City of San José
Housing & Community Development Commission

District 1 — Justin Lardinois
District 3 — Barry Del Buono
District 5 — Ruben Navarro
District 7 — Vacant
District 9 — Julie Quinn
Mayor — Nhi Duong

(VC) Alex Shoor — District 2
Huy Tran — District 4
(C) Andrea Wheeler — District 6
Vacant — District 8
Michael Fitzgerald — District 10
Martha O'Connell — CAAC MR
Ryan Jasinsky — CAAC ML

*Commissioners are appointed by corresponding Council Members, but do not represent the Council District.

MEETING AGENDA

5:45 PM MAY 9, 2019

CITY HALL WING ROOMS 118-119

I. Call to Order & Orders of the Day

II. Introductions

III. Consent Calendar

A. Approve the Minutes for the Meeting of April 11, 2019
ACTION: Approve the April 11, 2019 action minutes

IV. Reports and Information Only

A. Chair
B. Director
C. Council Liasion

V. Open Forum

Members of the Public are invited to speak on any item that does not appear on today's Agenda and that is within the subject matter jurisdiction of the Commission. Meeting attendees are usually given two (2) minutes to speak on any discussion item and/or during open forum; the time limit is in the discretion of the Chair of the meeting and may be limited when appropriate. Speakers using a translator will be given twice the time allotted to ensure non-English speakers receive the same opportunity to directly address the Commission.

VI. Old Business

VII. New Business

A. Ad hoc committee Report-back on Mobilehome Resident Evictions Tracking (Chair A. Wheeler)
ACTION: Review and edit the draft letter prepared by Chair Wheeler for the ad hoc committee on tracking mobilehome resident evictions, and make possible motion to send the letter to the City Council on behalf of the Commission.

B. Public Hearing for the draft 2019-2020 Annual Action Plan (R. Lopez, Housing Department)
ACTION: 1) Conduct a Public Hearing on the Draft FY 2019-2020 Annual Action Plan (Plan), as required by the U.S. Department of Housing and Urban Development (HUD); 2) Provide Housing Department staff with input on the draft FY 2019-2020 Annual Action Plan and funding priorities; and, 3) Make possible recommendation to the City Council to approve the Draft Plan.

C. Moderate-income Housing Strategy Update (K. Clements, Housing Department)
ACTION: Review the staff report on current strategies to support the creation of housing for moderate-income and other "missing middle" residents in San José, and make possible recommendation to staff on moderate-income housing strategies.

D. Nominations for Chair and Vice Chair for FY 2019-20 (Chair A. Wheeler)
ACTION: Nominate Comissioners for positions of Chair and Vice Chair to serve in Fiscal Year 2019-20 in preparation for voting at the June 2019 Commission meeting. (no memo)

E. Ad hoc committee Report-back on Potential Vacant Housing Tax (Commissioners A. Shoor and H. Tran)
ACTION: 1) Discuss the report back of the ad hoc committee on a potential vacant housing tax; 2) Consider an expansion of the ad hoc committee's scope also to include vacant land entitled for residential uses, vacant land entitled for commercial uses, and empty existing commercial spaces; and, 3) Authorize the ad hoc committee to return to the Commission in June with a draft letter to the City Council supporting potential strategies.

VII. Open Forum

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VIII. Meeting Schedule

The next regular meeting is scheduled to be held on Thursday, June 13, 2019 at 5:45 p.m. in Wing Rooms 118-120 at San José City Hall, 200 E. Santa Clara St, San José, CA 95113.

IX. Adjournment

The City of San José is committed to open and honest government and strives to consistently meet the community's expectations by providing excellent service, in a positive and timely manner, and in the full view of the public.

You may speak to the Commission about any discussion item that is on the agenda, and you may also speak during Open Forum on items that are not on the agenda and are within the subject matter jurisdiction of the Commission. Please be advised that, by law, the Commission is unable to discuss or take action on issues presented during Open Forum. Pursuant to Government Code Section 54954.2, no matter shall be acted upon by the Commission unless listed on the agenda, which has been posted not less than 72 hours prior to meeting.

Agendas, Staff Reports and some associated documents for the Commission items may be viewed on the Internet at http://www.sanjoseca.gov/hcdc.

Correspondence to the Housing & Community Development Commission is public record and will become part of the City's electronic records, which are accessible through the City's website. Before posting online, the following may be redacted: addresses, email addresses, social security numbers, phone numbers, and signatures. However, please note: e-mail addresses, names, addresses, and other contact information are not required, but if included in any communication to the Housing & Community Development Commission, will become part of the public record. If you do not want your contact information included in the public record, please do not include that information in your communication.

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Office of the City Clerk, 200 East Santa Clara Street, 14th Floor, San José, California 95113, at the same time that the public records are distributed or made available to the legislative body. Any draft resolutions or other items posted on the Internet site or distributed in advance of the commission meeting may not be the final documents approved by the commission. Contact the Office of the City Clerk for the final document.

On occasion, the Commission may consider agenda items out of order.

The Housing & Community Development Commission meets every Second Thursday of each month (except for July and December) at 5:45pm, with special meetings as necessary. If you have any questions, please direct them to the Commission staff. Thank you for taking the time to attend today's meeting. We look forward to seeing you at future meetings.

To request an accommodation or alternative format under the Americans with Disabilities Act for City-sponsored meetings, events, or printed materials, please call (408) 535-1260 as soon as possible, but at least three business days before the meeting.

Please direct correspondence and questions to:

City of San José
Attn: Viviane Nguyen
200 East Santa Clara Street, 12th Floor
San José, California 95113
Tel: (408) 975-4462
Email: viviane.nguyen@sanjoseca.gov

Para residentes que hablan español: Si desea mas información, favor de llamar a Theresa Ramos al 408-975-4475.

Riêng đối với quí vị nói tiếng Việt : Muốn biết thêm chi-tiết, xin vui lòng tiếp xúc với Viviane Nguyen, Đ.T. 408-975-4462.

對於說華語的居民: 請電 408-975-4450 向 Ann Tu 詢問詳細事宜。說粵語的居民則請撥打 408-975-4425 與 Yen Tiet 聯絡。

Para sa mga residente na ang wika ay tagalog: Kung kinakailangan pa ninyo ng inpormasyon, tawagan si Shirlee Victorio sa 408-975-2649. Salamat Po.

HOUSING & COMMUNITY DEVELOPMENT COMMISSION
MEETING ACTION MINUTES
APRIL 11, 2019

MEMBERS PRESENT:	Andrea Wheeler	Chair
	Justin Lardinois	Commissioner
	Martha O'Connell	Commissioner
	Justin Lardinois	Commissioner
	Huy Tran	Commissioner
	Nhi Duong	Commissioner (Arrived at 6:01, Exited 7:54 PM)
	Michael Fitzgerald	Commissioner
	Ryan Jasinsky	Commissioner
	Julie Quinn	Commissioner
MEMBERS ABSENT:	Alex Shoor	Vice Chair
	Ruben Navarro	Commissioner
	District 7	Vacant
	District 8	Vacant
STAFF:	Helen Chapman	Council Liaison
	Kristen Clements	Housing Department
	Selena Copeland	Housing Department
	Viviane Nguyen	Housing Department
	Fred Tran	Housing Department
	Theresa Ramos	Housing Department

(I) Call to Order & Orders of the Day
Chair Wheeler called the meeting to order at 5:47 PM.

(II) Introductions – Commissioners and staff introduced themselves.

(III) Consent Calendar

A. Approve the Minutes for the Meeting of March 14, 2019
ACTION: Approve the March 14, 2019 action minutes

Commissioner O'Connell made the motion to approve the minutes with the following changes, with a second by Commissioner Tran.

Commissioner O'Connell made the motion to amend VIII. Open Forum that, "a mobilehome park owner was reportedly sending a member of their staff who speaks Vietnamese out into the park to push long term contracts, written in English, telling the Vietnamese residents they would get $200 and a TV if they signed the contract. They did not understand that if they signed a long term contract they would no longer be covered by rent control. Commissioner O'Connell further reported she saw one of the contracts. A Vietnamese resident's rent has

more than doubled for any new owner who buys his home and he at present cannot find a buyer. [I] ask that the City Council be made aware of this issue."

Chair Wheeler amended the motion to correct item III-A to refer to approval of the minutes from March 14, 2019, rather than to those of the Special Meeting on March 7, 2019.

The motion was approved unanimously (8-0).
Yes: Lardinois, Tran, Quinn, Jasinsky, O'Connell, Wheeler, Fitzgerald, Del Buono
Note: Commissioner Duong arrived after the vote.

(IV) Reports and Information Only

A. Chair: Chair Wheeler had no report.
B. Director: Ms. Kristen Clements provided a City Council update that the City's Affordable Housing Investment Plan (AHIP) considered at the Council meeting on April 9, 2019, was approved, with 45% of available funds to be spent on extremely low-income apartments, $10 million to be spent on moderate-income housing, and $10 million on acquisition/rehabilitation projects. In addition, the City Council considered State bill SB 705, which would require mobilehome park owners intending to convert park uses to give greater notice to residents, and voted to support the bill with proposed amendments. Lastly, the Ellis Act Ordinance item was deferred to April 23, 2019, and the Commission's letter was posted as part of the City Council agenda packet.
C. Council Liaison: Ms. Helen Chapman referred to the update regarding SB 705 that would govern the closure of mobilehome parks and increase noticing requirements.

(V) Open Forum

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Resident expressed concern about the demolition of older, rent controlled buildings as recently allowed in Mountain View and inquired about what City of San Jose is doing to address this. [Chair Wheeler commented that the City Council's continued focus on the Ellis Act program concerns this issue.]

(VI) Old Business

None.

(VII) New Business

A. Rent Stabilization Program Fees (F. Tran, Housing Department)

ACTION: It is recommended that the Commission: a) Review the proposed fee structure for Fiscal Year 2019-2020 for the Rent Stabilization Program, as stated below; and, b) Recommend

its approval to the City Council: 1) Annual Apartment Rent Control Fee: increase from $77.30 to $83.50 per unit; 2) Annual Apartment Non-Rent Control Fee: increase from $6.20 to $8.00 per unit; Housing & Community Development Commission, 3) Annual Mobilehome Rent Control Fee: increase from $25.70 to $23.00 per unit; 4) Fees in connection with withdrawal of a building under the Ellis Act Ordinance: increase from $2,258 to $2,354 per unit for up to ten units and decrease from $872 to $826 per unit for over ten units.

Commissioner Tran made the motion to approve the Annual Apartment Rent Control Fee increase from $77.30 to $82.20 per unit, with a second by Commissioner Quinn. The motion passed unanimously (9-0).

Commissioner Jasinsky made the motion to approve the Annual Apartment Non-Rent Control Fee increase from $6.20 to $8.76 per unit, with a second by Commissioner Del Buono. The motion passed unanimously (9-0).

Commissioner O'Connell wade the motion to approve the Annual Mobilehome Rent Control Fee decrease from $25.70 to $24.24 per unit, with an amendment of the memo's recommendation to change the word "increase" to "decrease," with a second by Commissioner Jasinsky. The motion passed unanimously (9-0).

Commissioner Jasinsky made the motion to approve fees in connection with withdrawal of a building under the Ellis Act Ordinance increase from $2,258 to $2,469 per unit for up to ten units and decrease from $872 to $902 per unit for over ten units, with a second by Commissioner Quinn. The motion passed unanimously (9-0).

Note: Staff during the staff presentation updated the fees, which were different from the numbers on the agenda and memo included in the packet. The motions reflect the updated numbers.

B. Rent Stabilization Program Reports for FY 2018-19 Third Quarter for Apartments and Mobilehomes (F. Tran, Housing Department)

ACTION: Review information from the Rent Stabilization Program's FY 2018-19 Third Quarter reports for apartments and mobilehomes.

Information only.

C. Ad hoc committee Report-back on Mobilehome Resident Evictions Tracking (Chair A. Wheeler)

ACTION: Discuss the report back of the ad hoc committee on tracking mobilehome resident evictions, and authorize the ad hoc committee to return to Commission with a letter to the City Council on tracking mobilehome resident evictions for approval within six months of the ad hoc committee's January 17, 2019 formation date.

Chair Wheeler provided an update that the ad hoc committee had a conference call to discuss the issue regarding tracking of mobilehome evictions, including perspective from the attorney from Golden State Manufactured-Home Owners League (GSMOL) regarding tracking evictions. Commissioner Jasinsky provided information that the State provisions

798.56 already provides defined just causes for evicting residents, that proposed legislation could provide additional protections, and that further requirements from local government would be burdensome for park owners. He also proposed that local tracking could create additional staff costs. Commissioner O'Connell expressed the importance of evictions tracking and that anecdotal information is not sufficient to understand conditions. Many residents are not adequately represented in dealing with difficult park owner issues so additional information should be obtained. Chair Wheeler expressed support to get additional data on the topic to better understand the issue.

Commissioner O'Connell made a motion to authorize Chair Wheeler to draft a letter to the City Council to look into better tracking of mobilehome evictions and return to the next Commission meeting for approval, with a second by Commissioner Lardinois. The motion passed (8-1).
Yes: Del Buono, Fitzgerald, Duong, Wheeler, O'Connell, Quinn, Tran, Lardinois
No: Jasinsky

D. Housing Trust Fund Budget FY 2019-20 (K. Hemphill, Housing Department)

ACTION: That the Housing and Community Development Commission, acting as the Housing Trust Oversight Committee, recommend that the Director of Housing approve the following expenditure plan for the Housing Trust Fund for $1,972,088 for Fiscal Year 2019 – 2020.

Commissioner Del Buono made a motion to approve the Housing Trust Fund Budget, with a second by Commissioner Quinn (8-0).
Yes: Del Buono, Fitzgerald, Wheeler, O'Connell, Quinn, Tran, Lardinois, Jasinsky
Note: Commissioner Duong exited during this vote count.

(VIII) Open Forum

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Commissioner O'Connell has been approached to become a member of a coalition that is concerned that the Mayor does not want to have open forum at the beginning of the City Council meeting. The coalition is concerned that citizens are not able to provide meaningful input at midnight. The coalition will be outreaching to organizations and individuals to craft a letter to submit to Council.

Chair Wheeler discussed Commissioner Tran and Vice Chair Shoor's forthcoming commissioner-initiated item regarding a vacant home tax for the May Commission meeting.

DRAFT

(IX) Meeting Schedule

The next regular meeting is scheduled to be held on at 5:45 p.m. on Thursday, May 9, 2019, in Wing Rooms 118-120 at San José City Hall, 200 E. Santa Clara St, San José, CA 95113.

(X) Adjournment

Chair Wheeler adjourned the meeting at 8:15 PM.

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HCDC AGENDA: 05-09-19
ITEM: VII-B

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HOUSING AND COMMUNITY DEVELOPMENT COMMISSION

FROM: Jacky Morales-Ferrand

SUBJECT: **SEE BELOW**

DATE: May 2, 2019

Approved

Date

COUNCIL DISTRICT: Citywide

SUBJECT: PUBLIC HEARING AND RECOMMENDATION TO THE CITY COUNCIL ON THE DRAFT FY 2019-2020 ANNUAL ACTION PLAN

RECOMMENDATION

It is recommended that the City Council:

1) Conduct a Public Hearing on the Draft FY 2019-2020 Annual Action Plan (Plan) and take public comment, as required by the U.S. Department of Housing and Urban Development (HUD); and,

2) Provide Housing Department staff with input on the draft FY 2019-2020 Annual Action Plan and funding priorities; and,

3) Make possible recommendation to City Council to approve the Draft Plan.

OUTCOME

The City Council's approval of the FY 2019-2020 Annual Action Plan will enable staff to submit the federally-mandated document to HUD by the June 29, 2018 deadline. Meeting this deadline will enable the City to remain eligible to receive approximately $14 million in federal housing and community development funds in FY 2019-2020. The approved recommendations will allow the Director of Housing to negotiate and execute agreements with agencies receiving federal funding to implement the strategies identified in the FY 2019-2020 Annual Action Plan.

EXECUTIVE SUMMARY

This action requests input on the proposed Plan, a yearly planning report that HUD requires of jurisdictions receiving federal funds via formula grant. This memorandum summarizes the key elements on the use of approximately $14.3 million the City is projected to receive in FY 2019-20. The report details an itemized description of the proposed activities and funding recommendations for each of the four federal funds. The activities proposed in the Plan are based on stakeholder outreach conducted to solicit input and to develop the Plan.

The Plan summarizes the proposed uses for the following: $1.65 million in Community Development Block Grant (CDBG) funds on programs that provide emergency housing repair services to low-income people: $8 million in CDBG funds on to construct and rehabilitate community-serving infrastructure and buildings; $1.4 million in CDBG to fund agencies providing services to the homeless, seniors, and other populations; $10 million in HOME Investment Partnerships Program (HOME) funds to help create new affordable housing developments including some apartments for formerly homeless residents; $2.25 million in HOME funds for rent subsidies to help formerly homeless residents to afford market-rate apartments for a period of time; $1.1 million in Housing for Persons with AIDS (HOPWA) funds for rent subsidies and supportive services; and $755,000 in Emergency Solutions Grants (ESG) funds for outreach to homeless residents in San Jose, and for homelessness prevention programs.

BACKGROUND

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

Every five years, HUD requires entitlement jurisdictions to develop a Five-Year Consolidated Plan. The Consolidated Plan assesses the City's current housing market; analyzes demographic, ethnic, and socio-economic conditions; and, identifies populations within the City that have the greatest community and housing needs. It also defines the City's priority needs, strategies, and objectives for reducing the most prevalent barriers to housing and services in our community.

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

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

In each of the five years in the Consolidated Plan, HUD requires entitlement jurisdictions to submit an Annual Action Plan which identifies a one-year strategy for meeting the goals contained in the Five-year Plan. This proposed Plan covers the fifth and final year of the Five-year Plan, FY 2019-2020. While most contract renewals with grantees will be similar to those in previous years, some scopes of service may be altered to reflect current priorities, and some performance measures may be changed to better demonstrate outcomes.

For the next five-year Consolidated Plan period for 2020-2025, the City's priorities will be completely reexamined through collection and analysis of all new needs data in the Assessment of Fair Housing process in FY 2019-20. The forthcoming new Plan will allow the City to refocus its funds around the most current, urgent priorities; therefore, the contracts to be awarded may be different than in the current cycle.

FY 2019-2020 Plan Process

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

The draft Plan will be released on May 2, 2019, for public comment. The document is attached to this memorandum and also can be found at http://www.sanjoseca.gov/DocumentCenter/View/69031 or upon request to the Housing Department. HUD requires that the document be made available for public input 30 days prior to City Council approval. The 30-day public comment period will continue through the second City Council hearing on the Plan on June 11, 2019.

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

Given these delays, staff received guidance by HUD on how to accommodate this year's federal budget specifics in preparing the Annual Action Plan. It must be approved by the City Council and submitted to HUD within 60 days of receiving notice of the City's final funding allocation amounts for 2019. As of April 22, 2019, San José had not yet received its 2019 allocation notification; however, the annual deadline to submit the Annual Plan to HUD remains the same. Therefore, the funding levels in the Plan at this time are based on projected program allocations, consistent with HUD's guidance.

Based on overall housing and community development funding identified in the 2019 federal budget, staff anticipates that funding levels in the CDBG and HOPWA programs will be comparable to the 2018 funding levels. Staff anticipates that the HOME funding level will decrease approximately 11% compared to 2018 and ESG will increase slightly by 5%. If the Department receives the City's official federal allocation levels prior to the June 11, 2019, City Council meeting, staff will submit a supplemental memorandum and will update the Plan to reflect the final allocations. If the City receives its allocation notification after the City Council approves the Plan and staff submits it to HUD, the Plan will be formally amended and staff will inform the City Council. Should the allocations be significantly lower than anticipated, triggering material changes to the Plan, staff would create a Substantial Amendment to the Plan for public comment and the City Council's approval. A Substantial Amendment to the Plan is triggered when:

- Increases or decreases by the greater of $100,000 or a 25% change in the amount allocated to a category of funding (please see definition of "Categories of Funding" below), or
- Makes a significant change to an activity's proposed beneficiaries or persons served, or
- Funds a new activity not previously described in the Action Plan.

ANALYSIS

For FY 2019-2020, the City has projected that it will receive a total of almost $14.0 million in Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Housing Opportunities for Persons with HIV/AIDS (HOPWA), and Emergency Solutions Grants Program (ESG) entitlement grants. When prior-year balances and anticipated program income from loan repayments are added to the annual allocation, the total federal funds to be programed in the coming year is approximately $30.7 million. Table 1 below summarizes the FY 2019-2020 federal funding levels:

Table 1: FY 2019-2020 Federal Funding Levels

Fund	Annual Allocation	Prior-year Carryover*	Estimated 2019-2020 Program Income	Total Estimated Resources
CDBG	$8,927,311	$6,842,058	$400,000	$16,169,369
HOME	$3,160,147	$7,726,421	$1,750,000	$12,636,568
HOPWA	$1,131,945	$0	$0	$1,131,945
ESG	$755,329	$0	$0	$755,329
Total	**$13,974,732**	**$14,568,479**	**$2,150,000**	**$30,693,211**

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

FY 2019-2020 Plan

The FY 2019-2020 Plan contains a description of all activities recommended for funding. Each of the activities detailed in this Action Plan is aligned with the four goals of the Consolidated Plan and contributes to the City's five-year objectives. The Plan aligns the City's available resources with the planned activities that will enable the City to meet its annual goals.

Completing the annual Plan helps the City stay on target to meet its five-year plan goals. The expenditure plans for CDBG, HOME, HOPWA, and ESG are provided below. All activities are described in greater detail in the draft Plan's Project Summary Table *(AP-38 Projects Summary).*

Community Development Block Grant (CDBG) Program

CDBG is a flexible funding source that supports the development of viable urban communities by providing decent housing, encouraging a suitable living environment, and expanding economic opportunities, principally for lower-income households.

As the largest and most flexible of the four federal grants, CDBG funds are divided into three categories. These include Public Services (PS), Community Development Improvements (CDI), and Administration activities. The CDI category is further delineated into construction projects and non-construction projects. Construction projects consist of capital projects that directly fund physical improvements such as facility or infrastructure improvements. Non-construction projects include programs and other services, such as job training, provided to Low- and Moderate-Income Households.

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

Table 2: CDBG Activities for FY 2019-2020

Category	CDBG Activities	Funding
PS	Senior Services	$200,000
PS	Neighborhood Engagement and Leadership Training	$200,000
PS	Services for Homeless and Unhoused Populations	$399,097
PS	Citywide Legal Services for Low-income Tenants and Landlords	$500,000
PS/Admin	Fair Housing	$333,038
CDI	Place-based Street and Infrastructure Enhancements	$9,375,974
CDI	Targeted Code Enforcement	$1,102,037
CDI	Minor Home Repair	$1,650,000
CDI	Job Training for Homeless Individuals	$500,000
CDI	Nonprofit Facility Rehab	$276,799
Admin	Grants Management	$1,632,424
	Total	**$16,169,369**

CDBG – Public Services

CDBG funds can pay for a variety of services for low-income individuals. Program regulations require that funding for Public Services be capped at 15% of the annual allocation combined with the prior year's Program Income. Program Income is primarily comprised of repayments of loans made from federal funds. Services are generally funded on a three- to five-year funding

cycle to provide predictability in service delivery and to support organizational capacity of service providers.

Table 3 lists existing services and service providers currently under contract. Staff is recommending to extend the following services through FY 2019-2020 at the indicated funding levels.

Table 3: Existing Service Providers in CDBG Contract Funding Cycle

Service Type	Agency	Program	Funding
Senior Services	The Health Trust	Meals On Wheels – Senior Services	$125,000
Senior Services	Portuguese Organization for Social Services Opportunities	Senior Access and Health Support	$75,000
Legal Services	San Jose Housing Rights Consortium	Legal Services for Low-Income Tenants & Landlords	$500,000
Neighborhood Engagement	SOMOS Mayfair	Home Grown Talent Project	$150,000
Neighborhood Engagement	CommUniverCity	Community Leadership Development	$50,000
Homeless Services	HomeFirst	Citywide Outreach & Shelter	$399,097
Fair Housing	Law Foundation of Silicon Valley - Four Agency Consortium includes Project Sentinel, Asian Law Alliance, Senior Adults Legal Assistance and Law Foundation as lead agency	Fair Housing Services	$100,000
		Total	**$1,399,097**

CDBG - Community Development Investment Funds

Community Development Investment (CDI) funds can be used to fund public infrastructure and other needs that serve low-income individuals. There is no limit on the amount of funding that may be dedicated to the CDI category. The FY 2019-2020 Plan allocated CDBG funding to the following CDI activities:

Place-based Projects – Housing Department staff has coordinated with other City Departments to identify infrastructure and other capital projects eligible for CDBG that benefit the City's lower-income communities. Since 2012, CDBG resources have leveraged investments in the Santee/McKinley, Mayfair, and Five Wounds/Brookwood Terrace neighborhoods to create clean, safe, and engaged neighborhoods. In FY 2018-2019, the Housing Department broadened its neighborhood focus to include three low-income areas adjacent to planned housing developments for formerly-homeless residents at Evans Lane, Senter Road, and South Second Street. The Department is continuing to invest in these areas in FY 2019-2020. The Plan allocates funds in FY 2019-2020 for the following proposed City projects:

Table 5: CDI Place-based Projects

Project	Description	Funding
The Haven	Additional funding for the rehabilitation of City-owned residences, which will offer interim housing targeting LGBTQ youth. $700,000 of CDBG funds were initially allocated to this project in FY 2018-2019.	$1,000,000
Acquisition, Rehabilitation and Infrastructure for Affordable Housing Sites and Public Facilities	Funding available for prospective projects that include the acquisition, rehabilitation, and infrastructure for affordable housing sites and public facilities.	$6,965,974
	Total	**$7,965,974**

Additionally, the Housing Department is continuing work on projects that have been funded in past grant years.

Table 6: Previously Awarded CDI Place-based Projects in Construction

Project	Description	Funding
King/St. James & King/San Antonio Improvements	The projects include installing up-to-date pedestrian flashing beacons, upgrading traffic signal, extending sidewalks to provide increased pedestrian refuge area, and relocating utilities, which will greatly improve the safety of pedestrians that use the crosswalks.	$1,280,000
Enhanced Pedestrian Crosswalks	Construct enhanced crosswalks, which include pedestrian activated Rectangular Rapid Flashing Beacons (RRFB) with ADA ramps, concrete medians, signs and markings to increase health and security in multiple neighborhoods.	$760,000
Green Alley Way Improvements	Improvements to two alley ways will capture and infiltrate stormwater by removing pollutants and slowing urban runoff flows into stormwater management features that will provide long-term water quality benefits and improve roadway and pedestrian safety	$1,635,000
	Total	**$3,675,000**

Nonprofit Facility Rehabilitation – Community-based organizations provide vital services for the residents of San José. They offer services that are often not feasible for public or private organizations to administer. Many organizations struggle to raise the revenue needed to provide basic essential services for the City's most at-risk residents. This ongoing lack of resources leaves many agencies with the inability to maintain or improve the facilities where their staff are located and where direct services to clients are provided. CDI funding for nonprofit facilities has been identified as a critical need by many of the nonprofit agencies in San José and has been listed as a priority by the Silicon Valley Council of Nonprofits. Accordingly, the Plan identifies that funds be allocated for the purposes listed in Table 7.

Table 7: CDI Nonprofit Facility Rehabilitation

Agency	Program	Funding
Bill Wilson Agency	Continued rehabilitation of Bill Wilson Enclave Youth Shelter	$276,799
	Total	**$276,799**

CDI-funded Non-construction – Non-construction CDI projects include programs and other indirect services benefitting low- and moderate-income individuals and households. Enhanced Code Enforcement and Job Creation are two of the only "service" activities that can be funded with CDI funds. For Code Enforcement to be eligible, it must be linked with a special program such as the City's Place-Based Neighborhood Initiative and Project Hope I and II. Code Enforcement will be utilizing CDBG resources in four specific neighborhoods that include Santee, Five Wounds/Brookwood Terrace, Cadillac/Project Hope, and the newly added Round Table/Project Hope II. Table 8 provides a list of the programs to be funded under the CDI category:

Table 8: CDI Non-construction Projects

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

Administrative: Recognizing the significant requirements associated with managing CDBG funds, HUD allows funding of administrative planning and oversight utilizing up to 20% of the sum of the annual allocation plus the current year's Program Income. In addition to grant planning and oversight, Fair Housing is the sole service that can be paid from the Administrative category as well as the Public Service category. In FY 2019-2020, some Administrative funds will pay other City departments' staff's work on CDBG-related activities and $233,038 will go towards Fair Housing. This includes the City Attorney's Office work to perform legal reviews of all federal contracts, and the Department of Planning, Building and Code Enforcement's work to provide NEPA support for all federally-funded projects. The total allocation for Administrative costs in FY 2019-2020 is $1,865,462.

Table 9: CDBG Administrative

Agency	**Program**	**Funding**
Housing Department	CDBG Administration	$1,582,359
City Attorney's Office	Legal Staffing	$17,974
Planning Department	Environmental Reviews	$32,097
Law Foundation of Silicon Valley - Four Agency Consortium	Fair Housing	$233,038
	Total	**$1,865,462**

HOME Program

The HOME program provides financial assistance to help increase the supply of affordable rental and homeownership housing for low-income households through the acquisition, rehabilitation, or construction of affordable housing and through the provision of tenant-based rental assistance. Tenant-based rental assistance will be provided within the City's Rapid Rehousing program.

HOME funds, including unspent funds from last year and projected program income, are proposed to be allocated in FY 2019-2020 as listed in Table 10. It should be noted that HOME rules require that new affordable housing developments must have all other financing obtained and be able to start construction within one year of committing the funds. For this reason, the Housing Department must sometimes hold a significant portion of funds until a project is almost ready to start construction. In FY 2018-2019, staff released a Notice of Funding Availability (NOFA) and is in the process of committing funding.

Table 10: Proposed 2019-2020 HOME Activities

Project	Allocated Amount
New Affordable Housing Development (including project delivery)	$10,068,318
Tenant-Based Rental Assistance (TBRA)	$2,252,235
Program Administration	$249,053
Fair Housing Services	$66,962
Total HOME	**$12,636,568**

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

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

In FY 2019-2020, the City is projected to receive $1,131,945 in HOPWA funds. The Health Trust was selected though a previous federally-funded services RFP to provide rental assistance and supportive housing services. Staff is recommending to continue funding The Health Trust to administer HOPWA activities at the following levels through FY 2019-2020. This will be the fourth and final year of funding for these programs.

Table 11: Proposed FY 2019-2020 HOPWA Activities

Project	Allocated Amount
Rental Assistance and Supportive Housing	$1,047,988
Grantee Administration	$50,000
City Administration	$33,957
Total HOPWA	**$1,131,945**

Emergency Solutions Grant (ESG) Program

The ESG program provides matching grants to help pay for shelter operating expenses and for other essential services to serve individuals and families experiencing homelessness. In FY 2018-2019, staff administered a Request for Proposals (RFP) for outreach and homeless prevention services that was awarded to People Assisting the Homeless (PATH) and Bill Wilson Center, respectively. Staff is recommending to continue funding PATH and Bill Wilson Center to administer ESG activities at the following levels through FY 2019-2020.

Table 12: Proposed FY 2019-2020 ESG Activities

Service Type	Agency	Program	Funding
Homeless Services	People Assisting the Homeless (PATH)	San Jose Outreach and Engagement	$421,679
Homeless Services	Bill Wilson Center	Homeless Prevention Program for Youth and Families	$127,000
Homeless Services	County of Santa Clara	Homeless Management Information System (HMIS)	$150,000
Administration	City	ESG Administration	$56,650
		TOTAL ESG:	**$755,329**

Plan Implementation

Once the Annual Action Plan is approved by City Council, staff will work with service providers to develop agreements that include finalized scopes of service, contract budgets, performance measures, goals, and outcomes. Upon approval of the Annual Action Plan by HUD, staff will work with agencies to finalize service agreements in preparation for execution on or about July 1, 2018.

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

PUBLIC OUTREACH

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

Tagalog and also were published in the *El Observador, Vietnam Daily News, World Journal,* and *Philippine News* newspapers. The City's four public hearings are provided below.

1. February 14, 2019 - Housing & Community Development Commission
2. May 9, 2019 – Housing & Community Development Commission
3. May 14, 2019 – City Council
4. June 11, 2019 – City Council

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

FISCAL/POLICY ALIGNMENT

This action is consistent with the City's *Consolidated Plan 2015-2020*, adopted by the City Council on May 5, 2015, and with the City's Adopted *Housing Element 2014-2023,* in that the action provides services to very low-income households. It also furthers the advancement of the *Community Plan to End Homelessness* approved by the City Council in February 2015. The timely submittal of the Plan to HUD will enable the City to receive and distribute approximately $14 million in entitlement funds for the CDBG, HOME, HOPWA, and ESG programs for FY 2019-2020.

/s/
JACKY MORALES FERRAND
Director of Housing

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

Attachment A: Action Plan FY 2019-2020.

ATTACHMENT A

CITY OF SAN JOSÉ

FY 2019-2020 Annual Action Plan

Prepared by:
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CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY
10th Largest U.S. City

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Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The City of San José (City) is a large, diverse, and dynamic jurisdiction in transition. At a population of over 1,000,000, San José is the 10th largest city in the country and the 3rd largest in California, and is projected to add 400,000 residents by 2040. It is a minority-majority City, where approximately one-third of its residents are Hispanic, one-third Asian/Pacific Islander, and one-third White. And where the City was once agricultural and predominantly suburban, San José is now the Capital of Silicon Valley and seeks to urbanize into the economic and cultural center of the South Bay Area. Already, some of the largest multinational technology companies call San José home, as well as many academic and cultural institutions.

San José is also one of the most expensive places in the country in which to live, with the median housing price at $1,050,000[1] and the average rent for a 2BR apartment costing $2,674[2] a month. Additionally, despite a strong economy that has produced many high-wage jobs, it has also produced many low-skill, low-wage jobs while middle-wage jobs have declined. In addition, San Jose has a homeless population of more than 4,000 people on any given night.

Although the City is one of the most diverse in the country, it experiences a "segregated diversity", with low-income communities concentrated in San José's East Side and Central industrial areas; lacking access to jobs, infrastructure, and other resources and investments. This growing disparity in incomes, resources, access, and opportunities is one of the key social issues in San José.

The City of San José seeks to address these issues through strategic investment of its resources, including federal programs. As an entitlement jurisdiction, the City receives federal funding from the Department of Housing and Urban Development (HUD) to strengthen and revitalize communities through housing and neighborhood investment. The four main federal programs are the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Housing Opportunities for People with AIDS (HOPWA), and Emergency Solutions Grants (ESG) Programs.

- CDBG funding is the most flexible program, and helps jurisdictions address various community development needs, including but not limited to affordable housing development, land acquisition, housing rehabilitation, public services, community and economic development, capital improvement projects, public facilities/infrastructure, and code enforcement.
- HOME funding is used for various housing-related programs and activities, typically to address the housing needs of jurisdictions through the preservation or creation of affordable housing opportunities. Eligible uses include tenant-based rental assistance, homebuyer assistance, rehabilitation, and new construction.

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[1] Santa Clara County Association of Realtors, December 2018

[2] Costar Q4 2018

- The ESG Program supports outreach to and shelters for homeless individuals and families. ESG also supports programs that prevent homelessness or rapidly re-house homeless individuals and families.
- HOPWA supports communities in developing affordable housing opportunities and related supportive services for low income persons living with HIV/AIDS and their families. HOPWA-eligible activities include direct housing, support services, information and referral, resource identification, and technical assistance.

In order to qualify for funding, HUD requires that entitlement jurisdictions complete a Consolidated Plan every five years. The Consolidated Plan includes an analysis of the jurisdiction's market, affordable housing, and community development conditions. The Consolidated Plan provides five-year strategies and goals based on that analysis and through an extensive public participation process. Jurisdictions must also submit an Annual Action Plan to identify the yearly strategies and programs it will fund in order to help meet the goals covered in the Five-Year Consolidated Plan. The annual results are captured in the Consolidated Annual Performance Evaluation Report (CAPER).

Five-Year Goals

The Consolidated Plan contains five-year goals based on analysis and public input. The four goals are identified below, and form the basis of the priority needs and strategies identified:

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

Five-Year Methodology

San José joined six other cities in Santa Clara County, as well as the County itself, in a regional consortium to develop the 2015-2020 Consolidated Plan in a more comprehensive yet streamlined process. This process included a regional analysis to identify shared housing and community development needs throughout the County as well as specific needs within San José. Public input was received through several regional community meetings as well as a needs survey administered countywide, and a collaborative working group composed of staff from various jurisdictions. This process provided a regional context that each city used to help inform the individual Consolidated Plans and Annual Action Plans of the participating cities.

Additionally, the City's 2015-2020 Consolidated Plan includes a quantitative Needs Assessment and Market Analysis. This data serves to inform the HUD-required Strategic Plan (found later in this document), which identifies priority needs and sets the five-year goals of the City to help guide the entitlement funding strategy. The majority of data utilized throughout the Needs Assessment and Market Analysis is provided by HUD for the purpose of preparing the Consolidated Plan. HUD periodically receives custom tabulations of data from the U.S. Census Bureau that are largely not available through standard Census products. Known as the "CHAS" data (Comprehensive Housing Affordability Strategy), it demonstrates the extent of housing problems and housing needs, particularly

for low-income households. The CHAS data is used by local governments to plan for investing HUD funds, and may also be used by HUD to distribute grant funds.[3]

When CHAS data is not available or appropriate, other data sources are used, including 2000 and 2010 U.S. Census data and the American Community Survey (ACS) 2008-2012 five-year estimates. While ACS one-year estimates are also available and provide the most current data, this report utilizes five-year estimates as they reflect a larger sample size and are therefore considered more reliable and precise, although they may not be as current.[4]

Federal Program Requirements

Federal funds provided under the CDBG, HOME, HOPWA, and ESG programs primarily address the housing and community development needs of low-and moderate-income (LMI) households whose incomes do not exceed 80 percent of the area median family income (AMI), as established by HUD, with adjustments for smaller or larger families.[5] HUD uses three income levels to define LMI households, subject to certain adjustments for areas with unusually high or low incomes:

- Extremely low-income: Households earning 30 percent or less than the AMI
- Very low-income: Households earning 50 percent or less than the AMI
- Low-income: Households earning 80 percent or less than the AMI

2. Summarize the objectives and outcomes identified in the Plan

Background

With a population of just over 1 million, San José ranks as the tenth largest city in the nation, the third largest in California, and the largest in the San Francisco Bay Area region. San José is considered to be the capital of Silicon Valley, where many high-tech companies are located. The surge in high paying jobs to the area, combined with a housing market that is not keeping pace with job growth produces primarily high-cost housing, and makes it critical to increase and maintain affordable housing opportunities for residents who do not have the skills to qualify for these new jobs or who work in sectors that critically support "driving industry" high-wage sectors.

The San José Metro Area has one of the most expensive rental and homeownership market in the Country. Market rents are significantly out of reach for many San José workers including teachers, construction workers, and retail salespersons. Effective rents have increased 28% over the past five years[6] and only 13% of homes that are for sale are affordable to a family earning the median income[7].

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[3] U.S. Department of Housing and Urban Development. "Consolidated Planning/CHAS Data." http://www.huduser.org/portal/datasets/cp.html

[4] United States Census Bureau. "American Community Survey: When to Use 1-year, 3-year, or 5-year Estimates." http://www.census.gov/acs/www/guidance_for_data_users/estimates/

[5] U.S. Department of Housing and Urban Development. "Glossary of CPD Terms." http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/library/glossary

[6] Costar Quarterly Statistics 2013 - 2018

[7] National Association of Home Builders (NAHB) Housing Opportunity Index Q4 2018

The closure of Redevelopment Agencies and the lost ability to generate tax increment financing, cuts in Federal entitlement funding, and recent federal tax reforms impacting the Low Income Housing Tax Credit program have all stifled the production of affordable housing in California. However, important strides were made in 2018. AB 1505 allows San José to fully implement its Inclusionary Housing Ordinance for rental and ownerships developments. SB 2 will generate on-going funding from real estate transfer taxes, and SB 3 also known as Proposition 1 was approved by the voters in 2018 and will generate $4 billion for affordable housing and Veteran's loan programs. Santa Clara County voters approved Measure A which will raise $950 million for affordable housing development. In early 2019, Governor Gavin Newsom proposed a state budget that would allocate 1.7 billion dollars in one-time and ongoing funding to build affordable and moderate income housing and to respond to homelessness.

Regionally the MTC CASA framework was released. Several years ago, the Bay Area Metropolitan Transportation Commission (MTC) created a blue ribbon committee known as CASA to develop a comprehensive strategy to address the region's housing crisis. The strategy was released in late 2018 and calls for a package of State laws that would further protect tenants, remove barriers to housing production, to increase funding, and to coordinate lending, reporting, and technical assistance.

On June 12, 2018, the City Council directed staff to implement a Housing Crisis Workplan. The plan is centered around Mayor Liccardo's goal to build 15,000 market rate apartments and 10,000 affordable apartments over five years. The plan also calls for a series of policies and programs to help achieve production goals while minimizing residential displacement. Finally, in 2018, the City issued a $100M Notice of Funding Availability (NOFA) and selected 11 proposed developments that will add 1,144 new affordable apartments at varying affordability levels including permanent supportive housing for the homeless. With the funding increases, strategies and policy changes it is very likely the City will see a boost in affordable housing production for the next several years.

San José is currently implementing its Inclusionary Housing Ordinance adopted on January 12, 2010. Application of the Ordinance was initially prevented due to a legal challenge that was ultimately concluded in Spring 2016, making the Ordinance effective on projects submitted on and after July 1, 2016.

The Ordinance provides several ways that a developer may meet the affordable unit requirement. This includes the preferred method of providing 15% of on-site units as restricted affordable housing distributed throughout the project. The levels of affordability in which the units are restricted are based on the tenure of the development:

- ***If the project is for-sale,*** 15% of the homes must be made available for purchase to households earning no more than 120% of the Area Median Income (AMI) at a price affordable housing cost for 110% AMI.

- ***If the project is rental,*** 15% of the apartments must be made available to Affordable Rent to renters earning no more than the following: 9% at 80% AMI and 6% at 50% AMI.

Developers also have a variety of other alternative compliance options to meet this requirement, including payment of an in-lieu fee and construction of affordable units off-site, among many others.

Initially, the provisions of the Ordinance that apply to rental developments were suspended until the court decision in Palmer v. City of Los Angeles was superseded. On September 29, 2017, the Governor signed Assembly Bill 1505, amending the State Planning Act to supersede the court decision in Palmer v. City of Los Angeles, and authorize rental inclusionary restrictions thus allowing the Ordinance requirements to apply to rental residential developments effective January 1, 2018.

Since the Palmer case suspended application of the Ordinance to rentals between 2010 and 2017, in an effort to address the impact of new rental housing, the Housing Department had a Residential Nexus Analysis to support the creation of an Affordable Housing Impact Fee (AHIF). In November 2014, the City of San José established the AHIF at $17.00 per net square foot on new market-rate rental housing developments of three or more units in San José. The resolution included an escalator to increase the fee by 2.4% at the start of each fiscal year. However, in an effort to minimize negative financial impacts on development projects in the pipeline, the housing impact fee includes a grandfathering exemption for developments if certain conditions are met. Because of this, the Housing Department only received $230,000 in Fiscal Year (FY) 2017-18 and $1.4 million thus far in FY 2018-19. A majority of the fees, estimated around $50 million, are anticipated to be received in FY 2019-20. Revenue from the AHIF will primarily fund development costs for affordable housing for residents earning between 30% and 120% of the Area Median Income.

In November 2014, the City of San José established a housing impact fee of $17.00 per net square foot on new market-rate rental housing developments of three or more units in San José. However, in an effort to minimize negative financial impacts on development projects in the pipeline, the housing impact fee includes a grandfathering exemption for developments if certain conditions are met. Because of this, the Housing Department does not anticipate receiving any revenue from this fee until at least FY 2018-19. Revenue from the housing impact fee will primarily fund development costs for affordable workforce housing for residents earning between 30% and 120% of the Area Median Income.

Summary of objectives and outcomes of the Annual Action Plan 2019-2020

Each of the programs and projects detailed in this Action Plan is aligned with the four goals of the Consolidated Plan and contribute to the five-year outcomes and objectives for the City. In FY19-20, the City's federally-funded programs will result in the following outcomes:

Affordable Housing

- At least 50 new rental apartments, affordable to low-income households, will be developed with HOME funding.
- At least 95 low-income people living with HIV/AIDS will receive rental assistance, making their housing affordable. Households receiving rental assistance also receive housing placement assistance, medical and housing case management, and self-sufficiency services as needed.

Respond to Homelessness and Its Impacts on the Community

- At least 100 households will receive rapid rehousing assistance through HOME TBRA. Rapid re-housing participants also receive housing placement assistance, employment development assistance and case management through local funds.

- At least 700 outreach contacts will be made through ESG and CDBG-funded homeless outreach and engagement programs. These contacts include street-based case management services and participation in the CoC's coordinated assessment.
- At least 30 households will be provided with homeless prevention assistance through the ESG-funded program.
- All homeless services are provided with the goal of moving individuals from living on the streets into permanent housing.

Strengthening Neighborhoods

- At least 200 seniors will be served with meals/nutrition, transportation, and/or shared housing services.
- At least 250 neighborhood residents will receive services to meet basic needs, develop leadership skills, and/or increase self-sufficiency.
- Create 10 jobs and place homeless and formerly homeless individuals in those jobs.
- Provide enhanced code enforcement services to 775 households in CDBG low-income focus areas, including inspections of multi-family apartments to increase the livability and habitability of rental apartments.
- Improve pedestrian safety by adding enhanced high-visibility crosswalks to increase pedestrian visibility to motorists and reduce conflicts been modes of transportation. It is expected that this project will serve approximately 20,000 residents in low-income neighborhoods.
- Improve nonprofit facilities with funding for rehabilitation and buildout of tenant improvements to enable nonprofits to better serve low-income and other vulnerable populations in San José.
- At least 300 low-income residents will receive tenant/landlord counseling and legal services, increasing housing and neighborhood stability.
- Amenities serving the wider neighborhood near Evans Lane will include a community garden, a library, and a dog park.

Promote Fair Housing Choice

- At least 200 residents will be served through outreach and education on fair housing issues; fair housing testing; and/or legal assistance.

3. Evaluation of past performance

The City is responsible for ensuring compliance with all rules and regulations associated with the CDBG, HOME, HOPWA, and ESG entitlement grant programs. The City's Annual Action Plans and CAPERs have provided many details about the goals, projects and programs completed by the City.

The City recognizes that the evaluation of past performance is critical to ensure the City and its subrecipients are implementing activities effectively and that those activities align with the City's overall strategies and goals. The City evaluates the performance of subrecipients providing public services on a quarterly basis. Subrecipients are required to submit quarterly progress reports, which include participant data, outputs/activities as well as data on outcome measures specific to each project. Prior to the start of the project, outcome measures are developed collaboratively by the subrecipient and the

City, ensuring that they are aligned with the City's overall goals and strategies. Homeless project outcomes are also aligned with CoC performance measures. The City utilizes the quarterly reports to review progress towards annual goals and works with subrecipients to adjust annual goals as needed.

In addition to the quarterly review of progress reports, the City conducts an annual risk assessment for all subrecipients. Monitoring site-visits are scheduled based on the level of risk. All subrecipients are monitored at least once every two years to ensure compliance with program-specific and crosscutting federal regulations. Subrecipient monitoring provides another opportunity to review progress towards overall goals and strategies and to ensure that the programs implemented by subrecipients are compliant with both federal regulations and City requirements.

The City's CAPER is presented to City Council for review and approval each year. The Housing Department presents successes and challenges during the year and highlights specific outcomes and achievements. This review process also provides an opportunity for the public to provide feedback on the City's performance.

4. Summary of citizen participation process and consultation process

As noted above, San José joined six other cities in Santa Clara County, as well as the County itself, in a regional consortium to develop the 2015-2020 Consolidated Plan in a more comprehensive yet streamlined process. This process included a regional analysis identify shared housing and community development needs throughout the County as well as specific needs within San José. Public input was received through several regional community meetings as well as a needs survey administered countywide, and a collaborative working group composed of staff from various jurisdictions. The City launched a comprehensive outreach strategy to enhance and broaden citizen participation in the preparation of the Consolidated Plan.

In addition to the extensive consultation conducted for the Consolidated Plan, the City of San José solicited additional input for the 2019-2020 Annual Action Plan through meetings with stakeholders, and community forums. In January 2019, the Housing Department held three community forums to gather additional input for the 2019-2020 strategies and goals.

The Housing Department began gathering stakeholder input by convening a meeting with other City departments, followed by a meeting with community-based organizations. During the stakeholder meetings, the housing department solicited feedback on the Consolidated Plan goals to ensure they represented the needs of the community, as well as ideas for strategies and projects to meet those goals in the 2019-2020 year. The housing department was able to identify gaps in services provided by the City and community-based organizations and gather input on the highest priority needs for services and community development and infrastructure projects in low and moderate-income neighborhoods.

Following the stakeholder meetings, the City coordinated three public meetings to request additional feedback from the general public. The public input sessions were publicized in English, Spanish, and Vietnamese, and held in community centers in various CDBG-eligible neighborhoods in the City. The public input meetings focused on gathering input on community priorities for federal funding. The Housing Department has also used information from these public input sessions and meetings in the development of the strategies and projects found in the 19-20 Annual Action Plan.

5. Summary of public comments

All public comments are included in Appendix B.

6. Summary of comments or views not accepted and reasons for not accepting them

The City accepted all comments.

PR-05 Lead & Responsible Agencies – 91.200(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

The agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source are shown in **Table 1**.

Table 1 - Responsible Agencies

Agency Role	Name	Department/Agency
CDBG, HOME, HOPWA & ESG Administrator	City of San José	Department of Housing

Lead and Responsible Agencies

The City of San José (City) is the Lead Agency for the United States Department of Housing and Urban Development (HUD) entitlement programs. The City's Housing Department is responsible for the administration of HUD Entitlements including, but not limited to, the Community Development Block Grant Program (CDBG), the HOME Investment Partnerships Program (HOME), the Emergency Shelters Grant program (ESG), and the Housing Opportunities for People with AIDS (HOPWA) funding. By federal law, each jurisdiction is required to submit to HUD a five-year Consolidated Plan and Annual Action Plans listing priorities and strategies for the use of federal funds.

The Consolidated Plan is a guide for how the City will use its federal funds to meet the housing and community development needs of its populations. For the 2015-2020 Consolidated Plan process, the City worked collaboratively with the County of Santa Clara (County) and other entitlement jurisdictions in the County to identify and prioritize community and housing-related needs across the region, and strategies to meet those needs. This process is an acknowledgement that housing and community development needs are often regional in nature, and builds on the regional efforts that the City of San José and partners have undertaken thus far. At the same time, an understanding of the regional context helps cities make more informed and effective decisions about local policies and programs.

Consolidated Plan Public Contact Information

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AP-10 Consultation – 91.100, 91.200(b), 91.215(l)

1. Introduction

Throughout the County, eight entitlement jurisdictions collaborated on preparation of their 2015-2020 Consolidated Plans. This group of jurisdictions, referred to within this document as the "Santa Clara County Entitlement Jurisdictions" or simply "Entitlement Jurisdictions," includes:

- City of Cupertino
- City of Gilroy
- City of Mountain View
- City of Palo Alto
- City of Sunnyvale
- City of San José
- City of Santa Clara
- Santa Clara Urban County

Public participation plays a central role in the development of the 5-year Consolidated Plan and the Annual Action Plans each year. To develop the Consolidated Plan, the City of San José worked with the other participating Entitlement Jurisdictions within the County to conduct an in-depth, collaborative regional effort to consult with community stakeholders, elected offices, City and County departments, and beneficiaries of entitlement programs to inform and develop the priorities and strategies contained within this five-year plan.

The City built upon this work in 2018 and 2019 to gather additional input and further refine the strategies and goals for the 2019-2020 Annual Action Plan. In January 2019, the City of San José consulted with stakeholders, including City departments and nonprofit partners, in addition to holding three public meetings to gather input for the 2019-2020 Annual Action Plan.

Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215[l]).

Consolidated Plan Development
When developing the 2015-2020 Consolidated Plan, the participating jurisdictions, in partnership with LeSar Development Consultants (LDC) and MIG, Inc. (MIG), facilitated a comprehensive outreach process to enhance coordination and discuss new approaches to working with public and assisted housing providers, legal advocates, private and governmental health agencies, mental health service providers, and other stakeholders that utilize funding for eligible activities, projects, and programs.

The Entitlement Jurisdictions conducted a Regional Needs Survey to solicit input from residents and workers in the region. The Regional Needs Survey, translated in multiple languages, polled respondents about the level of need in their respective neighborhoods for various types of improvements that could be addressed by entitlement funds. A total of 1,472 survey responses were obtained from September

19, 2014 to November 15, 2014, including 1,078 surveys collected electronically and 394 collected via print surveys.

1. During development of the Consolidated Plan, the City of San José participated in three regional public forums to identify regional housing and community development needs and priorities for the next five years. The public forums were conducted as part of a collaborative regional approach to help the participating jurisdictions make both qualitative and data-driven, place-based investment decisions for federal funds. Seventy-six (76) people attended the regional forums, including community members, service providers, nonprofit representatives, and interested stakeholders. These public forums were also intended to identify regional housing issues and that could potentially benefit from a regional, coordinated approach to addressing those issues. In addition to the regional forums, the City of San José conducted public outreach independent of the regional collaborative to solicit public input on local issues, needs, and priorities.

2. Print newspaper display ads were posted in the *El Observador* (Spanish), *Vietnam Daily News* (Vietnamese), *Philippine News* (Tagalog), *World Journal* (Chinese) and *San José Mercury News* (English).

Action Plan Development

3. In addition to the extensive consultation conducted for the Consolidated Plan, the City of San José solicited additional input for the 2019-2020 Annual Action Plan through meetings with stakeholders, community forums, and a survey. In January 2019, the Housing Department held three community forums to gather additional input for the 19-20 strategies and goals.

4. The City coordinated three public meetings to solicit additional feedback from the general public. The public input sessions were publicized in English, Spanish, and Vietnamese, and held in community centers in various CDBG-eligible neighborhoods in the City. The public input meetings focused on gathering input on community priorities for federal funding. In addition, the housing department gathered input specifically related to the need for senior services in the community. The Housing Department has used information from these public input sessions and meetings in the development of the strategies and projects found in the 19-20 Annual Action Plan.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

The Santa Clara County Continuum of Care (CoC) is a multi-sector group of stakeholders dedicated to ending and preventing homelessness in the County of Santa Clara (County). The CoC is considered by HUD to be a “Major City CoC”, and is one of 48 CoCs that cover the 50 largest cities in the U.S. The CoC’s primary responsibilities are to coordinate large-scale implementation of efforts to prevent and end homelessness in the County. The CoC is governed by the Santa Clara CoC Board (CoC Board), which stands as the driving force committed to supporting and promoting a systems change approach to preventing and ending homelessness in the County.

The CoC Board is comprised of ex-officio members from the County of Santa Clara, City of San Jose, and Destination: Homes well as agencies representing homeless services and housing developers in our community. Destination: Home is a public-private partnership committed to collective impact strategies to end chronic homelessness, and leads the development of community-wide strategy related to the CoC's work.

The County's Office of Supportive Housing serves as the Collaborative Applicant for the CoC, and is responsible for implementing by-laws and protocols that govern the operations of the CoC. The Office of Supportive Housing is also responsible for ensuring that the CoC meets the requirements outlined under the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH).[8][9]

In late 2014, Destination: Home and the CoC released a Community Plan to End Homelessness in Santa Clara County (the Plan), which outlines a roadmap for community-wide efforts to end homelessness in the County by 2020. The strategies and action steps included in the plan were informed by members who participated in a series of community summits designed to address the needs of homeless populations. The Plan identifies strategies to address the needs of homeless persons in the County, including chronically homeless individuals and families, families with children, veterans, and unaccompanied youth. Additionally, it also intended to address the needs of persons at risk of homelessness.

To address the needs of homeless individuals and individuals at risk of homelessness, the Plan aims to implement the following strategies:[10]

1. Disrupt systems: Develop disruptive strategies and innovative prototypes that transform the systems related to housing homeless people.
2. Build the solution: Secure the right amount of funding needed to provide housing and services to those who are homeless and those at risk of homelessness.
3. Serve the person: Adopt an approach that recognizes the need for client-centered strategies with different responses for different levels of need and different groups, targeting resources to the specific individual or household.

By 2020, the Plan seeks to identify approximately 6,000 new housing opportunities for the homeless countywide, intending to house 2,518 homeless individuals, 718 homeless veterans, and more than 2,333 children, unaccompanied youth, and homeless individuals living in families.

The City's Director of Housing is the standing member (ex-officio) of the CoC Board and the Executive Committee. The City is also represented on the CoC by staff of the Housing Department's Homelessness

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[8] County of Santa Clara. "Housing Element 2015-2022." 2014. http://www.sccgov.org/sites/planning/PlansPrograms/GeneralPlan/Housing/Documents/HE_2015_Adopted_Final.pdf

[9] Santa Clara County. "Continuum of Care Governance Charter." 2013.

[10] Destination: Home. "Community Plan to End Homelessness in Santa Clara County 2015-2012." 2014.

Response Team. Members of the CoC meet on a monthly or quarterly basis in various work groups to ensure successful implementation components of the Plan's action steps. The entire CoC meets semi-annually.

Staff participates on the Coordinated Assessment Work Group and Performance Measures Work Group, both of which develop and implement new systems in Santa Clara County. The Coordinated Assessment Work Group implemented a community-wide intake process, using a standard triage assessment tool (the VI-SPDAT), to match people experiencing homelessness to existing community resources that are the best fit for their situation. Since 2011, we have used this type of process for people who are chronically homeless. Since 2015, we expanded to use coordinated assessment for all permanent housing programs for people who are homeless in Santa Clara County, including permanent supportive housing and rapid rehousing. Transitional housing programs launched began using coordinated assessment in early 2018. The vision is to ultimately implement coordinated assessment for shelter programs as well, but that will be a later phase due to the various challenges of such fluid programs. The Performance Measures Work Group has implemented the outcomes in which the community shall share to measure performance. Permanent housing programs, rapid rehousing, emergency and transitional housing measures have all been finalized.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards and evaluate outcomes, and develop funding, policies, and procedures for the administration of HMIS.

Allocating Funds, Setting Performance Standards and Evaluating Outcomes

The City of San José (City) utilizes Emergency Solutions Grant Program (ESG) funds to support programs aimed at ending homelessness. The City will release a Request for Proposals in early 2018 prioritizing outreach and engagement, diversion case management and homeless prevention services. Grantees will be selected to administer the ESG program and implement the programs in July 2018.

The City of San José, as the County recipient of ESG funds, will continue to coordinate with its public and private partners to ensure that the local Continuum of Care (CoC) meets all HEARTH requirements with respect to ESG funds, including:

- Coordinate with the County to assess and analyze the service needs under ESG and avoid duplication.
- Evaluating the outcomes of projects funded under ESG and reporting them to HUD.
- Operating and participating in a 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

- 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 sub-recipients.

Operating and Administrating Homeless Management Information System (HMIS)

The HMIS SCC project was administered by Community Technology Alliance (CTA) from 2004 to 2015. In July 2015, administration of Santa Clara County CoC's HMIS transitioned to the County's Office of Supportive Services utilizing Clarity Human Services software. The project meets and exceeds HUD's requirements for the implementation and compliance of Homeless Management Information System Standards. The County's HMIS has a rich array of service provider participation and is utilized to capture information and report on special programming.[11]

2. Describe agencies, groups, organizations, and others who participated in the process, and describe the jurisdictions consultations with housing, social service agencies, and other entities.

1	**Agency/Group/Organization**	CATHOLIC CHARITIES OF SANTA CLARA COUNTY
	Agency/Group/Organization Type	Services-Children Services-Elderly Persons Services-Education
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in Stakeholder Forum

[11] County of Santa Clara. Consolidated Annual Performance and Evaluation Report (CAPER). 2014, http://www.sccgov.org/sites/oah/Housing%20%20Community%20Development%20(HCD)/Documents/Draft%20CAPER%20FY14%20vs%201.pdf,

2	**Agency/Group/Organization**	REBUILDING TOGETHER SILICON VALLEY
	Agency/Group/Organization Type	Housing Services - Housing
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in Stakeholder Forum
3	**Agency/Group/Organization**	SAN JOSE CONSERVATION CORPS & CHARTER SCHOOL
	Agency/Group/Organization Type	Services-Employment
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in Stakeholder Forum
4	**Agency/Group/Organization**	SILICON VALLEY HABITAT FOR HUMANITY
	Agency/Group/Organization Type	Housing Services - Housing
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in Stakeholder Forum
5	**Agency/Group/Organization**	San Jose State University Research Foundation
	Agency/Group/Organization Type	Services-Children Services-Elderly Persons Services-Education
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in Stakeholder Forum

6	**Agency/Group/Organization**	San Jose Streets Team (
	Agency/Group/Organization Type	Services-homeless Services-Employment
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in Stakeholder Forum
7	**Agency/Group/Organization**	Somos Mayfair, Inc.
	Agency/Group/Organization Type	Services-Children Services-Education Neighborhood Organization
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in Stakeholder Forum
8	**Agency/Group/Organization**	SENIOR ADULT LEGAL ASSISTANCE
	Agency/Group/Organization Type	Services-Elderly Persons Service-Fair Housing
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in Stakeholder Forum
9	**Agency/Group/Organization**	THE HEALTH TRUST
	Agency/Group/Organization Type	Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-homeless Services-Health
	What section of the Plan was addressed by Consultation?	Strategic Plan

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in Stakeholder Forum
10	**Agency/Group/Organization**	YU-AI-KAI
	Agency/Group/Organization Type	Services-Elderly Persons Neighborhood Organization
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in Stakeholder Forum
11	**Agency/Group/Organization**	Silicon Valley Council of Nonprofits
	Agency/Group/Organization Type	Non-Profit Association
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in Stakeholder Forum
12	**Agency/Group/Organization**	County of Santa Clara Office of Supportive Housing
	Agency/Group/Organization Type	Other government - County
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in Stakeholder Forum
13	**Agency/Group/Organization**	Silicon Valley Leadership Group
	Agency/Group/Organization Type	Business and Civic Leaders
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in Stakeholder Forum

14	**Agency/Group/Organization**	League of Women Voters
	Agency/Group/Organization Type	Civic Leaders
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in Stakeholder Forum
15	**Agency/Group/Organization**	LifeMoves
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in Stakeholder Forum
16	**Agency/Group/Organization**	SILICON VALLEY INDEPENDENT LIVING CENTER
	Agency/Group/Organization Type	Services-Persons with Disabilities
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in Stakeholder Forum
17	**Agency/Group/Organization**	SIREN - Services, Immigrant Rights and Education Network
	Agency/Group/Organization Type	Services-Education Services - Immigrant Rights
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in Stakeholder Forum
18	**Agency/Group/Organization**	EPISCOPAL SENIOR COMMUNITIES
	Agency/Group/Organization Type	Housing Services-Elderly Persons

	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in stakeholder forum
22	**Agency/Group/Organization**	RESPITE AND RESEARCH FOR ALZHEIMER'S DISEASE
	Agency/Group/Organization Type	Services-Elderly Persons
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in stakeholder forum
23	**Agency/Group/Organization**	Sacred Heart Community Service
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Victims of Domestic Violence Services-homeless Services-Education
	What section of the Plan was addressed by Consultation?	Strategic plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in stakeholder forum
24	**Agency/Group/Organization**	Aging Services Collaborative of Santa Clara County
	Agency/Group/Organization Type	Services-Elderly Persons
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in stakeholder forum
25	**Agency/Group/Organization**	PROJECT SENTINEL
	Agency/Group/Organization Type	Service-Fair Housing
	What section of the Plan was addressed by Consultation?	Strategic Plan

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in stakeholder forum and public meeting
26	**Agency/Group/Organization**	Law Foundation of Silicon Valley
	Agency/Group/Organization Type	Service-Fair Housing
	What section of the Plan was addressed by Consultation?	Strategic Plan
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Participated in stakeholder forum

Identify any Agency Types not consulted and provide rationale for not consulting.

All agency types were consulted during the consolidated plan and/or annual action plan process. In August 2014, the Entitlement Jurisdictions contracted with LDC and MIG to develop the Consolidated Plans for each participating city for fiscal years 2015-2020. In the summer of 2015, the City built upon the previous outreach efforts and held three community forums, two stakeholder meetings, and conducted a survey to gather input for the FY17-18 Annual Action Plan. The City received 26 complete responses to the online survey.

A total of 209 individuals participated in the August 2014 forums and 97 individuals participated in the Annual Action Plan sessions in 2016 including residents, service providers, community advocates and interested stakeholders. Several of the agencies, groups and organizations attended multiple forums.

Other Local/Regional/State/Federal Planning Efforts Considered When Preparing the Plan

Table 2 - Other Local / Regional / Federal Planning Efforts

Name of Plan	Lead Organization	How Do the Goals of Your Strategic Plan Overlap With the Goals of Each Plan?
City of San José Housing Element (2014-2023)	City of San José	The Housing Element is the State-required component of the City's General Plan and provides a policy guide and implementation work plan to help the City meet its future

Name of Plan	Lead Organization	How Do the Goals of Your Strategic Plan Overlap With the Goals of Each Plan?
		regional housing needs. This effort aligns with the Strategic Plan's goal to assist in the creation and preservation of affordable housing opportunities.
Continuum of Care	Regional Continuum of Care Council	The Continuum of Care works to alleviate the impact of homelessness in the community through the cooperation and collaboration of social service providers. This effort aligns with the Strategic Plan's goal to support activities to respond to homelessness and its impacts on the community.
Regional Housing Need Plan for the San Francisco Bay Area: 2014-2022	Association of Bay Area Governments	This plan analyzes the total regional housing need for Santa Clara County and all of the Bay Area. This effort aligns with the Strategic Plan's goal to assist in the creation and preservation of affordable housing opportunities.
Community Plan to End Homelessness in Santa Clara County 2015-2020	Destination: Home	The Community Plan to End Homelessness in the County is a five-year plan to guide governmental actors, nonprofits, and other community members as they make decisions about funding, programs, priorities and needs. This effort aligns with the Strategic Plan's goal to support activities to respond to homelessness and its impacts on the community.
City of San José Envision 2040 General Plan	City of San José	The Envision 2040 General Plan provides the City's long-term land use plan and strategy. San José seeks to create a sustainable, equitable, and

Name of Plan	Lead Organization	How Do the Goals of Your Strategic Plan Overlap With the Goals of Each Plan?
		economically strong city that invests in infrastructure, jobs, and housing opportunities. These goals align with the Strategic Plan's goal to invest in programs and infrastructure that strengthen neighborhoods and to increase and preserve affordable housing opportunities.
City of San José Housing & Neighborhood Investment Strategic Plan (FY 2014-2015 and FY 2015-2016)	City of San José	This is the City's local Strategic Plan on how the Department intends to use its funds to increase the stock of permanent supportive housing, transitional homeless housing, and to a lesser extent affordable housing for low-income residents. This effort aligns with the federal Strategic Plan's four priority goals.
Home Not Found	Economic Roundtable, Destination: Home, Santa Clara County	This report identifies the characteristics of the most vulnerable, distressed and costly homeless residents of Santa Clara County to guide strategies for stabilizing their lives through housing and supportive services, improving their wellbeing and reducing public costs for their care.
VTA Joint Development Policy	Valley Transportation Authority (VTA)	This policy details how the VTA will develop underutilized land surrounding transit stops in Santa Clara County. The policy includes a goal of making 20-30% of this new housing as affordable. This policy aligns with Federal Consolidated Plan goals #1 and #4.
Vision Zero	City of San José	The goal of Vision Zero San José is to create a community culture

Name of Plan	Lead Organization	How Do the Goals of Your Strategic Plan Overlap With the Goals of Each Plan?
		that prioritizes traffic safety and eliminates traffic deaths. Street lighting and senior citizen safety are focus areas in this Plan.
Food for Everyone	The Health Trust, City of San José	This is a thorough assessment of healthy food access among low-income seniors and homeless individuals in San Jose. This report provides data to drive informed decision making, while maximizing resources. It calls for the formation of a Food Access Implementation Task Force.
Santa Clara County Seniors Agenda	Santa Clara County	The report explores current and future needs of baby boomers and seniors in the County.
Age Friendly City	City of San Jose, Parks Recreation & Neighborhood Services	Housing Services are an integral part of the Age-Friendly Initiative supported by the City. Its main housing priorities are to provide affordable and accessible housing, funding for affordable home-safety modifications and to require new urban development to consider safety and access needs of seniors.

AP-12 Participation – 91.105, 91.200(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation. Summarize citizen participation process and how it impacted goal-setting

The following is an overview of the efforts made to enhance and broaden citizen participation.

Community Forums and Stakeholder Meetings

- Results: 97 individuals participated in the forums including residents, service providers, community advocates and interested stakeholders. An additional 26 individuals completed the needs survey. The forums were advertised in the San José Mercury News, El Observador (Spanish), Vietnam Daily News (Vietnamese), The World Journal (Chinese), and Philippine News (Tagolog).
- Location: Three community forums were held in the following locations: Tully Senter Branch Library and Roosevelt Community Center.

Overall Community Needs identified in the 5-year Consolidated Plan

Because all other public services are under contract, the focus for the community forums and stakeholder meetings centered on identifying needs for the 2020-2015 Consolidated Plan Development.

- Need to Increase Services for the Homeless

  Emergency and transitional housing, comprehensive services at homeless encampments (e.g., basic shelter facilities, health care referrals), and rental assistance and homeless prevention programs for the homeless were frequently identified by participants as critical needs.

Overall Community Needs identified during the FY19-20 Action Plan Outreach Process:

During the outreach process for the 19-20 Action Plan, the community identified some of the same needs as during the 5-year Consolidated Planning process, as well as some of the same needs as identified in FY 18-19, and provided increased clarification on the specific needs for the current year.

The following table provides a summary of the needs identified during the 19-20 Action Plan meetings.

Areas of Need	Potential Activities
Nonprofit facility needs	• Shelter Rehabilitation • Showers/laundry/storage facilities for homeless • ADA improvements

Action Plan Public Comment Period

The Action Plan will be released on April 23, 2019 for a minimum of 30 days for public review and comment. A summary of all public comments will be included in the final Action Plan, along with the City's response to the comments, if any.

Public Hearings

- Locations and dates:

    - Housing & Community Development Commission
      San José City Hall
      200 E. Santa Clara St. (Wing Rooms 118, 119, 120)
      San José, CA 95113
      February 14, 2019 – 5:45pm

    - City Council Hearing
      San José City Hall
      200 E. Santa Clara St. (City Hall Chambers)
      San José, CA 95113
      May 14, 2019 – 1:30pm

    - Housing & Community Development Commission
      San José City Hall
      200 E. Santa Clara St. (Wing Rooms 118, 119, 120)
      San José, CA 95113
      May 9, 2019 – 5:45pm

    - City Council Hearing
      San José City Hall
      200 E. Santa Clara St. (City Hall Chambers)
      San José, CA 95113
      June 11, 2019– 1:30pm

Table 3 – Citizen Participation Outreach

Mode of Outreach	Target of Outreach	Summary of Response/Attendance	Summary of Comments Received	Summary of comments not accepted and reasons	URL (If applicable)
Public Forums	Broad community outreach to all members of the public and targeted outreach to service providers, beneficiaries and grant recipients	A total of 97 individuals attended the 5 community forums and stakeholder meetings held in the November and December of 2017.	Staff facilitated small group discussions and gathered input related to potential strategies for the Action Plan. The feedback is included throughout the plan. Priorities from these meetings only includes homeless services and facilities. In addition, attendees of the public forums participated in a "HUD Bucks" exercise in which they used pretend money to demonstrate how they would spend our federal grants, specifically related to homeless services. The top priorities for homeless services included rental and homeless prevention programs, increased outreach and iproving shelter facilities.	All comments were accepted.	
Website	Broad outreach to Santa Clara County stakeholders with computer and internet access	Announcements posted to the City of San José website, to promote the survey (English, Spanish, and Vietnamese) and community forums.	See public comments	Not Applicable	http://www.sanjoseca.gov/index.aspx?NID=4662

Mode of Outreach	Target of Outreach	Summary of Response/Attendance	Summary of Comments Received	Summary of comments not accepted and reasons	URL (If applicable)
Advertisements in News Media Outlets	Multi-lingual advertisements printed in the following media outlets: El Observador (Spanish, San José Mercury News (English), Vietnam Daily News (Vietnamese), Philippine News (Tagalog) and World Journal (Chinese)	Five multi-lingual display ads were posted in local news media outlets in San José;	See public comments	Not Applicable	
E-blasts	Mass emails to new and established distribution	Over 4,000 entities, organizations, agencies, and persons have been engaged through e-blasts outreach efforts.	See public comments	All comments were accepted.	

Expected Resources

AP-15 Expected Resources – 91.220(c) (1, 2)

Introduction

The City of San José's (City) Fiscal Year (FY) 2019-2019 Action Plan covers the time period from July 1, 2019 to June 30, 2020 (HUD Program Year 2019). The City Fiscal Year (FY) 2019-2020 entitlement amount is $13,974,732 in attaining self-sufficiency. The City will continue to leverage additional resources to successfully provide support and services to the populations in need.

The FY 2019-2020 allocation amount for each of the federal housing and community development programs is broken down as follows:

- Community Development Block Grant (CDBG) - $8,927,311
- HOME Investment Partnerships Program (HOME) - $3,160,147
- Housing Opportunities for Persons with AIDS (HOPWA) - $1,131,945
- Emergency Services Grant (ESG) - $755,329

In addition to the FY 2019-2020 allocation for CDBG and HOME, total program resources for the two programs will be higher than the allocation amount due to estimated program income (e.g., repayments of federally funded loans) and prior year balance. The prior year's CDBG balance consists of unused balances from previous year's projects. The "Prior Year Balance" of HOME funds consists of previous year's funds that were left uncommitted, funds committed to the Tenant Based Rental Assistance (TBRA) program that were unspent (which will be rolled over into the new program year), program income, and CHDO funds set-aside but not committed to a specific project. The prior year balance in the HOPWA program consists of unused funds from previous year projects.

Table 4 – FY 2019-2020 Summary of Funding

	2019-2020 Funding Allocation	Prior Year Balance	Estimated FY 2019-2020 Program Income	Total Estimated Resources
Total CDBG	$8,927,311	$6,842,058	$400,000	$16,169,369
Total HOME	$3,160,147	$7,726,421	$1,750,000	$12,636,568
Total HOPWA	$1,131,945	$0	$0	$1,131,945
Total ESG	$755,329	$0	$0	$755,329
TOTAL	**$13,974,732**	**$14,568,479**	**$2,150,000**	**$30,693,211**

Table 5 - Fiscal Year 2019-2020 CDBG Budget Priorities

CDBG Fiscal Year 2019-2020 Annual Budgetary Priorities	
FY 2019-2020 Budget	**$16,169,369**
Administration (includes City grant administrative costs and fair housing activities)	**$1,865,462**
Public Services Program	**$1,399,097**
Neighborhood Engagement Program	**$200,000**
Homeless Programs	**$399,097**
Senior Programs	**$200,000**
Legal Services for LI Tenants	**$500,000**
Fair Housing	**$100,000**
Community Development Improvement Program	**$11,494,810**
Place Based Projects (Evans Lane, pedestrian safety improvements, ADA Curb Ramps, Lighting Improvements)	**$1,000,000**
Acquisition, Rehabilitation and Infrastructure for Affordable Housing Sites and Public Facilities	**$6,965,974**
Targeted Code Enforcement	**$1,102,037**
Minor Repair	**$1,650,000**
Job Training	**$500,000**
Nonprofit Facility Rehab	**$276,799**
Total	**$16,169,369**

Table 6 - Fiscal Year 2019-2020 HOME Budget Priorities

HOME Fiscal Year 2019-2020 Annual Budgetary Priorities	
FY 2019-2020 Budget	**$12,636,568**
General Administration (includes Fair Housing activities, and city staff HOME administration activities)	$316,015
Tenant-Based Rental Assistance (project delivery costs and administrative costs)	$2,252,235
New Construction of affordable Multi-Family Housing	$10,068,318
Total	**$12,636,568**

Table 7 – Fiscal Year 2019-2020 HOPWA Budget Priorities

HOPWA Fiscal Year 2019-2020 Annual Budgetary Priorities	
FY 2019-2020 Budget	**$1,131,945**
City Administration and Planning	$33,957
Sponsor Administration	$50,000
Tenant-based Rental Assistance & Supportive Services	$1,047,988
Total	**$1,131,945**

Table 8 – Fiscal Year 2019-2020 ESG Budget Priorities

ESG Fiscal Year 2019-2020 Annual Budgetary Priorities	
FY 2019-2020 Budget	**$755,329**
Administration	$56,650
Emergency Shelter, Outreach, Homeless Prevention, and HMIS	$698,679
Total	**$755,329**

Table 9 - Expected Resources – Priority Table

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG	Public Federal	• Admin and Planning • Acquisition • Economic Development • Housing • Public Improvements • Public Service	$8,927,311	$400,000	$6,842,058	$9,833,415	$7,461,849	This program funds various nonprofit agencies and other city departments to implement services that benefit low- and moderate-income persons and neighborhoods or address community and economic development needs.

***Note: The Expected Amount Available Remainder of Con Plan includes the estimated allocation for years 2019-2020 plus the estimated program income, minus the amount the City expects to expend on Admin.**

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HOME	Public Federal	• Acquisition • Multifamily Rental New Construction • Multifamily Rental Rehab • TBRA • Fair Housing Activities • Program Administration	$3,160,147	$1,750,000	$7,726,421	$12,636,568	$4,594,132	This program is designed exclusively to create affordable housing for low-income households.
HOPWA	Public Federal	• Permanent Housing in Facilities • Permanent Housing Placement • STRMU • Short Term or Transitional Housing Facilities • Supportive Services • TBRA	$1,131,945	$0	$0	$1,131,945	$1,097,988	The program is exclusively dedicated to the housing needs of people living with HIV/AIDS.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
ESG	Public Federal	• Conversion and Rehab for Transitional Housing • Financial Assistance • Overnight Shelter • Outreacg • Rental Assistance Services • Transitional Housing • Homeless Prevention • HMIS	$755,329	$0	$0	$755,329	$698,679	This program is designed to identify sheltered and unsheltered homeless persons, as well as those at risk of homelessness, and provide the services necessary to help them quickly regain stability in permanent housing.

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

Entitlement Funds

Leveraging HUD resources allows the City to bring in local, state, and other resources to combine with federal financial resources to maximize the reach and impact of the City's HUD-funded programs. The following are either HUD or City-required matching requirements for the four federal housing and community development programs:

- In the HOME program, HUD requires entitlement cities to contribute, from non-federal resources, at least 25 percent of program disbursements. That is, $1 of non-federal funds for every $4 of federal funds.
- In the ESG program, there is a one-to-one match (that is, $1 of non-federal funds for every $1 of ESG funds). The City provides a match for ESG funding by supporting additional programs for homeless individuals and families through the Housing Trust Fund and the City's General Fund. The City dedicates approximately $3.5 million in General Funds and approximately $1 million in Housing Trust Fund for homeless services (see detailed description below).

Outside of these match requirements, the City pairs Entitlement Funds with other federal programs such as the HOPWA Permanent Supportive Housing (PSH) program as well as non-federal sources described below, in order to meet San Jose's housing needs and priorities. Additionally, in 2016, the City was awarded a new HOPWA-VAWA Demonstration Project grant for a pilot program supporting People Living with HIV/AIDS who are also survivors of domestic violence. The award is $1,300,000 over three years. The City along with their partners, The Health Trust, and Next Door Services are in the third and final year of the demonstration project.

State Housing and Community Development Sources

In addition to federal resources, the State of California has provided funding for affordable housing development, homebuyer programs, transit-oriented development, special needs housing, and infrastructure. However, over the last few years, resources have either been depleted (such as Proposition 1C) or eliminated (such as the former Low- and Moderate-Income Housing Fund as part of former redevelopment agencies). Additionally, tools such as inclusionary policies are of limited use in California because they cannot be used for multifamily rental housing due to the Palmer vs. City of Los Angeles court decision. In 2016, a variety of legislative proposals to create affordable housing resources – such as expanding the low-income housing tax credit program, and allowing inclusionary housing policies to apply to multifamily rentals -- have been proposed as the need for affordable housing in California continues to grow.

The following is a list of State funding sources that the City has either accessed in the past or seeks to access in the future:

- Low-Income Housing Tax Credit Program: administers both federal and State programs that encourage private investment in affordable rental housing.

- CalHome: first-time homebuyer down payment assistance, home rehabilitation, homebuyer counseling or mortgage assistance programs.
- Building Equity and Growth in Neighborhoods Program (BEGIN): down payment assistance program
- Infill Infrastructure Grant (IIG): financial assistance for infrastructure improvements to support new infill housing development.
- Transit-Oriented Development Fund: supports dense development and affordable housing in close proximity to public transportation.
- Affordable Housing and Sustainable Communities (AHSC) Program: funding for Green House Gas reducing transit-oriented affordable housing development and transportation-related infrastructure.
- Veterans Housing and Homelessness Prevention (VHHP) Program: new construction of rental homes as well as supportive services for low-income and homeless veterans.
- Mental Health Services Act (MHSA) funds: State funds administered at the county level to serve low-income mentally ill clients.
- Housing Related Parks Program: Competitive funding for Parks that support affordable housing projects
- On September 29, 2017, the Governor signed SB 2, the Building Homes and Jobs Act, provides a "permanent source" of funding for affordable housing by imposing a $75 fee on each recorded document up to a maximum of $225 per transaction per parcel, estimated to generate $200 to $300 million annually, statewide. The legislation requires that for moneys collected on and after January 1, 2018 until December 31, 2018, that 50% of the funds go to local governments, and for money's collected after January 1, 2019, that 70% be provided to local governments.

County and Local Housing and Community Development Sources

There are a variety of countywide and local resources that support housing and community development programs. Some of these programs offer assistance to local affordable housing developers and community organizations while others provide assistance directly to individuals. These resources are discussed below:

- Low- and Moderate-Income Housing Asset Fund: Repayments from the Housing Department's $675 million loan portfolio, originally funded by former redevelopment affordable housing funds, are reused to finance a variety of affordable housing programs for lower-income households. $40 million in these Low- and Moderate-Income Housing Asset Fund (LMIHAF) funds were made available in a Notice of Funding Availability/ Request for Proposals (NOFA/RFP) which was issued jointly on July 21, 2016, with the Housing Authority of the County of Santa Clara and the County of Santa Clara. To date, the City Council awarded $34.6 million from the joint NOFA, which was designed to identify new

developments of special needs housing eligible for both capital commitments and federally-funded project-based rental vouchers (PBVs). The City issued another NOFA in 2018.

- The Inclusionary Housing Ordinance, Chapter 5.08 of the San José Municipal Code, was adopted on January 12, 2010. The Inclusionary Housing Ordinance requires that, in market-rate developments of 20 or more units, 15% of the units be made affordable to income eligible buyers or renters. Although the Ordinance was operative on January 1, 2013, its implementation was delayed by court challenges.
- The provisions of the Inclusionary Housing Ordinance that apply to rental developments were suspended until the court decision in Palmer v. City of Los Angeles was superseded with the passage of AB 1505 effective January 1, 2018. San José's Inclusionary Housing Ordinance now provides alternative ways that a developer may meet the affordable unit requirement, including but not limited to payment of an In-Lieu Fee and construction of affordable units off-site.
- Prior to AB1505, rental developments were subject to the AHIF resolution which was adopted on November 18, 2014 by the San José City Council. Since its adoption, approximately $2.6 million in Affordable Housing Impact Fees have been paid. As a result of Assembly Bill (AB) 1505, rental developments will transition from the current AHIF Program to the Inclusionary Housing Ordinance. Rental development projects submitted after June 30, 2018 are considered under the Inclusionary Housing Ordinance.

- City of San José Housing Trust Fund: provides ongoing funding for housing and support programs that seek to address homelessness, in part by creating a vehicle eligible to compete for outside funding sources. In FY 2019-2020, it is anticipated that at least $1 million in HTF will be used to respond to the impacts of homelessness in the community: City staffing and non-personnel costs; Destination: Home administrative and programmatic costs; direct supportive services such as essential services, case management, employment placement, and housing support; and matching funds for federal, State and regional grants.
- Affordable Housing Impact Fee Program: in November 2014, the City established the Affordable Housing Impact Fee Program, to be levied on market-rate rental housing developments, excluding developments that qualify for pipeline status and other exemptions. Implementation of the Affordable Housing Impact Fee (AHIF) Program is successfully underway. As a result of Assembly Bill (AB) 1505, rental developments will transition from the current Affordable Housing Impact Fee (AHIF) Program to the Inclusionary Housing Ordinance. Rental development projects submitted after June 30, 2018 will be considered under the Inclusionary Housing Ordinance.
- City of San José General Fund: the City's General Fund will be providing a fifth year of funding $1.5 million for ongoing homeless encampment abatement and deterrent services. In 2018-2019, The City's General Fund will fund Destination: Home to continue implementing the Homelessness Prevention System to provide financial assistance and support to families at risk of homelessness.

- City of San José Housing Authority Litigation Award (HALA): the City established a new local funding stream in HALA, which will be used to provide safe and sanitary housing for low income households within the jurisdiction of the Housing Authority. HALA will provide a third year of funding of $2 million for the Rapid Re-Housing Program.
- Veterans Affairs. OSH is making available services commitments for vulnerable populations, as well as $8 million in capital funds for developments focusing on the homeless.
- Measure A – Affordable Housing Bond Fund: In November 2016, the voters of Santa Clara County passed Measure A, a $950 million affordable housing bond measure. Measure A will fund the development of permanent affordable housing for the County's most vulnerable populations, including homeless, veterans, disabled, seniors, foster youth and others. The affordable housing units will be built throughout the County, and the funds will be leveraged to attract matching funds from private, state and federal sources. The spending plan of the bond will allocate $700 million for Extremely Low-Income housing (below 30 percent of area median income), including Permanent Supportive Housing and Rapid Rehousing; $100 million for Very Low Income housing (31 to 50 percent of the area median income); up to $100 million for housing assistance for Moderate Income households; and up to $50 million for Moderate Income residents who are first-time homebuyers. When funds become available, they will likely be layered with commitments from the City's LMIHAF funds, in order to fund affordable housing developments.
- Mortgage Credit Certificates (MCC) Program: Provides assistance to first-time homebuyers by allowing an eligible purchaser to take 20 percent of their annual mortgage interest payment as a tax credit against federal income taxes. The County administers the MCC Program on behalf of the jurisdictions in the County, including San José.
- The Housing Trust Silicon Valley (HTSV): This nonprofit organization combines private and public funds to support affordable housing activities in the County, including assistance to developers and homebuyers.

  Housing Authority: Acting on behalf of the City of San José Housing Authority, the City contracts with the Santa Clara County Housing Authority (SCCHA) to administer and manage the Section 8 Voucher program and public housing programs within San José. The SCCHA receives federal funding to run the programs below:

  - Section 8 Housing Choice Voucher Program: rental assistance to low-income households.
  - Family Self-Sufficiency Program: employment assistance program for Section 8 participants.
  - Veterans Affairs Supportive Housing (VASH): housing assistance for homeless veterans.
  - The Family Unification Program: voucher assistance for families who have been separated due to a lack of adequate housing.
  - Non-Elderly Disabled (NED) Vouchers: voucher program to allow non-elderly disabled people to transition out of care-giving institutions.

- Moderate Rehabilitation Program: project-based rental assistances for low-income families.

In January 2008, HUD designated the SCCHA as a "Moving to Work" (MTW) agency through June 30, 2018. The MTW agreement was extended through 2028 in April of 2016. 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 provides more flexibility in use of funding sources and will support the creation of more efficient programs. The City will continue to partner with the SCCHA to identify MTW activities that may benefit low-income families of the community, especially homeless households.

The SCCHA 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.

The City also partners with the Housing Authority through Project-based vouchers. Through the July 2016 joint NOFA/RFP, the City teamed with the Santa Clara County Housing Authority and the County of Santa Clara to identify developments that would be eligible for both PBVs and capital awards. PBVs are critical to development feasibility for deeply-affordable rental housing, as they augment tenant-paid rents. The higher rents predictably increase rental properties' cash flow, therefore increasing the size of permanent commercial loans that can be underwritten and, in turn, decreasing the need for public gap subsidy funding. This joint issuance of the NOFA/RFP was the first of its kind in the South Bay.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

The City will continue to explore opportunities to develop affordable housing on public lands and on surplus lands, such as with the Santa Clara Valley Transportation Authority (VTA), which owns land in transit-rich locations. In 2017 the VTA advanced plans to develop three VTA owned sites in San Jose. In 2019-2020, the City will continue to work with VTA on planning for affordable units at their station areas and facilitating their development. The City also continues to review opportunities to purchase surplus land from other public agencies to meet its housing and community development goals.

In 2015, the City Council approved the purchase of three properties located at 226 Balbach Avenue, 5647 Mesa/Gallup, and 96 South Almaden Boulevard from the former Successor Agency to the Redevelopment Agency of the City of San Jose. One of these properties at 96 South Almaden Boulevard was rehabilitated and is currently serving formerly homeless individuals. Regarding 226 Balbach and the Gallup/Mesa properties, the City has identified a development partner for both sites and has initiated the entitlement process.

Discussion

Please see discussions above.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives - 91.420, 91.220(c)(3)&(e)

Goals Summary Information

Table 10 – Goals Summary (One Year)

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Increase & Preserve Affordable Housing Opportunities	2019	2020	• Affordable Housing	N/A	Affordable Housing	HOME: $9,331,796 HOPWA: $1,047,988	• HOME Rental Units Constructed = 50 housing units • Tenant-Based Rental Assistance/Rapid Re-housing = 90 households assisted
2	Respond to Homelessness and Its Impacts on the Community	2019	2020	• Homeless	N/A	Homelessness	CDBG: $399,097 HOME: $2,252,235 ESG: $698,679	• Homeless overnight shelter = 60 persons assisted • HOME Tenant-Based Rental Assistance/Rapid Re-housing = 150 households assisted • Other – Outreach Contacts = 700 persons assisted • Other – Prevent Homelessness – 30 persons

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
3	Strengthen Neighborhoods	2019	2020	• Non-Housing Community Development Non-Homeless Special Needs	N/A	Strengthening Neighborhoods	CDBG: $10,218,011	• Public service activities other than LMI Housing Benefit = 450 persons assisted • Jobs created = 10 jobs • Housing code enforcement/Foreclosed property care = 775 housing units • Homeowner housing rehabilitated = 250 housing units • Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit = 21,000
4	Promote Fair Housing Choice	2019	2020	• Non-Housing Community Development	N/A	Fair Housing	CDBG: $333,038 HOME: $66,962	• Public service activities other than LMI Housing Benefit = 220 persons assisted

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b):

The City anticipates that entitlement dollars will be used to provide rental assistance, production of new units, and/or acquisition of existing units over the 2015-2020 Consolidated Planning period. Below is an estimate of the number of low income households that will be assisted in 2019-2209, by grant program.

HOME

Projected total assisted: 50

Consistent with the City's goal to assist in the creation and preservation of affordable housing for low income and special needs households, the City has the option to use HOME funds for land acquisition and new construction of rental units, and acquisition or rehabilitation of existing rental units for low income households and 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.

AP-35 Projects – 91.220(d)

Introduction

The Consolidated Plan goals below represent high priority needs for the City of San José (City) and serve as the basis for the strategic actions the City will use to meet these needs. The goals, listed in no particular order, are:

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

Table 11 – Project Information

#	Project Name
1	Senior Services
2	Neighborhood Engagement
3	Legal Services for Low Income Tenants
4	Job Training for Unhoused Individuals and/or Youth
5	Place Based Capital Street and Infrastructure Enhancements
6	Targeted Code Enforcement
7	Minor Home Repair Program
8	HOPWA – The Health Trust
9	HOPWA – San Benito County
10	Rental Housing Development
11	HOME TBRA
12	Homeless Services (CDBG)
13	Homeless Services (ESG19 City of San José)
14	Fair Housing
15	Nonprofit Facility Rehabilitation
16	Acquisition, rehabilitation & infrastructure for affordable housing sites & public facilities
17	CDBG Administration and Monitoring
18	HOME Administration and Monitoring
19	HOPWA Administration and Monitoring

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

The City's Annual Action plan was developed based on the goals and strategies of the City's 5-year Consolidated Plan. The 5-year goals and strategies were refined after conducting additional outreach and analysis. In addition, the results of the programs and projects undertaken in in years 1-3 of the consolidated plan cycle influenced the development of this action plan. The Consolidated Plan is the basis for the City's strategy in allocating its federal resources in four primary programs: CDBG, HOME, ESG, and HOPWA funds. To further refine the strategy for allocating funds, the City

conducted additional outreach with residents, community-based organizations, government agencies, the Continuum of Care, and other community stakeholders.

The following priorities were identified during the outreach process for the Consolidated Plan, the FY18-19, and/or the FY19-20 Annual Action Plan:

- Need to Increase Services for the Homeless and Improve Facilities Serving the Homeless Population

  Emergency and transitional housing, comprehensive services at homeless encampments (e.g., basic shelter facilities, health care referrals), and rental assistance programs for the homeless were frequently identified by participants as critical needs.

  Additionally, while the City has several rental subsidy programs for homeless individuals, there are challenges finding suitable rental housing at or below fair market rent values for individuals in these programs. The City has identified the need for project-based rental housing for homeless individuals.

  Several nonprofit facilities serving the homeless population are in need of rehabilitation and the City has provided CDBG funds over the past two years to three agencies serving homeless individuals or families. Nonprofits have identified additional needs to improve other facilities. Nonprofits' need also includes accessing funds to build out tenant improvements for initial occupancy of community-serving commercial space.

AP-38 Projects Summary

Project Summary Information

Table 12 – Project Summary

	Project Name	Target Area	Needs Addressed	Funding	GOI
1	Senior Services	N/A	• Strengthening Neighborhoods	CDBG: $200,000	200 persons assisted
2	Neighborhood Engagement	N/A	• Strengthening Neighborhoods	CDBG: $200,000	250 persons assisted
3	Legal Services for LI Tenants	N/A	• Strengthening Neighborhoods	CDBG: $500,000	300 persons assisted
4	Job Training for Unhoused Individuals	N/A	• Strengthening Neighborhoods • Homelessness	CDBG: $500,000	10 Jobs created
5	Place Based Street and Infrastructure Enhancements	N/A	• Strengthening Neighborhoods	CDBG: $1,000,000	1,000 persons assisted
6	Targeted Code Enforcement	N/A	• Strengthening Neighborhoods	CDBG: $1,102,037	775 housing units
7	Minor Home Repair Program	N/A	• Strengthening Neighborhoods	CDBG: $1,650,000	300 housing units
8	HOPWA – The Health Trust	N/A	• Affordable Housing	HOPWA: $1,047,988	105 persons assisted
9	HOPWA – San Benito County	N/A	• Affordable Housing	HOPWA: $50,000	5 persons assisted
10	Rental Housing Development	N/A	• Affordable Housing	HOME: $9,331,796 CHDO: $736,522	50 housing units
11	HOME TBRA	N/A	• Homelessness	HOME: $2,252,235	100 persons assisted
12	Services for Homeless and Unhoused Populations (CDBG)	N/A	• Homelessness	CDBG: $399,097	160 persons assisted 800 outreach contacts
13	Homeless Services (ESG18 City of San José)	N/A	• Homelessness	ESG: $698,679	150 persons assisted 700 outreach contacts
14	Fair Housing	N/A	• Fair Housing	CDBG: $333,038 HOME: $66,962	220 persons assisted

15	Nonprofit Facility Rehab	N/A	• Homelessness • Strengthening Neighborhoods	CDBG: $276,799	850 persons assisted
16	Acquisition, rehabilitation, and infrastructure for affordable housing sites and public facilities	N/A	• N/A	CDBG: $6,965,974	N/A
17	CDBG Administration and Monitoring	N/A	• N/A	CDBG: $1,865,462	N/A
18	HOME Administration and Monitoring	N/A	• N/A	HOME: $316,015 (Includes $66,962 for Fair Housing)	N/A
19	HOPWA Administration and Monitoring	N/A	• N/A	HOPWA: $33,957	N/A

1	**Project Name**	Senior Services
	Target Area	N/A
	Goals Supported	Strengthening Neighborhoods
	Needs Addressed	Strengthening Neighborhoods
	Funding	CDBG: $200,000
	Description	This project will provide community-based services – including Meals on Wheels and the Senior Nutrition and Wellness - to San José's low-income seniors in order to improve health and quality of life, prevent or reduce their isolation and depression, and/or increase their housing stability improving their opportunities to age in place.
	Target Date	06/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	200 low-income seniors
	Location Description	City-wide (service locations vary)
	Planned Activities	Meals on Wheels – The Health Trust Senior Nutrition and Wellness - POSSO

2	**Project Name**	Neighborhood Engagement
	Target Area	N/A
	Goals Supported	Strengthening Neighborhoods
	Needs Addressed	Strengthening Neighborhoods
	Funding	CDBG: $200,000
	Description	The goal of the Neighborhood Engagement program is to increase social capital (i.e., a form of economic and/or cultural capital in which social networks are essential components to community growth) in San José neighborhoods, increase community engagement and cohesion, build the capacity of local organizations, pilot solutions to solve neighborhood level problems, and develop leadership skills of residents to promote, support, and sustain civic engagement by residents that are typically underrepresented in city governance and civic processes. This work will build upon the previous successes of the Strong Neighborhoods Initiative and the work of the Housing Department's Place Based Initiative.
	Target Date	06/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	250 low-income residents

	Location Description	East San José and Central San José
	Planned Activities	Somos Mayfair – Home Grown Talent CommUniverCity – Community Leadership Program

3	**Project Name**	Legal Services for LI Tenants and Landlords
	Target Area	N/A
	Goals Supported	Strengthening Neighborhoods
	Needs Addressed	Strengthening Neighborhoods
	Funding	CDBG: $500,000
	Description	The goal of the Legal Services for LI Tenants is to increase housing stability by providing landlord/tenant counseling, education, referrals, and legal assistance to tenants facing unlawful evictions or other landlord/tenant issues. These services will include additional outreach and education to low income tenants Citywide.
	Target Date	06/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	300 low-income tenants and landlords
	Location Description	
	Planned Activities	Law Foundation of Silicon Valley - Consortium

4	**Project Name**	Job Training
	Target Area	N/A
	Goals Supported	Strengthening Neighborhoods and/or Respond to Homelessness and Its Impacts on the Community
	Needs Addressed	Strengthening Neighborhoods and/or Respond to Homelessness and Its Impacts on the Community
	Funding	CDBG: $500,000
	Description	The program will support job training for low income individuals, focused on homeless individuals and/or youth/young adults (ages 16-24). Community outreach related to the Annual Action Plan highlighted a community need for job training, especially for unhoused individuals and youth/young adults. This program must meet the national objective of low/moderate job creation and retention (LMJ) as well as the required Public Benefit Standards Activities must create or retain permanent jobs to be made available or held by low/moderate income persons. This requirement is met when job training participants are placed in permanent jobs. In addition, in order to be eligible for CDBG funding the job training must be tied to assistance to for-profit

		businesses. Nonprofit entities, including Community Based Development Organizations, are eligible to apply.
	Target Date	06/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	10 jobs created
	Location Description	1671 The Alameda #306 San Jose, CA 95126
	Planned Activities	Downtown Streets Team

5	**Project Name**	Place-Based Street and Infrastructure Enhancements
	Target Area	N/A
	Goals Supported	Strengthening Neighborhoods
	Needs Addressed	Strengthening Neighborhoods
	Funding	CDBG: $1,000,000
	Description	CDBG funds will be used to support street and pedestrian safety improvements in low-moderate Income areas. This may include enhanced pedestrian crosswalks to increase pedestrian visibility to motorists, reduce conflicts between modes of transportation, and shorten crossing distances. Improvements may include adding and improving sidewalk ramps, installing high-visibility crosswalks with flashing beacons, adding signage and high visibility roadway markings, repair damaged sidewalks, and improving functionality of intersections. All approved projects will be located in low-income areas and are not included in the City's budget for capital improvements. CDBG funds will also be used to support the rehabilitation of the The Haven, a City-owned emergency shelter for disaster victims. Additionally, this project will include additional support for alleyway improvements in low income neighborhoods. The poor condition of deteriorated alleyways has been an ongoing concern of the neighborhood residents. Several alleyways are unpaved or have deteriorating pavement, creating a rough roadbed and flooding in storms. The improvements will provide a reliable roadway surface, ensuring safe access for residents, improving accessibility, improved storm water management and raising awareness of storm water issues. Finally, this project will support traffic improvements and lighting and pedestrian safety improvements on Evans Lane.
	Target Date	06/30/2020

	Estimate the number and type of families that will benefit from the proposed activities	20,000 low- and moderate-income households
	Location Description	TBD
	Planned Activities	TBD

6	**Project Name**	Targeted Code Enforcement
	Target Area	N/A
	Goals Supported	Strengthening Neighborhoods
	Needs Addressed	Strengthening Neighborhoods
	Funding	CDBG: $1,102,037
	Description	Code Enforcement activities will be conducted in low-income, residential neighborhoods that meet the City's definition of "Deteriorated/Deteriorating Areas". Code Enforcement's focus will be primarily on the inspections of multi-family units, with ancillary
	Target Date	06/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	775 households in place-based neighborhoods
	Location Description	Santee, Mayfair, Five Wounds/Brookwood Terrace, and additional hotspots identified through the Mayor's Gang Prevention Task Force
	Planned Activities	Place-based Code Enforcement

7	**Project Name**	Minor Home Repair Program
	Target Area	N/A
	Goals Supported	Strengthening Neighborhoods
	Needs Addressed	Strengthening Neighborhoods
	Funding	CDBG: $1,650,000
	Description	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 accessibility and mobility needs within the home. The program also includes funding for limited rehabilitation to address more substantial safety issues in the home to ensure safe, affordable, decent living environment for the occupants.
	Target Date	06/30/2020

	Estimate the number and type of families that will benefit from the proposed activities	250 extremely low-income homeowners
	Location Description	Citywide
	Planned Activities	Rebuilding Together Habitat for Humanity

8	**Project Name**	HOPWA – Santa Clara County
	Target Area	N/A
	Goals Supported	Affordable Housing
	Needs Addressed	Affordable Housing
	Funding	HOPWA: $1,047,988
	Description	The program will provide rent subsidies, permanent housing placement assistance, and supportive services to help low-income residents living with HIV/AIDS secure and maintain housing. Housing placement assistance includes working with an placement specialist and receiving security deposit assistance. Supportive services include medical and housing case management and self-sufficiency services.
	Target Date	06/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	90 low-income individuals living with HIV/AIDS
	Location Description	Santa Clara County
	Planned Activities	• Supportive Services • TBRA • Permanent Supportive Housing • Administration

9	**Project Name**	HOPWA – San Benito County
	Target Area	N/A
	Goals Supported	Affordable Housing
	Needs Addressed	Affordable Housing
	Funding	HOPWA: $50,000
	Description	The City's HOPWA entitlement grant to San Benito County will provide housing placement assistance, rental subsidies, and nutritional and dental assistance to low-income clients living with HIV/AIDS.
	Target Date	06/30/2020
	Estimate the number and type of families that	5 low-income individuals living with HIV/AIDS

	will benefit from the proposed activities	
	Location Description	San Benito County
	Planned Activities	Housing Placement Supportive Services TBRA Administration

10	**Project Name**	Rental Housing Development
	Target Area	N/A
	Goals Supported	Affordable Housing
	Needs Addressed	Affordable Housing
	Funding	HOME: $10,068,318
	Description	Consistent with the City's goal to assist in the creation and preservation of affordable housing for low income households, the City has the option to use HOME funds for new construction of Rental Housing Development and/or Rehabilitation of existing Multi-family units. HUD requires that at least 15 percent of each year's HOME allocations be set aside for Community Housing Developers (CHDOs). This requirement will be met through the rental housing development activity. At least $736,522 of the rental development activity funds will be committed to a CHDO developer within 24-months, as required by HOME regulations. 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.
	Target Date	06/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	50 low-and moderate-income households
	Location Description	TBD
	Planned Activities	TBD

11	**Project Name**	HOME Tenant Based Rental Assistance
	Target Area	N/A
	Goals Supported	Homelessness

	Needs Addressed	Homelessness
	Funding	HOME: $2,252,235
	Description	Consistent with the City's goal to assist in the creation and preservation of affordable housing for low-income households, the City will use HOME funds to provide tenant-based rental subsidies targeting employable homeless individuals and families. The City will contract with three (3) agencies to provide intensive case management services (funded with City General Funds) for TBRA clients. The program's goal is to transition participants out of homelessness, and improve their long-term self-sufficiency.
	Target Date	06/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	100 homeless individuals/families
	Location Description	Citywide
	Planned Activities	The Health Trust

12	**Project Name**	Services for Homeless and Unhoused Populations (CDBG)
	Target Area	N/A
	Goals Supported	Homelessness
	Needs Addressed	Homelessness
	Funding	CDBG: $399,097
	Description	The City is utilizing CDBG to fund HomeFirst to provide outreach and supportive services to homeless individuals.
	Target Date	06/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	150 unduplicated homeless individuals will be provided outreach and supportive services
	Location Description	Citywide
	Planned Activities	HomeFirst - Homeless Outreach and Engagement

13	**Project Name**	ESG19 City of San José
	Target Area	N/A
	Goals Supported	Homelessness
	Needs Addressed	Homelessness
	Funding	ESG: $698,679
	Description	The City will utilize ESG funds to support a Homeless Outreach and Engagement program as well as a Homeless Prevention program for homeless and at-risk individuals and families. The ESG funds will also support HMIS.

		The Homeless Outreach and Engagement Program will focus on utilizing an integrated approach to provide a comprehensive response to addressing chronic homelessness in the City. The Homeless Prevention program will utilize an integrated approach to provide case management services, deposit/rental assistance, and other eligible services as needed to keep individuals and families from experiencing homelessness. ESG funds will be used to support the administration of the ESG program by the City's Housing Department. Funds may also be sued for shelter and rapid rehousing activities. <u>ESG Allocations by Component</u> Outreach: $421,679 Homeless Prevention: $127,000 HMIS: $150,000 Administration: $56,650
	Target Date	06/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	150 homeless individuals will be provided with outreach and supportive services. 30 families will be assisted with homeless prevention services.
	Location Description	Citywide
	Planned Activities	Homeless Outreach –PATH Homeless Prevention – Bill Wilson Center HMIS – County of Santa Clara Administration Funds may also be used for shelter and rapid rehousing activities.

14	**Project Name**	Fair Housing
	Target Area	N/A
	Goals Supported	Fair Housing
	Needs Addressed	Fair Housing
	Funding	CDBG: $333,038 ($100,000 CDBG Public Services, $233,2038 CDBG Admin) HOME (admin): $66,962
	Description	The City will continue to program some of its CDBG Administrative funds, as well as some public service funds, and HOME Administrative Funds to support an agency(s) that will provide Fair Housing services. Services may include: outreach and

		education on fair housing issues; conducting fair housing testing; enforcing fair housing laws through litigation; and providing technical assistance to the Housing Department on how to monitor City-financed developments for fair housing compliance. The City will contract with a consortium of four agencies to provide these services, with the Law Foundation of Silicon Valley serving as the consortium lead.
	Target Date	06/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	220 individuals/families
	Location Description	Various locations
	Planned Activities	The Law Foundation Fair Housing Project

15	**Project Name**	Nonprofit Facility Rehabilitation
	Target Area	N/A
	Goals Supported	Homelessness Strengthening Neighborhoods
	Needs Addressed	Homelessness Strengthening Neighborhoods
	Funding	CDBG: $276,799
	Description	CDBG funds will be used to support the Bill Wilson Center Rehabilitation project, originally funded in the FY14-15 Annual Action Plan. Additional funds will rehabilitate the homeless drop-in center, which includes three buildings on the corner of South 2nd and Margaret Street.
	Target Date	06/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	1,000 individuals/youth
	Location Description	691 South 2nd Street, San José, CA 693 South 2nd Street, San José, CA 10 Margaret Street, San José, CA Additional locations TBD
	Planned Activities	Bill Wilson Center Rehabilitation Additional Activities TBD

16	**Project Name**	Acquisition, Rehabilitation, and Infrastructure for Affordable Housing Sites and Public Facilities
	Target Area	N/A

	Goals Supported	N/A
	Needs Addressed	N/A
	Funding	CDBG: $6,965,974
	Description	CDBG funds will be used to support the acquisition, rehabilitation, and infrastructure for affordable housing sites and public facilities.
	Target Date	06/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	N/A
	Planned Activities	TBD

17	**Project Name**	CDBG Administration and Monitoring
	Target Area	N/A
	Goals Supported	N/A
	Needs Addressed	N/A
	Funding	CDBG: $1,865,462
	Description	A portion of the CDBG grant allocation will be used for reasonable planning and administrative costs associated with the administration of the CDBG funds and other related federal requirements. Administration funds will support oversight activities of the housing department, legal services from the City Attorney's Office, and environmental reviews. Funds will also be used to support the development of the 2020-2025 Consolidated Plan.
	Target Date	06/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	200 E. Santa Clara Street San José, CA 95113
	Planned Activities	CDBG Planning and Administration

18	**Project Name**	HOME Administration and Monitoring
	Target Area	N/A
	Goals Supported	N/A
	Needs Addressed	N/A
	Funding	HOME: $316,015
	Description	Up to 10 percent of the total HOME grant allocation will be used for reasonable planning and administrative costs associated with

		the administration of the HOME funds and other related federal requirements.
	Target Date	06/30/2019
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	200 E. Santa Clara Street San José, CA 95113
	Planned Activities	HOME Planning and Administration Fair Housing

20	**Project Name**	HOPWA Administration and Monitoring
	Target Area	N/A
	Goals Supported	N/A
	Needs Addressed	N/A
	Funding	HOPWA: $33,957
	Description	The City will allocate $26,000 (approximately 3 percent of the entitlement grant) to administrative costs associated with managing with the HOPWA grant.
	Target Date	06/30/2020
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	200 E. Santa Clara Street San José, CA 95113
	Planned Activities	HOPWA Administration

AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

Not applicable. The City has not established specific target areas to focus the investment of CDBG funds.

Table 13 - Geographic Distribution

Target Area	Percentage of Funds
Not applicable	Not applicable

Rationale for the priorities for allocating investments geographically

The Consolidated Plan allocates federal entitlement dollars according to low- and moderate-income (LMI) census tracts without target areas. However, in light of current budget limitations, San José recognizes the importance of a coordinated effort to invest in its neighborhoods. In its 2010-15 Consolidated Plan, San José initiated the first iteration of its neighborhood plan through its place-based strategy by focusing leveraged investments in the Santee/McKinley, Mayfair, and Five Wounds/Brookwood Terrace neighborhoods to create clean, safe, and engaged places. In the 2015-2020 Consolidated Plan, the City continued to emphasize the importance of neighborhoods and to refine its approach by seeking to make high-impact, targeted investments in strategic locations and activities that advance the four goals identified. The City will continue to prioritize investments in the Place-based neighborhoods which include the three original Place-based Neighborhoods as well as four new targeted neighborhoods.

Over the last several years, funding levels in CDBG and HOME - the two largest programs - have been reduced 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 activities and projects that have the greatest impact, rather than spread limited resources too thinly. To the extent possible, the funding strategy seeks 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. Investments will also be made in programs and activities that have measurable results in meeting core program objectives.

As capital projects wrap up in the original three neighborhoods, resources will begin to shift to the new targeted neighborhoods. The new targeted areas include three low-income areas adjacent to planned supportive housing developments at Evans Lane, Senter Road, and South Second Street. In addition to the required planning outreach, the Housing Department conducted extensive outreach in these communities to solicit feedback on community needs. Each of the neighborhood groups identified capital improvement needs such as improved lighting, traffic calming, and improved pedestrian safety. The fourth area is associated with the City's Project Hope initiative. Project Hope is a collaborative effort between city department such as the San Jose Police Department, Code Enforcement, Parks Recreation and Neighborhood Services as well as outside agencies including

local school districts. The first neighborhoods targeted under this initiative is the Cadillac neighborhood.

Discussion

Please see discussion above.

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

Although entitlement dollars are limited, the City anticipates expending a significant portion of its federal allocation dollars on the preservation and provision of affordable housing. A detailed discussion of how HUD entitlements will be used to support affordable housing needs within the City is provided in AP-20, with the number of households to be assisted itemized by goal.

Table 14 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households to be Supported	
Homeless	150
Non-Homeless	50
Special-Needs	90
Total	**290**

Table 15 - One Year Goals for Affordable Housing by Support Type

One Year Goals for the Number of Households Supported Through:	
Rental Assistance	240
The Production of New Units	50
Rehab of Existing Units	0
Acquisition of Existing Units	0
Total	**290**

Discussion

Please see discussions above.

AP-60 Public Housing – 91.220(h)

Introduction

SCCHA assists approximately 17,000 households through the federal Section 8. The Section 8 waiting list contains 5,909 households and is estimated to be a six-year wait. SCCHA also develops, controls, and manages more than 2,700 affordable rental housing units throughout the County. SCCHA's programs are targeted toward ELI and VLI households, and more than 80 percent of its client households are extremely low-income families, seniors, veterans, persons with disabilities and formerly homeless individuals.[12]

In 2008, SCCHA entered into a ten-year agreement with HUD to become a MTW agency. The MTW program is a federal demonstration program that allows greater flexibility to design and implement more innovative approaches for providing housing assistance.[13] Additionally, SCCHA has used LIHTC financing to transform and rehabilitate 551 units of public housing into SCCHA-controlled properties. The agency is an active developer of affordable housing and has either constructed, rehabilitated, or assisted with the development of more than 30 housing developments that service a variety of households, including special needs households.

Note: Subsidized housing is housing owned and managed by private or nonprofit owners who receive subsidies in exchange for renting to LMI tenants, while public housing is housing owned and managed by the housing authority. Public Housing is defined by HUD as "housing assisted under the provisions of the U.S. Housing Act of 1937 or under a state or local program having the same general purposes as the federal program. Distinguished from privately financed housing, regardless of whether federal subsidies or mortgage insurance are features of such housing development."[14] The Santa Clara County Housing Authority had 555 units of public housing in Santa Clara County including approximately 150 in the City of San Jose. Funding for the public housing program was not adequately meeting the agency's needs for providing much needed renovations and capital improvements to the projects and so, with HUD approval, the Housing Authority disposed of all but four of its public housing units. The units are now owned by a Housing Authority affiliate and maintain their affordability through LIHTC and Project Based Vouchers

Actions planned during the next year to address the needs to public housing

Not applicable. There are no public housing units located in the City.

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[12] Housing Authority of the County of Santa Clara. "Welcome to HACSC." http://www.hacsc.org/

[13] HACSC. "Moving to Work (MTW) 2014 Annual Report." September 2014.

[14] United States Housing and Urban Development Department. "Glossary." http://www.huduser.org/portal/glossary/glossary_p.html

Actions to encourage public housing residents to become more involved in management and participate in homeownership

While the majority of their units have been converted to affordable housing stock, SCCHA is proactive in incorporating resident input into the agency's policy-making process. An equitable and transparent policy-making process that includes the opinions of residents is achieved through the involvement of two tenant commissioners, one being a senior citizen, on the SCCHA board.

SCCHA has been a MTW agency since 2008. To date, the agency has had 42 activities approved by HUD. The vast majority of their successful initiatives have been aimed at reducing administrative inefficiencies, which in turn opens up more resources for programs aimed at LMI families. The following is excerpted from SCCHA's August 2014 Board of Commissioner's report:

"HACSC's Family Self Sufficiency (FSS) Program is designed to provide assistance to current HACSC Section 8 families to achieve self-sufficiency. When a family enrolls in the five-year program, HPD's FSS Coordinator and LIFESteps service provider helps the family develop self-sufficiency goals and a training plan, and coordinates access to job training and other services, including childcare and transportation. Program participants are required to seek and maintain employment or attend school or job training. As participants increase their earned income and pay a larger share of the rent, HACSC holds the amount of the tenant's rent increases in an escrow account, which is then awarded to participants who successfully complete the program. HACSC is currently in the initial stages of creating a pilot successor program to FSS under the auspices of its MTW flexibility called Focus Forward."[15]

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

Not applicable.

Discussion

Please see discussions above.

[15] HACSC. "Housing Programs Department (HPD) Monthly Board Report." August 2014.

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

The Santa Clara region is home to the fifth-largest population of homeless people on any given night (7,394 individuals)[16] and the third-highest percentage of unsheltered homeless of any Major City CoC in the country (74 percent of homeless people sleep in places unfit for human habitation).[17] The homeless assistance program planning network is administered by the Santa Clara Continuum of Care (CoC) and governed by the CoC Board of Directors. The membership of the CoC is a collaboration of representatives from local jurisdictions comprised of community-based organizations, the Housing Authority of County of Santa Clara, governmental departments, health service agencies, homeless advocates, consumers, the faith community, and research, policy and planning groups. The homeless services system utilized by the CoC is referred to as the Homeless Management Information System (HMIS). The HMIS monitors outcomes and performance measures for all the homeless services agencies funded by the County.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including:

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs.

The Homeless Census and Survey is a countywide collaborative effort to help assess regional homeless needs. The City participates with the County and other jurisdictions to conduct a biennial countywide homeless count. The data from the census is used to plan, fund, and implement actions for reducing homelessness and circumstances that bring about homelessness. San José financially contributed and led the countywide Homeless Census and Survey that took place in 2017. The City provides funding for a Citywide Homeless Outreach and Engagement program. Activities include street outreach and mobile case management, homeless helpline, and basic needs for the homeless population.

The three main purposes of this program are as follows:

1. To provide a consistent presence on the streets and other outdoor locations throughout San José and the downtown area to build rapport and trust with unsheltered homeless residents with the goal of moving them into and keeping them in permanent housing;
2. To provide street-based case management to the unhoused population and;
3. To provide an avenue to alleviate business and resident concerns about encampments and homeless persons living in their neighborhoods or other areas of San José.

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[16] The U.S. Department of Housing and Urban Development. "2018 Annual Homeless Assessment Report (AHAR) to Congress." December 2018. https://www.hudexchange.info/resources/documents/2018-AHAR-Part-1.pdf
[17] Ibid

In 2019-2020, the homeless service agencies will continue to proactively identify areas to provide outreach, as well as to respond to concerns from City staff, residents, businesses, and other persons as appropriate.

Addressing the emergency shelter and transitional housing needs of homeless persons

The City currently has 1070 emergency shelter beds and transitional housing beds which serve homeless individuals, families with children, women with children, youth, and victims of domestic violence. The overall number of emergency and transitional beds has decreased over the past year due to a combination of conversions to permanent housing and the lack of resources to fund emergency and transitional beds. In line with its goal of ending homelessness, the City will continue to focus its funding on programs aimed at permanently housing homeless persons.

The City will continue to support emergency and transitional housing options through new one-time funding from the State called the Homeless Emergency Aid Program. This Program will support several crisis intervention efforts, including the addition of emergency shelter beds and safe parking slots. However, the City's focus continues to be on moving people quickly into permanent housing with supportive services as seen in the successful Housing First approach. Efforts 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 homeless people linked with supportive wraparound services.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again.

The City has historically funded two tenant-based rental assistance (TBRA) programs: one funded by HOME dollars, and another by HOPWA funds. The HOME TBRA Program is matched with local funds to increase capacity in the Rapid Rehousing System. In 2019-2020, the program will continue to provide housing subsidies and case management services to employed or employable homeless populations, including families with children and domestic violence survivors.

The goal of the City's Rapid Rehousing Program is to help up to 200 households at any given time to locate and secure appropriate rental housing, assist with time-limited subsidies based on the rent of the identified unit and help the participants increase their income so they graduate and pay the rent in full. The Rental Subsidy Administrators verify income eligibility, assist in housing search and placement, perform housing inspections, and coordinate monthly subsidy payments. The Supportive Services Administers receive referrals from the CoC's coordinated assessment. Once enrolled, the

role of the Supportive Services Administrator is to ensure that by the time the participant's subsidy terminates, they are stable, self-sufficient and do not return to homelessness. The HOPWA TBRA Program targets low-income residents living with HIV/AIDS who are homeless or at-risk of homelessness.
Additionally, the City will provide $150,000 in local funds to the YWCA for rental subsidies for vulnerable populations, including survivors of domestic violence, dating violence, sexual assault, and stalking.

On a regional level, leaders from the City, the County, other government agencies such as the Housing Authority of the County of Santa Clara and the Santa Clara Valley Water District, service providers, philanthropy, community institutions, and business organizations created and launched a five-year Community Plan to End Homelessness in Santa Clara County. The Community Plan was developed to enhance the community's work towards ending and preventing homelessness among all homeless persons and families.

Major points of emphasis in the Community Plan include:

- *Disrupt the System* - Develop strategies and innovative prototypes that transform the systems related to housing homeless people.
- *Build the Solution* - Secure the funding needed to provide 6,000 housing opportunities with services to those who are homeless and those at risk of homelessness.
- *Serve the Person* - Adopt an approach that recognizes the need for client-centered strategies with different responses for different levels of need and different groups, targeting resources to the specific individual or household.

In November 2016, the voters of Santa Clara County voted to pass Measure A, a $950 million affordable housing bond measure. The $950 million General Obligation Bond will raise property taxes based on the value of the property for tax purposes. Of the $950 million, $700 million for Extremely Low-Income housing (below 30 percent of area median income), including Permanent Supportive Housing and Rapid Rehousing. Continuing in 2019-2020, Measure A will fund the development of permanent affordable housing for the County's most vulnerable populations, including homeless, veterans, disabled, seniors, foster youth and others. The affordable housing units will be built throughout the County, and the funds will be leveraged to attract matching funds from private, state and federal sources. The projection remains that the Bond will fund 120 new affordable housing developments over ten years, including 4,800 new units dedicated to Extremely Low-Income and Very Low-Income households.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

Historically, homeless prevention was addressed in the community solely through the through the County of Santa Clara's CALWORKS program and/or the Emergency Assistance Network, in which eight nonprofit homeless service agencies provide a variety of services to prevent homelessness and act as a safety net for residents facing eviction, utility disconnection, and hunger. In 2019-2020, the City will continue to support the new Homeless Prevention System, led by Destination: Home, with $4M in new funding through the Homeless Emergency Aid Program. Following the Community Plan to End Homelessness and disrupting the system, the Homeless Prevention System's goal is to implement a countywide homelessness prevention system and prevent all instances of family homelessness. The system will continue to expand families' ability to become quickly connected to prevention services throughout the community, streamline and standardize service delivery, and measure the collective impact of homelessness prevention. Through new State money from both the City and the County, the system will serve hundreds more households in 2019-2020.

Using ESG funding, the City will fund Bill Wilson Center to provide security deposits, rental assistance, and other services to prevent households from becoming homeless. Additionally, through the new Homeless Emergency Aid Program, the City will allocate funding for homeless youth in 2019-2020, but the scope of that programming is not finalized as the City may need to release a Request for Proposals.

Discussion

In addition to the strategies described above, the City has drafted several policies for ending homelessness in the County:

- Work with its government, nonprofit, and business partners to allocate additional resources for efforts to end and prevent homelessness. Participate in a leadership role with Destination: Home, a public-private partnership implementing an integrated, coordinated approach to ending homelessness in the County by infusing permanent housing with important services like mental health, physical rehabilitation, and employment training programs. The City will continue to partner with Destination: Home in its regional strategic plan implementation.
- Work with HACSC to allocate project-based and tenant-based vouchers to homeless housing projects and individuals.
- Continue to implement a variety of housing options for homeless households. Crisis response programs and interim housing opportunities are a priority for the City in 2019-2020. These include but are not limited to:
    - Located at City-owned facilities including libraries and community centers, the Overnight Warming Locations will provide a safe place for homeless households to sleep, access basic needs services overnight during periods of inclement weather, while working to secure permanent housing. The Homeless Emergency Aid Program will fund expanding this effort on a nightly basis.
    - The Bridge Housing Communities will provide interim housing in the form of free-standing, small, sleeping cabins for homeless individuals and couples with supportive services and linkages to permanent housing.

    - The Motel/Hotel Leasing Program will master-lease rooms from hotel/motel owners and manage the lease with each subtenant to as to provide a quick interim housing alternative for homeless people who have housing subsidies but cannot find a market-rate apartment to rent.
    - The continuation of the Temporary and Incidental Shelter Program allows places of assembly to open their doors to vulnerable populations for overnight shelter.
    - The Safe Parking Pilot Program will allow person residing in their vehicles to safely sleep overnight in three City-owned community centers, providing case management and access basic needs services. A Safe Parking Ordinance will be proposed to City Council for approval in 2019-2020, allowing places of assembly to operate safe parking programs on private property.
- Develop and implement a variety of homeless housing options to address the long-term homeless housing needs for the City. Prioritized permanent housing and permanent supportive housing opportunities include but are not limited to:
    - Continue partnering with the County of Santa Clara and the Housing Authority of the County of Santa Clara; the City typically provides development financing while the County of Santa Clara coordinates supportive services and the Housing Authority funds project-based vouchers.
    - The Transition In Place Program (TIP) provides access to affordable housing should the households in the Rapid Rehousing Program need additional assistance once the time-limited subsidy ceases. The City uses a variety of strategies to gain access to affordable apartments, including paying for rehabilitation costs on existing units and subsidizing the development costs of new construction.
    - Support a multi-family housing rehabilitation program for homeless veterans beginning in 2019-2020.

AP-70 HOPWA Goals – 91.220 (l)(3)

Table 16 - One Year Goals for HOPWA

One Year Goals for the Number of Households to be Provided Housing through the Use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	0
Tenant-based rental assistance	95
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	0
Total	95

Discussion

HOPWA is an entitlement grant program that assists local communities in developing affordable housing opportunities and related supportive services for low-income persons living with HIV/AIDS and their families. HOPWA-eligible activities include: direct housing, support services, information and referral, resource identification, technical assistance, and administration expenses.

The City will award most of its HOPWA entitlement grant to The Health Trust, a local nonprofit organization, to administer the HIV/AIDS Services program. The program will provide rent subsidies (tenant-based rental assistance), permanent housing placement assistance, and supportive services to help low-income residents living with HIV/AIDS secure and maintain housing. The City also administers HOPWA funds for San Benito County, providing a grant to the County of San Benito to administer the program. In addition to providing TBRA to 95 individuals in Santa Clara and San Benito Counties, HOPWA programs include supportive services such as housing and medical case management and nutritional and dental assistance. The HOPWA program also provide housing placement assistance, including housing search and deposit assistance, to households receiving TBRA and other eligible households.

Detailed information on FY 2019-2020 HOPWA-funded projects is listed in AP-38.

AP-75 Barriers to affordable housing – 91.220(j)

Introduction

The incorporated and unincorporated jurisdictions within the County face barriers to affordable housing that are common throughout the Bay Area. Governmental barriers may include the following, as identified in the City's State-mandated 2014-2023 Housing Element update:[18]

- Restrictive General Plan land use policies that limit the feasibility and add to the cost of housing development.
- Zoning regulations, including but not limited to design standards such as parking requirements, height limits, minimum lot sizes, setbacks, widths, and densities, and building and landscape coverage.
- California Building Standards Code, which apply to any application for a structural building permit.
- Development review procedures/processing time can increase the carrying costs of property under consideration for residential development.
- Fees, taxes, and other exactions add to the cost of housing development. These include fees for land use approval and environmental clearance, construction fess, impact/capacity fees that mitigate the costs that new development imposes on community infrastructure, and development taxes to finance capital projects.
- Reduction/depletion/elimination of affordable housing programs at the State and federal levels.
- Lack of regional/interagency coordination to respond to the regional impacts of the lack of affordable housing. This includes cities that are not producing their fair share of housing, requiring other cities to provide homes for the jobs created in under-housed cities.

In addition to potential governmental constraints to affordable housing, it is equally important to recognize and be aware of the non-governmental barriers to affordable housing. These may include but are not limited to the following:

- Land cost and availability.
- Speculation, which further drives up the cost and makes it more difficult for nonprofits and government agencies to compete with private developers for land.
- Increase in cost of construction.
- Cost and availability of financing.

[18] City of San Jose. "2014-2023 Housing Element." 2014.

- Structure of the financial system that does not create capital to help meet public purpose needs.
- Environmental hazards and limitations, such as seismic hazards, water supply, etc.
- Market forces/failures that lead to:
  - Displacement: efforts to maximize investment returns by replacing lower-value land uses with higher-value ones cause increasing redevelopment pressures. This natural, profit-seeking behavior on the part of individual property owners can result in the steady elimination of existing affordable housing and, as a consequence, potential displacement of lower income households.
  - Product Uniformity—specialized housing types are designed to match the unique needs of persons comprising a relatively small share of the overall market. As a result, these housing types carry higher investment risk making them more difficult to finance. Product uniformity is the outcome, at least until demographic trends or changing preferences alter supply/demand and the associated risk profile.
  - Overcrowding—the inability of lower income households to afford housing can result in overcrowding as multiple or extended families are forced to live together. This overcrowding increases health and safety concerns and stresses the condition of the housing stock and infrastructure. As well, overcrowding stifles household formation and thus market demand that would otherwise trigger increasing supply.
  - Labor/Housing Imbalances—the labor and housing markets operate somewhat differently, and as a result communities can become imbalanced and inequitable. While both markets seek to maximize profits, the (private) housing market does so by pricing homes according to what the market will bear. Alternatively, the labor market naturally includes workers across a full range of incomes, while generally seeking to keep costs low. As a result, the cost of market rate housing will tend to be affordable for only a (higher income) segment of the workforce, even though a broader range of housing types/prices are needed to match the full income spectrum.
  - Local opposition is another common obstacle as many neighbors have strong reactions to infill, density and affordable housing developments. Their opposition is based on what are often misconceptions, such as a foreseen increase in crime; erosion of property values; increase in parking and traffic congestion; and overwhelmed schools. However, to ensure a healthy economy the region must focus on strategies and investment that provide housing for much of the region's workforce – for example, sales clerks, secretaries, firefighters, police, teachers, and health service workers – whose incomes significantly limit their housing choices.
  - Even when developments produce relatively affordable housing, in a constrained housing supply market, higher income buyers and renter households can outbid lower income households and a home's final sale or rental price may far exceed the projected sales or rental costs. Public subsidies are often needed to guarantee affordable homes for LMI households as the private market often seeks to price housing at or near the top of the market, which a significant portion of the workforce cannot afford.

Actions planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

Negative Effects of Public Policies on Affordable Housing and Residential Investment

Strategy to Remove or Ameliorate the Barriers to Affordable Housing

The City is addressing the barriers that hinder affordable housing and residential investment with the key programs and policies below. These programs and policies are aimed at maximizing the City's ability to promote and encourage affordable housing development in San José, and to mitigate barriers to affordable housing: [19]

- With the passage of AB 1505, the City has begun to fully implement its Inclusionary Housing Ordinance for new rental and ownership housing development.
- Actively seek opportunities to access existing and new local, state and federal funding resources for housing affordable to low- and moderate-income households - California recently enacted the Building Homes and Jobs Act (SB-1). The Act will establish a permanent, ongoing source of funding for affordable housing development. 11 new Federal Opportunity Zones are moving forward in San Jose. Additional new philanthropic sources were just announced such as Chan Zuckerberg, SF Foundation and the TECH Fund supported by tech companies such as Cisco and LinkedIn. Although it is not exactly clear how the funding will be allocated, there is hope is that some of the amount will be invested in San Jose.
- Monitor and support state and federal legislation and ballot measures to create additional sources of funding for affordable housing creation, rehabilitation, and preservation, including 0-30% AMI units.
- Monitor and advocate legislation at the state and federal level for housing, community development, and homeless response funding and tools.
- Continue to apply for the Affordable Housing and Sustainable Communities (Cap and Trade) Grant Program which provides funding for transit-oriented affordable housing and greenhouse gas reducing transportation infrastructure. The City has submitted applications for 3 projects for this funding cycle and will continue to use this source to leverage its affordable housing investments.
- Continue to apply for Housing-Related Parks Program funds, which is a grant program to incentivize and reward local governments for building affordable housing. Grant funds may be used for the creation, development, or rehabilitation of park and recreation facilities. HCD has exhausted current funding but if future NOFAs are announced, the City plans to apply for additional funds.
- Allocating resources for the most vulnerable households by:

[19] City of San Jose. "Action Plan FY14-15." 2013.

    - Partnering with Santa Clara County and the Housing Authority to build new supportive housing with rental vouchers and wrap around services for the homeless.
    - Partnering with service providers to better target and provide needed services to 0-30% AMI households
    - Integrating 0-30% AMI units with various types and income levels within developments
    - Seeking to appropriately leverage all funds to receive the greatest number of 30% AMI units
    - Maximizing other, outside, funding resources to deepen affordability.
- Implement the City's Urban Village strategy and develop policies, mechanisms, and finance strategies to incorporate affordable housing in Urban Villages and other priority development areas such as near transit stations/corridors. In fall 2016, the City adopted a new policy establishing an area-wide goal for Urban Village Plans that is equal to or great than 25% of units built to be affordable. In addition, another policy was adopted allowing 100% affordable housing to proceed within an Urban Village ahead of a Growth Horizon or approved Village Plan, if it meets certain criteria. These policies are now being implemented.
- Continue to identify developable sites suitable for higher density and/or mixed-use development 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. In Fall 2016, the City adopted a new policy allowing 1.5 acre commercially designated vacant sites to be developed as 100% affordable housing if the site has housing on two sides and if other conditions are met. This policy is now being implemented.
- Update the City's Dispersion Policy 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 allows for 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.
- Collaborate with external nonprofit housing agencies to provide education, legal, and outreach services to tenants and landlords covered by the Apartment Rent Ordinance.
- Continue to seek developments that provide housing opportunities for homeless persons. In 2018, the City issued a $100M Notice of Funding Availability (NOFA) and selected 11 proposed developments that will add 1,144 new affordable apartments at varying affordability levels including permanent supportive housing for the homeless. The Housing Department intends to provide an update on its Affordable Housing Investment Plan in Spring 2019.
- Implement the newly updated Apartment Rent Ordinance and the newly created Tenant Protection and Ellis Act Ordinances.
- Explore additional anti-displacement strategies in order to respond to the community's concerns over gentrification especially in strong market areas. The Housing Crisis Workplan, which is centered around Mayor Liccardo's goal to build market rate and affordable apartments over five years, calls for a series of policies and programs to help achieve production goals while minimizing residential displacement. A status update on the Housing Crisis Response Workplan has been scheduled in the Spring of 2019.

- Continue to update the City's ordinances to facilitate the construction of legal secondary dwelling units (SDU). In Fall of 2016, the City adopted changes to the zoning code to facilitate the production of secondary dwelling units. In 2018, 190 building permits were issued for secondary dwelling units. This is nine times higher than the 21 SDU permits issued in 2014 indicating the positive impact from changes to state and local regulations. The City is currently contemplating additional changes that would add flexibility to the ordinance. The City is also working with the Housing Trust of Silicon Valley which recently established a new SDU program and is developing an SDU loan product.
- Work with partner agencies, nonprofits, and other organizations to develop a more coordinated, regional response to creating affordable housing opportunities. This includes working with the neighboring jurisdictions, the County, the Housing Authority, the Valley Transportation Authority (VTA) and the Metropolitan Transportation's CASA Commission Committee to House the Bay Area. As mentioned earlier, a comprehensive strategy to address the region's housing crisis was released in late 2018 and calls for a package of State laws that would further protect tenants, remove barriers to housing production, to increase funding, and to coordinate lending, reporting, and technical assistance.
- Engage with new partners and agencies to develop new systems and responses to address the shared need for more affordable housing.

Discussion

Please see discussions above.

AP-85 Other Actions – 91.220(k)

Introduction

This section discusses the City's efforts in addressing the underserved needs, expanding and preserving affordable housing, reducing lead-based paint hazards, and developing institutional structure for delivering housing and community development activities.

Actions planned to address obstacles to meeting underserved populations

Please see activities in AP-20 and AP-35 to address the housing and community development needs in the City. Also, please see AP-75 regarding potential actions to address barriers to meet the City's affordable housing needs.

Actions planned to foster and maintain affordable housing

Please see AP-15 for actual and potential housing resources available, and AP-20 and AP-35 for activities that will be funded to address the housing and community development needs in the City. Also, please see AP-75 regarding potential actions to address barriers to meet the City's affordable housing needs.

Additionally, San Jose was an active participant in the Bay Area Regional Prosperity Plan, which was led by MTC and the Association of Bay Area Governments, and funded through a $5 million grant from HUD's Sustainable Communities Development Program. The three-year (2012-2015) initiative explored an integrated approach to planning for housing, transportation and jobs in the region. Three working groups oversaw a sub-grant program that funded more than 50 pilot projects at the local and sub regional level in three categories: economic opportunity initiative projects, equity initiative projects and housing the workforce initiative projects. The City had a variety of opportunities to learn about key findings from the RPP learn and explore potential programs and policies to implement to achieve housing, economic development, and transit-oriented development goals in San José.

Actions planned to reduce lead-based paint hazards

The City's Department of Housing continues to provide Lead Based Paint (LBP) testing and assessment services on all dwelling units built prior to 1978, and that receive rehabilitation assistance. Along with the trained and lead-certified Housing Department staff, the City maintains a contract with a private environmental consultant to provide LBP testing and assessment services. The City also requires that:

- Properties that use CDBG or HOME rehabilitation funds conduct testing for LBP and LBP hazard reduction. As discussed in the Market Analysis, there are approximately 199,733 housing units that have a potential LBP hazard. With 38 percent of City households being LMI, there are approximately 75,899 units occupied by a LMI household that have a LBP risk.

- Contractors are trained and certified in an effort to decrease the risk of potential use of LBP in new units. All services provided for LBP hazard reduction are in compliance with Federal regulations 1012 and 1013 of Title X.[20]

Actions planned to reduce the number of poverty-level families

The City, in its continuing effort to reduce poverty, will prioritize funding to agencies that provide direct assistance to the homeless and those in danger of becoming homeless. Additionally, the City has made a commitment to improve the communication and service delivery capabilities of agencies and organizations that provided programs to assist the homeless. This includes a job training program for homeless individuals. The City-supported homeless programs also work with individuals and families to increase their self-sufficiency by providing employment readiness assistance or help with applying for state or federal benefits.

The City also utilizes CDBG funding to support the Home Grown Talent project in East San José, which provides safety net services and economic development opportunities for low-income residents. The services include referrals and support to meet food, housing, financial, immigration and health needs of participants, as well as viable economic opportunities that tap into the local assets of the community. Economic opportunities include childcare owner/provider training, artist training, and urban agriculture training.

A key component of the City's other efforts reduce the number of poverty-level families is Work2Future, the local administrative arm of the Workforce Innovation and Opportunity Act of 2013 (WIOA).[21] Work2Future operates one-stop centers that serve the areas of San José, Campbell, Morgan Hill, Los Altos Hills, Gilroy, Los Gatos, Saratoga, Monte Sereno, and the unincorporated areas of the County. The Department of Labor is the main funding stream for the centers. Other sources include state, local, and federal grants and corporate support. Strategically positioned within the Office of Economic Development, Work2Future addresses the workforce and economic development needs of the local area in collaboration with small and large businesses, educational institutions and community-based organizations.

Additionally, the City's Office of Economic Development began an initiative in 2014 to explore pathways to middle-wage jobs and manufacturing employment to create new economic opportunities for the residents of San Jose.

Actions planned to develop institutional structure

The City is striving to improve intergovernmental and private sector cooperation to synergize efforts and resources, and develop new revenues for community service needs and the production of affordable housing. Collaborative Efforts Include:

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[20] City of San José. "FY2013-14 Consolidated Annual Performance Evaluation Report." http://www.sanjoseca.gov/documentcenter/view/34302

[21] City of San José Office of Economic Development. "work2future." http://work2future.biz/

- Regular quarterly meetings between entitlement jurisdictions at the CDBG Coordinators Meeting and Regional Housing Working Group
- Developing joint jurisdiction RFPs and project review committees, to take advantages of cost and operational efficiency as a result of economy of scales. In 2016, the City released a joint NOFA with the County of Santa Clara for the development of low-income housing.
- Coordination on project management for projects funded by multiple jurisdictions.
- The Director of the Housing Department meets with her counterpart in the City of Oakland and the City/County of San Francisco on a regular basis to coordinate policy initiatives and program implementation.

Actions planned to enhance coordination between public and private housing and social service agencies

The City benefits from a strong jurisdictional network of housing and community development partners, such as the Regional Housing Working Group, the CoC, and the San José Silicon Valley Workforce Investment Network. To improve intergovernmental and private sector cooperation, the City will continue to participate with other local jurisdictions and developers in sharing information and resources.

Discussion

Please see discussions above.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(l)(1,2,4)

Introduction:

The following provides additional information about the CDBG program income and program requirements for entitlement funds.

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.220(l) (1)

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	$400,000
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan	$0
3. The amount of surplus funds from urban renewal settlements	$0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	$0
5. The amount of income from float-funded activities	$0
Total Program Income	**$400,000**

Other CDBG Requirements

1. The amount of urgent need activities	$0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low-and moderate-income	80%
3. Overall Benefit – A consecutive period of one, two, or three years may be used to determine that a minimum overall benefit of 70 percent of CDBG funds is used to benefit persons of low-and moderate-income. Specify the years that include this Annual Action Plan.	07/01/2019-06/30/2012

HOME Investment Partnership Program (HOME)

Reference 24 CFR 91.220(l) (2)

A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

Not applicable.

A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

Resale Provisions

Definitions

(a) "**Affordable Housing Cost**" shall mean the cost which does not exceed thirty percent (30%) of eighty percent (80%) of Area Median Income adjusted for family size appropriate to the Home for Low Income Households whose gross income does not exceed 80% of Area Median Income adjusted for family size appropriate to the Home.

(b) "**Area Median Income**" shall mean the median family income in the San Jose Primary Metropolitan Statistical Area, as annually estimated by HUD pursuant to Section 8 of the United States Housing Act of 1937. In the event such income determinations are no longer published by HUD, or are not updated for a period of at least twenty four (24) months, City may use or develop such other reasonable method as it may choose to determine the Area Median Income. (Health and Safety Code Section 50093)

(c) "**City**" shall mean the City of San José, a municipal corporation with offices located at 200 East Santa Clara Street, San José, California 95113.

(d) "**Eligible Capital Improvements**" are described in paragraph 7(b)(i) below.

(e) "**Eligible Person or Family**" shall mean a person or family which is a Low Income Household and which also meets the City's eligibility requirements regarding family size for the Home.

(f) "**Event of Default**" shall mean those events described in paragraph 7 below.

(g) "**Fair Market Value**" shall mean the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obligated to sell, and a buyer, being ready, willing and able to buy but under no particular or urgent necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the Owner-Occupied Housing Unit is reasonably adaptable and available but as though this Restriction did not exist.

(h) "**Housing Cost**" of a person or family purchasing the Home shall be calculated in accordance with the provisions of California Code of Regulation, Title 25, Section 6910,

et seq., as amended from time to time, which as of the date hereof include all of the following associated with the Home:

(i) Principal and interest on a mortgage loan including any rehabilitation loans, and any loan insurance fees associated therewith.
(ii) Property taxes and assessments.
(iii) Fire and casualty insurance covering replacement value of property improvements.
(iv) Property maintenance and repair.
(v) A reasonable allowance for utilities (excluding telephone service).
(vi) Any homeowner association fees.
(vii) Mortgage insurance premiums.

Monthly Housing Cost of a purchaser shall be an average of estimated costs for the next twelve (12) months.

(i) "**HUD**" shall mean United States Department of Housing and Urban Development.

(j) "**Indexed Price**" is defined in paragraph 7(b) below.

(k) "**Low Income Households**" means persons and families whose income is below eighty percent (80%) of Area Median Income, adjusted for family size in accordance with adjustment factors adopted and amended from time to time by HUD. (Health and Safety Code Section 50079.5)

(l) "**Maximum Restricted Resale Price**" is defined in paragraph 7(a) below.

(m) "**Notice of Intent to Transfer**" shall mean a notice delivered by Owner to the City.

(n) "**Owner**" shall mean Owner and any successor in interest of Owner in all or any part of the Owner-Occupied Housing Unit referred to as the Home in this Restriction.

(o) "**Owner-Occupied Housing Unit**" means a single-family dwelling situated in California which is occupied by the Owner. (Health and Safety Code Section 50092.1)

(p) "**Proposed Transferee**" is defined in paragraph 3(a)(ii) below.

(q) "**Sales Price**" shall mean all sums paid by a purchaser to a seller for, or in conjunction with, the acquisition of an Owner-Occupied Housing Unit, including but not limited to the purchase price designated in any purchase agreement, consideration for personal property and all other costs and fees paid by the purchaser to or for the benefit of the seller.

(r) "**Section**", unless stated otherwise defined, shall refer to sections in the California Health and Safety Code, as amended from time to time.

(s) "**Term**" shall be forty-five (45) years, commencing on the date of recording of this Restriction. For HOME Investment Partnership Program funds invested in the property, the term shall be not less than fifteen (15) years from the date that this Restriction is recorded (i.e., HOME Affordability Period).

(t) "**Transfer**" shall mean any sale, assignment, conveyance or transfer, voluntary or involuntary, of any interest in the Home. Without limiting the generality of the foregoing, Transfer shall include (i) a transfer by devise, inheritance or intestacy to a party who does not meet the definition of Eligible Person or Family, (ii) a lease or occupancy agreement of all or any portion of the Home, except pursuant to paragraph 9 below, (iii) creation of a life estate, (iv) creation of a joint tenancy interest, (v) execution of a land sale contract by which possession of the Home is transferred to another party and title remains in the transferor, (vi) a gift of all or any portion of the Home, or (vii) any voluntary conveyance of the Home. Transfer shall not include transfer by devise, inheritance or intestacy to a spouse, a transfer to a spouse pursuant to the right of survivorship under a joint tenancy, or a transfer to a spouse in a dissolution proceeding, however any subsequent Transfer shall be subject to this Restriction.

(u) "**Transferee**" shall mean any natural person or entity who obtains ownership or possessory rights in the Home pursuant to a Transfer.

Resale Provisions

The Resale Provision method is used in cases where HOME funds are provided directly to the developer in order to reduce development/rehabilitation costs, thereby, making the price of the home affordable to the buyer. Referred to as a "Development Subsidy", these funds are not repaid by the developer to the PJ, but remain with the property for the term of the affordability period.

The Resale Restriction restricts the full benefits of owning the home. Owner(s) may not enjoy the same economic or other benefits from owning the home that Owner(s) would enjoy if this Restriction did not exist. The HOME Affordability Period requirement shall apply without regard to the term or repayment of the Loan or the transfer of ownership, and shall be imposed by deed restrictions or covenants running with the land, except that the affordability requirements may terminate upon foreclosure or transfer in lieu of foreclosure. The affordability requirements shall be revived according to the original terms if, during the HOME Affordability Period, Owner(s), before the foreclosure, or deed in lieu of foreclosure, or those with whom Owner has or had family or business ties, obtains an ownership interest in the Property

Notification to Prospective Buyers. The resale policy is explained to the prospective home buyer(s) prior to signing a contract to purchase the HOME-assisted unit. The prospective homebuyer(s) sign an acknowledgment that they understand the terms and conditions applicable to the resale policy as they have been explained. This document is included with the executed sales contract.

Enforcement of Resale Provisions. The resale policy is enforced through the use of a Restrictive Covenant signed by the homebuyer(s) at closing. The Developer will administer the Restrictive Covenant to ensure that, (i) the Owner receives a fair return on his/her investment at sale and (ii) the home will continue to be affordable to a specific range of incomes. The City of San Jose will monitor the Developer to ensure the Resale Provisions are adhered to by the Owner. The Restrictive Covenant, approved by the City of San Jose, will specify:

1. the length of the affordability (based on the dollar amount of HOME funds invested in the unit; either five, 10, or 15 years);
2. that the home remain the Buyer's principal residence throughout the affordability period; and
3. the conditions and obligations of the Owner should the Owner wish to sell before the end of affordability, including;
    a. the Owner must contact the Developer in writing if Owner intends to sell the home prior to the end of the affordability period;
    b. the subsequent purchaser must be low-income as defined by HOME, and occupy the home as their primary residence for the remainder of the affordability period;

Fair Return on Investment.

Upon transfer to Developer, Developer's assignee, or subsequent eligible purchaser, Owner(s) shall receive the Maximum Restricted Resale Price, which is the lesser of (i) the Indexed Price (as defined below) of the home; or (ii) the Fair Market Value (as defined below) of the home.

Indexed Price. The indexed price (the "Indexed Price") of the home means the affordable sales price of the home at the time of purchase by the Owner increased by the percentage of increase in the Area Median Income (AMI) from the date of the original purchase of the home by the Owner to the date Owner notifies Developer of Owner's intent to transfer, plus the outstanding balance of any subordinate mortgages, adjusted, where applicable, to reflect the value of Eligible Capital Improvements or to reflect the cost of deferred maintenance. Provided, however, the Indexed Price may not exceed "affordable housing costs" (as defined in Health and Safety Code Section 50052.5) for Low Income Households at the time of the sale.

Where applicable, the Indexed Price shall include an upward adjustment reflecting the value of any substantial structural or permanent fixed improvements which the Owner has made to the home after purchase of the home. No such adjustment shall be made except for improvements: (a) made or installed by the Owner which conform with applicable building codes; (b) documented with evidence of applicable City permits (c) approved in advance of installation by Developer; (d) whose initial costs were Two Thousand Dollars ($2,000) or more; (e) that conform to Federal Housing Quality Standards; and (f) for which the Owner has submitted two bids from contractors acceptable to Developer stating the estimated cost to perform the Improvements. Capital improvements meeting the above requirements are referred to herein as "Eligible Capital Improvements." Eligible Capital Improvements shall be any addition or improvement made to the home which consists of more than mere repairs or replacement of existing facilities or improvements and which has a useful life of five (5) years or more. The form for requesting Developer approval of an Eligible Capital Improvement will be provided to the Owner(s). The adjustment to the Indexed Price for Eligible Capital Improvements shall be limited to appraised increases in value to the Home as a result of the improvements, including any depreciation in value of the capital improvements since the time of installation, and not the cost of construction of the improvements to the home.

The Indexed Price shall include a downward adjustment, where applicable, in an amount necessary to repair any violations of applicable building, plumbing, electric, fire or housing codes or any other provisions of applicable building codes, as well as any other repairs needed to put the home into a "sellable condition." Items necessary to put the home into sellable condition shall be determined by Developer, and may include cleaning, painting and making needed structural, mechanical, electrical, plumbing and fixed appliance repairs and other deferred maintenance repairs.

In the event the difference between the Indexed Price and the Owner's Base Price is less than the amount of closing costs that the Owner paid at the initial closing of the sale of the home to Owner(s) (the "**Owner's Original Closing Costs**"), the Indexed Price shall be adjusted upward in an amount equal to the difference between (A) the Indexed Price and (B) the sum of the Owner's Base Price and Owner's Original Closing Costs. Notwithstanding the preceding sentence, the Indexed Price shall not be adjusted upward if any downward adjustment is required if the Owner has otherwise failed to maintain the Home in good repair, or if the Owner is otherwise in default under or in violation of the terms of this Restriction.

Fair Market Value. In certain circumstances it may be necessary to determine the fair market value of the home without taking account of the resale restrictions imposed by the Restrictive Covenant (the "Fair Market Value"). These circumstances include: (1) where the parties wish to determine if the Indexed Price exceeds the Fair Market Value in order to determine the Maximum Restricted Resale Price; and (2) where the parties wish to determine the value of Eligible Capital Improvements in order to calculate the Indexed Price. If it is necessary to determine the Fair Market Value of the home, it shall be determined by a certified Member of the Appraisal Institute ("MAI") or other qualified real estate appraiser approved in advance by Developer, or by a market analysis in a form approved by the Developer.

Affordability to a Range of Buyers. The Restrictive Covenant will ensure continued affordability to a range of buyers for the term of the affordability period, specifically those whose total household income ranges from 60% to no greater than 80% AMI at the time of purchase. ***If the subsequent homeowner does <u>not</u> require any HOME subsidy to purchase the home, the affordability period is not extended and ends when the original 15 year affordability period is completed at which time the subsequent homeowner is free from the Restrictive Covenant.***

Calculating Fair Return on Investment (Example)

Original Purchase Price. $300,000
Original Mortgage(s). $240,000 *(first, Affordable Sales Price)*
$60,000 (*second)*

Eligible Capital Improvements. The original homeowner installs a privacy fence for $2,000 and met the conditions for Eligible Capital Improvement.

Deferred Maintenance. The original homeowner neglected to maintain the interior of their home to a reasonable standard; Developer estimates $500 in repairs to put home into a sellable condition.

Affordability Period. The original purchase price for the home was $300,000 and the amount of HOME funds invested (i.e., Developer Subsidy to acquire the property) was $100,000, thus requiring the 15-year affordability period.

Calculation of Fair Return on Investment (example)

Original Purchase Price (Total)			$	300,000
Original First Mortgage (Affordable Sales Price)	*$*	*240,000*		
Original Deferred Mortgage(s)	*$*	*60,000*		
Indexed Price (Paid to Owner)				
Original AMI			$	93,500
Current AMI			$	100,000
Index (Current AMI/Original AMI)				107%
Pre-Adjusted Indexed Price			$	316,684
Indexed Affordable Sales Price	*$*	*256,684*		
Original Second Mortgage	*$*	*60,000*		
Eligible Capital Improvements			$	2,000
Deferred Maintenance			$	(500)
Indexed Price			$	318,184
Return on Investment to Owner				
Fair Market Value			$	330,000
Maximum Restricted Resale Price (minimum of Index Price or FMV)			$	318,184
Return on Investment to Owner			**$**	**18,184**

A description of the guidelines for resale or recapture that ensures the affordability of homebuyer units acquired with HOME funds? See 24 CFR 92.254(a) (4) are as follows:

All units receiving HOME Program subsidies are required to comply with an Affordability Period. The period is contingent upon the amount of subsidy per unit received (see table below).

Amount of HOME Assistance to Unit	Minimum Affordability Period
Under $15,000	5 years
$15,001 - $40,000	10 years

Over $40,000	15 years

The Affordability Period described above is the *minimum*. The City of San Jose has the option of making the Affordability Period longer. During the Affordability Period, the homebuyer remains compliant by continually occupying the property as their principal residence, and not selling their property prior to the completion of the Affordability Period.

Enforcement of this affordability period is ensured through the recapture provisions described below and in 24 CFR 92.254 (a) (5) (ii) (A) (1). The principal legal documents that are used to enforce the recapture restrictions are a recorded restriction, promissory note, a deed of trust and a HOME Agreement.

Principal Residence. The definition of "principal residence" shall mean that the borrower must reside in the home for at least 10 months out of the calendar year. Borrower shall occupy the Property as a principal residence during the period of affordability. Should the borrower cease to occupy the Property as their principal residence and/or rent the property, the City shall give the borrower the opportunity to comply with this requirement and reoccupy the Property. If the borrower does not reoccupy the Property as their principal residence, this shall trigger a Recapture of the loan.

If the borrower pays off their loan to the City prior to the expiration of the Period of Affordability and continues to own the property, the requirement of occupying the Property as the principal residence continues to be enforced until the end of the Affordability Period. For example, if the owner decides to refinance and pay off the City loan in year 3 of a 10 year Affordability Period, the owner will still be required to use the property as their principal residence for rest of the Affordability Period (7 years).

Long-term Affordability. Pursuant to 24 CFR 92.254 (a) (4), the HOME-assisted unit must meet the affordability requirements for not less than the term of the period of affordability or any longer period stipulated in the City Documents.

Recapture Provisions. Recapture Provisions requires that the entire direct subsidy provided to the borrower is recaptured from the **available net proceeds** at the time the borrower sells the property before the borrower receives any return. The borrower may sell the property to any willing buyer during the Period of Affordability. The transfer/sale of property (either voluntary or involuntary) during the Period of Affordability triggers the Recapture Provisions. Further, if the borrower ceases to occupy the property as their principal residence at any time during the Period of Affordability, the City shall make efforts to recapture the entire direct subsidy.

Direct subsidy is the amount of HOME assistance that enables the borrower to buy the home. *Net proceeds* are defined as the sales price minus superior loan repayment (other than HOME funds) and any closing costs. Under no circumstances can the PJ recapture more than is available from the net proceeds of the sale.

Examples

A. Borrower receives $25,000 of HOME down payment assistance (direct subsidy). The City imposes a 15-year affordability period. If the borrower sells the home after three years, the City would recapture, assuming that there are sufficient net proceeds, the entire $25,000 direct subsidy. The borrower would receive any net proceeds in excess of $25,000.

B. Same scenario but the net proceeds of the sale, due to a short-sale or foreclosure, are $10,000. The City cannot collect more than net proceeds available; thus the City collects the full $10,000.

Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

Not applicable.

Emergency Solutions Grant (ESG)

Reference 91.220(l) (4)

Include written standards for providing ESG assistance (may include as attachment)

All agencies receiving ESG funds comply with the written standards and policies developed by the CoC. These written standards are contained in the attached documents in Appendix C:

- CoC Quality Assurance Standards
- CoC Written Standards for Rapid Rehousing

The City's written standards are an attached document in Appendix C.

If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system

In the past year the Continuum of Care developed and established a coordinated assessment system, utilizing the VI-SPDAT. The City was actively involved in the planning and development and in the implementation. The City requires all homeless service providers funded with ESG and CDBG funds to utilize the coordinated assessment system.

Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations)

The City selects ESG subrecipients through a formal competitive Request for Proposals (RFP) process. Approximately every 3 years, the City develops a RFP based on the needs identified in the Consolidated Plan and the Annual Action Plan and the needs identified by the Continuum of Care. The City selects and awards funds to subrecipients based on the following factors:

- Project eligibility under the ESG program
- Goals and Outcomes
- Project relevance in meeting the need identified
- Organizational Capacity and Experience
- Budget and Fee Structure

If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a) the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG

The Action Plan is distributed to the CoC applicant for review. The Board of the CoC applicant is the Destination: Home Board, which includes representation from the homeless community nominated and elected by the Collaborative nonprofit agencies. Services funded with ESG are aligned with CoC and Destination: Home strategic plans.

The City solicits comments through the public comment process noted in the Action Plan.

Describe performance standards for evaluating ESG

The CoC has developed performance standards for community-wide use and the City and it's ESG participate in the collection of performance data for the CoC and utilize the same standards to evaluate the performance of each individual ESG grantee. The City issued a request for proposals for ESG services prior to the 2018-2019 program year. The RFP was combined with CDBG funds allocated for homeless services and funds were awarded to three nonprofit agencies. These grant agreements have been continued into FY18-19 and the City will continue to fund the programs in FY19-20. The grant agreements with all three agencies incorporated the CoC performance standards.

These performance standards include:

- Street Outreach - Change in placements to permanent housing destinations, temporary destinations (ES or TH), and some institutional destinations (e.g. foster care, long-term care facility).
- Homeless Prevention – Number of persons prevented from experiencing homelessness

Discussion

Additional CDBG Information

Overall Benefit – A consecutive period of one, two, or three years may be used to determine that a minimum overall benefit of 70 percent of CDBG funds is used to benefit persons of low-and moderate-income.

Specify the years that include this Annual Action Plan: 07/01/2019-06/30/2020.

Additional HOME Information

Eligible applicants/beneficiaries for programs funded with HOME dollars vary based on program type.

TBRA: Applicants must be a part of the targeted population defined in the Annual Action Plan: Homeless. "Homelessness" is defined using HUD's definition. Each household/individual must have an income of less than or equal to 60% AMI. Income is determined using the Part 5 income determination.

TBRA applicants are taken from HMIS and paired with appropriate case management. Case management is funded from the City's general fund.

Additional HOPWA Information

HOPWA project sponsors are chosen through a competitive Request for Proposals process. Proposals are rated on factors such as program design, organizational capacity and experience, performance measurement, and budget.

Appendix A: Public Notices

Annual Action Plan Funding Priorities Community Meeting for:

Release of Draft Annual Action Plan and Notice of Public Hearings – May and June 2019

Published:

Appendix B: Public Comments

Housing and Community Development Commission – February 14, 2019

Commission Comments	Staff Response
There were no comments from the public.	N/A

City Council Meeting – May 14, 2019

Public Comment	Staff Response

Housing and Community Development Commission – May 9, 2019

Public Comment	Staff Response

Commission Comment	Staff Response

City Council Meeting – June 11, 2019

Public Comment	Staff Response

City Council Comments	Staff Response

Public Comment Period – May 2 to June 11, 2019

Public Comment	Staff Response

Appendix C: ESG Program Information

The City of San José and all ESG subrecipients participate in the Santa Clara County CoC. The governance charter and standards for rapid rehousing are included below.

SANTA CLARA COUNTY CONTINUUM OF CARE GOVERNANCE CHARTER

PURPOSE OF THE COC

The Santa Clara County Continuum of Care, herein referred to as the "CoC", has been formed to carry out the responsibilities required under HUD regulations, set forth at 24 CFR 578 – Continuum of Care Program, in Santa Clara County. The CoC is comprised of a broad group of stakeholders dedicated to ending and preventing homelessness in Santa Clara County.

COC MEMBERSHIP

CoC membership is open to all interested parties, and will include representatives from organizations within Santa Clara County, including nonprofit homeless assistance providers, victim service providers, faith-based organizations, governments, businesses, advocates, public housing agencies, school districts, social service providers, mental health agencies, hospitals, universities, affordable housing developers, law enforcement, and organizations that serve veterans and homeless and formerly homeless individuals.

Membership will also include representation of homeless sub-populations including persons who abuse substances, persons with HIV/AIDS, veterans, chronically homeless, families with children, unaccompanied youth, persons who are seriously mentally ill, and victims of domestic violence, dating violence, sexual assault, and stalking.

All agencies and individuals attending CoC meetings, registrants on the CoC listserv, and others requesting to become members shall be deemed members of the CoC. Members will be encouraged to participate in CoC activities through participation in CoC Committees and advisory work groups.

RESPONSIBILITIES OF THE COC

The over-arching CoC responsibility is to ensure community-wide implementation of efforts to end homelessness and ensuring programmatic and systemic effectiveness of the local continuum of care program.

Specific responsibilities of the COC as a whole (as opposed to the COC Board) are:

Implementation and Effectiveness

- Identifying and communicating current and emerging needs related to affordable housing and homelessness to the CoC Board
- Identifying, supporting, and advocating for program and systemic changes to improve services and outcomes for homeless and at-risk populations
- Assessing progress on strategic priorities, and informing the strategic planning process and CoC policies
- Helping to engage, inform, and educate the broader community about effective solutions for ending and preventing homelessness

CoC Administration

- Recommending individuals with the knowledge and skills necessary to support, advise, or provide technical assistance to the Collaborative Applicant (the entity that coordinates the CoC Notice of Funding Availability (NOFA) application and undertakes other CoC administrative duties), HMIS Lead (the entity that implements the HMIS for the CoC), and CoC or CoC Board committees to ensure the efficient and effective operations of the CoC
- Nominating members for the CoC Board
- Recommending the Collaborative Applicant (for Board selection)
- Reviewing and approving this governance charter annually and the board selection processes at least once every 5 years

FORMATION AND PURPOSE OF THE COC BOARD

The CoC shall establish a Board to act on behalf of the CoC. Its key purposes are to be the driving force behind systems change to end and prevent homelessness and to provide the resources to support system change.

The CoC Board will be informed by committees and workgroups and supported by the Collaborative Applicant and the staff of Destination: Home pursuant to contracts with those entities.

COC BOARD RESPONSIBILITIES

The CoC Board is responsible for the following:

Strategic Direction

- Setting strategic priorities regarding affordable housing and homelessness, providing oversight and strategic direction for CoC activities (including fiscal oversight and programmatic activities), and providing resources to support strategic priorities, to make long-term systemic changes, and to implement an effective system of care
- Substantially engaging the private sector in increasing affordable housing and ending homelessness
- Promoting visibility of the CoC in the community and educating elected officials, agency heads, and community leaders regarding policies and actions to promote CoC objectives

Systemic Performance

- Ensuring that the CoC is effective in ending and preventing homelessness, meets HUD requirements, and maximizes local, State, Federal and private resources
- Monitoring CoC systemic performance through the Collaborative Applicant

- Ensuring the system of care is providing housing and supportive services in a manner consistent with best practices and the CoC's strategic priorities
- Establishing priorities that align with local and federal policies for recommending projects for HUD CoC Program homeless assistance funding
- Responding to the HUD Continuum of Care Program Notice of Funding Availability (NOFA) by reviewing and approving the CoC's process and approving the final submission of applications

CoC Oversight

- Serving as the decision-making body for the CoC
- Setting policy and meeting agenda(s) for the CoC and the CoC Board
- Overseeing the CoC and its Committees and make decisions based on their work
- Selecting, monitoring, overseeing, and evaluating the Collaborative Applicant
- Selecting, monitoring, overseeing, and evaluating the HMIS Lead
- Reviewing and approving the annual work plan for the CoC, its Committees, the Collaborative Applicant, and the HMIS Lead

FORMATION AND ROLE OF THE EXECUTIVE COMMITTEE

The COC Board shall establish an Executive Committee to:

- Act on behalf of the CoC Board in the interim between CoC Board meetings
- Ensure execution of strategic direction and operational decisions of the CoC Board
- Engage in monthly communication with and monitoring of the CoC contractors, including the HMIS Lead, Destination: Home and the Collaborative Applicant.

MEMBERSHIP OF THE COC BOARD

The CoC Board will be composed of the same individuals who serve as the Destination: Home Leadership Board, provided that at all times the CoC Board shall be representative of CoC organizations and of projects serving homeless subpopulations, and shall include at least one homeless or formerly homeless individual and a representative of at least one Emergency Solutions Grant (ESG) recipient agency located in Santa Clara County. Though the CoC Board and the Destination: Home Leadership Board will be composed of the same individuals, the CoC and Destination: Home are two distinct and separate entities.

The Destination: Home Leadership Board, and therefore the CoC Board, is comprised of up to 15 individuals as follows:

- **Four Executive Committee** members comprised of someone in a leadership role in the private sector and leadership representatives employed by the following organizations: Santa Clara County, City of San Jose, and The Health Trust. The private sector representative shall serve a two-year, renewable term. The other Executive Committee positions shall be standing positions.
- **Up to Eight At-Large members**: Individuals selected to represent key community and CoC constituencies, with special emphasis on the private sector. Terms for At-Large members will be two years, but may be renewed.

- **At Least Three CoC members, including** at least one homeless/formerly homeless person, and at least two more representatives of service providing organizations from the CoC. Terms for CoC members will be two years, but may be renewed.

Regarding service on the CoC Board, Board members shall represent the CoC mission and not solely their organization's interests.

COC BOARD SELECTION, APPOINTMENT AND REMOVAL

At Large Members: At large members of the Destination: Home Leadership Board, and therefore the CoC Board, may be nominated by any member of the Board and shall be reviewed by the Destination: Home Executive Committee and approved by the Destination: Home Leadership Board. Appointments will be made based on an individual's commitment to the purposes of Destination: Home and the CoC as well as personal and professional qualifications including interest and leadership knowledge and the individual's roles as a representative of the CoC organizations and of projects serving homeless subpopulations.

CoC Members: At least three members of the Board shall be selected via CoC nomination process. When there is a vacancy in one of these positions, the vacancy will be filled as follows:

- The CoC membership will nominate and propose 2-3 potential Board members to fill each open CoC Member position on the Board
- The seated Destination: Home Leadership Board will select from among the proposed individuals.
- Factors in selection of CoC members to the Board include the individual's commitment to the purposes of the Board as well as personal and professional qualifications including interest, leadership knowledge, and depth of connection to the CoC membership and the broader community responding to homelessness, locally, regionally, and as relevant, nationally.

Co-Chairs: Two members of the Executive Committee shall be elected to annual terms as Co-Chairs of the Board by a vote of the CoC Board, which may be renewed.

Removal: Board members may be removed by 2/3 votes of the members of the Destination: Home Leadership Board, not including the vote of the member who is the subject of the removal proceedings. Absent compelling circumstances, a member shall be removed in the event they do not attend at least one half of the Destination: Home or CoC Board meetings annually.
The CoC shall review and update the CoC Board selection process at least once every 5 years.

DECISION MAKING & QUORUM

The CoC Board will operate on a consensus decision-making model. If consensus cannot be achieved, a decision will be made by a majority vote of those attending the meeting in which a quorum was initially present. Quorum is defined as a majority of the members of the Board.

COC BOARD AND EXECUTIVE COMMITTEE MEETINGS

Regular meetings of the CoC Board shall be held at least 4 times per year. Executive Committee members meet monthly with at least 8 meetings per year. Though CoC meetings and Destination: Home meetings may be conducted at adjacent times, each entity's meeting will be conducted separately.

Special meetings of the CoC Board may be called by 1) any Executive Committee member and 2) upon written request by a majority of the CoC Board members. CoC Board members will be given notice via email at least five (5) working days prior to a special meeting.

A quorum must be present before calling a meeting to order for the purpose of conducting CoC Board business. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of board members.

COMMITTEES

Committees and advisory work groups may be appointed by the Executive Committee to assist the Collaborative Applicant and Destination: Home staff and inform the CoC Board. They may be tasked with preparing periodic reports or presentations to the Board and otherwise carrying out CoC activities. CoC members will be encouraged to participate in committees and work groups.

The committees and work groups shall be dissolved upon the completion of their task.

CONFLICT OF INTEREST AND CODE OF CONDUCT

Each CoC Board member, employee, agent, and consultant is expected to uphold certain standards of performance and good conduct and to avoid real or apparent conflicts of interest. In order to prevent a conflict of interest, a CoC Board member, employee, agent, or consultant of the CoC Board may not:

- Participate in or influence discussions or decisions concerning the selection or award of a grant or other financial benefit to an organization that the CoC Board member, employee, officer, agent, or consultant has a financial or other interest in or represents
- Solicit and/or accept gifts or gratuities from anyone benefitting from HUD funding for their personal benefit in excess of minimal value
- Engage in any behavior demonstrating an actual conflict of interest and shall use reasonable efforts to avoid giving the appearance of any such conflict

Individuals with a conflict of interest will inform the CoC Board of the conflict and excuse themselves from the meeting or deliberations during such discussions. The CoC Board chairperson will also track which CoC Board members have conflicts of interest and assist to ensure such members do not participate in discussions or decisions in which the members have a conflict.
Each CoC Board member must sign a personal conflicts of interest policy to demonstrate that the individual is aware of and agrees to abide by this policy. Any failure to adhere to the policy may result in disciplinary action. Disciplinary action may include but is not limited to:

- Oral warning
- Written warning
- Suspension

- Termination

In addition to disciplinary action, civil and/or criminal penalties may be sought.

COC MEETINGS

The CoC Board will hold meetings of the full Santa Clara County CoC membership at least semi-annually. The CoC Board or its designee will announce the date, time and location of these meetings at least one month in advance and will publish the meeting agenda at least one week before the date of the meeting. Meeting agendas will be posted online at www.sccgov.org/sites/osh/coc for review prior to the meeting.

RECRUITMENT

The CoC will publish and appropriately disseminate an open invitation at least annually for those within the Santa Clara County CoC area to join as new CoC members and will document all recruitment efforts.

AMENDMENT AND REVIEW

The CoC will review, update, and approve its governance charter at least annually. Amendment of the charter requires a majority vote at a regularly scheduled meeting of the CoC, provided that notice of the scheduled vote on the charter amendment was provided at least one month prior to that CoC meeting.

DELEGATION OF DUTIES AND RESPONSIBILITIES

The CoC shall contract with the following entities to carry out the following duties and responsibilities, provided that the CoC shall ultimately retain responsibility for all duties and responsibilities.

DESTINATION: HOME

- The Destination: Home staff shall provide support to the CoC Board by:
- Coordinating and supporting strategic planning activities
- Taking the lead on engaging, communicating and building trust among stakeholders, with support from the Collaborative Applicant
- Coordinating CoC Board meetings

COLLABORATIVE APPLICANT

The Collaborative Applicant is responsible for the following duties (either by completing the duty or contracting to complete it) and will call committees to support the following work:

CoC Administration

- Administering the CoC
- Maintaining a list of all CoC members
- Holding meetings of the full CoC membership, with published agendas, at least semi-annually
- Coordinating committee meetings
- Maintaining a CoC Policies and Procedures document to supplement this charter

- Publishing and appropriately disseminating an open invitation at least annually for those within the CoC area to join as new CoC members, and documenting recruitment efforts
- Recordkeeping to show all CoC requirements are met

CoC Program Application

- Coordinating a collaborative process for the development of the CoC's application to HUD for CoC Program funding for homeless assistance
- Collecting and combining the required application information from all applicants

Performance Monitoring

- Maintain CoC Performance Monitoring/Benchmark documents, which describe in more detail roles and responsibilities
- Establishing performance targets appropriate for population and program type
- Consulting with state and local government ESG recipients regarding ESG fund allocation
- Monitoring performance and evaluating outcomes of CoC and ESG recipients and sub-recipients
- Monitoring CoC systemic performance and outcomes
- Ensuring the system and programs are meeting target benchmarks. If benchmarks are not met, take action or recommend actions to be taken by the CoC Board, the CoC, providers and/or the community at large to improve outcomes

Coordinated Assessment

- In consultation with recipients of ESG funds within the CoC, creating and operating a coordinated assessment system that provides comprehensive assessment of needs.
- Establishing and operating written standards for providing CoC assistance

CoC Planning

- Planning for and conducting, at least biennially, a point-in-time count of homeless persons within Santa Clara County that meets HUD requirements
- Conducting an annual gap analysis of the homeless needs and services in Santa Clara County
- Providing information required to complete the Consolidated Plans, in accordance with 24 CFR parts 91 and 578.27, within Santa Clara County

HMIS LEAD

The HMIS Lead is responsible for HMIS implementation (either by completing the duty or contracting to complete it), which includes the following duties:

- Implementing HMIS, including designating a single HMIS
- Reviewing, revising, and approving the HMIS governance agreement, which identifies HMIS roles and responsibilities
- Reviewing, revising, and approving the privacy plan for the HMIS
- Reviewing, revising, and approving the security plan for the HMIS
- Reviewing, revising, and approving the data quality plan for the HMIS
- Reviewing, revising, and approving the HMIS policies and procedures
- Ensuring consistent participation of recipients and sub-recipients in the HMIS
- Ensuring HMIS administration is compliant with HUD requirements

SANTA CLARA COUNTY CONTINUUM OF CARE: WRITTEN STANDARDS FOR RAPID REHOUSING

The following standards will govern the CoC and ESG funded rapid rehousing projects in the Santa Clara County Continuum of Care. Each program may focus or operate a little differently, if they align with these overall standards. The standards are guided by the Santa Clara Countywide Quality Assurance Standards. As providers of shelter and service to the homeless, we believe that all people have access to the basic elements of life – food, housing, and medical services. All individuals should be treated with respect, without regard to any personal characteristics. The following standards have been developed to ensure consistent, safe, fair, and respectful administration of services.

POPULATION TO BE SERVED WITH RAPID REHOUSING ASSISTANCE

Target populations for assistance

The local rapid rehousing programs will target the following populations:

1. Veterans
2. Youth and Families with Children
3. Individuals and Families Fleeing Domestic Violence
4. Non-Chronically Homeless Individuals
5. Chronically Homeless not requiring Permanent Supportive Housing

Prioritizing Assistance

Priority for the subsidy is given to those households who score highest need in the RRH score on the VI-SPDAT.

VI-SPDAT

The VI-SPDAT is an assessment tool planned to be used by the coordinated assessment team.
The VI-SPDAT combines the strengths of two widely used existing assessments:

- The Vulnerability Index (VI), developed by **Community Solutions** using leading medical research, which helps determine the chronicity and medical vulnerability of homeless individuals.
- The Service Prioritization Decision Assistance Tool (SPDAT), developed by **OrgCode Consulting**, is an intake and case management tool. Based on a wide body of social science research and extensive field testing, the tool helps service providers allocate resources in a logical, targeted way.

The VI-SPDAT is designed to help calibrate the response based on the individual, not merely the general population category into which they may fall (e.g., vulnerable, chronically homeless, etc.). The tool helps identify the best type of support and housing intervention for an individual.

STRUCTURE OF RAPID REHOUSING ASSISTANCE

The structure of rapid rehousing assistance is guided by a philosophy that encourages providers to provide the least amount of assistance to individuals and families to ensure their housing stability. As such providers, together with the client, determine how long or often to provide a subsidy (unless determined by specific grant requirements, regulations, etc.) while at the same time ensuring that program resources are not exhausted.

Goal of Assistance:

- After receipt of assistance, household is able to remain stably housed.
- At the conclusion of assistance, providers are encouraged to follow-up with household for up to 6 months to monitor and/or evaluate whether household has remained stably housed

Subsidy Amount/Length of Time/Calculation:

- Rental subsidies are provided based on client income and decline in steps based upon a fixed timeline.
- Initial assistance can be as much as 100% of rent depending on client income. Client will pay a percentage of their income in rent based on the program's assessment of the client's financial and family situation, with rental assistance decreasing monthly over time (schedule to be determined by program)

Subsidy Ending:

- The goal is for households to "graduate" from the program once they no longer meet the eligibility requirements of the program's funding source and/or a Case Manager determines assistance can be terminated, whichever comes first.
- An assessment tool is used to determine the need for ongoing assistance every 90 days.
- If the household does not attain any of these goals, assistance ends at 24 months (or earlier time as set by the program).

Move In Assistance:

- Move In Assistance will be targeted to households who are assessed as able to maintain their unit after the assistance. The amount of move-in assistance is determined by the program, within the limits set by the program's funding source.

- Move In Assistance may be provided as one time assistance or in tandem with Rental Assistance/Rental Subsidies.

ELIGIBILITY REQUIREMENTS

In order to qualify for rapid rehousing, households must fall within the target population as well as satisfy the following criteria:

1. Meet the current HUD definition of literally homeless for Rapid Re-housing services
2. Be the highest priority household available
3. Other eligibility criteria created at the program level

If clients are enrolled in multiple rapid rehousing program caution should be taken to ensure that services are not duplicated. However, co-enrollment in differing types of assistance is allowed
It should be noted that if a client has entered multiple rapid rehousing programs and not found success with this service model, the provider is encouraged to assess and identify whether rapid re-housing is the best approach.

REGARDING INCOME

- ☐ Households must demonstrate at point of program enrollment their ability and/or willingness to increase their income and/or decrease expenses and transition off the subsidy within the specified timeframe.

REGARDING RENT TO INCOME RATIO

- ☐ Taking into account a household's total income and expenses, all Move In Assistance only households should be able to demonstrate their permanent housing unit will be sustainable going forward.

REGARDING OTHER ELIGIBILITY REQUIREMENTS

- ☐ Rapid rehousing targeted toward families with children may assist qualifying CoC applicant families who do not currently have physical custody of their child(ren), if documentation from CPS verifies that housing and/or other services is the only remaining barrier to reunification and if the funding source allows for it, that reunification will occur after housing is obtained, and the household demonstrates compliance with CPS, court orders, etc.
- ☐ Move In Assistance only households must show proof of tenancy (e.g., named on the lease agreement or have a verifiable, valid sublease agreement, letters of verification).

REQUIREMENTS RELATED TO RECEIVING RAPID REHOUSING RESOURCES

Housing Requirements for Rapid Rehousing

All housing supported by rapid rehousing resources must meet all HUD requirements, including but not limited to, Housing Quality Standards, rent reasonableness standards, FMR (as relevant), and others.

PROVIDERS ARE ENCOURAGED TO IMPLEMENT BEST PRACTICES[22]

In addition to the requirements related to receiving Rapid Rehousing resources the CoC encourages providers to implement best practices when locating and securing housing for applicant families. Best practices include:

Overall Best Practices

- Set Goals - from the start, identify and set goals with the household to determine what they want
- Set Expectations – review the various rules and regulations related to housing – from noise levels to cleanliness to respect for neighbors. Stress the benefits. Differentiate between the household's wants versus their needs (e.g. studio serves the purpose rather than a one-bedroom)
- Set Up Support – have in place counseling and case management during housing process to assist with necessary changes as household transitions into housing (e.g. modifying behaviors that may be viewed negatively in residential settings)
- Listen to Household – meet regularly, view apartments together, recognize household's ability to decided where they want to live. Have household take an active role on the search
- Recognize What Landlords Want – know what landlords are looking for in prospective tenants (tenants who pay on time, maintain property, get along with others)
- Address Credit, and Criminal History Issues – educate household on their credit report. Obtain it and review it with household, encourage payment arrangement on utilities to correct discrepancies. Same with criminal history – obtain police records to ensure information is accurate. Work with our identify resources to assist household with cleaning up their criminal record
- Work with Landlords – work closely with landlord to provide simple, straightforward explanations of a household's credit/criminal history (face-to-face is best). Once household accepted have landlord and household meet. Prepare household for this first impression (e.g. specific questions the landlord may ask). If household not accepted maintain positive attitude and motivation for possible future opportunity

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[22] Compiled from *Helping Clients to Help Themselves Through the Housing Process*, Evans, Bobbi Jo, http://homeless.samhsa.gov/resource/helping-clients-to-help-themselves-through-the-housing-process-49727.aspx and How to Give a Helping Hand Toward Housing, Evans, Bobbi Jo, http://homeless.samhsa.gov/resource/How-to-Give-a-Helping-Hand-Toward-Housing-46281.aspx

- Understand the Purpose of the Security Deposit – educate the household that the security deposit is a guarantee against damage not unpaid rent. Meet with the landlord and the client to do an inspection and document/photograph any existing damage and include in household's file
- Review the Lease – review the lease with the household. Emphasize sections on rent, alteration of the apartment, lease violation, rules relating to guests and pets. Identify who is responsible for paying the utilities and any additional charges. Encourage the household to ask questions
- Anticipate Challenges – provide and identify support for household who may be experiencing a major transition and adjustments in routines now that they are housed

Financial Assistance Best Practices

- Service Providers should not issue checks to anyone other than a property owner or property management company. In no situation should a check or payment be made to household or another party
- Service Providers should verify property ownership by calling the Santa Clara County Tax Assessor. Provide the Assessor with the address of the unit the provider is interested in renting and verify the name of the property owner
- Service Provider should call the landlord to verify the rental agreement
- Service providers should mail payment to the property owner and/or property management company. Should the landlord, property owner and/or property management company need the check immediately they may pick it up from the service provider. The household should not pick-up or deliver the payment to the property owner and/or property management company
- Service providers should consider requiring two signatures for amounts over an identified threshold. All other standard financial procedures should apply including review of canceled checks and review of stale checks that have not been cashed.

Service Requirements/Components for Rapid Rehousing

Case Managers will provide intensive case management services in order to assist households to successfully retain housing and move off the subsidy and into self-sufficiency. Services may be provided at the program offices, and Case Managers will conduct home visits when appropriate. Services may include, but are not limited to:

- Intake and assessment
- A minimum of one monthly face-to-face case management meeting
- A minimum of one quarterly home visit
- Assistance with transportation, including accompaniment to appointments, home visits
- Verification of progress toward achievement of short and long term client objectives
- Referral to behavioral health resources
- Job search assistance

- Benefits assistance and advocacy
- Referral to vocational and training programs
- Mediation and negotiation with landlords
- Crisis intervention
- Referral to child care resources
- Referral to other services and resources
- Assistance with housing applications
- Budgeting and money management assistance
- Social and organized activities

During the clients' participation in the program, clients must meet with a case manager not less than once per month to assist the program participant in ensuring long-term housing stability. The project is exempt from this requirement if the Violence Against Women Act of 1994 (42 U.S.C. 13925 et seq.) or the Family Violence Prevention and Services Act (42 U.S.C. 10401 et seq.) prohibits the recipient carrying out the project from making its housing conditional on the participant's acceptance of services.
All clients may receive follow-up services for up to 6 months to ensure stability and assess the effectiveness of RRH programs.

Expulsion and/or sanctions

Santa Clara County Continuum of Care (CoC) member agencies are required to comply with the minimum standards for expulsion and sanctions as provided in the Santa Clara Countywide Quality Assurance Standards. Providers who are not members of the CoC are encouraged to adopt these minimum standards or develop comparable expulsion and sanction standards as to that of the CoC.

CITY OF SAN JOSE
EMERGENCY SOLUTIONS GRANT (ESG) PROGRAM
WRITTEN STANDARDS

The Emergency Solutions Grants program was created when the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act was signed into law on May 20, 2009. The Hearth Act amended and reauthorized the McKinney-Vento Homeless Assistance Act, and included major revisions to the existing Emergency Shelter Grant Program. The Emergency Solutions Grants (ESG) program is a federally funded block grant administered by the US Department of Housing and Urban Development (HUD) and awarded through a formula to cities, urban counties, and states to support specific activities to address homelessness.

The Emergency Solutions Grant Program is designed to identify sheltered and unsheltered homeless persons, as well as those at risk of homelessness, and provide the services necessary to help those persons to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.

1. DESCRIPTION OF PROGRAM COMPONENTS

ESG funds may be used for five program components: street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, and HMIS; as well as administrative activities.

(24 CFR §576.100)

1.1 Emergency Shelter

Emergency shelter means any facility, the primary purpose of which is to provide a temporary shelter for homeless people in general or for specific populations of homeless people and which does not require occupants to sign leases or occupancy agreements. ESG may be used to operate the shelter or to provide a range of essential services to the residents. Temporary hotel and motel stays are also permitted under this component if no appropriate emergency shelter is available for a homeless individual or family. (24 CFR §576.102, §576.2)

1.2 Homelessness Prevention

Homelessness prevention refers to activities designed to keep households that are at-risk of losing their housing from becoming homeless. Homelessness prevention services include housing relocation and stabilization services and/or short- and/or medium-term rental assistance as necessary to prevent the individual or family from moving to an emergency shelter, a place not meant for human habitation, or another place described in "category one" (literally homeless) of the homeless definition. The definition of at-risk of homelessness is based on a combination of income, lack of supports, and recent conditions. (24 CFR §576.103)

1.3 Rapid Re-housing

Rapid re-housing refers to activities designed to assist households that are literally homeless to return to housing in the community as quickly as possible. Rapid re-housing services include housing relocation and stabilization services and/or short- and/or medium-term rental assistance as necessary to help individuals or families living in shelters or in places not meant for human habitation move as quickly as possible into permanent housing and achieve stability in that housing. (24 CFR §576.104 – §576.106)

Note that the primary difference between the rapid re-housing and homelessness prevention components is the type of households served. When relocation and stabilization services are provided to individuals and families that are sleeping in emergency shelter, on the streets, or another place not meant for human habitation, the component is rapid re-housing. When the same services are provided to households that are homeless in other conditions and to households that meet the definitions of "at-risk of homelessness," the component is homelessness prevention. For more information, see the section regarding Eligibility below.

1.4 Data Collection (HMIS)

ESG funds may be used to pay for the costs of participating in and contributing to the Homeless Management Information System (HMIS) designated by the Continuum of Care for the area. (24 CFR §576.107)

2. PARTICIPANT ELIGIBILITY GUIDELINES

The ESG Program is intended to address the needs of the individuals and families (program participants) who are homeless, chronically homeless, or at risk of homelessness. In order for a program participant to receive assistance with this program, (s)he must meet the definition of homeless or at-risk of homelessness; have annual gross income below 30% of Area Median Income if requesting financial assistance for rent or utilities; be eligible to receive assistance based on the sub-recipient's Written Standards; and have no other resources available to ensure long-term housing stability.

Sub-recipients are required to ensure that all program participants meet the prescribed HUD definitions in order to receive assistance though the ESG program. Intake forms will be reviewed during monitoring visits to ensure compliance with these definitions. Before providing services to any individual or household, programs must ensure that the potential participants are eligible for services. (24 CFR §576.2, §576.500 (a–d), §576.401(a), §91.5)

2.1 Referrals from a Centralized or Coordinated Assessment System

Under the interim rule for the U.S. Department of Housing and Urban Development's (HUD) Continuum of Care (CoC) program, each CoC must establish and operate a centralized or coordinated assessment system (24 CFR 578.7(a)(8)). HUD defines a centralized or coordinated assessment system as "a centralized or coordinated process designed to coordinate program participant intake assessment and provision of referrals. A centralized or coordinated assessment system covers the geographic area, is easily accessed by individuals and families seeking housing or services, is well advertised, and includes a comprehensive and standardized assessment tool" (24 CFR 578.3).

ESG regulations require ESG recipients to work with the local Continuum of Care entity to establish and implement a system of centralized or coordinated assessment for all ESG- and CoC-funded programs. A centralized or coordinated assessment system must utilize a common assessment tool and connect potential participants to the most appropriate interventions, based on a set of local standards (24 CFR §576.400(d)).

The Santa Clara County Continuum of Care (CoC) is a centralized coordinated assessment system in accordance with the requirements established by HUD. Each ESG-funded program or project within the Continuum of Care's area must use that assessment system. ESG subrecipients that are victim service providers may elect to not participate in the Continuum of Care's centralized or coordinated assessment system.

- All agencies providing shelter and services to the homeless should be participants in the Santa Clara County Continuum of Care.

- To the extent possible, member organizations of the Santa Clara County CoC will participate in community wide efforts endorsed by the CoC Board.
- All agencies participating in HMIS will serve as Coordinated Assessment Access Points.

2.2 Initial Evaluation of Eligibility and Need

The ESG-funded program must conduct an initial evaluation to determine each individual's or family's eligibility for ESG assistance and the amount and types of assistance the individual or family needs to regain stability in permanent housing. These evaluations must be conducted in accordance with the centralized or coordinated assessment requirements. (24 CFR §576.401(a))

For programs that accept referrals from coordinated entry, the program should review any documentation provided to establish eligibility and needs. The City of San Jose or the Continuum of Care provides an assessment form to be used for this purpose.

2.3 Determination of Homeless Status

Eligibility for assistance under the ESG program depends on the housing or homeless status of the participant. All participants in ESG-funded programs must meet the applicable definition of homelessness or at-risk. The specific status needed to be eligible for assistance varies depending on the program component under which a program is operated. (24 CFR §576.2)

Homeless status can be classified as one of four categories under the applicable HUD definition: "literally homeless," "imminent risk of homeless," or "fleeing/attempting to flee domestic violence", and "unaccompanied youth and families with children who are defined as homeless under other federal statutes and experience housing instability".

A. **Homeless Assistance:** Clients receiving assistance using ESG funds for street outreach, shelter, essential services and rapid re-housing financial assistance must meet the definition of homeless in order to be eligible for assistance. The Homeless Definition final rule, published in the Federal Register on December 5, 2011, defines homelessness in four (4) categories as follows (which must be documented in order to receive assistance):

1. Category 1 - *Literally Homeless*

    a. Individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

        i. Has a primary nighttime residence that is a public or private place not meant for human habitation

        ii. Is living in a publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, and local government

programs)

iii. Is exiting an institution where (s)he has resided for 90 days or less **and** who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution

2. Category 2 – *Imminent Risk of Homeless*

   a. An individual or family who will imminently lose their primary nighttime residence.

      i. Requires that the household's primary nighttime residence will be lost within 14 days of the date of application for homeless assistance

      ii. No subsequent residence has been identified

      iii. And the individual or family lacks the resources or support networks (e.g. family, friends, faith-based or other social networks) needed to obtain other permanent housing

3. Category 3 – *Unaccompanied youth and families with children who are defined as homeless under other federal statutes and experience housing instability*

   a. A child or youth who does not qualify as homeless under the homeless definition, but qualifies as homeless under another Federal statute;

   b. An unaccompanied youth who does not qualify as homeless under the homeless definition, but qualifies as homeless under section 725(2) of the McKinney-Vento Homeless Assistance Act, and includes the parent(s) or guardian(s) of that child or youth if living with him or her.

   c. Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:

      i. Are defined as homeless under the other listed federal statutes located at 24 CFR part 576.1 "Definitions";

      ii. Have not had a lease, ownership interest, or occupancy agreement in permanent housing during the 60 days prior to the homeless assistance application;

      iii. Have experienced persistent instability as measured by two moves or more during the preceding 60 days; and

      iv. Can be expected to continue in such status for an extended period of time due to special needs or barriers.

4. Category 4 - *Fleeing/Attempting to flee Domestic Violence*

   a. Any individual or family who:

      i. Is fleeing, or is attempting to flee, domestic violence

      ii. Has no other residence

iii. Lacks the resources or support networks to obtain other permanent housing

B. Homeless Prevention Assistance: For individuals and families who do not meet the definition of homeless under any of the categories above, the McKinney-Vento Act was amended to allow *Homeless Prevention Assistance* to be provided to persons who are "at risk of homelessness" described in the following FOUR categories:

1. Category 1 - *Individuals and families*
   a. An individual or family who:
      i. Has an annual income **below 30% of area median income for the area**; AND
      ii. Does not have sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or another place defined in Category 1 of the "homeless" definition above; AND
      iii. Meets one of the following conditions:
      - Has moved because of economic reasons 2 or more times during the 60 days immediately preceding the application for assistance; OR
      - Is living in the home of another because of economic hardship; OR
      - Has been notified that their right to occupy their current housing or living situation will be terminated within **21 days** after the date of application for assistance; OR
      - Lives in a hotel or motel and the cost is not paid for by charitable organizations or by federal, state or local government programs for low-income individuals; OR
      - Lives in an Single Room Occupancy (SRO) or efficiency apartment unit in which there reside more than 2 person or lives in a larger housing unit in which there reside more than one and a half (1½) persons per room; OR
      - Is exiting a publicly funded institution or system of care.
2. Category 2 - *Unaccompanied Children and Youth*
   a. A child or youth who does not qualify as homeless under the homeless definition, but qualifies as homeless under another Federal statute;
3. Category 3 - *Families with Children*
   a. An unaccompanied youth who does not qualify as homeless under the homeless definition, but qualifies as homeless under section 725(2) of the McKinney-Vento Homeless Assistance Act, and includes the parent(s) or guardian(s) of that child or youth if living with him or her.
4. Category 4 - *Homeless under other Federal Statutes*

a. Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:

i. Are defined as homeless under the other listed federal statutes located at 24 CFR part 576.1 "Definitions";

ii. Have not had a lease, ownership interest, or occupancy agreement in permanent housing during the 60 days prior to the homeless assistance application;

iii. Have experienced persistent instability as measured by two moves or more during the preceding 60 days; and

iv. Can be expected to continue in such status for an extended period of time due to special needs or barriers.

C. **Chronically Homeless.** A chronically homeless participant is:

1. An individual who:

a. Is homeless and lives in a place not meant for human habitation, a safe haven, or in an emergency shelter; and

b. Has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least one year or on at least four separate occasions in the last 3 years, where each homeless occasion was at least 15 days; and

c. Can be diagnosed with one or more of the following conditions:

i. Substance abuse disorder;

ii. Serious mental illness;

iii. Developmental disability (as defined in section 102 of the Developmental Disabilities Assistance Bill of Rights Act of 2000 (42 U.S.C. 15002;

iv. Post-traumatic stress disorder;

v. Cognitive impairments resulting from brain injury; or

vi. Chronic physical illness or disability.

2. An individual who has been residing in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital, or other similar facility, for fewer than 90 days and met all of the criteria in paragraph (1) of this definition, before entering that facility; or

3. A family with an adult head of household (of if there is not adult in the family, a minor head of household) who meets all of the criteria is paragraph (1) of this definition, including a family whose composition has fluctuated while the head of household has been homeless.

ESG-funded programs must document that the household would experience homelessness but for

the ESG assistance, i.e. a household would require emergency shelter or would otherwise become literally homeless in the absence of ESG assistance.

In addition, a child or youth who does not qualify as ‘‘at-risk of homelessness’’ under this definition, but qualifies as ‘‘homeless’’ under the Runaway and Homeless Youth Act, the Head Start Act, the Violence Against Women Act of 1994, or the Food and Nutrition Act of 2008, is considered to meet the “at-risk” definition. A child or youth who does not qualify as “at-risk of homelessness’’ under this definition, but qualifies as ‘‘homeless’’ under the Educational section of the McKinney-Vento Homeless Assistance Act (which includes children and youth required to share housing to due loss of housing or economic hardship) also qualifies as “at-risk,” as does the parent(s) or guardian(s) of that child or youth if living with the child or youth.

2.4 Guidance on Serving Persons Who May Be Undocumented Immigrants

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA; “Welfare Reform”) imposes restrictions on providing federal public benefits to undocumented immigrants. ESG recipients or subrecipients that are government entities must comply with this law and its procedures specifying how the inquiry into a person’s citizenship or immigration status is to be conducted (i.e., Interim Guidance on Verification of Citizenship, Qualified Alien Status and Eligibility Under Title IV of PRWORA).

However, for the purposes of ESG, subrecipients that are nonprofit charitable organizations are not required to have these procedures in place. ESG subrecipients that are nonprofit charitable organizations need not ask with regard to citizenship or immigration status; however, if it is its policy to ask, this policy must be consistent with the above-cited procedures and applied uniformly (i.e., if the ESG subrecipient asks one potential program participant, it must ask all – and may not knowingly provide ESG assistance to an undocumented person, unless it is necessary for protection of life and safety).

With regard to ESG rental and/or financial assistance, even if a household has a member that is an undocumented immigrant, such assistance may be pro-rated based on the eligible persons in the household, as not all members of the household need be eligible for assistance (including the head of household).

Under no circumstances are ESG subrecipients to knowingly provide federal public benefits to undocumented immigrants. ESG emergency shelter activities, including “grandfathered” transitional housing activities, however, are exempt from the requirements of this law, as these activities are short-term shelter, non-cash services, and are not means-tested and thus do not constitute "benefits."

Note that the City of San Jose and its subrecipients’ federally funded activities are required to affirmatively further the purposes of the Fair Housing Act (Title VIII of the Civil Rights Act of 1968). Furthermore, undocumented immigrants have the same fair housing protections as citizens and legal immigrants and are members of one of the protected classes of the Fair Housing Act (i.e., national origin). As such, ESG subrecipients that are nonprofit charitable organizations are strongly

encouraged to not inquire regarding citizenship or immigration status.

2.5 Documentation of Homeless/At-risk Status

Homeless or at-risk status must be documented to determine that an individual or family is eligible for assistance. The preferred method of documentation is "third-party"—that is, another individual or organization provides written documentation certifying their knowledge of the potential participants' housing or homeless status.

If third-party documentation is unavailable, the intake worker's observation may be used and should be documented. Finally, a program may accept self-certification from the person seeking assistance if no other documentation can be obtained.

While third-party documentation is strongly preferred and should be sought whenever possible, lack of third-party documentation must not prevent an individual or family from being immediately admitted to emergency shelter, receiving street outreach or rapid rehousing services, or being immediately admitted to shelter or receiving services provided by a victim service provider. Records contained in an HMIS or comparable database used by victim service or legal service providers are acceptable evidence of third-party documentation and intake worker observations. (24 CFR §576.500(b))

2.6 Prohibition Against Involuntary Family Separation – Emergency Shelter

Shelters that serve families with minor children under the age of 18 may not refuse to serve a family based on the age of children in the household. (24 CFR §576.102(b))

2.7 HMIS Intake

All projects funded with ESG funds, except victim services providers and exempted legal services providers, must participate in the Homeless Management Information System (HMIS.) Victim service providers are exempted and prohibited from entering data into HMIS, and must maintain a comparable database that collects similar information in order to provide aggregate data to the City of San Jose for reporting purposes. Victim service providers may elect to keep a comparable database in accordance with confidentiality requirements.

All new project entries must be recorded in HMIS, ensuring that the date of entry corresponds correctly to the date that the participant was found to be eligible and admitted to the program in question. Steps:

(1) Ensure that a completed a Release of Information (ROI) has been obtained for all adult members of the household before proceeding.

(2) Search for the client in HMIS.

(3) If the client has a record already, update the information that has changed based on the HMIS intake form and enter the client into the program.

(4) If the client does not have an HMIS record, create a new record for the client, including all information on the HMIS intake form, and enter the client into the appropriate program.

(5) If the client household consists of more than one person, be sure to join the members together through the creation of a household. For each member of the household, make sure to check first to see if there is already an HMIS record for that person before creating a new one.

2.8 Documentation of Ineligibility

ESG programs must keep records that not only demonstrate the eligibility of the participants that are served, but also the determination of ineligibility for any individual or family refused services. For each individual and family determined ineligible to receive ESG assistance, the record must include documentation of the reason for that determination. (24 CFR §576.500(d))

3. ADMISSION PROCEDURES, ELIGIBILITY, AND DOCUMENTATION

The program's admission process must include written eligibility criteria that are fair and objective, and verbal or written notification in all appropriate languages or in a fashion readily accessible to accommodate non-hearing and sight impaired individuals, upon request, of reasons for non-acceptance.

The eligibility information must be made available to clients at intake and staff must provide answers to questions about the admission criteria and process.

The Santa Clara Continuum of Care and its housing and service providers are committed to fostering equal access to housing and services. Programs may not discriminate on the basis of race, color, national origin, religion, sex, sexual orientation, gender identity, age, familial status, or disability. Programs must provide notice of this non-discrimination policy to participants and prospective participants.

Programs must have formal appeal procedures through which clients may appeal unfavorable admission or eligibility decisions. Programs must provide clients with a copy of the policy for appeals at intake in a fashion readily accessible to accommodate non-hearing and sight impaired individuals. (See “Procedures to Protect Participant Rights, Section B”)

Programs that condition services on particular criteria, such as treatment for current substance abuse, must document such criteria in writing in all appropriate languages or in a fashion readily accessible to accommodate non-hearing and sight impaired individuals and make these criteria clear to all clients at intake.

3.1 Rules, Policies, and Procedures

Programs are encouraged to adopt a low-barrier, housing first approach in their written

policies and procedures, by limiting the grounds for expulsion from the program as much as is reasonably possible.

A. The program has reasonable rules for clients that are appropriate for the program model, target population, and services provided. Such rules clearly inform clients of the obligations upon which their continued participation in the program depends and the sanctions for non-compliance.

B. The program provides clients with a copy of the rules at intake in all appropriate languages or in a fashion readily acceptable to accommodate non-hearing and sight impaired individuals. In addition, it posts the rules in a location readily accessible to clients and visitors in all appropriate languages or in a fashion readily acceptable.

C. The program rules specify the rights of clients (See "Procedures to Protect Participant Rights, Section B") and the procedures in place to protect their rights and dignity. Clients must be permitted to exercise these rights without fear of reprisal.

D. The program rules must be equally applied to all clients, unless a client has asked for a reasonable accommodation due to his/her disability.

E. The program rules specify the reasons or conditions for which a client may be sanctioned or expelled, including those behaviors which constitute gross misconduct and are grounds for immediate discharge from the program and those which would prompt a written warning if violated and potential discharge if violated repeatedly. This information is provided in a manner which is clear and easily understood by clients.

F. The program rules describe the formal appeal procedures through which clients may appeal program regulations, sanctions or expulsions. (See "Procedures to Protect Participant Rights, Section B")

G. The program rules include the policy and procedures governing how and when searches of clients' private possessions may be conducted. (See "Procedures to Protect Participant Rights, Section B")

Basic & Service Enriched Shelter Standards:

H. The program rules require that clients and staff respect the personal rights and private property of the other clients. This includes abstaining from disorderly conduct, the use of threatening or abusive language and excessive noise.

I. The program rules specify that clients who have visitors are responsible for ensuring that their visitors comply with all shelter rules pertaining to the behavior of guests.

J. The program rules specify any normal housekeeping services required of clients.

K. Shelter rules make clear when and under what circumstances maintenance personnel or contractors can enter a room or apartment without the client's permission. Clients must be given reasonable advance notice when possible if such access is required in non-emergency situations.

3.2 Domestic Violence Policies

All efforts shall be made to protect the privacy and safety of domestic violence survivors. The following procedures are required for any CoC-funded programs.

A. Privacy and Safety

1. Programs which are primarily for survivors of violence are prohibited from contributing client-level data into the HMIS System. However, these programs must record client level data within a comparable internal database and be able to generate aggregate data for inclusion in reports.
2. Non-victim service providers shall protect the privacy of individuals and families who are fleeing, or attempting to flee violence, by not including intake/treatment data in HMIS
3. The location of Domestic Violence shelters/programs shall not be made public.
4. Staff responsible for coordinated assessment shall receive training on protecting the safety and privacy of individuals who are fleeing, or attempting to flee violence.
5. For each program participant who moved to a different Continuum of Care due to imminent threat of further violence under § 578.51(c)(3), the CoC program must retain:
    a. Documentation of the original incidence of violence. This may be written observation of the housing or service provider; a letter or other documentation from a victim service provider, social worker, legal assistance provider, pastoral counselor, mental health provider, or other professional from whom the victim has sought assistance; medical or dental records; court records or law enforcement records; or written certification by the program participant to whom the violence occurred or by the head of household.
    b. Documentation of the reasonable belief of imminent threat of further violence, which would include threats from a third-party, such as a friend or family member of the perpetrator of the violence. This may be written observation by the housing or service provider; a letter or other documentation from a victim service provider, social worker, legal assistance provider, pastoral counselor, mental health provider, or other professional

from whom the victim has sought assistance; current restraining order; recent court order or other court records; law enforcement report or records; communication records from the perpetrator of the violence or family members or friends of the perpetrator of the violence, including emails, voicemails, text messages, and social media posts; or a written certification by the program participant to whom the violence occurred or the head of household.

B. Certification of Homelessness

For victim service providers:

1. An oral statement by the individual or head of household seeking assistance that states: they are fleeing; they have no subsequent residence; and they lack resources. Statement must be documented by a self-certification or a certification by the intake worker.

For non-victim service providers:

1. Oral statement by the individual or head of household seeking assistance that they are fleeing. This statement is documented by a self-certification or by the caseworker. Where the safety of the individual or family is not jeopardized, the oral statement must be verified; and
2. Certification by the individual or head of household that no subsequent residence has been identified; and
3. Self-certification, or other written documentation, that the individual or family lacks the financial resources and support networks to obtain other permanent housing.

3.3 Education Policies

Consistent with the CoC Program Interim Rule 24 CFR §578.23, all CoC and ESG programs assisting families with children or unaccompanied youth must:

A. Take the educational needs of children into account when placing families in housing and will, to the maximum extent practicable, place families with children as close as possible to their school of origin so as not to disrupt such children's education.

B. Inform families with children and unaccompanied youth of their educational rights, including providing written materials, help with enrollment, and linkage to McKinney Vento Liaisons as part of intake procedures.

C. Not require children and unaccompanied youth to enroll in a new school as a condition of receiving services.

D. Allow parents or the youth (if unaccompanied) to make decisions about school placement.

E. Not require children and unaccompanied youth to attend after-school or educational

programs that would replace/interfere with regular day school or prohibit them from staying enrolled in their original school.

F. Post notices of student's rights at each program site that serves homeless children and families in appropriate languages.

G. Designate staff that will be responsible for:

1. Ensuring that homeless children and youth in their programs are in school and are receiving all educational services they are entitled to; and

2. Coordinating with the CoC, the Department of Social Services, the County Office of Education, the McKinney Vento Coordinator, the McKinney Vento Educational Liaisons, and other mainstream providers as needed.

3.4 Family Admission and Separation Policies

A. Consistent with CoC Program Interim Rule §578.93:

1. CoC and ESG providers that serve families may not use the age or gender of a family member under 18 as the basis for denying admission to a family. CoC and ESG providers that serve families may not deny admission to any member of a family that is being served by the program. "Family member" means any member of a household as defined or identified by the household, and is not limited to persons related by birth, adoption, or marriage.

2. The CoC will work closely with providers to ensure that placement efforts are coordinated to avoid involuntary family separation, including referring clients for the most appropriate services and housing to match their needs.

B. Continuing efforts will be made among cold winter shelters to ensure that families are not separated and the 211 telephone system will be used to help identify the needs of families and keep them together.

3.5 Injury Prevention

A. The program has a Workplace Injury and Illness Prevention Program, in compliance with Cal/ OSHA guidelines in Title 8 of the California Code of Regulations, and posts recommended practices regarding on-site injury prevention as well as guidelines for response to on site injury.

B. All entrance and exit ways at program facilities are clear of blockages and tripping hazards.

C. Clients are not locked in any portion of a program facility without a means of exit.

3.6 Emergency Procedures

Standards for Program Facilities

A. The program promptly and appropriately responds to the medical problems of clients and staff.

B. The program has first aid equipment and supplies for medical emergencies available at all times. These supplies must be checked regularly to ensure they are up to date and their location in the facility must be clearly marked.

C. The program has written protocols to guide staff response to shelter crises including, but not limited to, physical injury, client suicide attempts, overdoses, and domestic or other violence.

D. The program has a phone available 24 hours per day to contact the fire department, paramedics, police and site supervisor personnel, and posts a list of such emergency numbers.

E. There should be posted policies and procedures for responding to emergencies. The program has at least one designated individual person on site at all times who has had training and orientation on emergency procedures.

F. Universal precaution practices are used to prevent transmission of diseases and are implemented under the presumption that blood and body fluids from any source are to be considered potentially infectious. Supplies necessary for maintaining universal precautions, such as sharps containers, must be available.

G. The program has a fire safety system including a posted evacuation plan and map in each room and all items required by building, safety, and health codes.

Preferred Practice Recommended Standards

A. The program should develop written, site-specific emergency response protocols with local police, fire department and other agencies. The protocols should address personnel and client-centered emergencies such as overdoses and violence, and should sensitize police and fire departments to the special needs of the program, its population and its environment. The protocols should outline the way in which police and fire departments should enter the facility, what they can expect of clients and staff when they enter the facility, and which staff to interact with. This document should be created in cooperation with the police and fire departments and should be part of an ongoing relationship with these departments. Shelters should develop these protocols in addition to developing a plan, based on the Standardized Emergency Management System, which will address facility and environmental emergencies.

3.7 Disaster Preparedness and Response

A. Agencies should participate in community-wide disaster preparedness efforts, including training and drills.

Standards for Program Facilities

B. The program mitigates earthquake hazards by anchoring cases and file cabinets and

eliminating falling hazards.

C. **Basic & Service Enriched Shelter Standard:** The program has a plan based on the Standardized Emergency Management System (SEMS) - a local, state, and federally-mandated system to respond to earthquakes, fires, floods, and other disasters.

3.8 Food Services

All programs that provide food services on site must comply with the following standards.

A. If a program provides meals, they must be well-balanced and nutritious. The meals may be provided either directly or through a contractual arrangement.

B. All health codes will be observed in the preparation and storage of food.

Preferred Practice Recommended Standards

C. Programs providing food services should make a reasonable effort to meet medically appropriate dietary needs of all clients as prescribed by appropriate medical or dental personnel.

D. Programs providing food services on-site should provide food buying and menu planning by a staff member, consultant or volunteer knowledgeable in nutrition.

3.9 Transportation Services

All programs providing transportation services with agency vehicles must comply with the following standards.

A. The program has written policies and procedures that guide the use and maintenance of agency motor vehicles used for client transportation.

B. If the program serves people with children, it must have sufficient car seats and booster seats for infants and toddlers, and children 6 years or younger and/or 80 pounds or below and must use them in a manner complying with existing law when infants, toddlers, and children are being transported.

C. All vehicles (personal and agency) used for transportation are fully and adequately insured, operated only by licensed drivers, and have up-to-date registration. All drivers and passengers must use seat belts, as required by law.

D. Mass transport vehicles receive, at a minimum, an annual safety inspection by qualified individuals. Documentation of immediate completion of safety repairs is kept on file.

E. Programs that provide transportation make provisions for clients who need vehicles that are wheelchair accessible.

4. ELIGIBLE ACTIVITIES

The following reflects detailed information regarding the types of activities that may be provided using ESG funds:

4.1 Street Outreach

A. Eligible Program Participants:

Unsheltered individuals and families, meaning those who qualify under paragraph (1)(i) of the definition of "homelessness".

B. Overview of Eligible Activities:

The costs of essential services related to street outreach are eligible costs under the ESG program. The eligible costs for street outreach activities differ from the eligible costs for essential services related to emergency shelter, as they are limited to those necessary to provide emergency care on the street. Services charged to this activity must only include costs of providing assistance to eligible participants residing on the street or in parks, abandoned buildings, bus stations, camp grounds, and other such settings where unsheltered persons are staying. Staff salaries related to carrying out street outreach activities is also available.

Outreach services are designed to bring the existing service delivery system to the person or family served. These services are offered to persons and families who have unmet needs and who are not served or are under-served by existing service delivery mechanisms in the community.

C. Eligible Costs:

ESG funds may be used for costs of providing essential services necessary to reach out to unsheltered homeless people; connect them with emergency shelter, housing or critical services; and provide urgent non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing or an appropriate health facility. For the purpose of this section, "unsheltered homeless"

means individuals and families who qualify as homeless under the new definitions. Eligible costs consist of the following:

1. *Engagement* - the costs to locate, identify, and build relationships with unsheltered homeless people and engage them for the purposes of providing immediate support, intervention, and connections with homeless assistance programs and/or mainstream social services and housing programs.

2. *Case Management* - includes the cost of assessing housing and service needs; arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participants. Includes using the centralized or coordinated assessment system developed by the local Continuum of Care as mandated by HUD; conducting initial evaluation including verifying and documenting eligibility, counseling, developing; securing and coordinating services, etc.

3. *Emergency Health Services* - includes costs for direct outpatient treatment of medical conditions provided by licensed medical professionals operating in community-based settings, including streets, parks, and other places where unsheltered homeless people are living. Funds may be used only for these services to the extent that other appropriate health services are inaccessible or unavailable within the area. Eligible treatment consists of accessing a program participant's health problems and developing a treatment plan; assisting participants to understand their health needs; providing directly or assisting program participants to obtain appropriate emergency medical treatment; and providing medication and follow-up services.

4. *Emergency Mental Health Services* - includes costs for direct outpatient treatment by licensed professionals of mental health conditions operating in community-based settings, including streets, parks, and other places where unsheltered people are living. Funds may be used only for these services to the extent that other appropriate mental health services are inaccessible or unavailable within the community. Mental health services are the application of therapeutic processes to personal, family, situational, or occupational problems in order to bring out positive resolution of the problem or improved individual or family functioning or circumstances. Eligible treatment consists of crisis intervention, the prescription of psychotropic medications, explanation about the use and management of medications, and combinations of therapeutic approaches to address multiple problems.

5. *Transportation* - Includes transportation costs by outreach workers, social workers, medical professionals, or other service providers, provided that this travel takes place during the provisions of services eligible under this section. The costs of transporting unsheltered people to emergency shelters or other

service facilities are also eligible. These costs include:

a. The cost of a program participant's travel on public transportation;

b. Of service workers use their own vehicles, mileage allowance for service workers to visit program participants;

c. The cost of purchasing or leasing a vehicle for the sub-recipient in which staff transports program participants and/or staff serving program participants, and the cost of gas, insurance, taxes and maintenance for the vehicle; and

d. Travel costs of sub-recipient staff to accompany or assist the program participants to use public transportation.

6. *Services for Special Populations* - funds may be used to provide services for homeless youth, victim services, and services for people living the HIV/AIDs, so long as the costs of providing these services are eligible under program regulations. The term "victim services" means services that assist program participants who are victims of domestic violence, dating violence, sexual assault, or stalking, including services offered by rape crisis centers, DV shelters, and other organizations with a documented history of effective work concerning domestic violence, dating violence, sexual assault or stalking.

4.2 Emergency Shelter

A. Eligible Program Participants:

Individuals and families who are homeless as defined by HUD

B. Overview of Eligible Activities:

ESG funds may be used to provide essential services to persons in emergency shelters, renovating buildings to be used as emergency shelters, and operating emergency shelters. Staff costs related to carrying out emergency shelter activities is also eligible.

C. Eligible Activities Include:

1. Essential Services:

a. *Case Management* - the cost of assessing, arranging, coordinating and monitoring the delivery of individualized services to meet the needs of the program participant. Component services and activities consist of:

- Using the centralized or coordinated assessment system developed by the local Continuum of Care as mandated by program regulations;

- Conducting the initial evaluation;
- Counseling;
- Developing, securing, and coordinating services and obtaining Federal, state and local benefits;
- Monitoring and evaluating program participant progress;
- Providing information and referrals to other programs;
- Providing ongoing risk assessment and safety planning with domestic violence, dating violence, sexual assault and stalking victims;
- Developing an individualized housing and service plan, including planning a path to permanent housing stability.

b. *Child Care* - The cost of child care for program participants, including providing meals and snacks, and comprehensive and coordinated sets of appropriate developmental activities are eligible. Children must be under the age of 13 unless they are disabled. Disabled children must be under the age of 18. The child-care center must be licensed by the jurisdiction in which it operates.

c. *Education Service* - When necessary for program participants to obtain and maintain housing, the costs of improving knowledge and basic educational skills are eligible. Services include instruction or training in consumer education, health education, substance abuse prevention, literacy, English as a Second Language (ESL) and GED. Component services of activities are screening, assessment and testing, individual or group instruction, tutoring, provision of books, supplies, and instructional material, counseling and referral to community resources.

d. *Employment Assistance and Job Training* -The costs of employment assistance and job training programs are eligible including:

- Classroom
- Online
- Computer instruction
- On the job instruction
- Services that assist the individuals in securing employment, acquiring learning skills, and/or increasing earning potential
- Cost of providing reasonable stipends to program participants in employment assistance and job training programs
- Learning skills including those skills that that can be used to secure

and retain a job, including the acquisition of vocational licenses and/or certificates

- Services that assist individuals in securing employment including:
  - Employment screening, assessment or testing
  - Structured job skills and job-seeking skills
  - Special training and tutoring, including literacy training, and prevocational training
  - Books and instructional material
  - Counseling or job coaching
  - Referral to community resources

e. *Outpatient Health Service* - Costs for direct outpatient treatment of medical conditions provided by licensed medical professionals. Funds may be used only for these services to the extent that other appropriate health services are unavailable within a community. Eligible treatment consists of:

- Assessing a program participant's health problems
- Developing a treatment plan
- Assisting participants to understand health needs
- Providing directly or assisting participants to obtain appropriate medical treatment
- Preventive medical care
- Health maintenance service, including emergency medical services
- Providing medications and follow-up services
- Providing preventive and non-cosmetic dental care

f. *Legal Service* - Costs including hourly fees for legal advice and representation by attorneys licensed and in good standing with the bar association, and by persons under the supervision of the licensed attorney, regarding matters that interfere with the participants ability to obtain and retain housing. Funds may only be used for these services to the extent that other appropriate legal services are unavailable or inaccessible within the community. Eligible subject matters are:

- Child support
- Guardianship
- Paternity

- Emancipation
- Legal separation
- Orders of protection and other civil remedies for victims of domestic violence, dating violence, sexual assault, and stalking
- Appeal of veterans and public benefit claim denials
- Resolution of outstanding criminal warrants

Component services or activities may include client intake, preparation of cases for trial, provisions of legal advice, representation at hearings, and counseling. Fees based on the actual service performed (i.e. fee for services) are also eligible, but only if the cost would be less than the cost of hourly fees. Filing fees and other necessary court costs are also eligible. If the sub-recipient is a legal services provider and performs the services itself, the eligible costs are the sub-recipient's employee's salaries and other costs necessary to perform the service.

Note: Legal services for immigration and citizenship matters and issues relating to mortgages are INELIGIBLE. Retainer fee arrangements and contingency fee arrangements are also ineligible.

g. *Life Skills Training* - Costs of teaching critical life management skills that may never have been learned or have been lost during the course of physical or mental illness, DV, substance abuse, and homelessness are eligible costs. These services must be necessary to assist the program participant to function independently. Component life skills training are budgeting resources, managing money, managing a household, resolving conflict, shopping for food and needed items, improving nutrition, using public transportation and parenting

h. *Mental Health Services* - Costs include direct outpatient treatment by licensed professionals of mental health conditions. Funds may only be used for these services to the extent that other appropriate mental health services are unavailable or inaccessible within the community. Mental health services are the application of therapeutic process to personal, family, situational or occupational problems in order to bring about positive resolution of the problem or improved functioning or circumstances. Problem areas may include:

- Family and martial relationships
- Parent-child problems
- Symptom management

Eligible treatment consists of crisis intervention, therapy sessions, prescription of psychotropic medications, or explanations about the use and management of medications, and combinations of therapeutic approaches to address multiple problems.

i. *Substance Abuse Treatment Service* - Eligible substance abuse treatment services are designed to prevent, reduce, eliminate, or deter relapse of substance abuse or addictive behaviors and are provided by licensed or certified professionals. Funds may only be used for these services to the extent that other appropriate substance abuse treatments services are unavailable or inaccessible within a community. Eligible treatment consists of:

- Client intake and assessment
- Outpatient treatment for up to 30 days
- Group and individual counseling and drug testing

Note: Impatient detoxification and other inpatient drug or alcohol treatments are INELIGIBLE.

j. *Transportation* - Costs consist of the transportation costs of a program participant's travel to and from medical care, employment, child care, or other eligible essential services facilities. These costs include the following:

- The cost of a program participant's travel on public transportation
- If service workers use their own vehicles, mileage allowance for service workers to visit program participants
- The cost of purchasing or leasing a vehicle for the sub-recipient in which staff transports program participants and/or staff serving program participants, and the cost of gas, insurance, taxes and maintenance of the vehicle, and
- The travel costs of sub-recipient staff to accompany or assist program participants to use public transportation.

NOTE: Funds may no longer be used to provide fuel vouchers, bus tickets, or other transportation activities unless it directly involves participation in other ESG-funded activities.

k. *Services for Special Populations* - Funds may be used to provide services for homeless youth, victim services, and services for people living with HIV/AIDs, so long as the cost of providing these services are

eligible. The term "victim services" means services that assist program participants who are victims of domestic violence, dating violence, sexual assault, or stalking, including services offered by rape crisis centers and domestic violence shelters, and other organizations with a documented history of effective work concerning these issues.

2. Shelter Operations

   a. *Costs of maintenance including:*

      - Minor or routine repairs
      - Rent
      - Food
      - Security
      - Fuel
      - Equipment
      - Telephone/cell phone service
      - Internet expense
      - Furnishings
      - Office supplies
      - Insurance
      - Utilities
      - Other supplies necessary for the operation of the shelter(s).

   b. *Hotel/Motel Vouchers for Homeless Family or Individuals*
      Where no appropriate emergency shelter is available for a homeless family or individual, eligible costs may also include a hotel or motel voucher for that family or individual (24 § CFR 576.102.(a)(3)). Hotel and motel vouchers may also be used in cases where emergency shelter beds are at capacity.

      "Appropriate emergency shelter" is defined by the City as an emergency shelter that appropriately and adequately satisfies the family or individual's documented need(s) or condition(s). The family or individual and the subrecipient must demonstrate and document that no other appropriate emergency shelter is available or able to serve the family or individual. Acceptable needs or conditions that the City will allow a family or individual in cases where no other appropriate emergency shelter is available include:

- Medical/Health Problems
- Disability
- Mental Illness
- Victim of Domestic Violence
- Emergency shelter at capacity
- Emergency shelter will not accept client
- Client safety
- Companion animal not allowed in shelter
- At the request of the City of San Jose
- Other extenuating circumstances as allowed by the City

The City has defined a reasonable length of stay as no more than fourteen (14) days because of:

(i.) The unique and extenuating needs and conditions of the family or the individual.

(ii.) The cost is necessary for the operation of the non-federal entity as the subrecipient works with a population that is difficult to find appropriate shelter (2 CFR § 200.404(a)).

(iii.) The cost is necessary for the proper and efficient performance of the Federal award as the subrecipient provides essential services to facilitate coordination, maximize efficiency, and expand those necessary services to provide emergency care on the street (2CFR § 200.404(a), 24 § CFR 576 consistent with section 415(a)(2) of the McKinney-Vento Act).

Additionally, if a family or individual requires additional days, the subrecipient must develop an exit plan into an appropriate emergency shelter, transitional, or permanent housing destination as soon as possible, but no more than thirty (30) days. The additional days will be funded by local funding. A family or individual cannot utilize a hotel/motel voucher repeatedly within the same fiscal year unless approved by the City.

c. *Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970*: Provided if persons are misplaced by a project assisted with ESG funds. See regulations for further details.

D. Emergency Shelter Services

1. Temporary and Basic Shelter Services

All temporary and basic shelters must comply with the following standards, except where the standard is designated as applying to only a certain shelter type.

a. Assessment: Individuals and families shall be offered an initial need and eligibility assessment and qualifying program participants, including those meeting special population criteria, will be offered Emergency Shelter services, as needed and appropriate.

b. Prioritization/Diversion/Referral: When appropriate based on the individual's needs and wishes, the provision of or referral to Homeless Prevention or referral services that can quickly assist individuals to maintain or obtain safe, permanent housing shall be prioritized over the provision of Emergency Shelter or Transitional Housing services.

c. Reassessment for Essential Services: Program participants will be reassessed as case management and/or the shelter program progresses, based on the individual service provider's policies.

d. Discharge/Length of Stay: Program participants shall be discharged from Emergency Shelter services when they choose to leave or when they have successfully obtained safe, permanent housing. Any Length of Stay limitations shall be determined by the individual service provider's policies and clearly communicated to program participants.

e. Temporary and basic shelters provide services coordinated to meet the immediate safety and survival needs of the individual or family served, including shelter, food, clothing and other support services. These services are provided in a minimally intrusive environment.

f. At a minimum, temporary and basic shelters provide the following services directly on-site:

   (i.) sleeping accommodations;

   (ii.) personal hygiene supplies and facilities, including toilets and wash basins;

   (iii.) showers and/ or bathtubs (temporary shelters may provide referrals to other facilities for these services).

g. Temporary and basic shelters provide either directly or by referral the following services:

   (i.) food;

   (ii.) information and referral;

   (iii.) crisis intervention;

(iv.) mailing address;

(v.) linkage to medical services;

(vi.) clothing; and

(vii.) laundry facilities, either on-site or located within walking distance.

d. The use of services beyond the provision of food and shelter should be encouraged.

e. Basic shelters may require as a condition of admission that the individual or family be clean from drug use and sober.

2. Service-Enriched Shelter Services

In addition to meeting basic needs, service-enriched shelters are designed to increase the client's coping and decision- making capacities and assist in planning for the client's reintegration into community living.

a. Service-enriched shelter programs are characterized by:

(i.) comprehensiveness, by directly providing a range of services or by serving as part of a network that provides a range of services;

(ii.) immediacy, by providing for timely intervention and avoidance of delays in implementing a workable plan; and

(iii.) continuity and linkage to after care (to tile extent possible when funding is available), by providing services in cooperation with other resources and ensuring appropriate follow-up after tile child, adult, or family has left the program.

b. In addition to providing the services of a basic shelter (See Section D.VI Temporary and Basic Shelter Services), service- enriched shelters make available, either directly or by referral, the following services:

(i.) crisis intervention;

(ii.) assessment for child abuse and/ or neglect (in family shelters);

(iii.) service coordination;

(iv.) emergency and ongoing identification of medical and health needs and referral for care;

(v.) public assistance eligibility assistance;

(vi.) educational and employment assistance; and

(vii.) exit planning and relocation assistance

c. Service-enriched shelters also provide some or all of the following services, as indicated by the service population:

(i.) education related to activities of daily living (life skills);

(ii.) preventive health education, including information about prevention of HIV/AIDS, Tuberculosis and Sexually Transmitted Disease;

(iii.) substance abuse and mental health counseling;

(iv.) support groups;

(v.) structured social/recreational activities;

(vi.) parenting education;

(vii.) job referral and placement;

(viii.) child care;

(ix.) transportation;

(x.) domestic violence counseling; and

(xi.) other appropriate services as necessary for the service population.

d. If the shelter provides referrals for mental health, substance abuse, health care, or developmental disability services, this same referral information must be offered to every client. Then, tile program providing these services may separately ask questions about the issues relevant to the provision of that service.

e. Any services related to an individual's disability may not be required as a condition of receiving shelter unless tile shelter is specifically designated for individuals with disabilities and has a mandatory service component according to its funding criteria.

f. Programs serving all homeless people may require non-disability related services (e.g., money management or employment training) as a condition to housing, so long as the requirement is communicated to all clients at intake.

g. Ongoing assessment of adjustment to community living arrangements is conducted throughout the individual's or family's term of residence in the program.

h. Service-enriched shelters develop exit plans with the individuals served and provide or offer referrals for identified services that address their ongoing needs. Exit planning is initiated at intake.

3. Emergency Shelter Facility Management

All shelters, temporary, basic, and service-enriched, must comply with the following standards, except where the standard is designated as applying to only certain shelter types.

a. Codes and Ordinances

(i.) The shelter conforms to all applicable state and local building, fire and health regulations, including wheelchair accessibility standards.

(ii.) The shelter does not exceed the maximum occupancy issued to it by the Fire Department for the entire shelter nor for the individual rooms used as sleeping quarters.

(iii.) The shelter conspicuously posts the maximum occupancy issued to them by the Fire Department for the entire shelter and for the individual rooms used as sleeping quarters.

(iv.) The shelter conforms to all pertinent requirements of the Americans with Disabilities Act (ADA), the Federal Fair Housing Amendments Act (FHAA), the California Fair Employment and Housing Act (FEHA), and the Transitional Housing Misconduct Act (THMA).

b. Shelter Location

(i.) The shelter provides clients with reasonable access to public transportation.

c. Protection of the Family Unit

Preferred Practice Recommended Standards

(i.) Shelters should attempt to provide accommodations which protect the family unit whenever possible, allowing parents and children to be accommodated together.

d. Visitors

(i.) Shelters may permit residents to have visitors as appropriate to the shelter population and type of facility.

(ii.) Shelter residents are responsible for the behavior of their visitors and may experience the consequences of their guests' negative behaviors as specified in the shelter rules.

e. Security

(i.) The building and grounds are routinely and regularly monitored.

(ii.) Building or shelter security is maintained, and when appropriate to the population served and the type of facility, residents are encouraged to form resident patrols.

f. Storage of Personal Possessions

(i.) Shelters which hold funds or possessions on behalf of residents have a written policy and established procedure for securing and returning residents' belongings. The policy specifies how the stored items will be safeguarded, the shelter's liability for items that are lost or stolen, and the length of time funds or possessions will be held. Shelters must explain this policy to clients before holding any funds or possessions for them, and shelters must post this policy in a conspicuous location in all appropriate languages.

(ii.) Security deposits may be used to compensate the program for a resident's failure to pay program fees, to repair damages, exclusive of ordinary wear and tear, caused by the resident or resident's guest or for the cleaning of the premises. Security deposits, less deductions, shall be returned, and an itemized statement of deductions made, shall be provided to the departed resident within three weeks after the resident has left the program.

(iii.) If the shelter holds funds (other than Security Deposit) or possessions on behalf of a resident, those funds or possessions are returned the same day if possible, and no later than two weeks after the demand for return.

Preferred Practice Recommended Standard

(iv.) In shelters, bedrooms should have individual, separate lockable storage lockers for the adult resident's belongings. Each locker should be large enough to accommodate winter clothing.

(v.) Service Enriched shelters and Transitional Housing Programs should allow residents to store personal belongings for up to 72 hours after residents have left the shelter or housing.

g. Smoking, Drugs & Alcohol, and Weapons

(i.) The program prohibits possession and use of illegal drugs and alcohol on the premises.

(ii.) The program prohibits smoking indoors.

(iii.) The program prohibits possession of weapons by everyone (clients, staff, volunteers, guests, etc.) at the facility. The program posts its policy regarding the discovery of weapons, including a list of items considered to be weapons.

h. Medication: Storage, Access & Distribution

(i.) The program complies with laws and regulations regarding the storage of record- keeping concerning medications.

(ii.) The program has established procedures for preserving clients' confidentiality in the storage of and keeping of records concerning medications.

4.3 Homeless Prevention & Rapid Rehousing

Funds used to provide homelessness prevention or rapid re-housing assistance must be used to provide assistance in permanent housing. There must be a lease between the program participant and the housing owner. In addition, there must be a formal Rental Assistance Agreement between the sub-recipient (the agency providing the service) and the housing owner. Living in a motel or hotel is not considered to be permanent housing and therefore is not an eligible expense under this program.

CoC- and ESG- funded rapid re-housing projects are governed by the Santa Clara County Continuum of Care. Each program may focus or operate a little differently, if they align with these overall standards.

A. Eligible Program Participants:

1. *Homeless Prevention*: Individuals and families who are at imminent risk, or at risk of homelessness¸ meaning those who qualify under paragraph (2) and (3) of the homeless definition or those who qualify as at risk of homelessness. Individuals and families must have an income below 30% of Area Median Income upon entry into the program, and are lacking sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the homeless definition. Program participants must meet the threshold requirements reflected in part 572.2 (1) (iii).

2. *Rapid Re-Housing*: Individuals and families who are literally homeless, meaning those who qualify under paragraph (1) and (4) of the definition of homeless and have income below 30% of Area Median Income upon entry into the program.

   a. In coordination with the Santa Clara County Continuum of Care, local rapid re-housing programs will target the following population.

      (i.) Veterans;

(ii.) Youth and Families with Children;

(iii.) Individuals and Families Fleeing Domestic Violence;

(iv.) Non-Chronically Homeless Individuals;

(iv.) Chronically Homeless not requiring Permanent Supportive Housing.

In order to qualify for rapid rehousing, households must fall within the target population as well as satisfy the following criteria:

(i.) Be the highest priority household available within the target population served by the program, as identified through Coordinated Assessment;

(ii.) Other eligibility criteria created at the program level.

If clients are enrolled in multiple rapid rehousing program caution should be taken to ensure that services are not duplicated. However, co-enrollment in differing types of assistance is allowed.

It should be noted that if a client has entered multiple rapid rehousing programs and not found success with this service model, the provider is encouraged to assess and identify whether rapid re-housing is the best approach.

B. Overview of Eligible Activities:

Short- (up to 3 months) and medium-term (4-24 months) rental assistance and housing relocation and stabilization services. Staff salaries related to carrying out rapid re-housing and homelessness prevention activities are also eligible.

C. Housing Relocation and Stabilization Services:

1. *Financial Assistance*: Rental application fees, security deposits, utility deposits, last month's rent, utility payments, and moving costs

2. *Services*: Housing search and placement, housing stability case management, mediation, legal services, and credit repair.

D. Prioritizing Assistance

Rapid Re-housing

In accordance with the Coordinated Assessment Policies and Procedures, priority for the subsidy is given to those households who score highest need in the Rapid Re-

housing score on the VI- SPDAT. The criteria are as follows:

1. VI-SPDAT Score – Those with the highest score within the rapid rehousing range will be served first.
2. Risks Score – Among those with the same VI-SPDAT score, individuals/households with the highest Risks sub-score in the VI-SPDAT will be prioritized first.
3. Length of Time on the Community Queue – Among those with the same VI-SPDAT score and the same Risks score, individuals/households will be served in the order they completed the assessment.

VI-SPDAT

The VI-SPDAT is an assessment tool planned to be use by the coordinated assessment system.

The VI-SPDAT combines the strengths of two widely used existing assessments:

1. The Vulnerability Index (VI), developed by **Community Solutions** using leading medical research, which helps determine the chronicity and medical vulnerability of homeless individuals.
2. The Service Prioritization Decision Assistance Tool (SPDAT), developed by **OrgCode Consulting**, is an intake and case management tool. Based on a wide body of social science research and extensive field testing, the tool helps service providers allocate resources in a logical, targeted way.

The VI-SPDAT is designed to help calibrate the response based on the individual, not merely the general population category into which they may fall (e.g., vulnerable, chronically homeless, etc.). The tool helps identify the best type of support and housing intervention for an individual.

Homeless Prevention

Determination of eligibility and prioritization for homeless prevention requires an in-person assessment (in compliance with COC coordinated entry process) to verify that applicants meet HUD's categorical definition for imminent risk of homelessness, homeless under other federal statutes, fleeing/attempting to flee domestic violence, or at-risk of homelessness and have an annual income at 30% or below of area median income. Homeless status and income eligibility must be documented in client files through third-party verification unless written justification is provided showing that due diligence was conducted substantiating that third-party was not available/accessible. Additionally, the assessment must indicate that prevention assistance would likely allow the applicant to regain stability in their current

permanent housing or access other permanent housing and achieve stability.

E. Structure of Homeless Prevention Assistance

Goal of Assistance:

1. After receipt of assistance, household is able to remain stably housed.
2. At the conclusion of assistance, providers are encouraged to follow-up with household for up to 6 months to monitor and/or evaluate whether household has remained stably housed.

2. Subsidy Amount/Length of Time/Calculation:

Minimum standards for determining how long a particular program participant shall be provided with rental assistance and whether and how the amount of that assistance shall be adjusted over time are:

a. Participants receive approval for the minimum amount of financial assistance necessary to prevent homelessness. Documentation of financial need shall be kept in the participant's file for each month of financial assistance received. Participants shall not be approved for more rental assistance than can be justified given their income and expenses at a given time.
b. Any additional requirements regarding how long a program participant shall be provided with rental assistance and whether and how the amount of that assistance shall be adjusted over time shall be determined by the individual service provider's policies and clearly communicated to program participants.
c. Rental subsidies are provided based on client income and decline in steps based upon a fixed timeline of no more than six (6) months.
d. Utility assistance subsidies must be calculated by the sub-recipient if utilities are not included in the base rent. The fair utility allowance will be calculated based on standards set by the Santa Clara County Housing Authority. Utility allowance calculation forms will be provided to sub-recipients.

3. Subsidy Ending:

a. The goal is for households to "graduate" from the program once they no longer meet the eligibility requirements of the program's funding source and/or a Case Manager determines assistance can be terminated, whichever comes first.
b. An assessment tool is used to determine the need for ongoing assistance every 90 days.
c. If the household does not attain any of these goals, assistance ends after six (6) months.

F. Structure of Rapid Re-Housing Assistance in Coordination with CoC

The structure of rapid rehousing assistance is guided by a philosophy that encourages providers to provide the least amount of assistance to individuals and families to ensure their housing stability. As such providers, together with the client, determine how long or often to provide a subsidy (unless determined by specific grant requirements, regulations, etc.) while at the same time ensuring that program resources are not exhausted.

Matches are facilitated by the Santa Clara County Office of Supportive Housing (OSH) staff. When a housing program has a space available, the designated OSH representative will use the community queue in HMIS to identify the household or individual to be referred by:

- Filtering the community queue based on the type of housing intervention (transitional housing, permanent supportive housing or rapid rehousing) so that it pulls a list of individuals/households that have matched to that type of housing.
- Filtering the community queue based on the eligibility criteria of the housing program.
- Prioritizing the community queue based on the prioritization methodology described above.

The OSH representative will then make a referral in HMIS to the housing program.

OSH staff will provide human judgment and discretion in making referrals based upon the prioritization and match-making methodology laid out in this document. Discretion may include taking into account a client's known preferences when making matches, avoiding referrals to programs where an individual/household has had a serious violation in the past, and addressing inconsistencies or concerns in the assessment or eligibility information entered in HMIS. Any match that requires some flexibility outside the methodology described here requires approval from an OSH senior manager.

1. Goal of Assistance:
   a. After receipt of assistance, household is able to remain stably housed.
   b. At the conclusion of assistance, providers are encouraged to follow-up with household for up to 6 months to monitor and/or evaluate whether household has remained stably housed.
2. Subsidy Amount/Length of Time/Calculation:

   Rapid Re-housing

   a. Short-term rental subsidies are provided for up to four (4) months including an initial deposit.

b. Clients do not need to meet income qualification to receive a short-term rental subsidy.

c. Rental assistance subsidies will pay a percentage of clients' rent with rental assistance decreasing by 25% each month. The schedule is as follows:

(i.) 1st Month & Deposit: 100% of rent and deposit

(ii.) 2nd Month: 75% of rent

(iii.) 3rd Month: 50% of rent

(iv.) 4th Month: 25% of rent

d. Utility assistance subsidies must be calculated by the sub-recipient if utilities are not included in the base rent. The fair utility allowance will be calculated based on standards set by the Santa Clara County Housing Authority. Utility allowance calculation forms will be provided to sub-recipients.

3. Subsidy Ending:

a. The goal is for households to "graduate" from the program once they no longer meet the eligibility requirements of the program's funding source and/or a Case Manager determines assistance can be terminated, whichever comes first.

b. An assessment tool is used to determine the need for ongoing assistance every 90 days.

c. If the household does not attain any of these goals, assistance ends after six (6) months.

4. Move-In Assistance:

a. Move-In Assistance will be targeted to households who are assessed as able to maintain their unit after the assistance. The amount of move-in assistance is determined by the program, within the limits set by the program's funding source.

b. Move-In Assistance may be provided as one-time assistance or in tandem with Rental Assistance/Rental Subsidies.

G. Housing Requirements for Rapid Re-housing in Coordination with CoC

All housing supported by rapid rehousing resources must meet all HUD requirements, including, but not limited to, Housing Quality Standards, rent reasonableness standards, FMR (as relevant), and others.

In addition to the requirements related to receiving Rapid Rehousing resources the CoC encourages providers to implement best practices when locating and securing housing for applicant families.

Best practices include:

1. Overall Best Practices
    a. Set Goals - from the start, identify and set goals with the household to determine what they want
    b. Set Expectations – review the various rules and regulations related to housing – from noise levels to cleanliness to respect for neighbors. Stress the benefits. Differentiate between the household's wants versus their needs (e.g. studio serves the purpose rather than a one-bedroom)
    c. Set Up Support – have in place counseling and case management during housing process to assist with necessary changes as household transitions into housing (e.g. modifying behaviors that may be viewed negatively in residential settings)
    d. Listen to Household – meet regularly, view apartments together, recognize household's ability to decide where they want to live. Have household take an active role on the search
    e. Recognize What Landlords Want – know what landlords are looking for in prospective tenants (tenants who pay on time, maintain property, get along with others)
    f. Address Credit, and Criminal History Issues – educate household on their credit report. Obtain it and review it with household, encourage payment arrangement on utilities to correct discrepancies. Same with criminal history – obtain police records to ensure information is accurate. Work with and identify resources to assist household with cleaning up their criminal record
    g. Work with Landlords – work closely with landlord to provide simple, straightforward explanations of a household's credit/criminal history (face-to-face is best). Once household accepted have landlord and household meet. Prepare household for this first impression (e.g. specific questions the landlord may ask). If household not accepted maintain positive attitude and motivation for possible future opportunity
    h. Understand the Purpose of the Security Deposit – educate the household that the security deposit is a guarantee against damage not unpaid rent. Meet with the landlord and the client to do an inspection and document/photograph any existing damage and include in household's file
    i. Review the Lease – review the lease with the household. Emphasize sections on rent, alteration of the apartment, lease violation, rules relating to guests

and pets. Identify who is responsible for paying the utilities and any additional charges. Encourage the household to ask questions

j. Anticipate Challenges – provide and identify support for household who may be experiencing a major transition and adjustments in routines now that they are housed

2. Financial Assistance Best Practices

a. Service Providers should not issue checks to anyone other than a property owner or property management company. In no situation should a check or payment be made to household or another party

b. Service Providers should verify property ownership by calling the Santa Clara County Tax Assessor. Provide the Assessor with the address of the unit the provider is interested in renting and verify the name of the property owner

c. Service Provider should call the landlord to verify the rental agreement

d. Service providers should mail payment to the property owner and/or property management company. Should the landlord, property owner and/or property management company need the check immediately they may pick it up from the service provider. The household should not pick- up or deliver the payment to the property owner and/or property management company

e. Service providers should consider requiring two signatures for amounts over an identified threshold. All other standard financial procedures should apply including review of canceled checks and review of stale checks that have not been cashed.

G. Client Re-evaluation

Minimum standards for completing eligibility re-evaluations of individuals and families are:

1. Timing:
   a. Homelessness Prevention – participants shall be re-evaluated not less than once every three months
   b. Rapid Rehousing – participants shall be re-evaluated not less than once annually

2. Eligibility:
   a. The participant shall have an annual income that is 30 percent of median family income for the area or less, as determined by HUD; and
   b. The participant shall lack sufficient resources and support networks necessary to retain housing without ESG assistance.

H. Homeless Prevention and Rapid Re-Housing Inspection and Rent Reasonableness Requirements

A subrecipient cannot use ESG funds to help a program participant **remain in** or **move into** housing that does not meet the minimum habitability standards under 576.403(c). This restriction applies to all activities under the Homeless Prevention and Rapid Re-housing components, including rental assistance and housing relocation and stabilization services. In addition:

1. If an eligible household needs homeless prevention assistance to remain in its existing unit, the assistance can only be provided if that unit meets the minimum standards.
2. If an eligible household needs homelessness prevention or rapid re-housing assistance to move to a new unit, the assistance can only be provided if the new unit meets the minimum standards. The unit the household is leaving does to need to be inspected.
3. Minimum standards are required even if **one-time** assistance is provided (e.g. rental arrears, security deposit, etc.)
4. The housing must also comply with other standards established by the City that exceed or add to these minimum standards.
5. The same standards apply regardless of the amount of rental assistance and/or housing relocation and stabilizations services funds involved.
6. The sub-recipient must be sure to document compliance with the ESG habitability standards in the program participant's file.
7. Lead-Based Paint: Households with a pregnant woman or children under 6 who reside or will reside in a housing unit constructed prior to 1978 MUST have the following documents in the file:
    a. Copy of the local assessors' webpage for the housing unit showing the date of construction;
    b. If the housing unit is constructed prior to 1978, HUD's Lead Based Paint worksheet must be completed and maintained in the file
    c. A copy of the housing inspection form completed by sub- recipient staff showing the unit was inspected for lead- based paint issues. If concerns are noted during the inspection the sub-recipient will be required to have the unit tested for lead-based paint OR the household can be assisted with moving costs to relocate the family to a lead-safe housing unit.
        (i.) Housing Standards Inspection: An on-site inspection is required anytime a program participant is receiving ESG financial assistance, including rental assistance, security deposit assistance, utility assistance, etc. A housing unit inspection form must be completed and maintained in the client file.
8. Rent Reasonableness: Rental assistance cannot be provided unless the rent does not exceed the Fair Market Rent established by HUD, as provided under 24 CFR part 888, and complies with HUD's standard of rent reasonableness, as established under 24 CFR part 982.501. For the purpose of calculating rent under

this program, the rent shall equal the sum of the total monthly rent for the unit, any fees required for occupancy under the lease (other than late fees and pet fees) and, if the tenant pays separately for utilities, the monthly allowance for utilities (excluding telephone) established by the public housing authority for the area in which the housing is located.

Ensuring rent reasonableness is very important for effective program operations. If a sub-recipient approves rents that are too high, government funds are wasted, limited housing subsidies are squandered, and speculators may exploit the program to outbid potential homeowners. If rents are approved at levels lower than comparable units in the private market, the better owners do not participate in the program, or they participate only with their lowest-cost and lowest-quality units. In addition, families may be inappropriately restricted in where they can live.

4.4 Homeless Management Information Systems Data Collection

A. Eligible Costs:

1. Staff costs of contributing data to the HMIS designated by the Continuum of Care, including time to complete data entry, monitoring and reviewing data quality, completing data analysis, reporting to HMIS Lead, training staff on using HMIS or comparable database approved by the City, and implementing complying with HMIS requirements. Costs may also include staff travel costs to conduct intake, and paying any participation fees charged by the HMIS Lead.
2. If the sub-recipient is a Victim Services Provider or Legal Services Provider, ESG funds may be used to establish and operate a comparable database that collects client- level data over time and generates unduplicated aggregate reports based on the data. Information entered into a comparable database must not be entered directly into or provided to an HMIS.

B. Restrictions:

Activities funded under this section must comply with HUD's standards on participation, data collection, and reporting under HMIS.

4.5 Administration

The City may use up to 7.5% of the annual ESG allocation for administrative costs related to planning and execution of ESG activities. This does not include overhead costs directly related to carrying out eligible activities. A reasonable portion of allowable administrative costs must be shared with units of general local governments that carry out ESG activities, and may be shared with local nonprofit organizations that carry out ESG activities.

A. Eligible Costs:

1. Costs of overall program management, coordination, monitoring and evaluation, including:
2. Salaries, wages, and related costs of City staff, the staff of sub-recipients, or other staff engaged in program administration. In charging costs to this category, the agency may either include the entire salary, wages and related costs allocable to the program of each persons whose primary responsibility with regard to the program involve program administration assignments, or the prorata share of the salary, wages and related costs of each person whose job includes any program administration assignments. Agencies may use only one of these methods for each fiscal year grant.
3. Program administration costs including:
    a. Preparing program budgets and schedules, and amendments to those budgets and schedules;
    b. Developing systems for assuring compliance with program requirements;
    c. Developing interagency agreements and agreements with sub-recipients and contractors to carry out program activities;
    d. Monitoring program activities for progress and compliance with program requirements;
    e. Preparing reports and other documents directly related to the program for submission to the City or HUD;
    f. Coordinating the resolution of audit and monitoring findings;
    g. Evaluating program results against stated objectives; and
    h. Managing or supervising persons whose primary responsibilities with regard to the program includes such assignments such as those described in this section.
4. Travel costs incurred for monitoring of sub-recipients;
5. Administrative services performed under third-party contracts or agreements, including general legal services, accounting services, and audit services;
6. Other costs for goods and services required for administration of the program, including rental or purchase of equipment, insurance, utilities, office supplies, and rental and maintenance (but not purchase) of office space; and
7. Costs of providing training on ESG requirements and attending HUD-sponsored ESG trainings

4.6 Ineligible Activities

Emergency Solutions Grant amounts may not be used for activities other than those listed above. For example, grant amounts may not be used for:

A. Acquisition or construction of an emergency shelter for the homeless

B. Mortgage assistance

5. PROGRAM REQUIREMENTS

5.1 Grant Awards and Spending Requirements

The amount of ESG allocation received from the U.S. Department of Housing and Urban Development (HUD) varies each year and is awarded to the City via an annual Award Notice. In order to identify the unmet needs of the homeless and at-risk of homelessness in San Jose, agencies applying for an ESG allocation are asked to submit Requests for Application for Funding that is supported by data showing: 1) need for the program; 2) evidence of homeless or at-risk of homelessness population within the community; 3) a plan that summarizes how funds will be used to address the unmet needs of their community; and 4) evidence that the applicant has collaborated with the local Continuum of Care (CoC).

The grant period for the Emergency Solutions Grants Program is 12 months. If it is determined that an agency will not expend the funds within the required time period, funds may be recaptured and reallocated to another agency.

All ESG funds must be obligated within 60 days after the date on which the State made the funds available to the ESG sub-recipient. All projects must begin within sixty (60) days of the award date of the grant award. **If the program has not started within sixty days of the award date without written and justifiable cause, the City reserves the right to rescind the grant award.** Start-up is defined as a significant expenditure of funds indicating overall satisfactory program progress. Funds not obligated/expended within the required periods will be recaptured by the City and redistributed to other eligible entities.

The City reserves the right to recapture ESG funds under the following circumstances:

- When sub-recipients do not meet the performance requirements of the approved project;
- When sub-recipients are unable to meet the deadline requirements as outlined in 24 CFR Part 576; or
- When sub-recipients without appropriate justification have failed to implement the project as set forth in their approved ESGP grant application.

Applicants may be required to submit a timetable outlining the tasks required for the accomplishment of project goals. The timetable submitted will be used to monitor

project performance.

5.2 Eligible Sub-Recipients

The following entities are eligible to submit application for funding under ESG:

- Units of Local Government
- Private Non-Profit Organizations*

The definition of an Emergency Shelter is not restricted to those facilities that provide overnight sleeping accommodations. As a result, day centers and drop-in centers are also eligible to receive ESG funds for eligible activities.

5.3 Match Requirements

An award of ESG funding requires a match with an equal amount of cash or in- kind funds to supplement the ESG program. Matching contributions may be obtained from any source, including any Federal source other than the ESG program, as well as state, local and private sources. However, the following requirements apply to matching contributions from a Federal source of funds:

- The State and the sub-recipient must ensure the laws governing any funds to be used as matching contributions do not prohibit those funds from being used to match ESG funds;
- If ESG funds are used to satisfy the matching requirements of another Federal program then funding from that program may not be used to satisfy the matching requirements under this section.

In order to meet the matching requirement, the matching contributions MUST meet all requirements that apply to the ESG program, and matching funds must be provided after the date that HUD signs the grant agreement. To count toward the required match for the State's fiscal year grant, cash contributions must be expended within the grant deadline, and noncash contributions must be made within the same period. Contributions used to match a previous ESG grant may not be used to match a subsequent ESG grant; and contributions that have been or will be counted as satisfying a matching requirement of another Federal grant or award may not count as satisfying the matching requirement of the ESG allocation.

Eligible types of matching contributions may be met by one or both of the following:

A. *Cash contributions*: Cash expended for allowable costs under the ESG program, and also defined in OMB Circulars A-87 and A-122, may be considered;

B. *Non-cash contributions:* The value of any real property, equipment, goods, or

services contributed to the sub-recipient's ESG program, provided that if the sub-recipient had to pay for them with grant funds, the costs would have been allowable. Noncash contributions may also include the purchase value of any donated building;

C. *Calculating the amount of noncash contributions:* (See below for specific instructions for units of local governments and nonprofit agencies)

   1. To determine the value of any donated material or building, or of any lease, the sub-recipient must use a method reasonably calculated to establish the fair market value.;
   2. Services provided by individuals must be valued at rates consistent with those ordinarily paid for similar work in the sub- recipient's organization. If the sub-recipient does not have employees performing similar work, the rates must be consistent with those ordinarily paid by other employers for similar work in the same labor market;
   3. Some noncash contributions are real property, equipment, goods, or services that, if the sub-recipient had to pay for them with grant funds, the payments would have been indirect costs. Matching credit for these contributions must be given only if the sub- recipient has established, along with its regular indirect cost rate, a special rate for allocating to individual projects or programs the value of those contributions.

D. *Costs paid by program income:* Costs paid by program income shall count toward meeting the State and/or sub-recipient's matching requirements, provided the costs are eligible ESG costs that supplement the sub-recipient's current ESG program.

4.3(a) <u>Instructions for Units of General Local Government</u>: In calculating the amount of matching funds, the time contributed by volunteers shall be determined at the rate consistent with those ordinarily paid for similar work in the grantee's or sub-recipient's organization. If the grantee or sub-recipient does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation. The grantee must maintain evidence of how the rate determination was calculated and be available for review upon request by the City. The grantee will determine the value of any donated material or building, or of any lease, using a method reasonably calculated to establish a fair market value. The City also has provided Attachment 2 in the ESG Program Guidelines for examples of fair market values of donated items. (Refer to 24 CFR 85.24 for further guidance)

4.3(b) <u>Instructions for Non-Profit Agencies</u>: Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as matching if the service is an integral and necessary part of an approved project or program. Rates for volunteer services shall be consistent with those

paid for similar work in the recipient's organization. In those instances in which the required skills are not found in the recipient organization, rates shall be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

5.4 Area-Wide Systems of Coordination Requirements

A. The City and all sub-recipients must consult with each Continuum of Care that serves the sub-recipient's jurisdiction during the allocation phase each program year, including developing performance standards for, and evaluating the outcomes of, projects and activities assisted by ESG funds. In addition, collaboration in developing funding, policies and procedures for administration and operation of HMIS must occur. Agencies requesting ESG funding must demonstrate such collaboration and document that proposed activities will assist the CoC in meeting identified outcomes.

B. The City and all sub-recipients must coordinate and integrate, to the maximum extent practicable, ESG-funded activities with other programs targeted to homeless people in the area covered by the CoC or area over which the services are coordinated to provide a strategic, community-wide system to prevent and end homelessness in that area. Applicants must document how these and other programs will be used in collaboration with proposed ESG-funded activities.

A. Each ESG-funded program or project within the CoC's area must participate in the centralized assessment system in accordance with HUD requirements. Acceptance of an ESG award means the sub-recipient agrees to participate in the centralized assessment or coordinated assessment system implemented by the local CoC.

The City and all sub-recipients must work with the CoC to ensure that screening, assessment, and referral of program participants are consistent with the written standards required in the next section. ***A victim service provider may choose not to use the CoC's centralized or coordinated assessment system***.

assistance, but also other housing programs and services offered within the agency or the community. Applicants should not be orally screened for eligibility by staff unfamiliar with all resources that the potential client may be eligible to receive.

Applicants will be required to submit a detailed explanation of clients to be targeted for assistance with ESG funds in the application process. Keep in mind HUD's priorities and measures when determining program

participant eligibility criteria.

5.5 Termination of Assistance

Each sub-recipient is required to establish a formal process for the termination of assistance to a client. This process must recognize the rights of the individuals affected to a hearing. The sub-recipient must submit a policy on termination of assistance to the City for approval.

5.6 Client Confidentiality and Privacy Policies

Confidentiality Policy: The Department will not divulge personal identifying information of a program participant of the ESG program without the consent from the client. In addition, the Department will not divulge information pertaining to any individual or family domestic violence shelter or treatment facilities. ESG program files that include this type of information will be kept in a locked cabinet or when allowed, shredded to ensure the information is destroyed.

Each sub-recipient must incorporate into their policies and procedures a process that will ensure the confidentiality of program participant's identifying information; records pertaining to any individual or family provided family violence prevention; and treatment services offered under any project assisted with ESG funds. Furthermore, the address or location of any shelter for victims of domestic violence assisted under ESG will be anonymous except upon written authorization from the person or persons responsible for the operation of the shelter for this information to be made public. There should be an area for sub-recipient staff to sign evidencing that they have received a copy of the sub-recipients confidentiality policy, with a copy of the executed document maintained in the ESG program file.

Privacy Policy*:*

Sub-recipients must also create a privacy policy that is incorporate into their policies and procedures, and should include provisions ensuring that sub- recipient staffs are aware of the City's Privacy Policy as well as the sub- recipient's policy. There must include an area for sub-recipient staff to sign that they are familiar with the policy and have received a copy. The executed document is to be maintained in the ESG program file.

5.7 Shelter and Housing Habitability Requirements

The ESG Program interim rule at 24 CFR 576.403, established minimum standards

for safety, sanitation, and privacy in emergency shelters funded with ESG, and minimum habitability standards for permanent housing funded under the Rapid Re-Housing and Homeless Prevention components of ESG.

Whenever ESG funds are used under the Emergency Shelter component for renovation or shelter operations, the building musts meet the minimum standards for safety, sanitation, and privacy provided in 576.403(b). If cash or non-cash contributions (e.g. funds or staff time) used for renovation or shelter operations are to be contributed to the sub-recipients ESG program as match, the emergency shelter must meet the minimum standards, because all matching contributions must meet all requirements that apply to the ESG funds provided by HUD. Documentation of compliance with the minimum standards for emergency shelter activities must be maintained. Note: The same standards apply regardless of the amount of ESG funs involved.

A. Shelter Operation Inspection Requirements

Any emergency shelter that receives ESG funds for shelter operations (including minor repairs) must meet the minimum safety, sanitation, and privacy standards. In addition:

1. If the City established any other standards that add to or exceed HUD's minimum standards, the sub-recipient must ensure that the shelter meets these standards.
2. The shelter must be inspected on-site to ensure that it meets the minimum standards before ESG funds are provided for shelter operations.
3. The shelter must meet all standards for the entire period during which ESG funds are provided for operating the emergency shelter. For example, if operating assistance is provided for 24 months, the shelter must remain in compliance with the minimum standards for those 24 months,
4. If the shelter fails to meet the minimum standards, ESG funds may be used to bring it up to the minimum standards, if available.
5. If the shelter continues to receive ESG shelter operating funds over a period of time, then periodic, on-site inspections must be conducted each time the shelter receives an award. For example, fi the shelter receives an annual allocation of funds, an inspection must be conducted annually.
6. If the shelter is moved to a new site or structure, that new site or structure must meet all emergency shelter standards for the remaining period that ESG funds are used for operating expenses.
7. **Minimum standards do not apply to Essential Services and HMIS activities**

B. Minimum standards for emergency shelters

Any building for which ESG funds are used for conversion, major rehabilitation, or other renovation, must meet state or local government safety and sanitation standards, as applicable, and the following minimum safety, sanitation and privacy standards. Any emergency shelter that receives assistance for shelter operations must also meet the following minimum safety, sanitation and privacy standards:

1. Structure and materials: The shelter building must be structurally sound to protect residents from the elements and not pose any threat to health and safety of the residents. Any renovation, including major rehabilitation and conversion, carried out with ESG assistance must use Energy Star and WaterSense products and appliances;
2. Access: The shelter must be accessible in accordance with Section 504 of the Rehabilitation Act and implementing regulations at 24 CFR part 100; and Title II of the Americans with Disabilities Act and 28 CFR part 35, where applicable;
3. Space and Security: Except where the shelter is intended for day use only, the shelter must provide each participant in the shelter with an acceptable place to sleep and adequate space and security for themselves and their belongings;
4. Interior air quality: Each room or space within the shelter must have a natural or mechanical means of ventilation. The interior air must be free of pollutants at a level that might threaten or harm the health of residents;
5. Water supply: The shelter's water supply must be free of contamination;
6. Sanitary facilities: Each participant in the shelter must have access to sanitary facilities that are in proper operating condition, are private, and are adequate for personal cleanliness and the disposal of human waste;
7. Thermal environment: The shelter must have any necessary heating/cooling facilities in proper operating condition;
8. Illumination and electricity: The shelter must have adequate natural or artificial illumination to permit normal indoor activities and support health and safety. There must be sufficient electrical sources to permit the safe use of electrical appliances in the shelter;
9. Food preparation: Food preparation areas, if any, must contain suitable space and equipment to store, prepare, and serve food in a safe and sanitary manner; Sanitary conditions: The shelter must be maintained in a sanitary manner;
10. Fire safety: There must be at least one working smoke detector in each occupied unit in the shelter. Where possible, smoke detection must be located near sleeping areas. The fire alarm system must be designed for hearing-impaired residents. All public areas of the

shelter must have at least one working smoke detector. There must also be a second means of exiting the building in the event of fire or other emergency.

C. *Minimum standards for permanent housing provided as part of homelessness prevention assistance*

The sub-recipient cannot use ESG funds to help a participant obtain or remain in housing that does not meet the minimum habitability standards provided in this section. Documentation that the unit has met the standards, demonstrated by completion of the City's Housing Standards Inspection checklist, must be placed in the program participant's file:

1. Structure and materials: The structures must be structurally sound to protect residents from elements and not pose any threat to the health and safety of all residents;
2. Space and security: Each resident must be provided adequate space and security for themselves and their belongings. Each resident must be provided an acceptable place to sleep;
3. Interior air quality: Each room or space must have a natural or mechanical means of ventilation. The interior air must be free of pollutants at a level that might threaten or harm the health of residents;
4. Water supply: The water supply must be free from contamination;
5. Sanitary facilities: Residents must have access to sufficient sanitary facilities that are in proper operating condition, are private, and are adequate for personal cleanliness and the disposal of human waste;
6. Thermal environment: The housing must have any necessary heating/cooling facilities in proper operating condition;
7. Illumination and electricity: The structure must have adequate natural or artificial illumination to permit normal indoor activities and support health and safety. There must be sufficient electrical sources to permit the safe use of electrical appliances in the structure;
8. Food preparation: All food preparation areas must contain suitable space and equipment to store, prepare, and serve food in a safe and sanitary manner;
9. Sanitary conditions: The housing must be maintained in a sanitary condition;
10. Fire safety:
    a. *There must be a second means of exiting the building in the event of fire or other emergency*;
    b. Each unit must include at least one battery-operated or hard-wired smoke detector in proper working condition, on each occupied level of the unit. Smoke detectors must be located, to the extent practicable, in a hallway adjacent to a bedroom. If the unit is occupied by hearing

impaired persons, smoke detectors must have an alarm system designed for hearing-impaired persons in each bedroom occupied by a hearing-impaired person;

c. The public areas of all housing must be equipped with a sufficient number, but not less than one for each area, of battery-operated or hard-wired smoke detectors. Public areas include, but are not limited to, laundry rooms, community rooms, day care centers, hallways, stairwells, and other common areas.

If a sub-recipient provides homelessness prevention assistance to a program participant who resides in a unit that cannot meet the minimum standards reflected above, every effort should be made to assist the program participant in relocating to a more appropriate unit.

D. Minimum standards for permanent housing provided as part of rapid re-housing assistance

Program participants receiving ESG-funded rapid re-housing assistance must ensure the unit selected by the program participant meets the minimum requirements of the local Public Housing Authority (PHA) if the program participant is expected to be placed on the Section 8 wait list for long-term housing assistance. Sub-recipients must contact the local PHA for a copy of their housing standards checklist. Copies of completed checklists shall be maintained in program participant files for review by City staff. If the program participant is not expected to apply for Section 8 rental assistance the unit must still meet the requirements of the local housing authority to ensure that program participants are not placed into sub-standard units.

E. Lead-based paint remediation and disclosure

The Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1995, and implementing regulations in 24 CFR part 35, subparts A,B,H,J,K,M and R apply to all shelters assisted under the ESG program and to all housing occupied by program participants. Program Participants must be provided a copy of the Lead-Based paint notification pamphlet if the household has a child under the age of 6, or a pregnant woman is/will be residing in the unit; and it was construction prior to 1978.

5.8 Performance Measures and Priorities Requirements

A. *Planning Strategies:* The HEARTH Act refocuses homelessness-related strategies on the ultimate goal of reducing and ending homelessness and aligns them with the Continuum of Care planning strategies and performance

measures, such as shortening the period of time that persons experience homelessness, and helping persons who were recently homeless avoid becoming homeless again. The change under the HEARTH Act also emphasis the priorities of the Federal Strategic Plan to Prevent and End Homelessness (FSP), which are:

- End chronic homelessness in 5 years
- Prevent/end homelessness among Veterans in 5 years
- Prevent/end homelessness for families, youth, and children in 10 years
- Set path to ending all homelessness

Communities receiving ESG funds should develop formal strategies that will ensure the success of the HEARTH Act.

1. *Performance Standards/Measures:* The City must ensure that programs and activities funded through the ESG program meet certain Performance Standards as set by the local Continuum of Care, the City, and HUD. The following is an example of the types of Standards that the City and its sub-recipients will be required to meet in order to demonstrate success of the ESG program:
   - Reducing the average length of time a person is homeless
   - Reducing returns to homelessness
   - Increasing access to permanent housing
   - Reducing the number of homeless individuals and families
   - Reducing the number of chronically homeless individuals and families
   - Improving employment rate and income amounts of program participants
   - Reducing first time homelessness
   - Preventing homelessness and achieving independent living in permanent housing for families and youth defined as homeless under other Federal programs

Although the City understands many sub-recipients have chosen to provide 1-time emergency rent or utility assistance to prevent homelessness in the past, ***sub-recipients receiving ESG funds must implement programs that will ensure the ongoing housing stability of program participants.***

2. *Critical Need Priority:* HUD strongly encourages each jurisdiction to focus ESG funding on rapidly re-housing individuals and families living on the streets or in emergency shelters into permanent housing. While both rapid re-housing and homelessness prevention are eligible activities, only rapid

re-housing assistance targets those individuals and families living on the streets or in emergency shelters. Effective rapid re-housing programs help people transition out of the homeless assistance system as quickly as possible, decreasing the number of persons who are homeless within a community.

Rapid re-housing also ensures that emergency shelter resources are used to serve individuals and families with the most urgent housing crisis. In contrast, the success of homelessness prevention activities are much more difficult to measure and the prevention assistance is harder to strategically target. These difficulties increase the risk that the use of ESG funds for homelessness prevention assistance will be inefficient at demonstrably preventing people from going to the streets or shelters. As public and nonprofit resources become increasingly strained, rapid re- housing should be given the highest priority under ESG to help ensure that existing resources-both within and outside the homeless assistance system-are used as efficiently as possible to help those most in need

3. *Additional Priorities:* To help the City achieve the goals and priorities reflected above, sub-recipients should use ESG funds to design and implement programs that will:
   - Broaden existing homelessness prevention activities;
   - Emphasize Rapid Re-Housing programs;
   - Help program participants to quickly regain or obtain stability in permanent housing after experiencing a housing crises or homelessness;
   - Enhance alignment of ESG regulations with other Federal, state and local programs to provide better services and care; and
   - Support more coordinated and effective data collection procedures that include timely data entry of program participants served with ESG funds into HMIS, and higher standards of data quality.

NOTE: Program participants are not to be exited from ESG-funded programs and activities unless the sub-recipient can demonstrate improved and/or steady household income necessary to ensure that the household stability, or are terminated in accordance with the formal process established by the sub-recipient.

5.9 Recordkeeping and Reporting Requirements

A. Grant Recordkeeping Requirements

1. Policies and Procedures*:* Policies and procedures must be established in

writing and implemented by the sub-recipient to ensure that ESG funds are used in accordance with the requirements. In addition, sufficient records must be established and maintained to enable the City and HUD to determine whether ESG requirements are being met, including the agency procedures for compliance with all federal regulations and program requirements.

2. Written Standards*:* Written Standards must be established and implemented by sub-recipients which details established criteria for providing ESG assistance, and includes the minimum requirements implemented by the City and the Rural Nevada Continuum of Care (if a rural provider). Written Standards shall be included as part of the sub-recipient's Policies and Procedures.
3. Match Funds: The City and sub-recipients must keep records of the source and use of contributions made to satisfy the matching requirements in 576.201. the records must indicate the particular fiscal year grant for which each matching contribution is counted. The records must show how the value placed on third- party, noncash contributions was derived. To the extent feasible, volunteer services must be supported by the same methods that the organization uses to support the allocation of regular personnel costs.
4. Centralized and coordinated assessment procedures: The City and sub-recipients must keep documentation evidencing the use of, and written intake procedures for, the centralized or coordinated assessment system(s) develop by the Continuum's of Care in accordance with the requirements established by HUD.
5. Services and assistance provided*:* Sub-recipients must keep records of the types of essential services, rental assistance, and housing stabilization and relocation services provider under the State's ESG program, and the amounts spent on these services and assistance, including payroll records if salaries are charged to the grant. The City and its sub-recipients that are units of local government must keep records to demonstrate compliance with the Maintenance of Effort requirement, including records of the local government's annual budgets and sources of funding for street outreach and emergency shelter.
6. Conflicts of Interest: The City and sub-recipients must keep records to show compliance with the conflicts-of-interest requirements in 579.404(a), a copy of the personal conflicts of interest policy or codes of conduct developed and implemented to comply with the requirements of 576.404(b), and records supporting exceptions to the personal conflicts of interest prohibitions. Sub-recipient Conflict of Interest policies must also include instructions to agency staff that may be in the situation of needing assistance themselves, or providing assistance to close friends or family

members, to ensure that ESG funds are not used inappropriately. A copy of the City's Conflict of Interest Policy is located in Section 9 of this Manual.

7. Faith-based activities*:* The City and sub-recipients must document their compliance with the faith-based activities requirements under 576.406.
8. Other federal requirements*:* The City and sub-recipients must document their compliance with the Federal requirements in 576.407, as applicable, including:
    a. Records demonstrating compliance with the nondiscrimination and equal opportunity requirements under 576.407(a), including datac

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

SENT

NOTIFICACIÓN DE AUDIENCIAS PÚBLICAS Y REUNIONES PARA EL PLAN DE ACCIÓN DEL AÑO FISCAL 2018-19

La Ciudad de San José está desarrollando su Plan de Acción Anual del Año Fiscal 2018-19 (AAP). Esta notificación proporciona un programa de Audiencias Públicas y Oportunidades para Comentarios Públicos.

El Plan de Acción Anual identifica las necesidades de vivienda y desarrollo comunitario de la Ciudad, y proporciona un plan de acción de un año para demostrar cómo la Ciudad invertirá los subsidios federales para atender esas necesidades. Estos fondos, que incluyen la concesión del Bloque del Desarrollo de la Comunidad (CDBG, siglas en inglés), Subsidio para Refugios de Emergencia (ESG, siglas en inglés), las Asociaciones de Inversión CASA (HOME, siglas en inglés), y las Oportunidades de la Vivienda para las personas con SIDA (HOPWA, siglas en inglés), de aproximadamente un promedio de $12 millones anualmente, dependiendo del presupuesto federal. El desarrollo de estos planes está significativamente informado por la retroalimentación pública.

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Calendario de audiencias públicas sobre el Plan de Acción Anual del Año Fiscal 2018-2019

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Primera Audiencia Pública del Concilio de la Ciudad sobre el Proyecto Año Fiscal 2018-2019 AAP	Concilio de la Ciudad de San José	Alcaldía de la Ciudad de San José 200 E. Santa Clara Street **Miembros del Concilio de la Ciudad (Wing)**	**5 de junio del 2018** 1:30 p.m.
Audiencia Pública y Recomendación para la aprobación del Proyecto Año Fiscal 2018-2019 AAP	Comisión de Vivienda y Desarrollo Comunitario	Alcaldía de la Ciudad de San José 200 E. Santa Clara St. **Room W – 118-120 (Wing)**	**14 de junio del 2018** 5:45 p.m.
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CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

SENT

NOTIFICACIÓN DE AUDIENCIAS PÚBLICAS Y REUNIONES PARA EL PLAN DE ACCIÓN DEL AÑO FISCAL 2018-19

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oncerning race, ethnicity, disability status, sex, and family characteristics of persons and households who are applicants for, or program participants in, any program or activity funded in whole or in part with ESG funds and affirmative outreach requirements of 576.407(b).

b. Records demonstrating compliance with the uniform administrative requirements in 24 CFR part 85 (for governments) and 24 CFR part 84 (for nonprofit organizations)

c. Records demonstrating compliance with the environmental review requirements, including flood insurance requirements

d. Certifications and disclosure forms required under the lobbying and disclosure requirements in 24 CFR part 87.

9. Relocation: The records must include documentation of compliance with the displacement, relocation, and acquisition requirements of 576.408.

10. Financial records:

a. The City must retain supporting documentation for all costs charged to the ESG grant;

b. The City and its sub-recipients must keep documentation showing that ESG grant funds were spend on allowable costs in accordance with the requirements for eligible activities under 576.101-576.109 and the cost principles in OMB Circulars A-87 and A-122;

c. The City and its sub-recipients must retain records of the receipt and use of program income;

d. The City must keep documentation of compliance with the expenditure limits in 576.100 and the expenditure deadline in 576.203

11. Sub-recipients and contractors:

a. The City must retain copies of all solicitations of and agreements with sub-recipients, records of all payment requests by and dates of payments made to sub- recipients, and documentation of all monitoring and sanctions of sub-recipients, as applicable.

b. The City must keep records of each recaptured and distribution of recaptured funds under 576.501;

c. The City and its sub-recipients must retain copies of all procurement contracts and documentation of compliance with the procurement requirements in 24 CFR 85.36 and 24 CFR 84.40-84.48;

i. The City must ensure that its sub-recipients comply with recordkeeping requirements specified by the City and any HUD notices or regulations.

12. Other records specified by HUD: The City and its sub- recipients must keep other records specified by HUD.

13. Confidentiality:

    The City and its sub-recipients must develop and implement written procedures to ensure:

    a. All records containing personally identifying information (as defined in HUD's standards for participation, data collection, and reporting in HMIS) of any program participant who applies for and/or receives ESG assistance will be kept secure and confidential;

    b. The address or location of any domestic violence, dating violence, sexual assault, or stalking shelter project assisted under the ESG program will not be made public, except with written authorization of the person responsible for the operation of the shelter; and

    c. The address or location of any housing of a program participant will not be made public, except as provided under a preexisting privacy policy of the City or sub- recipient and consistent with state and local laws regarding privacy and obligations of confidentiality.

    The confidentiality procedures of the State and its sub-recipients must be in writing and must be maintained in accordance with this section.

14. Period of record retention*:* All records pertaining to each fiscal year of ESG funds must be retained for the greater of 5 years or the period specified below. Copies made by microfilming, photocopying, or similar method may be substituted for the original records:

    a. Documentation of each program participant's qualification as a family or individual at risk of homelessness, or as a homeless family or individual, and other program participant records must be retained 5 years after the expenditure of all funds from the grant (grant close-out) under with the program participant was served;

    b. Where ESG funds are used for the renovation of an emergency shelter involves costs charged to the ESG grant that exceed 75% of the value of the building before renovation, records must be retained until 10 years after the date that ESG funds are first obligated for the renovation; and

    c. Where ESG funds are used to convert a building into an emergency shelter and the costs charged to the ESG grant for the conversion exceed 75% of the value of the building after conversion, records must be retained until 10 years after the date that ESG funds are first obligated for the conversion.

15. Access to records:

a. Notwithstanding, the confidentiality procedures established under this section, HUD, the HUD Office of the Inspector General, and the Comptroller General of the United States, or any of their authorized representatives, and the City, must have the right of access to all books, documents, papers, or other records of examination, excerpts and transcripts. These rights of access are not limited to the required retention period but last as long as the records are retained;

b. Make available program participant records, along with any financial and program records, for review by the City during periodic monitoring visits. Monitoring of sub-recipients may be conducted by the City, local HUD Office of Community Planning and Development, HUD's Office of Special Needs Assistance Programs, HUD's Office of Inspector General, HUD's Office of Fair Housing and Equal Opportunity, a contractor hired on behalf of the City for the purposes of auditing programs funded through the State, or other authorized state or federal agency, to determine compliance with the requirements of each program. In lieu of a site visit the City may request either copies of supporting documentation in order to conduct a Desk Audit review of a sub-recipient or access to HMIS for review of documentation uploaded to the system;

c. Make available copies of all monitoring letters from other federal, state or local grant funded programs if requested by the City. Copies of any written responses addressing areas of concerns or findings shall be included. These copies shall be provided during monitoring review visits or more frequently if requested by City staff;

d. Public rights: The City must provide citizens, public agencies, and other interested parties with reasonable access (consistent with state and local laws regarding privacy and obligations of confidentiality, and the confidentiality requirements in this part) to records regarding any uses of ESG funds the City received during the preceding 5 years.

16. <u>Performance Reports:</u>

The City must collect and report data on its use of ESG funds in HUD's Integrated Disbursement and Information System (IDIS) and other reporting systems, as specified by HUD. The City must also comply with the reporting requirements in 24 CFR parts 85 and 91 and the reporting requirements under the Federal Funding Accountability and Transparency Act of 2006, which are set forth in Appendix A to 2 CFR part 170;

a. Performance Reports: The City must complete annual reports that shall include an evaluation of the City's progress in meeting specific objectives of providing services to homeless individuals and families, including an evaluation of the progress in meeting specific objectives

for reducing and ending homelessness through:

1. Reaching out to homeless persons and assessing their needs;
2. Addressing the emergency and transitional housing needs of homeless persons;
3. Helping homeless persons make the transition to permanent housing and independent living, including shortening the period of time households experience homelessness; facilitating access for homeless to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again; and
4. Helping low income households avoid becoming homeless, especially extremely low-income and those who are:
   i. Likely to become homeless after being discharged
   ii. Receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

b. Sub-recipients receiving ESG funds must submit reports that include the number of persons assisted, the types of assistance provided, and the project or program outcomes data measured under the performance standards developed in consultation with the Continuum of Care, and other data as required by HUD.

17. Coordination with Continuum of Care's and other programs: The City and its sub-recipients must document their compliance with the requirements of 576.400 for consulting with the Continuum of Care's and coordinating and integrating ESG assistance with programs targeted towards homeless people and mainstream service and assistance programs.
18. Homeless Participation: Not required for State recipients

B. Homeless Prevention and Rapid Re-Housing Recordkeeping Requirements

The following records are required for new clients and clients who have had a break in service but are still eligible to receive additional funding:

1. Client File Recordkeeping: Files of clients served with ESG funds shall be maintained in the order reflected in Exh.10-ESG Client File Checklist. Items required to be placed in the file shall be checked off (N/A entered if "Not Applicable"); signed by the case worker; and verified by a 2nd level of review. This will ensure that all required documents reflecting client eligibility are obtained and retained in every file.
2. Staff Certification: The ESG Staff Certification Form must be completed by both sub-recipient staff and staff supervisor for each client upon entry

into the ESG program, and at each recertification.

3. Initial Evaluations*:* The sub-recipient must conduct an initial evaluation to determine the eligibility of each individual and family's eligibility for ESG assistance and the amount and types of assistance the individual or family needs to regain stability in permanent housing. These evaluations must be conducted in accordance with the centralized or coordinated assessment requirements set forth under 576.400(d) and the written standards developed by the sub-recipient.

4. Other subsidies received by the client: Case managers or other sub-recipient staff must verify that the program participant does not receive subsidies from other federal, state or local funding sources for activities that will be funded with ESG funds. Verifications must be documented and included in the case file.

5. Written third party*:* Verification in writing from a third party (e.g. individual employer, Social Security Administration, welfare office, emergency shelter provider, etc.), either directly to sub-recipient staff or via the applicant **is most preferred**. Third party verification of income, such as a deposit slip showing SSI benefits, might show income after deductions have been made; grantees must document gross income, pre-deductions. Written third party documentation may include completion of a standardized form, such as a verification of income statement.

6. Oral third party*:* Verification from a third party (e.g. individual employer, Social Security Administration, welfare office, etc.) provided by the third party over the telephone or in-person directly to sub-recipient staff. Oral third party verification is acceptable only if written third party verification cannot be obtained. Sub- recipient staff must document reasons why third party written verification could not be obtained in the program participant file. Staff must also notate time called and the name of the employer who provided the information orally.

7. Applicant self-declaration: An affidavit of income and housing status as reported by the program participant is allowable, but is only acceptable if written or verbal third party verification cannot be obtained. Self-declaration of housing status (e.g., eviction) should be rare. Sub-recipient staff must document reasons why third party written or oral verification could not be obtained in the program participant file.

8. At risk of homelessness status*:* For each individual and family who receives ESG homelessness prevention assistance, the records must include the evidence relied upon to establish and verify the participant's "at risk of homelessness" status. This evidence must include an intake and certification form that meets HUD specifications and is completed by the sub-recipient. The evidence must also include:

a. If the program participant meets the criteria under paragraph (1) of the "at risk of homelessness" definition in 576.2, including:

(i.) The participant's certification on a form specified by HUD that the participant has insufficient financial resources and support networks (family, friends, faith-based or other social networks) immediately available to attain housing stability and meets one or more of the conditions under paragraph (1)(iii) of the definition of "at risk of homelessness" in 576.2; The most reliable evidence available to show that the participant does not have sufficient resources or support networks immediately available to prevent them from moving into an emergency shelter or other place described in paragraph (1) of the "homeless" definition. Acceptable evidence includes:

b. Source documents (notices of termination from employment, unemployment compensation statement, bank statements, health- care bill showing arrears, utility bill showing arrears, etc);

(i.) To the extent that source documents are unobtainable, a written statement by the relevant third party (former employer, public administrator, relative, etc.) or the written certification by the sub-recipient's intake staff of the oral verification by the relevant third party that meets one or both of the criteria under paragraph (1)(ii) of the definition of "at risk of homelessness" in 576.2; or

(ii.) To the extent that source documentation and third- party verifications are unobtainable, a written statement by the sub-recipient's intake staff describing the efforts taken to obtain the required evidence; and

(iii.) The most reliable evidence available to show that the program participant meets one or more of the conditions under paragraph (1)(iii) of the definition of "at risk of homelessness" in 576.2. Acceptable evidence includes:

c. Source documents that evidence one or more of the conditions under paragraph (1) (iii) of the definition (eviction notice, notice of termination from employment, bank statements, etc);

(i.) To the extent that source documents are unobtainable, a written statement by the relevant third party (former employer, owner, primary leaseholder, hotel/motel manager, etc) or written certification by the sub-recipient's intake staff of the oral verification by the relevant third party that the applicant meets one or more of the criteria in 576.2-definition of "at risk of homelessness"; or

(ii.) To the extent that source documents and third- party verifications

are unobtainable, a written statement by the sub-recipient's intake staff that the staff person has visited the applicant's residence and determined that the applicant meets one or more of the criteria under paragraph (1)(iii) of the definition or, if a visit is not practicable or relevant to the determination, a written statement by the sub-recipient's intake staff describing the efforts taken to obtain the required evidence.

Note: Although the following description meets the definition of homeless under new regulations, clients meeting this criteria can only be provided homelessness prevention assistance.

(iii.) Homeless status*:* For each individual and family who receives ESG rapid re-housing assistance, records must include the evidence relied upon to establish and verify the participant's "homeless" status. This evidence must include an intake and certification form that meets HUD specifications and is completed by the sub-recipient. The evidence must include:

(a.) Evidence that the program participant meets the criteria of the "homeless" definition in 576.2,

(b.) Is an individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

- An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park abandoned building, bus or train station, airport, or camping ground;
- An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by Federal, state or local government programs for low income individuals); or
- An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution; or
- Any individual or family who:
  - Who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life- threatening conditions that relate to violence against the individual or family member, including a child, that has either taken place within the individual's or family's primary nighttime

residence or has made the individual or family afraid to return to their primary nighttime residence.

- Has no other residence; and
- Lacks the resources or support networks to obtain other permanent housing.

(iv.) Source documentation that documents homeless housing status must be maintain the program participant's file.

Appendix D: Table of Acronyms

AHIF	Affordable Housing Impact Fee
BEGIN	Building Equity and Growth in Neighborhoods
CAPER	Consolidated Annual Performance Evaluation Report
CBO	Community-Based Organization
CDBG	Community Development Block Grant Program
CDI	Community Development Initiative
CHDO	Community Housing Development Organization
CIP	Capital Improvement Projects
CoC	Continuum of Care
ESG	Emergency Solutions Grant
FSS	Family Self Sufficiency
FY	Fiscal Year
HACSC	Housing Authority of the County of Santa Clara
HEARTH	Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009
HMIS	Homeless Management Information System
HOME	HOME Investment Partnerships Program
HOPWA	Housing Opportunities for Persons with AIDS
HTF	Housing Trust Fund
HTSV	Housing Trust Silicon Valley
IIG	Infill Infrastructure Grant
HUD	United States Department of Housing and Urban Development
LBP	Lead-Based Paint
LIHTC	Low Income Housing Tax Credit
LMI	Low-and moderate-income
MCC	Mortgage Credit Certificates
MHSA	Mental Health Services Act
MTW	Moving to Work
NED	Non-Elderly Disabled
NOFA	Notice of Funding Availability
NSP	Neighborhood Stabilization Program
RDA	Redevelopment Agency
RFP	Request for Proposal
Section 8	Section 8 Housing Choice Voucher Program
TBRA	Tenant-Based Rental Assistance
VASH	Veterans Affairs Supportive Housing
WIOA	Workforce Innovation and Opportunity Act

HCDC AGENDA: 5/9/19
ITEM: VII-C

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HOUSING & COMMUNITY DEVELOPMENT COMMISSION

FROM: Ragan Henninger

SUBJECT: **SEE BELOW**

DATE: May 2, 2019

Approved

Date

SUBJECT: MODERATE-INCOME HOUSING STRATEGY UPDATE

RECOMMENDATION

Review the staff report on current strategies to support the creation of housing for moderate-income and other "missing middle" residents in San José, and make possible recommendation to the City Council on moderate-income housing strategies.

EXECUTIVE SUMMARY

This report serves as an update on the various strategies that the Housing Department is pursuing to foster the creation of housing to moderate-income residents in San José. These strategies include studying different financing structures and sources, promoting the production of Accessory Dwelling Units, determining feasibility of a privately-funded loan fund, incorporating incentives to build moderate-income housing in North San José, and investigating acquisition/rehabilitation program options. Staff is currently hiring a consultant to provide a report on additional moderate-income housing strategies and recommendations of those appropriate for San José. Staff intends to return to the City Council for an update and potential further direction after the report is completed in late 2019.

BACKGROUND

City Council Direction

On September 28, 2017, the Mayor issued a memorandum entitled "Responding to the Housing Crisis." This memo identified strategies to address the housing crisis and directed staff to identify which items could be implemented to facilitate the development of 15,000 market-rate and 10,000 affordable residential units by 2022.

On June 6, 2017, the City Council's Community and Economic Development Committee approved the Department's Affordable Housing Investment Plan for FY 2016/17 – 2017/18. As part of that approval, staff was directed to return to the Committee with a moderate-income housing strategy that included policy development options such as: legislation that could facilitate development; encouraging affordability by design; densification in key opportunity development areas; and, leveraging private corporate funds.

On June 12, 2018, the City Council approved the Department's Affordable Housing Investment Plan for FY 2017/18 – 2021/22 and the Housing Crisis Response Workplan. The Investment Plan presented the Administration's plan to support the development of affordable housing. Included in the City Council's approval of the Housing Crisis Response Workplan is direction for staff to create a moderate-income housing strategy. The strategy should address "missing middle" housing, including streamlined and innovative approaches to development and financing structures. It should also suggest a framework on the "acquisition of existing older multi-housing stock to preserve as deed-restricted moderate income housing." In addition, the Housing Crisis Response Workplan includes direction for Housing Department staff to work on several initiatives that could facilitate moderate-income housing. These include the following: making additional residential units available in North San José; encouraging private, public and nonprofit investments in affordable housing; exploring the creation of a Community Land Trust; and, leveraging private dollars for "missing middle" housing, among others.

On August 31, 2018, the City issued a $100 million Notice of Funding Availability (NOFA) for affordable housing subsidies. The Information Memorandum issued on February 4, 2019, summarizing results from the NOFA indicates that 5% of the 1,144 new affordable units that could be facilitated by funding awards, assuming City Council approvals, would be targeted to households between 61 and 80% AMI. This income group is considered to be within the "missing middle" income range, as explained in the Analysis section below.

Mayor Liccardo's Budget Message of March 8, 2019, directs the City Manager to identify $10 million of Inclusionary Program fee revenue to provide an investment in "missing middle" housing. This expenditure would align with Governor Newsom's January Proposed Budget called for an investment of $500 million for the development of housing for the Missing Middle housing through the expansion of California Housing Finance Agency's (CalHFA) Mixed-Income Loan Program.

On April 9, 2019, the City Council approved an Update to the Department's Affordable Housing Investment Plan. The Updated Investment Plan includes the expenditure of $10 million for "missing middle" housing for residents, per the Mayor's Budget Message.

Table 1 below contains links to several reports listed in this memorandum.

Table 1: Summary of Relevant Reports

Date	Report	Summary
June 6, 2017 (City Council)	FY 2016/17 – 2017/18 Affordable Housing Investment Plan	Investment Plan approval includes direction to return to the Committee with a moderate-income housing strategy that includes policy development options.
September 28, 2017	Mayor's Memo entitled *Responding to the Housing Crisis*	15-point strategy leading to the development of 25,000 homes in five years, of which 10,000 would be affordable
April 23, 2018 (CEDC) June 12, 2018 (City Council)	FY 2017/18 - FY 2021/22 Affordable Housing Investment Plan	Investment Plan identified challenges in meeting the City Council's goal of creating 10,000 affordable homes, and addressed potential funding and other related strategies to try to meet the goal
June 12, 2018 (City Council)	Housing Crisis Response Workplan	Workplan discussed possible means to increase housing production that were identified in both the Mayor's 2017 memo and the Investment Plan
February 25, 2019 (CEDC) March 19, 2018 (City Council)	Housing Crisis Response Workplan Update	Provided an update on the status of implementing the action items identified in the Housing Crisis Response Workplan
March 8, 2019	Mayor's Budget Message	Directed Housing Department staff to return during the budget process with a cost estimate for the creation of an affordable housing fund leveraging private investment for "missing middle" housing
March 25, 2019 (CEDC) April 9, 2019 (City Council)	Update to the Affordable Housing Investment Plan	Approved the use of $10 million for "missing middle" housing

Clarifying Definitions and Focus on Moderate-income Housing

As noted above, the original direction from the City Council was to investigate "moderate-income" housing strategies. "Moderate-income" housing is defined under the California Health and Safety Code as serving households with incomes in the range of 81% to 120% of Area Median Income (AMI). Per the current income limits that the State issued in 2018 for Santa Clara County, which depend on family size, a moderate-income three-person family would earn between $85,050 and $135,250 per year. A single person as of 2018 would be considered to be moderate-income if they earned between $66,150 and $105,200 per year. See Table 2 below for the current maximum incomes for each category in Santa Clara County, issued by the State of California.

Table 2: 2018 Income Limits for Santa Clara County[1]

INCOME CATEGORY	NUMBER OF PERSONS IN HOUSEHOLD							
	1	2	3	4	5	6	7	8
Extremely Low-Income	27,950	31,950	35,950	39,900	43,100	46,300	49,500	52,700
Very Low-Income	46,550	53,200	59,850	66,500	71,850	77,150	82,500	87,800
Low-Income	**66,150**	**75,600**	**85,050**	**94,450**	**102,050**	**109,600**	**117,150**	**124,700**
Moderate-Income	**105,200**	**120,200**	**135,250**	**150,250**	**162,250**	**174,300**	**186,300**	**198,350**

***Source**: California Department of Housing and Community Development, 2018 and Source: California Employment Development Department, 2018.*

Several of the City Council's more recent motions direct staff to determine how to serve the "missing middle." There is no standard definition for "missing middle," although it generally means households that make a decent income but still are stretched to afford high housing costs. Based on staff's research, this label can refer to anyone making from 61% AMI to 150% AMI, depending on the circumstances and the cost of the local housing market.

Many low-income residents with incomes in the 61-80% AMI range struggle daily to afford housing in our expensive market. As an example, this would include families of three people with total income between $71,820 and $85,050 in 2018. However, the income range served by the vast majority of the City's existing restricted affordable apartments is 60% AMI and below. Recent changes to tax credit regulations at the federal level and in California allow new developments to serve residents between 61% and 80% AMI so long as the average affordability does not exceed 50% AMI. In the near-term, there will be a small percentage of new apartments targeting this income group.

Further, some strategies that could be appropriate to house moderate-income people could also help those at slightly higher incomes. The range of incomes at 121-150% AMI is commonly referred to as "middle income." In 2018, a three-person household in the middle-income range would have earned between $135,250 and $225,400. None of the affordable apartments that the City oversees serve middle-income residents, as the privately-financed housing market generally serves this income group.

The City Council's original direction to staff to focus on moderate-income housing; accordingly, staff's work has focused on advancing for residents in this group who earn 81 to 120% AMI. In the current reporting cycle, the City's achievements in the State's Regional Housing Needs Allocation (RHNA) for this income group have been quite low. There are very few housing tools

[1] **Note**: Bolded rows indicate the Moderate-income range; bold outlines indicate high and low incomes for the entire Moderate-income range at different household sizes. For example, a one-person household that earns more than $66,150 but less than $105,200 is considered to be at a Moderate-income level.

currently to meet the needs of these residents. Therefore, moderate-income housing is the focus of this report, while the rest of the "missing middle" is also addressed as appropriate.

Moderate-income Residents and Housing in San José

A large proportion of San Jose's population qualifies as moderate-income. Census data estimates that 65,354 households in San Jose qualify as moderate-income. This constitutes approximately 20% of all households in the City.[2]

Selected jobs that pay moderate-income wages are indicated in **Attachment A**. The vertical dotted lines indicate the boundaries of moderate-income wage rates, according to household size (one to eight people). Jobs that pay in this range include teachers, mechanics, social workers, accountants, registered nurses, and computer hardware engineers.

Historically, the City has invested the majority of its funds available for affordable housing to provide deed-restricted rental housing for low-, very low- and extremely low-income housing. The primary funding source for the creation of this deed-restricted housing was redevelopment tax-increment funds designated for affordable housing. Prior to redevelopment dissolution in 2012, the City also operated a very successful homebuyer down payment assistance programs for low- and moderate-income households. This included a homebuyer program for teachers and public school employees, funded by redevelopment funds, as well as pass-throughs of State BEGIN and CalHOME funding awards for down payment assistance. Since the elimination of redevelopment, both the City's strategies and the State's redevelopment program income reuse rules have supported an even greater emphasis on using limited resources for people with the greatest need; therefore, the Housing Department is no longer allowed to use any of its repayments of redevelopment-funded loans for moderate-income housing. As noted in the Affordable Housing Investment Plan, the Department has extremely limited funds for this income group.

During the 1990s and early/mid-2000s, the local housing market was able to produce moderate-income housing with little, if any, financial subsidy from the City. For new construction apartments, some developers produced apartments under the City's inclusionary housing program with no City subsidy. Many inclusionary rental developments continue to offer rents for households with incomes up to 50% and up to 60% AMI. Rental housing opportunities for low- and moderate-income housing used to be funded with 4% tax credit investments combined with tax-exempt multifamily housing revenue bond financing. City subsidies were not needed for these "bonds and tax credits only" projects that focused on acquisition and rehabilitation of existing apartment complexes. Tax-exempt bonds require only a portion of apartments to be income-restricted, while the rest of the apartments can charge market-rate rents. During that time, market-rate rents were affordable to renters with incomes from low-income to moderate-income levels.

[2] American Community Survey One-year Estimates for San Jose, 2017.

San José's current for-sale home prices[3] require a hefty subsidy to enable moderate-income households to purchase a home. The current estimated gap to bring a median priced market-rate condominium or townhouse of $776,000 to be affordable to a 120% AMI buyer priced at the highest level allowable – 110% AMI – produces a gap of approximately $320,500.[4] For the median-priced single family detached home of $1,125,000, the gap is much larger – approximately $729,200. These conditions make it cost-prohibitive for the City to run traditional homebuyer down payment assistance programs that were previously funded annually with several million dollars in redevelopment funds, at much lower subsidy levels per household.

ANALYSIS

Since the City Council's original requests to examine how to improve the City's provision of moderate-income homes, staff has worked on several initiatives to foster moderate-income housing in our high-cost market.

At the same time, staff will monitor how many low-income households between 61% and 80% AMI are served by various existing affordable housing strategies. These include new tax credit-funded developments that the City subsidizes, and apartments that could be created per the City's Inclusionary Housing Ordinance. As these households at 61-80% AMI have fewer resources than those at moderate-income levels, and as they are not served by the vast majority of the City's restricted affordable apartments, they also deserve additional staff focus. However, low-income households between 51% and 60% AMI *are* served regularly by tax-credit financed developments; therefore, the City's low-income (51-80% AMI) RHNA achievement is better than for the moderate-income range.

Updates on staff's progress on the various strategies for moderate-income housing are as follows.

Improved Regional Housing Needs Allocation Counting Methodology

In early 2018, staff developed and used a new methodology to count moderate-income housing units for purposes of annual reporting to the State on the City's Regional Housing Needs Allocation (RHNA) count. The State's guidance on RHNA for this level of affordability does not require recorded affordability restrictions, but does allow cities to count homes that meet the affordable housing cost definition for moderate-income (priced at or below costs based on 110% AMI household assuming a 30% payment standard.) Staff's methodology involves trended estimates on rents in the zip code for which building permits are issued during the calendar year in order to estimate whether the likely rents of a forthcoming building's apartments is in the moderate-income range. Using this revised methodology, the City's report on its 2018 Housing

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[3] Santa Clara Association of Realtors data, Mar. 2019, https://www.sccaor.com/housing-stats/.

[4] Calculations as of 04/30/2019 assume 30-year Freddie Mac fixed-rate mortgage rate of 4.20%, PMI of 85 bps, 35% housing cost ratio, and $1,772 total cost for non-PITI monthly expenses (taxes, insurance, HOA, maintenance, etc.).

Element to the State[5] identified 1,300 apartments that were counted as affordable to moderate-income households based upon market conditions. However, it should be noted these are estimates. In addition, it is uncertain how long the homes would remain affordable to moderate-income households because of the lack of affordability restrictions that require that homes remain affordable over time. Staff will review the actual rents when the developments begin leasing to validate the methodology.

The private market has been able to produce some moderate-income units; however, development of these units needs to be accelerated. Developers have pulled building permits for an estimated 1,585 homes to serve moderate-income residents since 2014. This is less than half of the production level (3,515) that should have been achieved as of the end of 2018, and is 26% of the City's total goal of 6,188 moderate-income homes to achieve by 2022. The City's remaining moderate-income housing goal is therefore 4,603 homes to achieve in the four years remaining in the current RHNA cycle, or an average of 1,151 units per year.

Challenges in Financing Moderate-income Affordable Apartments

While the current average rent for apartments of all ages in the San José market is in the moderate-income range,[6] new Class A apartments in Downtown and North San José are coming on-line priced well above the City's median rent level. Construction costs have risen significantly over the past few years in the Bay Area.[7] Therefore, apartment buildings now under construction in San José likely have lower development costs than projected for developments now in their predevelopment phase that have not yet been built. This indicates that apartment developments that have not yet started construction will likely need to get higher rents in order to cover their higher costs, as long as sufficient demand for units exists at those higher rents.

There are three clear financial challenges in producing moderate-income apartments that are different than for more deeply-affordable apartments. First, federal and state low-income housing tax credits create incentives for investors to put equity into apartments for residents at or below 80% AMI. However, there are no analogous federal or state tax credits to support the creation of moderately-affordable units. This leaves moderate-income housing developments out of the tax credit equity investor market. The supply of tax credit equity to enable affordability is very important, as it contributes perhaps 20-25% of projects' total development costs. It also typically requires lower rates of return than for private equity invested in market-rate developments.

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[5] https://sanjose.legistar.com/LegislationDetail.aspx?ID=3877385&GUID=0B4E7599-789B-4B74-AD73-54ED03CC3DE5.

[6] City of San José Housing Department, *San José Housing Market Update Q4 2018*, p.2 (median rent for 2BR $2,674 requires salary of $106,960/year for presumed household of three at approximately 95% AMI), http://www.sanjoseca.gov/DocumentCenter/View/83420.

[7] Hansen, Louis, "New Bay Area crown: Most expensive place in the world to build," *Mercury News*, Apr 25., 2019, https://www.mercurynews.com/2019/04/25/new-bay-area-crown-most-expensive-place-to-build-in-the-world/.

Second, few sources of City funding for affordable housing can be used for moderate-income housing.[8] City funding also brings prevailing wage requirements in San Jose, which can add to development costs. For these reasons, it would be difficult for the City to subsidize significant production of moderate-income housing.

Third, while the State's welfare tax exemption exempts low-income apartments at or below 80% AMI from property tax if certain conditions are met, no such exemption currently for moderate-income apartments. The resulting increase in operating costs therefore requires higher rents in order to cover costs. State legislation has been introduced for the past two sessions that would create a property tax exemption for moderate-income apartments. The current bill, AB 1734 (Chiu et al., 2019)[9], would reduce taxes on moderate-income apartments with state or local funding only if their rents remain well below market and if other conditions are met. The bill currently features a five-year sunset provision. The downside of this type of legislation is that it would reduce the near-term property tax collected in the County, therefore reducing the City's revenues.

Staff could do further research on the potential cost to the City of this real estate tax exemption for moderate-income apartments if the City Council were interested in this legislation.

Investigation Continues into a Moderate-income Debt Fund and Other Financing Products

Given the challenges explained above, and given City Council's direction, staff engaged consulting help from David Rosen and Associates (DRA) in 2018. DRA's analysis[10] (**Attachment B**) has focused on how to incent forthcoming market-rate housing production in San José to include a small percentage of moderately-priced restricted affordable apartments. The consultant's assumptions for development costs, types of buildings, and submarket rents are consistent with those presented in late 2018 to the City Council in the Cost of Residential Development. Given these assumptions, which were further refined in early 2019, DRA's financial and market analysis indicates that the use of reasonable-cost mezzanine financing could potentially incent these units to be created for developers who use outside financing sources. The mezzanine loans would be in second position behind short-term construction financing. A fund could be created, to be capitalized with private investors' funds, while the City's role, if any, would be limited and would not include providing capital for development. Further analysis on the structure of a potential fund and other alternatives is ongoing. Approvals from the Finance Department and City Attorney's Office also would be necessary to pursue this strategy.

To support this work, staff will provide information as directed in the Mayor's Budget Message to include estimates of potential start-up costs that would be involved to conduct the necessary

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[8] Affordable Housing Investment Plan Update, https://sanjose.legistar.com/LegislationDetail.aspx?ID=3898363&GUID=D44B3214-4A39-4671-AC57-025450DF0794.
[9] AB 1734, http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB1734.
[10] David Rosen & Associates, *Moderate-income Housing Fund for San José revised findings,* Jan. 17, 2019.

legal review and otherwise further advance this fund, or a similar fund structure, in order to encourage some moderate-income apartment production.

Production of Accessory Dwelling Units is Rising

Accessory Dwelling Units (ADUs) are known by several names, including "secondary units", "in-law units" and "granny flats." They consist of a standalone or attached small home built in single family areas. They range in size from a studio to two-bedroom units. ADUs are thought to be an alternative type of housing that can provide moderate-cost housing opportunities. They are a particularly appropriate type of production for a City like San José, with a large single family housing stock.

Accordingly, the City has made several positive changes in the past 2.5 years to encourage the production of ADUs. In November 2016, the City Council approved amendments to the City's Secondary Unit code[11] which loosened existing zoning regulations and incorporated changes made to State law in 2016. Staff from the Department of Planning, Building and Code Enforcement also created a dedicated webpage for ADUs and simplified the process to apply for building permits. Due to these local efforts and to State law changes, San José's ADU production has been increasing significantly. The City issued 21 ADU permits in 2014 and 17 ADU permits in 2015. But in 2016, the number increased to 38 ADUs despite changes to zoning code being made at the end of the year, which almost doubled the annual rate of permits issued in the previous two years. In 2017, 92 ADU building permits were issued, while 190 ADU building permits were issued in 2018.[12] The 2018 permitting rate was nine times as great as that in 2014, indicating the positive impact from recent changes to promote the production of ADUs.

It is likely that a portion of ADUs will be priced by private owners as affordable to moderate-income households. This likelihood is supported by rent studies on ADUs in the Bay Area and other cities.[13] Staff from the Housing Department and Planning, Building and Code Enforcement plan to implement a way to collect initial rents data when owners pull building permits for their ADUs. Once rents are collected, staff will accordingly reflect those ADUs that qualify as moderate-income units for the RHNA count. Further, the Housing Department has agreed to help Planning, Building and Code Enforcement to fund a video to further assist homeowners considering ADU construction.

Finally, City staff is working very closely with the Housing Trust of Silicon Valley to try to spur the production of ADUs. Staff from Planning, Building and Code Enforcement regularly teams with Housing Trust staff to hold homeowner outreach events for those interested in building ADUs. City staff shares information on what types of units are possible to build, how to go through San José's permitting process, and what San José's regulations permit. The Housing

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[11] Section 20.30.150 of the City's Municipal Code.

[12] *San José Housing Market Update Q4 2018*, p.5, http://www.sanjoseca.gov/DocumentCenter/View/83420.

[13] Garcia, David, *ADU Update: Early Lessons and Impacts of California's State and Local Policy Changes* (Dec. 2017), p. 2; Chapple, Karen et al., *Jumpstarting the Market for Accessory Dwelling Units* (2017) p.18; 21 Elements, *Affordability of Accessory Dwelling Units* (Apr. 9, 2014).

Trust has also helped to compile cost data for staff. This data has helped to inform both the City's strategies and its analysis of legislation that could potentially affect local governments' ability to charge fees for ADUs.

The Housing Trust also is in the process of finalizing an ADU construction loan product that would enable homeowners to borrow funds to build ADUs. The loan is designed to be refinanced by a traditional commercial mortgage after three years, and it is more flexible than conventional loans in allowing ADU rents to be underwritten. The loan would carry an affordability requirement for an ADU's tenant for at least the term of the loan, for which the Housing Trust would administer compliance. Housing staff is working actively with the Housing Trust to create a companion grant that complements the Housing Trust's financing product in order to financially incent homeowners to rent to moderate-income households starting in FY 2019-20.

Affordable Housing Production in North San José Could Include Moderate-income Homes

Housing Department staff have collaborated closely with the Office of Economic Development, Department of Planning, Building and Code Enforcement, and the Department of Transportation to identify ways to incent developers to produce affordable homes as the City anticipates opening the next allocation of 8,000 housing units in North San José. The update to the North San José Area Development Policy also requires clarification of affordability levels in the Policy's stated goal of at least 20% of all housing built in North San José to be restricted affordable homes. Staff is analyzing whether and how some "missing middle" housing could be produced through incentives to build new affordable rental and for-sale homes in that area after the housing allocation is released. The housing release is anticipated to occur in the next six months, and further details are expected to come to the City Council in mid-2019.

Alternative Financing Structures and Partnerships Are Possible

Senior staff from several departments have been involved with evaluating the potential for City-owned and State-owned sites to be reimagined and redeveloped into denser mixed-use forms that incorporate some housing. It is possible that moderate-income housing could be produced as part of these redevelopments, which would likely involve public/private partnerships that involve private debt and equity, and potentially the City's issuance of certain types of public purpose bonds.

Further, Housing staff has met with other cities, CalHFA, Freddie Mac, and municipal finance professionals to discuss different financing structures for new construction that include some moderate-income apartments. Some of these structures involve City funding and/or City issuance of tax-exempt bonds. Senior loan products, such as those from Freddie Mac and CalHFA, may or may not require some subsidy from the City or City bond issuance. Staff is examining pros and cons of different structures. If any prove to be promising, and/or are identified by the City's consultant, Housing staff will investigate further together with other departments' staff and external counsel, if appropriate. Staff also may elect to convene local market-rate and affordable housing developers to educate them and to gauge their interest.

Investigating Community Land Trusts and Shared Equity Housing Models

In Spring 2019, Housing staff participated in a convening hosted by the Silicon Valley Community Foundation that focused on different ways to help promote housing security for South Bay residents at a range of incomes. Some of the dozens of strategies discussed included community land trusts, shared equity models of homeownership, and ways in which community groups could be notified and potentially form organizations to purchase apartment buildings in order to help stabilize neighborhoods. This convening added to staff's ongoing research of the necessary ingredients to success in establishing a financially viable community land trust. Staff has asked for consulting assistance (explained below) to further identify potentially viable strategies such as these.

Acquisition / Rehabilitation of Existing Apartments

In the City Council's direction through Housing Crisis Response Workplan, Housing Department staff is currently analyzing an acquisition/rehabilitation strategy. In the City Council's April 2019 approval of the Housing Department's Update to the Affordable Housing Investment Plan, it confirmed that up to $10 million of the Department's limited resources should be used for acquisition/rehabilitation strategy. Acquisition and rehabilitation of existing market-rate properties that may be naturally affordable has been shown to help stabilize renters, decrease their potential for displacement, and create additional long-term restricted affordability. According to developers and staff from cities that regularly fund acquisition/rehabilitation, some existing residents of these buildings may fall in the "missing middle" income range. In an effort to avoid displacement of residents from their homes, sources of City financing need to be able to accommodate moderate-income households.

Staff is currently looking at several options for acquisition/rehabilitation programs, although more may surface. First, staff could potentially use these funds to fund the acquisition/ rehabilitation of what would be a typical tax credit project of 50 to 125 apartments. While underwriting standards differ for this use from those used in the City's new construction NOFA, they are similar. A second option would involve focusing on higher numbers of smaller buildings with mission-oriented developers who may want to focus in certain neighborhoods. Enterprise Communities, a national nonprofit intermediary, is facilitating information sharing among Bay Area localities using this strategy, which include San Francisco, Oakland and San Mateo County. Both of these strategies require significant City funding for what could potentially be moderate-income apartments, based on existing residents' incomes. Localities that are actively employing these strategies may use funds from inclusionary housing in-lieu fees, but more commonly use funds from general obligation bonds for affordable housing, which provide the needed flexibility.

A third possible option involves an innovative structure involving a bond issuance through a joint powers authority with the City as a member, and a City-related entity would have the option to assume ownership of the development at a predetermined time if it so desires. Staff from Housing and Finance Departments, the City Attorney's Office, and external advisors have met twice with developers and counsel to explore on this potential idea, which was recently used with

the City of Santa Rosa. Staff is continuing these conversations. Residents at a broad range of incomes – including moderate-income – could potentially be served with this structure.

Housing staff expects to bring to the City Council its recommendations on acquisition/ rehabilitation funding and potential program(s) later in 2019.

Moderate-income Consultant Report is Underway

In April 2019, the Housing Department issued a Request for Proposals for a consultant to research and provide the City with a report outlining informed options on how to best address the housing needs of San José's moderate-income families in a manner that makes the best use of extremely limited public resources. In achieving this objective, the selected consultant will analyze San José-specific data, consider the City's ongoing work, review recent and forthcoming reports (such as those from the Milliken Institute, SV@Home, and Grounded Solutions), and review other cities' best practices. Strategies to be examined include land use entitlements and physical dwelling types, financing products and structures, and different programs and policies that can help result in housing for moderate-income households. In addition, the consultant scope includes analysis as to whether 'naturally affordable' housing remains affordable over the medium- to long-term, and what types of programs could help middle-income households (121-150% AMI) to obtain affordable housing.

The goal is for staff to return with findings from the consultant, and potential recommendations on other "missing middle" housing strategies, to the City Council in late 2019.

Conclusion

Staff proposes to continue its focus on identifying strategies to serve moderate-income households (81-120% AMI). The City is obligated to serve this income group through its RHNA goals, and it is included in the definition of affordable housing in State law. The City's previous support of this income group was through homebuyer programs, which the City no longer offers. There are few existing affordable housing tools to serve this income group, which is why it requires staff's focus.

In addition, staff will be tracking new housing opportunities being created for the lower end of the "missing middle" group. Staff will follow how many low-income households between 61% and 80% AMI will be served by new tax credit-funded developments that the City subsidizes, and by apartments that could be created by the City's Inclusionary Housing Ordinance. As these households have fewer resources than those at moderate-income levels, and they are not served by the vast majority of the City's restricted affordable apartments, they also deserve additional staff focus.

PUBLIC OUTREACH

A memo on this Moderate-income Housing Strategy Update will be reviewed and discussed at the public meeting of the Housing and Community Development Commission on May 9, 2019. Additionally, this memo was posted to the May 20, 2019, agenda for the Community and Economic Development Committee. If approved by the Committee, this memorandum is also expected to be posted and heard at the City Council meeting on June 11, 2019.

EVALUATION AND FOLLOW-UP

While significant staff work has continued in the past months since the moderate-income strategy became part of the Housing Crisis Response Workplan, there remains much work to do on increasing production of restricted affordable housing for moderate-income residents. Staff had hoped to have the results of a consultant to report back with newly-identified strategies for this report to CEDC; however, procurement of the consultant was delayed due to other pressing priorities but is now proceeding. Therefore, staff intends to return to CEDC and to the City Council in late 2019 with a follow-up report based on the consultant's report. In addition, further development of individual strategies and programs may require City Council approval in the future.

FISCAL/POLICY ALIGNMENT

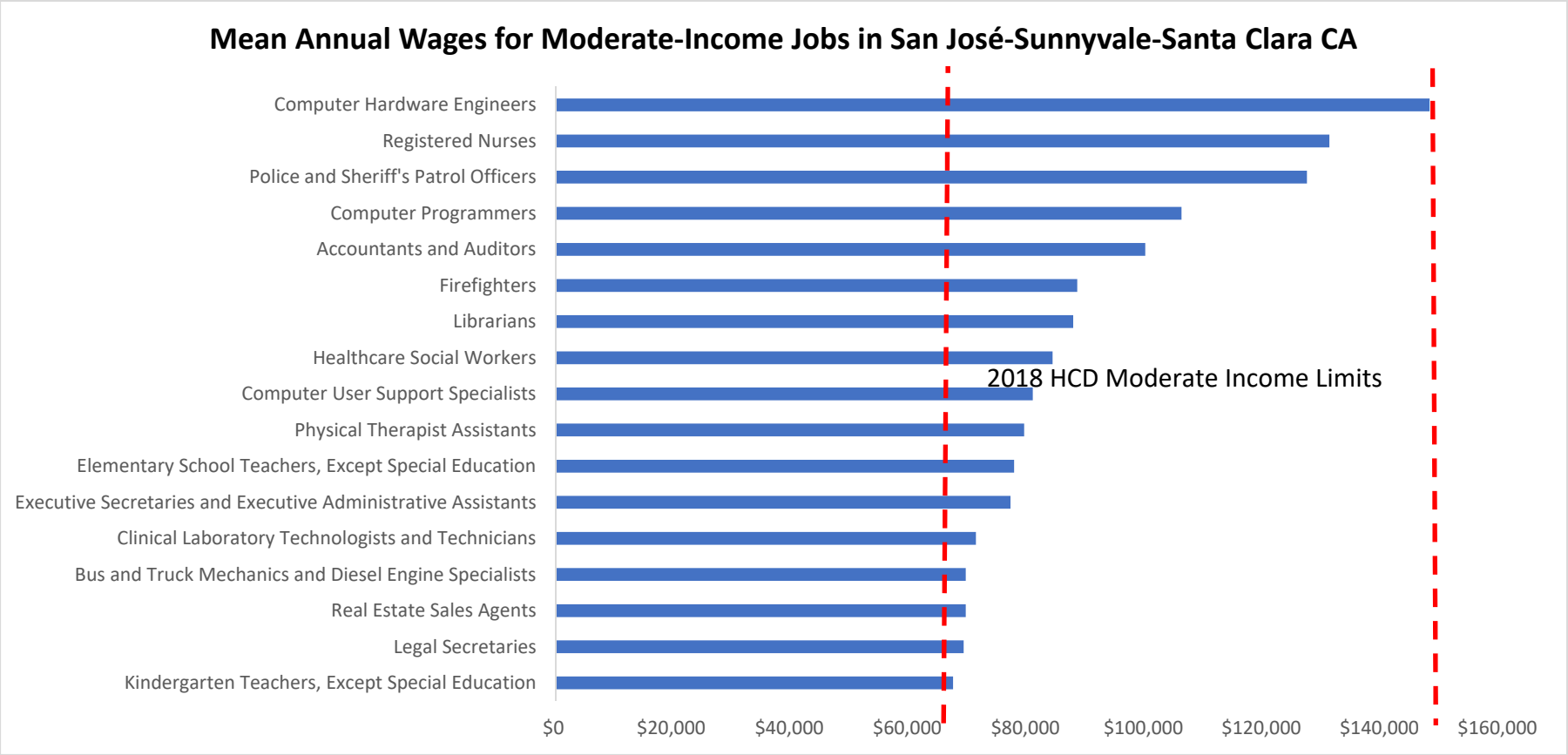
The creation of moderate-income housing options is consistent with the City's obligation under its State-certified Housing Element to meet its Regional Housing Needs Allocation production goals for affordable housing, including that for moderate-income households. It is also consistent with the City Council's approval of the Housing Crisis Response Workplan and its Update to the Affordable Housing Investment Plan.

/s/
RAGAN HENNINGER
Deputy Director of Housing

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

Attachments:
Attachment A – Mean Annual Wages for Moderate-income Jobs in San Jose-Sunnyvale-Santa Clara 2018
Attachment B – David Rosen & Associates, *Memorandum: Moderate-income Housing Fund for San José revised findings,* Jan. 17, 2019.

Attachment A



Source: California Employment Development Department, 2018.

ATTACHMENT B

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January 17, 2019

To: Kristen Clements, Jacky Morales Ferrand

From: Nora Lake-Brown, David Rosen

Subject: Moderate Income Housing Fund for San Jose, Revised Findings

The Housing Department of the City of San Jose (Department) requested DRA to conduct a market feasibility analysis of a multifamily rental housing moderate income fund (Fund), and its ability to provide an increment of moderate income affordability, as proposed in the Mayor's recommendations for the June, 2018 Housing Investment Plan for the City. DRA prepared a memo summarizing the findings of this analysis dated June 29, 2018. DRA concluded that such a Fund is viable for San Jose and has the ability to provide between 10% and 20% of units affordable to renter households at 80% or 90% of Area Median Income (AMI), respectively, for most project prototypes analyzed, given the availability of patient capital with moderate returns.

In September and December 2018 Housing Department management requested that DRA conduct sensitivity analysis of its June 29 report. This memorandum updates the findings of DRA's analysis, under the direction of Development management, to: 1) add two additional prototypes for Downtown and North San Jose, and 2) refine the tax analysis for returns to prospective Fund investors. DRA also refined the subordinate debt/equity analysis to incorporate accrued (rather than capitalized) interest on the subordinate debt/equity during construction and operation, based on the findings of DRA's developer interviews. Finally, for units affordable to households at 80% AMI, DRA showed returns with and without the property tax exemption for qualifying units.

DRA focused on the potential difference in development feasibility and project internal rate of return (IRR) to developers under a program that would reduce the cost of capital to finance new rental residential development in exchange for affordability restrictions targeted to moderate income renters.

To complete this analysis DRA:

1. Conducted interviews with representatives of private debt and mezzanine debt/equity sources, using the interviewee list and interview questions outlined in DRA's memo dated February 9, 2018, plus additional sources recommended by DRA's literature review and the initial interviewees;
2. Prepared a financial analysis of seven prototypical rental developments, selected in consultation with Housing Department and Planning Department staff, using first mortgage financing terms and underwriting standards consistent with Fannie Mae and Freddie Mac multifamily loan programs and conventional mezzanine debt/equity cost of capital assumptions; and
3. Modeled the value to developers from the estimated lower cost of mezzanine debt/equity capital associated with a moderate income housing debt/equity fund and quantified the economic value of the lower cost of capital in terms of the number of affordable units at 80% or 90% of AMI that could be supported, as summarized in DRA's memo dated June 29, 2018.

This analysis will assist the Department in assessing whether and how moderate income rental housing production may be boosted with mezzanine financing from a fund offering a moderate rate of return.

SUMMARY OF FINDINGS

1. Multifamily Debt/Equity Fund Returns

In our lender and investor interviews and literature analysis, DRA focused on the following key questions regarding alternative debt and credit enhancement programs:

1. What is the cost of mezzanine debt/equity capital provided by existing multifamily debt/equity funds targeted at "moderate income" or "workforce" income levels, and how does it compare to market-rate multi-family housing financing? How are alternative costs structured in different funds: e.g., subordinate debt, subsidized debt, equity, REIT and structured finance. For

purposes of this memo, we refer to these alternative approaches collectively as moderate income debt funds.

2. Can the reduced cost of capital provided by a moderate income debt fund be used to provide affordability restrictions targeted at moderate income households for a percentage of units, while remaining attractive for developers?

DRA completed the following lender and investor interviews for this assignment:

- Andrew Ditton at Citibank;
- Stephanie McFadden at CBRE (formerly at Union Bank);
- Kenji Tamaoki at Prudential;
- Bob Simpson and Angela Kelcher at Fannie Mae;
- John Varones, Systema Capital;
- Ron Moelis, L+M Development Partners;
- The Jonathan Rose Companies;
- Chris Tawa, former director of Multifamily Mission Lending by the GSEs at the Federal Housing Finance Agency; and
- David Saltzman, California Community Reinvestment Corporation.

In addition, DRA reviewed available terms, underwriting and pricing on funds offered by Urban Strategy America Fund, New York City Housing Development Corporation, MassHousing, SF Bay Area Transit Oriented Affordable Housing Fund, Denver Regional TOD Housing Fund, New Generation Fund (Los Angeles), Avanath Capital Management, Enterprise Multifamily Opportunity Fund, PNC Bank Affordable Housing Preservation Fund, Turner Multifamily Impact Fund, Housing Partner Equity Trust and the Community Development Trust. DRA also reviewed the pricing and underwriting of the Catalyst Housing Acquisition Fund model presented to San Jose in January of this year.

Based on the interviews and literature review, the cost of capital provided by moderate income debt/equity funds ranges from 8% to 12%, compared to an estimated 12% or higher for conventional debt/equity financing.

2. First Mortgage Financing

In terms of first mortgage financing, the key underwriting factors affecting first mortgage sizing include the DSCR, mortgage interest rate, loan to value ratio, amortization period, term, escalation rates for income and expenses and cap rates used to determine projected value upon exit. Fannie Mae and Freddie Mac (collectively, "GSEs") dominate originations for multifamily debt, and their pricing and underwriting criteria of necessity provide the benchmark for any discussion of multifamily debt (and equity) fund advantages aimed at moderate income rental housing development (and acquisition). Current term sheets for Freddie Mac and Fannie Mae fixed-rate multifamily loans are attached to this memo.

GSE underwriting standards include 2% escalation on revenues and 3% on expenses for the purpose of the refinancing exit test. Standard fixed-rate mortgage products for conventional multifamily properties from both Fannie Mae and Freddie Mac require a loan-to-value (LTV) ratio of no more than 80% and a minimum debt service coverage ratio (DSCR) of 1.25. (It is worth noting that in our interviews with moderate income debt fund partners of GSEs, higher LTV may be achievable)

Based on our cash flow analysis, however, first mortgage financing on new multifamily construction in San Jose is currently constrained by DSCR, rather than LTV requirements. First mortgages sized at a 1.25 DSCR resulted in loan-to-value ratios of only 49% to 52%[1] at the estimated time of conversion to permanent financing. All of the prototypes except Prototype 1 (Downtown Tower) and Prototype 1A (Downtown Podium) were able to satisfy the refinance test on these mortgages in year 15 at the 2% and 3% escalation factors.

DRA also confirmed through its interviews that mezzanine lenders and investors typically use similar escalators and refinancing tests as conventional lenders in assessing the viability of mezzanine debt and equity investments. Some interviewees among moderate income debt fund providers suggested they will accept more aggressive, that is, narrower, spreads between income and expense escalator in the San Jose market, based on third quarter 2018 market dynamics.

[1] With values calculated as capitalized stabilized net operating income.

3. Feasibility of Multifamily Housing Development Prototypes in San Jose

The financial feasibility analysis demonstrates that segments of the multifamily housing market face challenges due to high development costs relative to current market rents, as summarized in **Table 1**. The capitalized value of estimated stabilized net operating income (in 2018 dollars) exceeds the estimated total development cost for all but the Downtown high-rise. The pre-tax internal rate of return on developer equity is less than the estimated 12 to 15% cost of capital under conventional financing for both Downtown prototypes and the large (600-unit) North San Jose prototypes(Prototypes 1, 1A, and 3, respectively). DRA also prepared projections of project after-tax IRRs, which in some cases showed improvement over the pre-tax returns.

Table 2 summarizes key characteristics of the development prototypes, which are described in more detail in Appendix A. Note that the prototypes do not specify parking. If the parking ratios exceed 1 space per unit, there may be material savings for reduced parking, which could be determined through sensitivity analysis of the prototypes.

Specific developments will perform better or worse than the prototypical projects modelled in this analysis. Projects with low land costs, for example, resulting from long-term ownership, and projects that are part of a longer-term investment strategy, in particular will perform better. Such projects, especially in North San Jose and Downtown, would particularly benefit from a moderate income debt fund modelled in this analysis.

In addition, market economics change constantly over time. Increases in rents relative to development (and finance) costs could tip more project IRR's into the feasible range. Of course, the reverse is also true: decreases in rents relative to development and finance costs will worsen feasibility.

Table 1
Summary of Findings
Multifamily Housing Feasibility Assessment
2018

Prototype	Building Type	Capitalized Value Per Unit	Total Development Cost Per Unit	Estimated Profit Per Unit (% of TDC)	15-Year Pre-Tax Internal Rate of Return (IRR)[1]
1 Downtown Tower	Type I	$668,000	$684,000	($16,000) (-2%)	N/A
1A Downtown Podium	Type III	$629,000	$615,000	$14,000 (2%)	-19%
2 West San Jose	Type III	$673,000	$502,000	$171,000 (34%)	19%
3 North San Jose	Type III	$604,000	$566,000	$38,000 (7%)	9%
3A No. San Jose Phased	Type III	$604,000	$556,800	$47,000 (8%)	12%
4 South & East San Jose	Type V	$576,000	$477,000	$99,000 (21%)	15%
5 Central San Jose	Type III	$614,000	$496,000	$118,000 (24)	18%

Source: City of San Jose; DRA.

[1] Represents pre-tax IRR on developer equity (estimated at a minimum of 10% of TDC), assuming sale of the project in year 15. "N/A" indicates the IRR cannot be calculated because of the negative cash flow stream.

Table 2
Summary of Development Prototypes
Multifamily Housing Feasibility Assessment

	Downtown Tower	Downtown Podium	West San Jose	North San Jose 600 Units	North San Jose 300 Units	South and East San Jose	Central San Jose
Construction Type	Type I High-Rise	Type III Over Podium	Type III Over Podium	Type III Over Podium	Type III Over Podium	Type V Over Podium	Type III Over Podium
Stories	20 Stories	7 Stories	7 Stories	7 Stories	7 Stories	5 Stories	7 Stories
Density	320 dus/acre	90 dus/acre	90 dus/acre	90 dus/acre	90 dus/acre	65 dus/acre	90 dus/acre
Total Units	300	200	200	600	300	300	200
Studios	0	0	0	60	135	30	30
One BR	180	120	140	270	105	150	90
Two BR	120	80	60	210	30	90	80
Three BR	0	0	0	60	0	30	0
Ave. Unit Size	908 SF	908 SF	855 SF	941 SF	941 SF	890 SF	840 SF

Source: City of San Jose; DRA.

Escalation rates of 2% on revenues and 3% on operating costs were used for the refinance tests on the first mortgage financing as described above. For the purpose of calculating project IRRs, DRA used escalation rates of 2.25% on market rents and 2.50% on operating costs, based on mezzanine lender standards. Historically in San Jose from 2009 to 2017, monthly apartment rents per unit increased at an average annual rate of 3.5% while per square foot rents increased at an average of 3.3% annually (see Table 6 at the end of this memo).

The IRR was calculated assuming developer equity equal to 10% of development costs. The amount of the mezzanine debt/equity investment equals the difference between total development costs and the amount of the supportable first mortgage plus developer equity. Interest on the mezzanine debt/equity investment is accrued during the construction period and in any year that cash flow is insufficient to pay

the annual return of 12% on the 100% market-rate prototypes. Annual net cash flow to the developer equals net operating income less the annual return on the mezzanine debt/equity.

For some projects, the reduced cost of capital from a moderate income debt fund may make the development feasible, but would not provide any increased affordability. For others, a portion of the value of the reduced cost of capital could be captured in terms of moderate income housing restrictions.

4. Potential Affordable Housing Production from Moderate Income Rental Housing Fund

Each prototype is analyzed under the following three affordability scenarios, to determine whether a moderate income housing fund providing lower cost capital may be successful in producing affordable units:

Scenario 1: 100% market-rate projects
Scenario 2: 10% of project units affordable at 80% of AMI
Scenario 3: 20% of project units affordable at 90% of AMI

Results of the analysis are summarized in **Table 3**. Measures include the 15-year pre- and post-tax project IRRs.

For the purposes of calculating affordable rents by unit bedroom count, DRA used the 2018 AMI of $125,200 for the San Jose-Sunnyvale-Santa Clara HUD Metro FMR Area (HMFA), assuming 30% of gross income for rent plus utilities,[1] and Health and Safety Code standards of one person per bedroom plus one. We suggest a discussion with Department staff and City officials about using a 35 percent standard for moderate income households, that is, those earning more than 80 percent Area Median Income (AMI). This will improve the development feasibility of pairing affordable rent restrictions with the moderate income debt. Given high median income in San Jose, such a standard for moderate income households may be reasonable.

[1] Using current utility allowances from the Santa Clara County Housing Authority.

Table 3
Projected Returns under Market-Rate[1] and Affordable[2] Scenarios
Multifamily Housing Feasibility Assessment

Financing/ Affordability Scenario (% Units @ % AMI)	Down-town Tower	Down-town Podium	West San Jose	North San Jose 600 Units	North San Jose 300 Units	South and East San Jose	Central San Jose
100% Market Rate with 12% Cost of Capital							
Project IRRs							
Pre-Tax	N/A	-19%	19%	9%	12%	15%	18%
Post-Tax	N/A	N/A	13%	3%	11%	15%	17%
Housing Fund with 8% Cost of Capital							
10% @ 80% AMI w/o PTE[3]							
Project IRRs							
Pre-Tax	N/A	3%	17%	9%	15%	14%	16%
Post-Tax	N/A	1%	9%	3%	15%	15%	15%
10% @ 80% AMI w PTE[3]							
Project IRRs							
Pre-Tax	N/A	6%	17%	10%	16%	15%	16%
Post-Tax	N/A	5%	10%	5%	16%	15%	16%
20% @ 90% AMI							
Project IRRs							
Pre-Tax	N/A	1%	16%	9%	19%	15%	15%
Post-Tax	N/A	-3%	7%	3%	18%	15%	15%

[1]Assumes 12% cost of capital for 100% market rate scenarios.
[2]Assumes 8% cost of capital for fund financing, with an affordable housing set-aside.
[3]Units at 80% AMI or below are eligible for a welfare property tax exemption (PTE), however a non-profit co-general partner is required to qualify.
"N/A" indicates the IRR cannot be calculated because of the negative cash flow stream.
Source: DRA

For the scenarios assuming 10% affordable units at 80% of AMI, DRA calculated returns with and without a property tax exemption. Under California law, units at 80% of AMI or below are eligible for a welfare property tax exemption. However, to qualify for such an exemption, the property must have a nonprofit 501(c)(3) corporation with significant management responsibilities as part of the ownership structure. Market-rate rental housing developers may or may not be willing to grant such control to nonprofit partners in exchange for partial property tax exemptions.

Most of the prototypes generate a minimum IRRs in excess of 12% for both the market-rate scenario and both affordability levels. One main exception is the Downtown high-rise (Prototype 1) which, based on Keyser Marston's earlier prototype, reflects a 20-story story tower. Review of the pipeline projects in the Diridon Station Area and the entire Downtown indicates that many residential developments under construction and planned are 5- to 7-story buildings, like Prototypes 2, 3 and 5. Few high-rise multifamily rental towers are currently under construction. Given the high cost of constructing a Type 1 tower and the sensitivity of the analysis to cost, DRA tested a revised Downtown podium prototype (Prototype 1A) using a 7-story Type III building.

While the Downtown podium prototype shows improved financial performance compared to the high-rise tower, it still performs more poorly than the other podium prototypes in West, North and Central San Jose. The reasons for this include:

- Estimated land costs of $294 per square foot in the Downtown that are almost triple the other areas ($119 in West San Jose, $99 in North San Jose, and $110 in Central San Jose). The land cost estimate for the Downtown is based on comparable sales between 2015 and 2017. While the weighted average price for these comparables was approximately $294, two of the 2017 comps showed sales prices of $140 and $153 per square foot, respectively.
- The estimated average rent per square foot based on CoStar data for newer buildings is lower in the Downtown than in West San Jose ($3.56 and $3.93 per square foot, respectively).

The performance of the Downtown podium prototype is sensitive to assumptions on rents and land prices. Either reducing the land cost to $150 per square foot OR

increasing the rent to the West San Jose average of $3.93 produce an IRR of 14% to 15% for the Downtown prototype.

The North San Jose prototype drops below a 12% IRR under market-rate and both affordability options. DRA hypothesized that the large size of this prototype, 600 units and at least twice the size of the other prototypes, may be a drag on financial feasibility given the lengthy lease-up and conversion period. DRA tested a second prototype for North San Jose representing the first phase of such a development comprised of 300 units. This smaller prototypes shows improved financial performance with IRRs in excess of 12% for the market-rate and affordable scenarios.

The results of the cash flow analysis suggest that the reduced cost of capital from a moderate income housing could produce a significant percentage of units affordable to moderate income tenants.

CASH FLOW ANALYSIS

DRA prepared cash flow analyses estimating the internal rate of return (IRR) generated by prototypical newly constructed multifamily apartment projects. The cash flow analysis estimates available net cash flow after first mortgage debt service for the seven housing prototypes and calculates the IRR on mezzanine debt/equity used to finance the portion of total development costs not covered by the first mortgage.

DRA analyzed project cash flows for the prototypes assuming conventional subordinate debt/equity financing of 100% market-rate housing at a market-rate cost of capital (12%), compared to to cash flows assuming moderate income housing fund financing at a lower cost of capital (8%) incorporating alternative affordable housing requirements.

DRA's analysis uses:

- Prototypical housing projects for high density apartment development with a focus on selected Urban Villages, the Downtown and North San Jose. The analysis uses seven prototypes defined in terms of product type, construction type, building stories, average unit size and density representing high density

apartment development in Downtown, West San Jose, North San Jose, South and East San Jose, and Central San Jose. The original prototypes for these five geographic areas are consistent with the five prototypes used in the Keyser Marston Associates "Conceptual Pro Forma Analysis" dated April 12, 2018. DRA used CoStar data by geographic subarea to refine the prototypical housing developments in terms of total units, unit bedroom count distribution, and unit square footages.[1] DRA added two additional prototypes: a lower density Downtown prototype with podium rather than steel construction, and a smaller prototype (300 units rather than 600 units) in North San Jose.

- Loan terms (LTV, DSCR), and current interest rates[2] for multifamily fixed rate mortgages used by Fannie Mae and Freddie Mac (estimated at 5.15% for 30-year term and amortization). Interest rates have risen since DRA's June 29, 2018 analysis, which assumed a permanent loan interest rate of 4.5% based on current Fannie Mae and Freddie Mac interest rates at that time.
- Data from CoStar on rents by unit bedroom count and subarea within the City of San Jose for four and five star (CoStar equivalent of Class A) apartment properties constructed since 2015, representing rents for newly constructed properties.
- Operating cost data for conventional apartment properties in San Jose from the Institute of Real Estate Management, by housing product type.
- Development impact fee estimates which include the City's affordable housing fee; therefore, the prototypical projects do not contain on-site inclusionary units.

DRA's post-tax IRR on the prototypical projects is calculated incorporating the following assumptions:

- Modified Accelerated Cost Recovery System (MACRS) 27.5-year straight line depreciation for residential buildings.
- Corporate tax rate of 21% applied to annual partnership income/loss.

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[1] As discussed later in this memo, DRA added two additional prototypes representing modifications to the Downtown and North San Jose prototypes.

[2] As of January 10, 2019, interest rates for 65% LTV Fannie Mae fixed-rate loans range from 4.91% for 5-year terms to 5.16% for 30-year terms and for 80% LTV Freddie Mac loans range from 4.29% for 5-year terms to 4.69% for 10-year terms.

- Sale of the building in year 15 at its capitalized value using the exit cap rate, less 3% sales costs.
- Adjusted cost basis in year 15 deducting cumulative depreciation taken.
- Depreciation recapture tax at 25%, as applicable.
- 15% tax rate on capital gains.

Table 4 summarizes the financing assumptions used in the analysis. **Table 5** summarizes rent and operating costs assumptions.

Table 4
Cash Flow and Financing Assumptions
San Jose Moderate Income Housing Analysis

Escalation Rates: Underwriting and Refinance Analysis	
Unregulated Rents	2.25%
Restricted Rents	2.00%
Laundry/Misc. Income/Parking Income	2.50%
Operating Costs	2.50%
Cap Rates	
Entry Cap Rate (by prototype)	4.00% to 4.25%
Exit Cap Rate	5.50% to 5.75%
Financing Assumptions	
First Mortgage Interest Rate	5.15%
Amortization Period	30 years
Maximum Debt Service Coverage Ratio (DSCR)	1.25
Maximum Loan to Value (LTV) Ratio	80%
Refinance Assumptions	
Interest Rate	6.5%
Amortization Period	30 years
Maximum DSCR	1.25
Maximum LTV	80%

Sources: Lender and investor interviews; GSE term sheets; DRA.

Table 5
Monthly Rent and Annual Operating Cost Assumptions
San Jose Moderate Income Housing Analysis

	Downtown San Jose	West San Jose	North San Jose	South and East San Jose	Central San Jose
Average Rent/Unit[1]	$3,200	$3,400	$3,100	$2,800	$3,100
Average Rent/SF[1]	$3.56	$3.93	$3.33	$3.09	$3.69
Operating Costs/Unit[2]	$11,500	$11,000	$11,400	$8,200	$10,600

[1]Rent assumptions based on project and average data by submarket area from CoStar for properties built 2015 through 2017.
[2]Based on total annual operating expenses per square foot, including property taxes, from Institute of Real Estate Management 2017 Income/Expense Analysis for San Jose.
Sources: CoStar; IREM; City of San Jose; DRA.

Table 6 and **Charts 1** and **2** show the annual percentage increase in the average effective monthly rent per unit and average effective monthly rent per square foot[1], along with the Consumer Price Index for all urban consumers for rent (CPI-U Rent), from 2006 through 2017. Since 2009, the lowest point in the market during this period, the average annual increase in monthly rents has been 3.5%, well below the 5% ARO cap. Additional data on the CPI-U Rent back to 1970 indicates the average annual increase over the past 46 years has averaged 4.9%. With these rent trends, it would be difficult to support underwriting projected rent increases over 5% per year.

[1]For 4 and 5 star properties as rated by CoStar (5 stars is the highest rating).

Table 6
Annual Percentage Increase in Apartment Rents[1] and the Consumer Price Index
2006 to 2017

	Effective Monthly Rent Per Unit[1]		Effective Monthly Rent Per Square Foot[1]		
Year	**$**	**Annual Change**	**$**	**Annual Change**	**CPI-U Rent)**
2006	$2,172	--	$1.83	--	--
2007	$2,348	8.1%	$2.00	9.3%	3.9%
2008	$2,379	1.3%	$2.06	3.0%	4.1%
2009	$2,171	-8.7%	$1.86	-9.7%	3.2%
2010	$2,278	4.9%	$1.95	4.8%	-0.1%
2011	$2,353	3.3%	$2.03	4.1%	2.3%
2012	$2,449	4.1%	$2.15	5.9%	4.1%
2013	$2,599	6.1%	$2.28	6.0%	4.5%
2014	$2,721	4.7%	$2.45	7.5%	5.5%
2015	$2,823	3.7%	$2.66	8.6%	6.1%
2016	$2,782	-1.5%	$2.68	0.8%	--
2017	$2,869	3.1%	$2.75	2.6%	--
2009 - 2017	**--**	**3.5%**	**--**	**3.3%**	**3.7%**

[1]Includes 4- and 5-star properties as rated by CoStar (5 stars is the highest rating).
Source: CoStar; City of San Jose, DRA.

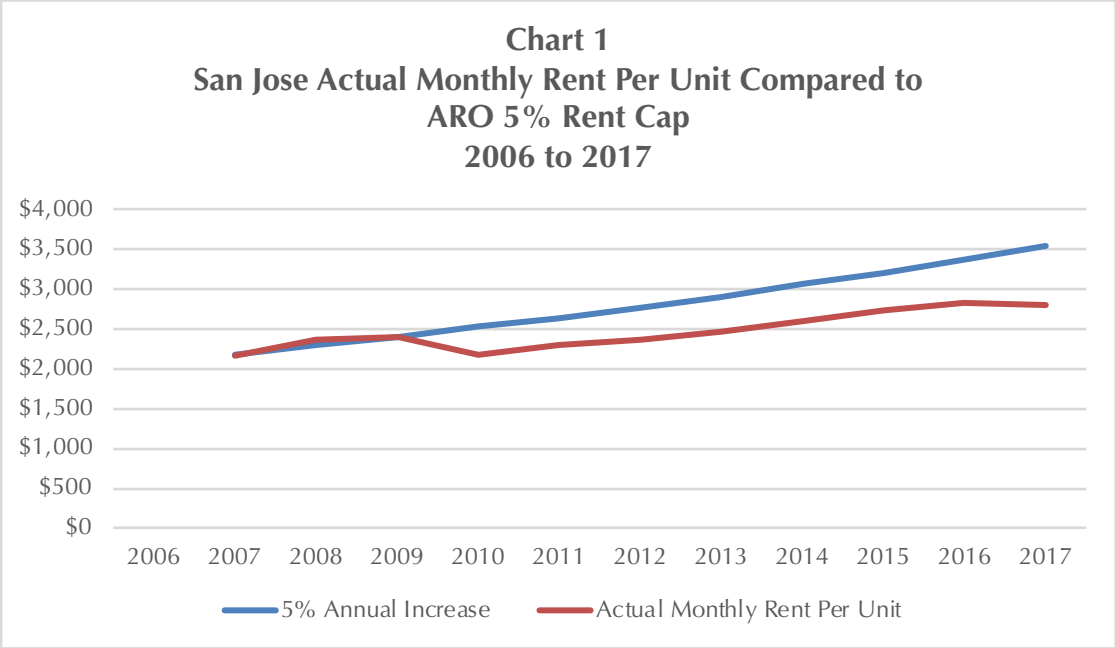


Chart 1
San Jose Actual Monthly Rent Per Unit Compared to
ARO 5% Rent Cap
2006 to 2017
$4,000
$3,500
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
5% Annual Increase
Actual Monthly Rent Per Unit

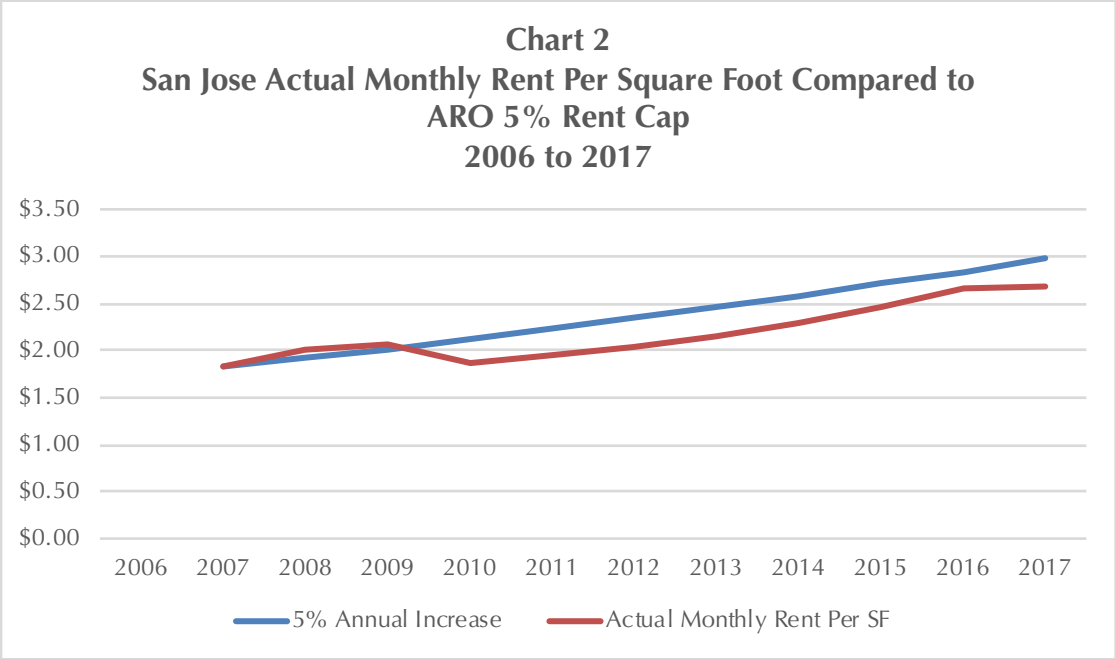


Chart 2
San Jose Actual Monthly Rent Per Square Foot Compared to
ARO 5% Rent Cap
2006 to 2017
$3.50
$3.00
$2.50
$2.00
$1.50
$1.00
$0.50
$0.00
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
5% Annual Increase
Actual Monthly Rent Per SF

Appendix A contains the detailed financial analysis, including a description of the rental prototypes, development costs, net operating income and cash flow projections for each prototype.

ATTACHMENTS:

1. Appendix A: Multifamily Residential Moderate Income Housing Fund Market Feasibility Analysis
2. Fannie Mae Fixed-Rate Mortgage Loans Multifamily Term Sheet
3. Freddie Mac Conventional Fixed-Rate Loan Term Sheet

Empty Spaces in San Jose

A proposal to HCDC
May 2019
by Alex Shoor & Huy Tran

HCDC: 5-9-19
ITEM: VII-E

The San Jose Landscape

Empty Homes Now

Acc. to a March 2019 analysis of U.S. Census Bureau's 2017 American Community Survey by Lending Tree, there are 28,846 vacant homes in San Jose. 30% may be completely vacant by choice.[1]

Empty Homes in 2013

In the last 5 or so years, the number of vacant homes has risen by approx 42%.[2]

Empty Stores

May 2018: San Jose starts 18-month pilot program requiring landlords with vacant Downtown storefronts to register them & maintain them to prevent blight. Vacant stores pay $220 per quarter if vacant for over 30 days.[3]

The San Jose Landscape

Breakdown of vacant homes by type [4]

Metro	Total households	Total occupied households	Total vacant households	For rent	Rented, not occupied	For sale only	Sold, not occupied	For seasonal, recreational, or occasional use	For migrant workers	Other vacant
San Jose, Calif.	676,737	647,891	28,846	9,558	3,080	1,645	1,794	3,880	34	8,855

The San Jose Landscape

RHNA - Market-Rate

Acc. to our Housing Dept., 57% of the way through to October 2022 RHNA period, we've built 83% of our market-rate housing goal.[5]

Affordable Housing

In the same period, our Housing Dept. found we've only built 13% of our affordable housing goal.

Only 12% of building permits applications in 2018 were affordable housing.

NOFA

"W/o a additional funding, the City will continue to fall short in meeting both its RHNA and 10,000 affordable unit production goals."

Housing Dept. told HCDC next NOFA will be well below $100 million.[6]

What Other Cities are Doing - Vancouver, Canada

Implementation

Tax is 1% of the assessed value of a home.

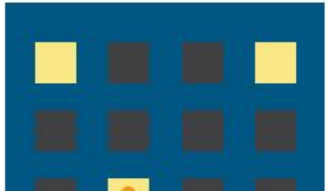
Initial penalty for failing to declare this year is $250.[7]

https://youtu.be/XQ5GJxVpBMs
8

Empty Homes Tax Annual Report

January 1, 2017 to December 31, 2017 Tax Year

Activity to November 1, 2018



CITY OF VANCOUVER | HOUSING VANCOUVER

What Other Cities are Doing - Vancouver, Canada

Results

of vacant properties decreased by 15% from 2017 to 2018.

53% of those homes the rental market.

97% of owners declared their property status by the deadline.[9]

Revenue to City

Vancouver's empty homes tax was anticipated to generate an estimated $22.4 million [US dollars] in revenue for the City. The net revenue after costs must be invested in affordable housing.[10]

What Other Cities are Doing - Oakland

Nov. 2018

70% of voters supported Measure W, the Vacant Property Tax.[11]

Bay Area urban planning & good gov. org SPUR supports vacancy taxes yet opposed Measure W because its definition of "vacancy" was vague.[12]

December 2018

May apply to 4,000 properties.

Estimated $6-10 million in revenue annually.

Implementation began.[13] Letters mailed to 25,000 address.

2019

Key provisions:

- Residential, commercial & empty lots.
- Not "in use" for more than 50 days in a year.
- $6k for most parcels.
- $3k for condo, duplex or ground-floor commercial.
- 10 possible exemptions.
- Continues for 20 years.

What Other Cities are Doing - San Francisco

Spring 2019	Nov. 2019?
Considering tax for both homes and businesses: a tax of $250 per day if a home or storefront is empty more than 6 months.[14]	This could be a ballot measure in the upcoming election.

What Other Places are Doing

Where Policies Exist

- Washington, D.C.
- Hartford, CT
- Harrisburg, PA

- Paris
- Melbourne, Australia
- Seoul, Korea
- Marikina City, Phillippines[15]

Research from UK

"Low-use properties are very concentrated in small numbers of desirable areas. In such cases simply building more homes is not going to solve the problem, as the issue is intense competition for property, not a lack of places to live." [16] - Researcher Jonathan Bourne

Analysis from Berkeley

"Depending on the situation in a particular city, it could be part of a solution–that ultimately should include an emphasis on creating more housing supply overall, for all segments of the population." [17]
- David Garcia, Policy Director at the Terner Center for Housing Innovation

Photos of Vacant Storefronts

Vacant storefronts on First Street

2050 Concourse Drive (North San Jose)

Downtown by VTA stop

Proposal

HCDC pens letter to Rules Committee to:

a) direct the Housing Department to determine both the rate of vacancy in homes & lots zoned for housing, and to see if an empty homes tax could go to funding affordable housing (such as a future NOFA).

b) determine appropriate body to review vacancy rate of commercial properties & lots zoned for commercial.

Implementation

Big Questions to be Addressed

Question 1

Good Solutions?

Will a tax on vacant homes or vacant lots help address San Jose's housing crisis?

Will a tax on vacant storefronts reduce commercial vacancy rates?

Question 2

Implementation?

Would San Jose tax empty homes, empty storefronts or empty lots, or some comb thereof?

What would it cost?

How do we make the ordinance(s) clear to avoid Oakland issue?

Challenge 3

Revenue

Where would San Jose direct the revenue from the program?

How would it determine where it goes?

Desired Impacts

1. Reduce real estate speculation
2. Reduce vacancy rates
3. Get more people living in homes
4. Develop more vibrant community

Research

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5. March 7 HCDC agenda: http://www.sanjoseca.gov/DocumentCenter/View/83016
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7. https://www.citynews1130.com/2019/02/06/vancouver-empty-homes-tax-increase/
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16. https://www.telegraph.co.uk/science/2019/02/13/123-billion-property-barely-used-britain-experts-call-empty/
17. https://www.fastcompany.com/90305242/taxing-empty-apartments-could-ease-the-housing-crisis