



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: May 24, 2019

Approved

Date

5/31/19

SUBJECT: FINAL PUBLIC HEARING AND APPROVAL OF THE FY 2019-2020 ANNUAL ACTION PLAN

RECOMMENDATION

It is recommended that the City Council:

1. Hold a final public hearing regarding the approval of the City's FY 2019-2020 Annual Action Plan and take public comment;
2. Adopt the FY 2019-2020 Annual Action Plan, including the FY 2019-2020 funding recommendations for the four federal formula grants received by the City each year including the:
 - a. Community Development Block Grant (CDBG) Program;
 - b. HOME Investment Partnership Program (HOME);
 - c. Housing Opportunities for Persons with HIV/AIDS (HOPWA) Program; and
 - d. Emergency Solutions Grant (ESG) Program.
3. Authorize the Housing Department to submit the FY 2019-2020 Annual Action Plan to the U.S. Department of Housing and Urban Development (HUD); and,
4. Adopt a resolution authorizing the Director of Housing to negotiate and execute all non-capital project agreements to implement the projects and services identified in this memorandum not requiring CEQA review and to negotiate all capital project agreements and contracts including any amendments or modifications for the expenditure of CDBG, ESG, HOME, and HOPWA funds on behalf of the City.

OUTCOME

The City Council's approval of the FY 2019-2020 Annual Action Plan will enable staff to submit the federally-mandated document to HUD by the June 29, 2019, deadline. Meeting this deadline will enable the City to remain eligible to receive approximately \$14.1 million in federal housing and community development funds in FY 2019-2020. The approved recommendations will allow the Director of Housing to negotiate and execute agreements with agencies receiving federal funding to implement the strategies identified in the FY 2019-2020 Annual Action Plan.

EXECUTIVE SUMMARY

This action requests approval of the City's Annual Action Plan 2019-2020 (Plan), a yearly planning report that HUD requires of jurisdictions receiving federal funds. This memorandum summarizes the key elements within the detailed final draft Plan (**Attachment A**) on the use of approximately \$14.1 million the City is receiving in FY 2019-2020 plus estimated program income (loan repayments) and prior years' carryovers. This report outlines each of the four primary goals established in the five-year Consolidated Plan. It also provides an itemized description of the proposed activities and funding recommendations for each of the four federal funds. The activities proposed in the Plan are based on stakeholder outreach conducted to solicit input and to develop the Plan.

BACKGROUND

As an Entitlement City, San José receives federal formula grants each year from HUD for housing and community development activities. The funding provided to the City is based on several factors including population, poverty, and housing statistics.

Every five years, HUD requires entitlement jurisdictions such as San José to develop a Five-Year Consolidated Plan. The Consolidated Plan: assesses the City's current housing market; analyzes demographic, ethnic, 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 our community.

In May 2015, the City adopted the Five-Year Consolidated Plan for the FY 2015-2020 period. The City participated in a countywide collaboration to analyze data on housing needs and to develop this cycle's Consolidated Plan. The City then refined and prioritized the identified broad regional objectives to establish its four major goals, which meet both regional and local priorities:

- 1) Increase and preserve affordable housing opportunities;
- 2) Respond to homelessness and its impacts on the community;
- 3) Strengthen neighborhoods; and
- 4) Promote fair housing.

In each of the five years in the Consolidated Plan, HUD requires entitlement jurisdictions to submit an Annual Action Plan (Plan) which identifies a one-year strategy for meeting the goals contained in the Five-Year Plan. This proposed Annual Action Plan (**Attachment A**) covers FY 2019-2020.

FY 2019-2020 Annual Action Plan Process

In early December 2018, Housing Department staff initiated the planning and development process for the FY 2019-2020 Annual Plan. The outreach and citizen participation process is summarized in pages 24-30 of the draft Plan. After receiving public input on the funding priorities, City staff presented the results of the collective input and staff analysis to the Housing and Community Development Commission on February 14, 2019. After receiving input from Housing and Community Development Commission, City staff finalized the funding priorities which have been incorporated into the draft Plan.

The draft Plan was released on May 2, 2019, for public comment. The document can be found at <http://www.sanjoseca.gov/DocumentCenter/View/77624>. HUD requires that the document be made available for public input 30 days prior to City Council approval. The initial City Council hearing was held on May 14, 2019. The 30-day public comment period will continue through the second City Council hearing on June 11, 2019. The section below on outreach details staff's notifications to the public, which were printed in four languages.

The draft FY 2019-2020 Plan was released later than usual this year due to delays by the federal government in adopting its 2019 federal budget. This, in turn, delays the final public hearing and City Council consideration. In the typical annual schedule, final approvals and submission are completed in May. However, the federal government operated under multiple Continuing Resolutions from December 7, 2018, to February 13, 2019. The House and Senate finally approved the 2019 federal budget on February 14, 2019.

Given these delays, staff received guidance by HUD on how to accommodate this year's federal budget specifics in preparing the Plan. It must be approved by the City Council and submitted to HUD within 60 days of receiving notice of the City's final funding allocation amounts for 2019. San José received its 2019 allocation amounts on April 25, 2019; therefore, the annual deadline to submit the Plan to HUD is June 24, 2019. The City's final allocation numbers are included in this draft FY 2019-2020 Plan.

ANALYSIS

For FY 2019-2020, HUD will provide the City with \$14.1 million total CDBG, HOME, HOPWA, and ESG entitlement grants. When prior-year balances and anticipated program income from loan repayments are added to the annual allocation, the total federal funds to be programed in the coming year is approximately \$30.3million. Table 1 below summarizes the FY 2019-2020 federal funding levels:

Table 1: FY 2019-2020 Federal Funding Levels

Fund	Annual Allocation	Prior-year Carryover*	Estimated 2019-2020 Program Income	Total Estimated Resources
CDBG	\$8,856,601	\$6,365,246	\$400,000	\$15,621,847
HOME	\$3,239,144	\$7,726,421	\$1,750,000	\$12,715,565
HOPWA	\$1,278,773	\$0	\$0	\$1,278,773
ESG	\$757,502	\$0	\$0	\$757,502
Total	\$14,132,020	\$14,091,667	\$2,150,000	\$30,373,687

**Note: The Prior-year Carryover amounts may differ from the City's annual budget due to timing differences regarding the treatment of program commitments and encumbrances.*

FY 2019-2020 Annual Action Plan Goals

The FY 2019-2020 Plan contains a description of all activities recommended for funding. Each of the activities detailed in the Plan aligned with the four goals of the Consolidated Plan and contributes to the City's five-year objectives. Below is a summary of the four primary goals and the expected outputs for FY 2019-2020:

Affordable Housing

- The development of at least 50 new apartments, affordable to low-income households, will be funded with HOME funding.
- At least 75 low-income people living with HIV/AIDS will receive rental assistance, making their housing affordable. Households receiving rental assistance shall also receive housing placement assistance, medical and housing case management, and self-sufficiency services as needed.

Respond to Homelessness and Its Impacts on the Community

- At least 100 households will receive rapid rehousing assistance through the HOME Tenant-Based Rental Assistance (TBRA) program. Rapid re-housing participants also receive housing placement assistance and case management.
- At least 1,00000 outreach contacts will be made through ESG- and CDBG-funded street outreach programs. These contacts include street-based case management services and participation in the County's Continuum of Care's (COC) coordinated assessment.
- At least 30 households will be served by the ESG funded homelessness prevention program and not fall into homelessness.

Strengthening Neighborhoods

- At least 300 seniors will be served with meals/nutrition, transportation, and/or shared housing services.
- At least 250 neighborhood residents will receive services to meet basic needs, develop leadership skills, and/or increase self-sufficiency.
- At least 10 jobs will be created for homeless and formerly homeless individuals.

- At least 775 households will benefit from enhanced code enforcement services in CDBG low-income focus areas, including inspections of multifamily apartments to increase the livability and habitability of rental apartments.
- Approximately 1,000 low-income and other vulnerable residents will be served through nonprofit facilities rehabilitation funding through improved facilities and more effective service delivery.
- At least 300 low-income residents will be provided with tenant/landlord counseling and/or legal services, increasing housing and neighborhood stability.

Promote Fair Housing Choice

- At least 220 residents will be served through outreach and education on fair housing issues, fair housing testing, and/or legal assistance.

As usual, accomplishments of the 2019-2020 federal funding recipients will be detailed in the Consolidated Annual Performance Evaluation Report (CAPER) after the completion of next fiscal year.

FY 2019-20120 Planned Activities

The FY 2019-2020 Plan contains a description of all activities recommended for funding. Each of the activities detailed in the Plan are aligned with the four goals of the Consolidated Plan and contribute to the City's five-year objectives. The Plan aligns the City's available resources with the planned activities that will enable the City to meet its annual goals. Completing the Plan annually helps the City stay on target to meet its five-year goals. The expenditure plans for CDBG, HOME, HOPWA, and ESG are provided below. All activities are described in greater detail in the draft Plan's Project Summary Table (*AP-38 Projects Summary*).

Community Development Block Grant (CDBG) Program

CDBG is a flexible program that 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. These include Public Services (PS), Community Development Improvement (CDI), and Administration activities. The CDI category is further delineated into 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 indirect services provided to Low- and Moderate-Income Households.

The CDBG allocation decreased by \$70,710 compared to the FY 2018-2019 allocation. This change resulted in a decrease in administration costs and \$10,607 decrease in funds for public services. All public services were funded at the same level as FY 2018-2019 except for Services for Homeless and Unhoused Populations, which absorbed the decrease. Because these services

are very important to maintain, the Department is filling the gap with additional Housing Authority Litigation Award funding.

Table 2 outlines the City’s planned CDBG expenditures for the coming year by category and activity. Additional detail on these activities are provided in subsequent tables in this memo.

Table 2: CDBG Activities for FY 2019-2020

Category	CDBG Activities	Funding
PS	Senior Services	\$200,000
PS	Neighborhood Engagement and Leadership Training	\$200,000
PS	Services for Homeless and Unhoused Populations	\$388,490
PS	Citywide Legal Services for Low-income Tenants and Landlords	\$500,000
PS/Admin	Fair Housing	\$318,896
CDI	Neighborhood Street and Infrastructure Enhancements	\$9,130,000
CDI	Targeted Code Enforcement	\$1,102,037
CDI	Minor Home Repair	\$1,650,000
CDI	Job Training for Homeless Individuals	\$500,000
Admin	Grants Management	\$1,632,424
Total		\$15,621,847*

CDBG - Public Services

CDBG funds can pay for a variety of Public Services for low-income individuals. Program regulations require that Public Services funding be capped at 15% of the annual allocation combined with the prior year’s Program Income. Program Income is primarily comprised of repayments of loans made from federal funds. Services are generally funded on a three- to five-year funding cycle to provide predictability in service delivery and to support organizational capacity of service providers.

Table 3 lists existing services and service providers currently in a multi-year funding cycle. Staff is recommending to extend the following services through FY 2019-2020 at the indicated same level through FY2018-2019.

Table 3: Existing Service Providers in Three-Year CDBG Funding Cycle

Service Type	Agency	Program	Funding
Senior Services	The Health Trust	Meals On Wheels – Senior Services	\$125,000
Senior Services	Portuguese Organization for Social Services Opportunities	Senior Access and Health Support	\$75,000
Neighborhood Engagement	SOMOS Mayfair	Home Grown Talent Project	\$150,000
Neighborhood Engagement	CommUniverCity	Community Leadership Development	\$50,000
Legal Services	San José Housing Rights Consortium	Legal Services for Low-Income Tenants & Landlords	\$500,000

Service Type	Agency	Program	Funding
Homeless Services	HomeFirst	Citywide Outreach	\$388,490
Fair Housing	Law Foundation of Silicon Valley - Four Agency Consortium includes Project Sentinel, Asian Law Alliance, Senior Adults Legal Assistance and Law Foundation as lead agency	Fair Housing Services	\$100,000
Total			\$1,388,490

Additional information on proposed services is as follows:

Senior Services – The City is currently funding two agencies that provide home delivered meals and accessible transportation to handicapped and frail seniors. The Health Trust Meals on Wheels Program and the Portuguese Organization for Senior Services and Opportunities (POSSO) administer programs to engage low-income, homebound seniors in San José with direct food assistance, accessible transportation, and reduction of social isolation. Staff is recommending to continue funding the current agencies at the same level through FY 2019-2020. This will be the third year of funding for these programs:

Agency: The Health Trust Meals on Wheels / Funding: \$125,000
Agency: POSSO / Funding: \$75,000

Neighborhood Engagement and Leadership Training – The City is currently funding two agencies that provide a variety of neighborhood-focused programs to increase social capital (i.e., a form of economic and/or cultural capital in which social networks are essential components to community growth) in lower-income neighborhoods. SOMOS Mayfair and CommUniverCity administer programs to engage the community and develop leadership skills of residents. Their goal is to promote, support, and sustain civic engagement by residents that are typically underrepresented in city governance and civic processes. Staff is recommending to continue funding the current agencies at the same levels through FY 2019-2020. This will be the fourth year of funding for these programs:

Agency: SOMOS Mayfair / Funding: \$150,000
Agency: CommUniverCity / Funding: \$50,000

Services for Homeless and Unhoused Populations – The City awarded CDBG and ESG funding for Outreach & Engagement and Homeless Prevention Programs on September 18, 2018. The Citywide Outreach, Engagement, and Mobile Case Management Program provides street based outreach and case management, emergency shelter, transportation, a homeless helpline, referrals and service connections, and assessment and services to attain permanent housing. To fully fund the robust outreach and engagement program, the Housing Department supplemented federal awards with Housing Authority Litigation Award (HALA) funds. ESG awarded agencies will be mentioned in the ESG section of this memorandum. HomeFirst is currently receiving CDBG and HALA funds to perform these services throughout the City and staff is recommending to

continue funding HomeFirst through FY 2019-2020. This will be the second year of funding for these programs:

Agency: HomeFirst / Funding: \$388,490 CDBG; \$511,510 HALA

Legal Services for Low-income Tenants and Landlords – The five-agency consortium led by Law Foundation of Silicon Valley (Consortium) will provide outreach and education services, develop and operate a legal counseling hotline, provide face-to-face legal clinics, represent tenants in eviction proceedings and administrative hearings, and provide limited legal representation for enforcement. The goal of the Consortium’s activities is to prevent the displacement of low-income tenants by preserving affordable housing opportunities and preventing unjust evictions. The Consortium also plans to provide landlords and tenants an understanding of the Apartment Rent Ordinance and Tenant Protection Ordinance, to strengthen neighborhoods by keeping families in their homes, and to promote fair housing choice. The Consortium has received an overwhelming response for inquiries and services. Staff is recommending to continue funding the current agencies at the same level through FY 2019-2020. This will be the second year of funding for these programs:

Agency: San José Housing Rights Consortium / Funding: \$500,000

CDBG - Community Development Investments

Community Development Investment (CDI) funds can be used to fund infrastructure and other needs. There is no limit on the amount of funding that may be dedicated to the CDI category. Enhanced Code Enforcement is one of the few service activities that can be funded with CDI funds. The FY 2019-2020 Plan allocates CDBG funding to the following CDI activities:

Place-based Projects – Housing Department staff has coordinated with other City departments to identify infrastructure and other capital projects eligible for CDBG that benefit the City’s lower-income communities. Since 2012, CDBG resources have leveraged investments in the Santee/McKinley, Mayfair, and Five Wounds/Brookwood Terrace neighborhoods to create clean, safe, and engaged neighborhoods. In FY 2019-2020, the Housing Department will continue broadening its neighborhood focus to include three low-income areas adjacent to planned housing developments for formerly-homeless residents. Also included in this category are funds for the Housing Department’s acquisition of sites and for infrastructure work supporting affordable developments. As with most capital projects, the affordable housing site acquisition and infrastructure funds are expected to start next fiscal year but may result in expenditures over multiple years.

Table 4: CDI Place-based Projects

Project	Description	Funding
New Haven Triplex and Transitional Housing	Additional funding for the rehabilitation of City-owned residences, which will offer interim housing targeting LGBTQ youth. \$300,000 of CDBG funds were initially allocated to this project in FY 2018-2019.	\$1,000,000

Project	Description	Funding
Affordable Housing Site Acquisition, Rehabilitation, and Infrastructure	Funding available for prospective projects that include the acquisition, rehabilitation, and infrastructure for affordable housing sites and public facilities.	\$6,720,000
Enhanced Pedestrian Crosswalks	Construct enhanced crosswalks, which include pedestrian activated Rectangular Rapid Flashing Beacons (RRFB) with ADA ramps, concrete medians, signs and markings to increase health and security in multiple neighborhoods.	\$760,000
King/St.James & King/San Antonio Street Improvements	The projects include installing up-to-date pedestrian flashing beacons, upgrading traffic signal, extending sidewalks to provide increased pedestrian refuge area, and relocating utilities, which will greatly improve the safety of pedestrians that use the crosswalks. Additional money to bring total funding to \$1,280,000.	\$650,000
Total		\$9,130,000

Additional information on proposed projects is as follows:

- *New Haven Triplex and Transitional Housing* – In partnership with the County of Santa Clara, the Housing Department anticipates rehabilitating The Haven, which will offer interim housing targeting LGBTQ youth. \$700,000 of CDBG funds were initially allocated to this project in FY 2018-2019.
- *Affordable Housing Site Acquisition, Rehabilitation, and Infrastructure* – The Department anticipates using additional funds on opportunities for site acquisition and infrastructure related to creation of new affordable housing.

Nonprofit Facility Rehabilitation – Community-based organizations provide vital services for the residents of San José. They offer services that are often not feasible for public or private organizations to administer. Many organizations struggle to raise the revenue needed to provide basic essential services for the City’s most at-risk residents. This ongoing lack of resources leaves many agencies with the inability to maintain or improve the facilities where their staff are located and where direct services to clients are provided. CDI funding for nonprofit facilities has been identified as a critical need by many of the nonprofit agencies in San José and has been listed as a priority by the Silicon Valley Council of Nonprofits.

Current work project is as follows:

- *Bill Wilson Enclave Rehabilitation* – \$276,000 of CDBG funds from FY 2018-2019 will be used to support completion of the Bill Wilson Center Rehabilitation project, originally funded in the FY 2014-2015 Annual Action Plan. Funds will rehabilitate the homeless drop-in center, which includes three buildings on the corner of South 2nd and Margaret Streets. During the planning phase of this project, \$726,201 was moved from the FY 2016-2017 to be funded from FY 2017-2018 CDBG funds. The total project allocation is \$924,132

CDI-funded Non-construction – Non-construction CDI projects include programs and other indirect services benefitting low- and moderate-income individuals and households. Enhanced Code Enforcement and Job Creation are two of the only service activities that can be funded with CDI funds. For Code Enforcement to be eligible, it must be linked with a special program such as the City’s Place-Based Neighborhood Initiative. Table 7 provides a list of the programs to be funded under the CDI category:

Table 6: CDI Non-construction Projects

Agency	Program	Funding
City Code Enforcement	Enhanced Code Enforcement in targeted neighborhoods	\$1,102,037
Rebuilding Together Silicon Valley	Minor Repair and Limited Rehab for Low-Income Homeowners Program	\$1,100,000
Habitat for Humanity	Minor Repair and Limited Rehab for Low-Income Homeowners Program	\$550,000
San José Streets Team	Job Training for Homeless and At-risk Individuals	\$500,000
Total		\$3,252,037

Additional information on proposed projects are as follows:

- *Enhanced Code Enforcement* – Code Enforcement’s focus will be primarily on the inspections of multifamily units, with general blight inspections and single family housing inspections being ancillary to the multifamily inspections. In FY 2019-2020, the primary focus of almost \$1.1 million in CDBG-funded Enhanced Code Enforcement will be in four specific neighborhoods that include Santee, Five Wounds/Brookwood Terrace, Cadillac/Project Hope, and the newly added Round Table/Project Hope II.
- *Minor Repair Program* – This program will provide minor repairs to single family and mobilehomes to address immediate health and safety needs, and create a decent and safe living environment for low-income homeowners in San José. The focus of the repairs will be maintenance-type repairs (e.g., faucet repairs, roof patching), emergency and critical repair (e.g., grab bars, ramps), and larger limited rehabilitation (e.g., roof replacements). Historically, over 80% of the residents benefitting from these services are senior homeowners. Staff is recommending to continue funding the current agencies at the following levels through FY 2019-2020. This will be the fourth year of funding for these programs.
Agency: Rebuilding Together Silicon Valley / Funding: \$1,100,000
Agency: Habitat for Humanity East Bay Silicon Valley / Funding: \$550,000
- *Job training* - The program will support job training for homeless and at risk individuals. This program must meet the national objective of job creation and retention for low-/moderate-income residents. This requirement is met when job training participants are placed in permanent jobs. In order to be eligible for CDBG, the job training must be tied to assistance to for-profit businesses. Staff is recommending to continue funding to San José

Streets Team at the same levels through FY 2019-2020. This will be the fourth year of funding for this program.

Agency: San José Streets Team / Funding: \$500,000

Administration: Recognizing the significant requirements associated with managing CDBG funds, HUD allows funding of administrative planning and oversight utilizing up to 15% of the sum of the annual allocation plus the current year’s Program Income. In addition to grant planning and oversight, Fair Housing is the sole service that can be paid from the Administrative category as well as the Public Service category. In FY 2019-2020, the Housing Department will continue to provide the majority of the cost of Fair Housing services out of this CDBG category with the remainder funded out of Public Services. In addition, some Administrative funds will pay other City departments’ work on CDBG-related activities. This includes the City Attorney’s Office and Planning, Building and Code Enforcement. Finally, some funds are targeted for consulting services to start an Assessment of Fair Housing study per HUD’s guidance.

Table 7: CDBG Administrative

Agency	Program	Funding
Housing Department	CDBG Administration	\$1,582,359
City Attorney’s Office	Legal Staffing	\$17,974
Planning Department	Environmental Reviews	\$32,097
Law Foundation of Silicon Valley - Four Agency Consortium	Fair Housing*	\$218,896
Total		\$1,851,320

**Note: Fair Housing services will be funded from CDBG Administrative funds and CDBG Public Services funds. The total amount recommended is \$318,896.*

- *Grant Planning and Oversight* – Approximately \$1.6 million is allocated to grant planning and administration in FY 2019-2020. This updated number reflects current fringe and salary information from the Budget Office. This funds administration of the federally-funded grants which includes community outreach, annual planning, procurement of services and capital projects, contract development and management, sub-grantee monitoring, reporting, legal services, and environmental reviews. If there are savings on the City staff line item, which are expected, they may be used to augment the consultant contract amount.
- *Fair Housing Services* – Fair Housing services may include: outreach and education on fair housing issues; conducting fair housing testing; enforcing fair housing laws through litigation; and providing technical assistance to the Housing Department on how to monitor City-financed developments for fair housing compliance. The City will continue to contract with a consortium of four agencies to provide these services, with the Law Foundation of Silicon Valley serving as the consortium lead. In addition to CDBG, a portion of the Fair Housing services are funded with HOME funds. Staff is recommending to continue funding the Law Foundation at the following levels through FY 2019-2020. This will be the third year of funding for these programs.

Agency: Law Foundation of Silicon Valley Collaborative / Funding: \$400,000 (\$100,000 CDBG Admin, \$218,896 CDBG Public Services, \$81,104 HOME)

HOME Program

The HOME program provides financial assistance to help increase the supply of affordable rental and homeownership housing for low-income households through the acquisition, rehabilitation, or construction of affordable housing and through the provision of tenant-based rental assistance. Tenant-based rental assistance will be provided within the City’s Rapid Rehousing program. The Health Trust was selected through a previous federally-funded services RFP to provide rental assistance and supportive housing services. Staff is recommending to continue funding The Health Trust to administer this program.

HOME funds, including unspent funds from last year and projected program income, are proposed to be allocated in FY 2019-2020 as listed in Table 9. It should be noted that HOME rules require that new affordable housing developments must have all other financing obtained and be able to start construction within one year of committing the funds. For this reason, the Housing Department must usually hold a significant amount of funds until a project is almost ready to start construction. In FY 2018-2019, staff released a Notice of Funding Availability (NOFA) and is in the process of committing funding.

Table 9: Proposed 2019-2020 HOME Activities

Project	Allocated Amount
New Affordable Housing Development (including project delivery)	\$10,139,416
Tenant-Based Rental Assistance (TBRA)	\$2,252,235
Program Administration	\$242,810
Fair Housing Services	\$81,104
Total HOME	\$12,715,565

Housing Opportunities for Persons with HIV/AIDS (HOPWA) Program

The HOPWA program provides local jurisdictions and nonprofits with resources and incentives to support long-term strategies for meeting the housing needs of low-income individuals living with HIV/AIDS and their families.

In FY 2019-2020, the City is projected to receive \$1,278,773 in HOPWA funds. The Health Trust was selected through a previous federally-funded services RFP to provide rental assistance and supportive housing services. Staff is recommending to continue funding The Health Trust to administer HOPWA activities at the following levels through FY 2019-2020. This will be the fourth year of funding for these programs:

Table 10: Proposed FY 2019-20120 HOPWA Activities

Project	Allocated Amount
Rental Assistance and Supportive Housing	\$1,190,410
Grantee Administration	\$50,000
City Administration	\$38,363
Total HOPWA	\$1,278,773

Emergency Solutions Grant (ESG) Program

As mentioned previously, the City awarded CDBG and ESG funding for Outreach & Engagement and Homeless Prevention Programs on September 18, 2018. The Citywide Outreach, Engagement, and Mobile Case Management Program provides street based outreach and case management, emergency shelter, transportation, a homeless helpline, referrals and service connections, and assessment and services to attain permanent housing. To fully fund the robust outreach and engagement program, the Housing Department supplemented federal awards with Housing Authority Litigation Award (HALA) funds.

The Homeless Prevention Program provides the support needed for low-income households and individuals to remain permanently housed. The Program provides deposit and rental support, as well as relocation assistance and stabilization services. The Program will work in conjunction with and/or enhance existing County homeless prevention programs, including the Emergency Assistance Network (EAN).

Additionally, the City is able to directly fund Santa Clara County Homeless Management Information System (HMIS) with ESG funds. HMIS is a secure online database that stores data on all homelessness services that are provided in Santa Clara County. Santa Clara County uses this data to improve the ability of local organizations to provide access to housing and services, and strengthen our efforts to end homelessness.

People Assisting the Homeless (PATH), Bill Wilson Center, and the County of Santa Clara are currently receiving ESG and HALA funds to perform these services and staff is recommending to continue funding these agencies through FY 2019-2020. This will be the second year of funding for these programs:

- Agency: PATH / Funding: \$421,690 CDBG; \$511,510 HALA*
- Agency: Bill Wilson Center / Funding: \$129,000*
- Agency: County of Santa Clara / Funding: \$150,000*

Table 11: Proposed FY 2019-20120 ESG Activities

Service Type	Agency	Program	Funding
Homeless Services	People Assisting the Homeless (PATH)	San José Outreach and Engagement	\$421,690
Homeless Services	Bill Wilson Center	Homeless Prevention Program for Youth and Families	\$129,000
Homeless Services	County of Santa Clara	Homeless Management Information System (HMIS)	\$150,000
Administration	City	ESG Administration	\$56,812
		TOTAL ESG:	\$757,502

Plan Implementation

Once the Plan is approved by City Council, staff will work with service providers to develop agreements that include finalized scopes of service, contract budgets, performance measures,

goals, and outcomes. Upon approval of the Plan by HUD, staff will work with agencies to finalize service agreements in preparation for execution on or about July 1, 2019.

Additionally, capital projects identified in the Plan are preliminary in nature and will require further development. Upon approval of the Plan by City Council, staff will work with stakeholders to develop the final project scopes and will take all necessary steps to ensure compliance with funding and project requirements. Staff will coordinate environmental reviews in compliance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) clearances before final commitment of funds via contract.

EVALUATION AND FOLLOW-UP

The public comment period for the 2019-2020 Annual Plan closes on June 11, 2019, which is after the submission deadline for this memorandum. Therefore, a summary of all public comments, the City's responses, and potential amendments to the draft Plan will be distributed to the City Council in the form of a Supplemental Memorandum prior to the June 11, 2019, meeting at which the City Council will consider approval of the final Plan documents. As always, the City will use the Consolidated Annual Performance and Evaluation Report (CAPER) to report its progress toward achieving goals identified in this 2019-2020 Annual Plan after the end of that Plan year.

POLICY ALTERNATIVES

Not applicable; submission of the Annual Action Plan to HUD is a requirement of the City as an entitlement jurisdiction.

PUBLIC OUTREACH

Federal regulations stipulate that jurisdictions hold at least two public hearings to receive public comment for the Plan and funding priorities. This year, the City will hold a total of four public hearings on the 2019-2020 Plan. Staff used the meeting with the Housing & Community Development Commission on February 14, 2019, to present its funding strategies and priorities and to solicit feedback. City staff sent an e-mail announcement of the public hearings on the draft Plan to over 2,600 organizations and individuals concerned about affordable housing and community development issues. Staff also published a notice in the *San José Mercury News* of the public meetings. These notices were translated into Spanish, Vietnamese, Chinese, and Tagalog and also were published in the *El Observador*, *Vietnam Daily News*, *World Journal*, and *Philippine News* newspapers. The City's public hearings are provided below.

- February 14, 2019 – Housing & Community Development Commission
- May 9, 2019 – Housing & Community Development Commission
- May 14, 2019 – City Council
- June 11, 2019 - City Council

All public comments provided to the City both verbally or in writing will be included in the appendices of the Plan together with staff's response when the Plan is submitted to HUD. Once approved, the FY 2019-2020 Annual Action Plan will be available on the Housing Department's website (<http://www.sanjoseca.gov/housingconplan>), or by U.S. mail at the public's request.

COORDINATION

Preparation of this report has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

COMMISSION RECOMMENDATION

On May 9, 2019, Housing Department staff presented the draft Plan to the Housing & Community Development Commission. The purpose of the meeting was to obtain the Commission's input and to hold a public hearing. Staff's summary of all public comments, including those of Commissioners, is attached to this memorandum as **Attachment B**. Staff will submit all public comments to HUD with the final City Council-approved Plan on or before June 30, 2019.

FISCAL/POLICY ALIGNMENT

This action is consistent with the City's Consolidated Plan 2015-2020, adopted by the City Council on May 5, 2015, and with the City's Adopted Housing Element 2014-2023, in that the action provides services to very low-income households. It also furthers the advancement of the Community Plan to End Homelessness approved by the City Council in February 2015. The timely submittal of the Plan to HUD will enable the City to receive and distribute approximately \$14.1 million in entitlement funds for the CDBG, HOME, HOPWA, and ESG programs for FY 2019-2020.

COST SUMMARY/IMPLICATIONS

This report summarizes the expenditure plan for the City's federal funds received from HUD.

BUDGET REFERENCE

Commitments proposed in this Plan will be appropriated as part of the FY 2019-2020 budget process. Subject to City Council approval, some multi-year Community Development Infrastructure expenditures will be included in the City's FY 2019-2020 budget process.

HONORABLE MAYOR AND CITY COUNCIL
May 24, 2019
Subject: FY 2019-2020 Annual Action Plan
Page 16

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action. Specific development projects that are funded as a result of the Consolidated Annual Action Plan are subject to project-specific CEQA and NEPA clearance.

/s/
JACKY MORALES-FERRAND
Director of Housing

For questions, please contact Ragan Henninger, Deputy Director, at (408) 535-3854.

Attachments:

Attachment A: Draft Annual Action Plan 2019-2020

Attachment B: Community Input and Public Testimony on the FY 2019-20 Annual Action Plan

Attachment C: Updates to the May 14, 2019 City Council Memo Regarding the FY 2019-20
Annual Action Plan

Attachment D: Revisions to the Draft FY 2019-20 Annual Action Plan