



CITY OF SAN JOSÉ

Draft FY 2016-17 Annual Action Plan

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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 \$825,000¹ and the average 2BR apartment costing \$2,750² 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. Indeed, while approximately 30% of jobs in the region pay at or above 120% of the area median income (AMI), nearly 60% of all jobs pay low-income wages below 80% of the AMI³. The “hour glass” economy is projected to continue for the next several years, where middle-class jobs remain hollowed out and are replaced by higher-wage and lower-wage jobs. 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

¹ Santa Clara County Association of Realtors, December 2015

² RealAnswers Q4, 2015

³ California Employment Development Department, May 2015

opportunities. Eligible uses include tenant-based rental assistance, homebuyer assistance, rehabilitation, and new construction.

- 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, and 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

As mentioned above, 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.⁴

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.⁵

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.⁶ 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. Summary of the objectives and outcomes identified in the Needs Assessment Overview

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 following provides a summary of the results of the Needs Assessment included in the 2015-2020 Consolidated Plan:

Housing Needs

- Forty-four percent of households in the City are cost burdened, i.e., paying more than 30 percent of their income toward housing costs.
- Twenty percent of households in the City are severely cost burdened, i.e., paying more than 50 percent of their income toward housing costs.

⁴ U.S. Department of Housing and Urban Development. “Consolidated Planning/CHAS Data.” <http://www.huduser.org/portal/datasets/cp.html>

⁵ 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/

⁶ 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

Disproportionately Greater Need: Housing Problems

Housing Problems are defined as lacking kitchen and/or plumbing facilities, overcrowding (more than 1 person per room), and/or paying more than 30% of one's income toward housing costs (i.e., Cost Burdened).

- 36,370 households in San José that have one or more of the four Housing Problems has an income of 0-30% of AMI (11.96% of all households in San José). The largest group of these households are Hispanic which make up 37.47% (13,630).
- 28,530 households in San José that have one or more of the four Housing Problems has an income of 30-50% AMI (9.38% of all households in San José). The largest group of these households are Hispanic which make up 41.76% (11,915).
- 14,420 households in San José that have one or more of the four Housing Problems has an income of 50-80% AMI (4.74% of all households in San José). The largest group of these households are Hispanic which make up 38.31% (5,525).

Disproportionately Greater Need: Severe Housing Problems

Severe Housing Problems are defined as lacking kitchen and/or plumbing facilities, overcrowding (more than 1.5 person per room), and/or paying more than 50% of one's income toward housing costs (i.e., Cost Burdened).

- 31,505 households in San José that have one or more of the four Severe Housing Problems has an income of 0-30% of AMI (10.36% of all households in San José). The largest group of these households are Hispanic which make up 39.12% (12,325).
- 17,830 households in San José that have one or more of the four Severe Housing Problems has an income of 30-50% AMI (5.86% of all households in San José). The largest group of these households are Hispanic which make up 46.21% (8,240).
- 7,465 households in San José that have one or more of the four Severe Housing Problems has an income of 50-80% AMI (2.45% of all households in San José). The largest group of these households are Hispanic which make up 44.67% (8,240).

Disproportionately Greater Need: Housing Cost Burden

Housing Cost Burden is defined as paying 30-50% of one's income toward housing costs.

- 70,800 households (23.29% of San José households) pay anywhere from 30-50% of their income towards housing costs. The largest group of these households are Whites which make up 38.22% (27,060).

Severe Housing Cost Burden is defined as paying more than 50% of one's income toward housing costs.

- 59,805 households (19.67% of San José households) pay more than 50% of their income towards housing costs. The largest group of these households are Hispanics which make up 36% (21,535).

Public Housing

- The Housing Authority of the County of Santa Clara (HACSC) assists approximately 17,000 households county wide through the federal Section 8 Housing Choice Voucher program (Section 8).
- The Section 8 waiting list contains 21,256 households, an estimated 10-year wait.

Homeless Needs

- The Santa Clara region is home to the fourth-largest population of homeless individuals and the highest percentage of unsheltered homeless of any “Major City Continuum of Care” in the country.
- As of the 2015 Point in Time Homeless Survey, San José had 4,063 homeless residents of the 6,556 county-wide homeless residents, with over 69 percent unsheltered and living in a place not fit for human habitation.
- San José clients – those who report that their last permanent zip code was in San José – represent approximately 62 percent of the County’s homeless clients.

Non-Homeless Special Needs

- Eleven percent of San José residents are over the age of 65, and 22 percent of households in the City contain at least one person 62 years or older.
- Households with at least one person 62 years or older are more likely to be LMI, with 49 percent of households (38,325) having incomes below 80% AMI, compared to 38 percent for the City.
- Of the disabled population 65 year and older, ten percent (10,750 individuals) have a self-care difficulty and 19 percent (20,090 individuals) have an independent living difficulty, resulting in over 30,840 elderly persons who may require supportive housing accommodations.
- Over 7,000 individuals residing in the City utilize State Department of Developmentally Disabled Services programs quarterly.

Non-Housing Community Development Needs

- Residents and stakeholders who participated in the community outreach for the Consolidated Plan identified the following community development needs as high priorities within these three HUD categories:
 - Public Facilities: Modernization and rehabilitation of senior centers; increased number of homeless facilities across the City; more accessible community centers
 - Public Improvements: complete streets that accommodate multiple transportation modes; pedestrian safety; ADA curb improvements; and increased access to parks and open space amenities
 - Public Services: food assistance and nutrition programs for vulnerable populations; year-round activities for youth; health care services for seniors and low-income families; services for homeless persons; and job training and education programs for youth, low-skilled workers, undocumented workers, and homeless individuals

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.

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 2016-2017 Annual Action Plan through meetings with stakeholders, community forums, and survey distribution. In July and August 2015, the Housing Department convened three groups of stakeholders and held three community forums to gather additional input for the 16-17 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, and finally a meeting with neighborhood groups/associations. During the stakeholder meetings, the housing department solicited feedback on the 5-year Consolidated Plan goals to ensure they represented the needs of the community, as well as ideas for strategies to meet those goals in the 2016-2017 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. These meetings included small group discussions to ensure every participant had the ability to share their concerns and ideas. The Housing Department has used information from these public input sessions and meetings in the development of the strategies and projects found in the 16-17 Annual Action Plan.

5. Summary of public comments

To be inserted upon completion of the public comment period.

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

To be inserted upon completion of the public comment period.

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 HUD Programs Administration Office (HPA) 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.

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

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 2015 and 2016 to gather additional input and further refine the strategies and goals for the 2016-2017 Annual Action Plan. In the summer of 2015, the City of San José consulted with three groups of stakeholders, including City departments, non-profit partners, and neighborhood leaders, in addition to holding three public meetings to gather input for the 2016-2017 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[I]).

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.

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.

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

In addition to the extensive consultation conducted for the Consolidated Plan, the City of San José solicited additional input for the 2016-2017 Annual Action Plan through meetings with stakeholders, community forums, and a survey. In July and August 2015, the Housing Department convened three groups of stakeholders and held three community forums to gather additional input for the 16-17 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, and finally a meeting with neighborhood groups/associations. During the stakeholder meetings, the housing department solicited feedback on the 5-year Consolidated Plan goals to ensure they represented the needs of the community, as well as ideas for strategies to meet those goals in the 2016-2017 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 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. These meetings included small group discussions to ensure every participant had the ability to share their concerns and ideas. The Housing Department has used information from these public input sessions and meetings in the development of the strategies and projects found in the 16-17 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 composed of the same individuals who serve on the Destination: Home Leadership Board. 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).⁷⁸

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 from April to August 2014. 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:⁹

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, 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 is represented on the CoC by staff of the Housing Department's Homelessness Response Team. Members of the CoC meet on a monthly basis in various work groups to ensure successful implementation components of the Plan's action steps. A Community Plan Implementation Team, which includes members of the CoC and other community stakeholders, meets quarterly to evaluate progress toward the Plan's

⁷ County of Santa Clara. "Housing Element 2015-2022." 2014.

http://www.sccgov.org/sites/planning/PlansPrograms/GeneralPlan/Housing/Documents/HE_2015_Adopted_Final.pdf

⁸ Santa Clara County. "Continuum of Care Governance Charter." 2013.

⁹ Destination: Home. "Community Plan to End Homelessness in Santa Clara County 2015-2012." 2014.

goals, identify gaps in homeless services, establish funding priorities, and pursue an overall systematic approach to address homelessness.

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 contracts with two homeless service providers to administer the ESG program. The program provides homeless persons with outreach and engagement services, basic shelter and essential supportive services, case management and rapid rehousing services. Grantees were selected in 2015 through a competitive process and provide services such as homeless outreach, shelter for families and victims of domestic violence, and rapid rehousing, including rental assistance and housing search and placement.

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:

- 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 rehousing 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 Administering 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.¹⁰ The County also administers the website SCCHousingsearch.org, which provides information about affordable housing in the County, searchable by unit size, location, supportive services, and opened or closed waiting lists.

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.

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, three stakeholder meetings, and conducted a survey to gather input for the FY16-17 Annual Action Plan.

A total of 209 individuals participated in the August 2014 forums and 109 individuals participated in the Annual Action Plan sessions in 2015 including residents, service providers, community advocates and interested stakeholders. Several of the agencies, groups and organizations attended multiple forums.

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

Not applicable, all agency types were consulted.

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 workplan to help the City meet its future regional housing needs. This

¹⁰ 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](http://www.sccgov.org/sites/oah/Housing%20%20Community%20Development%20(HCD)/Documents/Draft%20CAPER%20FY14%20vs%201.pdf)

Name of Plan	Lead Organization	How Do the Goals of Your Strategic Plan Overlap With the Goals of Each Plan?
		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 economically strong city that invests in infrastructure, jobs,

Name of Plan	Lead Organization	How Do the Goals of Your Strategic Plan Overlap With the Goals of Each Plan?
		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 (2015-20)	City of San José	This is the City's local Strategic Plan for increasing the affordable housing supply, maintaining the existing affordable housing supply, and providing services to homeless and at-risk populations. 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.

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, Stakeholder Meetings, and Survey

- Results: 109 individuals participated in the forums including residents, service providers, community advocates and interested stakeholders. An addition 49 individuals completed the needs survey. The forum were advertised in
- Location: Three community forums were held in the following locations: Seven Trees Community Center, Edenvale Library, Roosevelt Community Center

Overall Community Needs identified in the 5-year Consolidated Plan

- **Need for Affordable Rental Housing**
The majority of community forum participants and survey respondents identified increasing affordable rental housing inventory as the highest priority need within the County. More than 63 percent of survey respondents indicated affordable rental housing as a “high level” of need. Several community forum participants noted that LMI households cannot afford average rental rates in the County.
- **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 programs for the homeless were frequently identified by participants as critical needs.
- **Need for Senior Housing**
The need to address the housing crisis facing seniors in the County was a common discussion topic. Forum participants noted that elderly renter households experience numerous housing issues, including cost burden and rental units in disrepair.
- **Need for Infrastructure and Neighborhood Investment**
The need to invest in physical infrastructure such as creating pedestrian-friendly neighborhoods and cities that support “Complete Streets” to facilitate multi-modal travel was frequently noted by forum participants. Addressing bicycle/pedestrian conflicts with vehicular traffic was a key issue of concern for vulnerable populations, including school-age children and seniors. Other participants expressed the need for increased street connectivity, such as expanding ADA improvements like curb cuts, sidewalk repairs, and crosswalk enhancements. Expanding access to open space, recreational amenities, and community facilities were also noted by several service providers as a pressing need to encourage healthy lifestyles and active living among the County’s residents. Communities also identified a need for investments to increase social infrastructure to increase civic engagement, social capital, and neighborhood resilience.

- **Need for Increase in Community Services**

Survey respondents and forum participants called attention to the need for expanded support of a wide range of community services to meet the basic needs of vulnerable populations. Programs to meet basic needs such as healthy foods, clothing, healthcare, and shelter of low-income and special needs populations were frequently highlighted during community forums. Due to the increased demand for these basic assistance programs, service providers noted that they were struggling to meet clients’ needs with limited resources and staff capacity.

- **Need for Economic Development and Job Training Programs**

Many forum participants emphasized the need for job training programs for youth, low-skilled workers, homeless individuals and undocumented workers. Small business assistance, including micro-enterprise loans and services to support minority-owned businesses, were also highlighted as important tools to spur job creation and to retain small business owners in the County.

- **Need for Transportation Services**

Local service providers at each of the Consolidated Plan forums highlighted the lack of affordable and accessible transportation services in the County. Programs to augment public transit, paratransit, and senior transit services were cited as necessities.

- **Need for Fair Housing Education and Legal Services**

Several service providers noted the need to expand the provision of free or low-cost legal services to protect fair housing rights and to mediate tenant / landlord issues. Education for tenants and landlords was identified as a vital need to prevent illegal evictions and address housing discrimination.

Overall Community Needs identified during the FY16-17 Action Plan Outreach Process:

During the outreach process for the 16-17 Action Plan, the community identified some of the same needs as during the 5-year Consolidated Planning process, and provided increased clarification on the specific needs for the current year.

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

Areas of Need	Potential Activities
Facilitate Neighborhood engagement and leadership development	<ul style="list-style-type: none"> • Resident Leadership Training • Development and implementation of Community-building activities • Assist with prioritization of City infrastructure projects • Community Asset Mapping • Leveraging funds – including pursuit of grants
Address Housing needs	<ul style="list-style-type: none"> • Displacement/gentrification Prevention • Preservation Activities (Homeowner Rehabilitation) • Low-income Rental Development • Permanent Supportive Housing • Shelter Rehabilitation

Support Youth Programs	<ul style="list-style-type: none"> • After school programs • Free recreation activities
Improve Transportation	<ul style="list-style-type: none"> • Improved Access • Pedestrian Safety • Bike friendly • Safe Streets – traffic calming
Connect the community with Job training opportunities – with emphasis on youth	<ul style="list-style-type: none"> • Job training focused on youth under 18 • Job training focused on young adults • Job training focused on homeless individuals
Support Senior Services	<ul style="list-style-type: none"> • Activities that support age friendly cities
Promote Healthy Communities	<ul style="list-style-type: none"> • Access to healthy foods • Address Illegal Dumping • Walkable communities

Action Plan Public Comment Period

The Action Plan was released on April 1, 2016 for public review and comment period ending May 3, 2016. The City continued to accept public comments until May 3, 2016 when the City Council considered the Plan for adoption. The Plan was available electronically at the Housing Department’s website. Hardcopies were available at the Housing Department. The electronic version was sent to distribution lists totaling 1,400 entities, organizations, agencies and citizens or groups that attended any of the forums, requested such notification and provided their contact information. In addition, public comment was encouraged at the hearings listed below, or could be submitted in writing to the City of San José Department of Housing. A summary of all public comments is 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
November 12, 2015 – 5:45pm
 - Housing & Community Development Commission
San José City Hall
200 E. Santa Clara St. (Wing Rooms 118, 119, 120)
San José, CA 95113
March 10, 2016 – 5:45pm
 - City Council Hearing
San José City Hall
200 E. Santa Clara St. (City Hall Chambers)

San José, CA 95113
April 5, 2016 – 1:30pm

- Housing & Community Development Commission
San José City Hall
200 E. Santa Clara St. (Wing Rooms 118, 119, 120)
San José, CA 95113
April 14, 2016 – 5:45pm

- City Council Hearing
San José City Hall
200 E. Santa Clara St. (City Hall Chambers)
San José, CA 95113
May 3, 2016 – 1:30pm

Citizen Participation Outreach

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 109 individuals attended the 6 community forums and stakeholder meetings held in the summer of 2015.	Attachment B	All comments were accepted.	
Online Survey	Broad community outreach to members of the public and interested stakeholders	A total of 49 Surveys were collected	Attachment B	All comments were accepted.	English and Spanish: https://www.surveymonkey.com/r/TYR7NFM
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 and Spanish) and community forums.	Attachment B	Not Applicable	http://www.sanjoseca.gov/index.aspx?NID=4662
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;	Attachment B	Not Applicable	

Mode of Outreach	Target of Outreach	Summary of Response/Attendance	Summary of Comments Received	Summary of comments not accepted and reasons	URL (If 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.	Attachment B	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) 2016-17 Action Plan covers the time period from July 1, 2016 to June 30 2017 (HUD Program Year 2016). The City Fiscal Year (FY) 2016-2017 entitlement amount is \$12,570,508. While HUD allocations are critical, they are not sufficient to overcome all barriers and address all needs that low-income individuals and families face 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 2016-2017 allocation amount for each of the federal housing and community development programs is broken down as follows:

- Community Development Block Grant (CDBG) - \$8,389,991
- HOME Investment Partnerships Program (HOME) - \$2,560,066
- Housing Opportunities for Persons with AIDS (HOPWA) - \$876,953
- Emergency Services Grant (ESG) - \$743,498

In addition to the FY 2016-2017 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 funds that were either set aside for future Section 108 loan repayments or 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.

Table 4 – FY 2016-17 Summary of Funding

2015-2016 Funding	Allocation	Prior Year Balance	Estimated FY 2015-16 Program Income	Total Estimated Resources
Total CDBG	\$ 8,389,991	\$4,775,825	\$500,000	\$13,665,816
Total HOME	\$2,560,066	\$1,500,000	\$1,039,934	\$5,100,000
Total HOPWA	\$876,953	\$0	\$0	\$876,953
Total ESG	\$743,498	\$0	\$0	\$743,498

TOTAL	\$12,570,508	\$6,275,825	\$1,539,934	\$20,386,267
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Priority Table

Table 5 - Fiscal Year 2016-2017 CDBG Budget Priorities

CDBG Fiscal Year 2016-2017 Annual Budgetary Priorities	
FY 2016-2017 Budget	\$13,665,816
Administration (includes City grant administrative costs and a portion of fair housing activities)	\$1,770,000
Public Services Program	\$1,251,300
Neighborhood Engagement Program	\$200,000
Homeless Programs	\$750,000
Senior Programs	\$201,300
Fair Housing	\$100,000
Community Development Improvement Program	\$8,374,931
Place Based Projects	\$1,150,000
Targeted Code Enforcement	\$1,800,000
Minor Repair	\$1,000,000
Job Training	\$500,000
Acquisition and/or Rehabilitation for Affordable Housing	\$3,265,000
Non-profit Facility Rehab	\$659,931
Section 108 Repayments	\$2,269,585
Total	\$13,665,816

Table 6 - Fiscal Year 2016-2017 HOME Budget Priorities

HOME Fiscal Year 2016-2017 Annual Budgetary Priorities	
FY 2016-2017 Budget	\$5,100,000
Administration (includes Fair Housing activities, TBRA administration and typical HOME administration activities)	\$300,000
Tenant-Based Rental Assistance	\$1,240,000
New Construction of affordable Multi-Family Housing	\$3,460,000
CHDO Operating Costs	\$100,000
Total	\$5,100,000

Table 7 – Fiscal Year 2016-2017 HOPWA Budget Priorities

HOPWA Fiscal Year 2016-2017 Annual Budgetary Priorities	
FY 2015-2016 Budget	\$876,953
City Administration and Planning	\$26,308
Sponsor Administration	\$61,387
Tenant-based Rental Assistance & Supportive Services	\$789,258
Total	\$876,953

Table 8 – Fiscal Year 2016-2017 ESG Budget Priorities

ESG Fiscal Year 2016-2017 Annual Budgetary Priorities	
FY 2016-2017 Budget	\$743,498
Administration	\$55,762
Emergency Shelter, Outreach, and Rapid Re-housing	\$687,736
Total	\$743,498

Table 9 - Expected Resources – Priority Table

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	Public Federal	<ul style="list-style-type: none"> • Admin and Planning • Acquisition • Economic Development • Housing • Public Improvements • Public Service 	\$8,389,991	\$500,000	\$4,775,825	\$13,665,816	\$13,668,661	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 2017-2020 (minus a 5 percent reduction per year), plus the estimated program income, minus the amount the City expects expend on Admin and/or Section 108 debt repayment.**

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	Public Federal	<ul style="list-style-type: none"> • Acquisition • Multifamily Rental New Construction • Multifamily Rental Rehab • TBRA • Fair Housing Activities • Program Administration 	\$2,560,066	\$1,039,934	\$1,500,000	\$5,100,000	\$9,243,713	This program is designed exclusively to create affordable housing for low-income households.
HOPWA	Public Federal	<ul style="list-style-type: none"> • Permanent Housing in Facilities • Permanent Housing Placement • STRMU • Short Term or Transitional Housing Facilities • Supportive Services • TBRA 	\$876,953	\$0	\$0	\$876,953	\$2,305,140	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 2				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	Public Federal	<ul style="list-style-type: none"> • Conversion and Rehab for Transitional Housing • Financial Assistance • Overnight Shelter • Rapid Re-Housing (Rental Assistance) • Rental Assistance Services • Transitional Housing 	\$743,498	\$0	\$0	\$743,498	\$1,863,678	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).

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.

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 zoning 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): downpayment 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.

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: program income generated from the Housing Department's \$675 million loan portfolio funded by former redevelopment agency affordable housing funds is used to finance a variety of affordable housing programs.
- Inclusionary Housing Program: The City currently has an Inclusionary Housing Program in place in former redevelopment project areas, which requires that 20 percent of residential for-sale units be affordable or that other options are pursued, including the payment of in-lieu fees to the City. This program is expected to be superseded by the Citywide Inclusionary Housing Ordinance (described below), on July 1, 2016.
- Inclusionary Housing Ordinance: In January 2010, San José adopted a Citywide Inclusionary Housing Ordinance in order to provide additional opportunities for affordable housing in the City. The Citywide Ordinance requires that 15 percent of a project's units built be restricted affordable if the affordable units are constructed on-site, which increases to 20 percent of units if the affordable units are constructed offsite. Alternatively, the developer may also choose to pay an in-lieu fee instead of building affordable units, or to take advantage of other defined alternatives. The Citywide Ordinance has recently taken effect and will subsume the Inclusionary Housing Program now in operation in redevelopment project areas for future applications. The Citywide ordinance was expected to go into effect no later than January 1, 2013; however, a series of legal challenges delayed the City's implementation of the Inclusionary Housing Ordinance. It is expected that the City of San José will enforce the Inclusionary Housing Ordinance on or after July 1, 2016.
- 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 2016-2017, it is anticipated that at least \$1 million in HTF will be used towards the following 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 outreach, 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. Due to an

exemption period, the Housing Department does not expect to receive any revenue from the AHIF program until FY 2017-18.

- City of San José General Fund: the City’s General Fund will be providing a fourth year of funding of \$3.5 million for homeless services. \$2 million will fund a Place-Based Rapid Re-Housing Pilot Program targeting homeless residents living in encampments and \$1.5 million will be set aside for ongoing homeless encampment abatement and deterrent services.
- 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 Housing Authority of the County of Santa Clara (HACSC) to administer and manage the Section 8 Voucher program and public housing programs within San José. The HACSC receives federal funding to run the programs below:
 - Section 8 Housing Choice Voucher Program: rental assistance to low-income households.
 - Continuum of Care (Formerly Shelter Plus Care): rental assistance program for homeless persons with a disability.
 - 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 HACSC as a “Moving to Work” (MTW) agency through June 30, 2018. The goal of the MTW program is to increase cost effectiveness, promote self-sufficiency, and expand housing options for low-income families. The MTW designation 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 HACSC to identify MTW activities that may benefit low-income families of the community, especially homeless households.

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

If appropriate, describe publically 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 surplus lands, such as with the Santa Clara Valley Transportation Authority (VTA), which has public surplus lands in transit-rich locations. In 2016, VTA intends to update its Joint Development framework for leasing land around light rail stations for dense mixed use development. VTA has proposed adding new policies to this framework that promote affordable housing development at VTA Joint Development sites and on other real estate owned by VTA. The City will continue to monitor the Joint Development process in hopes of maximizing the amount of affordable housing that is built adjacent to high quality transit stations. Previously, the City has used its resources to purchase surplus land from other public agencies to meet its housing and community development goals.

In December 2015, the City Council approved the purchase of two properties located at 226 Balbach Avenue 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 will be rehabilitated to provide transitional housing for homeless individuals for up to five years. The City has not yet determined what type of affordable housing will be built at 226 Balbach Avenue. ~~The City also acquired a site on Evans Lane north of Canoas Gardens Avenue from the Valley Transportation Authority. The City is currently planning to develop the Evan's lane site as interim housing for homeless individuals.~~ The City will also seek council approval to purchase 2 sites at 5647 Gallup and 1171 Mesa for a future affordable housing development. Were funds available at the time that such surplus parcels were for sale, the Housing Department would pursue purchase of land in strategic locations for the purpose of supporting the development of restricted affordable multifamily units. Such land constitutes a resource for potential new developments to proceed with a minimum of additional subsidy outlay. Ongoing ownership of the land by the City and the use of long-term ground leases to affordable housing developments also provide greater certainty that affordable units will continue to operate in key locations throughout the City.

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	2016	2017	<ul style="list-style-type: none"> Affordable Housing 	N/A	Affordable Housing	HOME: \$3,560,000 CDBG: \$3,265,000 HOPWA: \$850,645	<ul style="list-style-type: none"> Rental Units Constructed = 80 housing units Rental Units Rehabilitated = 109 housing units Tenant-Based Rental Assistance/Rapid Re-housing = 80 persons assisted
2	Respond to Homelessness and Its Impacts on the Community	2016	2017	<ul style="list-style-type: none"> Homeless 	N/A	Homelessness	CDBG: \$750,000 HOME: \$1,240,000 ESG: \$743,498	<ul style="list-style-type: none"> Homeless overnight shelter = 318 persons assisted Tenant-Based Rental Assistance/Rapid Re-housing = 110 persons assisted Other – Outreach Contacts = 1,200 persons assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
3	Strengthen Neighborhoods	2016	2017	<ul style="list-style-type: none"> Non-Housing Community Development Non-Homeless Special Needs 	N/A	Strengthening Neighborhoods	CDBG: \$5,511,231	<ul style="list-style-type: none"> Public service activities other than LMI Housing Benefit = 265 persons assisted Jobs created = 10 Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit = 20,100 persons assisted Housing code enforcement/Foreclosed property care = 1,400 housing units Homeowner housing rehabilitated = 200 housing units
4	Promote Fair Housing Choice	2016	2017	<ul style="list-style-type: none"> Non-Housing Community Development 	N/A	Fair Housing	CDBG: \$300,000 HOME: \$100,000	<ul style="list-style-type: none"> 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, by grant program.

HOME

Projected total assisted: 80

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.

Since the HOME program's inception (1992), the City has set aside approximately 35 percent of its total allocation for CHDOs to develop low income housing units (HUD requires at least 15 percent to be set aside). Because the City has met and surpassed this requirement, the City may exercise its option to request HUD waive this requirement and allow the City to use the "set-aside" funds for other eligible HOME activities.

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.

CDBG

Projected total assisted: 109

The City will use CDBG funds to complete the rehabilitation of The Plaza Hotel. In FY 15-16, CDBG funds supported the acquisition and rehabilitation of The Plaza Hotel for housing homeless individuals. In FY16-17, the City will add \$765,000 in CDBG funds to the project to complete the rehabilitation. At the time of acquisition, the Plaza Hotel was in a state of disrepair and required an investment from the City to bring it to a habitable condition prior to occupancy. Tenants residing in the Plaza Hotel will be part of the City or County's Homeless Housing Programs, and, as such, their monthly housing costs will be paid by subsidies from those programs. The project meets the Low-moderate Income Housing (LMH) national objective. Forty-nine housing units will be rehabilitated as a result of this project.

Additionally, the City will dedicate \$2.5 million in CDBG funding to develop and implement a multi-family rental housing rehabilitation program to house homeless veterans. All buildings rehabilitated with CDBG funds will meet the Low-moderate Income Housing (LMH) national objective. The City's Housing Department will work collaboratively with the County's Office of Supportive Services, the Santa Clara

County Housing Authority, and Destination Home to identify program participants. The Housing Department will leverage additional non-federal funding to support this program. The City estimates that the CDBG funding will result in the addition of 60 permanent housing units for homeless veterans.

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 Isolation to Inclusion
2	Meals on Wheels
3	Neighborhood Engagement
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	Acquisition and/or Rehabilitation for Affordable Housing
12	HOME TBRA
13	Homeless Services (CDBG)
14	Homeless Services (ESG15 City of San José)
15	Fair Housing
16	Non-profit Facility Rehabilitation
17	Section 108 Repayment
18	Unallocated Funds
19	CDBG Administration and Monitoring
20	HOME Administration and Monitoring
21	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 over the past year. In addition, the results of the programs and projects undertaken in the first year 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 and/or the FY16-17 Annual Action Plan:

- Need for Affordable Rental Housing

The majority of community forum participants and survey respondents identified increasing affordable rental housing inventory as the highest priority need within the County. More than 63 percent of consolidated plan survey respondents indicated affordable rental housing as a “high level” of need. Several community forum participants noted that LMI households cannot afford average rental rates in the County.

- 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 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.

- Need for Senior Housing

The need to address the housing crisis facing seniors in the County was a common discussion topic. Forum participants noted that elderly renter households experience numerous housing issues, including cost burden and rental units in disrepair.

- Need for Infrastructure and Neighborhood Investment including Pedestrian Safety and Accessibility Improvements

The need to invest in physical infrastructure such as creating pedestrian-friendly neighborhoods and cities that support “Complete Streets” to facilitate multi-modal travel was frequently noted by forum participants. Addressing bicycle/pedestrian conflicts with vehicular traffic was a key issue of concern for vulnerable populations, including school-age children and seniors. Other participants expressed the need for increased street connectivity, such as expanding ADA improvements like curb cuts, sidewalk repairs, and crosswalk enhancements. Expanding access to open space, recreational amenities, and community facilities were also noted by several service providers as a pressing need to encourage healthy lifestyles and active living among the County’s residents.

- Need for Increase in Community Services

Survey respondents and forum participants called attention to the need for expanded support of a wide range of community services to meet the basic needs of vulnerable populations. Programs to meet basic needs such as healthy foods, clothing, healthcare, and shelter of low-income and special needs populations were frequently highlighted during community forums.

Due to the increased demand for these basic assistance programs, service providers noted that they were struggling to meet clients' needs with limited resources and staff capacity.

- **Need for Economic Development and Job Training Programs**

Many consolidated plan forum participants emphasized the need for job training programs for homeless individuals, veterans, and at-risk youth. Participants supported employment services such as job training, English language, and capacity-building classes

- **Need for Transportation Services**

Local service providers at each of the Consolidated Plan forums highlighted the lack of affordable and accessible transportation services in the County. Programs to augment public transit, paratransit, and senior transit services were cited as necessities.

- **Need for Fair Housing Education and Legal Services**

Several service providers noted the need to expand the provision of free or low-cost legal services to protect fair housing rights and to mediate tenant / landlord issues. Education for tenants and landlords was identified as a vital need to prevent illegal evictions and address housing discrimination.

- **Need for Neighborhood Engagement Resources and Investments**

Communities identified a need for investments to increase social infrastructure to increase civic engagement, social capital, and neighborhood resilience. With limited resources for neighborhood investment, residents and community-based organizations identified the need for investment in community leaders to build the capacity of neighborhoods and communities. Residents have shown increasing interest in participating in the process of allocating government and other resources in the community. To increase the capacity of neighborhoods to play a role in decision-making, community members support programs such as neighborhood leadership development and community-led neighborhood improvement projects.

AP-38 Projects Summary

Project Summary Information

Table 12 – Project Summary

	Project Name	Target Area	Needs Addressed	Funding	GOI
1	Senior Isolation to Inclusion	N/A	<ul style="list-style-type: none"> Strengthening Neighborhoods 	CDBG: \$100,650	110 persons assisted
2	Meals on Wheels	N/A	<ul style="list-style-type: none"> Strengthening Neighborhoods 	CDBG: \$100,650	55 persons assisted
3	Neighborhood Engagement	N/A	<ul style="list-style-type: none"> Strengthening Neighborhoods 	CDBG: \$200,000	100 persons assisted
4	Job Training for Unhoused Individuals and/or Youth	N/A	<ul style="list-style-type: none"> Strengthening Neighborhoods Homelessness 	CDBG: \$500,000	10 Jobs created
5	Place Based Street and Infrastructure Enhancements	N/A	<ul style="list-style-type: none"> Strengthening Neighborhoods 	CDBG: \$1,150,000	20,000 persons assisted
6	Targeted Code Enforcement	N/A	<ul style="list-style-type: none"> Strengthening Neighborhoods 	CDBG: \$1,800,000	1,400 housing units
7	Minor Home Repair Program	N/A	<ul style="list-style-type: none"> Strengthening Neighborhoods 	CDBG: \$1,000,000	200 housing units
8	HOPWA – The Health Trust	N/A	<ul style="list-style-type: none"> Affordable Housing 	HOPWA: \$800,645	75 persons assisted
9	HOPWA – San Benito County	N/A	<ul style="list-style-type: none"> Affordable Housing 	HOPWA: \$50,000	5 persons assisted
10	Rental Housing Development	N/A	<ul style="list-style-type: none"> Affordable Housing 	HOME: \$3,560,000	80 housing units
11	Acquisition and/or Rehabilitation for Affordable Housing	N/A	<ul style="list-style-type: none"> Affordable Housing 	CDBG: \$3,265,000	109 housing units
12	HOME TBRA	N/A	<ul style="list-style-type: none"> Homelessness 	HOME: \$1,240,000	60 persons assisted
13	Services for Homeless and Unhoused Populations (CDBG)	N/A	<ul style="list-style-type: none"> Homelessness 	CDBG: \$750,000	171 persons assisted 700 outreach contacts
14	Homeless Services (ESG15 City of San José)	N/A	<ul style="list-style-type: none"> Homelessness 	ESG: \$743,498	197 persons assisted 500 outreach contacts
15	Fair Housing	N/A	<ul style="list-style-type: none"> Fair Housing 	CDBG: \$300,000 HOME: \$100,000	220 persons assisted

16	Non-profit Facility Rehab	N/A	<ul style="list-style-type: none"> • Homelessness • Strengthening Neighborhoods 	CDBG: \$659,931	100 persons assisted
17	Section 108 Repayment	N/A	<ul style="list-style-type: none"> • N/A 	CDBG: \$2,269,585	N/A
18	CDBG Administration and Monitoring	N/A	<ul style="list-style-type: none"> • N/A 	CDBG: \$1,570,000	N/A
19	HOME Administration and Monitoring	N/A	<ul style="list-style-type: none"> • N/A 	HOME: \$200,000	N/A
20	HOPWA Administration and Monitoring	N/A	<ul style="list-style-type: none"> • N/A 	HOPWA: \$26,308,	N/A

1	Project Name	Senior Isolation to Inclusion
	Target Area	N/A
	Goals Supported	Strengthening Neighborhoods
	Needs Addressed	Strengthening Neighborhoods
	Funding	CDBG: \$100,650
	Description	This project will provide a continuum of community-based safety net services - including licensed adult day care, escorted transportation, and congregate senior meals - to San José's low-income, dependent seniors in order to prevent or reduce their isolation and depression, and to increase their community connections.
	Target Date	06/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	110 low-income seniors
	Location Description	2625 Zanker Rd Ste 200 San José, CA 95134
	Planned Activities	Catholic Charities – Senior Isolation to Inclusion

2	Project Name	Meals on Wheels
	Target Area	N/A
	Goals Supported	Strengthening Neighborhoods
	Needs Addressed	Strengthening Neighborhoods
	Funding	CDBG: \$100,650
	Description	The project will provide daily home-delivered hot meals, personal connections, Wellness Checks, and resources for low-income, homebound San José seniors who cannot access services outside of their homes.
	Target Date	06/30/2017

	Estimate the number and type of families that will benefit from the proposed activities	55 low-income seniors
	Location Description	3180 Newberry Dr Ste 200 San José, CA 95118
	Planned Activities	The Health Trust – Meals on Wheels

3	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	06/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	100 low-income residents
	Location Description	TBD
	Planned Activities	Agencies will be selected from current Request for Proposals (RFP)

	Project Name	Job Training
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4	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). 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. Non-profit entities, including Community Based Development Organizations, are eligible to apply.
	Target Date	06/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	10 jobs created
	Location Description	TBD
Planned Activities	Agencies will be selected from current Request for Proposals (RFP)	

5	Project Name	Place-Based Street and Infrastructure Enhancements
	Target Area	N/A
	Goals Supported	Strengthening Neighborhoods
	Needs Addressed	Strengthening Neighborhoods
	Funding	CDBG: \$1,150,000

<p>Description</p>	<p><u>Story Road Pedestrian and Bicycle Safety Improvements</u></p> <p>The goal of this project is to enhance pedestrian and bicycle safety and provide increased accessibility for all pedestrians and encourage walkability in the community. This project will improve two signalized intersections on King Road: one at Story Road and another 500 feet south east of King and Story. In addition, this project will support the addition of bike lanes on Story Road. These safety improvements will increase pedestrian and bicycle visibility to motorists, eliminate vehicle conflicts and shorten crossing distances.</p> <p><i><u>Intersection Improvements</u></i></p> <p>To improve pedestrian crossing and reduce conflicts with vehicles, the existing crosswalk and large median will be removed to accommodate a new intersection configuration. The new intersection will include two new crosswalks, ADA ramps, relocated signals, new vehicle and bike striping and associated signage. In addition there will also be modifications to the striping at King/Tully to improve vehicle movement and pedestrian safety.</p> <p><i><u>Bike Improvements Story Road</u></i></p> <p>Addition of a bike lane in each direction of Story Road between McLaughlin Avenue and Capital Expressway. Includes removal of existing striping and addition of new bike lane striping along this 1.9 mile corridor.</p> <p><u>22nd and Williams Pedestrian Safety Improvements</u></p> <p>This project will also address community concerns about the speed of vehicles and pedestrian safety on 22nd Street. 22nd St is a long (~.6 mi) cul-de-sac that serves residential households and borders McKinley Elem, a park, and a tot lot. The project will provide for two crosswalks to provide for enhanced pedestrian safety, and for edge-line and centerline striping to slow vehicle traffic. The crosswalks may be enhanced with a variety of features – textured, small choker islands, ADA ramps and signage. The final project scope will be determined based on neighborhood input.</p> <p><u>Other Place-based Street and Pedestrian Safety Improvements</u> – If available, CDBG funds may be used to support other street and pedestrian safety improvements in low-moderate income areas.</p>
<p>Target Date</p>	<p>06/30/2017</p>
<p>Estimate the number and type of families that will benefit from the proposed activities</p>	<p>20,500 low and moderate-income households</p>

	Location Description	King and Story Road S. 22 nd and E. Williams Street
	Planned Activities	King and Story Road Pedestrian and Bicycle Safety Improvements S. 22 nd and E. Williams Pedestrian Safety Improvements

6	Project Name	Targeted Code Enforcement
	Target Area	N/A
	Goals Supported	Strengthening Neighborhoods
	Needs Addressed	Strengthening Neighborhoods
	Funding	CDBG: \$1,800,000
	Description	Elimination of slum and blight is an ongoing concern in the City's Place Based Initiative neighborhoods. The City will continue to utilize CDBG funds to provide enhanced code enforcement services in these three neighborhoods.
	Target Date	06/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	1,400 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: \$1,000,000
	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 minor accessibility and mobility needs within the home.

Target Date	06/30/2017
Estimate the number and type of families that will benefit from the proposed activities	200 extremely low-income homeowners
Location Description	Citywide
Planned Activities	Agencies will be selected from current Request for Proposals (RFP)

8	Project Name	HOPWA – Santa Clara County
	Target Area	N/A
	Goals Supported	Affordable Housing
	Needs Addressed	Affordable Housing
	Funding	HOPWA: \$800,645
	Description	The City anticipates awarding most of its HOPWA entitlement grant to a local non-profit to provide the HIV/AIDS Services program. The program will provide rent subsidies and supportive services to help low-income residents living with HIV/AIDS secure and maintain housing.
	Target Date	06/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	75 low-income individuals living with HIV/AIDS
	Location Description	Santa Clara County
	Planned Activities	<ul style="list-style-type: none"> • 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 utility and rental subsidies and nutritional and dental assistance to low-income clients living with HIV/AIDS.
Target Date	06/30/2017
Estimate the number and type of families that will benefit from the proposed activities	5 low-income individuals living with HIV/AIDS
Location Description	San Benito County
Planned Activities	<ul style="list-style-type: none"> • Supportive Services • TBRA • Administration

10	Project Name	Rental Housing Development
	Target Area	N/A
	Goals Supported	Affordable Housing
	Needs Addressed	Affordable Housing
	Funding	HOME: \$3,560,000
	Description	<p>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.</p> <p>HUD requires that at least 15 percent of HOME allocations be set aside to be issued to Community Housing Developers (CHDOs). Since the City began using HOME funds (1992), 35 percent of its total allocation has been set-aside for CHDOs to develop low-income housing units. Because the City has met and surpassed this requirement, the City may exercise its option to request HUD waive this requirement and allow the City to use the "set-aside" funds for other eligible HOME activities.</p> <p>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,</p>

	<p>while at the same time providing flexibility in the use of funds for an overall gap-financing program.</p> <p>In compliance with HOME regulations, the City of San José may commit up to 5 percent of its annual HOME allocation to Certified CHDOs with operating expenses. CHDOs must currently have a low income, HOME funded rental housing project under construction and/or be able to show that, within 24 months of receiving said operating funds, they will identify and begin construction of HOME units. The City will be committing \$100,000 for CHDO operating expenses.</p>
Target Date	06/30/2017
Estimate the number and type of families that will benefit from the proposed activities	80 low-and moderate-income households
Location Description	Donner Lofts (43 Units) The Met (37 Units)
Planned Activities	<ul style="list-style-type: none"> • CHDO Operations (approximately \$100,000) • Various Development Projects (e.g., North San Pedro Apartments, Leigh Avenue Apartments)

11	Project Name	Acquisition and/or Rehabilitation for Affordable Housing
	Target Area	N/A
	Goals Supported	Affordable Housing
	Needs Addressed	Affordable Housing
	Funding	CDBG: \$3,265,000
	Description	<p>The City will use CDBG funds to complete the rehabilitation of The Plaza Hotel. In FY15-16, CDBG funds supported the acquisition and rehabilitation of The Plaza Hotel for housing homeless individuals. In FY16-17, the City will add \$765,000 in CDBG funds to the project to complete the rehabilitation. At the time of acquisition, the Plaza Hotel was in a state of disrepair and requires an investment from the City to bring it to a habitable condition prior to occupancy.</p> <p>Tenants residing in the Plaza Hotel will be part of the City or County's Homeless Housing Programs, and, as such, their monthly housing costs will be paid by subsidies from those programs. The</p>

	<p>project meets the Low-moderate Income Housing national objective.</p> <p>Additionally, the City will dedicate \$2.5 million in CDBG funding to develop and implement a multi-family rental housing rehabilitation program to house homeless veterans. All buildings rehabilitated with CDBG funds will meet the Low-moderate Income Housing (LMH) national objective. The City's Housing Department will work collaboratively with the County's Office of Supportive Services, the Santa Clara County Housing Authority, and Destination Home to identify program participants. The Housing Department will leverage additional non-federal funding to support this program. The City estimates that the CDBG funding will result in the addition of 60 permanent housing units for homeless veterans.</p>
Target Date	06/30/2017
Estimate the number and type of families that will benefit from the proposed activities	109 low or moderate income households
Location Description	<p>96 South Almaden Boulevard San Jose, CA 95110</p> <p>Additional Locations for Homeless Vets Housing Program TBD</p>
Planned Activities	Rehabilitation of the Plaza Hotel for Homeless Housing

12	Project Name	HOME Tenant Based Rental Assistance
	Target Area	N/A
	Goals Supported	Homelessness
	Needs Addressed	Homelessness
	Funding	HOME: \$1,240,000
	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. In all of its HOME-funded TBRA programs the City collaborates with outside agencies to provide intensive case

	management services to TBRA clients. Combined with rental assistance, such services improve the ability of clients to successfully transition out of homelessness, retain housing and increase their self-sufficiency after exiting the TBRA program. In FY 2016-2017 the City anticipates having 60 TBRA coupons in use by formerly homeless households.
Target Date	06/30/2017
Estimate the number and type of families that will benefit from the proposed activities	60 homeless individuals/families
Location Description	3180 Newberry Dr., Ste 200 San José, CA 95118
Planned Activities	The Health Trust – HOME Tenant Based Rental Assistance

13	Project Name	Services for Homeless and Unhoused Populations (CDBG)
	Target Area	N/A
	Goals Supported	Homelessness
	Needs Addressed	Homelessness
	Funding	CDBG: \$750,000
	Description	The City will utilize CDBG funds to support a Citywide Homeless Outreach and Engagement program. 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. Activities may include street outreach, emergency shelter operations, and rapid re-housing services for the chronic homeless population. The City will contract with HomeFirst Services of Santa Clara County to provide these services.
	Target Date	06/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	171 unduplicated homeless individuals will be provided shelter services 700 outreach contacts will be made with homeless individuals
	Location Description	Citywide

	Planned Activities	HomeFirst - Homeless Outreach and Engagement
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14	Project Name	ESG16 City of San José
	Target Area	N/A
	Goals Supported	Homelessness
	Needs Addressed	Homelessness
	Funding	ESG: \$743,498
	Description	<p>The City will utilize ESG funds to support a Downtown Homeless Outreach and Engagement program as well as a Supportive Services and Rapid Re-housing Program for homeless individuals and families.</p> <p>The Downtown Homeless Outreach and Engagement Program will focus on utilizing an integrated approach to provide a comprehensive response to addressing chronic homelessness in the City. Activities may include street outreach, emergency shelter operations, and rapid re-housing services for the chronic homeless population. The City will contract with People Assisting the Homeless (PATH) to provide the Downtown Outreach and Engagement services.</p> <p>The Supportive Services and Rapid Re-housing Program for Unsheltered Populations will utilize an integrated approach to provide shelter, interim housing, case management services, deposit/rental assistance, and other eligible services as needed. The City will contract with Bill Wilson Center, the lead agency in a consortium of homeless and domestic violence service providers to provide these services.</p>
	Target Date	06/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	<p>147 unduplicated homeless individuals will be provided shelter services</p> <p>500 outreach contacts will be made with homeless individuals</p> <p>50 homeless individuals/families will receive rapid re-housing services (deposit/rental assistance)</p>
	Location Description	Citywide
	Planned Activities	<ul style="list-style-type: none"> • Emergency Shelter • Homeless Outreach • Rapid Re-housing

	<ul style="list-style-type: none"> Administration
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15	Project Name	Fair Housing
	Target Area	N/A
	Goals Supported	Fair Housing
	Needs Addressed	Fair Housing
	Funding	CDBG: \$300,000 HOME: \$100,000
	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 has issued an RFP for these services.
	Target Date	06/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	220 individuals/families
	Location Description	Various locations
	Planned Activities	To be updated when services are selected from current Request for Proposals (RFP)

16	Project Name	Non-profit Facility Rehabilitation
	Target Area	N/A
	Goals Supported	Homelessness Strengthening Neighborhoods
	Needs Addressed	Homelessness Strengthening Neighborhoods
	Funding	CDBG: \$659,931

Description	CDBG funds will be used to support the Bill Wilson Center Rehabilitation project, originally funded in the FY14-15 Annual Action Plan. Funds will rehabilitate the homeless drop-in center, which includes three buildings on the corner of South 2 nd and Margaret Street. The original project budget was inadequate to fully fund the scope of the project, and CDBG funds will be added in the 16-17 fiscal year to ensure project completion.
Target Date	06/30/2018
Estimate the number and type of families that will benefit from the proposed activities	100 individuals/families
Location Description	691 South 2 nd Street, San José, CA 693 South 2 nd Street, San José, CA 10 Margaret Street, San José, CA
Planned Activities	Bill Wilson Center Rehabilitation

17	Project Name	Section 108 Loan Repayment
	Target Area	N/A
	Goals Supported	N/A
	Needs Addressed	N/A
	Funding	CDBG: \$2,269,585
	Description	The former Redevelopment Agency (RDA) borrowed funds under the Section 108 program intending to make amortized payments on the three loans from its share of the redevelopment tax increment. With the dissolution of RD's statewide and the tax increment to cover all of the former Redevelopment Agency's enforceable obligations, another source of funding is necessary to take on that debt service. Since the City's General Fund is experiencing its own revenue shortfalls, CDBG funds are utilized to cover the debt service obligation. Of the three Section 108 loans, the proceeds from one were loaned by the Agency to developers who are making repayments; proceeds from the other two were disbursed to developers in the form of grants. In FY 2015-2016 the City will partially offset the Section 108 loan payment with \$2,269,585 in loan repayments paid by those developers who were loaned, not granted, Section 108 loan proceeds.
	Target Date	06/30/2017

	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	N/A
	Planned Activities	Section 108 Repayment

18	Project Name	CDBG Administration and Monitoring
	Target Area	N/A
	Goals Supported	N/A
	Needs Addressed	N/A
	Funding	CDBG: \$1,570,000
	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.
	Target Date	06/30/2017
	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

19	Project Name	HOME Administration and Monitoring
	Target Area	N/A
	Goals Supported	N/A
	Needs Addressed	N/A
	Funding	HOME: \$200,000

	Description	Up to 10 percent of the total HOME grant allocation (approximately \$256,000) will be used for reasonable planning and administrative costs associated with the administration of the HOME funds and other related federal requirements. Further, 10% of eligible Program Income throughout the year may also be used for HOME Administration and Monitoring. This is estimated to be approximately \$44,000. A portion of the HOME administration funds (\$100,000) will also be used to support the Fair Housing Project (Project 15)
	Target Date	06/30/2017
	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

20	Project Name	HOPWA Administration and Monitoring
	Target Area	N/A
	Goals Supported	N/A
	Needs Addressed	N/A
	Funding	HOPWA: \$26,308
	Description	The City will allocate \$26,308 or 3 percent of the entitlement grant to administrative costs associated with managing with the HOPWA grant.
	Target Date	06/30/2017
	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. 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.

Discussion

Please see discussion above.

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

Although entitlement dollars are limited, the City does anticipate 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	219
Non-Homeless	80
Special-Needs	80
Total	379

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

One Year Goals for the Number of Households Supported Through:	
Rental Assistance	190
The Production of New Units	80
Rehab of Existing Units	109
Acquisition of Existing Units	0
Total	379

Discussion

Please see discussions above.

AP-60 Public Housing – 91.220(h)

Introduction

HACSC assists approximately 16,000 households through the federal Section 8. The Section 8 waiting list contains 17,647 households and is estimated to be a seven-year wait. HACSC also develops, controls, and manages more than 2,600 affordable rental housing properties throughout the County. HACSC’s programs are targeted toward LMI households, and more than 80 percent of its client households are extremely low-income families, seniors, veterans, persons with disabilities, and formerly homeless individuals.¹¹

In 2008, HACSC 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.¹² Additionally, HACSC has used LIHTC financing to transform and rehabilitate 551 units of public housing into HACSC-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.”¹³ The Housing Authority of the County of Santa Clara 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.

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

¹¹ Housing Authority of the County of Santa Clara. “Welcome to HACSC.” <http://www.hacsc.org/>

¹² HACSC. “Moving to Work (MTW) 2014 Annual Report.” September 2014.

¹³ United States Housing and Urban Development Department. “Glossary.” http://www.huduser.org/portal/glossary/glossary_p.html

While the majority of their units have been converted to affordable housing stock, HACSC 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 HACSC board.

HACSC has been a MTW agency since 2008. To date, the agency has had 36 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 HACSC'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."¹⁴

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.

¹⁴ 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 ninth-largest population of homeless people on any given night (6,556 individuals)¹⁵ and the highest percentage of unsheltered homeless of any Major City CoC in the country (71 percent of homeless people sleep in places unfit for human habitation).¹⁶ The homeless assistance program planning network is administered by the Santa Clara Continuum of Care (CoC) and governed by the Destination: Home Leadership Board, who serves as 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 2015 and will take place in 2017. In addition, the City will provide funding to several homeless outreach programs and projects:

- Citywide Homeless Outreach and Engagement program – Activities will include street outreach and case management, basic needs, emergency shelter operations, and rapid re-housing services for the homeless population.
- Supportive Services and Rapid Re-housing Program for Unhoused Populations – Activities will include shelter, interim housing, case management services, deposit/rental assistance, and other eligible services as needed.

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;

¹⁵ The U.S. Department of Housing and Urban Development. “2015 Annual Homeless Assessment Report (AHAR) to Congress.” November 2015. <https://www.hudexchange.info/resources/documents/2015-AHAR-Part-1.pdf>

¹⁶ Ibid

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.

In 2016-2017, 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 over 500 emergency shelter beds and over 800 transitional housing beds which serve homeless individuals, families with children, women with children, youth, and victims of domestic violence. The number of emergency and transitional beds have 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, but focus much more 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 TBRA programs: one funded by HOME dollars, and another by HOPWA funds. The HOME TBRA Program provides housing subsidies leveraged with appropriate case management services to the following homeless populations:

- Chronically homeless individuals with substance abuse issues who reside in and around St. James Park;
- Employable homeless persons from City-targeted homeless encampments;
- Employable homeless Veterans;
- Employable homeless persons from the City's downtown;
- Employable homeless families with children; and
- Employable homeless persons recently released from the community's Medical Respite Program.

The City's TBRA Programs are similar to the HACSC'S Section 8 program. The City's TBRA administrator, in concert with the clients' case managers, help program participants to locate appropriate rental housing, perform housing inspections, and coordinate monthly subsidy payments per HOME TBRA guidelines. The HOPWA TBRA Program targets low-income residents living with HIV/AIDS who are homeless or at-risk of homelessness.

Beyond HOME funded programs, the City's Place-Based Rapid Re-Housing Program was implemented in early 2014. Funded through a general fund appropriation from City Council, the City granted \$650,000 to a homeless service agency, Downtown Street Team, to provide case management and employment services to transitionally homeless persons of targeted encampments. The remaining balance of \$1,350,000 was used for security deposits; housing rental subsidies (both tenant-based and project-based); operating subsidies to participating developers for the project-based units; move-in assistance; subsidy administration costs and personnel, and City operating costs. City Council reauthorized another \$2,000,000 for the Program for FY 2014-2015 and FY 2015-2016. City Council earmarked funds for FY 2016-2017 as well.

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.

The Community Plan builds upon previous plans including the County's 2005 Ten-Year Plan to End Chronic Homelessness: Keys to Housing and San Jose's 2003 Homeless Strategy. In February 2015, San Jose City Council adopted the Plan for full implementation. As a result of the Community Plan, a couple City-supported campaigns have launched, including a Capital Campaign, which will raise funds to develop approximately 6,000 housing opportunities for homeless men and women, and a Campaign to End Veteran Homelessness, which aims to house 700 homeless veterans in Santa Clara County by 2017. The City will continue to support the efforts of the Community Plan in FY 2016-2017.

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.

Homeless prevention is addressed in the community through the Emergency Assistance Network, in which eight non-profit homeless service agencies and seven law enforcement agencies provides a variety of services to prevent homelessness and act as a safety net for residents facing eviction, utility disconnection, and hunger. In terms of assisting households to avoid becoming homeless, the City is more focused on permanent supportive housing programs, rapid re-housing programs and street-based crisis services, including outreach and engagement.

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.
- Continue coordinating with the Santa Clara Valley Water District and other government and nonprofit partners to implement an ongoing response to homeless encampments which balances the needs of the encampment occupants and responds to the concerns of neighborhoods and the environmental damage to the environment resulting from the encampments.
- Work with HACSC to allocate project-based and tenant-based vouchers to homeless housing projects and individuals.
- Develop and implement a variety of homeless housing options to the immediate homeless housing needs for the City. Interim housing opportunities are a priority for the City in FY 2016-2017. These include but are not limited to:
 - The Essential Services Safe Parking Program will provide a safe place for homeless households to park, sleep and access basic needs services overnight, while working to secure permanent housing.
 - The Transitional Communities Program will provide interim housing in the form of free-standing, small, low-cost, private spaces for homeless individuals 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 Tenant-Based Rental Assistance (TBRA) subsidy Program is one of the City's primary tools aimed at helping households who are employable and capable of gaining some level of self-sufficiency with time-limited support. The program goal is to provide

support quickly so that the household may exit from homelessness and eventually into long-term stable housing.

- 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 (TIP) Program provides access to housing in subsidized apartments. The City uses a variety of strategies to gain access to existing restricted affordable apartments, including paying for rehabilitation costs of existing apartments, buying down rents of very low- or low-income apartments, and subsidizing the development costs of new construction.
 - Support a multi-family housing rehabilitation program for homeless veterans beginning in FY16-17.

AP-70 HOPWA Goals – 91.220 (I)(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	80
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	80

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 anticipates awarding most of its HOPWA entitlement grant to a local non-profit organization to administer the HIV/AIDS Services program. The City has issued an RFP to provide these services. The program will provide rent subsidies (tenant-based rental 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. In addition to providing TBRA to 80 individuals, HOPWA programs include supportive services such as case management and nutritional and dental assistance.

Detailed information on FY 2016-2017 HOPWA-funded projects is listed in AP-38.

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

Introduction

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

As per the Market Analysis, 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.

- 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 non-profits and government agencies to compete with private developers for land.
- Increase in cost of construction
- Cost and availability of financing.
- 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.¹⁷ 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.¹⁸

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.

Strategy to Remove or Ameliorate the Barriers to Affordable Housing

¹⁷ Association of Bay Area Governments. “Affordable Housing in the Bay Area.” 2014.

¹⁸ Association of Bay Area Governments. “Jobs-Housing Connection Strategy.” 2012.

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

- Monitor and support state and federal legislation to create a permanent dedicated source 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.
- Actively seek opportunities to access existing local, state and federal funding resources for housing affordable to low- and moderate-income households, including remaining State Proposition 1C funds for infill development, Proposition 41, the Affordable Housing and Sustainable Communities (Cap and Trade) Grant Program, the National Housing Trust Fund.
- 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.
- Implement an affordable housing impact fee as a permanent local funding source for affordable housing.
- Work on implementing the Citywide Inclusionary Housing Ordinance expected to be in place on or after July 1, 2016. Continue to review the current policy's implementation to ensure it provides certainty to developers as well as incentives to comply by providing affordability or payment of in-lieu fees, whether under the Policy or on a negotiated basis in exchange for development concessions.
- Continue to support legislation that provides a "Palmer Fix" that allows inclusionary housing policies to apply to multifamily rental developments.
- Prioritize resources for the most vulnerable households by:
 - 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.

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

- 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.
- 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.
- Update or develop, as appropriate, the City’s ordinances for secondary units, density bonus, micro-units, and hotel/motel conversions for homeless housing, and master lease agreements with hotel/motel owners.
- Explore policies regarding the preservation of affordable housing, rent controlled apartments, rent-controlled mobilehome parks, and anti-displacement strategies in order to respond to the community’s concerns over gentrification especially in strong market areas.
- Work with partner agencies, non-profits, and other organizations to develop a more coordinated, regional response to creating affordable housing opportunities. This includes working with the County, neighboring jurisdictions, and transit agencies such as the Valley Transportation Authority (VTA).
- 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

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

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.

A key effort 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:

- 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.
- Coordination on project management for projects funded by multiple jurisdictions.

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.

²¹ City of San José Office of Economic Development. "work2future." <http://work2future.biz/>

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(I)(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(I) (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	\$500,000
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	\$500,000

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.	07/01/2016-06/30/2017

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 not 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
<i>Original First Mortgage (Affordable Sales Price)</i>	\$	240,000	
<i>Original Deferred Mortgage(s)</i>	\$	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
<i>Indexed Affordable Sales Price</i>	\$	256,684	
<i>Original Second Mortgage</i>	\$	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 downpayment 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 Governance Charter
- Selected CoC Policies

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. 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 non-profit 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 is currently developing performance standards for community-wide use. The City issued a request for proposals for ESG services prior to the 2015-2016 program year. The RFP was combined with CDBG funds allocated for homeless services and funds were awarded to three non-profit agencies. The grant agreements with all three agencies incorporated the CoC performance standards. At the time of contracting, the performance benchmarks were not yet determined. The City developed benchmarks with the grantees and will adjust as needed when CoC benchmarks are finalized. As they are further refined, the City will update grant agreements with all agencies receiving ESG funds to ensure the CoC performance measures are incorporated..

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: 07/01/2016-06/30/2017.

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 which is Homeless Population. "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.

The City reserves TBRA coupons for various case management agency partners that serve targeted homeless populations such as veterans and families. Case management agencies accept applications, and the applicants are prioritized based upon a combination of a first-come-first-serve basis and preferences such as veteran status and families with children. A waitlist is created once the number of coupons reserved for the agency is attained.

Appendices

(To be added)

Appendix A: Public Noticing

Appendix B: Public Comments

Appendix C: ESG Program Information