

RESOLUTION NO. _____

**A RESOLUTION OF THE CUPERTINO CITY COUNCIL APPROVING THE
SUBSTANTIAL AMENDMENTS TO THE FY 2019-20 ANNUAL ACTION
PLAN, FY 2015-20 CONSOLIDATED PLAN, AND CITIZEN
PARTICIPATION PLAN TO PROVIDE FUNDING FOR THE COVID-19
SMALL BUSINESS RELIEF GRANT PROGRAM, WHICH IS AN ELIGIBLE
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)
ACTIVITY IN RESPOND TO COVID-19**

WHEREAS, the Housing and Community Development Act of 1974 provides that funds be made available for the CDBG Program; and

WHEREAS, the City of Cupertino wishes to apply for funds as an Entitlement Jurisdiction under said Act; and

WHEREAS, the Coronavirus Aid, Relief and Economic Security Acts (CARES Act) (H.R. 748), which provided \$5 billion to the CDBG program to rapidly respond to the COVID-19 pandemic, was signed into law on March 27, 2020.

WHEREAS, with the passage of the CARES Act, the City has been allocated \$229,017 in CDBG Coronavirus (CDBG-CV) funds for COVID-19 response activities. To access these CDBG-CV funds, HUD is requiring the City to substantially amend its FY 2015-2020 Consolidated Plan, its FY 2019-2020 Annual Action Plan, and its CPP (Exhibit A).

WHEREAS, on May 19, 2020, the Cupertino City Council approved an allocation of \$229,017 of Cupertino's future CDBG funds made available through the Federal stimulus CARES Act towards the creation of a Small Business Relief Grant Program.

NOW, THEREFORE, BE IT RESOLVED that the City Council does hereby approve the attached substantial amendments to the FY 2019-20 Annual Action Plan, FY 2015-20 Consolidated Plan, and Citizen Participation Plan to provide funding for the Covid-19 Small Business Relief Grant Program, which is an eligible HUD activity in respond to COVID-19.

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PASSED AND ADOPTED at a regular meeting of the City Council of the City of
Cupertino this 2nd day of June, 2020, by the following vote:

Members of the City Council

AYES:

NOES:

ABSENT:

ABSTAIN:

SIGNED: _____ Steven Scharf, Mayor City of Cupertino	_____ Date
ATTEST: _____ Kirsten Squarcia, City Clerk	_____ Date



Substantial Amendments to HUD
FY 2015-2019 Consolidated Plan, FY 2019-2020 Annual Action Plan,
and Citizen Participation Plan

The substantial amendments to the City of Cupertino’s HUD-approved FY 2015-2020 Consolidated Plan, 2019-20 Annual Action Plan, and Citizen Participation Plan (CPP) addresses the community needs resulting from the COVID-19 pandemic. The City of Cupertino, as an entitlement jurisdiction, is required by the U.S. Department of Housing and Urban Development (HUD) to submit a five-year Consolidated Plan, Annual Action Plans, and CPP in order to receive annual federal Community Development Block Grant (CDBG) funds that the City utilizes to address community development needs.

Background

The Coronavirus Aid, Relief and Economic Security Acts (CARES Act) (H.R. 748), which provided \$5 billion to the CDBG program to rapidly respond to the COVID-19 pandemic, was signed into law on March 27, 2020. With the passage of the CARES Act, the City of Cupertino has been allocated \$229,017 in CDBG Coronavirus (CDBG-CV) funds for COVID-19 response activities. To access these CDBG-CV funds, HUD is requiring the City to substantially amend its FY 2015-2020 Consolidated Plan, its FY 2019-2020 Annual Action Plan, and its CPP. The substantial amendments to these documents are explained in detail on subsequent pages of this document.

The CARES Act, in order to prevent the spread of COVID-19 and mitigate its health and economic impacts, also provided specific waivers and permitted flexibility in CDBG program requirements that include suspending the 15 percent cap on funding public services, reducing the public comment period from 30 to 5 days (*please see CPP below*), and allowing the option of virtual meetings in lieu of in-person public hearings in order to comply with national and local social gathering requirements.

Citizen Participation Plan

The City’s CPP is critical in ensuring that Cupertino residents are provided the opportunity to provide input and comment on the Consolidated Plan and Annual Action Plans. The CPP provides requirements for the public process when a “substantial amendment” to the Annual Action Plan is proposed. The following changes constitute a substantial amendment and require a 30-day public notice as described in the CPP:

1. Changes in the use of CDBG funds from one eligible activity to another;
2. Changes in the method of distribution of such funds;
3. Changes in policy or goals and objectives; and
4. Other similar changes.

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The amendments proposed to the 2015-2020 Con Plan and 2019-2020 Annual Action Plan fall under category 3 described in the CPP. However, due to COVID-19, HUD has issued guidance that waives the CPP requirements for entitlement recipients, provided that (1) no fewer than five days are provided for public comment and that (2) reasonable notice and the opportunity to comment is provided.

Public Process

The City is providing notice of a five-day public comment period as part of the HUD public participation exemption process. The 5-day comment period for the Substantial Amendments is May 27th through June 2nd. The Substantial Amendments are posted on the City's website to solicit Cupertino residents' input and comments. Additionally, one "virtual" public hearing will be held to provide opportunities for public comment:

- June 2, 2020 – City Council consideration of Substantial Amendments adoption, 6:45pm, Virtual Meeting, which can be found here:
<https://cupertino.legistar.com/DepartmentDetail.aspx?ID=22534&GUID=759DE527-B7CF-4B4C-88AB-B83875AB732D&Mode=MainBody>.
- Related documents can also be viewed on the City's CDBG website:
<https://www.cupertino.org/our-city/departments/community-development/housing/community-development-block-grant-program>

Comments may also be provided to Kerri Heusler, Housing Manager, by email (KerriH@cupertino.org), phone (408-777-3251) or in writing addressed to:

City of Cupertino
ATTN: CDBG
Community Development Department
10300 Torre Ave
Cupertino, CA 95014

Substantial Amendment to FY 2015-2020 Consolidated Plan

The FY 2015-2020 Consolidated Plan is substantially amended to allocate CDBG-CV funds.

SP-25 Priority Needs

In addition to the priority needs specified in the Consolidated Plan, the City would include Economic Development as a priority need to provide economic development assistance to small businesses within the City. The Economic Development priority need will be added as priority need number 5 in Table 73 of the 2015-2020 Consolidated Plan.

Table 73 - Priority Needs Summary

Sort Order	Priority Need	Priority Level	Description	Population	Goal	Basis for Relative Priority
1	Affordable Housing	High	<p>Nearly one-third of households (32 percent or 10,155) in the City are LMI with incomes ranging from 0-80% area median income (AMI).</p> <p>As stated in the Needs Assessment, cost burden is the most common housing problem, with 32 percent of households in the City experiencing either cost burden or severe cost burden. Among owner households, 32 percent are cost burdened and 13 percent are severely cost burdened. Among renter households, 36 percent are cost burdened and 18 percent are severely cost burdened.</p> <p>The Housing Authority of the County of Santa Clara assists approximately 17,000 households countywide through the federal Section 8 Housing Choice Voucher program (Section 8). The Section 8 waiting list contains 21,256 households — an estimated 10-year wait.</p>	<p>Income Level:</p> <ul style="list-style-type: none"> Extremely Low Low Moderate <p>Family Types:</p> <ul style="list-style-type: none"> Large Families Families with Children Elderly <p>Homeless:</p> <ul style="list-style-type: none"> Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse Veterans Persons with HIV/Aids Victims of Domestic Violence Unaccompanied Youth <p>Non-homeless Special Needs:</p> <ul style="list-style-type: none"> Elderly Frail Elderly Persons with Mental Disabilities 	Assist in the creation and preservation of affordable housing for low income and special needs households.	<p>Qualitative feedback collected through the regional forums and regional needs survey, which were substantiated by quantitative data reported in the Needs Assessment and Market Analysis, served as the basis for prioritization.</p> <p>Energy efficiency, water conservation, and greenhouse gas reduction are all growing policy concerns for the City. The City will continue to support environmentally-sustainable residential development, particularly for affordable housing stock.</p>

				<ul style="list-style-type: none"> • Persons with Physical Disabilities • Persons with Alcohol or Other Addictions • Persons with HIV/AIDS and their Families • Victims of Domestic Violence 		
2	Homelessness	High	The Santa Clara region is home to the fourth-largest population of homeless individuals (6,681 single individuals), ⁹⁰ and the highest percentage of unsheltered homeless of any major city (75 percent of homeless people sleep in places unfit for human habitation).	<p>Income Level:</p> <ul style="list-style-type: none"> • Extremely Low • Low • Moderate <p>Family Types:</p> <ul style="list-style-type: none"> • Large Families • Families with Children • Elderly <p>Homeless:</p> <ul style="list-style-type: none"> • Chronic Homelessness • Individuals • Families with Children • Mentally Ill • Chronic Substance Abuse • Veterans • Persons with HIV/Aids • Victims of Domestic Violence • Unaccompanied Youth <p>Non-homeless Special Needs:</p> <ul style="list-style-type: none"> • Elderly • Frail Elderly • Persons with Mental Disabilities • Persons with Physical Disabilities 	Support activities to prevent and end homelessness.	Qualitative feedback collected through the regional forums and regional needs survey, which were substantiated by quantitative data reported in the Needs Assessment and Market Analysis, served as the basis for prioritization.

				<ul style="list-style-type: none"> • Persons with Alcohol or Other Addictions • Persons with HIV/AIDS and their Families • Victims of Domestic Violence 		
3	Community Services and Public Improvements	High	<p>Consolidated Plan forum and survey participants emphasized the need to support a broad range of community services. Low income households and special needs populations require a multifaceted network to address basic needs such as food, clothing, health, and shelter, as well as other services outlined in NA-50 Non-Housing Community Development Needs.</p> <p>Additionally, community forum and survey participants expressed the need for ongoing maintenance and upgrades to local public facilities, such as parks, community centers, youth and senior centers, sidewalks and lighting, recreation facilities, and others.</p>	<p>Income Level:</p> <ul style="list-style-type: none"> • Extremely Low • Low • Moderate <p>Family Types:</p> <ul style="list-style-type: none"> • Large Families • Families with Children • Elderly <p>Non-homeless Special Needs:</p> <ul style="list-style-type: none"> • Elderly • Frail Elderly • Persons with Mental Disabilities • Persons with Physical Disabilities • Persons with Alcohol or Other Addictions • Persons with HIV/AIDS and their Families • Victims of Domestic Violence • Non-housing Community Development 	Support activities that strengthen neighborhoods.	Qualitative feedback collected through the regional forums and regional needs survey, which were substantiated by quantitative data reported in the Needs Assessment and Market Analysis, served as the basis for prioritization.
4	Fair Housing	High	Fair housing represents an ongoing concern in the County. Of the 1,472 total survey respondents, 192 (16 percent) said they have experienced some form of housing discrimination. The majority of respondents (29 percent) who	<p>Income Level:</p> <ul style="list-style-type: none"> • Extremely Low • Low • Moderate <p>Family Types:</p> <ul style="list-style-type: none"> • Large Families • Families with Children • Elderly 	Promote fair housing choice.	Qualitative feedback collected through the regional forums and regional needs survey, which were substantiated by quantitative data reported in the Needs Assessment and Market

			<p>experienced discrimination indicated that race was the primary factor for that discrimination. Additionally, 66 percent indicated they were discriminated against by a landlord or property manager. Interviews with local service providers indicate that many home seekers and landlords are unaware of federal and state fair housing laws</p>	<ul style="list-style-type: none"> Public Housing Residents <p>Homeless:</p> <ul style="list-style-type: none"> Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse Veterans Persons with HIV/Aids Victims of Domestic Violence Unaccompanied Youth <p>Non-homeless Special Needs:</p> <ul style="list-style-type: none"> Elderly Frail Elderly Persons with Mental Disabilities Persons with Physical Disabilities Persons with Alcohol or Other Addictions Persons with HIV/AIDS and their Families Victims of Domestic Violence 		Analysis, served as the basis for prioritization
5	Community Development Needs – COVID-19 Response	High	Grant program that avoids job loss caused by business closures related to social distancing by providing short-term working capital assistance for operating costs (employees' salaries, tenant space rent/lease, and/or utilities) to small businesses to enable	<p>Income Level:</p> <ul style="list-style-type: none"> Extremely Low Low Moderate 	Economic Development	In response to the COVID-19 pandemic, economic development is a high priority need within the community.

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			retention and/or rehiring of jobs.			
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SP-35 Anticipated Resources

\$229,017 in CDBG-CV funds is identified as additional financial resources in Table 76 – Anticipated Resources.

SP-45 Goals Summary

A new Consolidated Plan goal is added.

Goal #5: Economic Development

Table 79 – Goals Summary

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Affordable Housing	2015	2020	• Affordable Housing	N/A	Affordable Housing	CDBG: \$969,595	Rental units rehabilitated: 12 Housing Units
2	Homelessness	2015	2020	• Homeless	N/A	Homelessness	CDBG: \$80,000	Public service activities other than for low/mod income housing benefit: 340 Persons Assisted
3	Strengthen Neighborhoods	2015	2020	• Non-housing Community Development Non-Homeless Special Needs	N/A	Community Services and Public Improvements	CDBG: \$269,332	Public service activities other than for low/mod income housing benefit: 44 Persons Assisted Public facility or infrastructure activities other than for low/mod income housing benefit:

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								17 Persons Assisted
4	Fair Housing	2015	2020	<ul style="list-style-type: none">Non-Housing Community Development	N/A	Fair Housing	CDBG: \$26,933	Public service activities other than for low/mod income housing benefit: 45 persons assisted
5	Community Development Needs – COVID-19 Response	2019	2020	<ul style="list-style-type: none">Economic Development	N/A	Economic Development	CDBG-CV \$183,213.60	Up to 10 small business grants will be provided to a maximum of 10 qualified businesses.

**Substantial Amendment to
FY 2019-2020 Annual Action Plan**

The FY 2019-2020 Annual Action Plan is substantially amended to allocate CDBG-CV funds to the following eligible activities that prevent and respond to the spread of COVID-19.

AP-15 Expected Resources

\$229,017 in CDBG-CV funds is identified as additional financial resources.

AP-20 Goals

A new Action Plan goal is added.

Goal #5: Support disaster response and recovery activities in the event of a local, state, or national disaster or emergency, such as the COVID-19 pandemic.

Table 7 - Goals Summary

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Affordable Housing	2015	2019	Affordable Housing	Citywide	Affordable Housing	CDBG: \$245,185.20	Rental units Rehabilitated: 5 Homeowner Housing Rehabilitated: 7
2	Homelessness	2015	2019	Homeless	Citywide	Homelessness	CDBG: \$35,646.16	Public service activities other than Low/Moderate Income Housing Benefit 100 Persons Assisted
3	Strengthen Neighborhoods	2015	2019	Non-Housing Special Needs Non-Housing Community Development	Citywide	Community Services and Public Improvements	CDBG: \$20,935.04	Public service activities other than Low/Moderate Income Housing Benefit: 21 Persons Assisted
4	Fair Housing	2015	2019	Non-Housing Community Development	Citywide	Fair Housing	CDBG: \$0	Public service activities other than Low/Moderate Income Housing Benefit: 15 Persons Assisted
5	Community Development Needs – COVID-19 Response	2019	2019	Economic Development	N/A	Economic Development	CDBG-CV \$183,213.60	Up to 10 small business grants will be provided to a maximum of 10 qualified businesses.

AP-35 Projects

The following COVID-19 related activities are proposed to be funded with the City's CDBG-CV funds. The proposed activities meet one of the three National Objectives as required by CDBG regulations:

- Benefit low- and moderate-income persons;
- Aid in the prevention or elimination of slums or blight; or
- Meet an urgent need.

The new proposed program is the Economic Development Small Business Relief Grant Program. The Program is designed to assist businesses through the provision of financial assistance. Maximum assistance under the program is up to \$10,000 per grant. Recipients will be required to ensure that at least one permanent full-time equivalent position is retained/created for low- and moderate-income persons.

Activity	CDBG-CV Amount	National Objective	CDBG Matrix Code
Economic Development Small Business Relief Grant Program	\$183,213.60	Low/Mod Job Creation or Retention (LMJ)*	17 D, 18A**
Administration	\$45,803.40		
Total	\$229,017.00		

*Must meet requirements of 24 CFR 570.208(a)(4)

**Matrix codes are used to indicate but do not establish activity eligibility in accordance with the CDBG program regulations 24 CFR 570.201-207.

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**Substantial Amendment to
Citizen Participation Plan**

A new section, *Citizen Participation Requirements in State of Emergency*, with the following language will be added to the City of Cupertino's current Citizen Participation Plan in order to streamline the funding allocation process and reduce delays in accessing HUD funding during a state of emergency.

The City of Cupertino shall comply with all U.S. Department of Housing and Urban Development (HUD) memorandums and notices that transmit citizen participation requirements in the event of a local, state, or national emergency or disaster. In order to secure and access new HUD funding and/or re-allocate existing HUD funding to allow the City to respond to the state of emergency in the most expeditious manner, such HUD memorandums and notices automatically supersedes any conflicting provisions of the Citizen Participation Plan, and therefore no formal amendment is required when such emergency memorandums and notices are in effect.