

# Memorandum

**TO:** NEIGHBORHOOD SERVICES &  
EDUCATION COMMITTEE

**FROM:** Jacky Morales-Ferrand

**SUBJECT: 2015-20 CONSOLIDATED PLAN  
PRIORITIES**

**DATE:** January 26, 2015

Approved

Date

2/2/15

**COUNCIL DISTRICT: N/A**

## RECOMMENDATION

Accept the staff report on the development of San José's 2015-20 Consolidated Plan and recommended priorities.

## BACKGROUND

The federal Department of Housing and Urban Development (HUD) requires jurisdictions that receive federal housing and community development grant funding to develop a Five-Year Consolidated Plan that identifies priority needs, goals, actions, and funding strategies. The Five-Year Plan is called the "Consolidated Plan" because it represents a comprehensive strategy for four main federal funding programs: the Community Development Block Grant (CDBG), HOME Investment Partnership (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with Aids (HOPWA). The CDBG program is the most flexible of these funding sources, and allows for investments in a variety of areas such as housing, economic development, and public service. Conversely, HOME, ESG, and HOPWA are targeted to specific activities and populations. The City of San José is completing its 2010-15 Consolidated Plan and is in the process of developing the 2015-20 Consolidated Plan in order to submit it to HUD by the May 15, 2015 deadline.

Additionally, jurisdictions must develop an Annual Action Plan each year to implement the Five-Year Plan. Typically, the development of the Five-Year Plan includes the simultaneous development of the first year Annual Action Plan for that cycle. In this case, the 2015-20 Consolidated Plan includes concurrent development of the FY 2015-16 Annual Action Plan, with subsequent annual plans developed in their respective years. Staff expects that HUD will release federal funding levels for FY 2015-2016 shortly, and anticipates that the levels will represent a slight decrease from FY 2014-15.

Finally, jurisdictions that receive federal housing and community development grant funds must also affirmatively further fair housing in order to meet federal fair housing and civil rights laws. This requirement is typically met through the preparation of a separate but related report called

the Analysis of Impediments to Fair Housing (AI), which identifies barriers preventing individuals, households, and families from accessing housing opportunities and strategies to mitigate or eliminate those barriers. The findings and strategies in the AI are incorporated into the Consolidated Plan as appropriate. The AI being updated concurrently with the 2015-20 Consolidated Plan.

The development of the 2015-20 Consolidated Plan and AI is led by LeSar Development Consultants, with the public engagement component led by MIG, and includes a regional element to identify shared housing and community development needs throughout the County as well as within jurisdictions. This process includes several regional community meetings as well as a needs survey administered countywide, and a collaborative working group composed of staff from various jurisdictions.

### ***Alignment with other Housing Plans***

Staff is in the process of updating two other housing plans: the State-mandated 2014-23 Housing Element and the City's locally-determined 2015-20 Investment Plan. San José has successfully developed, implemented, and maintained each of these plans in their respective previous planning cycles in compliance with State and federal requirements and local policy priorities. In the past, the plans moved on different planning cycles and time frames. However, the current update cycle for the plans will be on similar timeframes, providing the opportunity for the City to synchronize the policies, funding, goals, strategies, actions, and success measures for a comprehensive and integrated approach for San Jose's housing and community development efforts.

Below is a summary of the other two housing plans:

- **2014-23 Housing Element:** The Housing Element is a State-mandated housing plan that requires each jurisdiction in California to plan for its fair share housing needs, and is one of seven components – or “elements” – required in local general plans. State Housing Element law requires jurisdictions to update their Housing Element every five to seven years. The law requires localities to: plan for sufficient land capacity within their general plans to accommodate their RHNA at appropriate densities; analyze the jurisdiction's socioeconomic conditions; assess both governmental and non-governmental constraints to housing; quantify local housing needs and objectives; and develop a workplan to mitigate housing constraints and to facilitate housing development across income categories.

For the Bay Area, the 2014-23 Housing Element cycle is also an implementation tool to help meet State objectives for greenhouse gas reduction and sustainable land use planning under AB 32 and SB 375, as well as to meet regional housing, equity, and economic development goals through the One Bay Area collaborative planning process. A certified Housing Element also allows cities to be eligible for State housing, transportation, and infrastructure funding. The City Council adopted the 2014-23 Housing Element on

January 27, 2015, which will be submitted to the State Department of Housing & Community Development for certification.

- **2015-20 Investment Plan:** San José's Five-Year Investment Plan is a locally-determined plan that aligns local, regional, State, and federal funding sources towards achieving the City's housing and community development goals. While the Housing Element focuses on the regional housing needs allocation and the Consolidated Plan addresses investments for meeting local housing needs that align with federal priorities, the 2015-20 Investment Plan comprehensively aligns strategies and all funding sources to meet the full range of housing and community development priorities. Some of the Investment Plan policies and priorities may overlap with those found in the State and federal plans; others may be unique to San José and are locally-determined. However, the Investment Plan provides the flexibility to develop new strategies, partnerships, and funding sources that align with the City's own policy priorities but that may not be as fully covered under State or federal requirements. Staff is currently working on the 2015-20 Investment Plan and is currently targeting a draft available for public comment by June 2015.

## ANALYSIS

### *2015-20 Consolidated Plan Process To-Date*

*Fall 2013 (Regional Convening)* – The development of the 2015-20 Consolidated Plan began in Fall 2013, when staff from various cities in Santa Clara County – including the City of San José – convened to explore how the process could be done from a regional perspective, with the understanding that housing needs are both a local and regional issue. The concept was that the process could be streamlined using a collaborative, regional approach, which would provide efficiencies with data analysis, outreach, and Plan development. Additionally, the collaboration would help identify regional challenges, barriers, opportunities, and shared goals and actions. Participating cities would then tailor the Plan to address their own local housing conditions and needs and meet federal Consolidated Plan requirements.

*Fall 2013 to Spring 2014 (RFP Development)* – Between Fall 2014 and Spring 2014, the consortium developed a scope of work for a request for proposals (RFP) for a consultant to lead the collaborative Consolidated Plan and AI effort. The RFP was issued in Spring 2014.

*Summer 2014 (Consultant Selection)* – LeSar Development Consultants (LDC) and MIG were selected as the joint consultant team for their combined expertise in housing, community development, and public process. LDC serves as the lead in analyzing housing and community development needs and developing the 2015-20 Consolidated Plan, while MIG serves as the lead in the public engagement process.

*Fall 2014 (Public Engagement)* – MIG held three countywide meetings in order to receive public input on regional housing and community development needs. These meetings were held in Mountain View, San José, and Gilroy. In addition, four San José-specific meetings were held in

the City in order to receive input on local housing and community development needs. These local meetings were held at Roosevelt Community Center (9/30/2014), Seven Trees Community Center (October 1, 2014), Mayfair Community Center (October 2, 2014), and Tully Library (October 7, 2014). These were strategically selected locations in order to receive feedback from community members in Council Districts that contain low- and moderate-income Census tracts, i.e., locations in which federal grant funds must be invested. Each public meeting used the same structure: background information presented by MIG; a “HUD bucks” activity where participants identified priority needs by allocating proxy money to different funding categories; and small group discussions and report outs.

In order to maximize public input, MIG also administered a needs survey in both hard copy and online formats, and in five languages (English, Spanish, Vietnamese, Chinese, and Tagalog). MIG received nearly 1,500 surveys, with 37% of the respondents living in and 42% working in San José.

*Late 2014 (Draft Plan Development)* – LDC began the first draft for the 2015-20 Consolidated Plan and AI. The initial drafts primarily address the federal requirement to provide quantitative analysis of needs. Subsequent drafts will add in priority needs, goals, and projects.

*Early 2015 (Priority Needs)* – Based on the summary of findings from the public engagement process (MIG) and the quantitative analysis of needs (LDC), staff has begun developing a set of initial priority needs. On January 15, 2015, staff provided a status update to HCDC and sought feedback on the initial priority needs identified. Input from the NSE Committee will also be used to inform Plan priorities.

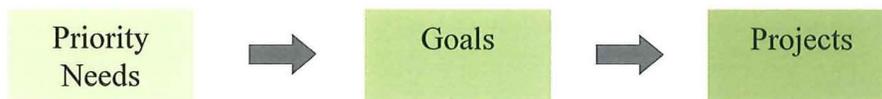
### ***Public Engagement Findings***

As noted above, MIG held multiple community meetings and collected surveys to seek input on both regional and local housing and community development needs. The priorities at both the regional level and in San Jose specifically were closely aligned, with meeting participants and survey respondents identifying affordable housing, homelessness response and prevention, and fair housing as key priorities. Additionally, a significant number of responses fell into a category of needs that, collectively, address the broad priority of strengthening neighborhoods. These priorities include but are not limited to needs related to economic development (such as employment training, job creation/retention), public facilities (such as community centers), and infrastructure (such as community gardens, capacity-building/education programs, and other services). Please see Attachment A - Citizen Participation Summary for a more detailed description of the community meetings, needs survey, and findings.

### ***Recommended Priority Needs***

HUD requires that jurisdictions identify priority needs, which become the basis of five-year and one-year goals. Together, they guide the City’s annual investments in projects intended to

achieve those goals. HUD allows priority needs to be broad in order to provide jurisdictions the flexibility to respond to local needs through an annual funding strategy.



Based on the public input received, staff is recommending four initial groups of priority needs: affordable housing, homelessness, fair housing, and strengthening neighborhoods. Examples of different types of eligible projects (and their federal funding source) that can be funded in each priority need include, but are not limited to, the following:

- Priority Need: Affordable housing
  - Rent subsidies and supportive services to help low-income residents living with HIV/AIDS secure and maintain housing (HOPWA).
  - Funding of construction/permanent financing of new affordable housing developments (HOME funds).
  - Land Acquisition (CDBG funds) for future of development of affordable housing.
- Priority Need: Homelessness
  - Rental Assistance Programs for homeless individuals and families (HOPWA/HOME).
  - Homelessness prevention activities.
  - Outreach programs to work with homeless clients to find housing and services (ESG).
- Priority Need: Fair housing
  - Legal services for landlords and tenants, including low-income households and seniors (CDBG).
  - Investigation and legal services for victims of housing discrimination.
- Priority Need: Strengthening neighborhoods (CDBG):
  - Capacity-building, education, and community engagement programs.
  - Enhanced Code Enforcement Services in impacted neighborhoods; cleanup of contaminated sites.
  - Health, food, nutrition, or education programs.
  - Economic development programs, such as employment training, job creation/retention, etc.
  - Infrastructure, including public service and capital improvement projects in predominately low-income neighborhoods. Past examples include creation of community garden and community center improvements.

For the FY 2015-16 Annual Action Plan, funded projects are being carried over from the 2010-15 Consolidated Plan as a transition year, and includes items such as public engagement, fair

housing, homelessness response, tenant based rental assistance, and a nutrition program. The City Council approved the funding strategy on December 16, 2014. More information can be found here in the associated Council memo:

<http://www.sanjoseca.gov/DocumentCenter/View/38291>

In FY 2016-17 and beyond, staff anticipates a potential new set of funding strategies to meet the priorities identified in the 2015-20 Consolidated Plan. However, relevant goals and programs from FY 2015-16 may be included in the new funding strategy if they align with 2015-20 priorities. The Evaluation and Follow-Up section below provides an initial timeline for development of the funding strategy for FY 2016-17 and beyond.

During the development of the draft 2015-20 Consolidated Plan, priorities and goals may be revised or augmented as additional input is received, analyses are performed, and resources are assessed. Over the last several years, funding levels in CDBG and HOME – the two largest programs – have been reduced 30-40 percent due to federal budget cuts, with future federal funding levels remaining relatively uncertain year-to-year. As a result, it is important that annual funding strategies invest in projects that have the greatest impact, rather than spread limited resources too thinly. To the extent possible, the funding strategy should seek to leverage resources, support partnerships, advance multiple City goals, be outcome instead of output driven, and invest in programs that are replicable and sustainable without the need for ongoing federal and other public resources. Once the Five-Year Plan and Annual Action Plans are finalized, adopted by Council, and submitted to HUD, future changes, deletions, or additions of priority needs, goals, and projects may require a substantial amendment process, public noticing, and approval by City Council.

## **EVALUATION AND FOLLOW-UP**

Staff will continue to develop the 2015-20 Consolidated Plan and 2015-16 Annual Action Plan, with the following next steps:

- February/March 2015: Additional public meetings/hearings (as needed).
- March 20, 2015: Release draft 2015-20 Consolidated Plan and 2015-16 Annual Action Plan for 30-day public review.
- April 9, 2015: HCDC public hearing.
- April 14 2015: First City Council public hearing.
- May 5, 2015: Second and Final City Council public hearing and consideration of Consolidated Plan and Annual Action Plan adoption.
- May 15, 2015: Deadline to submit final plans to HUD.

Additionally, staff is already looking ahead to the FY 2016-17 Annual Action Plan. Typically, the development of an annual funding strategy begins months in advance of developing the Annual Action Plan itself. Thus, staff seeks to initiate the FY 2016-17 funding strategy this summer in preparation for next year's FY 2016-17 Annual Action Plan process. An initial proposed timeline is below:

- Summer 2015: Initiate public outreach to seek input on 2016-17 funding strategy.
- Fall 2015: Release Request for Proposals for federal housing and community development grant funding.
- Winter 2015: Deadline to apply for grant funding.
- Early 2016: Selection of grant recipients and development of 2016-17 Annual Action Plan.

### **PUBLIC OUTREACH/INTEREST**

As indicated above, the 2015-20 Consolidated Plan process has included multiple public engagement opportunities, a needs survey, and staff presentation to HCDC. Staff will continue the public process as noted in the Evaluation and Follow-Up section.

### **COORDINATION**

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

/s/

Jacky Morales-Ferrand  
Interim Director, Department of Housing

For questions please contact Wayne Chen, Acting Division Manager, at (408) 975-4442.

Attachment A: Citizen Participation Summary



# City of San José

Neighborhood Services & Education Committee

2015-20 Consolidated Plan Update

February 12, 2015

Dave Bopf & Wayne Chen

City of San José Department of Housing



# What is the Consolidated Plan?

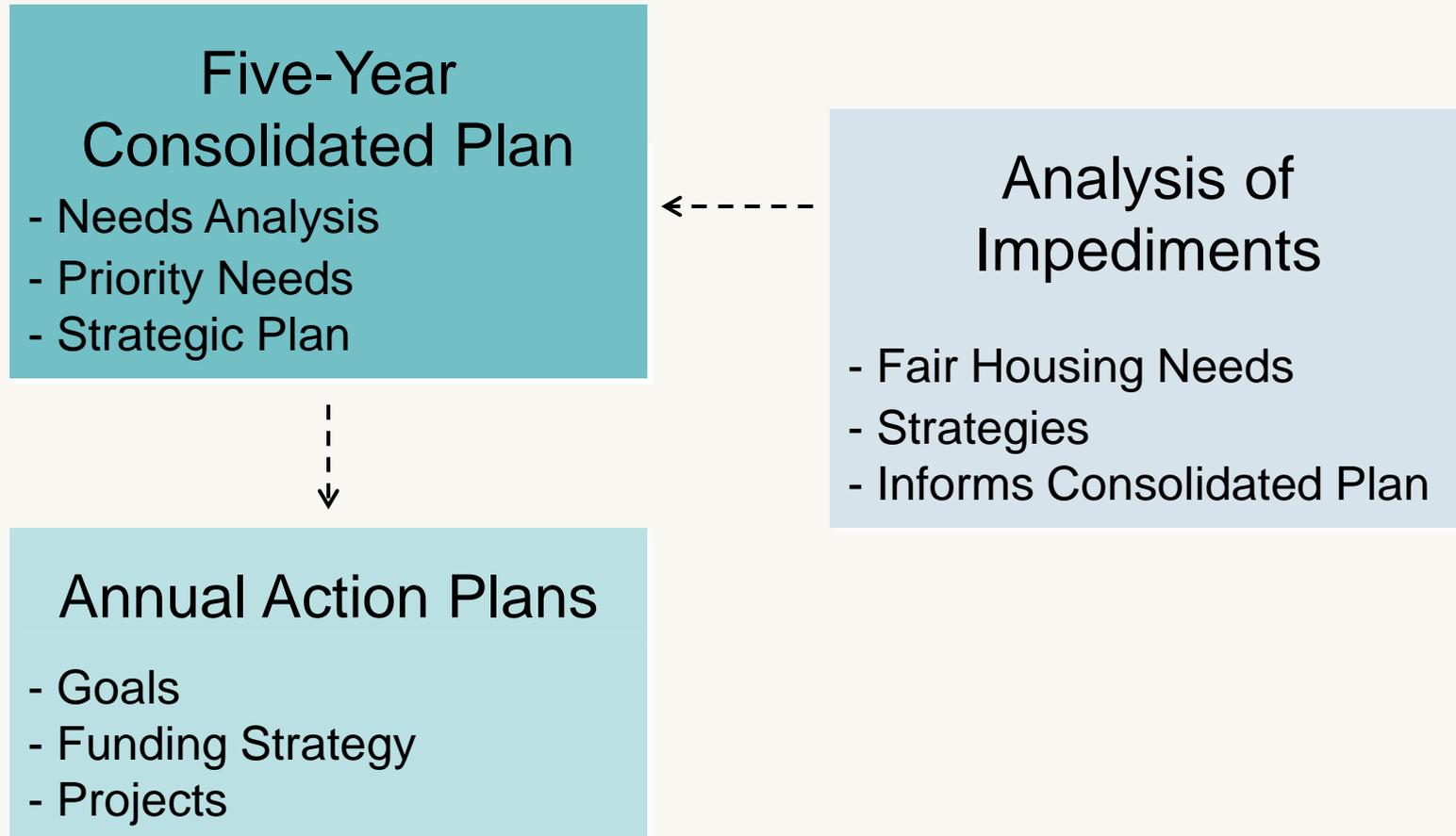
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Required federal report:

- Housing & community development needs
- How federal funding programs will be invested
- Five-year plan
- Informed by Analysis of Impediments
- Informs Annual Action Plans

# Related Federal reports

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# Four Funding Programs

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Four federal funding programs:

- Community Development Block Grants (CDBG)
- HOME Investment Partnership (HOME)
- Housing Opportunities for People With Aids (HOPWA)
- Emergency Solutions Grants (ESG)

# Annual Federal Allocation

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<b>Program</b>	<b>2014-15</b>	<b>2015-16</b>	<b>Change</b>
CDBG	\$8,142,000	\$8,259,000	+1.4%
HOME	\$2,551,000	\$2,382,000	-6.6%
HOPWA	\$873,000	\$866,000	-0.8%
ESG	\$671,000	\$726,000	+8.2%
<b>TOTAL</b>	<b>\$12,237,000</b>	<b>\$12,233,000</b>	<b>0.0%</b>

# CDBG Expenditures 2015-16

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<b>EXPENDITURES</b>	<b>AMOUNT</b>
CDBG Allocation	\$8,259,000
Section 108 Loan Repayment	- \$2,000,000
<b>AVAILABLE FOR PROGRAMMING</b>	<b><u>\$6,259,000</u></b>
• Public Service (15% Limit)	\$1,239,000
• Admin (20% Limit)	\$1,652,000
• Community Development (No Limit)	\$3,368,000

# Process To-Date

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- **Fall 2013** – Began developing a regional update process
- **Spring 2014** – RFP issued for consultant
- **Summer 2014** – LeSar/MIG selected and commenced work
- **Fall 2014** – Regional (3) and Local (4) public meetings + HCDC
- **Late 2014** – Began development of 2015-20 Consolidated Plan and 2015-16 Annual Action Plan
- **Early 2015** – Additional public input on strategic priorities
  - **January 15, 2015** – HCDC Meeting
  - **February 12, 2015** – NS&E Committee Meeting

# Public Input Process

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- Three regional meetings: Mountain View, San Jose, Gilroy
- Four San Jose Specific meetings:
  - Roosevelt Community Center
  - Mayfair Community Center
  - Seven Trees Community Center
  - Tully Library

# Public Input Process

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- Format:
  - Consultant presentation
  - “HUD Bucks” activity
  - Breakout discussion & report out
- Survey:
  - Hard copy and online
  - 5 languages (*English, Spanish, Vietnamese, Chinese, Tagalog*)

# Priority Needs & Examples of Eligible Projects

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- Affordable Housing
  - Examples: Rent subsidies; Funding affordable housing developments; Land acquisition
- Homelessness
  - Examples: Rent assistance; Homelessness prevention programs; Outreach programs

# Priority Needs & Examples of Eligible Projects

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- Fair Housing
  - Examples: Legal services for tenants & landlords; investigation services
- Strengthening Neighborhoods
  - Examples: Capacity-building, education, community engagement programs; Enhanced code enforcement; Health, food, nutrition programs; Economic development programs; Infrastructure; Capital Improvements

# Next Steps

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- **Continue** development of Plans
- **February/March 2015** – Additional public meetings (as needed)
- **March 20, 2015** – Release draft Plans for public review
- **April 9, 2015\*** – NSE Committee
- **April 9, 2015** – HCDC Public Hearing
- **April 14, 2015** – City Council 1<sup>st</sup> Public Hearing
- **May 5, 2015** – Council consideration of Plans (2<sup>nd</sup> & Final Public Hearing)
- **By May 15, 2015** – Submit Council-adopted Plans to HUD



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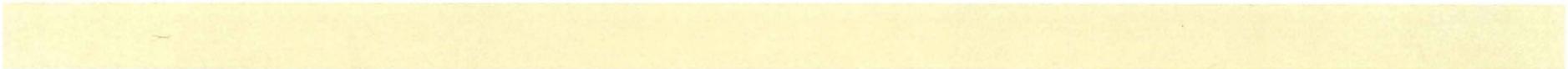
# Potential 2015-16 Funding for Services

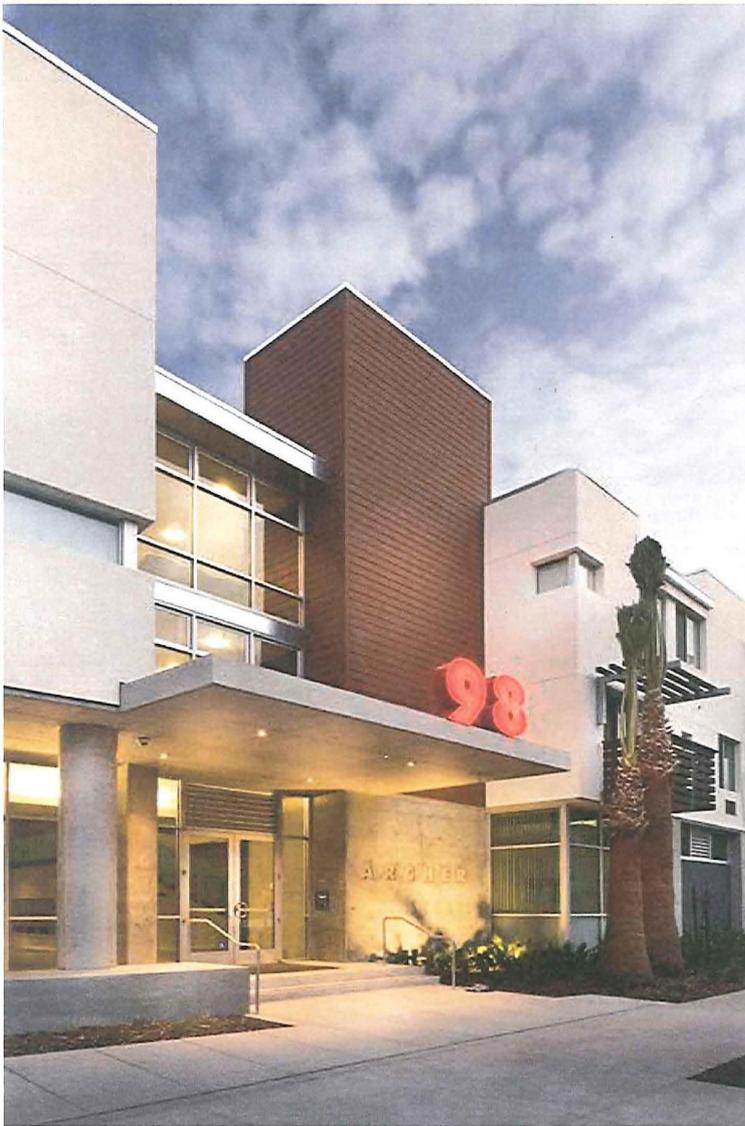
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<b>Program</b>	<b>Project</b>	<b>Funding</b>
CDBG	Senior Isolation	\$97,717
	Meals on Wheels	\$97,717
	Fair Housing	\$385,000
	Neighborhood Engagement	\$150,000
HOPWA	TBRA, Housing, Services	\$1,236,264
HOME	TBRA (Rental Assistance)	\$1,850,000

## Next Steps

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