



## City Council Staff Report

**From: City Manager**

**Report Type: CONSENT CALENDAR**

**Lead Department: Planning and Development Services**

**Meeting Date: December 16, 2024**

Report #:2410-3584

### **TITLE**

Community Development Block Grant 2025-2030 Consolidated Plan and Authorize Execution of Revenue Agreement with the County of Santa Clara for Annual Action Plan FY 2025-2026

### **RECOMMENDATION**

Staff recommends that City Council authorize execution of the Revenue Agreement between the County of Santa Clara and the City of Palo Alto by the City Manager.

### **BACKGROUND**

The U.S. Department of Housing and Urban Development (HUD) requires communities that receive funding through the Community Development Block Grant (CDBG) program to prepare a Consolidated Plan.

The goal of the Consolidated Plan is to help communities assess their affordable housing and community development needs and market conditions, and to make data-driven, place-based investment decisions. The Consolidated Plan is then implemented through the projects, activities, and programs identified for funding in each of the City's CDBG Annual Action Plans prepared over the lifespan of the Consolidated Plan.

City Council generally reviews and approves Palo Alto's Annual Action Plan in May or June, depending on when the City receives its funding allocation from HUD. The County's Consolidated Plan schedule suggests local jurisdictions hold public meetings to review their draft Consolidated Plans in or after March 2025.

The County of Santa Clara has contracted with Root Policy, to prepare the CDBG 2025-2030 Consolidated Plans and FY 2025-2026 Annual Action Plans for the Cities of Cupertino, Gilroy, Milpitas, Mountain View, Palo Alto, Santa Clara, and Sunnyvale as well as the Santa Clara Urban County. The County has asked Palo Alto to contribute a fair share towards this consultant cost. The City of Palo Alto and all other HUD CDBG entitlement jurisdictions can spend a maximum of twenty percent (20%) of their annual HUD allocations on Planning & Administrative Services; there is not enough funding in City's CDBG Planning & Administrative Services budget in any year to cover the cost of Consolidated Plan preparation, which occurs every five (5) years.

Consequently, funding for this required Consolidated Plan preparation process is necessary from the General Fund.

### **ANALYSIS**

Root Policy will provide the County and participating cities, including Palo Alto, with community outreach and engagement services, analysis, and Consolidated Plan and Annual Action Plan preparation services. The efforts will conclude in June 2025. Please see Attachment A for scope and schedule details.

The City participated in a similar revenue agreement five years ago to prepare the current 2020-2025 Consolidated Plan. The amount requested from the County for the forthcoming Consolidated Plan and Annual Action Plan preparation is \$47,105, which is a fair share cost of the overall Consolidated Plan and Annual Action Plan process. An additional contingency amount of 10% (\$4,710) is also recommended. The requested fair share cost is higher than it has been in the past ; for comparison, the City executed a similar revenue agreement with the County for the 2020-2025 Consolidated Plan for \$37,861. The County clarified that there were two primary reasons for this cost increase:

1. In response to past feedback indicating that population-based cost sharing led to certain jurisdictions covering costs that primarily benefited others, the County is now allocating costs directly based on the specific tasks and time required for each jurisdiction's individual Consolidated Plan and Annual Action Plan, ensuring a more equitable distribution of costs.
2. San Jose recently decided to opt out of participation in the 2025-2030 Consolidated Plan process led by the County. While the consultant scope has been updated to reflect this change, this still leaves each of the remaining jurisdictions with a larger share of the overall costs.

An alternative to participating in the County-led Consolidated Plan/AAP process is for the City to hire its own professional services for this planning effort. However, this is not recommended, as this would be less efficient than leveraging the economies of scale through the County agreement. In addition, the June 2025 deadline would not leave adequate time to find a qualified consultant and conduct the required planning and community outreach.

### **FISCAL/RESOURCE IMPACT**

There is no significant fiscal impact associated with this recommendation. The total contract amount for Root Policy's work with the County is \$484,551. This includes support for the Cities of Cupertino, Gilroy, Milpitas, Mountain View, Palo Alto, Santa Clara and Sunnyvale as well as the Santa Clara Urban County. Palo Alto's assigned fair share of the total contract matches the other jurisdiction's requested fair share contributions; Attachment B has more details. Staff recommends that the City Council approve this amount plus a 10% contingency for additional services, if needed, for a total of \$51,815. The Planning and Development Services Department is able to cover the cost of the Consolidated Plan using its adopted FY 2025 operating budget.

## **STAKEHOLDER ENGAGEMENT**

Stakeholder engagement was not conducted around the Cost-Sharing Agreement between the County of Santa Clara and the City of Palo Alto (Attachment C) with the County of Santa Clara for the Consultant Services required to complete the 2025-2030 Consolidated Plan and 2025 Annual Action Plan for the County and partner entitlement jurisdictions. Significant community engagement is planned as part of the Consolidated Plan and Annual Action Plan process, however. There is already a public engagement website that is live and managed by the County.<sup>1</sup>

## **ENVIRONMENTAL REVIEW**

This item is not considered a project under the California Environmental Quality Act (CEQA).

## **ATTACHMENTS**

Attachment A: County Contract Scope of Services

Attachment B: County Contract Budget and Palo Alto Cost Breakdown

Attachment C: Revenue Agreement Between the County of Santa Clara and the City of Palo Alto for 2025-2030 Consolidated Plan

## **APPROVED BY:**

Jonathan Lait, Planning and Development Services Director

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<sup>1</sup> Please visit <https://www.letstalkhousingscc.org/con-plan>.