

CONSOLIDATED PLANS AND ANNUAL ACTION PLANS: A CROSS-SECTIONAL ANALYSIS OF BAY AREA COMMUNITIES

INTRODUCTION

Many Bay Area cities and counties receive funds from the U.S. Department of Housing and Urban Development (HUD) through the Community Development Block Grant (CDBG) Program, HOME Investment Partnership (HOME) Program, Emergency Solutions Grant (ESG) Program, and/or the Housing Opportunities for Persons With AIDS (HOPWA) Program.¹

To determine which communities will receive these funds, HUD's Office of Community Planning and Development (CPD) uses a formula that considers 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. HUD provides these funding streams to "entitled" cities and counties that meet the formula thresholds to support activities that promote the creation and preservation of "decent housing, a suitable living environment, and expand economic opportunities for low and moderate income persons."²

Entitlement communities develop their own programs and priorities to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. In many cases, these funding streams can be used together to support these efforts. However, each of the CPD formula block grant programs comes with specific eligible activities and restrictions on the use of funds.

- **CDBG** funds can be used for activities such as rental/homeowner unit rehabilitation; homebuyer assistance; acquisition of real property (limited); public facilities; interim assistance; economic development; public services (including homeless services funding); and "other" types of assistance. Only 15% of the total funds a jurisdiction receives may be used to pay for public services. At least 17% of a community's overall expenditures must be used for activities that benefit low- and moderate-income households.
- **HOME** funds can be used to provide home purchase or rehabilitation financing assistance to eligible homeowners and new homebuyers; build or rehabilitate housing for rent or ownership; or for "other reasonable and necessary expenses related to the development of non-luxury housing." Communities may also use HOME funds to provide tenant-based rental assistance contracts of up to two years. For rental housing and rental assistance, at least 90% of benefiting families must have incomes that are no more than 60% of the AMI for the area. In rental projects with five or more assisted units, at least 20% of the units must be occupied by families with incomes that do not exceed 50% of the HUD-adjusted median.
- **ESG** funds can be used on street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, and Homeless Management Information System (HMIS). It is the one CPD

¹ http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/about/conplan

² Ibid.

formula block grant program that is entirely focused on assisting those that are homeless or at risk of homelessness.

- **HOPWA** can be used to fund the acquisition, rehabilitation, or new construction of housing units; costs for facility operations; rental assistance; short-term payments to prevent homelessness; and support services, including case management, substance abuse/mental health treatment, nutritional services, job training and placement assistance, and assistance with daily living. Low-income persons (at or below 80% of area median income) who are medically diagnosed with HIV/AIDS and their families are eligible to receive HOPWA-funded assistance.

CONSOLIDATED PLANS

The CPD formula block grant resources work together to support affordable housing and community development needs in the areas that receive them. To facilitate a process for community-wide dialogue and alignment of funding priorities, any jurisdiction receiving funds must create a Consolidated Plan. The Consolidated Plan that includes the following five components:

- 1) A description of the lead agency or entity responsible for overseeing the development of the Consolidated Plan and a description of the process by which the Plan was developed;
- 2) A housing and homeless needs assessment;
- 3) A housing market analysis;
- 4) A strategic plan (3 to 5 years in length); and
- 5) A one-year Action Plan.³

The Annual Action Plan supplements the Consolidated Plan by providing a detailed account of how funds will be allocated to specific projects and activities each year in order to achieve the larger goals outlined in the Consolidated Plan.⁴ The Consolidated Plan articulates a city or county's theoretical approach to addressing the needs of low- and moderate-income persons, while the Annual Action Plan represents the practical, on-the-ground approach to address the community's needs.

COC COLLABORATION IN CONSOLIDATED PLANNING PROCESS

In developing a Consolidated Plan, entitlement jurisdictions are required to consult with community-based organizations, businesses, nonprofit organizations, and other entities that provide housing and housing services. For sections related to serving the needs of homeless households, both the Consolidated Plan and Continuum of Care regulations require that CoCs be consulted. The CoC provides input on strategies that will best address the needs of all homeless populations, including chronically homeless individuals and families, families with children, veterans, unaccompanied youth, and people at risk of homelessness.⁵ The regulations also require that jurisdictions encourage the participation of low-income and homeless members of the public in the planning process.⁶

Since we last discussed Consolidated Plans and CPD formula block grant funding in February, 2013, we have seen the federal funding for homelessness and affordable housing decrease through actions like sequestration. The increased emphasis on CoC collaboration and cuts in funding present an interesting opportunity for communities to rethink how these funds can be used to serve those most at need in the community.

³<https://www.onecpd.info/consolidated-plan/consolidated-plan-process-grant-programs-and-related-hud-programs/>

⁴ Ibid.

⁵ 24 CFR 91.105(a)(2)(ii); 24 CFR 578.7(c)(4)

⁶ 24 CFR 91.100

DISCUSSION QUESTIONS:

How has your CoC or agency been involved in the Consolidated Planning process?

How do you think we can improve CoC involvement?

Today, limited resources require strategic thinking about how to use available resources to prevent and end homelessness, especially in light of the current federal goals (to be discussed in a later memo). The following is an analysis of how certain communities leverage the resources they receive to support homeless and extremely low income individuals.

SANTA CLARA COUNTY AND THE ENTITLEMENT CITIES OF GILROY, CUPERTINO, PALO ALTO, SUNNYVALE, MOUNTAIN VIEW, SAN JOSE, AND SANTA CLARA⁷

The creation and preservation of affordable housing and support activities to end homelessness have been identified as high-priority community needs for all jurisdictions in the County of Santa Clara 2010-2015 Consolidated Plan.⁸ Yet, despite the need for homeless services and housing for homeless and extremely low income individuals, the City of San Jose is the only entitlement jurisdiction in Santa Clara County to receive Emergency Solutions Grant funds.

In response to the need for homeless services in the community, the County of Santa Clara and the cities of Gilroy, Palo Alto, Sunnyvale, Mountain View, and San Jose have all utilized CDBG funds to fill their funding gap. Homeless services are considered a subcategory of “Public Services” in the CDBG Program, which are limited to only 15% of an entitlement jurisdiction’s annual budget. The amount and percentage of CDBG funds allotted to homeless services in Santa Clara County are as follows:

Jurisdiction	Amount of CDBG Funds Dedicated to Homeless Services	Percentage of Annual CDBG Budget
County of Santa Clara	\$11,618	5.9%
City of Gilroy	\$45,000	10.9%
City of Cupertino	\$0	0%
City of Palo Alto	\$75,062	9.6%
City of Sunnyvale	\$198,933	14%
City of Mountain View	\$5,919	0.8%
City of San Jose	\$632,137	6.1%

The City of Sunnyvale determined that for fiscal year 2014-2015, homelessness was the area of most need in the community, and thus dedicated all of their public service funds toward the provision of services for homeless individuals.⁹ The city of Palo Alto also dedicated a significant amount of CDBG funds to services to

⁷ The most recent Annual Action Plan for the City of Santa Clara was not available, and thus specific funding information for the City of Santa Clara is not included in this discussion.

⁸ Department of Planning and Development, Office of Affordable Housing, and Housing and Community Development Program. “County of Santa Clara Annual Action Plan FY 2015”. County of Santa Clara. May 13, 2014, 4.

⁹ Department of Housing and Community Assistance. “City of Sunnyvale FY 2014-2015 Action Plan”. City of Sunnyvale. May 2014, 2.

prevent homelessness, with the hope of helping 931 individuals who are either homeless or at risk of homelessness by the end of fiscal year 2015.¹⁰

The City of Cupertino did not directly dedicate any CDBG resources to homeless services. The community instead opted to commit funds to affordable housing units in order to a wide range of low-income individuals with their limited CDBG funds.¹¹

Through a series of community meetings in 2011, the city of San Jose identified “providing and increasing the availability of prevention and intervention service to individuals and families who are vulnerable or already experiencing homelessness” as the highest priority community need.¹² With this in mind, the City dedicated 6.1% of their CDBG funds to homeless services in addition to ESG funding for fiscal year 2014-2015. By dedicating CDBG funds to the provision of emergency and homeless services, San Jose is able to allocate a greater amount of ESG dollars to eligible activities only eligible under the program, such as street outreach, rapid re-housing, and HMIS.

The County of Santa Clara has also utilized available HOME funds to create 59 affordable housing units for extremely or very low income families and individuals from 2014-2015, and has dedicated 28 of these units to housing homeless individuals.¹³ This ensures that the people with the greatest need for financial aid and housing security are represented in low-income housing opportunities.

The cities of Mountain View and San Jose have also found creative ways to ensure that HOME funds are used for the greatest community need. Both cities have allocated a small percentage of their HOME funds to support projects undertaken by Community-Based Development Organizations (CBDOs). CBDOs are able to use funds in more flexible ways than government organizations, including the construction of HOME-funded transitional housing.¹⁴ Distributing funds to CDHOs also allows the City of San Jose to employ a “place-based, neighborhood focused strategy” for the construction of new units that can reflect the distinct needs of low-income neighborhoods rather than the needs of the entire city.¹⁵

SONOMA COUNTY AND THE ENTITLEMENT CITIES OF PETALUMA AND SANTA ROSA

Sonoma County’s approach to addressing the needs of homeless and extremely low-income individuals begins with the consolidated planning process. Sonoma County’s 2010-2015 Consolidated Plan outlines the amount of funding and units that will be allocated each year according to the following income level breakdown:¹⁶

¹⁰Department of Planning and Community Environment. “Fiscal Year 2015 CDBG Allocations”. City of Palo Alto. April 15, 2014, 23.

¹¹ Department of Community Development. “City of Cupertino 2014 Annual Action Plan.” City of Cupertino. April 2014, 6.

¹² Department of Housing. “City of San Jose FY 2014-2015 Annual Action Plan.” City of San Jose. April 29, 2014, 9.

¹³ Department of Planning and Development, Office of Affordable Housing, and Housing and Community Development Program. “County of Santa Clara Annual Action Plan FY 2015”. County of Santa Clara. May 13, 2014, 10.

¹⁴ 24 CFR § 570.204 Special activities by Community-Based Development Organizations (CBDOs).

¹⁵ Department of Housing. “City of San Jose FY 2014-2015 Annual Action Plan.” City of San Jose. April 29, 2014, 13.

¹⁶ Community Development Commission. “Sonoma County 3-5 Year Strategic Plan”. Sonoma County. 2010, 14-15.

Income Level	Units Per Year	Percentage of Need Address by CDP Grant Funds Each Year
Extremely Low Income	120 units	10% assisted with HOME and/or CDBG
Very Low Income	120 units	10% assisted with HOME and/or CDBG
Low Income	161 units	10% assisted with HOME and/or CDBG
Moderate and Above Moderate Income	633 units	None assisted with CDBG or HOME

Sonoma’s tiered allocation of units and funds for the construction of affordable housing responds to the increasing difficulty in accessing affordable housing as people fall further below the Average Median Income level. For fiscal year 2013-2014, Sonoma County has dedicated 78 units of housing to extremely low, very low and low-income households.¹⁷

Sonoma County has also emphasized in its consolidated planning process “the need to utilize CDBG and ESG funds together to complete projects” and to provide public services.¹⁸ Sonoma County has drawn on the ability of CBDOs’ to undertake projects that are not usually eligible under CDBG regulations. From 2013 to 2014, Sonoma County provided CBDOs with \$53,697 for the construction and operation of an emergency shelter, and \$70,000 for a transitional housing program.¹⁹ The County also used 7.1% of its CDBG funds (\$111,464) for the provision of homeless and homeless prevention services, supplementing those provided by ESG funds. In 2013 and 2014 neither Santa Rosa nor Petaluma received formula ESG funds. Sonoma County’s strategic use of CDBG and ESG funds could help fill Petaluma’s funding gap that has left them unable to fully address the community needs to alleviate homelessness.

The City of Santa Rosa has also taken a strong stand on providing services and facilities for homeless individuals in their most recent Action Plan and during their consolidated planning process. The City states in their 2013-2014 Annual Action Plan that its “long-term and short-term goals for [CDBG] funds are the same: to use the majority of funds to create new, affordable rental units, and to provide funds to homeless service providers.”²⁰ The City demonstrated its commitment to homelessness as a community priority by dedicating 100% of the total CDBG funds allowable for public services to the provision of homeless services in fiscal year 2013-2014. In fact, Santa Rosa only allocated CDBG funds towards homeless services, affordable housing, and fair housing projects in 2013-2014—all projects that help the city reach its priorities of alleviating and preventing homelessness.

THE CITY AND COUNTY OF SAN FRANCISCO

The City and County of San Francisco receives all four streams of CPD formula block grant funding, which allows the community to make strategic decisions and utilize funding streams together to best serve homeless and extremely low income households. The City will dedicate \$586,000 of its ESG funds (42% of its total ESG budget) to emergency shelter operations and services for fiscal year 2014-2015. The City will supplement the funds provided for emergency shelter services with \$361,000 in CDBG funds for homeless services. By leveraging CDBG funds to help provide homeless services, San Francisco is able to utilize the remaining 58%

¹⁷ Community Development Commission. “Sonoma County FY 2013-2014 Action Plan”. Sonoma County. Approved April 2013, 26.

¹⁸ “Sonoma County 3-5 Year Strategic Plan”, 21.

¹⁹ “Sonoma County FY 2013-2014 Action Plan”, 29.

²⁰ Department of Economic Development and Housing. “City of Santa Rosa Fifth Program Year Action Plan”. Approved 2013, 19.

of its ESG budget to provide permanent housing funding through rapid re-housing and homelessness prevention programs.

San Francisco has also utilized the flexibility of CDBG funds to help provide a large supply of affordable housing units to extremely low and very low income residents. San Francisco will dedicate almost 100% of the CDBG funds allotted for affordable housing to the construction, acquisition and rehabilitation of affordable housing units to person earning 0-60% of AMI. In addition to the affordable housing units created through CDBG funds, San Francisco will dedicate 100% (\$4,274,293) of the HOME funds available for fiscal year 2014-2015 to the construction and rehabilitation of affordable housing units for this same population. San Francisco's substantial investment in the creation and maintenance of affordable housing reflects the City's consolidating planning priority to prevent and end homelessness by increasing the affordability and accessibility of housing in the City.²¹ However, there are no plans to dedicate any of the affordable housing units created using HOME or CDBG funds to homeless individuals for fiscal year 2014-2015.

Finally, San Francisco has utilized HOPWA funds to provide support services, rental assistance, and housing information and referrals to persons with AIDS who are at risk of becoming homeless. The City has dedicated over 80% of the available HOPWA funds (\$7,365,442) to projects and programs that prevent homelessness or provide support service for homeless and low-income individuals. San Francisco's use of HOPWA funds emphasizes the City's goal of ensuring that people with special needs not only have increased access to housing, but that people experience housing stability once they do gain access affordable, supportive permanent housing units.²²

SAN MATEO COUNTY AND THE ENTITLEMENT CITIES OF SOUTH SAN FRANCISCO, REDWOOD CITY, SAN MATEO, AND DALY CITY

The County of San Mateo and its entitlement cities have emphasized the need for affordable and supportive housing, including health, mental health, substance abuse, housing, vocational and social services programs, that can effectively serve homeless and extremely low income individuals and families.²³ The County of San Mateo has set distinct goals in its five-year plan for to address the community need for housing and homeless services, including:

- Rental units constructed: 112 housing units
- Public service activities for low/moderate income housing benefit: 2000 households assisted
- Homeless person overnight shelter: 200 persons assisted
- Homelessness prevention: 500 persons assisted²⁴

To achieve the goal of expanding affordable, supportive housing stock in the County, San Mateo plans to apply CDBG and HOME funds to the development of 330 units of affordable housing units in fiscal year 2014-2015.²⁵ 60 of the units will be dedicated to housing homeless individuals or families, and 16 of the 60 units will provide mental health support services through CDBG funds.²⁶ The County of San Mateo will also use CDBG public service funds for homelessness prevention by supporting programs such as tenant counseling, housing

²¹ Mayor's Office of Housing. "2010-2014 Five-Year Consolidated Plan." City and County of San Francisco. 2010, 25.

²² Mayor's Office of Housing. "FY 2014-2015 Action Plan: One-Year Use of Funds." City and County of San Francisco. 2014, 39.

²³ HOME Consortium. "County of San Mateo FY 2013-2014 to FY 2017-18 Consolidated Plan." 2013, 50.

²⁴ HOME Consortium. "County of San Mateo FY 2014-2015 Action Plan". May 6, 2014, 22.

²⁵ "County of San Mateo FY 2014-2015 Action Plan", 34.

²⁶ Ibid.

stabilization, and employment services. In 2014-2015 alone, the County hopes to provide 1560 people with services that will “keep them in their homes.”²⁷

Daly City reaffirms the need for affordable housing stock in its own Consolidated Plan, noting that “the needs for all household types greatly exceed the available local, State, federal, and private resources,” and that Daly City in particular struggles with a lack of available property for housing construction.²⁸ Daly City thus dedicates over 40% of its CDBG funds in its most recent Action Plan to affordable housing rehabilitation and rental assistance.

However, the Daly City also recognizes that with such a limited supply of housing, shelter services are necessary. None of the entitlement cities in San Mateo receive ESG funds, although the County itself receives a small amount of funding. Daly City thus dedicated \$17,439 in CDBG funds to shelter operations and services in fiscal year 2012-2013, with the goal of providing shelter and services to 93 homeless individuals.²⁹ Redwood City also utilizes nearly 13% of the CDBG funds to support emergency shelter operations and homeless services in the absence of ESG funds.

DISCUSSION QUESTIONS:

What is your experience using CPD formula grant program funds to provide homeless services?

What are your ideas for other ways homeless services and housing programs could be funded using CPD formula grant programs?

How can we encourage strategic planning in the use of different funding streams to meet the needs of homeless and extremely low income persons in our communities?

For more information please contact Jeff Ugai, Staff Attorney, at jeff@homebaseccc.org or 415.788.7961 ext. 316.

²⁷ Ibid, 27.

²⁸ Department of Economic and Community Development. “One Year Action Plan Fiscal Year 2012-2013”. April 2012, 5.

²⁹ Ibid, 14.