately allocate the maximum allowable increased or decreased CDBG and/or HOME allocation and program income to administration; and carry over remaining funds to Fiscal Year 2018-19 capital projects.
6. Reallocate \$148,160.71 in Fiscal Year 2016-17 HOME funds to the Fiscal Year 2014-15 Tyrella Gardens rehabilitation project.

7. Adopt the Fiscal Year 2017-18 Action Plan in Attachment 1 to the Council report, 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.
8. Direct staff to explore membership in the Santa Clara County HOME Consortium, which includes the County of Santa Clara and the cities of Palo Alto, Milpitas, Gilroy, and Cupertino, effective for Fiscal Year 2019-20.

BACKGROUND

The purpose of this public hearing is for the Council to consider the Human Relations Commission's (HRC) public service and capital project funding recommendations, make final funding decisions on the Fiscal Year 2017-18 CDBG and HOME allocations, and adopt the Fiscal Year 2017-18 Action Plan. The HRC held its recommendations hearings on February 2, 2017 for public services and on March 2, 2017 for capital projects. The funding recommendations from those hearings and the minutes are provided in Attachments 2 through 5, and are summarized later in this report.

This year, the Council is also being asked to consider two additional items. The first involves reallocation of Fiscal Year 2016-17 HOME funds to the Tyrella Gardens rehabilitation project, which was funded in Fiscal Year 2014-15. In the second item, staff asks for direction to research joining the Santa Clara County HOME consortium, due to a key change in how jurisdictions must now meet the Community Housing Development Organization (CHDO) 15 percent set-aside requirement. Both of these items are discussed in later sections of 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 2017-18 is the first year of the two-year cycle for public service programs, so agencies awarded funding would also receive funding in Fiscal Year 2018-19, proportionate to the available funding. Awarded activities will be summarized in an Action Plan that will be submitted to HUD for that agency's consideration.

Typically, jurisdictions receive notice of their CDBG and HOME allocations in March or April, in time for the May 15 submittal deadline. This year, there has been a significant delay in the release of the Federal HUD budget and allocations to jurisdictions. Since the Federal budget has not yet been adopted, HUD has extended the deadline to July 26, 2017, and will provide guidance to jurisdictions in the event the budget is still not passed by May 15, 2017. Once the allocations are known, staff recommends proportionately adjusting the awarded funding in the Action Plan prior to submittal to HUD.

ANALYSIS

Overview of CDBG/HOME Funding

Since Fiscal Year 2000-01, the Federal CDBG and HOME funding has decreased from a high of \$834,000 and \$430,000, respectively, to \$486,827 and \$204,093 for Fiscal Year 2016-17. Initial Congressional budget proposals for Fiscal Year 2017-18 have included 20 percent to 50 percent reductions to the CDBG and HOME programs, while the President has proposed eliminating funding for both programs. As will be reinforced later in this report, both CDBG and HOME provide critical funding that support key public services and capital projects in the City of Mountain View.

The City has adopted important Affordable Housing Impact fees that help finance local affordable housing developments and receives loan repayments from the former Revitalization (Redevelopment) District's Housing Set-Aside (HSA) loans, also known as the "20% Funds" from the former redevelopment agency. These sources are restricted to the creation and preservation of affordable housing and could be used to supplement cuts in CDBG/HOME funding for capital affordable housing projects funded in this or future funding cycles.

Right now, the degree of cuts to the CDBG and HOME budgets is unknown. If the CDBG and/or HOME Programs are totally eliminated, staff would return to Council with options for backfilling the awarded funding.

Fiscal Year 2017-18 CDBG/HOME Funding

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 2017-18 are \$500,000 and \$200,000, respectively. Roughly \$100,000 in CDBG Program income is also anticipated to be available for Fiscal Year 2017-18.

Table 1: Estimated CDBG and HOME Funding for Fiscal Year 2017-18

	Estimated CDBG Funds Fiscal Year 2017-18	Estimated HOME Funds Fiscal Year 2017-18
HUD Allocation	\$500,000	\$200,000
Program Income ¹	100,000	-0-
Reprogrammed Funds ²	100,000	\$30,524
Available Funds	\$700,000	\$230,524

The actual amount of unused funds from completed projects that could be reprogrammed to Fiscal Year 2017-18 activities will not be known until the end of the fiscal year. If the total funding is less than or greater than the estimates, the funding level awarded to agencies will be proportionately adjusted, as approved by Council or otherwise directed.

Fiscal Year 2017-18 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 2017-18 estimates for the allowable uses are shown in Table 2.

Table 2: Fiscal Year 2017-18 CDBG and HOME Estimates

Fiscal Year 2017-18	CDBG Funds	HOME Funds
Administration	\$120,000	\$20,000
Public Services	90,000	N/A
Capital/Housing Projects Budget	490,000	210,524
Totals	\$700,000	\$230,524

¹ Program income is generated from loan repayments. Program income collected in Fiscal Year 2016-17 cannot be used for public services or capital projects until Fiscal Year 2017-18. Program income may only be used for administrative activities within the fiscal year it is received.

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

Administration Funding

Roughly \$120,000 in CDBG and \$20,000 in HOME funds will be available for Fiscal Year 2017-18 administrative activities. The administration funds are used for staffing, contract services, and general office expenses. HUD allows jurisdictions to use CDBG administrative funds to supplement HOME administration funding, and most cities, including Mountain View, use CDBG administrative funding to cover some HOME administrative activities.

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 2017-18 estimated CDBG public service funding is about \$90,000, which includes program income estimates. The \$90,000 estimated budget is similar to the current fiscal year's budget of \$89,400.

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. Approximately \$490,000 for CDBG and \$210,524 for HOME capital projects is estimated to be available for Fiscal Year 2017-18.

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 2015-16 and 2016-17), the Council approved a total budget of \$192,224, which included minimum allocations of \$5,000 and 10 percent increases for certain agencies using \$21,100 in limited-period funding and \$10,000 limited-period Boomerang funds. Since Council only granted these increases and use of limited-period funding for a two-year term, the budget for Fiscal Year 2017-18 reverts back to \$161,124, the same ongoing budget adopted by the Council for these agencies for the previous two-year cycle (Fiscal Year 2013-14 and 2014-15). However, the Council could decide to maintain or increase the amount as part of the budget process.

As part of the last two-year funding cycle for Fiscal Years 2015-16 and 2016-17, the Council used \$10,000 in limited-period Boomerang funds to grant increases to two General Fund agencies to expand services to the homeless. 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 in the next section of this report.

HRC Recommendations

Summaries of the HRC's CDBG and General Fund public service funding recommendations are noted in Tables 3 and 4, respectively. The capital project recommendations are summarized in Table 5. The HRC public service and capital staff reports and minutes are provided in Attachments 2 through 5. Summaries of the HRC's deliberations are provided in Attachment 6. Video coverage of the HRC's hearings may be accessed via the web links in Attachments 7 and 8.

CDBG Public Service Recommendations

Seven agencies requested \$111,546 in CDBG public service funding, which exceeds the estimated \$90,000 budget by \$21,546. Five of the seven agencies requesting funding have been funded for more than five years. Two of the seven agencies, Silicon Valley Independent Living Center (SVILC) and Vista, were previously funded in Fiscal Year 2014-15 contingent on the availability of program income. Program income was not available in the second year of that funding cycle. Both agencies reapplied in the Fiscal Year 2015-16 two-year cycle but were not awarded funding.

Table 3: 2017-18 CDBG Public Service Funding Requests and HRC Recommendations

CDBG-Funded Public Service Agencies	Current FY 2016-17 Funding	Funding Requested for FY 2017-18	HRC's Recommendations
Existing Agencies			
Child Advocates of Silicon Valley	\$ 9,249	\$ 15,000	\$14,832
CSA – Homelessness Prevention and Homeless Services Program ³	29,493	28,112	27,798
CSA – Senior Services Program	18,821	20,906	20,672
LifeMoves – Shelter and Support Services for the Homeless	18,499	20,000	9,776
MayView Community Health Center	7,789	-0- ⁴	-0-
Senior Adults Legal Assistance	5,549	7,000	6,922
Subtotal for Existing Agencies	89,400	91,018	80,000
Other Agencies			
SVILC – Housing-Related Assistance for the Disabled	-0-	5,028	5,000
Vista – Support Services for Blind and Visually Impaired Persons	-0-	15,500	5,000
Subtotal for Other Agencies	-0-	20,528	10,000
Total for All Agencies	\$89,400	\$111,546	\$90,000
Estimated CDBG Public Service Funding Available for Fiscal Year 2017-18			\$90,000

SVILC and Vista provide unique and valuable services targeted exclusively to disabled households, services which are not currently funded. All of the existing agencies provide essential services such as food, shelter, free legal assistance, and, in the case of

³ This program was formerly two separate programs: Alpha Omega Program and the Emergency Assistance Program. CSA is combining these programs into one homelessness-prevention and response program beginning in this funding cycle.

⁴ MayView is requesting only General Fund support for medical services in this funding cycle. MayView was previously awarded CDBG funding for medical equipment.

Child Advocates, oversight services for foster care children residing in Mountain View homes.

After hearing presentations from the CDBG public service agencies, the HRC deliberated and, on a 6-1 vote, made the following public service recommendations:

- **Fund SVILC and Vista each in an amount of \$5,000 and fund the remaining agencies as shown in Table 3. If more funding becomes available, allocate it to LifeMoves, Vista, and SVILC, in that order, up to the amount requested and proportionately allocate any remaining funds to the rest of the agencies up to the amount requested. If less funding is awarded, SVILC and Vista would each receive \$5,000 and reduced funding would be distributed among the other agencies but no funding would be less than \$5,000.**

General Fund Public Service Recommendations

All 12 existing agencies reapplied for funding, requesting a total of \$267,010. This amount exceeds the current adopted budget by \$74,786. There were no new agencies seeking General Fund consideration. The agencies' funding requests are provided in Table 4.

Table 4: General Fund Public Service Funding Requests and HRC Recommendations

Agency/Program	Current FY 2016-17 Funding	Funding Requested for FY 2017-18	Recommended Funding for FY 2017-18
Catholic Charities – Long-Term Care Ombudsman Program	\$ 8,000	\$ 10,000	\$ 8,000
Community School of Music and Arts – Art and Music Programs for Youth	15,490	28,000	15,490
CSA – Homelessness Prevention/ Homeless Services	5,000	5,000	5,000
CSA – Senior Nutrition Program	33,054	34,330	33,054
Day Worker Center – Services for Day Workers	20,000	20,000	20,000
Healthier Kids Foundation – Community Outreach Program	12,180	12,180	12,180
Junior Achievement – Vision Screenings for Low-Income Children	5,000	7,500	5,000
LifeMoves – Shelter and Outreach Services for Homeless	5,000	5,000	5,000
MayView Community Health Center – Health Care for Low-Income Households	41,500	50,000	50,000
Parents Helping Parents, Inc. – Services for Families with Special-Needs Children	5,000	5,000	5,000
The Health Trust – Meals on Wheels Program	5,000	50,000	5,000
YWCA/Maitri – Housing and Services for Domestic Violence Victims	37,000	40,000	37,000
Total	\$192,224	\$267,010	\$200,724*

* This amount would include limited-period General Fund support totaling \$29,600 and \$10,000 in limited-period Boomerang funds.

With the exception of requests from the Community School for Music and Arts (CSMA), MayView Community Health Center (MayView), and the Health Trust, all of the General Fund agencies requested no increase or increases of \$3,000 or less. CSMA requested \$12,510 in additional funding to help cover the subsidies it provides to a growing number of lower-income and special-needs students. MayView's request for an \$8,500 increase in General Fund support is due to a shift in priorities to use City funding to exclusively subsidize health-care delivery to lower-income households. Approximately \$9,000 in CDBG funding is currently being used for medical supplies. Instead, MayView would use \$8,500 of this amount to help cover the cost of direct medical care to an increasing number of lower-income, uninsured clients. The Health Trust is requesting a \$45,000 increase to expand its meals and services to help cover 40 homebound, Mountain View clients. Health Trust staff cited increased costs for the Meals on Wheels program and stated that the City's current \$5,000 grant covers less than 5 percent of the cost for Mountain View's clients as reasons for the \$45,000 increase.

HRC members cited that all of the agencies provide a variety of services for Mountain View's neediest citizens and, also on a 6-1 vote, made the following recommendations:

- **Fund all agencies at the Fiscal Year 2015-16 funding levels, maintaining the additional \$21,100 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, at the very least, maintained.

- **Fully fund MayView with an additional \$8,500 in limited-period General Fund money.**

The HRC recommended the Council fully fund MayView, which is serving an increasing number of lower-income, uninsured and underinsured clients, while insurers continue to reduce their allowable costs. HRC members cited the importance of MayView's services given the uncertainty of health-care coverage and costs in the near future and the fact that their main clinic is located in Mountain View.

Capital Projects

The City received four funding requests, three for CDBG and one HOME application, as shown below in Table 5. Since the March 2, 2017 HRC hearing, one applicant (Greater Opportunities) formally withdrew its application for \$50,000 to help renovate a six-unit rental complex in Sunnyvale. The agency had applied to multiple jurisdictions and anticipates full funding from the County of Santa Clara. There is enough funding to fully fund remaining agencies from the estimated Fiscal Year 2017-18 funding.

Table 5: Funding Recommendations for Fiscal Year 2017-18 Capital Projects

Agency	Program/Project	CDBG Funding Recommendations	HOME Funding Recommendations
Rebuilding Together Peninsula*	Safe at Home Program	\$40,000	N/A
Greater Opportunities	Quetzal House Renovation	N/A (Application Withdrawn on 4-14-2017)	N/A
MidPen Housing*	Fountains Apartments Rehabilitation Project	450,000	\$-0-
MidPen Housing	New Units at Shorebreeze	-0-	210,524**
Total		\$490,000	\$210,524
Estimated FY 2017-18 Funds Available		\$490,000	\$210,524

* Fiscal Year 2017-18 funds to be incorporated as an amendment to the existing agreements enabling completion of Fiscal Year 2016-17 projects.

** These funds include \$30,524 in Fiscal Year 2015-16 HOME CHDO funds that would also be reserved for this project.

At the March 2, 2017 hearing, the HRC heard presentations from the agencies seeking capital project funding and, with a 6-1 vote, made the following funding recommendations to Council for the remaining projects still under consideration:

- **Full funding for Rebuilding Together Peninsula's Safe at Home Program at \$40,000 in CDBG funds.**

Rebuilding Together Peninsula (RTP) is requesting \$40,000 that would be leveraged with other funding to provide low-income homeowners free minor home repairs and provide accessibility modifications to low-income homeowners and tenants. Most of the clients tend to be seniors. Over 75 percent of repair requests come from mobile home owners on fixed or limited incomes. Typical work would include adaptive steps, installation of grab bars, new locks, and repair of leaky faucets and other basic maintenance to serve a minimum of 16 households.

Unlike public services, RTP's capital activities are subject to NEPA clearance which must be obtained prior to any work. The clearance process begins after the HUD agreements have been received and takes about 2.5 months to complete. HUD did not issue the funding agreements until late August of last year, so the NEPA clearance process was not completed until November 2016. As a result, RTP only had 7.5 months to complete a year's worth of projects. Typically, the funding would be placed into effect under a new agreement that would begin on July 1 for a one-year period ending on June 30. Funding for Fiscal Year 2017-18, if awarded, would be structured as an amendment extending the term of the existing agreement. This would give RTP time to complete the projects and expend the funds awarded for Fiscal Year 2016-17, while starting Fiscal Year 2017-18 projects.

- **Full funding to the Fountains Rehabilitation Project using all remaining CDBG funds up to the now estimated \$450,000.**

MidPen Housing, Inc. (MidPen), requested \$390,000 in CDBG funding for additional rehabilitation work at the Fountains Apartments. Planned activities include new energy-efficient refrigerators, exterior lighting, and five sets of hot water heaters, low-flow toilets, showerheads, a new elevator, valves, and range hoods; and replacement of cabinets and countertops. The property is only eligible for CDBG funding at this time because there is an existing HOME funding agreement for previous rehabilitation activities. Relocation of existing tenants would not be needed in order to complete the repairs and upgrades.

MidPen requested \$735,000 last fiscal year and was awarded all available funds, which totaled \$675,000, \$60,000 less than requested. The HRC recommended full funding for this project and staff is additionally requesting that all available funds up to \$450,000 be awarded to this project. The \$60,000 would help make up the difference between requested and available funding awarded in the last cycle for this project. Funding this project in an amount of \$450,000 would also enable the City to spend as much CDBG funds as possible toward meeting the expenditure requirement next fiscal year.

Funding would be awarded via an amendment to the Fiscal Year 2016-17 loan documents and in the same manner as previous CDBG rehabilitation: a 35-year, no-interest loan, with a 10-year payment deferment period, and repayment based on residual receipts.

- **Reservation of all available HOME funds, currently estimated at \$210,524 for the development of new units at Shorebreeze Apartments.**

MidPen also requested all available capital HOME funds toward the development of 62 net, new family units at Shorebreeze Apartments, a 120-unit property serving very low-income families (51 units) and seniors (69 units). The proposed project consists of removing 12 existing townhomes and replacing them with 62 apartment flats in two new buildings on the property. Temporary relocation would be limited to tenants in the 12 units proposed for demolition. These tenants would be moved back to the property after the new units are constructed.

Use of HOME funds for this project allows the City to meet HOME's two-year commitment deadline and comply with HOME's 15 percent CHDO set-aside requirement. The Council reserved \$6.3 million in local housing funds for this project on September 13, 2016, through the City's Notice of Funding Availability (NOFA) process. MidPen is currently proceeding with their land use entitlement application and anticipates going to Council this fall to request final funding and development entitlements.

Reallocation of Fiscal Year 2016-17 HOME Funding to the Tyrella Gardens Project

The Council funded the Tyrella Gardens rehabilitation project for the 2014-15 fiscal year. Funding was awarded for energy-efficient upgrades and water-saving landscaping and irrigation improvements. The work was completed in October 2016. Staff recommends reallocation of \$148,160.71 in Fiscal Year 2016-17 HOME funds to close out this activity. The purpose of this recommendation is to bridge a funding gap

caused by a return of HOME funds to HUD that were originally allocated to this project. The “recapture” of the funds was caused by a peculiarity in the Federal Integrated Management and Disbursement System (IDIS), the system HUD uses to monitor jurisdictions’ expenditures. Staff has been in contact with HUD to request that the funds be restored and has also generated a case with Senator Dianne Feinstein’s office to get the issue resolved. The request for resolution is still pending.

Rational for Reallocation of Fiscal Year 2016-17 Funds

The funding agreement and loan documents for the Tyrella Gardens Apartments Rehabilitation Project were generated using HOME funds. Senior lenders on title of the property have reviewed the loan documents and have approved only HOME funding. The alternative of using CDBG or local housing funds to cover the recaptured amount is not recommended since it would require additional approvals from the senior lenders on title, additional escrow paperwork, and appraisal expenses, and would take about a year to complete.

Council had reserved all Fiscal Year 2016-17 funds to development of the new units at Shorebreeze Apartments. However, reallocation of the reserved HOME funds to close out the Tyrella Gardens project would not impact the Shorebreeze project. The primary purposes for using HOME funds in the Shorebreeze Apartments project were to satisfy the fifteen percent CHDO set-aside requirement, discussed in the section below, and the two-year commitment deadline. HUD staff has stated that this type of reallocation is allowed and could be performed immediately upon Council approval, since the replacement funds, which would come from the Fiscal Year 2016-17 HOME allocation, are currently available in IDIS. If HUD restores the \$148,160.71 to the City, these funds could be allocated back to the Shorebreeze project in the next funding cycle.

Exploration of Membership in the Santa Clara County HOME Consortium

Staff recommends that the City explore joining the County’s HOME consortium, which is using HOME funds for affordable housing projects in County areas and participating jurisdictions. This recommendation is the result of changes in how jurisdictions must now meet the 15 percent CHDO set-aside requirement.

Fifteen Percent CHDO Set Aside Requirement

HOME requirements stipulate that at least 15 percent of each annual allocation be spent on CHDO-sponsored projects. A CHDO is a type of nonprofit organization that meets certain criteria, including that one-third of the Board of Directors is made up of low-

income residents. Prior to Fiscal Year 2015-16, HUD allowed jurisdictions to cumulatively meet this requirement. If a jurisdiction had previously expended more than 15 percent of its total HOME funds on CHDO-sponsored projects, then the requirement would be considered met for a given year. Mountain View has spent \$3,455,714, or 53 percent, of its total \$6,552,464 in HOME funds received over the years on CHDO-sponsored projects, well exceeding the 15 percent requirement. Jurisdictions lobbied HUD to continue a cumulative review of this requirement, but the administrative ruling was not changed and stipulates annual compliance.

Rationale for Possible County HOME Consortium Membership

This shift to meeting the CHDO requirement on an annual instead of cumulative basis will be more challenging since there are few CHDOs in Santa Clara County and all are affordable housing developers and owners. In years when there are no CHDOs applying for HOME funds, meeting the requirement is not feasible. As of Fiscal Year 2015-16, the penalty for not annually meeting this requirement is a reduction in the subsequent year's allocation by the CHDO amount. This penalty has the effect of incrementally reducing the grant in the years when CHDOs do not apply until the grant cannot be feasibly used or is eliminated by HUD.

Fifteen (15) percent represents approximately \$30,000 of the City's \$200,000 annual HOME allocation, but, by itself, this amount is not considered feasible for new development or extensive rehabilitation projects, which typically cost more than \$250,000 to complete. Whenever possible, the City has allocated all available HOME funds to CHDO projects to make their use more financially feasible. While there is a CHDO project that would use the HOME funds in Fiscal Year 2017-18 and possibly in 2018-19 (new units at Shorebreeze Apartments), there may not be a CHDO project in Fiscal Year 2019-20 or in subsequent years. Also, CHDO funds may not be used for Tenant Based Rental Assistance (TBRA), an option currently used to provide rent subsidies, typically to assist persons transitioning from homelessness, and other special-needs households.

Joining the County HOME consortium expands the area of eligibility and increases the likelihood of being able to spend the City's share of HOME funds on a CHDO-eligible project. The County's current HOME Consortium allocation is \$764,253. If the Consortium included Mountain View's share, the pot would increase to about \$940,000, a viable financing source of funding. Priority for a number of units funded by the Consortium could be given to Mountain View residents, relative to the City's share of HOME funds. The earliest the City would be able to join the Consortium is in Fiscal Year 2018-19 for an effective start date of July 1, 2019. The potential drawback is that if

the County were to disband the Consortium in the future, there may be changes in the demographics or formula calculation, such that Mountain View may no longer be eligible to receive HOME funds. The higher risk in not joining the County HOME Consortium is reduced or lost funding if there is a lack of CHDO-eligible activities in Mountain View. If Council approves this direction, staff will begin discussions with the County and return to Council with a proposed transition plan prior to Fiscal Year 2019-20, if an acceptable framework and agreement are reached.

FISCAL IMPACT

Fiscal Year 2017-18 CDBG and HOME funding for seven public service agencies would use \$90,000 in CDBG funds and three capital projects would use \$490,000 in CDBG and \$210,5240 in HOME funds. Twelve (12) agencies would use \$200,724 in General Fund money, which includes \$29,600 in limited-term funding (\$8,500 additional for MayView), and \$10,000 in Boomerang funds. The public service agencies funded for Fiscal Year 2017-18 would typically continue to receive funding in Fiscal Year 2018-19 proportionate to the available budget and not less than \$5,000.

CONCLUSION

The purpose of this hearing is for the City Council to consider Fiscal Year 2017-18 public service and capital project funding requests, reallocation of Fiscal Year 2016-17 HOME funding to a Fiscal Year 2014-15 rehabilitation project, adoption of the Fiscal Year 2017-18 Action Plan, and a HOME policy consideration. After the Council makes final decisions, staff will, as necessary, amend the Fiscal Year 2017-18 Action Plan, and submit it to HUD for that agency's consideration. If directed, staff will also begin discussions with the County about joining the Consortium and bring this back to the Council for consideration for the Fiscal Year 2019-20 funding cycle.

ALTERNATIVES

Fiscal Year 2017-18 Funding

- 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:
 - Provide direction to allocate additional General Fund resources to nonprofit agencies as part of the budget process.
 - Provide other direction to staff.

HOME Consortium

- Do not pursue joining the County Consortium. Continue to encourage projects that may be eligible to apply in the annual capital funding cycle. In years where there are no eligible CHDO projects, subsequent fiscal year funding would be reduced by the amount of the CHDO set-aside.
- 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/3/CAM/893-05-02-17CR-E

- Attachments:
1. Draft 2017-18 Action Plan
 2. [February 2, 2017 Human Relations Commission Staff Report](#)
 3. February 2, 2017 Human Relations Commission Meeting Minutes
 4. [March 2, 2017 Human Relations Commission Staff Report](#)
 5. March 2, 2017 Human Relations Commission Meeting Minutes
 6. Summaries of HRC Hearing Deliberations
 7. [Video of February 2, 2017 Human Relations Commission Hearing](#)
 8. [Video of March 2, 2017 Human Relations Commission Hearing](#)