



# Memorandum

**TO:** NEIGHBORHOOD SERVICES AND  
EDUCATION COMMITTEE

**FROM:** Jacky Morales-Ferrand

**SUBJECT:** SEE BELOW

**DATE:** September 9, 2019

Approved

Date

9/9/2019

## REPLACEMENT

**SUBJECT: FY 2018-2019 CONSOLIDATED ANNUAL PERFORMANCE  
EVALUATION REPORT**

## REASON FOR REPLACEMENT

The purpose of this replacement memorandum is to include the cross-reference of this report to the September 24, 2019 Council Agenda.

## RECOMMENDATION

1. Accept the report on the progress towards achieving the housing and community development goals identified in the City's five-year Consolidated Plan (2015-2020) and the FY 2018-2019 Annual Action Plan (Housing) regarding the use of federal funds from the U.S. Department of Housing and Urban Development (HUD).
2. Cross-reference this report to the full City Council to be heard at the September 24, 2019, City Council meeting.

## OUTCOME

Approval of the [Consolidated Annual Performance and Evaluation Report \(CAPER\)](#) will ensure compliance with HUD's reporting requirements and will enable the City to continue qualifying for much-needed federal funds for housing and community development programs.

## **EXECUTIVE SUMMARY**

This memorandum summarizes the accomplishments contained within the FY 2018-2019 CAPER. The CAPER describes the progress towards achieving the housing and community development goals identified in the City's five-year Consolidated Plan (2015-2020) and the FY 2018-2019 Annual Action Plan. Highlights include achievements in the four priorities identified in the five-year Consolidated Plan. These include:

- 1) Increase and Preserve Affordable Housing;
- 2) Respond to Homelessness and its Impact on the Community;
- 3) Strengthen Neighborhoods; and
- 4) Promote Fair Housing Choices.

The accomplishments reflect measures stated in grant agreements with service providers, as well as the results of community development projects completed by various City departments. They summarize only the goals associated with the City's federally-funded activities.

For FY 2018-2019, the City expended over \$14,663,383 in federal funds. In aggregate, these federal funds enabled the following achievement in the four priorities:

### **Increase and Preserve Affordable Housing:**

- 68 persons living with HIV/AIDS received permanent rental assistance.

### **Respond to Homelessness and its Impact on the Community:**

- 62 homeless households received rental assistance;
- 832 homeless people received outreach services;
- 2,704 outreach contacts were made with homeless individuals; and
- 67 homeless or formerly homeless individuals participated in job training.

### **Strengthening Neighborhoods:**

- 207 low-income seniors received meals, nutrition, or socialization services;
- 294 low-income residents participated in leadership development programs;
- 289 households received safety or accessibility improvements to their home; and
- 522 homes were improved as a result of enhanced code enforcement services.

### **Promote Fair Housing Choices:**

- 259 low-income households received fair housing education or legal services.
- 927 tenants received legal consultations
- 23 tenants received limited legal representation

While the information detailed above describes the number of individuals and households that benefited from projects supported with federal funds, the impact of these services on the lives of those receiving services is described on the following pages. The federal resources supporting

these services help to leverage local funding and to increase the City's impact in addressing the needs of the community.

## **BACKGROUND**

As an entitlement community, San José receives federal funding each year directly from HUD. Administered by the City's Department of Housing, the federal funds are vitally-needed to support several City initiatives and to help the Department meet its mission to strengthen and revitalize San José's communities through housing and neighborhood investments.

To qualify for these funds, HUD requires that the City complete the following three documents:

1. A Five-Year Consolidated Plan which documents the City's housing needs and its strategies for meeting those needs during a five-year period. For FY 2018-19, the City was in its the fourth year of its 2015-2020 Five-Year Consolidated Plan.
2. An Annual Action Plan which details the investment strategy in each of the five years within a Consolidated Plan cycle to meet identified priorities. The City Council approved the FY 2018-2019 Annual Action Plan on June 19, 2018.
3. A Consolidated Annual Performance and Evaluation Report (CAPER) which summarizes the City's progress in meeting the objectives of each respective Annual Plan. The draft FY 2018-2019 CAPER is available on the Housing Department's website and is attached as **Attachment A** to this memo.

These Plans guide the funding priorities for San José's federal housing grant programs that are administered by the City's Housing Department and overseen by HUD. The City is required to submit the CAPER to HUD by September 30, 2019. The September 17, 2019, City Council meeting will provide an opportunity for public input on the report and for the City Council to consider approval of the CAPER prior to its submission to HUD.

## **ANALYSIS**

The City received a total allocation of \$14,347,810 in federal funding from Community Development Block Grants, Home Investment Partnerships Program, Housing Opportunities for Persons with AIDS, and Emergency Solutions Grant programs for FY 2018-2019. Major accomplishments achieved during the fiscal year are highlighted in the following sections. Each set of annual goals in the 2018-2019 Annual Action Plan are measured against progress toward the goals set in the five-year Consolidated Plan. Each of the federal grants has specific requirements on how funds can be used to meet the goals/areas of need. The main objective of each program is described below.

Community Development Block Grant (CDBG): As the largest and most flexible of the four federal grants, the CDBG funds are divided into four categories. These include Public Services, Community Development Investment Activities, and Administration. The Community Development Investment category is further delineated into non-construction and construction projects.

HOME Investment Partnerships Program (HOME): These funds must be used to provide affordable housing opportunities.

Emergency Solutions Grant (ESG): These funds must be used for solutions to address homelessness.

Housing Opportunities for Persons With AIDS (HOPWA): The HOPWA grant must be used to fund agencies that provide housing and support services to low-income individuals living with HIV/AIDS.

A summary of the total federal fund expenditures by goal and program is provided in Table A below. The figures included in the table are estimates and will be updated prior to submission of the CAPER to HUD. It should be noted that the total expenditures of \$15,972,082 exceeds the funds allocated for FY 2018-2019. This is due to expenditures of "program income" as well as the City's annual funding allocation. Program income consists primarily of construction loan repayments from loans originated in prior years. Program income must be spent before the current fiscal year's allocation is spent.

<b>Table A: 2018-19 Federal Grant Expenditures by Goal and Program</b>					
<b>Goal</b>	<b>CDBG</b>	<b>HOME</b>	<b>ESG</b>	<b>HOPWA</b>	<b>Total*</b>
Responding to Homelessness and its Impacts on the Community	\$1,264,791	\$413,278	\$652,444	-	<b>\$2,330,513</b>
Increase and Preserve Affordable Housing Opportunities	\$450,912	\$7,287,209	-	\$988,994	<b>\$8,727,115</b>
Strengthening Neighborhoods	\$3,369,073	-	-	-	<b>\$3,369,073</b>
Promoting Fair Housing Choice	\$300,000	\$68,117	-	-	<b>\$368,117</b>
Administration**	\$992,318	\$160,806	\$8,946	\$15,194	<b>\$1,177,264</b>
<b>Total</b>	<b>6,377,094</b>	<b>\$7,929,410</b>	<b>\$661,390</b>	<b>\$1,004,188</b>	<b>\$15,972,082</b>

\*Note: The total expenditure amounts may differ from the amounts reflected in the annual budget due to timing differences regarding the treatment of program commitments and encumbrances. Numbers may not add due to rounding.

\*\*Note: The HOME administrative funds include both administrative expenses for the Housing Department and the City's nonprofit Tenant Based Rental Assistance program administrator.

**PROGRESS ON PRIORITIES**

The following are summaries of each of the four priorities and outcomes from programs serving each goal.

**RESPOND TO HOMELESSNESS AND ITS IMPACTS ON THE COMMUNITY**

Table B summarizes major outcomes of federally-funded projects responding to homelessness.

<b>Table B: Respond to Homelessness and Its Impacts on the Community</b>			
<b>Projects</b>	<b>Agency</b>	<b>Unduplicated Individuals/ Households Served</b>	<b>Outcomes</b>
HOME Rental Assistance	The Health Trust	62 households	62 homeless individuals/households were provided a rental subsidy to ensure they paid no more than 30% of their income towards housing costs. All clients received case management services.
Homeless Prevention	Bill Wilson Center	26 individuals	26 homeless individuals/households were provided a rental subsidy in order to ensure that those families/individuals were prevented from becoming homeless due to temporary circumstances. All clients received case management services.  100% of households remained stably housed while receiving prevention assistance, and remained stably housed 6 months after the termination of assistance.
Citywide Outreach & Shelter	HomeFirst	879 individuals	383 individuals were enrolled into Coordinated Assessment by completing the VI-SPDAT.  22% of clients (193 individuals) moved from street to permanent housing destinations or temporary destinations and some institutional destinations.
Downtown Outreach Program	PATH	587 individuals	475 individuals (81%) completed an assessment and were added to the Community Queue to be matched with housing opportunities as they become available.  10% of clients who received assessment (48 individuals) moved from street to permanent housing destinations.
<b>Total</b>	<b>1,554 individuals/households served</b>		

Under the HOME-funded Tenant Based Rental Assistance program and Emergency Solutions Grant-funded Homeless Prevention program, 62 homeless households received rental subsidies to assist them in obtaining or maintaining permanent housing.

The City continued to support outreach services through a City-wide program operated by HomeFirst, as well as a targeted mobile-case management program operated by PATH. These

two programs play a vital role in funding staff to complete assessments of homeless individuals and families so they are eligible to receive services through the County-wide system of services.

In addition to the services provided, the City supported the rehabilitation of facilities where homeless individuals and families receive services. CDBG funding enabled for the rehabilitation of the Bill Wilson Center Youth Drop-in Center, which is underway and significant construction will be completed in FY 2019-20.

## **INCREASE AND PRESERVE AFFORDABLE HOUSING OPPORTUNITIES**

In FY 2018-2019, the City used federal funds for several developments that are providing new affordable housing opportunities.

In 2017-2018, the City Council approved an increase of \$1,500,000 in HOME funds for Second Street Studios, for a total HOME investment of \$9,500,000. The development provides 134 permanent supportive apartments (128 studios and 6 one-bedroom apartments). First Community Housing has completed work this summer and the development is now fully occupied. Additionally, the City expended \$5,800,653 in HOME funds for the construction of Leigh Avenue Senior Apartments, which will include 64 affordable senior apartments. Completion and full occupancy is expected in FY 2019-2020.

The City also invested federal funds in The Plaza Hotel, a formerly vacant and dilapidated 47-unit single-room occupancy building located at 96 South Almaden Boulevard. For homeless residents with housing coupons/vouchers, finding affordable housing has been a tremendous challenge in the San José. To address this challenge, the City used CDBG funds to acquire and rehabilitate The Plaza. Rehabilitation was completed in May 2018. The property is currently leasing up and is expected to be fully occupied in fall 2019.

In addition to these housing developments, the City also was able to assist or retain housing for 68 households through the Housing for People With Aids (HOPWA) program. HOPWA funds are the City's only source dedicated to providing housing and supportive services to low-income people living with HIV/AIDS.

A summary of developments currently using federal funds to create a total of 281 new or newly-affordable homes, 205 of which are federally-funded, is provided in Table C.

<b>Table C: Increase and Preserve Affordable Housing Opportunities (New Development, Acquisition, and/or Rehabilitation)</b>			
<b>Development</b>	<b>Status</b>	<b>Federally-funded Affordable Apartments Added/ Under Construction</b>	<b>Total Affordable Apartments Added/ Under Construction</b>
Second Street Studios	Leased	58	134
Leigh Avenue Senior Apartments	Leasing	64	64

Villas on the Park Land Acquisition	Under Construction	83	83
The Plaza	Leasing	47	47
<b>TOTAL</b>		<b>252</b>	<b>328</b>

## STRENGTHENING NEIGHBORHOODS

Activities pertaining to strengthening neighborhoods were solely funded through CDBG in FY 2018-2019. This category provides funding for programs, services and projects that contribute to viable urban communities through decent housing, suitable living environments, and expanded economic opportunities. These objectives were addressed in conjunction with the funding priorities identified by the community. These fall into the following three categories: 1) Public Services; 2) Community Development Investment (CDI) Non-construction Projects; and 3) CDI Construction Projects.

### Public Services Projects

Senior Services: The City provided CDBG funding for two services to support the needs of senior residents in San José. Last year, the City funded the Meals on Wheels Program and the Senior Access and Health Support Program. The two programs combined to serve over 26,205 meals, coordinated 460 assisted door-to-door transportation services, and provided just over 13,105 social visits and wellness checks. Together, the two programs served 207 low-income seniors in FY 2018-2019. An example of a key outcome is: 97% of the low-income dependent seniors (103 individuals) report that the food support is somewhat or extremely important in helping them remain independent in their homes.

Neighborhood Services: The City funded two nonprofit agencies to provide leadership development training, basic needs services, and skill building workshops for 516 residents and potential future community leaders. One example of a key outcome includes: 81% of participants (353 residents) in the HomeGrown Talent Program increased their self-sufficiency by addressing a critical basic need. Basic needs include addressing food, housing, job, and health issues that may keep a family or individual from participating in development training and improving their situation. Additionally, 75% of participants (327 residents) in the economic opportunity pipeline reported that they increased their skillsets to better position themselves for economic opportunities.

A summary of the obtained outcomes for addressing the goal of Strengthening Neighborhoods via public service projects is provided in Table D-1.

<b>Table D-1: Strengthening Neighborhoods - Public Services</b>			
<b>Projects</b>	<b>Agency</b>	<b>Unduplicated</b>	<b>Outcomes</b>
Senior Access and Health Support	Portuguese Organization for Social Services & Opportunities (POSSO)	101 Individuals	92% of the seniors (93 individuals) utilizing the transportation service reported improved quality of life due to greater socialization and resource utilization.  95% of seniors (96 individuals) receiving home delivered meals reported improved health because of improved nutrition and nutrition knowledge.
Meals on Wheels	The Health Trust	106 Individuals	98% (104 individuals) seniors reported that Meals On Wheels is somewhat or extremely important in helping them remain independent in their homes and is important to their daily well-being.  86% (91 individuals) of the seniors reported that the phone calls, driver visits, and other staff visits are extremely, very, or somewhat helpful in making them feel socially connected.
Home Grown Talent Project	Somos Mayfair	436 individuals*	81% of participants (353 residents) increased their self-sufficiency by addressing a critical basic need.  75% of participants (327 residents) in the economic opportunity pipeline increased their skill sets to position themselves for economic opportunities.
CommUniverCity Community Leadership Program	CommUniverCity	80 individuals	60% of participants who successfully complete the training program demonstrated satisfactory or better proficiency in key facilitation skill areas such as 1) framing questions for community conversations, 2) recruitment of participants, 3) facilitation of community conversations, 4) data collection, 5) data analysis, and/or 6) presentation/dissemination of results.
<b>Total</b>	<b>723 individuals served</b>		

\*Note: The Home Grown Talent Project, led by Somos Mayfair, includes a consortium of five nonprofit agencies, each providing different services from basic needs services to intensive leadership training. Each outcome applies to a portion of the individuals participating in the program.

### **Community Development Investment (CDI) - Non-Construction Projects**

Work Experience Project (WEP): The City funded the San José Streets Team (SJST), a nonprofit agency with the goal of creating opportunities for homeless individuals to gain skills to help them succeed while also developing relationships with local businesses for job placement. SJST provided 3,376 hours of employment development services to 67 participants. SJST entered into written agreements with local businesses to place 16 individuals into jobs. 91% of



individuals who graduated from the program retained employment for at least three months with an average wage of \$17.25 an hour

Targeted Code Enforcement: The City funded targeted Code Enforcement in Santee, Five Wounds/Brookwood Terrace, and Cadillac neighborhoods in FY 2018-2019. Within these areas, Code Enforcement performed enhanced multifamily services beyond those typically provided. The code enforcement efforts included 1,070 inspections and re-inspections, which resulted in 522 violations corrected. One key outcome includes: 87% of substandard housing violations identified by inspectors were corrected within 120 calendar days from the date inspectors notified the property owners of the violations.

Minor Repair Program: The City's Minor Repair Program (MRP) funded two non-profit agencies, Habitat for Humanity Silicon Valley and Rebuilding Together Silicon Valley, which combined to assist 289 low-income San José residents with 2,113 items of urgent, safety, and accessibility/mobility repairs, and 790 items of major (e.g., roof replacements) rehabilitation activities to ensure safe and decent living environment. Some of the key outcomes of this program include: 100% of all households (235 households) have improved safety conditions in their home, while 93% of households (223 households) served through Rebuilding Together have improved accessibility and mobility modifications in their home as a result of the improvement.

A summary of the obtained outcomes for addressing the goal of Strengthening Neighborhoods via Community Development Investment (CDI) Non-Construction projects is provided in Table D-2.

<b>Table D-2: Strengthening Neighborhoods – CDI Non-Construction Projects</b>			
<b>Project</b>	<b>Agency</b>	<b>Neighborhoods / Population Served</b>	<b>Outcome</b>
Work Experience Program	San Jose Streets Team	Santee Five Wounds/ Brookwood Terrace Mayfair MGPTF Hotspots	Provided 3,376 hours of employment development services to 67 program participants. Of the 67 participants, 16 graduated the program and were placed into jobs.  91% of participants (15 individuals) who graduated from the program retained employment for at least three months.
Code Enforcement	City – PBCE	Santee Five Wounds/ Brookwood Terrace Cadillac	87% of substandard housing violations identified by inspectors were corrected within 120 calendar days from the date inspectors notified the property owners of the violations.

<b>Table D-2: Strengthening Neighborhoods – CDI Non-Construction Projects</b>			
<b>Project</b>	<b>Agency</b>	<b>Neighborhoods / Population Served</b>	<b>Outcome</b>
Minor Repair Program	Rebuilding Together	235 low-income households citywide	100% of all households have improved safety conditions in their home.  93% of households (223 households) served through Rebuilding Together have improved accessibility and mobility modifications in their home as a result of the improvement.
Emergency and Minor Repair Program	Habitat for Humanity Silicon Valley	54 low-income households citywide	91% (49 households) of all households felt safer in their homes after receiving repairs to their homes  100% (54 households) of initial inquiries were responded with an initial site assessment within one week

### **Community Development Investment – Capital Improvement Projects**

Capital improvement projects are selected as a means to improve the infrastructure of selected, low-income neighborhoods. Due to the complexity of planning, procurement, and construction, Capital Projects often span multiple fiscal years. In past fiscal years, the City committed funding to a number of projects including street and infrastructure enhancements, nonprofit facility improvements, and public facility improvements, which are underway and outlines in Table E.

**Table E: Previously Awarded CDI Place-based Projects in Construction**

<b>Project</b>	<b>Description</b>	<b>Projected Completion</b>
King/St. James & King/San Antonio 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.	Fall 2020
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.	Fall 2020
Green Alley Way Improvements	Improvements to two alley ways will capture and infiltrate stormwater by removing pollutants and slowing urban runoff flows into stormwater management features that will provide long-term water quality benefits and improve roadway and pedestrian safety	Spring 2020

## **PROMOTING FAIR HOUSING CHOICES**

The Fair Housing Act which is enforced by HUD prohibits discrimination when renting, buying, or securing financing for any housing. Federal protection covers discrimination because of race, color, national origin, religion, sex, disability, and the presence of children. Fair Housing covers most housing whether publicly or privately funded. As an entitlement City, San José must ensure that all programs are administered in a manner that affirmatively furthers the Fair Housing Act.

San José has funded the services of a nonprofit fair housing consortium comprised of four different nonprofit agencies to help fulfill the City's Fair Housing requirements. The consortium includes the Law Foundation of Silicon Valley, Project Sentinel, Senior Adult Legal Assistance, and Asian Law Alliance. The Consortium offers a comprehensive and coordinated Fair Housing Program that includes discrimination complaint intake and investigation, enforcement and litigation services, and general fair housing education. Between the four consortium members, the consortium provided 42 fair housing investigations, 170 client briefings, 38 legal representations, and 35 fair housing presentations. Key outcomes for this project include:

- 98 percent of presentation participants became more familiar with the laws governing fair housing following the presentation.
- Provision of legal services resulted in 97 percent of complainants with improved access or availability of housing.

Additionally, the City has funded a new program that provides legal services for low-income tenants and landlords to assist the City in enforcing the Apartment Rent Ordinance and Tenant Protection Ordinance. This program is operated by the San Jose Housing Rights Consortium, which is comprised of five different nonprofit agencies, to provide legal services. The consortium includes the Law Foundation of Silicon Valley, Bay Area Legal Aid, Project Sentinel, Senior Adult Legal Assistance, and Asian Law Alliance. Between the five consortium members, the consortium provided 44 outreach and education workshops, 161 legal consultations, 55 legal representations for eviction proceedings and administrative hearings, and 23 limited legal representations for enforcement. Key outcomes include:

- 100 percent of eligible clients (23) represented by attorneys were able to stay in their housing or had additional time to bridge them into housing.
- 100 percent of clients (55) will be satisfied with the service they received after being legally represented at ARO petition mediation and/or petition hearing.

## **ADMINISTRATION**

Finally, for each federal funding source, the City funds administrative activities within federally-regulated limits. Staff activities funded with administrative funds include planning, grant management, monitoring, reporting, legal services, and environmental review.

### **EVALUATION AND FOLLOW-UP**

Upon City Council approval, staff will submit the CAPER to HUD by the September 30, 2019 due date. The draft and final CAPER documents will be posted on the Housing Department's website at: [www.sanjoseca.gov/CAPER](http://www.sanjoseca.gov/CAPER).

### **PUBLIC OUTREACH**

HUD requires that jurisdictions hold one public hearing and a 15-day public review period to receive public comments on the draft CAPER. The report's public review and comment period runs from August 29, 2019, through September 11, 2019.

The City will also hold three public hearings on the draft CAPER: one at the September 12, 2019 Housing and Community Development Commission meeting, one at the September 12, 2019 Neighborhood Services and Education Committee meeting, and another at the September 24, 2019 City Council Meeting. A Supplemental Memorandum documenting any comments received during the comment period will be provided to the City Council prior to the September 24, 2019, City Council meeting.

A public notice regarding the aforementioned public review and comment period was published in five languages on August 27, 2019. The newspapers that carried the notices were the *San José Mercury News*, *El Observador*, *Vietnam Daily News*, *The World Journal* (Chinese), and the *Philippine News*.

### **COORDINATION**

The preparation of this memorandum was coordinated with the City Attorney's Office and the City Manager's Budget Office.

### **COMMISSION RECOMMENDATION/INPUT**

Housing Department staff will present the draft CAPER to the Housing and Community Development Commission and the Neighborhood Services and Education Committee on September 12, 2019. A Supplemental Memorandum documenting any comments received at the September Housing and Community Development Commission meeting will be provided to the City Council prior to the September 24, 2019, City Council meeting.

NEIGHBORHOOD SERVICES AND EDUCATION COMMITTEE

September 9, 2019

**Subject: FY 2018-2019 Consolidated Annual Performance Evaluation Report (CAPER)**

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**CEQA**

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

/s/

JACKY MORALES-FERRAND

Director of Housing

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

Attachment A: [Draft FY 2018-2019 CAPER](#)