



CITY OF SAN JOSÉ

Draft FY 2013-14 Annual Action Plan



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Section 1: Executive Summary

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Section 1: Executive Summary

EXECUTIVE SUMMARY

The City of San José is committed to facilitating the provision of housing opportunities that are affordable, safe, and accessible for its families, households, and workforce. By leveraging both public and private resources, the City has facilitated the production of approximately 21,000 housing opportunities through its new construction, acquisition & rehabilitation, and homebuyer program. A vital source of funding comes from the US Department of Housing & Urban Development (HUD). As an entitlement jurisdiction of these federal funds, which include the Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), HOME Investment Partnerships (HOME), and Housing Opportunities for Persons with AIDS (HOPWA) programs, the City produces a Five-Year Consolidated Plan and Annual Action Plans that describe San José's housing policies and programs.

Staff estimates that total funding levels for the four federal programs will total \$11,370,526 in FY 2013-14, down five percent from the \$11,968,975 received in FY 2012-13. This reduction is due to the federal sequestration that triggered mandatory, across-the-board spending cuts for federal programs.

The five-year goals and the respective annual goals for 2013-2014 are as follows:

- **Assist in the creation and preservation of affordable housing for lower-income and special needs households** by committing to provide 101 newly constructed affordable rental housing units, including 15 special needs units; providing 191 affordable units through the inclusionary housing program; and providing rehabilitation assistance to 204 lower-income homeowners including 25 seniors and special needs households.
- **Support activities to end homelessness** by providing Tenant-Based Rental Assistance to 212 chronically homeless households and by providing short-term emergency shelter.
- **Support activities that provide basic services, eliminate blight and strengthen neighborhoods** by providing: school readiness/third-grade literacy programs, neighborhood clean-up services and targeted blight elimination in the three Place-Based Neighborhoods; services to combat isolation among the City's senior population; responding the foreclosure crisis; ending homelessness; and providing housing rehabilitation and minor/emergency repair services to low-income homeowners and mobilehome owners.
- **Provide economic opportunities** for 50 homeless individuals
- **Promote fair housing choice** through on-going education and outreach, enforcement activities, fair housing testing in local apartment complexes and ensuring that local ordinances are in compliance with federal and state fair housing laws.
- **Promote Environmental Sustainability** by the installation of energy and water efficiency measures in xxx newly-constructed affordable housing units and in xx rehabilitated homes.

The City of San José has been a leader in the creation of programs and policies that seek to improve, preserve and increase the affordable housing stock in San José. The City received a grade of A+ for exceeding its Regional Housing Needs Allocation (RHNA) for 1999-2006 and received special mention as a top performer in the Bay Area Council report titled *Bay Area Housing Profile 2006*. However, this level of achievement has become harder to replicate, given the tough economic climate, and the elimination of redevelopment funding. Additionally, San José's RHNA for the current planning period (from January 2007 through June 2014) is 34,721 housing units—an increase of 33 percent from the prior RHNA planning period. While this annual allocation significantly exceeds the annual production of housing that the City has ever achieved on any sort of sustained basis – even during strong economic conditions – the City is committed to facilitating the production of housing across income categories and to mitigating both governmental and non-governmental constraints that may unduly limit such production. To achieve these objectives, San José's housing strategy includes careful planning for residential land uses at appropriate locations and densities and maximizing housing opportunities on infill parcels already served by the City's existing infrastructure and at locations served by transit. The housing strategy also seeks to provide sufficient housing opportunities for new workers in order to encourage and support continued economic

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development. San José is also planning for demographic and market shifts that indicate greater future demand for more urban forms of housing and neighborhoods.

The City's Housing Department partners with the development community and provides gap financing and technical assistance in order to facilitate the production, rehabilitation, and preservation of affordable units for lower- and moderate-income households. The Housing Department also collaborates with public, private, and non-profit partners in order to end homelessness, to serve the special needs population, to fight foreclosures and help families stay in their homes, and to ensure fair housing practices. In addition, the City operates limited first-time homebuyer programs, homeowner assistance programs and neighborhood improvement projects.

In 2012, the housing market stabilized and showed its first signs of recovery. Median housing prices increased after two consecutive years of decline, and the housing inventory has tightened. Residential permits issued are at their highest level since the beginning of this RHNA period in 2007. Interest rates continue to remain at historic lows and foreclosure rates have slowed. However, while the economic recovery has benefitted certain segments of the workforce, particularly in technology sectors, other segments of the workforce, particularly those in lower-skill, lower-wage jobs, continue to face a weak labor market at risk of job or wage reductions. This latter group continues to struggle with finding housing that is affordable, and is disproportionately impacted by foreclosures. Budget challenges remain across all levels of government. This is especially true for public sector affordable housing programs, given the loss of redevelopment funds and decreases in State and federal funding. Additionally, San José's inclusionary housing tools are under legal challenge. However, the City is confident that its inclusionary citywide ordinance will be upheld. Staff continues to implement existing affordable housing programs, while exploring new tools, funding mechanisms, and partnerships to help support the City's commitment for facilitating the provision of affordable housing in order to achieve its housing goals.

Every five years, the City also develops a Housing Investment Plan (HIP), which is a San José-specific plan reflecting policies and priorities for the coming period as determined by Council, City staff, expert external stakeholders and residents. The HIP contains similar priorities as the five-year federal Consolidated Plan. But while the Consolidated Plan focuses on the City's use of federal funds, the HIP is broader in nature, addressing all of its sources and uses of funds and all of its priority housing needs, strategies and programs. City staff has initiated the process of developing the 2013-2017 HIP and will be submitting a draft document to the City Council for adoption in Summer/Fall 2013.

Section 2: Annual Action Plan 2013-2014

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Section 2: Annual Action Plan 2013-2014

INTRODUCTION

The City of San José approved its **2010-2015 Consolidated Plan** in May 2010 and the U.S. Department of Housing and Urban Development (HUD) approved the report in July 2010. The document that follows is an annual update to the Consolidated Plan - *Fiscal Year 2013-2014 Annual Action Plan*.

As defined by the U.S. Department of Housing and Urban Development guidelines, the City of San José's *2010-2015 Consolidated Plan* outlines the community's strategy for addressing its housing and community development needs. Developed through a collaborative process, the *Consolidated Plan* identifies the City's unified vision for actions to meet those housing and community development needs over a five-year period.

The Five-Year Consolidated Plan Serves Four Primary, Integrated Functions.

- It is a planning document, based on citizen input, which provides information for other jurisdictions.
- It is a federal funding application for four of the U.S. Department of Housing and Urban Development (HUD) formula grant programs: HOME Investment Partnership Act (HOME), Housing Opportunities for Person with HIV/AIDS (HOPWA), Emergency Shelter Grant (ESG), and Community Development Block Grant (CDBG).
- It is a strategy to carry out HUD programs.
- It is an action plan, which provides the foundation for performance assessment and evaluation.

The Consolidated Plan is based on the priorities identified by HUD for providing decent housing, providing a suitable living environment, and expanding economic opportunities for lower-income households.

The **Annual Action Plan** is completed every year in order to provide program-specific information about the activities for the upcoming year. To conform to HUD requirements, an Annual Action Plan must contain the following components:

- Program Resources, including federal, state and local
- Housing for Homeless and Other Special Needs Populations
- Geographic Distribution
- Specific Program Requirements
- Monitoring
- Form Application (Standard Form 424).

This one-year *Annual Action Plan* describes the eligible activities that the jurisdiction intends to undertake in fiscal year 2013-2014 to address the needs and implement the strategies identified in the adopted 2010-2015 *Consolidated Plan*.

CONTEXT

The City of San José is the tenth largest city in the United States, with a population of 971,372, according to the California Department of Finance January 2012 estimates. It has one of the highest median incomes in the nation—\$105,500 for a family of four. The U.S. Bureau of Economic Analysis identified Santa Clara County as having the ninth highest aggregate personal income in the country in 2011. Yet San José still finds itself with significant income disparity, with people earning high salaries and stock options living beside families on fixed incomes and people earning minimum wage.

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The City has a strong commitment to ensuring that all of its residents have a variety of housing options, both in terms of housing type and affordability. While San José is a vibrant and successful community, many of the City's residents, especially those with lower incomes, need assistance to be able to afford decent, safe and appropriate housing. Unfortunately, the gap between income and housing affordability continues to widen.

San José's rental market has gained considerable strength in the past year. San José experienced 10% increases in market rents from 2011 to 2012. The average market rent in San José (\$2,098 per month for a 2BA/2BR in the 4th Quarter of 2012) far exceeds the maximum affordable rent for very low- and extremely low-income households (based on 2012 income eligibility levels published by the State Department of Housing and Community Development – HCD), causing these households to have to spend substantially more than the recommended 30% of their gross income on housing. According to the Center for Housing Policy's *Housing Landscape 2012* report, at least 28% of San José's working households were severely housing cost burdened in 2010, paying more than 50% of their income for housing costs. These high rents lead to overcrowding—about 10% of the City's households (5% of owners and 17% of renters) were reported to live in overcrowded conditions per ACS 2010 data. The overcrowding problem will likely worsen given continued rent increases.

The *2013 Index of Silicon Valley*, published by Joint Venture Silicon Valley Network, reports that the proportion of renters with housing costs greater than 35% of their income reached a peak of 39% in Silicon Valley in 2012. Only about 2% of all new residential development in 2012 was classified as affordable, the lowest percent recorded in the last fifteen years, thus compounding housing affordability challenges for Silicon Valley's middle and lower income residents. There is still a critical need for housing assistance so that service providers such as nurse's aides, janitors, retail workers, police officers and teachers can afford to live and work in our neighborhoods. Further, despite decreases in for-sale housing prices, Silicon Valley is reported to be the least affordable region for first-time homebuyers in California, with only about 58% of the first-time homebuyers being able to afford a median-priced home. (Silicon Valley includes all of Santa Clara and San Mateo Counties and adjacent parts of Santa Cruz and Alameda Counties.)

Another important factor that is significantly affecting affordability in the region is transportation costs. California gas prices have reached historic highs and average almost \$4 per gallon. At the same time, vehicle miles traveled (VMT) has continued to increase for Silicon Valley residents. Less than 50% of all jobs are currently accessible from regional rail or high frequency bus or light rail stations. Growing transportation costs are particularly burdensome to moderate and low-income households, leaving even less income for basic expenses such as food, education, healthcare and savings. San José recognizes the need and importance of Transit Oriented Developments that are located near homes and jobs.

The high unemployment rate and economic downturn have adversely affected low-income residents disproportionately. Low-income homeowners are finding it harder to pay their mortgages. Low-income renters are currently reporting rent increases of 30-50% from private landlords as the rental market has heated up. These renters can also be displaced while renting in foreclosed buildings, sometimes without adequate notice, and experience loss of their security deposits and difficulty finding another place to live. Experts generally agree that though the housing market will make some recovery in 2013, the economic downturn and foreclosures will continue to have a significant impact on San José's low and moderate income families, households, and communities.

As part of the *Action Plan*, the federal government requires jurisdictions to evaluate their community's housing and development needs and provide strategies to address these needs. The "Housing and Community Development Needs" section of the 2010-15 Five-Year Plan reviewed U.S. Census data for the year 2000, and more recent data where possible, to provide characteristics of San José's population and housing stock. The data indicated that residents with incomes below the area median have a significant need for affordable and appropriate housing. Some of the key statistics included:

- **Population and Housing Growth** – Since 2000, San José's population increased by approximately 51,000 persons. The number of households grew by approximately 24,768.

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- **Income** – Over one-third of San José’s households were low- or very low-income, compared with 31% for Santa Clara County as a whole. Elderly and large families were more likely to be low- or very low-income, 59% and 37% respectively.
- **Homeless Population** – According to the 2011 Homeless Census and Survey, San José had 4,034 homeless residents, the majority of whom were living unsheltered. Almost 37% of the County’s homeless residents were considered “chronically homeless,” 30% experienced mental illness, 47% had substance abuse issues, and 10% were Veterans.

The City of San José participated in a countywide collaborative to develop its *2010-2015 Five-Year Consolidated Plan*. Out of that process, the following were identified as goals in the five-year plan:

- Assist in the creation and preservation of affordable housing for lower-income and special needs households.
- Support activities to end homelessness.
- Support activities that provide basic services, eliminate blight, and/or strengthen neighborhoods.
- Expand economic opportunities for low-income households.
- Promote fair housing choice
- Promote environmental sustainability.

At a series of community meetings in August 2011, the following priorities were identified by those in attendance:

- Provide and/or increase the availability of prevention and/or intervention services to individuals and families who are vulnerable to or already experiencing homelessness.
- Provide and/or increase the availability of affordable and accessible housing (emergency, transitional and permanent).
- Rehabilitate apartments, homes and neighborhoods by leveraging skilled labor, trained volunteers and the under/unemployed, resulting in job creation.
- Promote self-sufficiency related to the provision of supportive services, housing and job creation.

These goals and neighborhood priorities shape the development of each Annual Action Plan.

CITIZEN PARTICIPATION

The United States Department of Housing and Urban Development (HUD) requires that each jurisdiction hold at least two public hearings—one before the *Action Plan* is prepared to gain public comments on the community’s needs, and one after the *Action Plan* is published for citizen review. A 30-day review period is also required, during which public comments are accepted and written into the Plan. The City of San José routinely holds more hearings than the minimum required by HUD during the development of its *Consolidated Plan* and *Annual Action Plans*.

Prior to developing the *Annual Action Plan 2013-2014*, the City held three public hearings at the Housing and Community Development Advisory Commission (HCDAC) meetings in January, February and March 2013, to identify housing needs and priorities.

Three additional public hearings will be held to finalize the *Annual Action Plan* — on April 9 at the City Council meeting, on April 11 at the HCDAC meeting, and on April 30 at the City Council meeting. (See Appendix D for a copy of the public notice published in newspapers). In addition, there will be a 30-day public review period, as mandated by HUD, from March 29, 2013 through April 30, 2013.

The following schedule of hearings was published in the *San José Mercury News* and in *La Oferta* (Spanish newspaper), *China Press* (Chinese newspaper), *Thoi Bao* (Vietnamese newspaper) and *Philippine News* (Filipino newspaper).

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newspaper) on December 21, 2012. In addition, the hearing notices were mailed electronically and via the U.S. Postal Service to over 400 addresses, and also will be posted on the Housing Department's website.

What	Who	Where	When
Hearing on San José's Housing and Community Development Needs for FY 2013-14 CAAP	Housing and Community Development Advisory Commission	San José City Hall 200 E. Santa Clara Street Room W-118,119 (Wing)	January 10, 2013 5:45 p.m.
Opportunity for Public Input on Needs & Funding for FY 2013-14 CAAP	Housing and Community Development Advisory Commission	San José City Hall 200 E. Santa Clara Street Room W-118,119 (Wing)	February 14, 2013 5:45pm
Opportunity for Public Input on Needs & Funding for FY 2013-14 CAAP	Housing and Community Development Advisory Commission	San José City Hall 200 E. Santa Clara Street Room W-118,119 (Wing)	March 14, 2013 5:45 p.m.
Release of Draft FY 2013-14 CAAP for public review and begin 30-day public comment period	Visit the Housing Department's website at http://www.sjhousing.org/report/conplan.html to find electronic copies or call (408) 793-5542 or (408) 294-9337 (TTY) for paper copies	City of San José - Housing 200 E. Santa Clara St.-12 th Floor, San José, CA 95113	March 28, 2013 to April 30, 2013
First Council Hearing of the Draft FY 2013-14 CAAP	San José City Council	San José City Hall 200 E. Santa Clara Street City Council Chambers	April 2, 2013 1:30 p.m.
Review and approval of the draft FY 2013-14 CAAP	Housing and Community Development Advisory Commission	San José City Hall 200 E. Santa Clara St. Room W – 118, 119 (Wing)	April 11, 2013 5:45 p.m.
Second Council Hearing and approval of the FY 2013-14 CAAP	San José City Council	San José City Hall 200 E. Santa Clara Street City Council Chambers	April 30, 2013 1:30 p.m.

The City had to re-notice the public hearings as a result of the cancellation of the City Council meeting on April 2, 2013. The following notice was published in the *San José Mercury News* and in *La Oferta* (Spanish newspaper), *China Press* (Chinese newspaper), *Thoi Bao* (Vietnamese newspaper) and *Philippine News* (Filipino newspaper) on March 22, 2013. In addition, the hearing notice was mailed electronically and via the U.S. Postal Service to over 400 addresses, and also was posted on the Housing Department's website.

Revised Schedule of Hearings & Meetings for Public Comment on the FY 2013-14 Consolidated Annual Action Plan

What	Who	Where	When
Release of Draft FY 2013-14 CAAP for public review and begin 30-day public comment period	Visit the Housing Department's website at http://www.sjhousing.org/report/conplan.html to find electronic copies or call (408) 793-5542 or (408) 294-9337 (TTY) for paper copies	City of San José - Housing 200 E. Santa Clara St.-12 th Floor, San José, CA 95113	March 28, 2013 to April 30, 2013
First Council Hearing of the Draft FY 2013-14 CAAP	San José City Council	San José City Hall 200 E. Santa Clara Street City Council Chambers	April 9, 2013 1:30 p.m. (originally scheduled for April 2, 2013)
Review and approval of the draft FY 2013-14 CAAP	Housing and Community Development Advisory Commission	San José City Hall 200 E. Santa Clara St. Room W – 118, 119 (Wing)	April 11, 2013 5:45 p.m.
Second Council Hearing and approval of the FY 2013-14 CAAP	San José City Council	San José City Hall 200 E. Santa Clara Street City Council Chambers	April 30, 2013 1:30 p.m.

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In addition to the public hearings listed above, the City noticed and held an additional public hearing on potential funding reductions in the Public Service Category of the FY 2013-14 Community Development Block Grant Program due to the Federal Sequestration, on April 2, 2013. The following notice was published in the *San José Mercury News* and in *La Oferta* (Spanish newspaper – online version only), *China Press* (Chinese newspaper), *Thoi Bao* (Vietnamese newspaper) and *Philippine News* (Filipino newspaper) on March 29, 2013. In addition, the hearing notice was mailed electronically and via the U.S. Postal Service to over 400 addresses, and also was posted on the Housing Department's website.



NOTICE OF PUBLIC MEETING ON IMPACTS OF FEDERAL SEQUESTRATION FOR THE CITY OF SAN JOSE FY 2013-2014 FEDERAL ANNUAL ACTION PLAN

This notice announces the addition of one (1) public hearing for the City's FY 2013-14 Federal Annual Action Plan process in order to seek public input on alternatives in responding to the federal sequestration. The City previously published a schedule of public hearings for the Plan. The full schedule – including this special meeting – is provided below and on the City's website at www.sihousing.org.

On March 1, the federal sequester took effect as a result of Congress's inability to reach agreement on deficit reduction. The sequester triggered automatic spending cuts on military and domestic discretionary spending. Staff is currently assessing the potential impacts of these cuts and what they may mean for San Jose's housing and community development programs as it prepares the draft Plan for release for public comment. A public hearing will be held to seek public input at a special meeting of the City's Housing & Community Development Advisory Commission at the following time and location:

**April 2, 2013 @ 5:45pm
Roosevelt Community Center, Classroom 1
901 East Santa Clara Street
San Jose, CA 95116**

Public input regarding sequestration will be considered in the draft Plan, which will be released March 28, 2013 for public comment and will close on April 30, 2013. See the schedule below for additional opportunities for public comment.

For questions regarding the FY 2013-14 CAAP, please contact Daniel Murillo at 408-793-4195 or daniel.murillo@sanjoseca.gov. Public comments can be submitted in the form of statements made at the above listed meetings, in writing to the City of San José Housing Department, 200 E. Santa Clara Street, 12th Floor, San José, California 95113, or submitted via electronic mail to the email address listed here. To request an accommodation for any of the meetings or an alternative format for any related printed materials, please call (408) 294-9337 (TTY) as soon as possible, but at least three business days before the meeting. All public meetings are accessible to those with mobility impairments.

Schedule of Public Hearings for the FY 2013-14 Annual Action Plan:

- January 10, 2013 – HCDAC
- February 14, 2013 – HCDAC
- March 14, 2013 – HCDAC
- March 28, 2013 – April 30, 2013 – Public Comment Period
- April 2, 2013 – HCDAC (Special meeting)
- April 9, 2013 – City Council
- April 11, 2013 – HCDAC
- April 30, 2013 – City Council

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Section 3: Program Resources

FEDERAL RESOURCES

1. Entitlement Grants from the U S Department of Housing and Urban Development

Entitlement jurisdictions are those central cities of Metropolitan Statistical Areas (MSAs); other metropolitan cities with populations of at least 50,000; and qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities). These qualifying areas are “entitled” to receive an annual grant from the U.S. Department of Housing and Urban Development (HUD). HUD determines the amount of each entitlement grant by a statutory dual formula which uses several objective measures of community needs, including the extent of poverty, population, housing overcrowding, age of housing and population growth lag in relationship to other metropolitan areas.

The City of San José is an entitlement jurisdiction and receives and administers these federal funds. The total amount of these entitlement grants for FY 2013-14 is expected to decrease by 5% from the prior year levels due to sequestration. The anticipated funding levels for these programs (accounting for sequestration) are:

- ◆ Community Development Block Grant Program (**CDBG**) - \$7,448,270
- ◆ HOME Investment Partnership Program (**HOME**) - \$2,335,136
- ◆ Emergency Solutions Grant Program (**ESG**) - \$752,833
- ◆ Housing Opportunities for People with HIV/AIDS Program (**HOPWA**) - \$834,287

The proposed uses of these entitlement funds for Fiscal Year 2013-2014 are described below.

a. Community Development Block Grant Program (CDBG)

Without an increase in the size of the federal entitlement grant and the continued reliance on this funding source to make Section 108 debt service payments, the amount of funding available for public services and Community Development Improvements (CDI) is constrained. To address this situation, the City will continue to use a Place-Based Strategy to target CDI funds to three neighborhoods. Additionally, the City will continue to limit its Public Services funding in FY 2013-14 to the following identified city priorities: school readiness/third-grade literacy programs in the three Place-Based neighborhoods; services to combat isolation among the City’s senior population; responding the foreclosure crisis; and ending homelessness.

Proposed Uses of CDBG funds for FY 2013-2014

<i>Proposed Uses of CDBG Funds for 2013-14</i>			
Uses	Prior Year Funds not Committed or unused	Expected Funding in 2013-2014*	Total Expected Funding Available for
Community Development Initiatives	\$183,350	\$5,089,303	\$5,272,653
Public Services	NA	\$1,202,740	\$1,202,740
Fair Housing	NA	\$365,750	\$365,750
Section 108 Debt Service	NA	\$2,133,846	\$2,133,846
Administrative Costs	NA	\$1,283,904	\$1,283,904
TOTAL	\$183,350	\$10,075,543	\$10,258,893

* Includes program income and fund balance in addition to the federal allocation of \$7,448,270 for FY 2013-14.

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Description of CDBG programs:

- *Community Development Initiative*

The City of San José will employ a place-based, neighborhood focused strategy for the use of most of its CDI funds in Fiscal Year 2013-2014. The strategy was the result of challenges faced by San José on how to address and coordinate the needs of its low-income neighborhoods given current budget constraints. The initial three targeted low-income neighborhoods were selected on the basis of demonstrated need, neighborhood strengths and assets, opportunities for change, and existing strong partnerships. The neighborhoods are as follows:

- Santee/McKinley in partnership with the Franklin McKinley Children's Initiative
- Mayfair in partnership with Somos Mayfair
- Five Wounds/Brookwood Terrace in partnership with CommUniverCity.

The City will fund the following categories of CDI activities:

- Economic Development
- Housing Rehabilitation
- Minor and Emergency Housing Repairs
- Infrastructure and Facility Improvements in the three Place-Based neighborhoods

- *Public Services (15% limit)*

The City will strategically target its Public Services funding to four specific categories of activities. They are as follows:

1. Homeless services
2. Senior Services
3. Foreclosure Response services
4. School Readiness/ 3rd grade literacy services within the three Place-Based neighborhoods.

- *Section 108 Debt Service*

The former Redevelopment Agency (RDA) borrowed funds under the Section 108 program intending to make amortized payments on the three loans from its share of the redevelopment tax increment. With the dissolution of RDA's statewide, another source of funding is necessary to take on that debt service. Since the City's General Fund is experiencing its own revenue shortfalls, CDBG funds are utilized to cover the debt service obligation. Of the three Section 108 loans, the proceeds from one were loaned by the Agency to developers who are making repayments; proceeds from the other two were disbursed to developers in the form of grants. Thus, in FY 2013-14 the City will partially offset the \$2,133,846 Section 108 loan payment with \$352,717 in loan repayments paid by those developers who were loaned, not granted, Section 108 loan proceeds.

- *Fair Housing and Administrative Costs (20% limit)*

The City will program funding from its Administrative funds to support a consortium of agencies that will provide Fair Housing services. Services will 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. Additionally, the costs to the City to administer the CDBG programs will come out of this allocation.

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b. HOME Program

Proposed Uses of HOME funds for FY 2013-2014

The City anticipates being able to utilize \$7,047,605 in HOME funds for FY 2013-14. The amount includes an expected FY2013-14 HOME Grant Allocation of \$2,335,136, approximately \$3,712,469 of previously uncommitted HOME funds, and approximately \$1,000,000 in Program Income. The City of San José plans to disburse the HOME funds in the following manner:

Proposed Uses of HOME Funds for 2013-14	\$ 7,047,605.00
Budgeted Uses	
Rental Housing Development	\$ (5,640,000.00)
Administrative Costs	\$ (245,804.00)
CHDO Operating Expenses	\$ (100,000.00)
Homeownership (Habitat for Humanity)	\$ (500,000.00)
*CR (HUD-automated set-aside reserved for CHDOs)	
**Tenant Based Rental Assistance (TBRA)	\$ (561,801.00)
Total Uncommitted	\$ -

*The City of San José will be asking HUD to not set aside the estimated \$368,706 for CHDO Reserve Set-aside. The City of San José is well above the required 15% level for CHDO Reserve Set-aside.

**TBRA is partially funded out of previous HOME allocations.

Description of HOME programs:

- Rental Housing Development / CHDO Reserve Funds (Rental Housing Construction)*

Consistent with the City's goal to assist in the creation and preservation of affordable housing for lower-income households, the City proposes to use HOME funds for property acquisition and new construction of rental units, and/or acquisition/rehabilitation of rental units for ELI/VLI/LI households as well as for special needs populations, such as single parents, seniors, disabled persons, people living with HIV/AIDS, emancipated youth, and other people at risk of homelessness. For any HOME funds used to develop new housing units, the City will comply with the Federal Fair Housing Act and Section 504 of the Rehabilitation Act of 1973. Participation in the HOME Program will enhance the City's funding sources for new construction, while at the same time providing flexibility in the use of funds for an overall gap-financing program.

- Administrative Costs*

Up to 10% of the total HOME grant allocation (approximately \$245,804) will be used for reasonable planning and administrative costs associated with the administration of the HOME program and other related federal requirements. Approximately, \$518,163 of previously committed administrative monies will be carried over in FY 2013-2014 and be available to disburse, if needed.

- CHDO Operating Expenses*

Section 3: Program Resources

In compliance with HOME regulations, the City of San José will commit up to 5% of its annual HOME allocation to Certified CHDOs with operating expenses. CHDOs must be currently under construction of a HOME project and/or be able to show that, within 24 months of receiving said funds, they will identify and begin construction of HOME units. The City will be committing approximately \$100,000 for this purpose.

- *Homeownership*

In collaboration with Habitat for Humanity, the City of San José will be using HOME funds to assist in the acquisition and/or rehabilitation of single-family homes to be purchased and rehabilitated by Habitat for Humanity in order to sell them to low-income (80% AMI or below) residents.

- *CHDO Set-Aside Funds*

The City of San José has set aside 38% of its total allocation since program inception for the development of low-income housing units by Community Housing Development Organization. This percentage is well above the HOME requirement of 15%. The City plans on submitting a request to HUD to not automatically set-aside CHDO Reserve (CR) funds this coming fiscal year in order to make them available to the other programs.

- *Tenant-Based Rental Assistance (TBRA)*

Consistent with the City's goal to assist in the creation and preservation of affordable housing for lower-income households, the City will use HOME funds to provide tenant-based rental subsidies targeting homeless individuals and families. In all of its funded TBRA programs the City collaborates with outside agencies to provide intensive case management services. Combined with rental assistance, such services improve the ability of the program clients to not only successfully transition out of homelessness, but also retain housing and increase their self-sufficiency after exiting the TBRA program. In FY 2013-2014 the City anticipates having 100 TBRA coupons in use by homeless individuals. For more information on the City's TBRA programs please see Goal #2 – Support activities to end homeless in San José and Santa Clara County.

c. Emergency Solutions Grant Program (ESG)

Proposed Uses of ESG funds for FY 2013-2014

<i>Proposed Uses of ESG Funds for 2013-14</i>			
Uses	Prior Year Funds not Committed or unused	Expected Funding in 2013-2014*	Total Expected Funding Available for
Street Outreach	NA	\$211,322	\$211,322
Service to Youth & Families	NA	\$408,674	\$408,674
HMIS	NA	\$76,374	\$76,374
Administrative Costs	NA	\$56,462	\$56,462
TOTAL	NA	\$752,833	\$752,833

Description of ESG programs

Section 3: Program Resources

With the introduction of the new Emergency Solutions Grant program, the City of San José will shift the use of the funds from such categories as Shelter Operations and Essential Services to categories in alignment with the new regulations. ESG will fund the following categories of activities:

- *Street Outreach*

The City of San José will continue to combine a portion of its CDBG Public Service allocation with its ESG allocation to fund full-service multidisciplinary outreach and engagement programs for homeless individuals. The two main purposes of these programs are:

- 1) To provide a consistent presence on the streets and other outdoor locations throughout San José to build rapport and trust with unsheltered homeless residents with the goal of moving them into and keeping them in permanent housing; and
- 2) To provide an avenue to alleviate resident concerns about homeless residents living in their neighborhoods or other areas of San José.

- *Services to Youth and Families*

The City of San José will continue to combine a portion of its CDBG Public Service allocation with its ESG allocation to fund full-service program(s) for homeless families and youth (including victims of domestic violence). Services will include the provision of shelter beds, case management, deposit/rental assistance, and other services as appropriate. The goal of this program is to provide all of the services and support that the participating families and youth need to become and remain permanently housed.

- *HMIS*

The ESG program will continue to fund the Homeless Management Information System (HMIS) program. The City of San José requires the use of HMIS to monitor outcomes and performance measures for all of its funded homeless service agencies, except for populations that are specifically excluded from entering information into the database such as victims of domestic violence. In the coming years as the City of San José and its partners work to end homelessness, HMIS will play an increasingly critical role in illuminating the characteristics and needs of the area's homeless residents. The data collected in HMIS will also help to inform on the success of specific strategies or programs in permanently housing homeless residents. The City will allocate \$76,374 in 2013-14 for the support of HMIS.

- *Administrative Costs*

The ESG program will set aside the maximum 7.5% administrative allocation for FY 2013-14. This will amount to \$56,462.

- *HEARTH*

In FY 2013-2014, the City, as the local recipient of ESG funds, will continue coordinating with its public and private partners to ensure that the local Continuum of Care (CoC) is meeting all HEARTH requirements with respect to ESG funds, including:

- Evaluating the outcomes of projects funded under ESG and reporting them to HUD;
- Establishing and operating either a centralized or coordinated assessment system that provides an initial, comprehensive assessment of the needs of individuals and families for housing and services, including a policy on how its system will address the needs of survivors of domestic violence seeking shelter or services from non-victim service providers;
- Establishing and consistently following standards for providing CoC assistance, including policies and procedures for:
 - Evaluating individuals' and families' eligibility for assistance

Section 3: Program Resources

- Determining and prioritizing which eligible individuals and families will receive transitional housing assistance
- Determining and prioritizing which eligible individuals and families will receive rapid re-housing assistance
- Determining what percentage or amount of rent each program participant must pay while receiving rapid re-housing assistance
- Determining and prioritizing which eligible individuals and families will receive permanent supportive housing assistance
- Planning for the allocation of ESG funds and reporting on and evaluating the performance of ESG recipients and subrecipients.

d. Housing Opportunities for People with AIDS Program (HOPWA)

Proposed Uses of HOPWA funds for FY 2013-2014

<i>Proposed Uses of HOPWA Funds for 2013-14</i>			
Uses	Prior Year Funds not Committed or unused	Expected Funding in 2013-2014*	Total Expected Funding Available for
Health Trust	NA	\$761,758	\$761,758
San Benito	NA	\$47,500	\$47,500
Administrative Costs	NA	\$25,029	\$25,029
TOTAL	NA	\$834,287	\$834,287

Description of HOPWA programs:

- *Health Trust*

The City anticipates awarding \$761,758 of its HOPWA entitlement grant to the Health Trust for its HIV/AIDS Services program. The program will provide rent subsidies and supportive services to help low-income residents living with HIV/AIDS secure and maintain housing.

- *San Benito*

The City anticipates awarding \$47,500 of its HOPWA entitlement grant to San Benito County to provide utility and rental subsidies, and nutritional and dental assistance to low-income clients living with HIV/AIDS.

- *Administrative Costs*

The City will allocate 3% of the entitlement grant to administrative costs associated with managing with the HOPWA grant.

2. Competitive Grants from HUD

Section 3: Program Resources

a. HOPWA Special Programs of National Significance (SPNS)

Proposed Uses of HOPWA SPNS funds for FY 2013-2014

<i>Proposed Uses of HOPWA SPNS Funds for 2013-14</i>			
Uses	Prior Year Funds not Committed or unused	Expected Funding in 2013-2014*	Total Expected Funding Available for
Rental subsidies and support services	NA	\$380,436	\$380,436
Resource identification	NA	\$40,000	\$40,000
Administrative Costs - for both the City and its Subrecipient	NA	\$39,600	\$39,600
TOTAL	NA	\$460,036	\$460,036

In January 2013, the City received notification of the opportunity to renew its Housing Opportunities for Persons with AIDS (HOPWA) Permanent Supportive Housing Program [Special Project of National Significance (SPNS)] competitive grant for an additional 3 years.

In January 2013, the City received notification of the opportunity to renew its Housing Opportunities for Persons with AIDS (HOPWA) Permanent Supportive Housing Program [Special Project of National Significance (SPNS)] competitive grant for an additional 3 years. The City anticipates receiving a total of \$1,306,800 for FY 2013-2016 and will continue to contract with the Health Trust to administer the grant. This will include allocating \$1,271,160 (\$448,156 for the first year and \$410,528 and \$412,476 for the following two years) to the Health Trust to provide long-term rental subsidies and supportive services to low-income persons living with HIV/AIDS in Santa Clara County. A one-time allocation of \$40,000 is included in the first year of the grant for “resource identification” costs that will include activities aimed at increasing coordination between the local Continuum of Care and the HOPWA SPNS program. Of the total HOPWA SPNS grant, \$35,640 (\$11,880 per year) will be allocated to the City of San José Housing Department to cover administrative costs.

b. Neighborhood Stabilization Program (NSP2)

Proposed Uses of NSP2 funds for FY 2013-2014

<i>Proposed Uses of NSP2 Funds for 2013-14</i>	
Uses	<i>Expected Funding in 2013-2014*</i>
25% Set-Aside Program	\$4,400,000
Dream Home Program (Acq, Rehab and Resale)	\$800,000
Administrative Costs	\$333,000
TOTAL	\$5,533,000

* Program Income

Section 3: Program Resources

In February 2010, the San José NSP Consortium, consisting of the Housing Trust of Santa Clara County, the City of San José, and Neighborhood Housing Services Silicon Valley, received an NSP2 grant award of \$25 million under the American Recovery and Reinvestment Act (ARRA) of 2009. The grant is intended to restore neighborhoods adversely impacted by foreclosures and subprime loans in 35 target census tracts in San José.

The Housing Trust of Santa Clara County administers the Purchase Assistance Loan (PAL) program to provide purchase assistance loans to low- and moderate-income households that purchase foreclosed properties within the targeted census tracts in San José.

The City of San José administers the San José Dream Home Program to acquire, rehabilitate, and resell foreclosed and abandoned homes to low- and moderate-income households in 35 target census tracts. In addition to providing basic health and safety upgrades, energy efficient and eco-friendly upgrades are incorporated whenever feasible. In December 2010, the City executed agreements with two development entities, Community Rehabilitation Partners and the Cypress Group, to implement the Dream Home program. The program will end once the total program goal of 43 homes has been acquired but no later than June 30, 2013. Rehabilitation and resale activities will continue until all homes have been resold to income eligible households.

The City of San José also implements the 25% Set-Aside Program to comply with the NSP2 requirement to designate a minimum of 25% of grant funds and program income to housing for very low-income (VLI) households earning up to 50% of the Area Median Income (AMI). In FY 2011-2012, the City met its 25% set-aside obligation by committing nearly \$10.5 million in NSP2 funds to three development projects, including \$5.25 million for the acquisition and rehabilitation of 58 units at the Taylor Oaks Apartments on Kollmar Avenue, and \$5.21 million to for the development of 18 special needs and 74 family apartments on a vacant, City-owned parcel located on Ford Road east of Monterey Highway. The total of 150 VLI units in these three projects exceeded the Consortium's goal of 41 VLI units, as proposed in the grant application. The consortium anticipates the release of an RFP in the Summer of 2013 to allocate the remaining NSP2 funds.

c. Section 202 and 811 Grants

HUD 202 & HUD 811, federal production programs for seniors and disabled residents, are not anticipated to fund new developments in the coming year, as no new capital commitments are expected in these programs in FY 2013-2014 due to federal budget cuts. However, the State of California is administering a HUD 811 demonstration program in which it will award five-year, renewable rental vouchers for the use of disabled households. The City plans to work with the Silicon Valley Independent Living Center on an application for as many as 50 rental vouchers to be used in restricted affordable multifamily buildings.

3. Other Federal Funding Sources

a. Public Housing Programs and Rental Vouchers

Acting as the City of San José Housing Authority, the City entered into an agreement with the Housing Authority of the County of Santa Clara (HACSC) to administer and manage the Section 8 Voucher program and public housing programs within the City of San José. The HACSC receives federal funding to run the programs below:

- *Housing Choice Voucher Program (HCV)*

This program provides rental assistance to very low and low-income families, including several special programs outlined below. Currently there are 21,006 families on the Section 8 waiting list for the HCV program in Santa Clara County. The Housing Authority will administer 6441 vouchers on behalf of the City of San José in 2013-14. The City will continue to work with the HACSC and local homeless service providers to ensure that one-third of all vouchers that are turned over in FY 2013-14, or a minimum of 100 vouchers, are set-aside for homeless individuals and families. The agencies will also work together to

Section 3: Program Resources

develop a priority system for the distribution of the set-aside vouchers and mechanisms to ensure that the voucher recipients receive the case management and other support they need to maintain their housing.

- *Shelter Plus Care*

This is a rental assistance program funded by McKinney Homeless monies for homeless persons with a disability—particularly mental illness, chronic alcohol and/or drug addiction, and HIV/AIDS. Participants receive on-going case management and access to supportive services.

- *Family Self-Sufficiency Program*

This is a five-year program to assist current Section 8 participants to improve their employment opportunities in an effort to become economically independent and self-sufficient. As a family's rent portion increases due to an increase in their earned income, HUD matches that amount in an escrow account in the family's name. At the end of five years, if the family has met their goals, remained off welfare assistance for the prior 12 months, and sought and maintained employment, the escrow money is awarded to them.

- *Veterans Affairs Supportive Housing (VASH)*

This program provides assistance for up to 435 homeless veterans in Santa Clara County, and HACSC was recently allocated an additional 100 VASH vouchers.

- *The Family Unification Program*

This program provides voucher assistance to families who have been separated due to a lack of adequate housing

- *Non-Elderly Disabled (NED) Vouchers*

These vouchers allow non-elderly disabled people to transition out of care-giving institutions.

- *Moderate Rehabilitation Program*

The moderate rehabilitation program provides 37 project-based rental assistances for low income families. Assistance is limited to properties previously rehabilitated pursuant to a housing assistance payments (HAP) contract between an owner and a Public Housing Agency (PHA).

In January 2008, HUD designated the HACSC as a “Moving to Work” agency through June 30, 2018. The goal of the MTW program is to increase cost effectiveness, promote self-sufficiency, and expand housing options for low-income families. The MTW designation will provide more flexibility in use of funding sources and will support the transition to creating more efficient programs.

The HACSC further plays a direct role in developing affordable housing units. Acting as a nonprofit housing developer, the Housing Authority applies for funds from the City and a variety of state, federal, and private sources for its various development projects.

b. Mobilehome Seismic Retrofit Program

Section 3: Program Resources

<i>Proposed Uses of Mobilehome Seismic Retrofit for 2013-14</i>			
Uses	Prior Year Funds not Committed or unused	Expected Funding in 2013-2014	Total Expected Funding Available for
Mobilehome Seismic Retrofit Program	\$800,000		\$800,000
Administration	\$215,000		\$215,000
TOTAL	\$1,015,000		\$1,015,000

* In addition to the FEMA grant, City Matching Funds of \$200,000 will also be available for spending;

The Mobilehome Seismic Retrofit Program is funded by a grant from the Federal Emergency Management Agency (FEMA) and is administered through the California Emergency Management Agency (CalEMA). Through a competitive application process, the City of San José was awarded a \$3,000,000 grant with a \$1,000,000 match fund requirement to seismically upgrade approximately 650 mobilehomes in San José. The program targets 10 mobilehome parks in San José and serves homeowners of all income levels.

Through February 1, 2013 the Mobilehome Seismic Program has assisted over 425 mobilehome owners seismically retrofit their homes. The Program is on target to meet the program goal of retrofitting 650 mobilehomes by the October 2013 deadline under the projected budget. As a result of the budget surplus, the City will be seeking a time extension from CalEMA of an additional year to expand the program goal from 650 homes to 950 homes.

c. Mortgage Credit Certificates (MCC)

The federal government allows homeowners to claim a federal income tax deduction equal to the amount of interest paid each year on a home loan. This itemized deduction only reduces the amount of taxable income. Through an MCC, a homeowners' deduction can be converted into a federal income tax credit for qualified first-time homebuyers. This credit actually reduces the household's tax payments on a dollar for dollar basis, with a maximum credit equal to 10 to 20 percent of the annual interest paid on the borrower's mortgage.

Currently, MCCs throughout Santa Clara County, including San José are issued by the County directly to eligible homeowners.

d. Rental Housing Development Programs

In San José, developers of affordable housing typically leverage City subsidies using a range of other federal programs:

- Tax-exempt bonds, authorized by the IRS code, administered by the California Debt Limit Allocation Committee (CDLAC), and issued by the City or other public issuer
- Low Income Housing Tax Credits, administered by the California Tax Credit Allocation Committee (TCAC)
- Affordable Housing Program (AHP) funds from the federal government-sponsored enterprise, the Federal Home Loan Bank.

STATE RESOURCES

Section 3: Program Resources

Proposed Sources/Uses of State funds for FY 2013-2014

Sources	Expected Funding 2013-14
Prop 1C – BEGIN	\$1,400,000
Prop 1C – CalHome	\$1,240,000
Prop 1C – Park Funds	TBD
MHSA	\$1,620,000
<i>TOTAL</i>	\$4,260,000

1. Proposition 1C

California Proposition 1C, approved by a statewide election in 2006 and funded by State bond issuances, has funded a number of housing programs. While funds are exhausted for the main Proposition 1C multifamily programs, and the future of the remaining Prop 1C pots is uncertain, San José is fortunate to still have committed funds from three of its housing programs in the coming year.

- *Building Equity and Growth in Neighborhoods Program (BEGIN)*

The BEGIN Program makes grants to cities and counties that reduce local regulatory barriers to affordable ownership housing. The grants are used to provide down payment assistance loans to qualifying first-time low- and moderate-income buyers of homes in newly constructed single family developments that have benefited from barrier reduction. The City is the largest user of BEGIN in the State, having received 18 competitive awards totaling over \$27,000,000.

- *CalHome*

The CalHome Program enables low- and very-low income households to become or remain homeowners. Grants are made to local public agencies and nonprofit developers to assist individual households with deferred-payment homebuyer and homeowner loans. Loans can be made to local public agencies and nonprofit developers to develop affordable multiple-unit ownership projects. Through the CalHome program, the State provides funds to local public agencies or nonprofit corporations for first-time homebuyer down payment assistance, home rehabilitation, homebuyer counseling or mortgage assistance programs.

- *Housing Related Parks Program*

This program creates incentives and rewards local governments for building affordable housing by providing grant funds for much needed parks in their communities. Grant awards based on the number of bedrooms in newly constructed ownership and rental housing units affordable to very low and low income households. Bonus grant awards for infill projects, units affordable to extremely low income households, demonstration of progress in increasing overall housing supply and park projects serving disadvantaged and/or park deficient communities or located in communities included in an adopted regional blueprint plan. Grant Funds may be used for the creation, development, or rehabilitation of park and recreation facilities such as sport play fields, informal play areas, non-motorized recreational trails, play structures, outdoor recreation areas, community gardens, landscaping and land acquisition.

Section 3: Program Resources

As part of the State's Housing Related Parks Program (HRPP) for Program Year 2010, the City received a grant award of \$1,269,650 that will be used towards Rosemary Park. The City's real estate team is in negotiations with the property owner and it is expected that the property will be purchased and owned by the City by mid-2013. The City is still waiting to hear from HCD if a Notice of Funding Availability (NOFA) will be made available for next year's grant application.

2. Mental Health Services Act (MHSA)

The State of California's Mental Health Services Act (MHSA) program creates an ongoing source of funds that is administered at the county level to serve low-income mentally ill clients. The County of Santa Clara's Office of Mental Health and its Office of Affordable Housing has used several million dollars in the past four years to fund housing units affordable to extremely low-income persons with mental illness. While production funds are almost exhausted, it is possible that the County will make additional MHSA funds available for housing production.

LOCAL RESOURCES

Proposed Sources/Uses of Local funds for FY 2013-2014

Sources	Expected Funding 2013-14
20% Funds	N/A
Low- and Moderate-Income Housing Asset Fund	\$10,500,000
Inclusionary Housing In-Lieu Fees	\$260,349
Negotiated Fee Payments	\$2,600,000
City of San José Housing Trust Fund	\$1,100,000
TOTAL	\$14,460,349

1. 20% Redevelopment Funds

On June 28, 2011, the California Legislature adopted two bills that directly impacted Redevelopment Agencies throughout the State. The first bill, ABX1 26, directed that all Redevelopment Agencies be dissolved. The second bill, ABX1 27, permitted dissolved agencies to reestablish themselves upon payment to the State of a required remittance. The State was sued in the California Supreme Court after enacting these laws. The Supreme Court's ruling issued on December 29, 2011 upheld the constitutionality of ABX1 26, thereby dissolving all of the State's Redevelopment Agencies, but struck down ABX1 27, which would have enabled agencies to "pay to play."

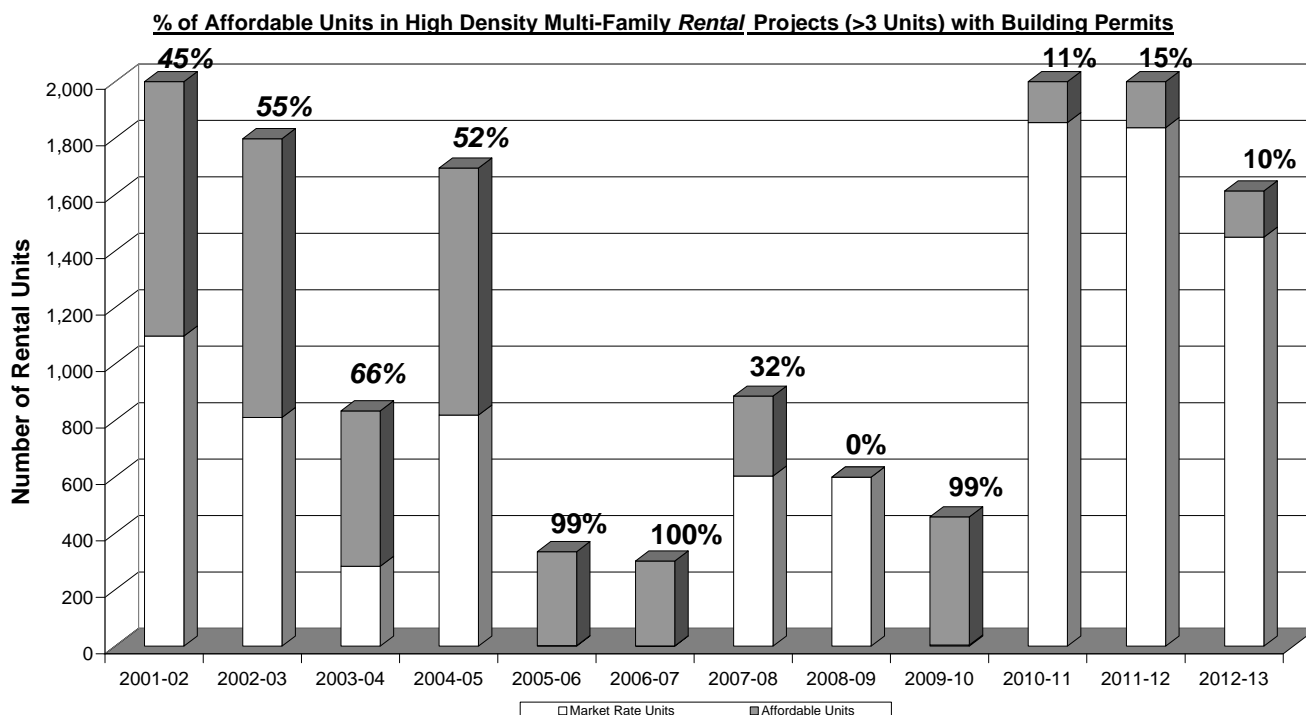
As a result of this decision, all Redevelopment Agencies throughout the State of California were dissolved effective February 1, 2012. With this dissolution, new 20% Redevelopment Funds ceased and are no longer available to run affordable housing programs.

On January 24, 2012, the City of San José was named the Successor Agency to administer the dissolution and wind down the activities of the former Redevelopment Agency. Additionally, the City's Housing Department is the Successor Housing Agency to oversee affordable housing activities for the City, including monitoring all housing assets and enforcing affordability restrictions.

Section 3: Program Resources

After February 1, 2012, only existing enforceable obligations can be paid from tax increment. Therefore, the City's use of what used to be known as 20% Redevelopment Funds is limited to paying down debt previously incurred and secured by this revenue stream (\$25.2 million) and performing on legally binding enforceable contracts. All remaining funds will be allocated to cover additional debt incurred by 80% Redevelopment Program. No new tax increment will be used to fund any housing projects or programs.

The loss of ongoing tax increment is a devastating blow to San José's housing program. Virtually all affordable projects over the past 20 years have been assisted by local 20% Redevelopment Funds, and these units have represented a significant percentage of the rental housing production taking place in the City. Over the last 12 years, about 36% of all new rental housing developments have been affordable housing developments. The chart below illustrates that subsidized rental housing has been a major source of development in the City, particularly during recent downturns in housing construction.



Despite the loss of tax increment for affordable housing, the City is committed to finding ways to foster development of units however it can—until a new permanent funding source is established in California and locally. While no HUD-funded projects have been stopped by the loss of RDA funds, the RDA dissolution process determined that one of the City-assisted developments (Ford & Monterey) receiving NSP dollars was not an enforceable obligation. This required the City backfill \$1.4M of former RDA funds with other sources, which it was able to do.

2. Low- and Moderate-Income Housing Asset Fund

State Assembly Bills ABX1 26 and Assembly Bill 1484 both allowed for the transfer of all affordable housing assets to the Successor Housing Agency. This action took place on January 24, 2012, allowing the Housing Department to retain land, long-term leases, and a portfolio of over \$800 million in loans made over time from 20% Redevelopment Funds. The proceeds of this portfolio now serve as the primary source of funding for the new Low- and Moderate-Income Housing Asset Fund which will finance the Housing Department's administration of affordable housing programs as well as affordable housing construction and rehabilitation, homebuyer

Section 3: Program Resources

assistance, and other programs, such as homebuyer education services. Regular, ongoing revenue from the fund is expected to be approximately \$6.5 million annually. Additionally, transactions within the portfolio such as refinances and payoffs are expected to provide additional one-time funds. Proceeds from this fund will be used for administration of the Housing Department and to fund new affordable housing activities as possible.

3. Inclusionary Housing Programs and In-lieu Fees

Inclusionary housing programs are established through local policies and ordinances that require market-rate residential developers to set aside a certain portion of units in a development for income-restricted affordable housing, or satisfying their obligation through payment of an in-lieu fee. The local jurisdiction, in turn, directs these fees towards other affordable housing activities.

The City currently has an Inclusionary Housing Program in place in redevelopment project areas, which requires that 20% of residential for-sale units be affordable or that other options are pursued, including the payment of in-lieu fees to the City. In January 2010, San José adopted a Citywide Inclusionary Housing Ordinance in order to provide additional opportunities for affordable housing in the City. The Citywide ordinance was expected to go into effect no later than January 1, 2013; however, given a pending legal challenge, its implementation is currently on hold. When it goes into effect, it will require that 15% of a project's units built be restricted affordable if the affordable units are constructed on-site, which increases to 20% of units if the affordable units are constructed off-site. Alternatively, the developer may also choose to pay an in-lieu fee instead of building affordable units, or take advantage of other defined alternatives. When the Citywide program takes effect, it will subsume the Inclusionary Housing Program now in operation in redevelopment project areas.

At the time that the San José City Council approved its Citywide Inclusionary Housing Ordinance, an affordability requirement for rental housing projects was included in the recommendations. However, on July 22, 2009, the 2nd District Court of Appeals decided a case called *Palmer/Sixth Street Properties v. City of Los Angeles*, 175 Cal.App.4th 1396 (2009). Although *Palmer* is not legally binding upon the City of San José's current inclusionary housing program, it calls into question the validity of inclusionary housing mandates upon rental housing projects. As a result, until this decision is overturned or reversed by case law or the State legislature, the City will only implement inclusionary requirements on for-sale projects and on rental projects seeking concessions from the City or entering into a Development Agreement. A bill has been introduced into the State legislature, AB 1229 (Atkins), which would have the effect of overturning *Palmer* for rental projects in California.

In previous years, San José has been able to leverage additional funds for down payment assistance for the purchasers of affordable units created through the City's Inclusionary Housing Program. However, given that single family home sales prices have not yet surpassed their previous highs, prior to the weakened housing market over the last several years, a limited number of new construction for-sale units are likely to or created or pay in-lieu fees through the City's Inclusionary Housing Program in FY 2013-2014.

4. Negotiated Fee Payments

The Housing Department occasionally negotiates with market-rate developers to provide funds for affordable housing in return for receiving other concessions in their land use entitlements. The Department expects to receive a one-time repayment of \$2.6 million in FY 2013-2014. Note that *Palmer* does not affect negotiated agreements with developers via Development Agreements.

5. City of San José Housing Trust Fund

In June 2003, the City of San José established a Housing Trust Fund (HTF), which is administered by the Department of Housing. The purpose of the HTF (originally the Housing and Homeless Fund) is to ensure ongoing funding for affordable housing programs that seek to end and prevent homelessness, in part by creating a vehicle eligible to compete for outside funding sources. In Fiscal Year 2013-2014, it is anticipated that \$1,100,000 in HTF will be used towards efforts to end and prevent homelessness including: City staff compensation and non-personnel costs; Destination: Home administrative and programmatic costs; a Downtown

Section 3: Program Resources

Homeless Outreach and Engagement Program to connect homeless residents with services and shelter with the goal of helping them attain permanent housing; as the match for federal, State and regional grants; and emergency funds for persons displaced by fires or other disasters.

6. City-Owned Land

The City also has used its past resources to purchase surplus land from other public agencies to meet its housing and community development goals. The Housing Department would pursue purchase of land in strategic locations where funds to become available for the purpose of supporting the development of restricted affordable multifamily units. The most recent parcel purchase was in 2006 and Department staff is focusing on efforts to get development started on three existing City-owned sites at this time. Such land constitutes a resource for potential new developments to proceed with a minimum of additional subsidy outlay. Ongoing ownership of the land by the City and the use of long-term ground leases to affordable housing projects also provide greater certainty that affordable units will continue to operate in key locations throughout the City.

7. Other Local Resources

The Housing Trust Silicon Valley (formerly the Housing Trust of Santa Clara County) is a nonprofit organization that was created by Silicon Valley businesses and related organizations in 2001, and now is supported by local jurisdictions across the Bay Area as well as lenders, foundations, and private donors. The Housing Trust makes available loans for first-time homebuyers and provides downpayment assistance funded by State CalHOME dollars. The Housing Trust also makes short- to medium-term loans to support affordable housing developments which must be retired by another funding source. It also makes loans and grants for homelessness prevention and is the lead agency for the ForeclosureHelp Center.

The County of Santa Clara, which manages funds such as CDBG and HOME as well as the City's MCC program, is a key partner in funding affordable housing developments and homeless programs.

Neighborhood Housing Services Silicon Valley (NHSSV), a 501 (c) (3) nonprofit corporation headquartered in San José, primarily serves Santa Clara and Alameda Counties. Chartered by NeighborWorksAmerica®, NHSSV leverages resources from several private and public sources to promote affordable housing and responsible homeownership. With its primary focus on Low and Moderate income families, NHSSV lines of business provide a full spectrum of homeownership services such as first mortgage lending, subordinate financing, homebuyer education and real estate sales. Services also include homebuyer readiness screening, credit counseling and foreclosure prevention counseling. As a NeighborWorksAmerica® organization NHSSV also engages in community building activities throughout San José.

On an ongoing basis, the City of San José, in partnership with Project Sentinel, NHSSV, the HTSCC and other groups, provides information on existing homeownership assistance programs that are available to low-and moderate-income households. The City will rely on its partners to augment this ongoing effort by conducting targeted outreach programs.

PRIVATE RESOURCES

Private lenders and investors are key partners in the financing of affordable housing, particularly in multifamily development programs. Conventional construction and permanent loans from commercial banks and nonprofit lenders, and tax credit equity from private investors, leverage federal, State, and local program resources that are listed above.

LEVERAGING

Section 3: Program Resources

For the City’s housing production program, historically, the Housing Department has leveraged each dollar invested in a project with two-and-a-half to three dollars from outside public and private resources.

In the federal grant programs, the City requires leverage funds from nonprofit sub recipients as follows:

- In both the CDBG and HOPWA programs, sub-recipients are required to contribute at least 20% of the program/activity/service cost from non-federal sources (that is, \$1 of non-federal funds for every \$4 of federal funds).
- In the ESG program, there is a 1-to-1 match (that is, \$1 of non-federal funds for every \$1 of ESG funds).

ANTICIPATED RESOURCES FOR FISCAL YEAR 2013-2014

The table below indicates the anticipated funding amounts expected from all sources for the upcoming Fiscal Year. The City anticipates a total of over \$243 million in resources available from local, state, federal, and private sources over the next year for the development, preservation, or rehabilitation of affordable housing. The City expects to continue receiving—either directly or indirectly through sponsors of affordable housing projects or nonprofit service providers—funding for affordable housing rehabilitation efforts and programs to assist the homeless. Should the City of San José continue to receive tax increment funding for its Low- and Moderate-Income Housing Funds (20% Funds), it will utilize these funds for new affordable housing projects citywide.

Fiscal Year 2013-2014 Anticipated Funding Sources	City of San Jose Funds	Non-City Funds
Formula Programs plus program income*		
CDBG		\$10,258,893
HOME		\$7,047,605
ESG		\$752,833
HOPWA		\$834,287
SUBTOTAL	\$0	\$18,893,618
American Recovery & Reinvestment Act & Housing & Economic Recovery Act		
NSP		\$5,533,000
CDBG-R		
HPRP		
ARRA funds for Housing Projects		
SUBTOTAL	\$0	\$5,533,000
Competitive Programs		
Shelter Plus Care		
Section 8 - Rental Vouchers – Tenant Based & Project Based		\$96,000,000
HUD 811		\$200,000

Section 3: Program Resources

HOPWA Competitive (SPNS)		\$460,036
Lead-Based Paint Abatement		\$0
Mobilehome Retrofit Program	\$215,000	\$800,000
Proposition 1C - Multifamily Housing Program (MHP)		
Proposition 1C – Transit Oriented Development Funds		
Proposition 1C – Infill Infrastructure Grant Program		
Proposition 1C – Homeless Youth Supportive Housing		
Proposition 1C – Park Funds		
Proposition 1C – CalHOME program		\$1,240,000
Proposition 1C – BEGIN program		\$1,400,000
Emergency Housing Shelter Program (EHAP)		
Low-Income Housing Tax Credits (9%) Equity		\$43,326,915
Tax-Exempt Private Activity Bonds		
Mortgage Credit Certificates (55% of County Allocation)		\$5,500,000
Proposition 63 – Mental Health Services Act (MHSA)		\$1,620,000
SUBTOTAL	\$215,000	\$150,546,951
Other Programs		
In Lieu Fees	\$260,349	
Negotiated Fee Payments	\$2,600,000	
Housing Trust Fund	\$1,100,000	
Low- and Moderate-Income Housing Asset Fund	\$10,500,000	
CalHFA Mortgage Assistance		
Low-Income Housing Tax Credit (4%) Equity		\$16,098,733
Conventional Construction Financing		\$0
Conventional Permanent Financing		\$32,000,000
Federal Home Loan Bank – Affordable Housing Program		\$0
Developer Equity		\$5,850,000
Private Donations		\$0
SUBTOTAL	\$14,460,349	\$53,948,733
GRAND TOTAL	\$14,675,349	\$228,922,302

Section 4: Priority Needs and Geographic Areas Served

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Section 4: Priority Needs and Geographic Areas Served

HOUSING NEEDS AND GOALS

As noted in the Strategic Plan section of the City's 2010-2015 Consolidated Plan, there are several priority needs that the City intends to address. The chart below illustrates the number of households in San José, by income, paying more than 30% of their income on housing. Furthermore, the City has identified five-year and one-year goals to help respond to the need of residents for more affordable housing options. Table 2A below helps to demonstrate the overall need identified in the Consolidated Plan 2010-2015 and the goals for addressing this need.

Table 2A
Priority Housing Needs / Investment Plan Table & Goals
Five-Year Goal

TABLE 2A - PRIORITY HOUSING ACTIVITIES

Priority Housing Needs – Households	Income Levels (# of Households)	Priority Need Level – High, Medium, and Low	Unmet Need based on Cost Burden	5 – Year Goal 2010-2015
Small Related Renters (0-80%) - 20,974 (2-4 persons)	0-30%MFI (7,470)	H	6,125	70
	31-50%MFI (7,365)	H	5,523	47
	51-80%MFI (6,139)	M	2,701	150
Large Related Renters (0-80%) – 12,968 (5+ persons)	0-30%MFI (4,600)	H	3,956	9
	31-50%MFI (4,715)	H	2,923	25
	51-80%MFI (3,653)	M	876	0
Elderly Renters (0-80%) – 8,182	0-30%MFI (5,659)	H	3,723	0
	31-50%MFI (1,685)	H	1,078	0
	51-80%MFI (838)	M	444	0
Other Renter Households (12,533)	0-30%MFI (4,955)	H	3,518	344
	31-50%MF I (3,454)	H	2,798	0
	51-80%MFI (4,124)	M	2,557	0
Total Owner Households (0-80%) (38,411)	0-30% MFI (10,755)	H	7,528	509
	31-50% MFI (12,489)	H	7,118	508

Section 4: Priority Needs and Geographic Areas Served

	51-80%MFI (15,167)	M	8,190	611
Total			59,058	2,273

GEOGRAPHIC DISTRIBUTION

Geographic Distribution of Housing and Services Race & Ethnicity Make-Up of San José

The City of San José is one of the most diverse jurisdictions in the nation. According to the 2010 Census, San José's Hispanic and Asian population exceeded the population for Whites. The three ethnic groups represent 33%, 32% and 29% of the population respectively. The City works to disperse affordable housing to avoid concentrations of low-income and minority populations by helping ensure services and affordable housing are available throughout the City.

According to the 2010 Census, the non-Hispanic White population declined to 28.7 % of the total population, down from 36% of the total population in the 2000 Census. Conversely, strong growth occurred within the Asian population, rising from approximately 238,378 persons in 2000 (26.6% of the City's population) to 300,967 persons in 2010 (31.7%).

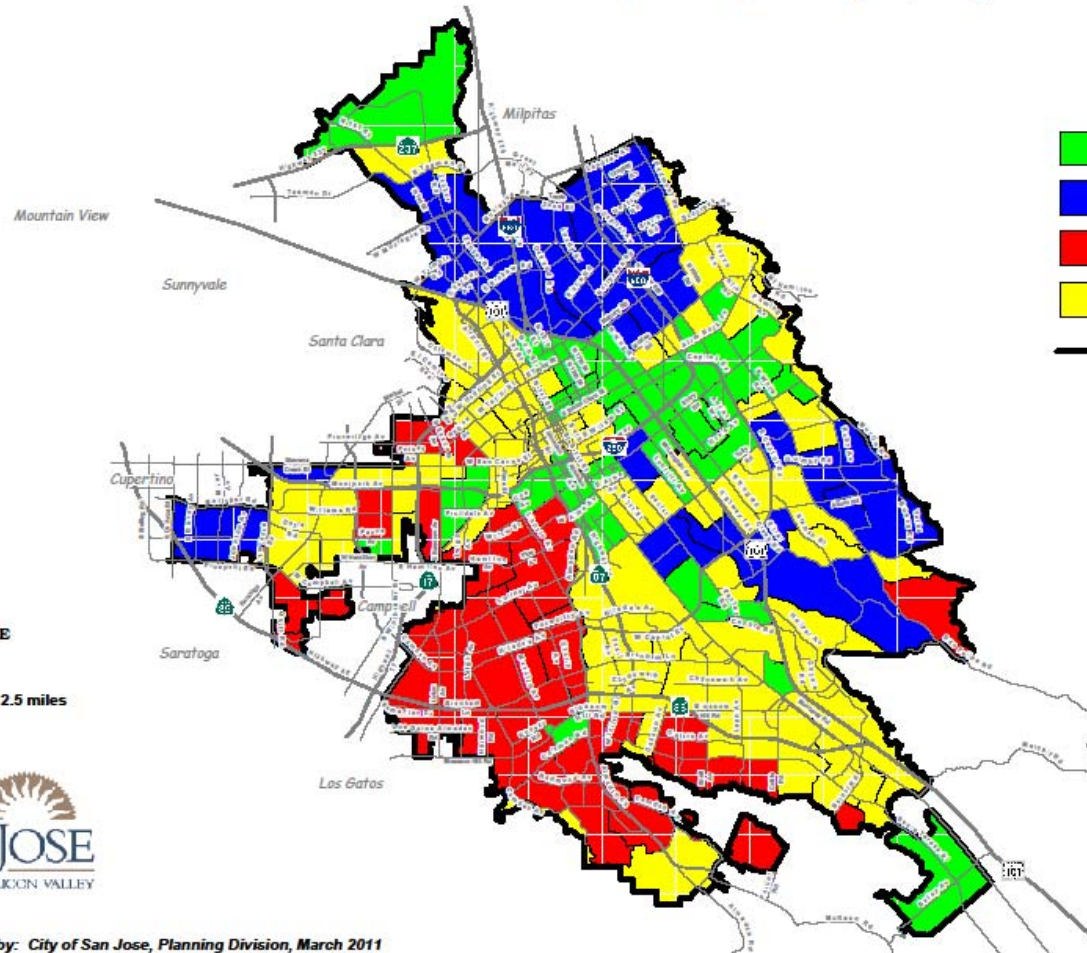
The City's Hispanic population experienced tremendous increase throughout the course of the last twenty years, more than doubling in size from about 140,000 persons in 1980 to about 318,000 persons in 2010. As a proportion of the City's total population, the Hispanic population rose steadily from 22.3% in 1980, to 26.6% in 1990, 30.2% in 2000 and then to 33.2% in 2010. Hispanics are the most geographically concentrated major race/ethnic group in San José. According to the 2010 Census, Hispanic persons comprised over two-thirds of the population in nineteen census tracts, many of which are primarily within or near the Downtown area.

San José currently has a single race/ethnic group majority in five of its ten City Council Districts. Namely, Districts 9 contains a non-Hispanic White majority (59.2%), Districts 3 and 5 each contain a Hispanic majority (52.71% and 62.1%, respectively), and District 4 and 8 contain an Asian majority (61% and 53.2% respectively). With no single race/ethnic group majority, the remaining four City Council Districts (1, 2, 7, and 8) thus contain a diverse mix of the aforementioned and other race/ethnic groups. The map below demonstrates the race/ethnic make-up of San José.

Section 4: Priority Needs and Geographic Areas Served



City of San Jose Race/Ethnic Group Majority*, by Census Tract**



Map Legend

- Hispanic majority
- Asian (non-Hispanic) majority
- White (non-Hispanic) majority
- No race/ethnic group majority
- Urban Service Area boundary

NOTE: Citywide percent of race/ethnic groups shown here:

Hispanic= 33.2%
Asian (non-Hispanic)= 31.7%
White (non-Hispanic)= 28.7%



Scale: 1 inch= 2.5 miles



Map Prepared by: City of San Jose, Planning Division, March 2011

*The term "majority" refers to a population that is more than 50% of the total population of a census tract.

**The geographic boundaries of census tracts shown may include both incorporated and unincorporated areas. However, data include only residents of San Jose.

Source: U.S. Census Bureau, Census 2010

Section 4: Priority Needs and Geographic Areas Served

Eligible Population for a Language Access Plan (LAP)

HUD has established criteria for determining the eligible population of Limited-English Proficiency (LEP) persons to be served by an LAP. LAP provisions are applicable to language groups that are “More than 5 percent of the eligible population or beneficiaries and more than 50 in number.” Based on Census 2000 data for San José, there are three language groups that meet these provisions: Spanish, Vietnamese, and Chinese speakers. For the LAP, “Chinese” will include both Mandarin and Cantonese dialects. The LAP sets forth a framework of the language services and procedures that the Housing Department will implement in order to meet the needs of LEP persons. Starting in FY 2012-13, the Housing Department included Tagalog translation in its public notices for the Annual Consolidated Plan process, for the Consolidated Annual Performance and Evaluation Report process, and for other actions related to federal funding decisions.

Place-Based Neighborhood Focused Strategy

In light of current budget limitations, San José recognizes the importance of a coordinated effort to provide services to its neighborhoods. The underlying framework of the new place-based neighborhood-focused strategy is that maximum impact can be achieved by integrating federal funds with other public and private grant funds and other City programs and funds.

The strategy has been initiated in three neighborhoods where there is a demonstrated need, opportunity to make substantial changes and strong community partnerships to sustain that progress. They include:

1. **Santee/McKinley** in partnership with Franklin McKinley Children’s initiative
2. **Mayfair** in partnership with Somos Mayfair
3. **Five Wounds / Brookwood Terrace** in partnership with CommUniverCity (with the potential for expansion as CommUniverCity expands to other Downtown neighborhoods)

The Initiative’s Goals are:

1. Connect resources and support the neighborhoods’ Community Base Organizations (CBO’s), police, code enforcement, housing, parks and recreation and other services in the Place-Based neighborhoods
2. Continue to access to funds and resources from the Community Development Block Grant (CDBG) program and other new partners to implement priority projects and neighborhood action. Portion of CDBG funds will continue to be allocated in the three neighborhoods
3. Create a supporting strong, capable network within the Place-Based Neighborhoods

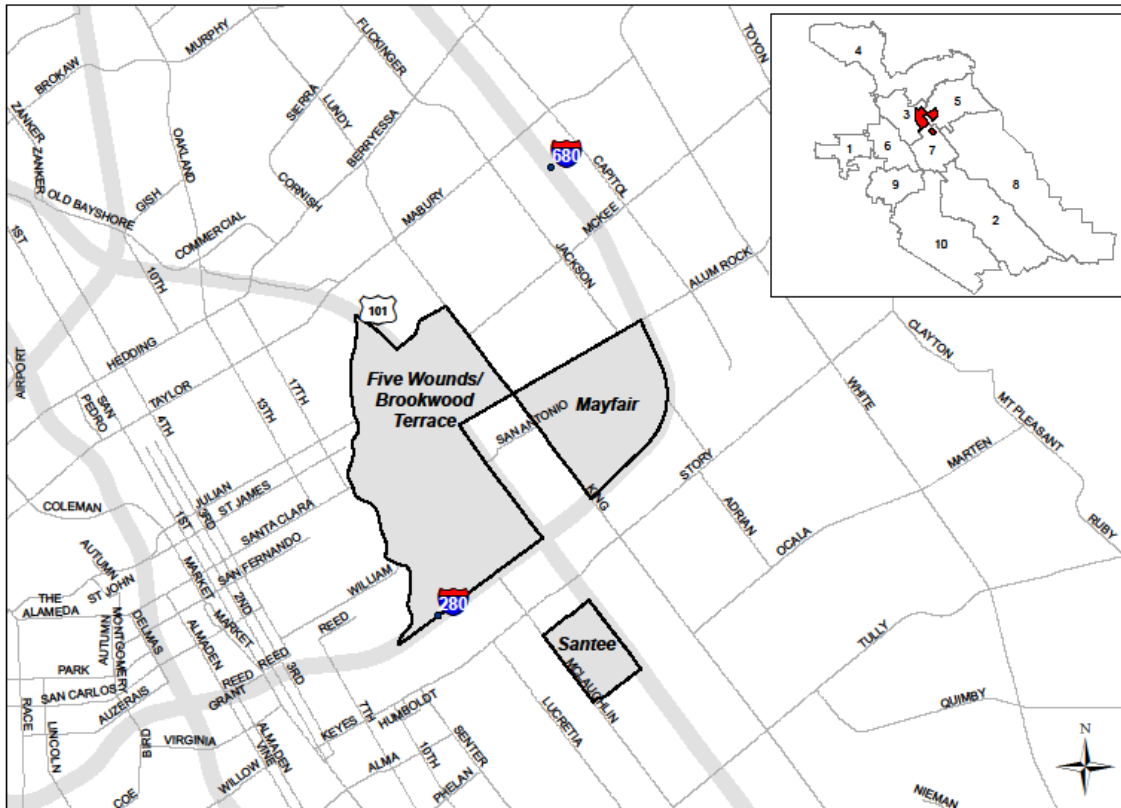
The primary focus of the Place-Based Strategy is to address the needs of the selected neighborhoods by creating a coordinated effort to provide services that create clean, safe, and engaged communities. All aspects of neighborhood condition are explored, including crime, blight, and infrastructure. Some CDBG funds will be targeted to these neighborhoods, while other funds will come from programs that assist residents Citywide.

Place-Based funding is not expected to be a long-term funding source for these neighborhoods. Rather, it is expected that they will be provided “Interim Funding” for a period of two to five years to get them to the point of independence. The program is starting to establish criteria to enable new communities to be identified as Place-Based Neighborhoods.

The Place-Based Strategy builds on the Strong Neighborhoods program that was funded for many years by the Redevelopment Agency. Now that the Agency no longer exists, the City is re-directing some programs – including a portion of CDBG resources –in order to realize significant improvements a few neighborhoods at a time.

Section 4: Priority Needs and Geographic Areas Served

CITY OF SAN JOSE PLACE BASED NEIGHBORHOODS



Dispersion Policy

The City's Housing Dispersion Policy is a positive statement of encouraging affordable housing development throughout the City. Pursuant to this policy, the Council's approvals of City-financed affordable housing development are made in the context of the goal to balance and promote economic integration.

Pursuant to 24 CFR 91.225 and 570.601, no area of the City is arbitrarily precluded from consideration as a site for affordable housing. However, the City recognizes that certain census tracts contain a disproportionate number of lower-income households. The Dispersion Policy is meant to track affordable housing by impacted census tracts. Impacted census tracts are defined as those census tracts in which over 50% of residents are low-income. In November 2004, the Housing Department revised the list of impacted census tracts, based on a special Census 2000 tabulation request obtained from the Census Bureau. As a result of that study, 22 tracts were identified as impacted. These tracts were located in Council Districts 3 (13 tracts), 7 (4 tracts), 5 (2 tracts), 6 (2 tracts) and 2 (1 tract).

Based on a recent review, 26% of all newly constructed low-income affordable units were located in impacted areas. The remaining 74% were built outside of "impacted Census tracts". The chart below shows the distribution of the City's low-income affordable housing developments (1988-89 through present), by impacted census tracts.

Citywide Dispersion of Affordable Housing – Tracked by Developments (1988-89 to February 2013 Completed and Under Construction)

Section 4: Priority Needs and Geographic Areas Served

<i>Impacted Tracts in San José</i>	<i>Council District</i>	<i>Total LI Units (Incl Beds)</i>
5120.18	2	188
5001.00	3	127
5009.02	3	63
5010.00	3	9
5014.00	3	80
5015.01	3	83
5015.02	3	0
5016.00	3	113
5031.12	3	422
5031.13	3	66
5036.01	3	46
5037.09	3	419
5008.00	3,6	231
5017.00	3,6	30
5037.02	5	350
5037.06	5	54
5019.00	6	228
5020.02	6	0
5031.05	7	199
5031.10	7	129
5032.13	7	0
5032.14	7	270
Total For Impacted Census Tracts in San José		3,107
Total For Non-impacted Census Tracts in San José		8,956
Total For Census Tracts in San José		12,063
% Impacted Units		26%

* *Impacted tracts are those tracts where more than 50% of the households are low-income households*

* *Includes only new construction of non-moderate, affordable units; excludes acq/rehabs, inclusionary and RDA assisted projects*

Section 5: Goals and Strategies

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Section 5: Goals and Strategies

Through the Annual Action Plan, the Mayor and City Council approves the use of federal funds for programs and project activities designed to meet six broad goals contained in the 2010 -2015 Five-Year Consolidated Plan. The six goals are as follows:

1. Assist in the creation and preservation of affordable housing for lower-income and special needs populations
2. Support activities to end homelessness in San José and Santa Clara County
3. Support activities that provide basic services, eliminate blight, and/or strengthen neighborhoods
4. Expand economic opportunities for low-income households
5. Promote fair housing choice – affirmatively further fair housing
6. Promote environmental sustainability.

Section 5 identifies the strategies and actions for each of the six goals. It also includes tables to track annual goals and actual outcomes. As one reads the section below, please note the following:

- The *Need* analysis under each strategy is taken directly from the adopted 2010-2015 Consolidated Plan document.
- The 5-Year Goal refers to the target set in the 5-Year Plan
- The abbreviations used in the *Outcome Code* row in the tables correspond to HUD’s definitions below:

	Availability / Accessibility	Affordability	Sustainability
Decent Housing	DH-1	DH-2	DH-3
Suitable Living Environment	SL-1	SL-2	SL-3
Economic Opportunity	EO-1	EO-2	EO-3

Section 5: Goals and Strategies

GOAL #1 – ASSIST IN THE CREATION AND PRESERVATION OF AFFORDABLE HOUSING FOR LOWER-INCOME AND SPECIAL NEEDS HOUSEHOLDS

Strategy #1A: Assist in the production of affordable rental housing

Need (As identified in the 2010-15 Consolidated Plan document):

Affordability of rental housing varies significantly by jurisdiction. However, across the Entitlement Jurisdictions, the average market rate rent far exceeds the maximum affordable rent for very low- and extremely low-income households. Moreover, the current economic recession and unemployment further exacerbate affordability concerns for many households.

Five-Year Goal:

Action 1.A.1 Financial & technical assistance for affordable rental housing - Production Goal							
Performance Measure	Number of lower-income units with funding committed						
5-Year Plan Goal	129						
Funding Source	HOME, Affordable Housing Investment Fund, Tax Credits						
Outcome Code	DH-1,2						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	105	705	249	101		1,160	899.2%
Actual Annual Outcome	354	74				428	331.8%

Production of Rental Housing

The units financed by the City of San José's affordable housing program represent a very significant part of the housing production taking place in the City. Over the last ten years, about 31% of the permits issued in the City of San José were for affordable housing projects.

It is the policy of the City of San José to provide financial assistance for affordable housing development in the form of low-interest loans. Moreover, the City emphasizes gap financing, rather than primary financing, as a means to leverage its funds; the City requires that project sponsors leverage City funds with funds from non-City sources to maximize the total investment in affordable housing. The Department's focus is also on originating loans and collecting repayments, while grants are provided in very limited circumstances.

The tables below identify expected completions and commitments of City-subsidized rental homes affordable to lower-income households that are expected for the fiscal year 2013-2014:

Fiscal Year 2013-2014 Potential New Commitments for Rental Housing - New Construction and Acquisition/Rehab

Project Name	NC or A/R	Council District	ELI, VLI, LI Units	Mod Units
Donner Lofts	NC	3	101	0

Section 5: Goals and Strategies

TOTAL	101	0
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Fiscal Year 2013-2014 Potential Completions for Rental Housing - New Construction and Acquisition/Rehab

Project Name	NC or A/R	Council District	ELI, VLI, LI Units	Mod Units
Ford & Monterey Special Needs	NC	2	19	0
TOTAL			19	0

Action 1.A.1 Financial & technical assistance for affordable rental housing - Inclusionary Goal

Performance Measure	Number of units with recorded restrictions						
5-Year Plan Goal	150						
Funding Source	Private Developers' funds						
Outcome Code	DH-1,2						
	<i>Year 1 2010-11</i>	<i>Year 2 2011-12</i>	<i>Year 3 2012-13</i>	<i>Year 4 2013-14</i>	<i>Year 5 2014-15</i>	<i>Total To- Date</i>	<i>% of 5- Year Goal</i>
Annual Plan Goal	NA	NA	354	465		819	546.0%
Actual Annual Outcome	NA	NA					

* Year 3's total includes negotiated affordable rental units rather than Inclusionary housing units

Inclusionary and Negotiated Affordable Goals for Rental Housing

The City does not expect any new rental developments to be constructed by right under the Inclusionary Housing Program as a result of the *Palmer* case, which had the effect of suspending the inclusionary housing requirements for rental housing until such time as the limitation in the *Palmer* decision is overturned or modified by court or by the legislature.

However, through existing negotiated development agreements, the City estimates that approximately 191 restricted affordable rental units without City subsidy will be committed and begin construction in 2013-2014. Moreover, through more recent negotiated development agreements, the City expects to receive \$2,600,000. in revenue which will be reinvested to fund other affordable housing developments.

Project Name	NC or A/R	Council District	ELI, VLI, LI Units	Mod Units
Lennar/Hitachi 10&12	NC	10	191	0
Hitachi Lot 6	NC	10	35	0
Hitachi Lot 8	NC	10	95	0
I-STAR	NC	10	144	0
TOTAL			465	0

Assistance in Searches for Affordable Rental Units

Section 5: Goals and Strategies

In September of 2010, the City and Santa Clara County launched a housing search website, SCChousingsearch.org, which was created to streamline access to real-time information on affordable rental units. The City worked with Social Serve, a nonprofit housing location database provider, to develop the database specific to the region. It is also anticipated that the Housing Authority will begin listing their rental partners, which will increase the number of listings on the site. In FY 2013-2014, the City will continue working with Social Serve and local affordable housing property management companies to increase the number of affordable housing units listed in the database.

Strategy #1B: Support affordable ownership housing

Need (As identified in the 2010-15 Consolidated Plan document):

Although the current housing market downturn has led to falling sales prices in virtually all the Entitlement Jurisdictions, ownership housing in North County and Central West County remains largely unaffordable to lower-income households. In contrast, home values in Central and South County are somewhat more affordable. It is also important to note, however, that credit markets have tightened in tandem with the decline in home values. As such, although homes have generally become more affordable, lender requirements for a minimum down payment or credit score present a greater obstacle for buyers. Considering these factors, homeownership for lower-income households remains an important goal.

Current Year Update

The National Association of Home Builders released nationwide housing affordability data for the fourth quarter of 2012. The study identified that San José-Sunnyvale-Santa Clara area as the ninth least affordable area in the nation (218th out of 226 metropolitan areas) with only 48.5% of the homes sold being affordable to those earning the area's median income. The inventory of for-sale housing is also very tight, thus increasing both demand and prices of homes and making San José an even less affordable place to live in.

Five-Year Goal

Action 1.B.1 Direct financial assistance to help lower-income households purchase homes							
Performance Measure	Number of non-duplicated lower-income homebuyers assisted						
5-Year Plan Goal	357						
Funding Source	HOME, CalHome, BEGIN, NSP						
Outcome Code	DH-2						
	<i>Year 1 2010-11</i>	<i>Year 2 2011-12</i>	<i>Year 3 2012-13</i>	<i>Year 4 2013-14</i>	<i>Year 5 2014-15</i>	<i>Total To- Date</i>	<i>% of 5- Year Goal</i>
Annual Plan Goal	77	96	64	2		239	66.9%
Actual Annual Outcome	39	65				104	29.1%

* An additional 34 moderate-income homebuyers will also be assisted in the purchase of homes

The City of San José uses HOME, CalHome, BEGIN, and other funds as available to assist low- and moderate-income households to purchase homes. The City works with various partner first-time homebuyer agencies to administer these homebuyer programs.

Section 5: Goals and Strategies

Due to rising home prices, lack of available inventory, and a very competitive sales market, first time homebuyers and other low- and moderate-income homebuyers are struggling to compete for available homes. As a result, the City's homebuyer programs have experienced a significant drop in new applications over the past year. It is anticipated that this trend will continue through the next fiscal year.

Direct Financial Assistance Programs

The City of San José offers two homeownership programs – mortgage assistance programs, in which buyers are able to select a home of their choice (citywide), and mortgage assistance programs that are targeted to specific developments and homes.

- *Welcome Home Program*

In August 2008, the City started the Welcome Home program, which provides 30-year second mortgages of up to \$25,000 for lower-income homebuyers in the form of a deferred repayment loan. This loan may be layered with other forms of down payment assistance to help homebuyers purchase homes within San José's municipal boundaries.

In 2013-2014, the City will continue to administer this program with the intent to assist approximately 36 low- and moderate-income first-time homebuyers to purchase new or re-sale homes. The Program will have a budget of approximately \$1.6 million, jointly funded by \$600,000 of Proposition 1C BEGIN money and \$1 million of CalHOME funds.

- *Mortgage Credit Certificate Program*

The Mortgage Credit Certificate (MCC) Program is a federal program that allows homeowners to claim a federal income tax deduction for the amount of interest paid each year on a home loan. Currently, MCCs for the entire Santa Clara County, including San José, are being issued and managed by the County offices. In FY 2013-14, the County expects to assist approximately 16 households in San José, with an allocation amount of \$4.9 million.

Development-Specific Homeownership Programs

- *BEGIN Developments*

The BEGIN program, funded by funds authorized by the statewide ballot Proposition 1C through California's Department of Housing and Community Development (HCD), allows the City to provide deferred payment loans to qualifying low- and moderate-income first-time homebuyers who purchase a home in new housing developments for which the City has received a BEGIN award. IN 2013-14, the City expects to assist 16 moderate-income homebuyers through two developments that have received a BEGIN award.

- *Sycamore Terrace Housing Development*

In addition to the two homeownership programs referenced above, the City intends to transfer vacant land to a local housing developer who, in 2013-14, will start construction of 27 for-sale units. Of the 27 units, 18 will be market-rate and nine will be price restricted to moderate-income purchasers through the City's recordation of soft-second mortgages.

Section 5: Goals and Strategies

Action 1.B.2 Financial literacy and homebuyer education programs							
Performance Measure	Number of lower-income households participating in classes and counseling sessions						
5-Year Plan Goal	2,285						
Funding Source	NHSSV, Project Sentinel						
Outcome Code	DH - 2,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	417	720	636	450		2,223	97.3%
Actual Annual Outcome	422	514				936	41.0%

Financial Literacy and Homebuyer Education and Counseling

The City recognizes the value of a comprehensive homebuyer education program. In FY 2013-2014, the City will partner with Project Sentinel to provide pre-purchase homebuyer education courses to low- and moderate-income homebuyers on behalf of the City. The City will continue to require that all first-time homebuyers complete a pre-purchase homebuyer education course prior to receiving City assistance.

In 2013-2014, approximately 450 households will be assisted with pre-purchase homebuyer education. In addition to the City's partnership with Project Sentinel, qualifying first-time homebuyers may also receive mortgage assistance loans through the Housing Trust of Silicon Valley (HTSV). The HTSV is a private, nonprofit lender supporting affordable rental and ownership housing programs throughout Silicon Valley and the Bay Area.

Neighborhood Housing Services Silicon Valley (NHSSV), a 501(c) (3) nonprofit corporation headquartered in San José, primarily serves Santa Clara and Alameda Counties. Chartered by NeighborWorksAmerica®, NHSSV leverages resources from several private and public sources to promote affordable housing and responsible homeownership. With its primary focus on low- and moderate-income families, NHSSV provides a full spectrum of homeownership services such as first mortgage lending, subordinate financing, homebuyer education, and real estate sales. Services also include homebuyer readiness screening, credit counseling and foreclosure prevention counseling. As a NeighborWorksAmerica® organization NHSSV also engages in community building activities throughout San José.

Targeted Outreach

On an ongoing basis, the City of San José, in partnership with Project Sentinel, NHSSV, the HTSV and other groups, provides information on existing homeownership assistance programs that are available to low-and moderate-income households. The City will rely on its partners to augment this ongoing effort by conducting a targeted outreach program directed to the following groups:

- Prospective homebuyers participating in homebuyer education services sponsored by Project Sentinel.
- The Santa Clara County Association of Realtors (SCCAOR) and other real estate professional organizations.
- Various lenders providing homeowner loans in San José
- Low- and moderate-income residents and employees who work within the City of San Jose's municipal boundaries outreach through public presentations and workshops.

Production of Affordable Ownership Housing

Section 5: Goals and Strategies

The City does not plan to provide new funds to support the construction of affordable ownership housing in FY 2013-2014. However, the City does expect an existing for-sale project, Sycamore Terrace, to start construction on City-purchased land and provide nine below-market rate units for moderate-income households and 18 market-rate units. Completion of a portion of the units may occur in FY 2014-15.

Fiscal Year 2013-2014 Potential New Commitments for Ownership Housing - New Construction and Acquisition/Rehab

<i>Project Name</i>	<i>NC / A/R?</i>	<i>Council District</i>	<i>ELI, VLI, LI Units</i>	<i>Mod Units</i>
None	N/A	N/A	N/A	0
TOTAL			0	0

Fiscal Year 2013-2014 Potential Completions for Ownership Housing - New Construction and Acquisition/Rehab

<i>Project Name</i>	<i>NC / A/R?</i>	<i>Council District</i>	<i>ELI, VLI, LI Units</i>	<i>Mod Units</i>
Sycamore Terrace	NC	10	0	9
TOTAL			0	9

Inclusionary Housing Ownership Units

Through its Inclusionary Housing Program, the City estimates that approximately 80 restricted affordable ownership units for moderate-income households will be committed and will begin construction in FY 2013-2014. The exact number of units to be produced is difficult to estimate, however, as the City's Inclusionary Housing Policy features a provision that affordability restrictions can be waived for six months at a time on built units that are priced within 5% of the calculated affordable housing cost. Therefore, if this waiver provision is utilized, expected BMR units may not materialize as expected. As the for-sale housing market continues to strengthen significantly, the use of the waiver and the risk of BMR units not materializing as expected is reduced.

Fiscal Year 2013-2014 Potential New Inclusionary and Negotiated Affordable Ownership Housing - New Construction and Acquisition/Rehabilitation

<i>Project Name</i>	<i>NC / A/R?</i>	<i>Council District</i>	<i>ELI, VLI, LI Units</i>	<i>Mod Units</i>
Westmount Square	NC	3	0	12
East William & 22 nd	NC	3	0	13
Fox Markovitz	NC	3	0	48
8 th & William St Condos	NC	3	0	6
TOTAL			0	79

Strategy #1C: Rehabilitation assistance to lower-income homeowners to preserve San José's affordable housing stock

Need (as identified in the City's FY 2010-15 Consolidated Plan):

Section 5: Goals and Strategies

The Housing Rehabilitation program will allow lower-income homeowners to remain in affordable, safe and decent housing. The City of San José identified 2,700 severely deteriorated housing units and another 9,500 moderately deteriorated units within its boundaries. These estimates do not include housing in need of minor repairs. Further, there are 11,891 low-income and moderate-income senior households in San José with housing problems, 6,323 of which were homeowners.

Five-Year Goal

Action 1.C.1 Rehabilitation assistance to lower-income homeowners inclusive of all funding sources							
Performance Measure	Number of lower-income homeowners assisted						
5-Year Plan Goal	1,271						
Funding Source	CalHome, CDBG, FEMA						
Outcome Code	SL-3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14*	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	262	210	223	204		899	70.7%
Actual Annual Outcome	391	435				826	65.0%

*Note: In addition to the 2013-14 goal of 204 low-income homeowners assisted, 10 moderate-income households are also expected to receive rehabilitation assistance.

Action 1.C.2 Rehabilitation assistance for lower-income homeowners through the CDBG program only (subset of 1.C.1 above)							
Performance Measure	Number of lower-income homeowners assisted						
5-Year Plan Goal	1,000						
Funding Source	CalHome, CDBG, FEMA						
Outcome Code	SL-3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	200	200	183	116		699	69.9%
Actual Annual Outcome	266	239				505	50.5%

Section 5: Goals and Strategies

<i>Action 1.C.3 Pursue funding opportunities for infrastructure improvements in lower-income mobilehome parks</i>							
Performance Measure	Continue to implement program						
5-Year Plan Goal	N/A						
Funding Source	N/A						
Outcome Code	SL-1,2,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	Continue to implement program						
Actual Annual Outcome	Continue to implement program						

Rehabilitation Assistance for Lower-income Homeowners

- *Housing Department, Housing Rehabilitation Program (\$1,500,000):*

This program will provide housing grants and loans to improve and preserve the affordable housing stock and address health and safety concerns. Loans and grants will be made available Citywide, including for the City's large stock of mobilehome units, but there will be a concentrated effort to use rehabilitation funding in conjunction with blight elimination efforts in the three place-based strategy neighborhoods.

- *Rebuilding Together Silicon Valley, Emergency, Critical and Minor Housing Repair Services for Low-Income San José Homeowners Project (\$400,000):*

This program will repair housing units to address immediate health and safety needs for extremely low-income homeowners in San José. The focus of repairs will address emergency and critical repair needs, as well as minor accessibility and mobility needs within the home.

Funding Opportunities for Infrastructure Improvements in Mobilehome Parks

The Housing Department will continue to seek funding opportunities when available for infrastructure improvements in mobilehome parks with lower-income residents.

Strategy #1D: Assist lower-income households including seniors, larger families, the disabled, in preserving and maintaining safe and affordable housing

Need (As identified in the 2010-15 Consolidated Plan document):

Need for Senior Housing: According to the 2000 Census, 38 percent of Santa Clara County's elderly households (age 65 years or older) face one or more housing problems. This includes overpaying for housing (spending more than 30 percent of their income on housing costs), living in an overcrowded situation, or living in a unit that lacks complete kitchen or plumbing facilities. Housing problems are more prevalent among elderly renters than owners. Approximately 60 percent of elderly renters experienced housing problems, compared to 31 percent of owners. Local service providers at each of the Consolidated Plan Workshops echoed these findings, and indicated a need for more affordable senior housing, particularly given the long waiting lists at existing developments.

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Need for Larger Units: In 2000, 16 percent of Santa Clara County households had five or more persons. This figure varied substantially across Entitlement Jurisdictions. Approximately 24 percent of Gilroy's households were large households while only six percent of Palo Alto and Los Gatos households had five or more individuals. This finding is consistent with the Consolidated Plan Workshops where participants noted the need for affordable units serving larger households in the South County.

Need for Disabled Housing: The 2000 Census reports that there were approximately 9,400 individuals with disabilities in Santa Clara County, accounting for 17 percent of the County's civilian, non-institutionalized population age five years and older. In 2000, approximately 60,600 seniors, or 39 percent of the elderly in Santa Clara County, had one or more disabilities. Consolidated Plan Workshop participants also cited the need for accessible units serving disabled persons.

2010 Census Update

Based on the 2010 Census, 15 percent of Santa Clara County households had five or more persons. This figure varied substantially across Entitlement Jurisdictions. Approximately 18 percent of San José's households were large households. This finding is consistent with the Consolidated Plan Workshops where participants noted the need for affordable units serving larger households.

Five-Year Goal:

Action 1.D.1 Production goal for seniors, disabled and special needs individuals (subset of Production Goal 1.A.1)							
Performance Measure	Number of units with funding committed						
5-Year Plan Goal	29						
Funding Source	HOME, Affordable Housing Investment Fund						
Outcome Code	DH-1,2,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	15	324	89	15		443	1527.6%
Actual Annual Outcome	143	23				166	572.4%

Action 1.D.1 Rehabilitation goal for seniors, disabled and special needs individuals (subset of Rehab Goal 1.C.1)							
Performance Measure	Number of homeowners assisted						
5-Year Plan Goal	254						
Funding Source	CalHome, Affordable Housing Investment Fund, CDBG, FEMA						
Outcome Code	SL-3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	52	107	98	25		282	111.0%
Actual Annual Outcome	190	33				223	87.8%

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Action 1.D.2 Pursue funding opportunities to improve condition of housing stock for lower-income renters							
Performance Measure	Continue to implement program						
5-Year Plan Goal	N/A						
Funding Source	N/A						
Outcome Code	SL-1,2,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	Continue to implement program						
Actual Annual Outcome	Continue to implement program						

As described in the City Consolidated Plan, individuals and families with special needs include: seniors, the physically and mentally disabled, the frail elderly, and those with AIDS/HIV. The above tables are an overview of the goals the City will undertake in the coming year to meet the needs of these vulnerable populations.

The City of San José has consistently supported the construction and rehabilitation of projects providing permanent housing units for homeless and special needs individuals.

In FY 2013-2014, the City expects to commit HOME financing to one new development project, Donner Lofts, which has a State Mental Health Services Act commitment for 15 units targeted to eligible households at or below 20% AMI. In total, Donner Lofts will create 101 restricted affordable apartments and one unrestricted manager's unit.

Three other projects for seniors and special needs households are also in progress. In FY 2013-2014, the City expects to complete construction of the Ford & Monterey Special Needs project. The City has been successful in leveraging its scarce funds for this project with the project being built in a city-owned parcel and funded through HUD's Section 811 program and the NSP2 program. Of the Project's 20 units, 19 will be affordability-restricted to VLI households earning up to 50% of Area Median Income (AMI)—although the disabled residents will very likely be extremely low-income—and one unrestricted manager's unit. The City will also monitor construction throughout FY 2013-2014 on the West San Carlos Seniors project, for which the City first committed funds in 2002 and on which the City will own the land and lease it to the project under a long-term ground lease for \$1 per year. This project will produce 94 units for seniors—including 29 for extremely low-income seniors—and one unrestricted manager's unit. Further, if the developer is successful in obtaining 9% tax credits, construction will commence in fall 2013 on the Japantown Seniors project, a HOME-funded project offering 74 restricted affordable apartments for seniors and one manager's unit on City-owned land.

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GOAL #2 – SUPPORT ACTIVITIES TO END HOMELESSNESS IN SAN JOSÉ AND SANTA CLARA COUNTY (CONTINUUM OF CARE)

Strategy #2A: Provide housing and supportive services to homeless individuals and families and households at the risk of homelessness:

Need (As identified in the 2010-15 Consolidated Plan document):

According to the 2009 Santa Clara County Homeless Census, 7,086 people were homeless on January 26-27, 2009, meaning that they were either sleeping in a place not fit for human habitation, or in emergency or transitional housing for homeless people. Although the 2009 Homeless Census reports a decrease in homeless individuals since 2007, local service providers report that they have seen an increase in clients seeking assistance as a result of the recession and unemployment. Furthermore, while there was an overall decrease in the number of homeless residents, there was actually a 35% increase in the number of chronic homeless residents in Santa Clara County. Therefore, additional funding for activities such as case management, outreach, transportation, and discharge planning will be critical to the County's ability to end chronic homelessness.

Current Year Update

The 2011 point-in-time homeless count identified a total of 4,034 homeless persons residing in San José, a decrease of 4% from the 4,193 individuals counted in 2009. Based on a formula that takes into account the point-in-time count, as well as the phenomenon that people will cycle in and out of homelessness, it was estimated that a total of 10,844 individuals would be homeless at some point during the year in San José, an increase of 21% from the 8,941 individuals estimated in 2009.

The increase in the estimated annual number of homeless persons is largely due to the increase of residents who had been homeless for a short period of time (one week or less) at the time of the survey. In 2009, 3.4% of those surveyed had become homeless in the week prior to being surveyed compared with 5% in 2011. There was also a substantial increase in the number of chronically homeless persons (defined as an unaccompanied homeless individual with a disabling condition or a family with at least one adult member who has a disabling condition who has either been continuously homeless for a year or more OR has had at least four episodes of homelessness in the past three years); from 2009 to 2011 the estimated number of chronically homeless individuals in San José grew from 1,336 to 1,487, an increase of 10%. Additional funding for activities such as case management, outreach, transportation, and permanent supportive housing will be critical to the City's ability to end chronic homelessness

On January 29 and 30, 2013, the City of San José in coordination with the County of Santa Clara and supported by consultant Applied Survey Research, conducted its biennial census of sheltered and unsheltered homeless individuals. During the weeks following the actual count, surveys were conducted of homeless individuals in order to get qualitative information regarding the City's homeless residents' demographics and needs. In order to increase the accuracy of the count and get additional information on some key demographic groups, new efforts during the 2013 count and survey included:

- Increasing the accuracy of the following homeless sub-populations:
 - Youth
 - Veterans
 - Persons living in vehicles
- Adding a focused count and survey on homeless individuals living in encampments
- Adding survey questions targeted towards getting a better understanding of the extent that the City's homeless populations are

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- Registered sex offenders
- Homeless due to the State's prison realignment process

The complete results of the homeless census and survey are expected in late spring of 2013

Five-Year Goal

<i>Action 2.A.1 TBRA Assistance to chronically homeless</i>							
Performance Measure	Number of unduplicated households served						
5-Year Plan Goal	285						
Funding Source	HOME, HOPWA, HOPWA SPNS						
Outcome Code	SL-1,2,3						
	<i>Year 1 2010-11</i>	<i>Year 2 2011-12</i>	<i>Year 3 2012-13</i>	<i>Year 4 2013-14</i>	<i>Year 5 2014-15</i>	<i>Total To- Date</i>	<i>% of 5- Year Goal</i>
Annual Plan Goal	85	100	15	212		412	144.6%
Actual Annual Outcome	65	211				276	96.8%

Tenant Based Rental Assistance (TBRA) Programs

During FY13-14, the City of San José will be funding two TBRA programs; one funded by HOME dollars, and another by HOPWA funds.

The HOME TBRA Program will continue to provide housing subsidies matched with appropriate case management services to homeless households with severe mental health issues; homeless individuals with substance abuse issues who reside in and around St. James Park in downtown San José; and residents of homeless encampments or unsheltered areas of the City's downtown. The Program is similar to the Housing Authorities' Section 8 program. The City's TBRA administrator in concert with the clients' case managers help program participants to locate appropriate rental housing, performs housing inspections, and coordinates monthly subsidy payments per HOME TBRA guidelines. Clients who come up on the completion of their 2-year agreement for TBRA assistance are reevaluated to determine if an extension is needed to prevent a return to homelessness. Exit plans and positive tenant status are just some of the aspects that are taken into consideration to determine whether an extension is appropriate.

The HOPWA TBRA Program targets low-income residents living with HIV/AIDS who are homeless or at-risk of homelessness.

- *TBRA – Chronically Homeless Program*

The City of San José, in coordination with the County's Mental Health Department, began implementing the City's HOME funded TBRA Program in 2009, targeting chronically homeless residents suffering from severe mental disabilities. Since its inception, the HOME TBRA program has assisted 85 mental Health clients. Of these 85, approximately 28 are still in the program and will continue to receive subsidies in FY 2013-14.

In the spring of 2012 the City expanded its HOME funded TBRA program's targeted population to include chronically homeless residents with substance abuse issues who resided in and around St. James Park. The program issued 15 coupons under this expansion. The City's rent subsidies are matched with case management services from the County of Santa Clara's Department of Alcohol and Drug Services.

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In the summer of 2012, the City further expanded the HOME funded TBRA Program's targeted population to include subsidies to 40 homeless households living in encampments which were targeted for clean up by the City or living unsheltered in San José's downtown area.

In FY13-14, the City will be adding another 17 coupons to the homeless encampment portion of the program. These households will also be participants in the Downtown Streets Team (DST), a "work-first" program. This organization uses homeless individuals for cleanup projects, giving them work training opportunities in exchange for services and housing assistance.

- *TBRA – HOPWA Program*

The City will continue to fund the Health Trust and San Benito County to provide TBRA and supportive services to clients with HIV/AIDS. In total, 93 unduplicated and 318 duplicated clients will receive TBRA vouchers, 20 duplicated clients will receive permanent housing placement assistance, and 300 duplicated clients will receive supportive assistance, 72 food vouchers, 72 utility assistance checks and support for 4 dental visits. The Health Trust will continue to coordinate with the Housing 1000 campaign to identify and serve eligible persons designated as "vulnerable" on its vulnerability index as funds become eligible to serve new clients. The City will work with HUD, the Housing 1000 campaign, and other agencies as appropriate to ensure that the manner in which new clients are prioritized met all Fair Housing and other applicable regulations.

- *TBRA – HOPWA SPNS*

In November 2010, the City's Housing Opportunities for Persons with AIDS (HOPWA) Special Project of National Significance (SPNS) administered in partnership with the Health Trust was renewed for an additional three years. The City was awarded \$1,262,800 to be used evenly over the three-year period In FY 2013-14, this program anticipates providing tenant-based rental assistance to 19 very low- and low-income Santa Clara County households disabled by HIV/AIDS and supportive services to 75 such households. A one-time allocation of \$40,000 is included in the first year of the grant for "resource identification" costs that will include activities aimed at increasing coordination between the local Continuum of Care and the HOPWA SPNS program.

<i>Action 2.A.2 Short-term emergency shelter program</i>							
Performance Measure	Number of individuals assisted						
5-Year Plan Goal	6,000						
Funding Source	ESG						
Outcome Code	DH-1						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	4,000	4,600	3,600	3,060		15,260	254.3%
Actual Annual Outcome	7,830	14,104				21,934	365.6%

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Action 2.A.3 Emergency rental assistance program							
Performance Measure	Number of individuals assisted						
5-Year Plan Goal	2,000						
Funding Source	ESG, Housing Trust Fund						
Outcome Code	DH-2						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	1,200	800	400	228		2,628	131.4%
Actual Annual Outcome	1,496	685				2,181	109.1%

Action 2.A.4 Programs that provide vital services to homeless individuals - Homeless Services							
Performance Measure	Number of individuals assisted						
5-Year Plan Goal	30,000						
Funding Source	ESG						
Outcome Code	SL-1,2,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	20,000	4,600	*	*		24,600	82.0%
Actual Annual Outcome	7,998					7,998	26.7%

*Starting in FY 2011-12, only outreach services and services to families and youth (including victims of domestic violence) were funded under the ESG program

Action 2.A.4 Programs that provide vital services to homeless individuals - CDBG							
Performance Measure	Number of individuals assisted						
5-Year Plan Goal	16,000						
Funding Source	CDBG						
Outcome Code	SL-1,2,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	3,315	3,099	2,204	1,873		10,491	65.6%
Actual Annual Outcome	18,783	16,437				35,220	220.1%

Short-Term Emergency Shelter, Emergency Rental Assistance and Homeless Services

In FY 2013-2014, the City of San José expects to receive \$752,833 from the ESG program. It will combine these funds with \$526,105 in CDBG public service dollars to fund the following programs:

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In FY 2013-2014, the City of San José will continue to combine its ESG and CDBG funds to support three types of homeless programs: 1) outreach program(s) that target persons living on the streets with the goal of assisting them obtain and maintain permanent housing 2) services and housing assistance to families and youth (including victims of domestic violence) with the goal of assisting them to obtain and maintain permanent housing; and 3) the administration of the Homeless Management Information System (HMIS) which is a secure web-based case management and reporting tool that serves as the primary client data collection and management tool for Santa Clara County's homeless service agencies Specific activities will include:

- Multi-disciplinary outreach and engagement programs that target homeless individuals and families living on the streets and in encampments which will include outreach workers, shelter beds, case management services, and deposit / rental assistance
- Full-service programs for homeless families and youth (including victims of domestic violence) which will include shelter beds, case management, and deposit/rental assistance.
- Continued monitoring and enhancement of the HMIS system to ensure data is entered in an accurate, timely, and accessible manner. The City of San José Housing Department requires the use of HMIS to monitor outcomes and performance measures for all of its funded homeless service agencies.

These services will be available Citywide, though outreach and engagement activities will be targeted to areas where homeless residents congregate.

The funded projects are as follows:

1. Homeless Outreach Services
 - a. EHC LifeBuilders, Citywide Outreach and Shelter Project (\$474,960): The project will provide comprehensive outreach and engagement services to homeless individuals in the City of San José. Services will include street-based outreach, emergency shelter, case management and financial assistance to attain and maintain permanent housing.
 - b. Bill Wilson Center (in partnership with InnVision Shelter Network), San José CDBG/ESG Homelessness Outreach Project (\$211,322): The project will provide outreach and engagement services, intensive case management, shelter, housing search, deposit/rental assistance and linkages to services provided by other agencies including mainstream benefits.
2. Homeless Services to Youth and Families (including victims of domestic violence)
 - a. Next Door Solutions to Domestic Violence (in partnership with Asian Americans for Community Involvement, Community Solutions, Maitri and YWCA-Support Network), The Domestic Violence Collaborative Homelessness Intervention & Prevention Project (\$199,375): The project will provide emergency shelter, case management, safety planning, legal advocacy, counseling, self-sufficiency services and permanent housing placement to victims of domestic violence.
 - b. Bill Wilson Center (in partnership with InnVision Shelter Network, Family Supportive Housing and Sacred Heart Community Services), CDBG/ESG Homelessness Families and Youth Project (\$260,444): The project will provide emergency shelter, outreach and engagement, case management, housing search, rental/deposit assistance and linkages to support services for homeless families and youth.
3. Homeless Management Information System (HMIS)
 - a. Community Technology Alliance, HMIS-Santa Clara County (\$76,374): The project will provide a web-based system to effectively and efficiently track all homeless clients who receive homeless services throughout the county.

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<i>Action 2.A.5 Support Destination:Home</i>							
Performance Measure	Continue to implement program						
5-Year Plan Goal	N/A						
Funding Source	N/A						
Outcome Code	SL-1,2,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	Continue to implement program						
Actual Annual Outcome	Continue to implement program						

Support Destination: Home

On September 23, 2003, the San José City Council adopted a resolution approving a **Homeless Strategy** for the City of San José. In approving the Plan, the City joined dozens of other communities throughout the nation seeking to revise the current approach to addressing homelessness. The Homeless Strategy, adopted by the Mayor and City Council, outlines the extent of the homeless problem in San José, describes the many programs and policies the City has adopted over the years, and lays out a series of policies and actions designed to eliminate chronic homelessness in San José within ten years. More recently, the City in coordination with Santa Clara County, and representatives from local nonprofits and businesses, established a Blue Ribbon Commission (BRC) on homelessness and affordable housing to gain the political and community will and resources to make the homeless strategy a reality. The implementation of the BRC's recommendations is occurring under the name of Destination: Home.

In FY 2013-14 the City will continue to support Destination: Home through staff participation on its Boards and Committees as well as financial commitments for its administration and programs. Destination: Home's major areas of focus in FY 2013-14 include:

- *Rapid Re-housing (Housing First):*

Continue to support existing homeless and transitional shelters, but focus on moving people quickly into permanent housing with supportive services as seen in the successful **Housing First** approach. Efforts will include creating mutually beneficial partnerships with property owners and managers to remove the stigma of renting to extremely low-income and formerly homeless people, and increasing the number of units of permanent housing available to chronically homeless people linked with supportive wraparound services.

- *Wraparound Services*

In 2011, the City, in partnership with Destination: Home and the Santa Clara County Collaborative on Affordable Housing and Homeless Issues (Collaborative) joined the national 100,000 Homes Campaign on behalf of Santa Clara County. Using a health-focused strategy, this national campaign seeks to house 100,000 of the nation's most long-term and vulnerable homeless individuals by July 2013, with 1,000 of those persons being housed through Santa Clara County's local Housing 1000 campaign. Since June 2011, Destination: Home has surveyed over 2,400 homeless residents to assess their mortality risk. The results of these surveys are used to prioritize the provision of housing and case management services.

One of the components of the Housing 1000 Campaign is the "HUB Model" - an assessment and case management system charged with coordinating the care of the county's most vulnerable and long-term homeless residents, as identified through the Housing 1000 surveys. Under the HUB Model, a coordinator provides the

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planning and coordination necessary to secure services and housing for HUB clients, while case managers work with each client individually to identify their needs, ensure that they receive and utilize the specific services and assistance that will address these needs, and ultimately assist them in obtaining and maintaining housing.

In FY 2013-14, the City anticipates that it will continue providing Destination: Home with a Housing Trust Fund grant of \$400,000 to pay for three intensive case managers including salary, benefits, agency overhead, and program expenses such as client rental deposits; a Housing 1000 Technical Manager to provide data support to the program; and portion of the Project Manager's salary. The City anticipates that it will also support this effort through the continued participation by staff on the Housing 1000 and the Destination: Home Leadership Boards.

- *Proactive Efforts*

Create a discharge plan that proactively anticipates and meets the needs of individuals who are being released or have recently been released from an institutional setting including mental institutions, hospitals, and the criminal justice system. The goal of the discharge plan is to coordinate services and develop a plan of action to provide these individuals with the assistance and resources they need to prevent them from becoming homeless.

In this regard, during the fall of 2008, EHC LifeBuilders opened the Santa Clara County Medical Respite Program for homeless individuals who have recovered enough to be released from a hospital setting. The respite program provides these individuals with a safe place to recover from their illness and receive light medical attention while getting the services and assistance needed for them to become permanently housed decreasing the likelihood of their return to the emergency room. The City received a grant from the federal Department of Health and Human Services to increase the number of available respite beds from 15 to 20 and double the number of medical exam/case management rooms from two to four. The facility improvements, which are anticipated to be completed by August 2013, will improve access to health care services for chronically homeless adults with complex medical conditions and related psychosocial problems.

<i>Action 2.A.6 Seek additional resources for County-wide efforts to end homelessness</i>							
Performance Measure	Continue to implement program						
5-Year Plan Goal	N/A						
Funding Source	N/A						
Outcome Code	SL-1,2,3						
	<i>Year 1 2010-11</i>	<i>Year 2 2011-12</i>	<i>Year 3 2012-13</i>	<i>Year 4 2013-14</i>	<i>Year 5 2014-15</i>	<i>Total To- Date</i>	<i>% of 5- Year Goal</i>
Annual Plan Goal	Continue to implement program						
Actual Annual Outcome	Continue to implement program						

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<i>Action 2.A.7 Seek additional resources for housing and services for recently emancipated youth</i>							
Performance Measure	Continue to implement program						
5-Year Plan Goal	N/A						
Funding Source	N/A						
Outcome Code	SL-1,2,3						
	<i>Year 1 2010-11</i>	<i>Year 2 2011-12</i>	<i>Year 3 2012-13</i>	<i>Year 4 2013-14</i>	<i>Year 5 2014-15</i>	<i>Total To- Date</i>	<i>% of 5- Year Goal</i>
Annual Plan Goal	Continue to implement program						
Actual Annual Outcome	Continue to implement program						

Additional Activities & Efforts to End and Prevent Homelessness

In 2003, the federal government adopted a goal to eliminate chronic homelessness within ten years and called upon the nation's cities to adopt plans to make this goal a reality. The National Alliance to End Homelessness, the federal government, the U. S. Interagency Council on Homelessness, and the U.S. Conference of Mayors have all embraced this objective.

In 2012 the federal government finalized the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH) which reauthorized and modified the McKinney-Vento Homeless Assistance Act of 1987. With HEARTH came significant changes in the federal requirements for homeless programs and Continuums of Care (CoC). The Act shifts the emphasis from programs to systems, from activities to outcomes, and from shelter to prevention and rapid re-housing. In FY 2013-2014, the City will participate with other stakeholders in an intensive planning process which focuses on the implementation of the HEARTH regulations while also developing a coordinated, strategic response to the challenges facing the homeless community. More specifically, the planning process will focus on the following six areas of emphasis of the HEARTH regulations:

- Outcomes and System Performance
- Governance and Structure
- Coordinated/Centralized Assessment
- Collaboration
- Program Implementation Support
- Community Design

In addition to the efforts described above, the City anticipates funding the following activities targeted towards ending or preventing homelessness:

- *Downtown Homeless Outreach and Engagement Program*

In 2010, an increase in complaints about homeless people impacting San José's Downtown business community highlighted the lack of an outreach component to the County's homeless services' system. In 2011, through a combination of reallocated federal ESG funds and funds from the City's Housing Trust Fund the City funded a five-month homeless outreach and engagement program targeted to residents in San José's downtown. This program provided outreach to homeless residents living in San José's downtown and connected them with services available at the two One Stop Homelessness Prevention Centers, including providing transportation to the Centers. Additional components of the program included a hotline for community members to request assistance for homeless persons residing in the downtown area and reserved shelter beds.

To date, the Downtown outreach program has proven successful on several levels:

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- Downtown businesses were pleased that homeless people are being assisted rather than sleeping on their doorsteps;
- Community members had a venue to voice their concerns about homeless residents in San José's Downtown; and
- Homeless residents were being housed.

The program has proven so successful that the City has continued to fund the program with Housing Trust Funds and anticipates funding it again in FY 2013-14, including paying for an Outreach Case Manager; Outreach Workers; shelter beds; transportation to the shelter or housing appointments for those staying in the shelter; housing subsidies and bus tokens or transit passes as needed. In addition, beginning in FY 2012-2013, the program's case management services are being targeted to the "top 20" homeless individuals who receive the most complaints from the police, residents, and businesses with the goal of helping them attain and maintain permanent housing.

- *Homeless Encampment Strategy*

In March 2012, the City temporarily halted its Encampment Cleanup Program in order to develop new homeless outreach services, secure additional housing resources, and create procedures to ensure compliance with State law for sorting and storing abandoned property. The administrative burden of these new procedures, though essential to ensuring the protection of the constitutional rights of the homeless encampment occupants, greatly decreased the number of encampment clean-ups the City was able to conduct. At the same time, the City has increasingly heard concerns from community members and businesses regarding homeless individuals living in encampments. As a result, City staff have been developing a new plan which responds to the needs of the encampment occupants, the public safety and health concerns of neighborhoods, and the environmental damage caused by the encampments. In November 2012, the City hired a program manager to oversee the City's homeless encampment response.

In FY 2013-2014, the City will continue to implement its homeless response, including:

- Proposing increased funds for a robust encampment cleanup schedule and outreach program;
- Continuing to operate its homeless outreach and engagement hotline to give community members and businesses a vehicle to report specific areas of the City for which they have concerns about homeless encampments;
- Continuing to implement the homeless outreach and engagement teams to both address community and business concerns and try to engage the homeless encampment residents in services and housing;
- Developing a process by which homeless encampments are prioritized for clean-up and developing a calendar to allow outreach teams to work with the encampment residents well in advance of a clean-up;
- Approving a new MOA with the Santa Clara Valley Water District to maximize existing clean-up resources and align priorities;
- Identifying additional housing and service resources to offer the homeless encampment residents;
- Hiring an outside agency to conduct the physical encampment clean-ups;
- Coordinating regularly with other key stakeholder agencies on a regional encampment plan and related activities; and
- Identifying additional funding and resources to more effectively address homeless encampments.

- *UPLIFT*

Since 2008, the City has been partnering with the County of Santa Clara to fund the UPLIFT transit pass program which provides monthly bus passes to residents who are homeless or at-risk of homelessness, are receiving

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ongoing case management services, and are making progress on their designated goals. The City anticipates continuing to support the program in FY 2013-2014 through a Housing Trust Fund grant of \$40,000.

- *Work2Future*

The City is an active participant in Work2future, which consists of representatives from area employers, educators, and economic development and community service organizations. Work2future works to link job training programs and local employers. These linkages are critical to ensuring that residents have the skills and training needed to enter or return to the job market.

- *Data Collection*

The City is working to ensure that data systems collect the information needed to determine the needs of the homeless and the success of program efforts. The City funds and works collaboratively with Community Technology Alliance, the County's HMIS administrator to ensure that all federal and City funded agencies are active participants of HMIS. City staff will continue to participate on the Collaborative's Technology Committee and otherwise coordinate with CTA and the local homeless service providers to enhance the existing data collection systems to better capture the needs of the area's homeless residents and the success of efforts to end and prevent homelessness. In addition, the City is working with its funded programs to better capture information on the demographic and other needs of their homeless and at-risk clients.

- *Community Presentations*

Over the last year the City has been conducting numerous presentations to community and business organizations with the goal of educating them on the complexity of issues that cause an individual to become and remain homeless; the long-term commitments and partnerships that are required for a truly effective solution; the City's current efforts to end homelessness; and opportunities to help end homelessness. The City will continue to provide these presentations in FY 2013/2014.

Transitional and Permanent Housing Assistance

The City currently has over 800 beds of emergency shelter, over 700 beds of transitional housing, and over 700 beds of permanent housing, which serve homeless individuals, families with children, women with children, youth, and victims of domestic violence. In line with its goal of ending chronic homelessness, the City will continue to focus its funding on programs aimed at permanently housing homeless residents.

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GOAL #3 – SUPPORT ACTIVITIES THAT PROVIDE BASIC SERVICES, ELIMINATE BLIGHT, AND/OR STRENGTHEN NEIGHBORHOODS

Strategy #3A: Support local service organizations that provide essential services to the community, particularly special needs populations

Need (As identified in the 2010-15 Consolidated Plan document):

Consolidated Plan Workshop participants emphasized the need to support a broad range of community services. Lower-income households and special needs populations require this multi-faceted network to address basic needs such as food, clothing, health, and shelter, as well as other services outlined in Section 4.10 of the Consolidated Plan. As the recession and unemployment have exacerbated demand for all types of services, reduced funding from the State and private sources has impacted service delivery. Therefore, continued support from local jurisdictions via CDBG and other sources has become more vital.

Five-Year Goals

Action 3.A.1,2 Assist low-income residents with basic/essential services and maintain self-sufficiency - Homeless Services							
Performance Measure	Number of individuals assisted						
5-Year Plan Goal	30,000						
Funding Source	ESG, HOPWA, HPRP						
Outcome Code	SL-1,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	20,000	825	3,000	2,550		26,375	87.9%
Actual Annual Outcome	18,673					18,673	62.2%
Action 3.A.1,2 Assist low-income residents with basic/essential services and maintain self-sufficiency - CDBG							
Performance Measure	Number of individuals assisted						
5-Year Plan Goal	71,000						
Funding Source	CDBG						
Outcome Code	SL-1,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	8,934	8,934	2,000	1,700		21,568	30.4%
Actual Annual Outcome	14,630	31,255				45,885	64.6%

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Action 3.A.3 Assist lower-income residents access healthcare services							
Performance Measure	Number of individuals assisted						
5-Year Plan Goal	22,000						
Funding Source	CDBG						
Outcome Code	SL-1,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	4,557	2,884	*	*		7,441	33.8%
Actual Annual Outcome	3,269	3,517				6,786	30.8%

*Note - Beginning in FY 2012-13, the CDBG program no longer funds this category of activities

Action 3.A.4 Assist lower-income residents access legal services							
Performance Measure	Number of individuals assisted						
5-Year Plan Goal	7,000						
Funding Source	CDBG						
Outcome Code	SL-1,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	1,410	875	1,736	1,649		5,670	81.0%
Actual Annual Outcome	1,718	1,604				3,322	47.5%

As noted in a prior section, the City will continue to employ a multi-year place-based strategy that was first implemented in FY 2012-13. Part of this strategy will be to provide identified public service activities that both address the needs of the community and are in alignment with other city initiatives. Specifically, the City of San José will use CDBG and ESG funds to support the following activities.

Assist lower-income residents with basic/essential services

- *The Health Trust, Meals on Wheels (\$84,860):*

The project will provide daily home-delivered hot meals, personal connections, Wellness Checks, and resources for low-income, homebound San José seniors who cannot access services outside of their homes.

Assist lower-income residents maintain self-sufficiency

- *Catholic Charities of Santa Clara County (in partnership with Live Oak Adult Day Services, Respite and Research for Alzheimer's Disease and Yu Ai Kai), Senior Isolation to Inclusion Project (\$84,860):*

This project will provide a continuum of community-based safety net services - including licensed adult day care, escorted transportation, and congregate senior meals - to San José's low-income, dependent seniors in order to prevent or reduce their isolation and depression, and to increase their community connections.

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- *Somos Mayfair (\$84,860), Franklin McKinley Children's Initiative (\$84,860) and CommUniverCity (\$84,860), School Readiness/Third-Grade Literacy Services:*

These projects will provide school readiness/third grade literacy services within the three place-based neighborhoods. CDBG funds will fund activities that achieve school readiness and improve 3rd grade reading scores. Activities will include, but are not limited to, prevention and early intervention strategies for engaging parents, caregivers, and community members in preparing children to be ready to enter and succeed in school and working with the children themselves to develop their literacy and school readiness skills through after school tutoring programs. Activities will be targeted directly to neighborhood children ages 0-8 and their parents, caregivers, and other community members that will be influential to the children's success.

Assist lower-income residents access health care

Since FY 2012-13, the City has been unable to implement this activity due to reductions in funding and limitations on the use of funds for public service activities.

Assist lower-income residents access legal services

Legal services will be provided in FY 2013-2014 under Fair Housing activities (see Goal #5).

Strategy #3B: Provide the public facilities and infrastructure needed to assure the health, safety, and welfare of the community

Need (As identified in the 2010-15 Consolidated Plan document):

Community Workshop participants expressed the need for ongoing maintenance and upgrades to local public facilities, such as parks, community centers, youth and senior centers, sidewalks and landscaping, recreation facilities, and others.

Five-Year Goals:

Action 3.B.1 Remove public accessibility barriers							
Performance Measure	Number of individuals assisted in low-mod areas						
5-Year Plan Goal							
Funding Source	CDBG						
Outcome Code	SL-1,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal			14,000	TBD		14,000	N/A
Actual Annual Outcome							N/A

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Action 3.B.2 Physical improvement and rehabilitation of public facilities							
Performance Measure	Number of individuals assisted in low-mod areas						
5-Year Plan Goal	28,000						
Funding Source	CDBG						
Outcome Code	SL-1,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	5,115	5,115	32,061	TBD		42,291	151.0%
Actual Annual Outcome							N/A

Action 3.B.3 Code enforcement activities that eliminate blight and strengthen neighborhoods							
Performance Measure	Number of households / businesses assisted						
5-Year Plan Goal	11,000						
Funding Source	CDBG						
Outcome Code	SL-1,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	2,360	2,360	8,048	6,921		19,689	179.0%
Actual Annual Outcome	14,707	16,328				31,035	282.1%

The primary outcome of the Place-Based Strategy is to create clean and safe communities in the three identified neighborhoods. The City of San José will target some of the CDI funds to these neighborhoods, while others—such as housing rehabilitation and minor repair—will continue to be available to residents Citywide. To this end, the proposed uses of CDI funds include:

Remove public accessibility barriers

TBD

Physical Improvements and Rehabilitation of Public Facilities

- *Infrastructure and Facilities Improvements (\$1,500,000):*

The City of San José will identify and implement key improvements in the three identified neighborhoods that respond to their highest priorities. These activities could include: infrastructure improvements such as street lighting and pedestrian safety improvements around schools, traffic calming measures, ADA ramps and community open space improvements and rehabilitation and improvement of community facilities.

Elimination of blight and neighborhood clean-up to strengthen neighborhoods

The City of San José will fund one activity designed to address blight in the targeted neighborhoods:

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- *Blight Eradication Program (\$1,089,303):*

The project will identify deteriorated housing conditions within targeted areas and work with property owners to correct. The program will also survey the condition of the neighborhood housing stock to aid in the development of a comprehensive neighborhood improvement plan. Part of this plan will include the development of a tool-kit to provide the necessary resources to property owners.

Project Carryovers

In FY 2013-14, the City will carryover the following projects:

1. Franklin-McKinley School District: Rehabilitation of the McKinley Neighborhood Center in the Five Wounds neighborhood (\$97,350).
2. Install a section of the Five Wounds Trail along South 22nd Street in the Five Wounds neighborhood (\$86,000).

Project Cancellations

The following projects were cancelled in FY 2012-13:

1. Roman Catholic Diocese of San José: Rehabilitation of community rooms and building at Our Lady of Refuge Catholic Church to benefit the Santee neighborhood (\$200,000).
2. Install flashing beacons at the McKee Avenue crosswalk at 34th Street in the Five Wounds neighborhood (\$17,500). Funds for this project were added to the LED streetlight project.

Strategy #3C: Mitigate lead-based paint hazards

Need (As identified in the 2010-15 Consolidated Plan document):

Approximately 45,600 rental units occupied by extremely low-, low-, and moderate-income households in Santa Clara County may contain lead-based paint (LBP). In addition, approximately 6,000 low- and moderate-income homeowners may occupy units containing LBP. However, homes with lead-based paint do not necessarily pose a health hazard, if the property is in good condition and the paint well-maintained. In fact, there has been a relatively low incidence of lead poisoning among Santa Clara County children. In Santa Clara County in 2006, there were only 65 confirmed cases of elevated blood lead levels among children, accounting for 20 percent of all confirmed cases in the Bay Area that year.

Five-Year Goal:

Action 3.C.1 Inspect affordable housing for lead-based paint							
Performance Measure	Number of properties inspected						
5-Year Plan Goal	1,215						
Funding Source	NSP, Rehab Program, First-time Homebuyer Program						
Outcome Code	SL-1,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	270	114	105	30		519	42.7%
Actual Annual Outcome	131	68				199	16.4%

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Action 3.C.2 Seek funding opportunities to mitigate lead hazards							
Performance Measure	Continue to implement program						
5-Year Plan Goal	N/A						
Funding Source	N/A						
Outcome Code	SL-1,3, DH-1,2						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	Continue to implement program						
Actual Annual Outcome	Continue to implement program						

The Department of Housing continues to provide lead testing and assessment services on all dwellings receiving rehabilitation that were built prior to 1978. In addition, lead-based paint testing is performed on pre-1978 dwellings in the Project Alliance and NSP Programs. The Housing Department continues to contract with an outside environmental consultant to provide these testing and assessment services. This is in addition to the trained and lead certified Housing Department staff. These services are being provided in part to comply with Federal regulations 1012 and 1013 of Title X. Additionally, these services are being provided to ensure a safer environment for those we serve. Despite the fact that less than 40% of Program funding is derived from federal funds, 100% of eligible conventional homes built prior to 1978 are tested for lead. Regardless of the funding source, those properties testing positive for this hazard are mitigated in conjunction with rehabilitation.

Over the past four years, the Housing Department has tested over 536 properties for the presence of lead-based paint. Over the next five years, it is anticipated that, on average, 150 properties built prior to 1978 will be rehabilitated per year. Data over the past three years suggests that approximately 40% of the housing stock tested, tested positive for lead-based paint at levels over HUD's acceptable limits. Based on these results, an estimated 30 properties per year will potentially receive some level of lead remediation or abatement.

Strategy #3D: Support a Neighborhood Stabilization Program to strengthen Neighborhoods affected by foreclosures

Need (As identified in the 2010-15 Consolidated Plan document):

Since 2007, San José has experienced a significant increase in the number of home foreclosures as a result of sub-prime loan programs, reduced home values and increased unemployment. With entire neighborhoods being affected by the foreclosure crisis, San José intends to be proactive in devoting resources to increase stability and reduce blight in targeted areas hardest hit by the foreclosure crisis.

Current Year Update:

San José residents received approximately 4,470 foreclosure filings in 2012. While this is more than twice as many filings received in 2006, it is significantly lower than the 2009 peak of over 16,000 filings. Indeed, foreclosure rates in San José have steadily decreased over the past three years for a number of positive reasons, including increased foreclosure prevention capacity and expertise at the local non-profit level, the presence of new State and federal anti-foreclosure programs and policies; greater coordination with banks and lenders to modify loans; and an improving economy. However, even as foreclosure rates have declined, new foreclosure prevention efforts such as California's Keep your Home CA and the Homeownership Bill of Rights have created new areas of work for non-profit foreclosure prevention counselors in terms of educating households about the

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programs, facilitating their access to the programs, and working with them to ensure that their loan modifications are fair and sustainable. The City continues to support foreclosure prevention efforts by funding the regional ForeclosureHelp Initiative, and follow and advance policies that mitigate foreclosures and that strengthen families and neighborhoods.

Five-Year Goal:

Action 3.D.1 Purchase and rehabilitate foreclosed properties and resell as affordable housing units							
Performance Measure	Number of units assisted						
5-Year Plan Goal	90						
Funding Source	NSP						
Outcome Code	SL-1,3 DH-1,2						
	<i>Year 1 2010-11</i>	<i>Year 2 2011-12</i>	<i>Year 3 2012-13</i>	<i>Year 4 2013-14</i>	<i>Year 5 2014-15</i>	<i>Total To- Date</i>	<i>% of 5- Year Goal</i>
Annual Plan Goal	45	32	31	4		112	124.4%
Actual Annual Outcome	13	16				29	32.2%

Purchase of Foreclosed Homes

Due to legislative changes in foreclosure requirements, ongoing economic recovery and escalating home values, the San José NSP consortium has experienced significant reductions in qualified housing inventory over the last year. Both the Housing Trust's Purchase Assistance Loan (PAL) Program and the City's Dream Home Program have struggled to acquire new properties in 2012. As a result the Consortium has re-evaluated the programs and funding strategies heading into the 2013-14 fiscal year. With the ongoing recovery in the ownership housing market, the Consortium will be submitting a proposed amendment to the Department of Housing and Urban Development (HUD) to amend the funding Action Plan to shift the balance of program funds from ownership to rental housing.

The proposed amendment will reallocate the remaining balance of PAL Program funds and a portion of the Dream Home Program Allocation to create a new Multi-family rental allocation. The City will develop and release a Notice of Funding Availability (NOFA) in the summer of 2013 soliciting funding proposals for new multi-family project(s) meeting the requirements of the NSP2 grant.

Through February 1, 2013 the Housing Trust closed 51 PAL loans and the City's Dream Home Program Purchased 38 homes for rehabilitation and resale. The proposed amendment will close out the PAL Program at its current total of 51 and reduce the Dream Home Program goal from 53 to 43 homes. It is anticipated that all but four homes will be purchased rehabilitated and resold before the end of the 2012-13 fiscal year.

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Action 3.D.2 Provide support to the City's ForeclosureHelp Initiative							
Performance Measure	Number of individuals assisted						
5-Year Plan Goal	N/A						
Funding Source	CDBG						
Outcome Code	DH-2,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal			1,200	1,020		2,220	N/A
Actual Annual Outcome							

Provide Support to ForeclosureHelp

The City will provide \$300,000 to a consortium of nonprofits in order to provide expanded services as part of the ForeclosureHelp initiative being led by the Housing Trust of Santa Clara County. The Consortium is composed of multiple local non-profit agencies, including Neighborhood Housing Services Silicon Valley, Project Sentinel, Law Foundation of Silicon Valley, SurePath Financial Solutions, Asian Inc., and Santa Clara County Association of Realtors. The project will assist homeowners and tenants at risk of being displaced from their homes with foreclosure prevention, intervention and family re-stabilization. Counseling, guidance, and appropriate referrals will be provided to families considering short sale, loan modification or legal assistance.

Action 3.D.3 Provide support to the City's Don't Borrow Trouble Initiative							
Performance Measure	Continue to implement program						
5-Year Plan Goal	N/A						
Funding Source	N/A						
Outcome Code	DH-2,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	Continue to implement program						
Actual Annual Outcome	Continue to implement program						

Provide support to the Don't Borrow Trouble Campaign

The Don't Borrow Trouble Campaign will be assisted under the ForeclosureHelp Initiative. No CDBG funds will be used to support the Campaign.

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Action 3.D.4 Research best practices and policies to respond to the foreclosure crisis							
Performance Measure	Continue to implement program						
5-Year Plan Goal	N/A						
Funding Source	N/A						
Outcome Code	DH-2,3						
	<i>Year 1 2010-11</i>	<i>Year 2 2011-12</i>	<i>Year 3 2012-13</i>	<i>Year 4 2013-14</i>	<i>Year 5 2014-15</i>	<i>Total To- Date</i>	<i>% of 5- Year Goal</i>
Annual Plan Goal	Continue to implement program						
Actual Annual Outcome	Continue to implement program						

Research best practices and policies to respond to the foreclosure crisis

Staff continues to monitor foreclosure activity in San José, as well as potential policies, programs, and legislation that can assist the City's efforts in helping households from going into foreclosure. Staff produces periodic updates on the number of foreclosure filings issued to San José residents. Recent examples of policy and legislative work include collaborating with local non-profits to develop the ForeclosureHelp Initiative and analyzing the State's implementation of the National Mortgage Settlement.

In FY 2013-14, the Housing Department will continue to facilitate foreclosure prevention efforts in the following ways:

1. Monitor the foreclosure situation in San José by tracking the number of homes in the foreclosure process and where they are located geographically. .
2. Monitor and advocate for legislation that seeks to mitigate the impacts of foreclosures.
3. Coordinate with banks who own foreclosed homes in San José to ensure the homes are maintained.

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GOAL #4 – EXPAND ECONOMIC OPPORTUNITIES FOR LOW-INCOME HOUSEHOLDS

Strategy #4A: Support economic development activities that promote employment growth and help lower-income persons secure and maintain a job

Need (As identified in the 2010-15 Consolidated Plan document):

The California Employment Development Department (EDD) reports a 12.1 percent unemployment rate for Santa Clara County in January 2010,. In response, Consolidated Plan Workshop participants stated the need for small business development, mentoring, and loan programs. These activities can help local entrepreneurs establish their businesses and lease space at more affordable rates during the down market. Participants also expressed the need for vocational programs that build basic job skills and train workers, especially youth, to enter or re-enter the workforce. As a challenge, these services are often best addressed at a county or regional scale, given the relative scarcity of funding resources at the local level.

Five-Year Goal:

Action 4.A.1 Funding for local employment development and workforce training							
Performance Measure	Number of jobs created						
5-Year Plan Goal	250						
Funding Source	CDBG						
Outcome Code	EO-1,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	54	54	NA	50		158	63.2%
Actual Annual Outcome	41	41				82	32.8%

Action 4.A.2 Funding for small business development and training							
Performance Measure	Number of individuals assisted						
5-Year Plan Goal	3,000						
Funding Source	CDBG						
Outcome Code	EO-1,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	640	640	NA	NA		1,280	42.7%
Actual Annual Outcome	524	570				1,094	36.5%

- *Downtown Streets Team- Job Readiness Training Project (\$600,000):*

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This project provides job readiness training to 50 homeless individuals transitioning back into mainstream society. Downtown Streets, a newly formed Community Based Development Organization, will provide training job skills workshops and will clean neighborhood streets, remove weeds, paint over graffiti, reverse urban decay, provide peer-to-peer outreach to homeless living in the area, and work alongside concerned residents within the three place-based neighborhoods, in advance of permanent improvements.

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GOAL #5 – PROMOTE FAIR HOUSING CHOICE

Strategy #5A: Conduct outreach to the community regarding fair housing, in order to address local barriers to fair housing

The City of San José is committed towards mitigating or eliminating impediments to fair housing choice through the strategies and actions identified below as well as in its Analysis of Impediments and 2010-15 Consolidated Plan. These actions seek to facilitate access to affordable housing, to fund fair housing services, to ensure the alignment of local zoning ordinances to fair housing requirements, to outreach with the County Housing Authority on the Section 8 voucher program, and to facilitate the creation of complete communities. This comprehensive fair housing plan recognizes that fair housing is a regional issue, leverages partnerships, and strategically focuses on the highest impacts especially given the need to adjust to limited and often diminishing resources.

As a result, the City of San José funds or partners with local and regional agencies that have expertise in this area, especially in the area of fair housing services. For FY 2013-14, approximately \$385,000 from the 20% set-aside for CDBG Administration is recommended for funding a consortium of agencies which are currently providing Fair Housing services Citywide (Legal Aid of Santa Clara County, the Law Foundation including the Mental Health Advocacy Project, Project Sentinel, the Asian Law Alliance, and Senior Adults Legal Assistance). This consortium has come together to provide services, with the Law Foundation taking the lead grantee role, focusing its efforts on implementing the federal Analysis of Impediments to Fair Housing plan. The services to be provided next fiscal year 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.

Housing Department staff will collaborate internally and with staff from other City departments and organizations in order implement the remainder of its fair housing strategy, including facilitating access to affordable housing, ensuring local ordinance alignment with fair housing laws, outreaching on the Section 8 voucher program, and creating complete communities

The following policies and actions respond to the fair housing needs identified in City's 2010-15 Consolidated Plan and its Analysis of Impediments.

Five-Year Goals:

<i>Action 5.A.1 Ongoing education and outreach regarding fair housing</i>							
Performance Measure	Number of presentations made						
5-Year Plan Goal	N/A						
Funding Source	N/A						
Outcome Code	DH-1						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	52	42	42	56		192	N/A
Actual Annual Outcome	56	56				112	N/A

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The City contracts with local service providers to conduct ongoing outreach and education regarding fair housing for home seekers, landlords, property managers, real estate agents, and lenders. Outreach will occur via training sessions, public events, jurisdictions' websites and other media outlets, staffing at service providers' offices, and multi-lingual flyers available in a variety public locations.

Action 5.A.2 Fair Housing testing in local apartment complexes							
Performance Measure	Number of tests in local apartment complexes						
5-Year Plan Goal	N/A						
Funding Source	N/A						
Outcome Code	DH-1						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal		80	60	60		200	N/A
Actual Annual Outcome	134	111				245	N/A

The City contracts with local service providers to conduct fair housing testing in local apartment complexes. The testing program looks for any evidence of differential treatment among sample local apartment complexes. Following the test, the service provider submits findings to the local jurisdiction and conducts educational outreach to landlords that showed differential treatment during the test.

Strategy #5B: Ensure that City policies and programs promote fair housing and equal access to housing

Five-Year Goals:

Action 5.B.1 Ensure local ordinances are in compliance with State and Federal Fair Housing laws							
Performance Measure	Continue to implement program						
5-Year Plan Goal	N/A						
Funding Source	N/A						
Outcome Code	DH-1						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	Continue to implement program						
Actual Annual Outcome	Continue to implement program						

The City reviews and updates as necessary its local zoning ordinances to ensure that they are consistent with State and federal fair housing laws. Staff also responds to public input regarding ordinances that may need updating or modifying in order to facilitate fair housing practices. For example, during the FY 2011-12 Consolidated Annual Performance and Evaluation Report (CAPER) public review process, the City's ordinance regarding religious assembly was identified as one that could be – while proper in its purpose – misinterpreted or

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incorrectly applied due to the way it is currently written. As a result, staff will review and modify as necessary the ordinance to ensure that its intent and proper application are clearly conveyed.

Action 5.B.2 Ensure zoning ordinances have procedures for reasonable accomodation requests							
Performance Measure	Continue to implement program						
5-Year Plan Goal	N/A						
Funding Source	N/A						
Outcome Code							
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	Continue to implement program						
Actual Annual Outcome	Continue to implement program						

The City ensures that local zoning ordinances have effective procedures to respond to reasonable accommodation requests in order to accommodate the needs of persons with disabilities. The City has a process for reasonable accommodation requests and can be found at the following location: <http://www.sanjoseca.gov/DocumentCenter/Home/View/611>

Action 5.B.3 Lanugage assistance for limited-English speaking residents							
Performance Measure	Continue to implement program						
5-Year Plan Goal	N/A						
Funding Source	N/A						
Outcome Code							
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	Continue to implement program						
Actual Annual Outcome	Continue to implement program						

The City provides language assistance to persons with limited English proficiency. Many individuals living in San José for whom English is not their primary language may speak English with limited proficiency or, in some cases, not at all. As a result, persons who are limited English proficient (LEP) may not have the same access to important housing services as those who are proficient. Since 2007, the City of San José has maintained an LAP to facilitate access to housing for those who lack English proficiency. The Plan has identified language assistance needs for Spanish, Vietnamese, and Chinese (Cantonese and Mandarin) speakers. Assistance may come in the form of either written or oral translation as determined by need and demand, and is included in certain program documents as well as in public notices. In FY 2012-13, the City included Tagalog translation for its publicly notices. Agencies that receive federal funding through the City are also required to implement an LAP. Per federal guidance on LAPs, implementation of the plan depends on a four-factor analysis that includes an assessment of language need as well as the organizational capacity to meet those needs.

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<i>Action 5.B.4 Update local Analysis of Impediments</i>							
Performance Measure	Continue to implement program						
5-Year Plan Goal	N/A						
Funding Source	N/A						
Outcome Code							
	<i>Year 1 2010-11</i>	<i>Year 2 2011-12</i>	<i>Year 3 2012-13</i>	<i>Year 4 2013-14</i>	<i>Year 5 2014-15</i>	<i>Total To- Date</i>	<i>% of 5- Year Goal</i>
Annual Plan Goal	Continue to implement program						
Actual Annual Outcome	Continue to implement program						

Strategy #5C: Plan for and facilitate housing opportunities City-wide

Five-Year Goal:

<i>Action 5.C.1 Plan for and facilitate development of complete mixed-use and mixed-income communities</i>							
Performance Measure	Develop implementation strategies for Urban Villages / Envision 2040						
5-Year Plan Goal	N/A						
Funding Source	N/A						
Outcome Code							
	<i>Year 1 2010-11</i>	<i>Year 2 2011-12</i>	<i>Year 3 2012-13</i>	<i>Year 4 2013-14</i>	<i>Year 5 2014-15</i>	<i>Total To- Date</i>	<i>% of 5- Year Goal</i>
Annual Plan Goal	Continue to implement program						
Actual Annual Outcome	Continue to implement program						

The City plans for and facilitates the development of complete, mixed-use and mixed-income communities. The San José City Council recently adopted the City's updated General Plan called Envision 2040, which includes an important strategy to create "urban villages," which are compact and complete communities that have a mix of housing, retail, services, and jobs that are easily accessible through non-auto oriented means, including walking, biking, and public transportation. Staff has begun the process to implement the urban villages, which will include policies to incorporate affordable housing. Additionally, the City's Planning and Housing Departments will work together to seek appropriate grant funding for sustainable and complete communities. Finally, City staff will continue to work on the Bay Area's regional One Bay Area Plan that implements California's Sustainable Communities Strategy.

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<i>Action 5.C.2 Plan for and facilitate transit-oriented developments</i>							
Performance Measure	Develop implementation strategies for Urban Villages / Envision 2040						
5-Year Plan Goal	N/A						
Funding Source	N/A						
Outcome Code							
	<i>Year 1 2010-11</i>	<i>Year 2 2011-12</i>	<i>Year 3 2012-13</i>	<i>Year 4 2013-14</i>	<i>Year 5 2014-15</i>	<i>Total To- Date</i>	<i>% of 5- Year Goal</i>
Annual Plan Goal	Continue to implement program						
Actual Annual Outcome	Continue to implement program						

As indicated in Action 5.C.1 above, the City Council is in the process of implementing its urban village plan, which focuses on the creation of complete, mixed-use communities connected by transit. Because the urban village plan is part of its Envision 2040 General Plan, this will be an ongoing process.

Section 5: Goals and Strategies

GOAL #6 – PROMOTE ENVIRONMENTAL SUSTAINABILITY

Strategy #6A: Encourage the installation of energy- and water-efficiency measures in new and existing homes

Need (As identified in the 2010-15 Consolidated Plan document):

With energy efficiency, water conservation, and greenhouse gas reduction all growing policy concerns, local jurisdictions must further efforts to support environmentally-sustainable residential development. Moreover, existing homes should be upgraded to improve their energy and water efficiency.

Five-Year Goal:

Action 6.A.1 Energy efficiency in multi-family new homes							
Performance Measure	Number of units meeting Build It Green standards						
5-Year Plan Goal	946						
Funding Source	HOME, Affordable Housing Investment Fund						
Outcome Code	SL-3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	813		249	101		1,163	122.9%
Actual Annual Outcome	354	704				1,058	111.8%

Action 6.A.2 Direct investment in energy-efficiency in owner-occupied housing - Rehabilitated homes							
Performance Measure	Number of units meeting Build It Green standards						
5-Year Plan Goal	250						
Funding Source	CDBG						
Outcome Code	SL-3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	50	18	50	12		130	52.0%
Actual Annual Outcome	39	16				55	22.0%

Section 5: Goals and Strategies

Action 6.A.2 Direct investment in energy-efficiency in owner-occupied housing - Inclusionary / Homebuyer Assistance programs							
Performance Measure	Number of units meeting Build It Green standards						
5-Year Plan Goal	35						
Funding Source	HOME, Affordable Housing Investment Fund						
Outcome Code	SL-3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	5	37				42	120.0%
Actual Annual Outcome	30	5				35	100.0%

Action 6.A.3 CDBG sponsored energy efficiency improvements							
Performance Measure	Number of energy efficiency improvements						
5-Year Plan Goal	1,600						
Funding Source	CDBG						
Outcome Code	SL-3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	325		544	TBD		869	54.3%
Actual Annual Outcome		497				497	31.1%

In August of 2010 the Housing Department accepted a \$370,000 Innovator Pilot grant from PG&E to implement a Municipal Whole House Rehab Pilot Program (MWHRPP). The objective of this grant is to develop standard energy efficiency models based on Build-it-Green standards, effectively incorporating energy efficiency upgrades into standard housing rehabilitation. It is anticipated that the Rehabilitation Program will incorporate energy efficiency measures funded through this grant into approximately 25 projects in the coming year. PG&E has extended the grant deadline from September 2012 to December 2013.

Additionally, the Housing Rehabilitation Program had taken measures to incorporate Energy Efficiency and Eco-friendly or Green methods and materials into the projects funded through State and federal sources when feasible. Utilizing Build-it-Green Standards, the program goal is to exceed a 15% energy efficiency saving in each home receiving these upgrades and to meet the Build-it-Green certification standard. These program policies align with both federal and State funding objectives. The goal for this coming fiscal year is to upgrade 12 homes.

The infrastructure improvements in the three Place-Based Strategy neighborhoods include converting existing street light fixture to LED fixtures, a much more energy-efficient option than the existing type of lighting

Section 6: Housing Support Activities / Removing Barriers to Affordable Housing

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Section 6: Housing Support Activities

INTRODUCTION

In addition to its federal housing programs, the City develops and implements its Five-Year Housing Investment Plan (HIP), a locally-determined plan that provides a comprehensive approach to addressing San Jose's housing needs. Unlike the federal Annual Action Plan, the HIP includes the full range of funding sources (including State and local), policies, and programs for affordable housing. In concert, these programs and policies maximize the City's ability to support housing activities and to mitigate barriers to affordable housing. The City is currently in the process of updating its existing HIP and anticipates bringing forward the next Five-Year HIP in Summer/Fall 2013. However, the excerpted policies below from the current HIP highlight key policies that support the programs in the federal Annual Action Plan in order to promote and encourage affordable housing development in San José.

GENERAL HOUSING POLICIES

- Support State and federal legislation to create a permanent dedicated source of funding for affordable housing creation, rehabilitation, and preservation, including ELI units.
- Actively seek opportunities to access existing local, state and federal funding resources for housing affordable to low- and moderate-income households, including remaining State Proposition 1C funds for infill development.
- Implement the City's current Inclusionary Housing Policy in redevelopment project areas, including provision of guidance to developers regarding implications of the *Palmer v. The City of Los Angeles* ruling that invalidates inclusionary housing for rental projects. Continue to review the current policy's implementation to ensure it provides certainty to developers as well as incentives to comply by providing affordability or payment of in-lieu fees, whether under the Policy or on a negotiated basis in exchange for development concessions.
- Continue to appeal the Building Industry Association's legal challenge against San José's citywide inclusionary housing ordinance. The City Council approved the ordinance in January 2010 and was expected to go into effect January 1, 2013. However, it is currently on pause due to the legal challenge.
- Prioritize resources for the most vulnerable households by: 1) spending the City's available funding in accordance with its Income Allocation Policy, as follows: 30% for ELI, 30% for VLI, and 25% for LI; 2) partnering with service providers to better target and provide needed services to ELI households; 3) integrating ELI units with various different types and income levels within projects; 4) seeking to appropriately leverage all funds to receive the greatest number of ELI units; and 5) maximizing other, outside, funding resources in order to deepen affordability.
- Include language in the City's Mixed-income Housing Policy to state that to the extent feasible, the City encourages ELI units mixed effectively among other low-income and market-rate units.
- Continue to identify developable sites suitable for higher density and/or mixed-use development in order to maximize opportunities for development of both affordable and market-rate housing. This action aligns with the City's recently-adopted *Envision 2040 General Plan Update*, which seeks to facilitate the creation of urban villages and complete communities.
- Update the City's Dispersion Policy in order to ensure that its goals align with a more urban built environment based on sustainable planning principles contained in the City's *Envision 2040 General Plan Update*. This will allow for both the identification and prioritization of sites for affordable housing in transit corridors and other opportunity sites, while ensuring that affordable housing is integrated in diverse, mixed-income communities.

Section 6: Housing Support Activities

- Continue to plan for the intensification of North San José along transit corridors. This will provide an additional opportunity for 32,000 units of new housing, 6,400 of which are affordable units.
- Collaborate with external non-profit housing agencies to provide education, legal, and outreach services to tenants and landlords covered by the Rent Control ordinance.
- Continue to seek developments that provide housing opportunities for persons with disabilities.
- Continue to analyze and make recommendations/improvements, if necessary, regarding the City's secondary unit program.

POLICIES TO END HOMELESSNESS

- Work with its government, nonprofit, and business partners to allocate additional resources for efforts to end and prevent homelessness. This includes Destination: Home, a public-private partnership implementing an integrated, coordinated approach to ending homelessness in Santa Clara County by infusing permanent housing with important services like mental health, physical rehabilitation, and employment training programs.
- Monitor and advocate for legislation at the State and federal level.
- Continue coordinating with the City's Department of Environmental Services and other government and nonprofit partners to develop a response to homeless encampments which balances the needs of the encampment occupants and responds to the concerns of neighborhoods and the environmental damage to the environment resulting from the encampments.
- Work with the Housing Authority of the County of Santa Clara to allocate 100 Section 8 Housing Choice Vouchers plus one-third of every turnover Voucher to homeless individuals, with priority going to those living in encampments.

POLICIES TO ELIMINATE IDENTIFIED GAPS IN THE INSTITUTIONAL STRUCTURE

- Support maintenance of federal entitlement programs such as the Community Development Block Grant (CDBG) Program, Emergency Solutions Grant (ESG), Housing Opportunities for Persons with AIDS (HOPWA), HOME Partnerships, Section 8 Housing Choice Vouchers, Section 202, and Section 811 programs.
- Participate in the creation of an implementation plan for the City's *Envision 2040 General Plan Update* in order to ensure that housing development for a range of incomes can continue in the City, especially in transit- and amenity-rich locations.
- Continue to participate in the regional planning effort to integrate the Sustainable Communities Strategy (SCS) and the Regional Transportation Plan (RTP) in support of SB375 and AB32. Additionally, continue to participate in and shape the methodology for the regional housing needs allocation (RHNA) to be used in the development of the SCS/RTP, and to advance an appropriate allocation of housing and jobs for San José that achieves the goals of greenhouse gas reduction, economic development, and housing opportunities across incomes.

Section 6: Housing Support Activities

- The City of San José Housing Element for 2007-14 was adopted by the City Council in June 2009. State law requires that the Element be updated at least once every five years. The purpose of the Element is for each locality to assess its housing needs for different populations and to identify strategies to meet those needs. Additionally, the Association of Bay Area Governments (ABAG) allocates regional housing needs (RHNA goals) to the counties and cities in the nine-county Bay Area. San José's most recent RHNA goal is over 34,000 total housing units, nearly 60 percent of which must be affordable to lower-income households. The Housing Element must identify strategies to plan for this regional housing allocation. These strategies include facilitating the creation of new units, preserving existing restricted units, mitigating/eliminating market and non-market barriers to residential development, and ensuring sufficient capacity in a jurisdiction's General Plan to accommodate its RHNA
- Advocate changes in federal laws and those that run through State agencies such as TCAC, CDLAC, and HCD to improve San José's position in receiving entitlement grants and in applying for scarce public dollars.
- Advocate change to the federal poverty line to a standard that recognizes high-cost areas.
- Continue to work with the Housing Authority of the County of Santa Clara to limit the number of project-based Section 8 vouchers used in existing affordable housing projects, including those owned and operated by the Housing Authority and its subsidiaries.
- Analyze foreclosure rates and geographic concentration, and produce maps of foreclosures as needed.

Section 7: Monitoring and Performance Measures

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Section 7: Monitoring and Performance Measures

MONITORING CDBG, HOME, HOPWA AND ESG

The City continues to follow the grantee monitoring requirements as outlined by HUD for the use of federal funds. The City has also standardized policies and procedures for use city-wide, which incorporate many of the HUD requirements. In 2006, the City-wide Grant Management Working Group and the Nonprofit Strategic Engagement Committee were formed to respond to findings from a 2005 internal City audit. In 2008, the City of San José Auditor performed a follow-up review of the 2005 Audit which included recommendations to 1) establish citywide consistent policies and procedures; 2) establish specific training requirements for staff involved in grants management and monitoring; 3) establish criteria when audited financial statements are obtained and reviewed; 4) establish risk-based criteria and help ensure grantee compliance with grant requirements.

The Grants Management Working Group continues to meet regularly and has met several of the recommendations made by the City Auditor. These accomplishments include the completion of the City-Wide Grant Management Handbook, which provides overarching guidance to City departments that award federal, State or local funding. The handbook also provides guidance on grants management and monitoring and establishes minimum criteria for the review of financial statements and reporting. To further aid staff in contract management, individual department grant applications and agreements are being reviewed for consistency and duplication. Lastly, a citywide Grant Management database began full implementation in January 2010.

To further strengthen its monitoring strategy, in FY 2010-2011 the Department of Housing created a new Compliance and Monitoring Division. This Division has sole responsibility of monitoring all projects funded with federal, state and local funds. Because of the great number of the grants the Housing Department manages, the new division developed a Risk Assessment to prioritize the number of projects to monitor and determine what level of monitoring will take place. The new division also modified existing monitoring forms to insure alignment with HUD CPD forms for each applicable federal program. Due to staffing cutbacks, this division has been absorbed within the Grants Management Division. Staff within this division will use the tools already developed and implement the monitoring process in FY 2013-2014.

The monitoring process also includes the following major elements:

- ◆ **Public Review** - Input is solicited from the **Housing and Community Development Advisory Commission (HCDC)** on the Consolidated Plan and the associated Performance Report. The HCDC provides recommendations to the City Council on housing policy matters. Each **Annual Action Plan** for the five-year Consolidated Plan is also subject to extensive public review and comment prior to submission to HUD.
- ◆ **Tracking** - The Department of Housing uses of the citywide Webgrants database system. This database tracks programmatic and financial performance and allows potential applicants to apply for funds electronically.

The intent of the monitoring process is to identify any potential red flags and, if necessary, provide the necessary technical assistance so that sub-recipients can successfully implement their projects. If a significant problem is discovered, City staff meets with project staff to discuss and resolve any issues. Examples of such problems include:

- ◆ Services are not documented
- ◆ Goals are not being met
- ◆ Project files are not in order
- ◆ Lack of fiscal controls and/or documentation
- ◆ Required reports are not being submitted in a timely manner
- ◆ Expense reporting does not adhere to regulations or policies.

For CDBG, ESG and HOPWA programs, service providers are required to submit monthly or quarterly Reimbursement Requests and Reconciliation Reports to document expenses and ensure that both line item

Section 7: Monitoring and Performance Measures

budgets and total project budgets are not over-expended, and allows for review of project status. Additionally, service providers are required to submit quarterly performance reports and a cumulative annual report. Review of these reports allows staff to determine whether corrective measures are necessary and provide a basis for monitoring procedures.

In addition, Housing department staff review financial documentation of its sub-recipients. The sub-recipients are required to establish and maintain a system of accounts that is in conformance with generally accepted principles of accounting for budgeted funds. This system of accounts is subject to review and approval by the City. In addition, sub-recipients are required to submit an annual agency audit. Financial monitoring is based on the program budget that is incorporated in the grant agreement between the City and the sub-recipient. Sub-recipients are required to submit to the City the name of a fiscal agent, if any, who is responsible for the financial and accounting activities of the project, including the receipt and disbursement of project funds.

Beyond simply monitoring its sub-recipients, the Housing Department understands that the agencies must have the tools necessary to implement successful and impactful programs. In FY 10-11 the department modified the "Playing by the Rules" training module provided by HUD and conducted a two day training for all sub-recipients. The intent of the training was to educate sub-recipient staff of their responsibilities and requirements in utilizing federal funds. The training was successful and the department plans to conduct the training at the beginning of each future funding cycle.

PERFORMANCE MEASURES – OBJECTIVES AND OUTCOMES

CDBG

The scope of services contained in the grant agreement is developed directly from the project proposal. It describes project activities that are to be accomplished each quarter and the level of service anticipated for each activity. Goals and objectives are very specific. See Table 2B in Section 8 for specific objectives of the program related to public facilities, infrastructure, public services, economic development and other community development priorities.

HOME

The City of San José has been an entitlement jurisdiction under the HOME Investment Partnership Program since 1992. The use of these funds in past years has benefited multi-family rental developments, first time homebuyers under the Homebuyer Program, Rehabilitation projects and Tenant-Based Rental Assistance (TBRA) program for chronically homeless residents of the City. All of these programs will continue to be options for the use of HOME funds should the need to reallocate funding occur in order to maximize the City's resources. However, in the coming year, funds will be focused on the development of Multi-family Rental Projects, Acquisition/Rehabilitation of Single-family residents under Habitat for Humanity, CHDO Operating Assistance and TBRA. The City's objectives under the HOME program are as follows, and grantees are measured by completion:

- a. Improve the Quality of Affordable Owner Housing
- b. Increase the Access of Affordable Owner Housing
- c. Increase the Supply of Affordable Rental Housing
- d. Improve Access of Affordable Housing to our homeless. population

Additionally, the City reviews management plans for the multi-family, HOME funded projects for sponsor's marketing efforts and checks for compliance with affirmative marketing requirements and procedures. Announcements are mailed to nonprofits and advertisements are placed in the local newspaper and in online apartment search engines, where appropriate. The review is performed prior to the initial lease-up of the property. Typically, the sponsors receive more than enough eligible applicants to fully occupy the property. The remainder of the eligible applicants are kept on a waiting list that is maintained indefinitely. As new applicants learn of the existing properties and contact the property management companies, they are added to the waiting lists. The

Section 7: Monitoring and Performance Measures

Housing Department produces an Affordable Housing Referral List of the majority of affordable housing properties assisted with City financing. The list is updated quarterly and its wide distribution has become an important outreach tool.

ESG

The City's ESG funding priority has been shelter operating costs. The City's objectives and outcomes for the FY 2013-2014 are to provide outreach services, primarily to the chronically homeless, and a full range of services to families and youth, including victims of domestic violence, who are homeless or at risk of homelessness. Additionally, City will support the operation of HMIS.

HOPWA

For FY 2013-2014 the HOPWA objectives include the provision of tenant-based rental assistance and supportive services to San José residents living with HIV/AIDS.

Objectives for the program include:

- Supportive Services - health, mental health, assessment, case management and housing advocacy, drug and alcohol abuse treatment, adult and child day care, personal assistance, nutritional services
- Tenant-Based rental assistance - rent payment subsidies

MBE/WBE & Section 3 Reporting Requirements

The City adopted policy guidelines in November 2006 on the federal reporting requirements and has informed all grantees of its requirement to collect Section 3 and MBE/WBE materials. These will be reported annually in the City's Consolidated Annual Performance Evaluation Report (CAPER).

Section 8: HUD Tables and Data

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Section 8: HUD Tables and Data

(Will be provided with the final document)

A. Table 2A – Priority Housing Needs

B. Table 2B – Non-Housing Community Development Needs

C. Table 2C and 3A – Summary of Housing and Community Development Objectives

Section 9: Appendices

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Section 9: Appendices

(Will be provided with the final document)

D. Gap Analysis – Homeless and Special Needs

E. Public Notice, Public Testimony, and Community Input

F. HOME, HOMEBUYER and TBRA Program Guidelines

G. Applications for Federal Assistance (SF 424)

H. Certifications