

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE RELATING TO AMENDMENTS TO THE EXISTING 2019-2020 AND 2020-2021 SPENDING PLANS THAT INCLUDE CHANGES TO COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME INVESTMENT PARTNERSHIP FUNDS AS WELL AS THE FEDERAL CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT FUNDS AWARDED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; AUTHORIZING THE DIRECTOR OF HOUSING TO NEGOTIATE AND EXECUTE AGREEMENTS WITH GRANTEES FOR THE ACTIVITIES IDENTIFIED IN THESE ANNUAL ACTION PLAN AMENDMENTS AND ALL RELATED CONTRACT AMENDMENTS, EXTENSIONS AND CHANGES; AND AUTHORIZING THE DIRECTOR OF HOUSING TO AMEND THE EXISTING CDBG FUNDED AGREEMENT WITH FIRST FIVE OF SANTA CLARA COUNTY TO EXCHANGE \$100,000 OF CDBG FUNDING TO THE MORE FLEXIBLE HOUSING TRUST FUND

WHEREAS, the Annual Action Plan for the City of San José (“City”) governs the expenditure of entitlement funds and competitive grants that the City receives from the U.S. Department of Housing and Urban Development (“HUD”) including the City’s funding strategy for the Community Development Block Grant (“CDBG”), Emergency Solutions Grant (“ESG”), HOME Investment Partnership (“HOME”), and Housing Opportunities for People with AIDS (“HOPWA”) programs each year; and

WHEREAS, the Annual Action Plan also implements the City’s Five-Year Consolidated Plan, and is developed through public input, analysis, and planning; and

WHEREAS, the City, as an entitlement jurisdiction that receives HUD federal funds by formula allocation, is also required to have an adopted Citizen Participation Plan (“CPP”); and

WHEREAS, the City's CPP describes the efforts that the City will take to encourage its residents to participate in developing federal spending plans, and provides requirements for the public process to be used when a "Substantial Amendment" to programs funded in the Annual Action Plan is proposed; and

WHEREAS, per the City's CPP, a Substantial Amendment constitutes a change to a previously adopted Five-Year Plan or Annual Action Plan that: (1) increases or decreases by the greater of \$100,000 or a 25% change in the amount allocated to a category of funding, or (2) makes a significant change to an activity's proposed beneficiaries or persons served, or (3) funds a new activity not previously described in the Annual Action Plan; and

WHEREAS, when a proposed change in program funding reaches one of these thresholds, the City must comply with the public process required in the CPP for Substantial Amendments, which includes a thirty (30)-day public comment period and two (2) public hearings; however, due to the need to deploy funds quickly to respond to the COVID-19 crisis, HUD has issued guidance that waives the CPP requirements for entitlement recipients, provided that no fewer than five (5) days are provided for public comment and that reasonable notice and the opportunity to comment is provided; and

WHEREAS, in April 2020, the City Council accepted the Housing Department's first FY 2019-20 Annual Action Plan amendment, which reallocated \$6.2 million in existing FY 2019-20 CDBG funding from HUD; and

WHEREAS, in July 2020, the City Council approved a second FY 2019-20 Annual Action Plan amendment to allocate an additional \$589,000 in CDBG funds and \$6.6 million in federal HOME grants; and

WHEREAS, in August 2020, the City Council approved the use of ESG CARES Act Round 2 (“ESG-CV2”) funds along with the 2020-2025 Five-Year Consolidated Plan; and

WHEREAS, in September 2020, the City Council approved a third FY 2019-20 amendment to move \$32 million in ESG-CV2 funding from FY 2020-21 to the FY 2019-20 Annual Action Plan at HUD’s request, and the City was notified by HUD of its second award of CDBG CARES Act funds (“CDBG-CV3”) in the amount of \$7,578,510; and

WHEREAS, to date, the City has been awarded \$48,160,981 in CDBG and ESG CARES Act funding, which must be used to prevent, prepare for, and respond to the COVID-19 pandemic, and, combined with the City’s FY 2019-20 and 2020-21 entitlement grants, the City will receive a total of approximately \$99,825,950 in federal funding over the two-year period; and

WHEREAS, the City desires to further amend the FY 2019-20 and FY 2020-21 Annual Action Plans to ensure that these funds are aligned with the five-year goals of the Consolidated Plan, and enable the City to use federal funding made available in the CDBG and ESG programs by the CARES Act to be spent in FY 2020-21 to respond to local needs created by the COVID-19 pandemic by providing: (1) emergency hotels to families impacted by COVID-19, (2) emergency hotels to victims of domestic violence and their families, (3) food for homeless, senior and disabled populations, (4) case management for rental assistance programs, 5) operations of emergency interim housing, and 6) childcare in low-income areas; and

WHEREAS, the City also desires to amend existing contracts to redirect funds and add additional funding to a variety of nonprofits providing COVID-19 response, including contracts with HomeFirst, Next Door Solutions to Domestic Violence, YWCA of Silicon Valley, Sacred Heart, LifeMoves, Bill Wilson Center and Portuguese Organization for

Social Services and Opportunities, which amendments are warranted due to the COVID-19 emergency and the critical needs of the community and are permitted by federal government regulations; and

WHEREAS, in accordance with the CPP and HUD requirements, the City has advertised the availability of the proposed amendments and the opportunity to comment on these amendments on its website five (5) days prior to the hearing, has sent a notice by email to its general distribution list and to its Housing and Community Development Commissioners, and has posted the opportunity to comment on its social media accounts;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

1. The following changes relating to Substantial Amendments to the FY 2019-2020 Annual Action Plan are hereby approved:
 - a. Increase the CDBG funded Senior Services by \$35,000, currently contracted with the Portuguese Organization for Social Services Opportunities, to expand the meal program supporting seniors sheltering in place during the pandemic;
 - b. Decrease the CDBG funded Job Creation and Small Business loan program, contracted with the Opportunity Fund by \$1,225,000;
 - c. Increase the CDBG funded Street Outreach Services by \$200,000, currently contracted with HomeFirst of Santa Clara County, under Services for Homeless and Unhoused;

- d. Increase the CDBG funded Emergency Motel Voucher Program for families by \$1,000,000, currently contracted with LifeMoves;
- e. Add \$147,410 of CDBG funding to the existing HOME funded agreements with Next Door Solutions to Domestic Violence and the YWCA for Tenant Based Rental Assistance programs for victims of domestic violence and their families to provide new supportive service through September 30, 2021;
- f. Add \$177,661 of CDBG funding to the existing HOME funded Tenant Based Rental Assistance Program agreements with Next Door Solutions, Bill Wilson, and Sacred Heart, through September 30, 2021 to provide support services;
- g. Carry over an additional \$335,071 of unexpended CDBG funds from previous year CDBG allocations to the 2019-20 Annual Action Plan allocations.
- h. Increase the CDBG CARES Round 1 (CDBG CV1) Grant Administration budget by \$263,171 to total \$1,315,853 over the duration of the grant;
- i. Decrease the general Homelessness category in CDBG CV1 by \$1,695,731 to redirect to other programs and services outlined in the memorandum to Council from the Director of Housing and the Budget Director dated March 19, 2021;
- j. Add \$1,000,000 for Rental Assistance - Case Management Services to the CDBG CV1 allocation;

- k. Add \$432,560 of CDBG CV1 funding to the new activity COVID-19 Vaccine Outreach targeted to underserved communities most impacted from the by the COVID-19 pandemic;
- l. Correct the Grant Administration funding from \$268,347 (10% of grant) to \$201,261 (7.5% of grant) in the ESG CV1 allocation to reconcile with the City's grant agreement with HUD;
- m. Increase the Emergency Shelter & Homelessness Prevention Activity in the ESG CV1 allocation by \$67,086;
- n. Decrease the Emergency Interim Housing Activity by \$300,000 in the Emergency Solutions Grant Round 2 (ESG CV2) Allocation;
- o. Increase the Rapid Rehousing Program by \$300,000 in the ESG CV2 allocation;
- p. Shift \$400,000 in ESG CV2 funding from Emergency Interim Housing (EIH) Operations to operate the interim housing at the Plaza Hotel to respond to COVID-19 shelter operations;
- q. Make the following adjustments to the HOME funded TBRA Rental Assistance Programs:
 - i. Decrease the existing contract amount with Catholic Charities by \$944,500;
 - ii. Increase the existing agreement with Bill Wilson Center by \$389,243 and extend the term through September 30, 2021;

- iii. Increase the existing agreement with YWCA by \$10,000 and extend the term through September 30, 2021;
 - iv. Increase the Existing agreement with Next Door Solutions for Domestic Violence by \$545,257 and extend the term through September 30, 2021;
2. Authorize the Housing Department to program \$7,578,510 in CDBG funding made available through a third round of the CARES Act (CDBG CV3) to fund the following activities;
- a. \$2,000,000 Child Care for families financially impacted by COVID-19;
 - b. \$453,000 to fund meals to Non-Congregate Shelters serving unhoused populations;
 - c. \$400,000 to fund a portion of Emergency Interim Housing (EIH) Operations;
 - d. \$2,031,404 Emergency Motel Vouchers Program (families);
 - e. \$1,178,404 for legal services for households impacted by COVID-19 and facing eviction;
 - f. \$1,515,702 for Grant Administration for the duration of the Grant;
3. The following changes relating to Substantial Amendments to the FY 2020-2021 Annual Action Plan are hereby approved:

- a. Decrease the Job Retention and Creation activity by \$8,000 in CDBG funding;
 - b. Decrease the CDBG funded Enhance Code Enforcement Activity by \$758,339;
 - c. Increase CDBG funding for the Acquisition/Rehab and Infrastructure Activity by \$967,564 to fund repairs and improvements to the City owned Plaza Hotel, to provide non-congregate sheltering to COVID-19 vulnerable homeless adults;
 - d. Carry over an additional \$202,588 of unexpended CDBG funds from previous years CDBG allocations to the 2020-21 Annual Action Plan allocations.
4. The City's Housing Department is hereby authorized to submit the Substantial Amendments to the U.S. Department of Housing and Urban Development.
 5. The Director of Housing is hereby authorized to negotiate and execute agreements with grantees for the activities identified in these Annual Action Plan amendments and all related contract amendments, extensions and changes.
 6. Authorize the Director of Housing to negotiate and execute an amendment to the existing CDBG funded agreement with First Five of Santa Clara County to exchange \$100,000 of CDBG funding to the more flexible Housing Trust Fund.

ADOPTED this _____ day of _____, 2021, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk