



Memorandum

TO: NEIGHBORHOOD SERVICES &
EDUCATION COMMITTEE

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: February 24, 2020

Approved

Date

3/5/2020

SUBJECT: DRAFT FIVE-YEAR CONSOLIDATED PLAN 2020-25 FUNDING PRIORITIES

RECOMMENDATION

Accept an update on the work to create the next Five-Year Consolidated Plan, which will govern the use of federal funding from the U.S. Department of Housing and Urban Development (HUD) from 2020 through 2025 and provide feedback on the recommended priorities.

OUTCOME

Staff will provide an update to the Neighborhood Services and Education Committee regarding the results of the planning efforts for the development of the City's federally-required Five-Year Consolidated Plan for 2020-2025. Committee members will provide feedback on proposed funding priorities under the forthcoming Consolidated Plan.

EXECUTIVE SUMMARY

This memorandum reviews preliminary findings from the planning efforts for the Consolidated Plan for 2020-2025 governing the use of federal funds from HUD. Based on these findings, staff recommends the following four areas for funding prioritization of capital projects and services: 1) Prevent and Address Homelessness; 2) Create and Preserve Affordable Housing; 3) Promote Fair Housing; and 4) Strengthen and Stabilize Communities. As part of the prevent and address homelessness category, the Housing Department will prioritize the following specific populations of people experiencing homelessness: 1) youth and young adults, 2) older adults (55+) and seniors, 3) children and families, and 4) adults without children age 25-54.

BACKGROUND

HUD requires jurisdictions that receive federal housing and community development grant funding to develop Consolidated Plans that identify priority needs, goals, actions, and funding strategies over five-year periods. San José receives funding from four HUD programs that are covered by the City's Consolidated Plan (see **Table 1**). This will be the City's fifth Consolidated Plan developed since 2000.

Table 1: San José's FY 2019-20 Funding from HUD and Current Uses

Federal Funding Source	2019-20 Funding	Current Uses
Community Development Block Grant (CDBG)	\$8,856,601	<ul style="list-style-type: none"> • Neighborhood engagement and leadership training • Senior services • Homeless outreach • Fair housing education and counseling • Legal services for low-income tenants and landlords • Job training • Emergency & minor repair for single family homes • Neighborhood street and infrastructure enhancements • Enhanced code enforcement
HOME Investment Partnership (HOME)	\$3,239,144	<ul style="list-style-type: none"> • Development of affordable housing and tenant-based rental assistance subsidies
Emergency Solutions Grant (ESG)	\$1,278,773	<ul style="list-style-type: none"> • Homeless services focused on outreach and homelessness prevention
Housing Opportunities for Persons with Aids (HOPWA)	\$757,502	<ul style="list-style-type: none"> • Rental assistance and supportive services

San José currently is completing approved activities under its 2015-2020 Consolidated Plan and has undertaken the required review of local studies and completed community outreach for the development of the next five-year Consolidated Plan for 2020-2025. Qualitative and quantitative data from several local studies have informed the development of funding priorities for the next five years. These include local data from the *Anti-Displacement Community Strategy Report* released in January 2020, and the current effort to create Santa Clara County's *Community Plan to End Homelessness for 2020-2025*. These reports, as well as the City's draft Assessment of Fair Housing, will be discussed further below. The deadline to submit the new Consolidated Plan to HUD is May 15, 2020.

In addition to the Five-Year Consolidated Plan, HUD requires that each jurisdiction develop an Annual Action Plan each year to show how it will implement its five-year Consolidated Plan. Further, the City must report back to HUD each year on how it met the goals of the prior year's Annual Action Plan. These HUD reports are among the many plans and reports that the Housing Department is required to develop related to its use of outside funding.

On October 10, 2019, staff reported on the workplan and upcoming development of the Five-Year Consolidated Plan to the Neighborhood Services and Education Committee. This memorandum reports back on the outreach conducted and the draft funding priorities identified.

ANALYSIS

2020-2025 Consolidated Plan Overall Process

HUD encourages jurisdictions to complete a regional or joint plan, as needs for housing, homelessness, and other community development uses typically cross jurisdictional boundaries. To accomplish a regional effort, the Santa Clara County Office of Supportive Housing led local collaboration with several other jurisdictions: San José, Campbell, Cupertino, Gilroy, Los Altos, Mountain View, Morgan Hill, Santa Clara, Saratoga, and Sunnyvale. The County convened a working group with representatives from each agency, including the City's Housing Department. On behalf of the involved jurisdictions, the County issued a request for proposals and led the procurement of consultants to conduct analysis and to create both Consolidated Plans and Assessments of Fair Housing. The working group selected two consultants: Michael Baker International to develop the 2020-2025 Consolidated Plan and companion 2020-2021 Annual Action Plan; and, the Lawyer's Committee for Civil Rights to develop the Assessment of Fair Housing.¹

The consultant's work on the Consolidated Plan, involving both a regional and San José focus, kicked off in early September. The work included conducting regional community meetings and a Countywide needs survey. The consultant also provided support for meetings held in San José in coordination with community groups. The consultant recently sent an initial draft of the San José-specific Consolidated Plan and Annual Action Plan, which staff is currently reviewing and editing.

Community Engagement

City Efforts

When staff presented to the Neighborhood Services and Education Committee last October, Committee members confirmed that staff should make special efforts to reach the most vulnerable and hard-to-reach residents and go to where the public would already be in attendance. This feedback was valuable in the development of an outreach plan with the consultant that helped to ensure that San José's engagement efforts reached vulnerable and hard-to-reach residents.

Staff worked with the consultant to conduct community outreach and engagement from October through January for both the Consolidated Plan and the Assessment of Fair Housing efforts. Staff worked closely with the consultant to ensure that outreach was undertaken in multiple languages. Official public meetings were noticed in English, Spanish, Vietnamese, Chinese, and Tagalog. For the meetings, translators and accessibility equipment were available. These standards are consistent with the City's Citizen Participation Plan for the Consolidated Plan outreach.

¹ The Assessment of Fair Housing provides analysis on housing needs from a racial equity perspective and serves as the needs analysis for the Consolidated Plan as well as for other purposes under State law. The draft Assessment of Fair Housing is expected come to City Council committees in late spring 2020.

In November 2019, the City held four “large tent” community meetings for the general public at which participants were asked a variety of questions such as:

- What should the City’s top priorities be over the next five years?
- Where should neighborhood revitalization target areas be?
- What do you feel are the most common or pressing housing problems in the City?

The meetings were held at the Hillview Branch Library, and the Seven Trees, Bascom, and Roosevelt Community Centers.

In addition to the four “large tent” meetings, staff worked with local community-based organizations to hold 21 focus group and small stakeholder meetings. These smaller format meetings helped to ensure that feedback was obtained from community members who did not feel comfortable taking on-line surveys, or who typically do not come to City-sponsored outreach meetings. Extensive notes were taken at each meeting and for all other community engagement activities.

Staff followed the Committee’s direction in trying to maximize community input and minimize participants’ efforts to attend. For example, staff attended the School of Arts and Culture Fiesta Navideña event at the Mexican Heritage Plaza on December 6, 2019, where they educated community members on the Consolidated Plan and encouraged in-person and online completion of the survey. Staff ensured that large and small outreach meetings were held both on weekdays and weekends, during daytime and evening hours. Virtually all meetings were held outside City Hall – for instance, at an affordable housing complex in Berryessa and at East Side Union High School – and food and beverages were served as a small token of thanks to participants for their time.

In total, approximately 308 people participated in public and focus group meetings, and 648 San José residents responded to the Countywide survey, for a total of 956 residents. See **Attachment A** to this memorandum for the list of outreach events and numbers of attendees.

To add further to the input received through formal meetings for the Consolidated Plan and Assessment of Fair Housing, staff fed information from other recent outreach efforts to the consultant. For instance, this included feedback on needs from community stakeholders and those involved with homeless services delivery who contributed to the forthcoming *Community Plan to End Homelessness 2020-2025*. The consultant was also given the notes from outreach meetings done from staff’s work on anti-displacement for the past 1.5 years, including notes from meetings with those most affected by this challenge.

County Efforts

In addition to the City’s efforts, the County also conducted significant community engagement. The regional online survey was published in English, Spanish, Vietnamese, and Chinese, with a total of 1,246 individuals responding and 52% (648) of the responses coming from San José. This response rate is almost proportional to San José’s share of the population in the County.

(Please refer to the Housing Department's website² for data collected from San José outreach sessions and survey results.)

In addition, the County conducted four regional public forums in Morgan Hill, Palo Alto, Cupertino, and San José. Again, extensive notes were recorded at these meetings and will be included in the City's draft Consolidated Plan.

Community Feedback on Needs

Community input was helpful in confirming the housing and community development needs and concerns facing lower-income neighborhoods for which HUD's federal entitlement funds can be directed. Across all community engagement events – both regionally and within the City of San José – the top needs expressed by participants included the following:

- Providing housing and support services for persons experiencing homelessness, those who are being displaced, and those at-risk of displacement;
- Increasing the amount of affordable housing to meet demand, including for special needs populations;
- Improving neighborhood physical conditions and infrastructure (such as street lighting, graffiti removal, community centers, youth centers, and playgrounds);
- Expanding opportunities for residents (such as job training and leadership development, affordable childcare, and spaces for small businesses and community nonprofits); and
- Improving fair housing through provision of services (such as assistance with tenant/landlord issues and understanding laws and ordinances for renters).

These needs were similar to those noted in recent studies in the San José area, as well as local and state legislative priorities on anti-displacement, homelessness, and fair housing.

In early 2018, the City was accepted into to a peer learning cohort of 10 city teams from across the Country focusing on anti-displacement strategies sponsored by PolicyLink. The San José team included Councilmember Carrasco, City staff, and three local nonprofits. The San José team wrote a report on displacement in San José that was released in January 2020. It notes that, like other cities, San José has been shaped in part by a legacy of regional racial segregation, housing discrimination, and uneven investment in neighborhoods. The report notes that this legacy, combined with a long-term regional housing shortage and a booming economy, has resulted in displacement and harm for many vulnerable groups. There is evidence that some racial minority groups are disproportionately hurt by the changing market. Examples of this harm include out-of-reach home prices, evictions for non-payment as rent increases have far outpaced incomes, severe overcrowding, displacement, and homelessness.³ The priority to fund anti-

² <https://www.sanjoseca.gov/your-government/departments-offices/housing/resource-library/hud-reports/consolidated-annual-action-plans/2020-25-consolidated-annual-action-plans>

³San José Anti-Displacement Policy Team Network, *Ending Displacement in San José: Community Strategy Report*, Jan. 2020, p. 5.

displacement strategies, homelessness prevention, and affordable housing production, and to ensure housing access is available to all groups, is clearly supported by this work.

In addition, the *Community Plan to End Homelessness in Santa Clara County 2015-2020* notes that many vulnerable populations are just a paycheck or medical emergency away from homelessness.⁴ A coordinated effort between local jurisdictions, service providers and other engaged groups over the last decade demonstrates that a Housing First⁵ model works in Santa Clara County – indeed, it is less expensive to permanently house someone than to continually care for them while they live on the street. The forthcoming Community Plan for 2020-2025 has three main strategies:

1. Address the root causes of homelessness through system and policy change;
2. Expand homelessness prevention and housing programs to meet the need; and
3. Improve quality of life for unsheltered individuals and create healthier neighborhoods for all.

Both the current Community Plan and the forthcoming Community Plan for 2020-2025 strongly support the need to prioritize funding for affordable housing development, homelessness strategies, homelessness prevention, and anti-displacement strategies. The new Community Plan will develop programs tailored to the needs of specific populations of people experiencing homelessness, specifically; 1) youth and young adults, 2) older adults (55+) and seniors, 3) families with children and 4) adults without children age 25-54.

Moreover, fair housing concerns are at the forefront of many local, regional, and statewide activities. As housing prices rise, more vulnerable communities face the risk of displacement, sometimes as a result of discrimination. Both landlords and tenants need assistance to understand complex fair housing laws to ensure people remain stably housed. In addition, 2019 brought the passage of both the City's new Housing Payment Equality Ordinance as well as new State law that makes it illegal to discriminate against people who hold a Section 8 Housing Choice Voucher or other form of rental subsidy. These laws should help to lower barriers to private housing for lower-income renters holding vouchers. However, the San José team's anti-displacement work indicates that there are many renters who experience barriers to housing, including large families and those that do not speak English as a first language. These laws and local studies support the need to focus on fair housing as a priority area.

Recommended Funding Priority Areas

Based on all of the input received through the City's community engagement efforts and consistent with the multiple studies and laws noted above, staff proposes the following four funding priorities be adopted for the Five-Year Consolidated Plan:

⁴*Community Plan to End Homelessness in Santa Clara County, 2015-2020*, p. 3.

⁵Housing First centers on providing people experiencing homelessness with housing as quickly as possible, and then providing services needed to maintain their housing. This approach has the benefit of being consistent with what most people experiencing homelessness want and seek help to achieve.

1. Prevent and Address Homelessness – Increase housing opportunities and self-sufficiency for homeless populations, specifically: 1) youth and young adults, 2) older adults (55+) and seniors, 3) families with children and 4) adults without children age 25-54. Prevent homelessness for at-risk individuals and families.
2. Create and Preserve Affordable Housing – Create new affordable housing opportunities and preserve existing affordable housing.
3. Promote Fair Housing – Promote fair housing and lowered barriers to housing.
4. Strengthen and Stabilize Communities – Strengthen and stabilize communities’ condition and help to improve residents’ ability to increase their employment prospects and grow their assets.

Given these four priorities, examples of program activities that could be funded are further detailed below:

Table 2: Consolidated Plan Priorities & Funding Strategies

Priority Need	Goal/Funding Strategy	Potential Programs
Prevent and Address Homelessness	Increase housing opportunities and self-sufficiency for homeless populations and assist in the prevention of homelessness of at-risk individuals and families.	<ul style="list-style-type: none"> • Homeless citywide and Downtown outreach • Homelessness prevention programs • HMIS data systems support • Tenant-based rental assistance (rental coupons) • Emergency shelter or interim housing
Create and Preserve Affordable Housing	Construct new and preserve existing affordable housing	<ul style="list-style-type: none"> • Affordable housing including land acquisition and infrastructure subsidies • Single family and mobilehome repair programs • Enhanced and targeted code enforcement • Soft story apartment retrofit rebates • Support for community-based housing development entities
Promote Fair Housing	Promote fair housing, and lower barriers to housing for high-barrier populations	<ul style="list-style-type: none"> • Education, compliance, and legal assistance with City’s Apartment Rent Ordinance, Tenant Protection Ordinance, and Housing Equality Payment Ordinance • Fair housing education and legal assistance
Strengthen and Stabilize Communities	Strengthen and stabilize communities by improving residents’ opportunities	<ul style="list-style-type: none"> • Job training/employment development programs • Grassroots outreach skills development • Neighborhood leadership development • Broadband infrastructure • Development of childcare facilities • ADA/other rehabilitation and tenant improvements of nonprofit commercial spaces

Identified Needs Are Consistent with City’s Existing Strategies

As the annual funds from the federal government are limited in nature, staff recommends that funding priorities adhere to identified City strategies to the extent possible. Fortunately, indications from the community on areas of need are quite consistent with the City’s existing

priorities. The following are selected examples of City Council direction and existing City strategies that support the selection of the above four funding priority areas:

- City Council approved [Housing Crisis Workplan](#)
 - Focus on affordable housing production of 10,000 new homes in five years
 - Creation of a Citywide residential anti-displacement plan
- City Council-approved [Affordable Housing Investment Plan through FY 2022/23](#)
 - Direction to spend at least 45% of the City's housing production subsidies on funding homes for extremely low-income residents
 - Direction to leverage County Measure A funds to provide permanent housing for residents experiencing homelessness
- City Council-approved [Community Plan to End Homelessness in Santa Clara County 2015-2020](#) and City's homelessness response [framework](#)
 - Priority on outreach to get homeless residents into regional care systems, and to provide basic needs services
 - Provision of a continuum of housing types through subsidies and production, including interim housing, rapid rehousing, and permanent housing in conjunction with supportive services provided by the County and nonprofits
 - Importance of preventing homelessness through interventions to keep people housed
- Numerous City programs and initiatives to support improved job pathways and long-term economic opportunities for residents, including:
 - [City Council Priority #14](#), Childcare and Early Education/Preschool Facilities
 - [Work2future](#) services to adults, dislocated workers, and youth
 - City's [Pathways to Climate Smart youth job fair, March 7, 2020](#)
- City Council-approved and State-certified [General Plan 2040](#)
 - Strategies to support affordable housing development strengthened and those to prevent displacement integrated in [December 2016](#)
- City Council-approved and State-certified [Housing Element to the General Plan](#)
 - Strategy to promote equitable development and facilitate equal access to housing through fair housing services provision
 - Strategy to protect low- and moderate-income residents in market-rate and deed-restricted affordable housing from displacement.

CONCLUSION

Taken together, the four identified priority funding areas and potential programs could help San José's residents and communities to meet their needs and could help them to become more resilient so they may better cope with our City's changing market forces. These funding

priorities are responsive to needs identified by the community and are consistent with existing City priorities.

EVALUATION AND FOLLOW-UP

Future presentations to City Council committees and to the full City Council are planned for March through May 2020. This Committee's discussion is the first of the City Council Committees' opportunity to provide feedback on draft spending priorities for the forthcoming Consolidated Plan. Staff will also work with City Council offices to communicate with their constituents about opportunities to give input on housing and community needs for the Consolidated Plan process.

CLIMATE SMART SAN JOSE

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This memorandum describes public outreach conducted for the Consolidated Plan and will be posted on the City's website for the March 12, 2020, Neighborhood Services and Education Committee meeting.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

This item will be brought to the Housing and Community Development Commission on March 12, 2020, for discussion.

NEIGHBORHOOD SERVICES AND EDUCATION COMMITTEE

February 24, 2020

Subject: Draft Five-Year Consolidated Plan 2020-25 Funding Priorities

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CEQA

Not a project, File No. PP17-007, Preliminary direction to staff and eventual action requires approval from decision-making body.

/s/

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For questions please contact Kristen Clements, Division Manager, at (408) 535-8236.

Attachment A: 2020-25 Consolidated Plan & Assessment of Fair Housing Community
Engagement Efforts