

DATE: December 5, 2024

TO: Human Relations Commission

FROM: Alec Vybiral, Housing Officer
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SUBJECT: **Fiscal Year 2025-30 Consolidated Plan, Fiscal Year 2025-26 Annual Action Plan, and Notice of Funding Availability Review**

PURPOSE

1. Review process and staff recommendations for the Fiscal Year 2025-30 Federal Consolidated Plan (Consolidated Plan), the Fiscal Year 2025-26 Federal Annual Action Plan (Annual Action Plan), and the associated Notice of Funding Availability.
2. Receive input from the Human Relations Commission regarding process and staff recommendations for the above-related items.

BACKGROUND

The City of Mountain View is in the process of developing the Consolidated Plan. The Consolidated Plan is required by the Department of Housing and Urban Development (HUD) for cities like Mountain View that receive annual federal housing and community development funding (known as “entitlement jurisdictions”), specifically the Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) programs. Entitlement jurisdictions have a minimum population of 50,000, and the amount of funding received each year is based on a formula utilizing several objective measures of community needs, including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relationship to other metropolitan areas. Mountain View is one of nine entitlement jurisdictions within Santa Clara County.

The Consolidated Plan is updated every five years and includes the following:

- Detailed assessment of housing, housing market analysis, and barriers to affordable housing;
- Community and stakeholder engagement process; and

- Strategic Plan that identifies priority needs for low- and moderate-income households; specific, quantitative goals to address the needs over a five-year period; and anticipated resources.

Additionally, each year, entitlement jurisdictions develop an Annual Action Plan to implement the five-year Consolidated Plan and includes the following:

- Identifying public service activities and capital/affordable housing projects funded by CDBG and HOME.
- Demonstrating how the funded activities/projects meet the Consolidated Plan priorities and quantitative goals.

The process for developing both the Consolidated Plan and the Annual Action Plans includes the following:

- Community input.
- Early input from Human Relations Commission (HRC) (this meeting).
- Publicly available draft Consolidated Plan for 30-day public comment period (HUD requirement).
- Two (2) public hearings (HUD requirement): HRC meeting (typically in February/March) and City Council (typically in April).
- Council-adopted Consolidated Plan/Annual Action Plan submitted to HUD by federally required deadline (typically May 15).

CDBG/HOME Overview

Below are summaries of the CDBG and HOME programs.

- **CDBG**
 - **Purpose:** Help jurisdictions address their community development needs, including public service activities as well as capital projects.

- **Use of funds:** CDBG grantees are allowed to use:
 - A maximum of 15% of the allocation towards public services.
 - A maximum of 20% of the allocation for administration.
 - A minimum of 65% of the allocation for capital projects.

- **Eligible activities:**
 - Public service programs and activities provide social services and/or other direct support to individuals and households in need of assistance. Eligible expenses can include personnel, services, and other operating or administrative costs. Public service funds have been used for a homelessness prevention program, legal services for seniors, and services for survivors of domestic violence, to name a few.

 - Capital project activities are focused on “brick-and-mortar”-type neighborhood improvement and enhancements, such as rehabilitation of affordable housing, construction of public facilities in low-income neighborhoods, and infrastructure projects. Funding allocated to affordable housing developments is typically as a loan which is repaid to the City as program income, and funding for other eligible activities is allocated as a grant. Some previously funded capital projects include the rehabilitation of The Fountains Apartments, an affordable housing development developed by MidPen Housing, and renovations of Hope’s Corner’s commercial kitchen, which allowed the nonprofit to expand services.

- **HOME**
 - **Purpose:** Help jurisdictions fund various types of affordable housing-related programs and developments.

 - **Use of funds:** HOME grantees are allowed to use:
 - A maximum of 10% of the allocation for administration.
 - A minimum of 90% for eligible projects and programs.

 - **Eligible activities:** All expenses must be associated with new construction or rehabilitation of housing developments. Examples include site acquisition, improvement and relocation expenses, financial assistance to eligible home buyers or owners for home purchase or rehabilitation, and tenant-based rental assistance. Typically, HOME funds allocated to affordable housing developments have been as

loans and the repayment of these loans are repaid to the City as program income. All housing developed with HOME funds must serve low- and very low-income families. Examples of recently funded projects include the rehabilitation of the Ginzton Terrace apartments at 375 Oaktree Drive, an affordable housing development for seniors developed by MidPen Housing.

NOFA/Funding Process

Entitlement jurisdictions typically fund public service activities and projects using CDBG and HOME funding through a Notice of Funding Availability (NOFA) process and/or providing the funding directly to projects outside of a NOFA process.

The City typically operates its NOFA on a two-year funding cycle for CDBG-funded public services. Applications for public services are awarded biennially in order to increase administrative efficiency for both the City and the recipients, and to allow the recipients to have a more accurate projection of their future finances.

In the past, the City had also included capital projects/affordable housing in the NOFA process, but received few, if any, funding requests. This is primarily because there has been a lack of nonprofits interested in receiving federal funds for capital projects, the City's funding allocation is relatively small for capital projects (which typically have much greater funding needs due to the size and cost of such projects), and/or the federal funds have various program and reporting requirements that may be too labor intensive for recipients to administer. The City has an extensive affordable housing project pipeline that requires funding; however, matching a project to the funding source can be challenging, given the reasons listed above. As a result, in recent years, the City has directly allocated funding to affordable housing projects when there is a good fit.

General Fund Public Service Activities

In addition to CDBG, the City annually allocates \$171,000 from its General Fund to supplement federal funds and support human services, cultural, arts, and other programs that may not be eligible for federal funds. This funding helps to provide additional resources to the local community as the federal funds are limited and often oversubscribed. Per Council Policy A-8, these General Funds are included in the NOFA process. Eligible public service activities include those that align with, and further the goals and strategies of, the City's Consolidated Plan and Annual Action Plan or important services that are not eligible for federal funding.

HRC Role and Prior Policy Recommendations

The HRC reviews staff's recommendations for the use of CDBG/HOME funding and provides recommendations to Council for their consideration when adopting the Consolidated Plan, Annual Action Plan, and NOFA Funding.

Additionally, the HRC has established policies to guide the effective implementation of the federal grant program. On November 3, 2022, the HRC recommended the following, which staff have, and will continue, to implement:

- Minimum grant amount of \$7,500 for CDBG public services and General Fund grants (per Council Policy A-8). Rationale: Due to federal accounting and record-keeping requirements, the associated compliance costs for agencies may exceed smaller grant amounts.
- Utilize a direct allocation method for CDBG and HOME funding for capital projects to meet program requirements. Rationale: HUD allows direct allocation of funding to projects, which provides a more streamlined method. The City has a considerable affordable housing pipeline that can use the funding due to continuing funding gaps; and funding affordable housing is an eligible use of funds.

DISCUSSION

2025-30 Consolidated Plan

The Fiscal Year 2020-25 Consolidated Plan (found at the following link [Fiscal Year 2020-25 Consolidated Plan](#)) that is currently in effect began on July 1, 2020 and will end on June 30, 2025. It was adopted by the City Council on June 30, 2020 and includes the following six priority needs:

- Increase affordable housing for low- and moderate-income and special-needs households;
- Establish and support programs to prevent and end homelessness;
- Support public service activities that promote safety, security, wellness, and well-being for low- and moderate-income households and special-needs populations, such as seniors, abused and neglected youth, and the disabled;
- Support programs and activities that strengthen and enhance neighborhoods;

- Promote fair housing opportunities; and
- Promote economic resiliency and improve workforce development and skills training.

The City is currently in the process of developing the Fiscal Year 2025-30 Consolidated Plan for the next five-year cycle which will begin on July 1, 2025 and end on June 30, 2030. This process involves community engagement, stakeholder consultation, collection and analysis of economic and demographic data, and an analysis of the housing and economic market conditions.

Regional Process

The City has partnered with Santa Clara County and other participating jurisdictions in the County to develop each jurisdiction's respective Consolidated Plan through a regional process. This regional process allows for a more streamlined development of the Consolidated Plan, identifies shared issues and needs, and facilitates conversation about potential areas of collaboration. Understanding what the most important priorities are on a regional level will help participating jurisdictions to coordinate and pool limited resources to make a larger impact. At the same time, staff is ensuring that local priorities and needs are being properly identified and incorporated into the City's Fiscal Year 2025-30 Consolidated Plan through the community and stakeholder engagement process (discussed further below).

The regional process for the Fiscal Year 2025-30 Consolidated Plan is facilitated by the joint consultant team Root Policy and Community Planning Collaborative (CPC). The consultants were selected through a Request for Proposals (RFP) process that was administered by the County and included an evaluation panel composed of staff from the County and participating jurisdictions, including Mountain View.

2025-26 Annual Action Plan

The Fiscal Year 2025-26 Annual Action Plan is developed simultaneously with the 2025-30 Consolidated Plan and covers July 1, 2025 through June 30, 2026. This Annual Action Plan will act as the first of five in the 2025-30 Consolidated Plan cycle. The plan will describe the specific activities that the City is allocating CDBG and HOME funds towards, as well as the funding amounts and performance goals for those activities.

Funding provided to public service entities is determined through the NOFA process. Fiscal Year 2025-26 is the first year of the two-year funding cycle, discussed above. When an activity described within an application is deemed eligible to receive grant funding by City staff, it is recommended and approved for funding by the HRC and then the City Council.

As discussed above, funding for capital projects/affordable housing will continue to be directly allocated to eligible projects. This is handled administratively. The City consistently directly allocates CDBG capital funding to a local nonprofit organization, Rebuilding Together Peninsula (RTP), for their Minor Home Repair Program. This program provides emergency home repairs to low- to moderate-income Mountain View homeowners. Last fiscal year, the City increased the contribution from \$30,000 to \$180,000 to increase grant amounts to \$15,000 per household, allowing for more meaningful improvements and for more households to be assisted.

Recommended NOFA Process—CDBG and General Fund Public Service Activities

The NOFA will provide specific details on the estimated amount of CDBG funding that will be available for the upcoming fiscal year. For Fiscal Year 2024-25, HUD allocated \$604,684 in CDBG funds and \$237,782 in HOME funds to the City, and staff will use those amounts as estimates for the anticipated entitlement grant amount for Fiscal Year 2025-26.

The Fiscal Year 2025-30 Consolidated Plan is in the process of being developed; therefore, priority needs for the next five-year cycle have not yet been established. However, staff anticipates that market trends and key community priority needs have remained the same. Therefore, staff recommends focusing on the following known priority areas when crafting the Fiscal Year 2025-26 Annual Action Plan and upcoming NOFA, using three of the existing priority needs in the current Fiscal Year 2020-25 Consolidated Plan (mentioned above):

- Increase affordable housing for low- and moderate-income and special-needs households;
- Establish and support programs to prevent and end homelessness; and
- Support public service activities that promote safety, security, wellness, and well-being for low- and moderate-income households and special-needs populations, such as seniors, abused and neglected youth, and the disabled.

The NOFA for the upcoming funding cycle is anticipated to be released on December 6, 2024, and the application period will be open until January 10, 2025. The process will include:

- Mandatory presubmittal conference that will be held on December 13, 2024, which all applicants must attend. The conference will provide applicants with an overview of the funding opportunity, walk through the application process, and allow questions to be submitted.
- Applications are submitted through an online platform called ZoomGrants and include an overview of the proposed grant-funded program, including information about beneficiaries

and performance metrics, the desired amount of funding, and documents to establish organizational structure and capacity.

Staff anticipates that the City will have approximately \$233,000 in CDBG funds available for the upcoming NOFA cycle. This is calculated using 15% of estimated entitlement (\$604,000) and 15% of the prior year's program income. (This fiscal year, the City has received \$950,000.) This estimate assumes no substantial changes to the federal budget allocated to the CDBG program or any changes in methodology for determining the amounts that entitlement jurisdictions are eligible to receive. Additionally, as mentioned above in this report, \$171,000 in the General Fund will be included in the NOFA.

HRC Question: For the purposes of the upcoming NOFA, City staff recommends using the three existing priority needs from the 2020-25 Consolidated Plan, as noted above, to evaluate public service applications. Does the HRC support this approach?

Outreach and Engagement

Root Policy and CPC are leading the regional community engagement efforts and conducting the needs analysis and market assessment of housing and community development-related issues for each of the participating jurisdictions. As many of the problems facing Mountain View and neighboring jurisdictions are related to broader regional issues, the outreach strategy includes regional components, but there are also events specific to Mountain View. Two out of the five pop-up engagement events are hosted in Mountain View, and one of the three public workshops is geared specifically towards getting feedback from Mountain View residents.

The community engagement process being conducted includes the following activities:

- **Stakeholder Consultation Meetings and Focus Groups:** Public outreach meetings that are open to community stakeholders, including community-based organizations, social service agencies, faith-based organizations, and local fair housing organizations.
 - Stakeholder Meeting No. 1—December 5, 2025, 1:00 p.m. to 2:30 p.m.
 - Stakeholder Meeting No. 2—December 11, 2025, 12:30 p.m. to 2:30 p.m.
 - Stakeholder Meeting No. 3—December 17, 2025, 3:00 p.m. to 4:30 p.m.
- **Regional Community Engagement Virtual Public Workshops:** Online regional public forums held in a drop-in format with interactive engagement breakout rooms that create opportunities for community members to share personal stories, suggest ideas for

strengthening neighborhoods and prioritize community needs, and review Consolidated Plan data and maps.

- Public Workshop No. 1—November 14, 2024
- Public Workshop No. 2—November 20, 2024
- Public Workshop No. 3—December 16, 2024 (Mountain View-centered workshop)

- **Pop-Up Events or Community Focused Meetings:** Events with significant foot traffic offer opportunities for people to fill-out the resident survey, share housing stories, respond to maps and data, and/or discuss neighborhood housing issues.
 - Dia de Muertos Event (hosted in Mountain View)
 - Gilroy and South County Open House
 - Saratoga Library Pop-Up
 - Campbell Farmers Market Pop-Up

- **Community Engagement Survey:** An online survey and paper survey to identify and prioritize regional needs. The survey opened on October 25, 2024, will close on December 31, 2024, and can be accessed [here](#).

- **Social Media Outreach:** Information about the above public participation opportunities were shared through social medial channels (Facebook, X, and Nextdoor), and posted to the City’s website.

- **General Outreach:**
 - LetsTalkHousingSCC.org website with centralized up-to-date information.
 - *Council Connection* article in the November 8, 2024 issue.
 - An email blast sent to the City News subscriber list on November 12, 2024.
 - The Consolidated Plan will be presented at the January 14, 2025 standing roundtable with Community-Based Organizations.

NEXT STEPS

The processes for the Consolidated Plan, Annual Action Plan, and NOFA will converge and culminate in the adoption of the Fiscal Year 2025-30 Consolidated Plan and Fiscal Year 2025-26

Annual Action Plan by the City Council in April 2025. City staff will continue to coordinate with Root Policy and CPC to complete the process based on the timeline shown in Table 1.

Table 1: Summary of Process and Timeline

December 6, 2024	Notice of Funding Availability is published
December 13, 2024	Mandatory NOFA Presubmittal Conference for applicants
January 10, 2025	NOFA closes and funding request evaluation begins
March 6, 2025	HRC to consider NOFA applications and staff recommendations, and provide feedback on the draft Fiscal Year 2025-30 Consolidated Plan and draft Fiscal Year 2025-26 Annual Action Plan
March 15 to April 15, 2025	30-day public comment period for the draft Fiscal Year 2025-30 Consolidated Plan and the draft Fiscal Year 2025-26 Annual Action Plan
April 22, 2025	Council consideration of the draft Fiscal Year 2025-30 Consolidated Plan, draft Fiscal Year 2025-26 Annual Action Plan, and funding recommendations
By May 15, 2025	Submittal of Fiscal Year 2025-30 Consolidated Plan and Fiscal Year 2025-26 Annual Action Plan to HUD
July 2025	Execution of contracts with CDBG award recipients

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