



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Erik L. Soliván

SUBJECT: See Below

DATE: April 17, 2026

Approved

Date:

4/24/2

COUNCIL DISTRICT: Citywide

SUBJECT: Final Public Hearing and Approval of the Fiscal Year 2026-2027 Annual Action Plan for the U.S. Department of Housing and Urban Development

RECOMMENDATION

- (a) Conduct a final public hearing regarding approval of the City's Fiscal Year 2026-2027 Annual Action Plan, as required by the U.S. Department of Housing and Urban Development, to receive federal housing and community development funding.
- (b) Adopt a resolution:
 - (1) Approving the City's Fiscal Year 2026-2027 Annual Action Plan;
 - (2) Authorizing the Housing Director, or his designee, to submit the City's Fiscal Year 2026-2027 Annual Action Plan to the U.S. Department of Housing and Urban Development; and
 - (3) Authorizing the Housing Director, or his designee, to negotiate and execute agreements with grantees for the activities identified in the Fiscal Year 2026-2027 Annual Action Plan, including any amendments, extensions, and modifications.

SUMMARY AND OUTCOME

This memorandum presents the City's Fiscal Year 2026-2027 Annual Action Plan (Action Plan), outlining the City's proposed use of federal funds to address housing needs, reduce homelessness, and strengthen communities. The purpose of this action

is to provide the final opportunity for the City Council and members of the public to provide input on the draft Action Plan.

In accordance with the City's Community Participation Plan, the Housing Department (Department) is to conduct three public hearings to ensure community involvement in the development of the Action Plan. The first hearing, held on April 9, 2026, took place before the Housing and Community Development Commission. The second hearing, held on April 16, 2026, was a community meeting that presented the Action Plan and gathered public input. The third and final hearing before the City Council provides the last opportunity for public input and serves as the City Council's formal consideration and adoption of the Action Plan.

Upon the City Council adoption of the final Action Plan, the Department will submit the final federally mandated document to the U.S. Department of Housing and Urban Development (HUD) by the May 15, 2026 deadline. Meeting this deadline enables the City to remain eligible to receive approximately \$13.7 million in federal housing and community development funds in FY 2026-2027.

BACKGROUND

As a HUD entitlement jurisdiction, the City receives federal formula grants from HUD each year for housing and community development activities. The funding is allocated to the City based on several factors, including population, poverty, and housing statistics.

Every five years, HUD requires entitlement jurisdictions to develop a Five-Year Consolidated Plan (Consolidated Plan). The Consolidated Plan assesses San José's current housing market, analyzes demographic, racial, and socio-economic conditions, and identifies populations within the City that have the greatest community and housing needs. It also defines the City's priority needs, strategies, and objectives for reducing the most prevalent barriers to housing and services in the community.

In March 2025, the City Council adopted the City's Consolidated Plan for the Five-Year 2025-2030 period. The City participated in a countywide collaboration to analyze data on housing needs and develop this cycle's Consolidated Plan. Staff then refined and prioritized the identified broad regional objectives to establish three major goals, which meet both regional and local priorities:

1. **Reduce Unsheltered Homelessness** – Expand housing access and self-sufficiency resources for individuals and families experiencing or at risk of homelessness.
2. **Increase Housing Affordability** – Develop new affordable housing opportunities and preserve existing affordable housing.

3. Strengthen Communities – Enhance community well-being and improve residents’ quality of life.

In each of the five years in the Consolidated Plan, HUD requires entitlement jurisdictions to submit an Action Plan which identifies a one-year strategy for meeting the goals contained in the Consolidated Plan.

The City receives four major sources of federal funding annually from HUD:

- Community Development Block Grant (CDBG)
- HOME Investment Partnerships Program (HOME)
- Emergency Solutions Grants (ESG)
- Housing Opportunities for Persons with AIDS (HOPWA)
 - Housing Opportunities for Persons with AIDS Permanent Supportive Housing (HOPWA-PSH)

Each of these sources is distinct and supports specific housing and community development needs. It should be noted that the HOPWA-PSH funds represent a subset entitlement of the HOPWA Program, allocated to jurisdictions on a three-year funding cycle, and are tracked separately. The primary use for each fund and the amount that is projected to be allocated for FY 2026-2027 are also listed in Table 1. Note that FY 2026-2027 funding levels used in Table 1 are a general estimate of next year’s allocations, net of any estimated program income from loan repayments. The Department is anticipating a 5% decrease in funding allocations from HUD.

Table 1: Summary of FY 2026-2027 Expected Entitlements

| Funding Source | Primary Use | Estimated Allocations for FY 2026-2027 |
|-----------------------|--|---|
| CDBG | Housing and Community Development Programs, Services, and Capital Improvements | \$7,445,057 |
| HOME | Housing | \$2,484,924 |
| ESG | Homeless Services and Shelter Operations | \$658,211 |
| HOPWA | Housing Support for Persons with AIDS | \$1,869,366 |
| HOPWA-PSH | Housing Support for Persons with AIDS - Permanent Supportive Housing | \$1,286,211 |
| TOTAL | | \$13,743,769 |

The FY 2026-2027 Action Plan, discussed herein, presents the projects, activities, and expected outcomes that support and advance one or more of the three priorities identified in the 2025-2030 Consolidated Plan.

ANALYSIS

The City will receive approximately \$13.7 million in CDBG, HOME, ESG, HOPWA, and HOPWA-PSH entitlement grants. Congress typically takes final action on the federal budget in June, and the exact amount of federal entitlement funds will be known then.

As shown in Table 2, the City estimates it will invest, with the prior year balances and program income, a total of \$36,340,762 across the four federal housing and community development funding programs.

The total funding in each of the four HUD funding programs listed includes: 1) the amount allocated by formula to San José for each program for the coming year; 2) the amount of estimated program income that will be received by the City to be used in the coming year; and 3) the balance of prior year’s funds for each program. For CDBG, the prior year’s balance consists of unused balances from previous year’s projects and/or unanticipated program income in previous years. For HOME, the prior year’s balance consists of funds set aside in anticipation of commitments for rental development projects in the development pipeline.

Table 2: FY 2026-2027 Federal Funding Levels Overview

| Program | Actual FY 2025-2026 Allocation | Estimated FY 2026-2027 Allocation | Prior Year Fund Balance | Program Income | Total FY 2026-2027 |
|----------------|---------------------------------------|--|--------------------------------|-----------------------|---------------------------|
| CDBG | \$7,836,902 | \$7,445,057 | \$1,491,779 | \$150,000 | \$9,086,836 |
| HOME | \$2,615,709 | \$2,484,924 | \$18,987,885 | \$1,689,292 | \$23,162,102 |
| ESG | \$692,854 | \$658,211 | \$19,178 | \$0 | \$677,389 |
| HOPWA | \$1,869,366 | \$1,869,366 | \$258,857 | \$0 | \$2,128,223 |
| HOPWA-PSH | - | \$1,286,211 | \$0 | \$0 | \$1,286,211 |
| TOTAL | \$13,072,930 | \$13,743,769 | \$20,757,700 | \$1,839,292 | \$36,340,762 |

FY 2026-2027 Action Plan Development

To implement the priorities outlined in the Consolidated Plan, the Department administers an Action Plan that identifies specific programs and funding allocations.

In January 2023, the Department invited qualified organizations to submit proposals to oversee various programs funded by CDBG, HOME, ESG, and HOPWA Program funds through a Notice of Funding Availability (NOFA). Programs funded through this NOFA include:

- Neighborhood Engagement (CDBG)
- Fair Housing (CDBG and HOME)
- Legal Services (CDBG)
- Senior Nutrition (CDBG)
- Minor Home Repair (CDBG and HOME)
- Microenterprise Program (CDBG)
- Homeless Outreach (CDBG and ESG)
- Rental Assistance and Support Services (HOPWA)

This is the fourth year of the processed NOFA, extending the duration by one year. Since the January 2023 NOFA, the Department launched and completed a secondary competitive procurement process to administer the HOPWA (April 2024) and Legal Services (June 2024) programs. A full NOFA will be conducted in 2026.

The FY 2026-2027 Action Plan contains a description of all activities recommended for funding. Each of the activities detailed in the draft Action Plan is aligned with the three goals of the Consolidated Plan and contributes to the City's five-year objectives. The draft Action Plan aligns the City's available resources with the planned activities, enabling the City to meet its annual goals and stay on target to meet its five-year goals.

For the City's HOME Allocation, the Department is exploring the acquisition and rehabilitation of two motels for conversion to Single-Room Occupancy units.

CDBG Program

The CDBG Program supports the development of viable urban communities by providing decent housing, encouraging a suitable living environment, and expanding economic opportunities, principally for lower-income households. As the largest and most flexible of the four federal grants, CDBG funds are divided into three categories of eligible uses. These include Public Services, Community Development Investment (CDI), and Administrative activities. This program falls within a subset of CDBG CDI non-construction activities. Public Services are limited to 15% of the annual allocation plus the previous year's program income, and Administrative activities are limited to 20%. The CDI category includes two types of activities: construction projects and non-construction projects. Construction projects consist of capital projects that directly fund physical improvements, such as facility or infrastructure improvements. Non-construction projects include programs and other services, such as minor home repair, provided to low- and moderate-income (LMI) households. Within CDI non-construction projects, there is a subcategory: Economic Development.

CDBG Public Services

CDBG funds can be used to support a range of public services benefitting LMI individuals and households. Program regulations limit funding for public services to 15% of the annual CDBG allocation combined with program income from the prior year. The City’s proposed allocations reflect funding priorities, program delivery costs, and the service capacity of contracted organizations. Table 3 details CDBG-funded public service programs and providers currently operating under funding agreements, and existing public service contracts that will be extended for one additional year to maintain service continuity. All grant agreements will be monitored for performance in achieving the stated outcomes and compliance with the contractual agreements. The amounts allocated reflect the actual program delivery and staff costs to deliver eligible programs of the grantee organizations.

Table 3: Proposed CDBG – Public Service Programs

| # | Public Services | Agency Partner | Description | Estimated FY 2026-2027 Funding | Proposed Outcome |
|------|---|----------------|--|--------------------------------|--|
| i. | Homeless Outreach | HomeFirst | Citywide outreach and shelter | \$250,000 | <ul style="list-style-type: none"> 270 individuals will receive individualized outreach services, with a portion connected to temporary or permanent housing placements.* |
| ii. | Neighborhood Engagement and Leadership Training | SOMOS | Leadership development and engagement training | \$132,214 | <ul style="list-style-type: none"> 501 individuals will participate in leadership training, education programs, or receive basic needs and supportive services. 100 individuals will participate in educational classes and/or receive case management services. |
| | | VIVO | Neighborhood engagement – English as a second language, citizenship exam preparation and civic awareness classes | \$45,000 | |
| iii. | Senior Nutrition | POSSO | Meals and support programs for seniors | \$348,000 | <ul style="list-style-type: none"> 160 seniors will receive nourishing meals and in-person health check-ins.** |

Subject: Final Public Hearing and Approval of the Fiscal Year 2026-2027 Annual Action Plan for the U.S. Department of Housing and Urban Development

| # | Public Services | Agency Partner | Description | Estimated FY 2026-2027 Funding | Proposed Outcome |
|--------------|-----------------------|----------------------------------|---|--------------------------------|---|
| iv. | Fair Housing Services | Law Foundation of Silicon Valley | Fair Housing | \$54,044 | <ul style="list-style-type: none"> 145 individuals will receive legal services, representation, and fair housing education to prevent housing discrimination and ensure access to housing. *** |
| v. | Legal Services | Bay Area Legal Aid | Citywide legal services for low-income tenants. | \$150,000 | <ul style="list-style-type: none"> 100 low-income tenants will receive legal advice and representation. 75 client-facing staff will receive training and attorney support in order to serve as housing justice workers. 800 tenants and landlords will receive education on their respective rights as well as responsibilities and dispute resolution assistance. |
| | | Legal Link | Neutral tenant-landlord counseling and dispute resolution services (Legal Training) | \$10,000 | |
| | | Project Sentinel | Neutral tenant-landlord counseling and dispute resolution services | \$150,000 | |
| TOTAL | | | | \$1,139,258 | |

Notes: * Reflects total individuals served with CDBG funds. This program is also funded by ESG funds. **Reflects individuals served through CDBG funds only; total served with other non-federal funds is 360. ***Reflects total individuals served with both CDBG and HOME funds.

i. Homeless Outreach

HomeFirst’s Homeless Outreach and Engagement Program will provide individualized, light-touch support to unsheltered individuals living on the streets and in encampments throughout San José. Services are participant-centered and include connecting participants to shelter and supportive services, distributing basic needs supplies such as hygiene kits, food, water, and clothing, and conducting housing eligibility assessments to facilitate pathways toward stable housing. All activities align with the Department’s revised Targeted Outreach Engagement Program.

ii. Neighborhood Engagement and Leadership Training

SOMOS Mayfair will deliver community-building activities through the Eastside Neighborhood Development Program, operated by the Sí Se Puede Collective, a coalition of nonprofits dedicated to uplifting East San José. This program provides leadership development training, case management, financial literacy support, arts education, and workforce development services. These efforts are designed to strengthen resident advocacy, build local leadership capacity, and empower community-driven decision-making.

VIVO will offer English as a Second Language classes, digital literacy workshops, citizenship preparation courses, and cultural awareness programs to promote civic participation among the community. VIVO will also provide case management services to assist residents with applications for public benefits, Department of Motor Vehicles services, and housing resources. Services are open to all residents, with a special focus on supporting the Vietnamese community.

iii. Senior Nutrition

POSSO will provide culturally and linguistically accessible programs for low-income seniors in San José. Services include door-to-door transportation from seniors' homes to the Portuguese Community Center, where participants engage in daily activities such as nutrition programs, health support services, and other community-based offerings. Seniors report that participation in these programs helps reduce social isolation and promotes greater independence. In addition to transportation for medical and personal appointments, POSSO also prepares and delivers hot meals to homebound seniors, ensuring that vulnerable residents receive consistent nutrition and support.

iv. Fair Housing Services

The Law Foundation of Silicon Valley will conduct the Fair Housing Legal and Education Services Collaborative, working to build inclusive and sustainable communities free from housing discrimination. The Collaborative provides a range of services, including complaint-based investigations, systematic fair housing testing, counseling and referrals to legal aid and advocacy services, and direct legal representation for individuals experiencing housing discrimination. While the program supports legal and educational services to address unlawful housing practices, it should not engage in any tenant organizing activities. By promoting fair housing access and removing discriminatory barriers, the Collaborative helps residents secure and access or maintain stable housing opportunities.

v. Legal Services

The Legal Services program will fund two initiatives: Citywide Legal Services for Low-Income Tenants and Neutral Tenant/Landlord Counseling and Dispute Resolution Services.

Bay Area Legal Aid will administer the Citywide Legal Services Program, operating a Legal Advice Line that provides comprehensive support, including client screening, intake, referrals, and legal advice. For clients with more complex issues, the Legal Advice Line will schedule in-person appointments at Bay Area Legal Aid's San José office. Additional services include limited-scope legal assistance, such as advice and counsel, brief services, as well as full representation. Bay Area Legal Aid will also educate the community through Know Your Rights workshops.

Legal Link and Project Sentinel will administer the Neutral Tenant-Landlord Counseling and Dispute Resolution Services Program. Legal Link focuses on building community capacity by providing Housing Justice Worker training and developing a Housing Justice Worker Toolkit to equip community partners with tools to deliver housing education. Project Sentinel offers direct services to tenants and landlords, including counseling on rights and responsibilities, conflict resolution support, and mediation and conciliation services. Additional services include conducting community education through workshops, warm referrals, and individualized counseling, helping to prevent evictions, stabilize housing situations, and increase public awareness of tenant and landlord rights and responsibilities across San José.

CDBG CDI Activities

CDI Construction funds are used to support public infrastructure improvements and other capital needs that benefit LMI communities. Unlike public services, there is no federal cap on the amount that can be dedicated to CDI activities. Department staff collaborate with other City departments and nonprofit partners to identify eligible infrastructure and capital projects that align with CDBG requirements and the City's Consolidated Plan goals. CDI projects are evaluated based on funding availability, project readiness, public input, consistency with Consolidated Plan priorities, and in coordination with the City Manager's Budget Office.

Project readiness includes the ability to fully expend allocated funds within the fiscal compliance period and the completion of required environmental reviews prior to funding commitment, ensuring the projects can move forward promptly and in compliance with federal regulations. Table 4 details the proposed activities for CDI projects.

Table 4: Detailed CDI Construction Projects

| # | Public Services | Agency Partner | Description | Estimated FY 2026-2027 Funding | Proposed Outcome |
|--------------|---|------------------------------|---|--------------------------------|--|
| i. | Accessible Pedestrian Signal Project #2 | Department of Transportation | Installation of accessibility devices at signalized intersections | \$491,199 | Improve Americans with Disabilities Act access and pedestrian safety by providing multi-sensory crosswalk signals. |
| ii. | Reserve for Public Infrastructure/Rehab | TBD | TBD | \$3,163,665 | Reserve will support additional eligible infrastructure or rehabilitation projects as identified. |
| TOTAL | | | | \$3,654,864 | |

i. Accessible Pedestrian Signal Project #2

The City’s Transportation Department will continue its multi-year initiative to install Accessible Pedestrian Signals at signalized intersections to improve accessibility and safety, particularly for visually impaired and other vulnerable pedestrians. Accessible Pedestrian Signals devices provide audible and vibrotactile cues that indicate traffic signals, offering multimodal feedback to help pedestrians safely navigate intersections.

ii. Reserve for Public Infrastructure/Rehab

The remaining \$3.1 million within the CDI category will support additional eligible projects in the future. The Department and the City Manager’s Budget Office will work with City departments in the coming months to identify additional suitable projects that fund new or rehabilitation of existing public infrastructure and will be able to disburse within CDBG timelines. Once additional projects are identified, an amended Annual Action Plan will be presented for City Council’s consideration.

CDBG – CDI Non-Construction Activities

Non-construction CDI projects fund programs and services that benefit LMI individuals and households. These activities support community stabilization and quality of life improvements without involving physical infrastructure development. Table 5 outlines the proposed non-construction CDI activity, including code enforcement services aimed at improving housing conditions in targeted neighborhoods.

Table 5: Detailed CDI Non-Construction

| CDBG Activities | Department / Agency Partner | Description | Estimated FY 2026-2027 Funding | Proposed Outcome |
|------------------------|--|---|---------------------------------------|---|
| Code Enforcement | Planning, Building, and Code Enforcement | Code Enforcement in Targeted Neighborhood | \$1,273,703 | 500 housing units will be inspected for compliance with housing and blight codes, preventing deterioration of neighborhoods |
| TOTAL | | | \$1,273,703 | |

CDBG Economic Development Activities

The City will use CDBG funding to provide for a microenterprise program. This program falls within a subset of CDBG CDI non-construction activities. Under CDBG guidelines, a microenterprise is defined as a business with five or fewer employees, including the owner. All part-time and full-time employees on the business payroll at the time of assistance must be counted. Eligible microenterprise activities include providing technical assistance and general support services to LMI business owners, helping to establish new businesses, or expanding existing businesses by increasing employment, sales, or revenue.

Table 6 outlines the proposed microenterprise activity, which provides business and technical assistance to support LMI childcare providers in San José.

Table 6: Detailed Economic Development

| CDBG Activities | Agency Partner | Description | Estimated FY 2026-2027 Funding | Proposed Outcome |
|-------------------------|-----------------------|--|---------------------------------------|--|
| Microenterprise Program | Upwards (WeeCare) | Child Care Providers Business/Technical Training | \$1,500,000 | 195 home daycare providers will receive technical assistance and business to support to grow and sustain their business. |
| TOTAL | | | \$1,500,000 | |

Upwards, a network of licensed home-based childcare providers, will implement the Business Operation and Optimization Support Tools (BOOST) program to support

microenterprise childcare providers. BOOST offers comprehensive business and technical assistance aimed at helping LMI providers stabilize operations, maximize revenue, and sustain their businesses over time.

By strengthening the business capacity of childcare providers, the BOOST program contributes to the creation of a more robust, sustainable local childcare ecosystem. Supporting childcare businesses in turn improves economic stability for families across San José. Through this program, Upwards will help ensure that LMI childcare businesses have the tools and resources they need to succeed and continue providing essential services to the community.

CDBG Administration

Recognizing the significant requirements involved in administering CDBG funds, HUD permits jurisdictions to use up to 20% of the annual entitlement plus current-year program income for administrative planning and oversight activities. In addition to general grant administration, fair housing services are the only programmatic activities that may also be funded from the Administrative category, as well as through CDBG Public Services or the HOME program. Table 7 details the CDBG Administration budget.

Table 7: Detailed Administration

| CDBG Activities | Department / Agency Partner | Description | Estimated FY 2026-2027 Funding |
|------------------------|--|--|---------------------------------------|
| Administration | Housing | 20% is designated by HUD for Program Administration | \$1,274,544 |
| Administration | Planning, Building, and Code Enforcement | Support services from Environmental Planner | \$33,860 |
| Administration | City Attorney’s Office | Support services from the City Attorney’s Office | \$64,651 |
| Fair Housing | Law Foundation of Silicon Valley-Consortium | Fair Housing | \$145,956 |
| | | TOTAL | \$1,519,011 |

In FY 2026-2027, administrative funds will support fair housing programs and reimburse City departments for their work on CDBG-related activities. These activities include legal reviews of federal contracts performed by the City Attorney’s Office, environmental review services provided by the Planning, Building, and Code Enforcement Department, and Department staff work related to the Assessment of Fair Housing and Housing Element planning. The Department administration activities also include contract

negotiation and development, monthly invoice review, spending trend analysis, contract monitoring, and coordination of HUD audits.

HOME Program

The HOME program provides financial assistance to expand the supply of affordable rental and homeownership opportunities for LMI households. Eligible activities include the acquisition, rehabilitation, and construction of affordable housing, the provision of tenant-based rental assistance, and home repair programs. Table 8 details the proposed uses of HOME funds.

Table 8: Detailed Proposed HOME Activities

| # | HOME Activities | Agency Partner | Description | Estimated FY 2026-2027 Funding | Proposed Outcome |
|------|--|--|--|--------------------------------|--|
| i. | New Affordable Housing Development | Housing Community Housing Development Organization (CHDO) | CHDO Set Aside (15% HOME Set Aside) for Development of Affordable Housing | \$372,738 | New affordable housing development. |
| | Motel Acquisition, Rehabilitation, and New Affordable Housing Development Project(s) | Housing CHDO | Reserve for Motel Acquisition, Rehabilitation, and New Affordable Housing Development Project(s) | \$22,371,942 | New affordable housing development(s). |
| ii. | Fair Housing | Fair Housing Law Foundation of Silicon Valley - Consortium | Fair Housing* | \$200,000 | 145 individuals will receive legal services, representation, and fair housing education to prevent housing discrimination and ensure access to housing.* |
| iii. | Administration and Planning | Housing | 10% is designated by HUD for Program Administration | \$217,422 | - |
| | | | TOTAL | \$23,162,102 | |

**Fair Housing services and proposed outcomes will be funded through CDBG Administrative funds, CDBG Public Services funds, and HOME funds.*

i. *New Affordable Housing Development and Motel Acquisition, Rehabilitation, and New Affordable Housing Development Project(s) - TBD*

Staff will seek to identify appropriate forthcoming new affordable housing development and motel acquisition, rehabilitation, and new affordable housing development project(s) that meet HOME requirements, including obtaining environmental reviews, construction readiness, and ability to disburse funds in a timely manner. If program compliance proves to be a challenge, the funding will be reprogrammed for other eligible activities such as unit preservation.

ii. *Fair Housing*

The Law Foundation's sole focus will be on the administration of Fair Housing requirements of federal fair housing program law by responding to complaints with a target of servicing 145 cases. It is noted that much of the federal fair housing law is under review by HUD.

iii. *Administration*

The Department will utilize the additional resources up to the 10% statutory cap for the administration of the program.

Emergency Solutions Grant Program

The Emergency Solutions Grant (ESG) program focuses on helping individuals and families quickly regain stability in permanent housing after experiencing a housing crisis or homelessness. Table 9 outlines the proposed uses of ESG funds, including homeless outreach, Homeless Management Information System database support, rapid rehousing, and administrative costs aligned with HUD's priorities for ending homelessness.

Table 9: Detailed Proposed ESG Activities

| # | ESG Activities | Department / Agency Partner | Description | FY 2026-2027 Funding | Proposed Outcome |
|----|-------------------|-----------------------------|---|----------------------|---|
| i. | Homeless Outreach | HomeFirst | Citywide outreach and shelter (60% of ESG Allocation) | \$394,926 | 430 individuals will receive individualized support through street outreach interactions, and # of those individuals exited to permanent or temporary housing placements. |

Subject: Final Public Hearing and Approval of the Fiscal Year 2026-2027 Annual Action Plan for the U.S. Department of Housing and Urban Development

| # | ESG Activities | Department / Agency Partner | Description | FY 2026-2027 Funding | Proposed Outcome |
|--------------|--|-----------------------------|--|----------------------|---|
| ii. | Homeless Management Information System | County of Santa Clara | Operation of the Homeless Management Information System (secure web-based database) in compliance with HUD and the state | \$49,365 | Access will be provided to 240 users to maintain standardized data collection, coordination, and analysis in a centralized database system. |
| iii. | Mabury Emergency Interim Housing | HomeFirst | Oversee operations of congregate Emergency Shelter at Mabury | \$183,731 | TBD |
| iv. | Administration | Housing | 7.5% is designated by HUD for Program Administration | \$49,365 | - |
| TOTAL | | | | \$677,389 | |

i. Homeless Outreach

HomeFirst’s Homeless Outreach and Engagement Program will provide individualized, light-touch support to high-needs individuals and households living on the streets and in encampments across San José. Services will include connecting individuals to shelter and services, distributing basic needs supplies such as hygiene items, food, water, and clothing, and conducting housing eligibility assessments to support pathways to permanent housing.

ii. Homeless Management Information System

The County of Santa Clara oversees Homeless Management Information System, a secure, web-based data system used to collect, manage, and report client-level data across the homelessness services network. ESG funding supports a portion of the overall system costs, including software licensing, user training, data quality monitoring, reporting, system maintenance, and necessary upgrades to ensure ongoing compliance with HUD and State requirements.

iii. Mabury Emergency Interim Housing

HomeFirst provides 24/7 on-site oversight, staffing, program operations, and supportive services at the City’s Emergency Interim Housing program at 1410 Mabury Road. Responsibilities include day-to-day management of the 38 shelter units, provision of

essential services such as intake and assessment, case management, housing navigation, and connections to healthcare, and the exit of clients from the program into permanent housing destinations. ESG funding is paired with state and local funds to support the continuity of operations and services through FY 2026-2027. HomeFirst was competitively procured by the Department through a Request for Proposals completed in 2024.

iv. Administration

The Department will utilize the 7.5% statutory cap for staff administration, oversight, and monitoring of the projects described above.

HOPWA and HOPWA PSH Program

The HOPWA / HOPWA-PSH program is the only federal program dedicated to addressing the housing needs of low-income people living with HIV/AIDS and their families. In April 2024, Bay Area Community Health was selected through a competitive Request for Proposals process to administer the Rental Assistance and Supportive Housing program using HOPWA and HOPWA-PSH funds, following the closure of The Health Trust’s services at the end of FY 2023–2024. Tables 10 and 11 outline the City’s proposed HOPWA and HOPWA-PSH expenditures by category and activity.

Table 10: Detailed Proposed HOPWA Activities

| # | HOPWA Activities | Department / Agency Partner | Description | Estimated FY 2026-2027 Funding | Proposed Outcome |
|--------------|--|-----------------------------|---|--------------------------------|---|
| i. | Rental Assistance and Supportive Housing | Bay Area Community Health | Rental assistance and supportive housing | \$1,772,142 | 60 households with HIV/AIDS will remain stably housed and receive supportive health services. |
| | Rental Assistance and Supportive Housing | San Benito County | Rental assistance and supportive housing for HOPWA participants | \$300,000 | 10 households with HIV/AIDS will remain stably housed and receive supportive health services. |
| ii. | Administration | Housing | 3% is designated by HUD for Program Administration | \$56,080 | - |
| TOTAL | | | | \$2,128,223 | |

Table 11: Detailed Proposed HOPWA-PSH Activities

| # | HOPWA-PSH Activities | Department / Agency Partner | Description | Estimated FY 2026-2027 Funding | Proposed Outcome |
|--------------|--|-----------------------------|---|--------------------------------|---|
| i. | Rental Assistance and Supportive Housing | Bay Area Community Health | Rental assistance and supportive housing for HOPWA participants | \$1,273,349* | 40 households with HIV/AIDS will remain stably housed and receive supportive health services. |
| ii. | Administration | Housing | 3% is designated by HUD for Program Administration | \$12,862 | - |
| TOTAL | | | | \$1,286,211 | |

*The HOPWA-PSH grant award for the Rental Assistance and Supportive Housing Program of \$1,273,349 will be spread across three Fiscal Years. Bay Area Community Health is expected to utilize \$424,450 during FY 2026-2027.

i. Rental Assistance and Supportive Services [HOPWA / HOPWA – PSH]

Bay Area Community Health will provide rental assistance and supportive services for low-income individuals living with HIV/AIDS and their families through both HOPWA and HOPWA-PSH funding. HOPWA-PSH specifically provides eligible households with permanent supportive housing, which includes a continuous legal right to remain in the housing unit through a renewable lease or legally binding occupancy agreement after the first year of residency. In addition to housing assistance, participants must have ongoing access to supportive services provided by qualified service providers.

San Benito County partners with the City, which is a major entitlement jurisdiction in the Metropolitan Statistical Area. Department staff coordinates with San Benito County staff to administer approximately \$300,000 annually in rental assistance for eligible residents. Under HUD regulations, the City may use up to 3% of the annual HOPWA allocation for administrative costs related to program management and compliance.

ii. Administration [HOPWA / HOPWA – PSH]

The Department will utilize the additional resources up to the combined 6% statutory cap for the administration of the two programs, HOPWA and HOPWA-PSH.

EVALUATION AND FOLLOW-UP

The priorities, programs, and funding allocations outlined in the FY 2026-2027 Annual Action Plan reflect a strategic, data-informed approach to addressing the most pressing housing and community development needs in San José. By refining the City's goals

and emphasizing measurable outcomes, the Action Plan aims to maximize the impact of limited federal resources. The public service programs are scheduled for competitive rebidding in 2026 through the release of a NOFA.

Following the City Council approval of the FY 2026-2027 Action Plan, Department staff will review and confirm proper procurement and then finalize funding agreements with service providers. These agreements will include detailed scopes of service, contract budgets, performance measures, and outcome targets aligned with the priorities outlined in the Plan. The Annual Action Plan will be submitted to HUD by the required deadline of May 15, 2025.

Once approved by HUD, the final version of the Action Plan will be posted on the Department's website at www.sanjoseca.gov/housingconplan and will be made available by mail upon request.

In addition, capital projects identified in the FY 2026-2027 Action Plan will require further development and interdepartmental coordination. Upon the City Council adoption of the Action Plan, the Department, in collaboration with the City Manager's Budget Office and relevant City departments, will work to finalize project scopes and ensure all program and regulatory requirements are met. Prior to the execution of any contracts for capital projects, staff will complete all applicable environmental reviews in accordance with the National Environmental Policy Act and the California Environmental Quality Act.

At the close of each program year, the City is required to submit a Consolidated Annual Performance and Evaluation Report to HUD, which summarizes progress toward the goals identified in the previous year's Action Plan. The Department will present the FY 2025–2026 Consolidated Annual Performance and Evaluation Report to the City Council in September 2026.

FISCAL IMPACTS

This report summarizes the expenditure plan for the City's federal formula funds received from HUD, which includes a new FY 2026-2027 funding of \$13,743,769, along with \$22,596,992 from previous years' funding and program income for a combined total of \$36,340,762. These amounts will be programmed in the 2026-2027 Proposed and Adopted Operating Budgets within the HOME Investment Partnership Program Fund (\$23.1 million), the Community Development Block Grant Fund (\$9.1 million), and the Multi-Source Housing Fund (\$4.1 million).

April 17, 2026

Subject: Final Public Hearing and Approval of the Fiscal Year 2026-2027 Annual Action Plan for the U.S. Department of Housing and Urban Development

Page 19

COORDINATION

This memorandum was coordinated with the City Attorney's Office and the City Manager's Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City Council Agenda website for the May 5, 2026 City Council meeting.

Federal regulations require that jurisdictions hold at least two public hearings to receive public comment for the FY 2026-2027 Action Plan and funding priorities. In accordance with the City's Community Participation Plan, the Department holds three public hearings during the development and finalization of federally required documents. The Department presented the draft Action Plan to the Housing and Community Development Commission on April 9, 2026 to solicit the Commission's feedback and public comment. The second public hearing was held as a community meeting on April 16, 2026, conducted both in person at City Hall and virtually via Zoom. The City Council will hold the final public hearing on May 5, 2026, at which time the City Council must adopt the final FY 2026-2027 Action Plan. The Department will then submit the FY 2026-2027 Action Plan to HUD in time to meet its deadline.

All public comments provided to the City, both verbally and in writing, will be included in the appendices of the FY 2026-2027 Action Plan, together with staff's responses when the plan is submitted to HUD.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

Staff presented the draft FY 2026-2027 Action Plan to the Housing and Community Development Commission at its meeting on April 9, 2026.

HCDC Commissioner questions and input mainly concerned the following topics:

- Clarification of the scope and service expectations of the CDBG Legal Services programs;
- Clarification of the scope and service expectations of the Law Foundation's Fair Housing program; and
- The ability to use federal entitlements toward programs providing community services around immigration issues.

HONORABLE MAYOR AND CITY COUNCIL

April 17, 2026

Subject: Final Public Hearing and Approval of the Fiscal Year 2026-2027 Annual Action Plan for the U.S. Department of Housing and Urban Development

Page 20

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment; and File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

Erik L. Soliván
Housing Director

For questions, please contact Sarah Fields, Deputy Director, Housing Department at sarah.fields@sanjoseca.gov or (669) 369-8999.