



## HOUSING DIVISION

CITY HALL  
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### CITY COUNCIL STAFF REPORT

Meeting: June 15, 2021

#### Subject

Consider Substantial Amendments to the FY 2019-20 Annual Action Plan and FY 2015-20 Consolidated Plan to provide funding to assist unhoused members of the encampments located along Wolfe Road near Interstate 280 (Wolfe Road encampment) to mitigate safety hazards including COVID-19; and to provide funding for the Senior Meal Delivery Program, which are eligible Department of Housing and Urban Development (HUD) activities in response to COVID-19.

#### Recommended Action

Conduct Public Hearing; and

1. Adopt Draft Resolution approving the Substantial Amendments to the FY 2019-20 Action Plan and FY 2015-20 Consolidated Plan to provide funding to assist unhoused members of the Wolfe Road encampment to mitigate safety hazards including COVID-19; and to provide funding for the Senior Meal Delivery Program, which are eligible HUD activities.

#### Discussion

The Substantial Amendments to the City's HUD-approved 2019-20 Annual Action Plan and 2015-2020 Consolidated Plan, attached as Exhibit A, address community needs resulting from the COVID-19 pandemic. The City, as an entitlement jurisdiction, is required by HUD to submit a five-year Consolidated Plan and Annual Action Plans 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 passage of the CARES Act, the City is entitled to an allocation in CDBG Coronavirus (CDBG-CV) funds for COVID-19 response activities. The City has been allocated a total of \$553,939, including \$229,017 in the first round of CDBG-CV2 funds which were used to develop and implement the COVID-19 Small Business Relief Grant Program.

As part of the next round of CARES funds, the City will receive an additional \$324,922 in CDBG-CV3 funds. On April 6, 2021, HUD released the “Quick Guide to Eligible Activities” which provides next steps and future activities that may be funded using CDBG-CV as HUD transitions from more immediate COVID-19 impacts and transmission prevention into longer-term response and recovery activities. The City intends to use the CDBG-CV3 funds to provide funding for the Wolfe Road Encampment Program and the Senior Meal Delivery Program.

<b>CDBG-CV3 CARES Act Budget</b>	
Entitlement Amount	<b>\$324,922.00</b>
Program Administration (20%)	\$64,984.40
<b>Public Services Total</b>	<b>\$259,937.60</b>
<u>Senior Meal Delivery Program</u> <i>(incurred)</i>	\$25,265.57
<u>Wolfe Road Encampment Program</u>	\$234,672.03
<i>Wolfe Rd. incurred</i>	\$200,000.00
<i>Wolfe Rd. future programming</i>	\$34,672.03

### **Substantial Amendments**

To access these CDBG-CV3 funds, HUD is requiring the City to substantially amend its 2019-20 Annual Action Plan and 2015-2020 Consolidated Plan. The Substantial Amendments to these documents are explained in detail below.

The 2019-20 Action Plan is a one-year plan which describes CDBG eligible programs, projects, and activities to be undertaken with funds expected during the FY 2019-20 (July 1, 2019–June 30, 2020) and their relationship to the priority housing, homeless, and community development needs of the City. The 2015-2020 Consolidated Plan is a five-year plan which outlines the City’s housing and community development needs and provides an action plan on how the City intends to use its federal funds to address those needs. Federal regulations require that the Amended 2019-20 Annual Action Plan and Amended 2015-20 Consolidated Plan be made available for community review for five days (June 10-15, 2021): <https://www.cupertino.org/our-city/departments/community-development/housing/community-development-block-grant-program>. The Substantial Amendments must be submitted to HUD by the August 16, 2021 deadline.

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, 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.

Sustainability Impact

None

Fiscal Impact

Adopting this resolution will allow for the timely and appropriate use of CDBG-CV funds. These funds are currently budgeted and as a result, there will be no net fiscal impact. On October 6, 2020, City Council approved a budget modification increasing appropriations in the CDBG Special Revenue Fund in the amount of \$553,939 to account for the use of CDBG-CV funding. During FY 2020-21, the City incurred \$25,265.57 in senior meal delivery costs in the General Fund and \$200,000 for homeless encampment costs in the BMR Affordable Housing Special Revenue Fund. Based on recent guidance pertaining to eligible uses of CDBG-CV funds, the City will reclassify these expenditures to the CDBG Special Revenue Fund so as to be funded with CDBG-CV funds. This will result in an anticipated increase to fund balance in the General Fund of \$25,265.57 and \$200,000 in the BMR Affordable Housing Special Revenue Fund.

Process

This is the one public hearing required by HUD for CDBG substantial amendments. The required HUD notice was published in the San Jose Mercury News newspaper in advance announcing the upcoming CDBG public hearings.

Prepared by: Kerri Heusler, Housing Manager

Reviewed by: Benjamin Fu, Director of Community Development

Approved by: Dianne Thompson, Assistant City Manager

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Attachments:

A - Draft Resolution (Substantial Amendments to the FY 2019-20 Action Plan and FY 2015-20 Consolidated Plan)