



COMMUNITY DEVELOPMENT DEPARTMENT
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HOUSING COMMISSION STAFF REPORT

March 14, 2019

Subject

Fiscal Year (FY) 2019-20 Community Development Block Grant (CDBG) Program, Below Market Rate (BMR) Affordable Housing Fund (AHF), and General Fund Human Service Grants (HSG) Program funding allocations.

Recommended Action

Conduct Public Hearing; and

1. Adopt Resolution No. 19-01 recommending the FY 2019-20 CDBG, BMR AHF, and HSG funding allocations to City Council for final approval.

Background

An annual Notice of Funding Availability (NOFA) and Request for Proposals (RFP) (Attachment A) was issued on November 12, 2018 inviting applicants to apply for CDBG and BMR AHF capital housing project funds for the upcoming FY, 2019-20 (Attachment B). The NOFA / RFP deadline ended on February 8, 2019. For FY 2019-20, the City is not accepting applications for CDBG public service funds, BMR AHF public service funds, and HSG funds due to a two-year grant funding cycle which began last FY 2018-19 and will continue in FY 2019-20. The Housing Commission reviews BMR AHF and HSG applications at the same time as CDBG applications and makes funding recommendations to the City Council. If the City Council changes BMR AHF and/or HSG funding amounts for FY 2019-20 then each agency's funding will be changed proportionately.

Renewal Applications

In December 2007, the City of Cupertino City Council approved a two-year grant funding cycle for CDBG, BMR AHF, and HSG public service grants. The current two-year grant funding cycle covers FY 2018-19 and 2019-20. Agencies who were awarded in FY 2018-19 and who remain in good standing will receive a one-year contract amendment for FY 2019-20. CDBG and BMR AHF capital housing project applications will remain on a one-year funding cycle.

Discussion

CDBG Funding

The United States Department of Housing and Urban Development (HUD) annually allocates grants such as CDBG, Home Investment Partnerships Program (HOME), Housing Opportunities for People with AIDS (HOPWA), and Emergency Shelter Grants (ESG) to local jurisdictions for community development activities. Cupertino is one of nine entitlement jurisdictions within Santa Clara County. Jurisdictions typically must have a population of 50,000 or more to qualify as an “entitlement jurisdiction” that receives grant funding directly from HUD. Entitlement grants are largely allocated on a formula basis, based on several objective measures of community needs, including the extent of poverty, populations, housing overcrowding, age of housing, and extent of population growth lag in relationship to other metropolitan areas.

Based on information currently being provided by HUD, cities have been notified that the level of CDBG funding will remain the same as last year. The City is estimating \$361,597 in funds for FY 2019-20 based on the CDBG entitlement amount of \$361,597 from FY 2018-19. The City intends to reallocate \$7,944 in program income from existing CDBG loan payoffs. Between the estimated FY 2019-20 entitlement grant and program income, the City estimates that it will have a total of approximately \$369,541 of CDBG funds to utilize. CDBG funding amounts will be reduced or increased proportionately for FY 2019-20 based on final HUD allocation formula and City Council approval. In addition, the City put into place a CDBG Contingency Plan (Exhibit 1) because of the uncertainty in the federal budget and the revised timeline provided by HUD to submit the Action Plan. Of the estimated \$369,541 (entitlement plus program income) for FY 2019-20, only 20%, or \$73,908.20 may be used for administrative costs to cover salary and benefits of staff who operate the CDBG program. In addition, 15% of \$369,541 or \$55,431.15 may be used to fund eligible public service activities. The remaining 65% of the \$369,541.05 or \$240,201.65 is proposed to be used for eligible CDBG capital housing project activities for FY 2019-20.

Est. FY 2019-20 CDBG Budget	
Entitlement Amount	\$361,597.00
Program Income FY 2018-19	\$7,944.00
Sub-Total	\$369,541.00
Program Administration (20%)	\$73,908.20
Public Service (15%)	\$55,431.15
Capital/Housing Projects (65%)	\$240,201.65
Total	\$369,541.00

This is Cupertino’s seventeenth year as an entitlement jurisdiction receiving a CDBG grant directly from HUD. HUD regulations require that eligible housing activities selected for funding must benefit very-low and low-income households or eliminate a blighted area or address an urgent (emergency) community need and must also meet a national objective. In addition, only certain types of eligible activities qualify under the CDBG regulations. Examples of eligible activities are:

- Purchase of Land
- Public improvements
- Public service activities
- Affordable housing developments
- Property acquisition for affordable housing
- Rehabilitation of affordable units

***2019-20 CDBG Capital Housing Project Funds
(One-Year Funding Cycle, FY 2019-20)***

As noted earlier, a total of \$240,201.65 is proposed to be used for eligible CDBG capital housing projects. The City received four applications in this category totaling \$668,185, an excess of \$427,983.35. Staff is recommending funding the applications as noted in the table below.

2 CDBG Capital Housing Project Applications					
	FY 2019-20 Grant Application Summary	Est. Funds Available	Funding Requests	Funding Recommendations	FY 2018-19 Funding Allocations
a	Maitri- Anjali Transitional House		\$120,000.00	\$120,000.00	
b	Rebuilding Together Silicon Valley- Housing Repair and Rehabilitation Project		\$81,875.00	\$81,875.00	\$64,000.00
c	Stevens Creek Village Inc.		\$296,310.00	<i>Not recommended</i>	
d	West Valley Community Services (WVCS) - Vista Village Renovation Project*		\$170,000.00	<i>Recommended to be funded with CDBG capital housing project funds (\$38,326.65) & BMR AHF capital housing project funds (\$131,673.35)</i>	\$176,201.65
	Sub-Total	\$240,201.65	\$668,185.00	\$240,201.65	\$240,201.65

*Submitted duplicate application for BMR AHF capital housing project funds.

Staff is not recommending funding the Stevens Creek Village Inc. project at this time. The funding request of \$296,310 exceeds the City's estimated CDBG capital housing project allocation of \$240,201.65 for FY 2019-20. Future funding sources have not been identified for the \$876,920 total cost to complete the project. In addition, funding is requested for roofing repair, building exterior repair, landscape/irrigation repair, and water heaters. The City is not gaining any units through funding this application and the project does not propose any rehabilitation of the units for the benefit of low-income tenants.

**2018-19 CDBG Public Service Renewal Applications
(Two-Year Funding Cycle, FY 2018-19 & 2019-20)**

As noted earlier, a total of \$55,431.15 is proposed to be used for eligible public service activities which must benefit very low- and low-income households. All agencies who were awarded in FY 2018-19 remain in good standing and will receive a one-year contract amendment for FY 2019-20. Staff is recommending funding the applications as noted in the table below.

4	CDBG Public Service Renewal Applications				
	FY 2019-20 Grant Application Summary	Est. Funds Available	Funding Requests	Funding Recommendations	FY 2018-19 Funding Allocations
a	Live Oak Adult Day Services- Senior Adult Day Care / Caregiver Respite	\$20,431.15	\$20,431.15	\$20,431.15	\$20,431.15
b	WVCS- Community Access to Resource and Education	\$35,000.00	\$35,000.00	\$35,000.00	\$35,000.00
	Sub-Total	\$55,431.15	\$55,431.15	\$55,431.15	\$55,431.15

Below Market Rate (BMR) Affordable Housing Fund (AHF)

The BMR AHF receives its revenue from the payment of housing mitigation fees from non-residential (commercial, retail, hotel, research and development (R&D) and industrial) and residential development. Formal agreements and monitoring are required for this program, but the requirements are less stringent than federal funding.

**BMR AHF Capital Housing Project Funds
(One-Year Funding Cycle, FY 2019-20)**

The City estimates up to \$6,000,000 will be available to fund eligible BMR AHF capital housing projects for FY 2019-20 after accounting for administrative and other expenses. The City received one application in this category totaling \$170,000. Staff is recommending funding the applications as noted in the table below.

3	BMR AHF Capital Housing Project Applications				
	FY 2019-20 Grant Application Summary	Est. Funds Available	Funding Requests	Funding Recommendations	FY 2018-19 Funding Allocations
a	WVCS - Vista Village Renovation Project*		\$170,000.00	<i>Recommended to be funded with CDBG capital housing project funds (\$38,326.65) & BMR AHF capital housing project funds (\$131,673.35)</i>	<i>Received CDBG capital housing project funds</i>
	Sub-Total	\$6,000,000.00	\$170,000.00	\$131,673.35	

*Submitted duplicate application for CDBG capital housing project funds.

***BMR AHF Public Service Renewal Applications
(Two-Year Funding Cycle, FY 2018-19 & 2019-20)***

On April 17, 2018, City Council set an annual limit of \$50,000 for the BMR AHF public service funds starting in FY 2018-19. All agencies who were awarded in FY 2018-19 remain in good standing and will receive a one-year contract amendment for FY 2019-20. Staff is recommending continuing funding the applications as noted in the table below.

5	BMR AHF Public Service Renewal Applications				
	FY 2019-20 Grant Application Summary	Est. Funds Available	Funding Requests	Funding Recommendations	FY 2018-19 Funding Allocations
a	Project Sentinel - Fair Housing and Tenant-Landlord Counseling and Dispute Resolution Services	\$43,000.00	\$43,000.00	\$43,000.00	\$43,000.00
	Sub-Total	\$43,000.00	\$43,000.00	\$43,000.00	\$43,000.00

***General Fund Human Service Grants (HSG) Program Renewal Applications
(Two-Year Funding Cycle, FY 2018-19 & 2019-20)***

On April 17, 2018, City Council set an annual limit of \$100,000 for the HSG program starting in FY 2018-19. All agencies who were awarded in FY 2018-19 remain in good standing and will receive a one-year contract amendment for FY 2019-20. Staff is recommending continuing funding the applications as noted in the table below.

6	General Fund HSG Renewal Applications				
	FY 2019-20 Grant Application Summary	Est. Funds Available	Funding Requests	Funding Recommendations	FY 2018-19 Funding Allocations
a	Catholic Charities of Santa Clara County- Long-Term Care Ombudsman	\$8,000.00	\$8,000.00	\$8,000.00	\$8,000.00
b	Maitri- MTH Direct Client Services	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00
c	SALA- Legal Assistance to Elders	\$10,600.00	\$10,600.00	\$10,600.00	\$10,600.00
d	WVCS- Haven to Home	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000
	Sub-Total	\$83,600.00	\$83,600.00	\$83,600.00	\$83,600.00

Analysis

Attachment C provides the CDBG, BMR AHF, and HSG grant application descriptions.

Process

This is the first of two public hearings required by HUD for CDBG. The second public hearing will be held at a future City Council meeting with a date and time to follow. All required HUD notices are published in the Cupertino Courier newspaper in advance announcing upcoming CDBG public hearings.

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Attachments:

- A- Draft Resolution No. 19-01
- B- FY 2019-20 NOFA/RFP
- C- FY 2019-20 CDBG, BMR AHF, and HSG Grant Application Descriptions