



24-5498

**DATE:** May 7, 2024 (Item No. {{item.number}})

**TO:** Board of Supervisors

**FROM:** Consuelo Hernandez, Director, Office of Supportive Housing

**SUBJECT:** Fiscal Year 2024-2025 Annual Action Plan

**RECOMMENDED ACTION**

Public Hearing to consider approval of recommendations relating to the Fiscal Year (FY) 2024-2025 Annual Action Plan for use of Community Development Block Grant (CDBG) and HOME Investment Partnerships Act (HOME) funds. (Office of Supportive Housing) (LA-1)

Possible action:

- a. Open public hearing and receive testimony.
- b. Close public hearing.
- c. Approve FY 2024-2025 CDBG and HOME Funding Recommendations, FY 2024-2025 Annual Action Plan, and contingency plans.
- d. Approve delegation of authority to the County Executive, or designee, to incorporate public comments and submit the FY 2024-2025 Annual Action Plan, which serves as the application to the United States Department of Housing and Urban Development (HUD) relating to CDBG and HOME grants for FY 2024-2025.
- e. Approve delegation of authority to the County Executive, or designee, to negotiate, execute, amend, or terminate an agreement with HUD in an amount not to exceed \$4,030,692 relating to FY 2024-2025 CDBG and HOME grants following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on June 30, 2025.
- f. Approve delegation of authority to the County Executive, or designee, to negotiate, execute, amend, or terminate agreements, including necessary and appropriate documents such as loan agreements, subordinations and reconveyances, with various agencies relating to the FY 2024-2025 CDBG and HOME Funding Recommendations and Annual Action Plan following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on June 30, 2025.

**FISCAL IMPLICATIONS**

The recommended action authorizes the programming of \$4,030,692 in CDBG and HOME funding for housing and community development activities during FY 2024-2025 (FY25). The funding available for distribution includes estimated entitlement funds, estimated program income expected to be received for CDBG, actual program income received for CDBG and HOME, and prior year resources as summarized in Table 1, Source of Funds.

**Table 1: Source of Funds**

<b>Program</b>	<b>Estimated Entitlement Grant</b>	<b>Prior Years Income</b>	<b>Estimated Program Income</b>	<b>Prior Year Resources</b>	<b>Total</b>
CDBG	\$1,482,102	\$232,994	\$400,000	\$773,246	\$2,888,342
HOME	\$1,010,327	\$132,023	\$0	\$0	\$1,142,350
<b>Totals</b>	<b>\$2,492,429</b>	<b>\$365,017</b>	<b>\$400,000</b>	<b>\$773,246</b>	<b>\$4,030,692</b>

The grant funds will support the following activities in FY25:

**Table 2: Use of Funds by Program**

<b>Activity</b>	<b>Total</b>
<b>CDBG</b>	
Acquisition, Housing Rehabilitation and Public Service Facility Improvement	\$ 1,986,357
Public Services	\$ 225,564
Fair Housing Services	\$ 62,422
Capital Improvements (Urban County Cities)	\$ 300,000
CDBG Administration	\$ 313,999
<b>CDBG Total:</b>	<b>\$2,888,342</b>
<b>HOME</b>	
Housing Development	\$1,041,317
HOME Administration	\$ 101,033
<b>HOME Total:</b>	<b>\$1,142,350</b>
<b>Combined Total:</b>	<b>\$4,030,692</b>

A list of programs and projects is included in Attachment C, FY25 CDBG and HOME Funding Recommendations.

## **REASONS FOR RECOMMENDATION AND BACKGROUND**

The County receives funds annually from HUD as a qualifying Urban County and a HOME Consortium to help address housing and community development needs. In order to receive and use grant funds the County must submit a five-year plan describing priority needs and goals to address them and a one-year Annual Action Plan outlining the eligible projects and programs that will be undertaken during the program year.

The CDBG Program was created by the Housing and Community Development Act of 1974. The County of Santa Clara has received funds to administer the CDBG program since its designation as an Urban County in 1975. By federal law, each jurisdiction is required to submit an Annual Action Plan to HUD with priorities and strategies for the use of federal funds. The County is the lead entity of the CDBG Urban County program and the HOME Consortium. The Urban County is comprised of the cities/towns of Campbell, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, and Saratoga, as well as the Unincorporated Areas of the County.

In 2023, the County renewed the HOME Consortium agreement with the cities of Cupertino, Gilroy, and Palo Alto and the three-year Joint Powers Agreement (JPA) between the County and the Urban County cities. A JPA is needed in order to meet the HUD population threshold and other HUD-mandated requirements for CDBG and HOME grant funding. Activities funded by the Urban County include the development of new affordable housing units, rehabilitation of affordable housing units, capital improvement projects, fair housing services, and other non-housing-related public services.

### *Annual Action Plan*

The Draft FY25 Annual Action Plan is the fifth of five program years covered by the 2020-2025 Consolidated Plan. The Annual Action Plan serves as the County's application for CDBG and HOME grant funds (Attachment D). The Urban County's Citizen Participation Plan requires that the Draft FY25 Annual Action Plan undergo a 30-day public review period, which precedes the required public hearing and Board approval prior to submission to HUD. This public review period commenced on April 5, 2024, and ends on May 7, 2024, when the item is heard by the Board of Supervisors.

This year's funding recommendations include the following:

- a. 14 public service projects estimated to provide approximately 2,100 unduplicated individuals with critical services including legal advice, temporary housing and shelter, case management, senior support services, and mentorship for at-risk youth;
- b. One capital improvement project in the City of Morgan Hill;
- c. Fair housing services;
- d. Funding to support a variety of activities including but not limited to the acquisition of property for affordable and supportive housing and facility improvements for organizations operating in the Urban County that provide public services; and
- e. Funding for approximately 45 minor home repairs for low-income homeowners.

Attachment C includes the draft funding recommendations for CDBG and HOME. Collectively, the proposed programs and projects are directed towards expanding and maintaining existing affordable housing stock, promoting housing opportunities and choices, and providing supportive services for targeted low-income groups, including persons who are homeless, individuals with disabilities, the elderly, and other special needs groups.

### *FY25 Grant Funding Allocation Process and Funding Recommendations*

On February 5, 2020, the County issued a Notice of Funding Availability (NOFA) for agencies seeking CDBG and/or HOME grant funding. The five-year NOFA eliminates the need for an annual application process, reduces the administrative burden of issuing a NOFA, and helps support the continuation of ongoing services. The agencies selected through the NOFA receive funding for five consecutive years with annual adjustments made to the funding amounts based on the final allocation from HUD and subject to satisfactory program performance. FY25 represents the fifth year of funding under the five-year funding cycle.

The funding recommendations for the fifth year were determined by reviewing the past performance of each agency, including timely and accurate reporting, and providing correct and complete backup documentation for expenses.

### *Contingency Plan*

In the event the County receives additional program income, other than the estimated \$400,000 in CDBG, the County will fund project SCC-25-02: Multifamily housing, emergency shelter, and transitional housing acquisition. Applications for funding will be drawn from the ongoing Supportive Housing Development Fund NOFA for Emergency Shelters and Transitional Housing. The contingency plan is intended to notify the public now of the County's plan to program additional funding without having to go through a substantial amendment in the future. This approach will ensure the timely expenditure of CDBG funds and will result in a more streamlined program. The public will be able to provide input when the selected item is presented to the Board for consideration.

### *Reason for Request of Delegation of Authority*

Although delegations of authority are discouraged except under certain circumstances, this delegation of authority is necessary because it enables the Administration to quickly implement the Board-approved FY25 CDBG and HOME program consistent with the FY25 Annual Action Plan. The first two delegations enable the Administration to complete the administrative steps that would be necessary to receive FY25 CDBG and HOME entitlement funds in the amount of \$2,492,429, prior year resources in the amount of \$773,246, estimated program income in the amount of \$400,000, and actual program income in the amount of \$365,017. The third delegation of authority enables the Administration to implement the Board-approved FY25 CDBG and HOME program by executing contracts with community-based organizations and affordable housing developers. The Administration would enter into agreements with organizations as described in Attachment C. In addition, Attachment C includes two CDBG/HOME-funded programs for which the Administration will solicit applications on an ongoing basis; accordingly, organizations and participants remain to be identified. Applications will be submitted through the County's ongoing Supportive Housing Development Fund NOFA.

## *Environmental Review*

For purposes of the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA), budgeting is not considered a project. Prior to the commitment or release of funds for each of the proposed projects, staff will carry out the required environmental reviews or assessments and certify that the review procedures under CEQA, HUD, and NEPA regulations have been satisfied for each project.

### **CHILD IMPACT**

The action would have a positive impact on children and youth. The CDBG and HOME grant funding would increase housing and housing-related services for low-income and homeless families with children.

### **SENIOR IMPACT**

The action would have a positive impact on seniors. The CDBG and HOME grant funding would increase housing and housing-related services for low-income seniors.

### **SUSTAINABILITY IMPLICATIONS**

The recommended action would have positive sustainability implications. Submittal of the one-year Annual Action Plan enables the County to continue to receive annual allocations of CDBG and HOME grant funding.

### **CONSEQUENCES OF NEGATIVE ACTION**

If the Board of Supervisors does not approve the recommended actions, the FY25 Action Plan would not be approved and submitted to HUD, which would result in a loss of CDBG and HOME grant funding in the amount of \$4,030,692.

### **STEPS FOLLOWING APPROVAL**

Upon approval, the Clerk of the Board shall notify Natalie Monk, Katrina Anderson, and Erum Maqbool in the Office of Supportive Housing.

### **ATTACHMENTS:**

- Attachment A El Observador Digital E Tear
- Attachment B Mercury News Digital E Tear
- Attachment C Draft FY25 Funding Recommendations
- Attachment D Draft FY25 Annual Action Plan