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City Manager's Office

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Corsiglia

**SUBJECT: HUD FUNDING ADJUSTMENTS
TO NONPROFIT SERVICE
AGENCY AGREEMENTS**

DATE: September 3, 2013

Approved

Date

9/5/13

INFORMATION

The purpose of this information memo is to inform the Mayor and City Council of changes to funding allocations for nonprofit agencies that received funding awards from the Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) programs for FY 2013-2014.

The City's adoption of the Annual Action Plan (the "Plan") is an annual requirement necessary to receive federal housing and community development funds from the U.S. Department of Housing and Urban Development (HUD). Included in the Plan are a series of funding recommendations for the allocation of CDBG, ESG, and HOPWA funds. This Plan is reviewed and adopted by the City Council in late-April or early May of each year to meet federally mandated timelines.

On April 30, 2013, the City Council approved the FY 2013-2014 Action Plan based on guidance from HUD that we should anticipate reductions of 5% for all HUD community development programs as a result of sequestration. On May 29, 2013, HUD released the final funding allocations for FY 2013-2014. These allocations differ from the original HUD guidance and necessitate revisions to the funding allocations. The net impact to the service contracts is provided below:

HUD Program	Funding Estimate	Actual Funding	\$ Difference	% Difference
CDBG	\$1,289,740	\$1,411,374	\$121,634	9% increase
ESG	\$696,371	\$529,074	(\$167,297)	24% decrease
HOPWA	\$809,258	\$813,590	\$4,332	1% increase

HUD has provided guidance as to how to address these changes within the confines of submission requirements and the City's Citizen Participation Plan for HUD Programs. Because HUD had not yet approved the FY 2013- 2014 Annual Action Plan, HUD's guidance stated that

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it was not necessary for the City to follow a formal revision process or the Citizen Participation Plan's standard procedures for making significant changes to a previously adopted plan.

As shown in the attached spreadsheet, with the significant funding reductions to the ESG Program, it was not possible to keep homeless-serving grantees whole (when compared to FY 2012-2013 funding levels) and they were required to take small funding reductions. However, the Department was able to minimize the cuts by shifting funds across programs and splitting funding for some grantees. The result was a modest 2% reduction of funding for all CDBG and ESG grantees. Minor adjustments were also made to the HOPWA Grantee contracts. The new funding levels have been provided to all grantees and the Silicon Valley Council of Nonprofits.

The future of funding for these important City programs remains murky. Congress is still deliberating the FY 14 federal budget and to date has not approved any appropriations bills, including the Transportation and Housing and Urban Development bill, which determines funding for CDBG among other programs. On September 9th, members will return from their summer recess with the task of approving a budget by the end of the month when the current Continuing Resolution is set to expire. Unless the budget is approved by September 30th, the federal government will face a shutdown. Added to this uncertainty is the prospect of another sequestration cut. According to a report issued by the Office of Management and Budget on August 30, both the proposed House and Senate FY 14 budgets would be out of compliance with discretionary spending caps and require that funds be again sequestered.

/s/

Leslye Corsiglia
Director, Housing Department

For questions, please contact Jacky Morales-Ferrand, Assistant Director of Housing, at (408) 535-3855.

Attachment



Attachment

Revised FY 2013-2014 Funding Amounts

Agency	Project	Original FY 13-14 Funding Amount	Revised FY 13-14 Funding Amount	Variance	% Variance
CDBG					
Housing Trust Silicon Valley	ForeclosureHelp*	\$50,000	\$48,858	-\$1,142	
Catholic Charities of Santa Clara County	Senior Isolation	\$100,000	\$97,717	-\$2,283	
The Health Trust	Meals on Wheels	\$100,000	\$97,717	-\$2,283	
Catholic Charities of Santa Clara County	FMCI	\$98,495	\$96,212	-\$2,283	
San Jose State University	Accelerating 3rd Grade Literacy	\$98,495	\$96,212	-\$2,283	
Somos Mayfair	In Our Hands	\$98,495	\$96,212	-\$2,283	
Emergency Housing Consotium	Homeless Outreach	\$461,898	\$451,259	-\$10,639	
Emergency Housing Consotium	Citywide Outreach	\$97,796	\$95,559	-\$2,237	
Next Door Solutions	DV Collaborative	\$184,561	\$180,314	-\$4,247	
Bill Wilson Center	Families and Youth		\$151,315	\$151,315	
CDBG Subtotal		\$1,289,740	\$1,411,374	\$121,634	9%
ESG					
Bill Wilson Center	Homeless Outreach	\$249,023	\$243,315	-\$5,708	
Bill Wilson Center	Families and Youth **	\$306,909	\$148,516	-\$158,393	
Next Door Solutions to Domestic Violence	DV Collaborative	\$50,439	\$49,297	-\$1,142	
Community Technology Alliance	HMIS	\$90,000	\$87,945	-\$2,055	
ESG Subtotal		\$696,371	\$529,074	-\$167,297	-24%
HOPWA					
The Health Trust	AIDS Services	\$761,758	\$765,835	\$4,077	
San Benito County	AIDS Services	\$47,500	\$47,755	\$255	
HOPWA Subtotal		\$809,258	\$813,590	\$4,332	1%

* ForeclosureHelp will be allowed to carryforward \$50,000 from their current contract which will result in a \$98,858

** Funds for the Bill Wilson Center's Families and Youth project has been split between ESG and CDBG. This was not included in the original funding recommendations