



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand
Jim Shannon

SUBJECT: SEE BELOW

DATE: March 19, 2021

Approved

Date

3/22/2021

SUBJECT: SUBSTANTIAL AMENDMENT TO THE FY 2019-2020 AND 2020-21 ANNUAL ACTION PLAN FOR THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

RECOMMENDATION

- A. Hold a public hearing to allow for public comment.
- B. Adopt a resolution relating to the following actions regarding 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 (HOME) entitlement funds as well as the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds awarded by the U.S. Department of Housing and Urban Development (HUD) to the City:
 1. Approve the following changes relating to Substantial Amendments to the FY 2019-2020 Annual Action Plan to:
 - i. Increase the CDBG funded Senior Services by \$35,000 currently contracted with the Portuguese Organization for Social Services Opportunities (POSSO) to expand the meal program supporting seniors sheltering in place during the pandemic;
 - ii. Decrease the CDBG funded Job Creation and Small Business loan program contracted with the Opportunity Fund by \$1,225,000;
 - iii. Increase the CDBG funded Street Outreach Services by \$200,000 currently contracted with HomeFirst of Santa Clara County under Services for Homeless and Unhoused;
 - iv. Increase the CDBG funded Emergency Motel Voucher Program for families by \$1,000,000 currently contracted with LifeMoves;
 - v. 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;
 - vi. 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;
- vii. Carry over an additional \$335,071 of unexpended CDBG funds from previous year CDBG allocations to the 2019-20 Annual Action Plan allocations;
 - viii. Decrease the general Homelessness category in CDBG CV1 by \$1,432,560 to redirect to other programs and services outlined in this memorandum;
 - ix. Add \$1,000,000 for Rental Assistance - Case Management Services to the CDBG CV1 allocation;
 - x. 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;
 - xi. 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;
 - xii. Increase the Emergency Shelter & Homelessness Prevention Activity in the ESG CV1 allocation by \$67,086;
 - xiii. Decrease the Emergency Interim Housing Activity by \$300,000 in the Emergency Solutions Grant Round 2 (ESG CV2) Allocation;
 - xiv. Increase the Rapid Rehousing Program by \$300,000 in the ESG CV2 allocation;
 - xv. 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;
 - xvi. Make the following adjustments to the HOME funded TBRA Rental Assistance Programs;
 - (a) Decrease the existing contract amount with Catholic Charities by \$944,500;
 - (b) Increase the existing agreement with Bill Wilson Center by \$389,243 and extend the term through September 30, 2021;
 - (c) Increase the existing agreement with YWCA by \$10,000 and extend the term through September 30, 2021;
 - (d) 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;
- i. \$2,000,000 Child Care for families financially impacted by COVID-19;
 - ii. \$453,000 to fund meals to Non-Congregate Shelters serving unhoused populations;
 - iii. \$400,000 to fund a portion of Emergency Interim Housing (EIH) Operations;
 - iv. \$2,031,404 Emergency Motel Vouchers Program (families);

- v. \$1,178,404 for legal services for households impacted by COVID-19 and facing eviction;
 - vi. \$1,515,702 for Grant Administration for the duration of the Grant;
 3. Approve the following changes relating to Substantial Amendments to the FY 2020-2021 Annual Action Plan to:
 - i. Reduce the overall federal CDBG Grant Allocation by \$1,363 per HUD agreement;
 - ii. Reduce the overall federal HOME Grant Allocation by \$765 per HUD Agreement;
 - iii. Decrease the Job Retention and Creation activity by \$8,000 in CDBG funding;
 - iv. Decrease the CDBG-funded Enhance Code Enforcement Activity by \$758,339;
 - v. 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;
 - vi. Carry over an additional \$202,588 of unexpended CDBG funds from previous years CDBG allocations to the 2020-21 Annual Action Plan allocations;
 - vii. Make the following adjustments to the HOME funded TBRA Rental Assistance Programs:
 - a. Decrease the existing contract amount with Catholic Charities by \$1,600,000;
 - b. Increase the existing agreement with Bill Wilson Center by \$122,757;
 - c. Increase the New Affordable Housing Development Activity by \$1,477,243;
 4. Authorize the City's Housing Department to submit the Substantial Amendments to the U.S. Department of Housing and Urban Development;
 5. Authorize 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;
 6. Authorize the Director of Housing to negotiate and execute an amendment to the existing CDBG funded Child Care agreement with First Five of Santa Clara County to exchange \$100,000 of CDBG funding to the more flexible Housing Trust Fund;
- C. Adopt the following 2020-2021 Appropriation Ordinance and Funding Sources Resolution Amendments in the Multi-Source Housing Asset Fund:
 1. Increase the estimate for Revenue from the Federal Government by \$7,578,510;
 2. Establish a Community Development Block Grant CV3 appropriation to the Housing Department in the amount of \$7,578,510;
 3. Decrease the Housing Shelter appropriation to the Housing Department by \$400,000; and
 4. Establish a Plaza Hotel Operations appropriation to the Housing Department in the amount of \$400,000.

- D. Adopt the following 2020-2021 Appropriation Ordinance Amendments in the Community Development Block Grant Fund:
1. Decrease the Code Enforcement Operations appropriation to the Planning, Building and Code Enforcement Department by \$758,339;
 2. Decrease the Job Readiness Training Project appropriation to the Housing Department by \$8,000;
 3. Decrease the Housing Rehabilitation Loans and Grants appropriation to the Housing Department by \$97,213;
 4. Decrease the Unrestricted Ending Fund Balance by \$201,225; and
 5. Establish a Plaza Hotel Rehabilitation appropriation to the Housing Department in the amount of \$1,064,777.

OUTCOME

The second public hearing provides an opportunity for the public to provide comment on the proposed amendments to the City's 2019-20 and 2020-21 Annual Action Plans at this publicly-noticed meeting. The first public hearing on the proposed amendments was held on March 11, 2021, before the Housing and Community Development Commission.

The amendments to both Plans' will enable the City to use federal funding made available in the Community Development Block Grant (CDBG) and Emergency Solutions Grant (ESG) programs by the CARES Act to be spent in FY 2020-21 to respond to local needs created by the Coronavirus Disease 2019 (COVID-19) pandemic. The funds will be used for: City food services for homeless, senior, and disabled residents; homeless services; emergency hotel/motel vouchers for families; childcare and emergency shelter operations.

EXECUTIVE SUMMARY

This is the fourth amendment to the City's FY 2019-20 Annual Action Plan and the second amendment to the FY 2020-21 Annual Action Plan. The Annual Action Plans govern the expenditure of entitlement funds and competitive grants that the City receives from the U.S. Department of Housing and Urban Development (HUD). The purpose of the amendments is to ensure that these funds are aligned with the five year goals of the Consolidated Plan and the strategies in place to fund the COVID-19 response.

The City proposes to use these identified funds to assist the Emergency Operations Center's COVID-19 response, serving some of the most vulnerable community members. More specifically, funding will help respond to the community's needs by: (1) providing emergency hotel stays for families impacted by COVID, (2) providing emergency hotel stays for domestic violence survivors 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) provision of childcare in low-income areas.

To quickly deliver these services, staff will amend current contracts. These include 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 (POSSO). These amendments are warranted due to the COVID-19 emergency and the critical needs of the community and are permitted by federal government regulations.

BACKGROUND

This is the fourth amendment to the City's FY 2019-20 Annual Action Plan and the second substantial amendment to the FY 2020-21 Annual Action Plan. The purpose of the amendments to both plans has been to spend available funds for COVID-19 response. Although the City is currently in the FY 2020-21 Annual Action Plan period, it is also necessary to amend the FY 2019-20 Annual Action Plan for a technical reason. HUD has directed jurisdictions that all new commitments and changes of existing commitments involving CARES Act funding must be done by amendments to the Annual Action Plan that first recognized CARES Act funding. For San José, that is the FY 2019-20 Annual Action Plan. Therefore, both Plans must be amended.

The City's Annual Action Plan details its 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. Annual Action Plans implement a jurisdiction's Five-Year Consolidated Plan and are developed through public input, analysis, and planning. The Action Plan provides spending caps for the different programs or services funded by federal funds.

All entitlement jurisdictions such as San José that receive HUD's federal funds by formula allocation are required to have an adopted Citizen Participation Plan. San José's Citizen Participation Plan¹ describes the efforts that the City will take to encourage its residents to participate in developing federal spending plans. It also provides requirements for the public process to be used when a "Substantial Amendment" to programs funded in the Annual Action Plan is proposed. Per the City's Citizen Participation Plan (CPP), a substantial amendment constitutes a change to a previously adopted Five-Year Plan or Annual Plan that:

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

¹ City of San José, Citizen Participation Plan, amended Aug. 4, 2020, <https://www.sanjoseca.gov/your-government/departments-offices/housing/resource-library/hud-reports/consolidated-annual-action-plans/citizen-participation-plan>.

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 30-day public comment period and two 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 (1) no fewer than five days are provided for public comment and that (2) reasonable notice and the opportunity to comment is provided. The CPP requires at least two public hearings to give the citizens of San Jose an opportunity to provide feedback on the proposed actions. Public hearings may be conducted virtually.

Accordingly, the City has advertised the availability of the proposed amendments and the opportunity to comment on these amendments on its website five 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. An email address was provided on the notice where comments can be submitted. In addition, comments will be accepted prior to the hearing via a link on the City Council's agenda webpage as well as by e-mail to the City Clerk (city.clerk@sanjoseca.gov) by 12:00 noon on the day of the hearing. During the hearing, comments can be submitted via eComment on the City's agenda webpage as well as by emailing councilmeeting@sanjoseca.gov and identifying the agenda item number in the subject line.

COVID-19 Response

On January 21, 2020, the Centers for Disease Control and Prevention (CDC) confirmed the first diagnosed case of a U.S. resident with COVID-19, a new, highly infectious virus. In response, the City established its Pandemic Management Team and activated a Pandemic Response Plan. On March 16, Santa Clara County issued a shelter-in-place order, providing that individuals could only leave their residence to perform essential activities. On the same day, the City's Emergency Operations Center (EOC) reached full operation. Since that time, the City has worked to support the continuity of essential City services (such as public safety) and provide emergency-related services for the most vulnerable in the community.

The Housing Department moved quickly to reallocate funding to support emergency shelter, food and necessities distribution, and emergency rental assistance. In April 2020, the City Council accepted the Housing Department's Annual Action Plan amendment, which reallocated \$6.2 million in existing FY 2019-20 Community Development Block Grants (CDBG) from HUD.² In July, the City Council approved a second Annual Action Plan amendment to allocate an additional \$589,000 in CDBG and \$6.6 million in federal HOME Investment Partnership (HOME) grants.³ These reallocated grants went towards the following:

- temporary non-congregate shelter space for people at high-risk for COVID-19;

² Council Report April 21, 2020 Item 8.4: <http://sanjose.legistar.com/gateway.aspx?M=F&ID=e3aa97a8-5785-494c-b26b-0a02cc207e8f.pdf>

³ Council Report July 1, 2020 Item 8.7: <http://sanjose.legistar.com/gateway.aspx?M=F&ID=e3aa97a8-5785-494c-b26b-0a02cc207e8f.pdf>

- rent and utilities assistance for individuals and families financially impacted by COVID-19;
- emergency hotel stays for families and victims of domestic violence;
- food delivery to vulnerable residents, like seniors and people with disabilities;
- diaper and calming kit distribution to low-income families and childcare home providers;
- expanded congregate homeless shelter space to facilitate social distancing; and
- grants to support small businesses affected by COVID-19.

In mid-September, the City Council approved a third FY 2019-20 Amendment to move the \$32 million in ESG CARES Act Round 2 (ESG-CV2) funding from the FY 2020-21 to FY 2019-20 Annual Action Plan at HUD's request.⁴ The City Council originally approved the use of the ESG-CV2 funds in August 2020 along with the 2020-25 five-year Consolidated Plan.⁵ In late September, the City was notified by HUD of its second award of CDBG CARES Act funds in the amount of \$7,578,510 issued as part of HUD's third round allocation of CDBG funds authorized by the CARES Act (CDBG-CV3).⁶

ANALYSIS

To date, the City of San José has been awarded \$48,160,981 in CDBG and ESG CARES Act funding through a formula calculation. Combined with the City's FY 2019-20 and 2020-21 entitlement grants, San José will receive approximately \$99,825,950 in federal funding over the two-year period. Tables 1A and 1B below summarize this federal funding:

⁴ City Council Report Sep. 22, 2020 Item 8.2: <http://sanjose.legistar.com/gateway.aspx?M=F&ID=5c2f962e-1b4d-4fc4-bec5-a343354f6041.pdf>

⁵ City Council Report Aug. 11, 2020, Item 8.1: <http://sanjose.legistar.com/gateway.aspx?M=F&ID=e3aa97a8-5785-494c-b26b-0a02cc207e8f.pdf>

⁶ The City did not get a CDBG-CV Round 2 award, which was issued only to States and insular areas. It also was not eligible to compete for CDBG-CV Round 2 funds through the State of California's competitive rounds.

Table 1: FY 2019-20 Federal Funding Levels

Fund	Annual Allocation	Prior-year Carryover*	Estimated 2019-20 Program Income	Total Estimated Resources
CDBG	\$8,927,311	\$6,842,058	\$400,000	\$16,169,369
HOME	\$3,160,147	\$7,726,421	\$1,750,000	\$12,636,568
HOPWA	\$1,131,945	\$0	\$0	\$1,131,945
ESG	\$755,329	\$0	\$0	\$755,329
ESG CARES Round 1	\$2,482,218	\$0	\$0	\$2,482,218
ESG CARES Round 2	\$32,836,839	\$0	\$0	\$32,836,839
CDBG CARES Round 1	\$5,263,414	\$0	\$0	\$5,263,414
CDBG CARES Round 3	\$7,578,510	\$0	\$0	\$7,578,510
Total	\$62,135,713	\$14,568,479	\$2,150,000	\$78,854,192

Table 1B: 2020-2021 Federal Funding Levels

Fund	FY 2020-21 Allocation	Prior Year Carryover*	Estimated Program Income	Total Estimated Resources
CDBG	\$8,945,956	\$979,795	\$400,000	\$10,325,751
HOME	\$3,318,918	\$4,356,359	\$750,000	\$8,425,277
HOPWA	\$1,440,393	\$0	\$0	\$1,440,393
ESG	\$778,209	\$0	\$0	\$778,209
Total	\$14,483,476	\$5,336,154	\$1,150,000	\$20,969,630

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

Annual Action Plan Amendments

The City's current FY 2019-20 Annual Action Plan and FY 2020-21 Annual Action Plan are being amended for the following reasons:

- funding urgent needs of the community related to the COVID-19 crisis;
- accommodating changes in spending rates that normally occur during the year;
- meeting the annual federal deadline to disburse certain CDBG funds; and
- providing assistance and services identified in this memorandum.

Substantial Amendments are Required

The proposed changes to the City’s FY 2019-20 Annual Action Plan qualify as Substantial Amendments because they meet criteria one and three identified below:

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 Consolidated and/or Action Plan.

The changes to the FY 2019-20 and FY 2020-21 Action Plans are provided in **Attachment A** and are summarized below in Table 2:

Table 2: Proposed Funding Changes - Additions/Reductions

Funding Source	Activities	Approved	Change
CDBG FY 2019-20	Senior Services	\$200,000	\$35,000
	Job Creation and Retention Small Business Loans – COVID	\$2,500,000	(\$1,225,000)
	Services for Homeless and Unhoused– Street Outreach	\$388,490	\$200,000
	Emergency Motel Voucher Program (families)	\$2,088,839	\$1,000,000
	Rental Assistance – COVID Supportive Services for DV	New	\$147,410
	Rental Assistance - COVID Supportive Services	New	\$177,661
	Additional Carryover from previous year	New	(\$335,071)
		Net Change	\$0
CDBG FY 2020-21	Grant Allocation Reduction		\$1,363
	Job Retention and Creation	\$950,000	(\$8,000)
	Enhanced Code Enforcement	\$1,258,339	(\$758,339)
	Acquisition/Rehab, Infrastructure	\$97,213	(\$97,213)
	Plaza Hotel Rehabilitation	New	\$1,064,777
	Additional Carryover from previous years	New	(\$202,588)
		Net Change	\$0
CDBG CV1	Homelessness – General COVID	\$4,210,732	(\$1,432,560)
	Rental Assistance – COVID Supportive Services	New	\$1,000,000
	Vaccine Outreach	New	\$432,560
		Net Change	\$0
CDBG - CV3	Grant Administration (City Admin)	New	\$1,515,702
	Child Care – COVID	New	\$2,000,000
	Meals – Non-Congregate Shelters - COVID	New	\$453,000

Funding Source	Activities	Approved	Change
	Emergency Interim Housing (EIH) Operations	New	\$400,000
	Emergency Motel Vouchers Program (families)	New	\$2,031,404
	Legal Services – COVID Eviction Protection	New	\$1,178,404
		Total	\$7,578,510
ESG - CV1	Grant Administration (City Admin)	\$268,347	(\$67,086)
	Emergency Shelter & Homelessness Prevention	\$2,415,132	\$67,086
			\$0
ESG - CV2	Emergency Interim Housing (EIH) Operations	\$9,519,438	(\$700,000)
	Rapid Rehousing (RRH) – Case Management	\$2,000,000	\$300,000
	Plaza Hotel Operations	New	\$400,000
		Net Change	\$0
HOME FY 2019-20	Catholic Charities of Santa Clara County	\$2,400,000	(\$944,500)
	Bill Wilson Center	\$1,000,000	\$389,243
	YWCA	\$121,161	\$10,000
	Next Door Solutions to Domestic Violence	\$346,485	\$545,257
		Net Change	\$0
HOME FY 2020-21	Grant Allocation Reduction		\$765
	Catholic Charities of Santa Clara County	\$1,600,000	(\$1,600,000)
	Bill Wilson Center	New	\$122,757
	New Affordable Housing Development	\$4,356,359	\$1,476,478
		Net Change	\$0

Only Activities with proposed changes are listed above

Proposed Newly-Funded Activities

The ESG and CDBG CARES Act funds must be used to prevent, prepare for, and respond to the COVID-19. The Housing Department is proposing to amend several contracts to redirect funds and add additional funding to a variety of nonprofits providing COVID-19 response.

Support for DV Survivors - Participating in monthly Domestic Violence Agency Consortium (DVAC) meetings, staff has identified that survivors of domestic violence and their families are especially financially vulnerable at this time and in need of assistance. Survivors are usually single parent households and therefore have only one income, so loss of any income can be devastating. In addition, COVID-related stress and unemployment has led to an increase in domestic violence events. Departing survivors often have few or no assets, as they may need to leave with little advance planning. YWCA is currently operating a rental assistance program for victims of domestic violence. YWCA has seen an increased need for rental assistance,

emergency motel vouchers, and supportive services during the COVID-19 emergency. This substantial amendment provides \$81,835 in additional funding to YWCA to continue its COVID-19 response. The amendment also provides \$65,575 to Next Door Solutions to Domestic Violence to continue emergency motel stays as part of its COVID-19 response.

Shelter Support - Responding to the COVID-19 emergency, the Housing Department has focused much of its efforts over the last year operating emergency shelters throughout San José. These shelters allow homeless individuals and families to shelter-in-place and to prevent the spread of COVID-19. They also replaced bed capacity after an initial reduction due to social distancing in existing shelters. Shelters were operated at Bascom Community Center and Parkside Hall from April to September. The shelters at Camden Community Center and the Convention Center's South Hall are still in operation. Since the start of the pandemic response, the temporary shelters have served over 2,700 individuals. This Substantial Amendment provides \$2,482,218 in additional funding to continue operating South Hall through August if needed. The operation is dependent on availability of the space at the convention center. The Camden Community Center will operate until the end of May, when the Department of Parks, Recreation and Neighborhood Services will need the space for other programming.

Emergency Motel Vouchers – Before the pandemic, LifeMoves operated the City's first emergency hotel voucher program for homeless families. During the pandemic, with homeless families struggling to find safe options to shelter-in-place and prevent the spread of COVID-19, the Housing Department expanded the program with additional CARES Act funding. The Housing Department is proposing to continue the program and has identified \$1,000,000 of additional CDBG funds to direct toward emergency hotel vouchers. LifeMoves has as an existing contract to operate the City's Motel Voucher Program and has capacity to take on the additional funding and to increase its services.

Rental Assistance - The Housing Department is proposing to extend HOME-funded Tenant Based Rental Assistance Program agreements with Next Door Solutions, Bill Wilson, and Sacred Heart through September 30, 2021 to continue providing direct assistance to low-income households experiencing housing-related financial hardships as a result of the pandemic. The Housing Department is proposing to augment these HOME agreements with a combined \$177,661 in CDBG funding to provide case management support to program participants.

Rental Assistance -Case Management Services – On February 9, 2021, the City Council provided direction to the Administration for implementing the \$30.38 million in federal Emergency Rental Assistance funds that the City of San José received directly from the U.S. Department of Treasury. This direction took into account the State's action under Senate Bill 91 (SB 91), which both extended statewide eviction protections through July 1, 2021 and outlined how the State would implement the \$1.5 billion in Emergency Rental Assistance funds it received from Treasury. The Council approved the "hybrid model" where the City would administer a local program with the \$30.38 million received directly from the federal government. The State would administer the \$33 million allocated for San José landlords and tenants. The local program will center equity and prioritize extremely low-income households that earn less than 30 percent of

the Area Median Income in zip codes most impacted by COVID. It will target outreach to those most at risk of displacement and those who have the least ability to access the statewide program. Since the local program focuses on the most vulnerable, additional funds are needed to provide short-term case management support to households. These are often households who need extra support with rental assistance applications, advocacy and support services that increase positive relationships with landlords, and connections to resources that address food insecurity, childcare, employment or other services to help households meet their basic needs. Supportive case management can help households stabilize and maximize self-sufficiency. The administration recommends allocating \$1,000,000 in CDBG CV1 funding to provide case management services in conjunction with the direct rental assistance.

Meal Programs - The City's Emergency Operations Center has been charged with the responsibility of leading County-wide food distribution in response to COVID-19. This Substantial Amendment provides an additional \$453,000 in CDBG-CV3 funds to support those efforts. Additionally, the Substantial Amendment provides \$35,000 to POSSO to continue their meal program serving seniors.

Plaza Hotel - Since April 2020, The Plaza Hotel has been sheltering older adults with underlying health conditions who would be extremely vulnerable if they were to contract COVID-19. The Plaza currently has 23 of the 46 rooms reserved for COVID-19 response. The Substantial Amendment provides \$400,000 in funding for operations to expand the number of rooms available to the COVID-19 response. Approval will allow up to 40 rooms to be used for emergency placement of vulnerable persons during the COVID-19 emergency. Additionally, the amendment provides \$1,064,777 in CDBG CDI funds to make necessary repairs and upgrades to the Plaza hotel, including significant plumbing repairs.

Vaccination Outreach – In coordination with the City's Emergency Operations Center, the City's Housing Department is proposing to fund efforts to extend education and outreach to underserved populations. These efforts would be focused on areas of highest risk, including lower income areas where residents have been hit hardest. The City will incorporate these outreach services into existing non-profit agreements which already serve the target populations. Just over \$432,500 will be directed to this use.

CDBG-CV3

The City received an award of \$7,578,510 in CDBG-CV3 funding in late September. These funds must be used to prevent, prepare for, and respond to COVID-19. Based on the needs identified through the City's EOC, non-profit services providers, and other key community stakeholders, the Administration is proposing to fund the following activities with CDBG-CV3 to expeditiously respond to the impacts of the pandemic on the hardest hit communities:

Childcare Services – In coordination with the City's EOC and Parks, Recreation and Neighborhood Services Department, \$2,000,000 will be allocated for childcare services that will serve low-income neighborhoods. The Department will return to City Council with details on

programs and services to be provided under this activity. This action creates the opportunity to fund this under the CDBG program.

Meals Program – As mentioned above, the Substantial Amendment allocates \$453,000 for meal delivery services coordinated by the City’s emergency food distribution team providing delivery of meals to our most vulnerable residents. Seniors, disabled residents, homeless residents, low-income individuals, and low-income families will be served by food services through CDBG funds.

Emergency Interim Housing (EIH) – A significant portion of EIH operations funding will be funded through the ESG-CV allocations. However, \$400,000 of ESG-CV funds previously allocated will be redirected to assist the operation of the Plaza Hotel. While CDBG is generally the City’s largest and most flexible source of funds, using ESG for the Plaza Hotel offers additional flexibility that CDBG does not. The \$400,000 redirected from the ESGCV2 EIH allocation will be replaced with CDBG-CV3 funds.

Emergency Motel Voucher Program – While homeless persons in general are vulnerable, families with minor children are especially vulnerable. Motel vouchers add capacity to the homeless shelter system when emergency shelters are full. The motel voucher program plays a critical role in the COVID-19 response to homelessness by providing safe, non-congregate shelter. All of the family emergency shelters in the County are located in San José, and typically at full capacity, leaving some families without immediate shelter options. Vulnerable families continue to experience financial hardships as a result of the pandemic. To continue to support families with their interim housing and shelter needs, the Administration is proposing to fund an additional \$2,031,404 for this program.

Legal Services – With the State moratorium on evictions scheduled to end soon, the City is preparing for a large increase in evictions across the City. As has been well documented, evictions disproportionately impact low-income communities and communities of color. In preparation for the potential “eviction cliff” facing San José residents, the Administration is targeting \$1,178,404 to support legal services for households facing eviction due to COVID-19 related hardships.

Grant Administration – Recognizing the significant requirements associated with managing CDBG funds, HUD allows City’s to use up to 20% of the grant allocation plus projected program income to fund planning and oversight of CDBG programs. This includes fund management, contract development and oversight, compliance monitoring, financial reconciliation and payments as well as the City Attorney’s Office and Department of Planning, Building and Code Enforcement. The Housing Department has set aside \$1,515,702 (20%) for this purpose.

Proposed Changes

The following changes are included in the Substantial Amendment draft in **Attachment A**:

Senior Services – An additional \$35,000 in CDBG funding is proposed to be added to the agreement with Portuguese Organization for Social Services Opportunities (POSSO) to support senior services including meals during the Shelter in Place order.

Job Creation – In April 2020, the City Council approved an award of \$2,500,000 in CDBG funds to The Opportunity Fund, a San José nonprofit lender specializing in small business lending, to provide business support funding to San José microenterprises. The program provided \$15,000 grants to help local businesses cope with the COVID economic downturn by providing funds needed for working capital and business restarting costs that resulted in low-income jobs being retained and/or created.⁷ Qualifying businesses were located in San José, owned by low-income owners living in Santa Clara County with five or fewer full-time employees. The Opportunity Fund found that the program was undersubscribed due to the substantial amount of paperwork required under CDBG rules to validate business owners' household incomes and underwrite the businesses' viability. Unfortunately, HUD's CARES Act regulations that reduced some paperwork requirements came too late after the program launch to be able to be used. The Opportunity Fund was unable to extend deadlines or conduct a second round due to the need to follow rules regarding no supplanting of funds, and its other commitments including the launch of a new Statewide loan fund. Therefore, the Substantial Amendment will decrease the Opportunity Fund's initial award by the amount unused, \$1,225,000. Additionally, \$8,000 of uncommitted funds allocated to this use will be redirected to other activities listed in the proposed Amendment.

Services for Homeless and Unhoused - Street Outreach – \$200,000 of CDBG funding will be added to the existing with agreement with HomeFirst of Santa Clara County to support street outreach to the unhoused population during the Pandemic. The additional CDBG funding would otherwise need to be funded with the limited and more flexible Housing Trust Fund (HTF).

Enhanced Code Enforcement – Due to vacancies in the Code Enforcement Division, there will be a \$758,339 unexpended balance of funds allocated to enhanced code enforcement services this fiscal year. These funds will be redirected to support the COVID responses listed in the Amendment. Housing staff will work with Code Enforcement to evaluate the funding needs for this targeted code enforcement services for the upcoming fiscal year.

⁷ While the program was initially going to provide low-interest microenterprise loans, the City and The Opportunity Fund could not determine a structure able to be approved by The Opportunity Fund's other capital lenders; therefore, the program had to be shifted to make grants instead, which were more beneficial for tiny low-income businesses at that time during the pandemic.

Acquisition/Rehabilitation and Infrastructure - \$97,213 of allocated but uncommitted funding will be redirected to other COVID-related projects or services identified in the Substantial Amendment.

Homelessness – In the Second Substantial Amendment recommendations approved by City Council on June 30, 2020, \$4,210,732 was allocated to support the large array of homelessness projects and services. Since June, the City has received additional federal ESG funding and State funding to support these critical homeless projects and services. As a result, \$1,695,731 of this allocation will be redirected to fund rental assistance support services, vaccine outreach, and grant administration (see Table 2: CDBG-CV1 for specific amounts).

Rental Assistance COVID-19 – In June 2020, the City Council approved an award of \$2,400,000 in HOME 19-20 funds to Catholic Charities of Santa Clara County to provide emergency rental assistance services to low-income households and families impacted by COVID-19. Catholic Charities ended their contract term with \$944,500 of unexpended FY 2019-20 HOME funds. The Substantial Amendment decreases the initial FY 2019-20 HOME award by \$944,500. The Substantial Amendment reallocates Catholic Charities' unexpended FY 2019-20 HOME funds to Bill Wilson Center, YWCA, and Next Door Solutions to Domestic Violence.

Rental Assistance COVID-19 - Also in August 2020, City Council approved an award of \$1,600,000 in HOME FY 2020-21 funds to Catholic Charities of Santa Clara County to provide emergency rental assistance services to low-income households and families impacted by COVID-19. Catholic Charities ended their contract term with \$1,600,000 of unexpended 20-21 HOME funds. The Substantial Amendment decreases the initial FY 2020-21 HOME award by \$1,600,000. The Substantial Amendment reallocates \$122,757 of Catholic Charities' unexpended FY 2020-21 HOME funds to Bill Wilson Center.

Rental Assistance COVID-19 – In June 2020, the City Council approved an award of \$1,000,000 in FY 2019-20 HOME funds to Bill Wilson Center to provide emergency rental assistance services to low-income households and families impacted by COVID-19. The Substantial Amendment increases the initial award by \$389,243 in FY 2019-20 HOME funds. The Substantial Amendment also increases the initial award by \$122,757 in FY 2020-21 HOME funds.

Rental Assistance COVID-19 – In June 2020, the City Council approved an award of \$121,161 in FY 2019-20 HOME funds to YWCA to provide emergency rental assistance services to victims of domestic violence and their families. The Substantial Amendment increases the initial award by \$10,000 in FY 2019-20 HOME funds. The Substantial Amendment also increases YWCA's HTF award by \$45,480 to provide client financial support to meet basic needs, increase self-sufficiency, and assist with costs associated with moving.

Rental Assistance COVID-19 – In June 2020, the City Council approved an award of \$346,485 in FY 2019-20 HOME funding to Next Door Solutions to Domestic Violence to provide emergency

rental assistance to victims of domestic violence and their families. The Substantial Amendment increases the initial award by \$545,257 in FY 2019-20 HOME funds.

Racial Equity

The City's racial equity work will continue to increase in importance, given its commitment to GARE, the disproportionate impact that COVID-19 has had on Latinx and Black residents in San José, and the formation of the City's new Office of Racial Equity. When developing the programs and services identified in this memorandum, city staff heavily weighed these disproportionate impacts to ensure that these programs and services are directed within those communities most impacted. Racial equity work remains a top priority for the Housing Department. The Department recently established a position within the Department specifically to lead these efforts. The Department's equity and inclusion officer is currently working with the Department's grant programs to gain a better understanding of the policies and process to select grantees and those that benefit from the services. This work includes evaluating program and services data collection, needs analysis, and outreach methods. This work will inform potential the systemic changes required to ensure equitable program and service delivery.

CONCLUSION

The amendments to both Plans' will enable the City to use federal funding made available in the CDBG and Emergency Solutions Grant (ESG) programs by the CARES Act to be spent in FY 2020-21 to respond to local needs created by the Coronavirus Disease 2019 (COVID-19). The funds will be used for: City food services for homeless, senior, and disabled residents; homeless services; emergency hotel/motel vouchers for families; childcare and emergency shelter operations.

EVALUATION AND FOLLOW-UP

After the City Council public hearing, staff will submit the Substantial Amendments and the record of public comments to HUD for approval. In fall 2021, staff will return to the City Council with the Consolidated Annual Performance Evaluation Report (CAPER) that reports on performance of federally funded programs and projects included in the FY 2020-21 Annual Action Plan.

CLIMATE SMART SAN JOSE

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This memorandum has been posted on the City's website for approval by the City Council on March 23, 2021. The Substantial Amendment is also posted on the Housing Department's website at www.sjhousing.org. The Housing Department also sent an e-blast to inform the public of this item five days prior to its hearing, which was directed to approximately 880 email recipients. Additionally, the notice contained translations in four additional languages of how recipients could get additional information. Comments will be accepted prior to the hearing via a link on the City Council's agenda webpage as well as by e-mail to the City Clerk (city.clerk@sanjoseca.gov) by 12:00 p.m. the day of the hearing. The community will also have the opportunity to comment virtually at the public hearing held by the City Council on March 23, 2021.

COORDINATION

The preparation of this memorandum was coordinated with the City Attorney's Office, Office of Emergency Management, Parks, Recreation and Neighborhood Services, Planning, Building and Code Enforcement and the Emergency Operations Center's Community and Economic Recovery Branch.

COMMISSION RECOMMENDATION/INPUT

On March 11, 2021, a public hearing was held at the Housing and Community Development Commission. There were no public comments on the proposed substantial amendments. The Commission voted unanimously to recommend to the City Council that it approve the proposed Substantial Amendment to the Fiscal Year 2019-20 and 2020-21 Annual Action Plans.

FISCAL/POLICY ALIGNMENT

The new activity identified in this Substantial Amendment to the FY 2019-20 Annual Action Plan is consistent with the priorities established in the City Council-approved FY 2015-20 HUD Consolidated Plan.

COST SUMMARY/IMPLICATIONS

The recommended actions in this memorandum primarily impact the Multi-Source Housing fund and CDBG fund. In the Multi-Source Housing fund, these actions include reallocating CDBG and HOME entitlement funds from the 2019-20 and 2020-21 program years, as well as reallocating previously programmed ESG CV1 and ESG CV2 funds. In the CDBG fund, the actions include reallocating CDBG CV1 funds from the 2019-20 program year. If approved, these actions result in no net changes in overall funding to these allocations. Additionally, the recommended actions will allow the City to accept the recently awarded \$7,578,510 CDBG CV3 funding within the Multi-Source Housing Fund and approve the spending strategy within the respective Annual Action Plans. The actions recommended in this memorandum have no impact on the General Fund and meet federal Coronavirus Aid, Relief, and Economic Security Act (CARES) requirements.

BUDGET REFERENCE

The table below identifies the funds and appropriations proposed to fund the actions recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn	Rec. Budget Action	2020-2021 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
448	R110	Revenue from the Federal Government	\$38,962,026	\$7,578,510	X - 75	08/11/2020, 79678
448	New	Community Development Block Grant CV3	\$0	\$7,578,510	N/A	N/A
448	213B	Housing Shelter	\$22,264,018	(\$400,000)	N/A	08/11/2020, 30458
448	New	Plaza Hotel Operations	\$0	\$400,000	N/A	N/A
441	3281	Code Enforcement Operations	\$1,265,529	(\$758,339)	X - 19	06/23/2020, 30437
441	2070	Job Readiness Training Project	\$950,000	(\$8,000)	X- 19	08/11/2020, 30456
441	0063	Housing Rehabilitation Loans and Grants	\$97,213	(\$97,213)	X - 19	08/11/2020, 30456
441	8999	Unrestricted Ending Fund Balance	\$2,870,725	(\$201,225)	X - 20	10/20/2020, 30494
441	New	Plaza Hotel Rehabilitation	\$0	\$1,064,777	N/A	N/A

HONORABLE MAYOR AND CITY COUNCIL

March 19, 2021

Subject: Second Substantial Amendments to the FY 2019-20 and FY 2020-21 Annual Action Plan

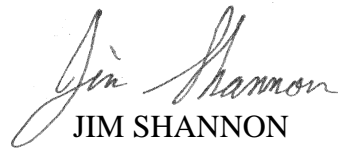
Page 19

CEQA


Not a Project, File No. PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project which may result in a potentially significant physical impact on the environment.

/s/

JACKY MORALES-FERRAND
Director of Housing


JIM SHANNON
Budget Director

I hereby certify that there will be available for appropriation in the Multi-Source Housing Fund in the Fiscal Year 2020-2021 moneys in excess of those heretofore appropriated there from, said excess being at least \$7,578,510.


JIM SHANNON
Budget Director

For questions, please contact Ragan Henninger, Deputy Director at ragan.henninger@sanjoseca.gov.

Attachment A: Substantial Amendment to the FY 2019-20 and FY 2020-201 Annual Action Plan

ATTACHMENT A

City of San José Fourth Substantial Amendment to the FY 2019-20 Annual Action Plan and Second Substantial Amendment to the FY 2020-21 Annual Action Plan SUMMARY

1. On page 48 of the approved 2019-20 Annual Action Plan, amend the estimated CDBG, CDBG CV 1, CDBG CV 3 and ESG CV 2, and Activities in section AP-38 Project Summary, as follows:

AP-38 Projects Summary
Project Summary Information
Table 1 – Project Summary

	Project Name	Target Area	Needs Addressed	Funding	GOI
1	Senior Services	N/A	<ul style="list-style-type: none"> Strengthening Neighborhoods 	CDBG: \$200,000 \$235,000	200 235 persons assisted
2	Neighborhood Engagement	N/A	<ul style="list-style-type: none"> Strengthening Neighborhoods 	CDBG: \$200,000	250 persons assisted
3	Legal Services for LI Tenants	N/A	<ul style="list-style-type: none"> Strengthening Neighborhoods 	CDBG: \$375,000	300 persons assisted
4	Job Training for Unhoused Individuals	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: \$2,410,000	1,000 persons assisted
6	Targeted Code Enforcement	N/A	<ul style="list-style-type: none"> Strengthening Neighborhoods 	CDBG: \$702,037	775 housing units
7	Minor Home Repair Program	N/A	<ul style="list-style-type: none"> Strengthening Neighborhoods 	CDBG: \$2,050,000	325 housing units
8	HOPWA – The Health Trust	N/A	<ul style="list-style-type: none"> Affordable Housing 	HOPWA: \$1,190,410	105 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: \$10,139,416 CHDO: \$485,872	50 housing units
11	HOME TBRA	N/A	<ul style="list-style-type: none"> Homelessness 	HOME: \$7,762,579	653 persons assisted
12	Services for Homeless and	N/A	<ul style="list-style-type: none"> Homelessness 	CDBG: \$388,490	160 persons assisted

	Unhoused Populations (CDBG)			\$588,490	800 outreach contacts
13	Homeless Services (ESG18 City of San José)	N/A	• Homelessness	ESG: \$757,502	150 persons assisted 700 outreach contacts
14	Fair Housing	N/A	• Fair Housing	CDBG: \$318,896 HOME: \$81,104	220 persons assisted
15	Acquisition, rehabilitation, and infrastructure for affordable housing sites and public facilities	N/A	• N/A	CDBG: \$105,000	N/A
16	CDBG Administration and Monitoring	N/A	• N/A	CDBG: \$1,632,424	N/A
17	HOME Administration and Monitoring	N/A	• N/A	HOME: \$242,810	N/A
18	HOPWA Administration and Monitoring	N/A	• N/A	HOPWA: \$38,363	N/A
19	City Food Services – COVID-19	N/A	• Strengthening Neighborhoods	CDBG: \$1,200,000	TBD
20	Job Creation and Retention Small Business Loans – COVID-19	N/A	• Strengthening Neighborhoods	CDBG: \$2,500,000 \$1,275,000	90
21	Emergency Hotel/Motel Vouchers – COVID-19	N/A	• Homelessness	CDBG: \$2,088,839 \$3,088,839	TBD
22	Emergency Homeless Shelter Operations – COVID-19	N/A	• Homelessness	CDBG: \$515,000	TBD
23	CDBG-CV (2019)	N/A	• Homelessness	CDBG: \$4,210,732 \$2,515,001	TBD
24	ESG-CV (2019)	N/A	• Homelessness	ESG: \$2,683,479 \$1,250,919	TBD
25	HOPWA-CV (2019)	N/A	• Affordable Housing	HOPWA: \$188,657	TBD

26	CDBG-CV Administration and Monitoring	N/A	• N/A	CDBG: \$1,052,682 \$1,315,853	N/A
27	HOPWA-CV Administration and Monitoring	N/A	• N/A	HOPWA: \$20,961	N/A
28	Childcare Services – Shelter-in-place Calming Kits	N/A	• Strengthening Neighborhoods	CDBG: \$400,00	5,292
29	Street Outreach and Support Services: Increasing street outreach teams and services to support people living in encampments	N/A	• Homelessness	ESG CARES 2: \$3,403,982	TBD
30	Hygiene/Infection Control: Providing hygiene and waste management related services to help control the spread of infectious disease	N/A	• Homelessness	ESG CARES 2: \$3,882,000	TBD
31	Housing: Increasing access to housing opportunities and shelter	N/A	• Homelessness	ESG CARES 2: \$22,264,018 \$21,864,018	TBD
32	Administration	N/A	• N/A	ESG CARES 2: \$3,286,839	TBD
33	Emergency Rental Assistance - Services	N/A	• Affordable Housing	CDBG: \$325,071	TBD
34	CDBG CV1 - Emergency Rental Assistance – Services -COVID	N/A	• Affordable Housing	CDBG CV1: \$1,000,000	TBD
35	CDBG CV1 - Vaccine Outreach to Low-income residents COVID	N/A	• Strengthening Neighborhoods	CDBG CV1: \$432,560	TBD
36	CDBG CV3 - Grant Administration	N/A	• N/A	CDBG CV3: \$1,515,702	TBD
37	CDBG CV3 – Childcare - COVID	N/A	• Strengthening Neighborhoods	CDBG CV3: \$2,000,000	TBD

38	CDBG CV3 - Meal Program - COVID	N/A	• Strengthen Neighborhoods	CDBG CV3: \$435,000	TBD
35	CDBG CV3 – Emergency shelter/Interim Housing Operations - COVID	N/A	• Homelessness	CDBG CV3: \$400,000	TBD
36	CDBG CV3 - Emergency Motel Voucher Program	N/A	• Homelessness	CDBG CV3: \$2,031,404	TBD
37	CDBG CV3 – Legal Services for Low-income Households - COVID	N/A	• Affordable Housing	CDBG CV3: \$1,178,404	TBD
39	Emergency Rental Assistance Services	N/A	• Affordable Housing	ESG CV1: \$1,000,000	TBD
40	Emergency Vaccination Outreach	N/A	• Strengthening Neighborhood	ESG CV1: \$432,560	TBD
41			•		

- - - - END OF FY 2019-20 ANNUAL ACTION PLAN AMENDMENT - - - -

2. On Page 134-139 of the approved 2020-21 Annual Action Plan, amend the AP-15 Expected Resources

The FY 2020-2021 allocation amount for each of the federal housing and community development programs is broken down as follows:

3. Community Development Block Grant (CDBG) - ~~\$8,947,319~~ **\$8,945,965**
4. HOME Investment Partnerships Program (HOME) - ~~\$3,319,683~~ **\$3,318,918**
5. Housing Opportunities for Persons with AIDS (HOPWA) - \$1,440,393
6. Emergency Services Grant (ESG) - \$778,209

	2020-2021 Funding Allocation	Prior Year Balance	Estimated FY 2019-2020 Program Income	Total Estimated Resources
CDBG	\$8,947,319 \$8,945,965	\$979,795	\$400,000	\$10,327,114
HOME	\$3,319,683 \$3,318,918	\$4,356,359	\$750,000	\$8,426,042
HOPWA	\$1,440,393	\$0	\$0	\$1,440,393
ESG	\$778,209	\$0	\$0	\$778,209
Total	\$14,485,604	\$5,336,154	\$1,150,000	\$20,971,758

Category	CDBG Activities	Funding
PS	Senior Services	\$200,000
PS	Neighborhood Engagement and Leadership Training	\$235,000
PS	Services for Homeless Populations	\$402,098
PS	Citywide Legal Services for Low-Income Tenants and Landlords	\$565,000
PS	Childcare Services	\$1,000,000
PS/Admin	Fair Housing	\$200,000
CDI	Acquisition, Rehabilitation, and Infrastructure for Affordable Housing Sites and Public Facilities	\$97,213 \$1,064,777
CDI	Community Infrastructure Projects	\$1,950,000
CDI	Targeted Code Enforcement	\$1,258,339 \$500,000
CDI	Minor Home Repair	\$1,650,000
CDI	Job Training for Homeless and Low-income Individuals	\$950,000 \$942,000
Admin	Grants Management	\$1,669,463
Total		\$10,327,113 \$10,378,338

Project	Description	Funding
Acquisition, Rehabilitation, and Infrastructure for Affordable Housing Sites and Public Facilities	Funding available for prospective projects that include the acquisition, rehabilitation, and infrastructure for affordable housing sites and public facilities.	\$247,213 \$1,064,777
Yerba Buena Community Wireless Network	Install WiFi networks in the Oak Grove and Independence High Schools' neighborhoods	\$1,950,000
Enhanced Code Enforcement	Enhanced Code Enforcement in Project Hope neighborhoods through PBCE inspectors	\$1,258,339 \$500,000
Minor & Emergency Repair	Single family home repair programs	\$1,650,000
Total		\$5,255,552

Project	Allocated Amount
New Affordable Housing Development (including project delivery & CHDO set-aside)	\$4,356,359 \$5,832,837
Tenant-Based Rental Assistance (TBRA)	\$2,678,500 \$1,202,022
Program Administration – TBRA contracts	\$521,000
Program Administration - City	\$173,920
Fair Housing Services	\$135,000
Grant Reduction	(\$765)
Total HOME	\$7,864,779 \$7,864,014

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				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 	\$8,947,319 \$8,945,956	\$400,000	\$979,795	\$10,327,114	\$14,120,666 \$14,119,303	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. Groups benefiting from funding include, but are not limited to, seniors, persons with disabilities, youth, and families.
HOME	Public Federal	<ul style="list-style-type: none"> • Acquisition • Multifamily Rental New Construction • Multifamily Rental Rehab • TBRA • Fair Housing Activities • Program Administration 	\$3,319,683 \$3,318,918	\$750,000	\$4,356,359	\$8,426,042	\$9,807,398 \$9,806,633	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 	\$1,440,393	\$0	\$0	\$1,440,393	\$1,397,182	The program is exclusively dedicated to the housing needs of people living with HIV/AIDS.
ESG	Public Federal	<ul style="list-style-type: none"> • Conversion and Rehab for Transitional Housing • Financial Assistance • Overnight Shelter • Outreach • Rental Assistance Services • Transitional Housing • Homeless Prevention • HMIS 	\$778,209	\$0	\$0	\$778,209	\$719,844	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.

On page 148-159 of the approved 2020-2021 Annual Action Plan, amend the estimated CDBG Activities in section AP-38 Project Summary, as follows:

4	Project Name	Job Training
	Target Area	N/A
	Goals Supported	Strengthening Neighborhoods and/or Respond to Homelessness and Its Impacts on the Community
	Needs Addressed	Strengthening Neighborhoods and/or Respond to Homelessness and Its Impacts on the Community
	Funding	CDBG: \$250,000; CDBG CDI: \$950,000 \$942,000
	Description	The program will support job training for low-income individuals, focused on homeless individuals and/or youth/young adults (ages 16-24). Community outreach related to the Annual Action Plan highlighted a community need for job training, especially for unhoused individuals and youth/young adults. This program must meet the national objective of low/moderate job creation and retention (LMJ) as well as the required Public Benefit Standards Activities must create or retain permanent jobs to be made available or held by low/moderate income persons. This requirement is met when job training participants are placed in permanent jobs. In addition, in order to be eligible for CDBG funding the job training must be tied to assistance to for-profit businesses. Nonprofit entities, including Community Based Development Organizations, are eligible to apply.
	Target Date	06/30/2021
	Estimate the number and type of families that will benefit from the proposed activities	10 jobs created
	Location Description	1671 The Alameda #306, San José, CA 95126
	Planned Activities	Downtown Streets Team

6	Project Name	Enhanced Code Enforcement
	Target Area	N/A
	Goals Supported	Strengthening Neighborhoods
	Needs Addressed	Strengthening Neighborhoods
	Funding	CDBG: \$1,258,339 \$500,000
	Description	Code Enforcement activities will be conducted in low-income, residential neighborhoods that meet the City's definition of "Deteriorated/Deteriorating Areas" with a focus in the City's Project Hope Neighborhoods. Code Enforcement's focus will be primarily on the inspections of multifamily units, with ancillary focus on single family.
	Target Date	06/30/2021
	Estimate the number and type of families that will benefit from the proposed activities	775 households in selected neighborhoods

Location Description	Santee, Mayfair, Five Wounds/Brookwood Terrace, and additional Project Hope Neighborhoods identified through the Mayor's Gang Prevention Task Force
Planned Activities	Neighborhood Code Enforcement

16	Project Name	Acquisition, Rehabilitation, and Infrastructure for Affordable Housing Sites and Public Facilities
	Target Area	N/A
	Goals Supported	N/A
	Needs Addressed	N/A
	Funding	CDBG: \$247,213 \$1,064,777
	Description	CDBG funds will be used to support the acquisition, rehabilitation, and infrastructure for affordable housing sites and public facilities. Including rehabilitation and repairs to the City owned Plaza Hotel. The Plaza hotel was converted to an SRO several years ago and recently (2018) received minor rehabilitation for use as an interim Housing facility for homeless adults. During the pandemic the Plaza has transitioned to sheltering vulnerable homeless adults with high risk of severe illness or death if they contract COVID-19. These funds will be used to support need to make critical repairs and upgrades required to fully utilize the facility.
	Target Date	06/30/2021
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	N/A
	Planned Activities	TBD

10	Project Name	Rental Housing Development
	Target Area	N/A
	Goals Supported	Affordable Housing
	Needs Addressed	Affordable Housing
	Funding	HOME: \$4,356,359 \$5,832,837
	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 each year's HOME allocations be set aside for Community Housing Developers (CHDOs). This requirement will be met through the rental housing development activity. At least \$760,452 of the rental development activity funds will be committed to a CHDO developer within 24-months, as required by HOME regulations.</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</p>

	will enhance the City's funding sources for new construction, while at the same time providing flexibility in the use of funds for an overall gap-financing program.
Target Date	06/30/2021
Estimate the number and type of families that will benefit from the proposed activities	50 low-and moderate-income households
Location Description	TBD
Planned Activities	TBD

11	Project Name	HOME Tenant Based Rental Assistance
	Target Area	N/A
	Goals Supported	Homelessness
	Needs Addressed	Homelessness
	Funding	HOME: \$2,678,500 \$1,064,777
	Description	Consistent with the City's goal to assist in the creation and preservation of affordable housing for low-income households, the City will use HOME funds to provide tenant-based rental subsidies targeting employable homeless individuals and families. The City will contract with three (3) agencies to provide intensive case management services for TBRA clients. The program's goal is to transition participants out of homelessness and improve their long-term self-sufficiency.
	Target Date	06/30/2021
	Estimate the number and type of families that will benefit from the proposed activities	100 homeless individuals/families
	Location Description	Citywide
	Planned Activities	Sacred Heart Catholic Charities

----- ENDS FY 2020-21 ANNUAL ACTION PLAN AMENDMENT -----