



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Corsiglia

SUBJECT: SEE BELOW

DATE: September 3, 2013

Approved

Date

9/10/13

**SUBJECT: PUBLIC HEARING ON AND APPROVAL OF A SUBSTANTIAL
AMENDMENT TO THE FY 2013-14 ANNUAL ACTION PLAN**

RECOMMENDATION

- (a) Hold a Public Hearing and take public comment on a Substantial Amendment to the City's FY 2013-14 Annual Action Plan to:
- (1) Replace 2011 homeless census results with those from the 2013 Homeless Census and Survey;
 - (2) Add a Tenant-Based Rental Assistance (TBRA) program funded by the HOME Investment Partnership Program (HOME) for up to five homeless veterans of the armed forces;
 - (3) Add an enumeration of infrastructure and other community improvements funded by the Community Development Block Grant (CDBG) program to be undertaken in the Mayfair, Five Wounds/Brookwood Terrace, and Santee neighborhoods for a total amount of \$1,430,750; and
 - (4) Increase the count from four to up to six units to the HOME-funded Habitat for Humanity acquisition/ rehabilitation program for low-income homebuyers.
- (b) Adopt a resolution approving that Substantial Amendment to the FY 2013-14 Annual Action Plan.

OUTCOME

Approval of the Substantial Amendment will enable the City to complete its programming for the use of CDBG and HOME funds in the federally funded housing and community development programs for Fiscal Year 2013-14.

BACKGROUND

On April 30, 2013, the City Council approved the FY 2013-14 Annual Action Plan for expenditure of the entitlement and competitive grants that the City receives from the U.S. Department of Housing and Community Development (HUD). The approved Plan was subsequently forwarded to HUD for its approval.

As detailed in the Analysis section below, there were some pending proposals of which staff was aware during the preparation of the Plan but that were too preliminary to include in the document at that time. Those proposals have now been finalized and staff is recommending that they be formally incorporated into the Plan.

ANALYSIS

There are four separate topics addressed in this Substantial Amendment (see Attachment), as follows:

- Update of Homeless Population Statistics

At the time that the Plan was adopted, the 2013 Homeless Census and Survey had been conducted but the results were not yet available. Since the 2013 homeless count is now finalized, the results should be included in the Plan, replacing the 2011 data (see the first part of Item #1 in the Attachment).

- New TBRA Program for Homeless Veterans

Earlier this year, Goodwill of Silicon Valley applied to the U.S. Department of Labor (DOL) for a grant under the Homeless Veterans' Reintegration Program (HVRP). The Housing Department submitted a letter of support for Goodwill's application, committing to support 20 homeless veterans with TBRA assistance while enrolled in this program for job training, counseling and job placement services to expedite their reintegration into the civilian labor force. Goodwill was subsequently informed by DOL that its application was not successful for this highly competitive program.

Subsequent discussions with Goodwill have led to the conclusion that a partnership between that organization and the City would be appropriate for clients in Goodwill's ongoing Veterans Individualized Placement (VIP) program. The VIP program is less ambitious than the HVRP program would have been since it does not provide re-training for new skills. Rather, it concentrates on four to six weeks of employment readiness training (e.g., resume writing assistance, interview skills, basic computer literacy, and conflict resolution) and job placement as soon as possible thereafter. The VIP program normally provides each client with ten to twelve

months of case management services. Goodwill has committed to extending the term of case management to two full years for those clients who will be receiving TBRA assistance.

Because the VIP program does not include a job-training component, staff believes that reducing the number of veterans to receive TBRA assistance from twenty to five makes sense. For that reason, the Amendment targets five individuals in a pilot effort (see the second part of Item #1 and Items #2 & 3 in the Attachment).

- Detailed List of Infrastructure and Facility Projects to Be Funded by CDBG

During and following the public hearing process on the Annual Action Plan, staff was continuing to meet with the residents of the three Place-Based Strategy neighborhoods to discuss their priorities for the expenditure of CDBG infrastructure and facilities funds. Those community meetings were concluded by the end of May, and staff then worked during June with the various City departments and other identified sponsors to finalize cost estimates. That work is now completed, and the list of proposed CDBG-funded capital projects is included in the Amendment (see Item #4 in the Attachment). The total proposed for these capital projects is \$69,250 less than was originally set aside in the Annual Action Plan; these extra funds will be returned to the fund balance for future allocation to CDBG capital projects.

- Increased Funding for Habitat for Humanity Program

The Annual Action Plan as approved by the City Council sets aside \$500,000 of HOME funds for a program to be undertaken by Habitat for Humanity East Bay/Silicon Valley to acquire and rehabilitate homes for low-income homebuyers. It was expected that this would provide funding for four houses. In subsequent discussion with Habitat, staff believes that the organization has the capacity for two additional acquisition/rehabilitation projects this year. Therefore, it is proposed that the HOME funding for this program be increased by \$250,000 for a total of \$750,000 for up to six houses (see Items #5 & 6 in the Attachment). Recommended funding and appropriation actions will be brought forward for City Council approval as part of the 2012-2013 Annual Report

Though it has no direct bearing on the Substantial Amendment, Habitat reports that President Jimmy Carter will be in San José in the fall of 2013 to contribute his labor to those homes acquired by then and under rehabilitation.

EVALUATION AND FOLLOW-UP

In September 2014, the City will use the Consolidated Annual Performance and Evaluation Report (CAPER) to report on progress in achieving the goals identified in the FY 2013-14 Annual Action Plan. Additional funding and appropriation actions will be brought forward for City Council approval as part of the 2012-2013 Annual Report in October 2013.

PUBLIC OUTREACH

- Criterion 1:** Requires Council action on the use of public funds equal to \$1,000,000 or greater. (Required: Website Posting)
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

The proposed Substantial Amendment will also be the subject of a public hearing at the September 12, 2013 meeting of the City's Housing and Community Development Commission (HCDC).

On August 21, 2013, a public hearing notice announcing both the HCDC and City Council public hearings was sent to over 400 organizations and individuals concerned about housing and community development issues. The public hearing notice was also translated into Spanish, Vietnamese, Chinese and Tagalog and published in the *La Oferta*, *Thoi Bao*, *China Press* and *Philippine News* newspapers, respectively, as well as in the *San José Mercury-News*. The public hearing notice appeared in all five newspapers on August 23, 2013. The public hearing notice was sent out and published in time to provide a 30-day public comment period prior to the City Council's consideration of the Substantial Amendment.

COORDINATION

This preparation of this report has been prepared in coordination with the Office of the City Attorney and the City Manager's Budget Office.

FISCAL/POLICY ALIGNMENT

The recommended action is consistent with the City's Five-Year Consolidated Plan FY 2010-15, adopted by the City Council on May 4, 2010.

HONORABLE MAYOR AND CITY COUNCIL

September 3, 2013

Subject: Substantial Amendment to the FY 2013-14 Annual Action Plan

Page 5

COST SUMMARY/IMPLICATIONS

Actions will be brought forward during the 2012-2013 Annual Report to increase the Habitat Acquisition Rehab Assistance appropriation by \$250,000, from \$500,000 to \$750,000, to fund the recommended two additional units, from four to six units. It is anticipated that a reduction to the Home Investment Partnership Program Fund's Ending Fund Balance will be recommended to offset the increase in funding.

CEQA

Not a Project, File No. PP10-069(a), Annual Report. Specific development projects that are funded as a result of the Annual Action Plan are subject to project-specific CEQA clearance.

/s/

LESLYE CORSIGLIA

Director of Housing

Attachment

For questions, please contact Jacky Morales-Ferrand, Assistant Director of Housing, at 408-535-3855

**SUBSTANTIAL AMENDMENT TO THE
2013-14 ANNUAL ACTION PLAN
FOR THE CITY OF SAN JOSE
August 2013**

1. On pages 49 through 51 of the approved Annual Action Plan: delete the entire discussion under “Current Year Update” and replace with new language; and amend the ensuing TBRA Assistance section, as follows (additions or deletions):

Current Year Update

The 2013 point-in-time homeless count identified a total of 4,770 individuals residing in San Jose, an 18% increase from the 4,034 persons counted in 2011. Based on a formula that takes into account the point-in-time count as well as the phenomenon that people will cycle in and out of homelessness, it was estimated that a total of 12,055 individuals had experienced at least one episode of homelessness in the prior 12 months. This is a decrease of 5% from the 12,751 persons estimated in 2011 and is attributable to fewer persons experiencing homelessness for brief periods of time and an increase in the number who had experienced multiple episodes of homelessness over the course of the year.

There were a number of subpopulations identified in the point-in-time count of 4,770 homeless persons, including:

- CHRONICALLY HOMELESS. The number of chronically homeless individuals (defined as an unaccompanied individual with a disabling condition or a family with at least one adult member who has a disabling condition who has either been continuously homeless for a year OR has had at least four episodes of homelessness in the past three years) was 1,531, a 4% increase over the 1,474 reported in 2011. This is a more modest increase than the 10% increase reported for the 2009-2011 period or the 40% increase reported for the 2007-2009 period.
- MENTALLY ILL. There were 2,062 homeless adults, or 44% of the total homeless population in San Jose, with one or more disabling mental conditions, with chronic depression being identified in just over one-half of this subpopulation.
- LIVING IN ENCAMPMENTS. There were 1,230 homeless individuals (26% of the total homeless population) living in encampments, primarily in the open space along Coyote Creek and Guadalupe River, in freeway rights-of-way and along railroad lines. That this number is a very large increase from the number reported in 2011 is a reflection of the fact that City-funded homeless outreach and engagement efforts have resulted in knowing where many more encampments are located.
- VETERANS. There were 484 homeless individuals who had previously served in the armed forces, or some 10% of the total homeless population. They made up a more significant share (15%) of the encampment population.
- SUBSTANCE ABUSE. Twenty-one percent (21%) of the population reported that alcohol or drug use resulted in their becoming homeless.
- FAMILIES WITH CHILDREN. There were 417 homeless persons residing in a total of 151 family units (9% of the total homeless population), a 24% increase from the 336 individuals reported in 2011.

- UNACCOMPANIED CHILDREN AND YOUNG ADULTS. There were 165 unaccompanied children under 18 and 690 young adults between 18 and 24. Together they comprise 18% of the total homeless population. The 165 children under 18 represent a 16% increase over the 142 reported in 2011. Whether the number of young adults is an increase or decrease from 2011 is not known since there was incomplete data in that count.
- VICTIMS OF DOMESTIC VIOLENCE. Seven percent of all survey respondents had experienced home/domestic violence or abuse. Among females, 12% had experienced such violence or abuse, compared to 6% of males.

Five-Year Goal

Action 2.A.1 TBRA Assistance to chronically homeless							
Action 2.A.1 TBRA Assistance to homeless							
Performance Measure	Number of unduplicated households served						
5-Year Plan Goal	285						
FY 2013-14 Funding Source	HOME, HOPWA, HOPWA SPNS						
Outcome Code	SL-1,2,3						
	Year 1 2010-11	Year 2 2011-12	Year 3 2012-13	Year 4 2013-14	Year 5 2014-15	Total To- Date	% of 5- Year Goal
Annual Plan Goal	85	400	15	232		432	151.6%
Annual Plan Goal	85	100	15	237		437	153.3%
Actual Annual Outcome	65	211				276	96.8%

Tenant Based Rental Assistance (TBRA) Programs

During FY13-14, the City of San José will be funding two TBRA programs; one funded by HOME dollars, and another by HOPWA funds.

The HOME TBRA Program will continue to provide housing subsidies matched with appropriate case management services to: homeless households with severe mental health issues; homeless individuals with substance abuse issues who reside in and around St. James Park in downtown San José; and residents of homeless encampments or unsheltered areas of the City's downtown. The HOME TBRA Program will also be expanded to encompass homeless veterans. The Program is similar to the Housing Authorities' Section 8 program. The City's TBRA administrator in concert with the clients' case managers helps program participants to locate appropriate rental housing, performs housing inspections, and coordinates monthly subsidy payments per HOME TBRA guidelines. Clients who come up on the completion of their 2-year agreement for TBRA assistance are reevaluated to determine if an extension is needed to prevent a return to homelessness. Exit plans, and positive tenant status are just some of the aspects that are taken into consideration to determine whether an extension is appropriate. To determine whether an extension of TBRA assistance is warranted, the client's income, ability to maintain housing and self-sufficiency plan are taken into account.

The HOPWA TBRA Program targets low-income residents living with HIV/AIDS who are homeless or at-risk of homelessness.

- *TBRA – Chronically Homeless Program*

The City of San José, in coordination with the County's Mental Health Department, began implementing the City's HOME funded TBRA Program in 2009, targeting chronically homeless residents suffering from severe mental disabilities. Since its inception, the HOME TBRA program has assisted 85 mental Health clients. Of these 85, approximately 28 are still in the program and will continue to receive subsidies in FY 2013-14.

In the spring of 2012 the City expanded its HOME funded TBRA program's targeted population to include employable, chronically homeless residents with substance abuse issues who resided in and around St. James Park. The program issued 15 coupons under this expansion. The City's rent subsidies are matched with case management services from the County of Santa Clara's Department of Alcohol and Drug Services.

In the summer of 2012, the City further expanded the HOME funded TBRA Program's targeted population to include subsidies to 40 homeless households living in encampments which were targeted for clean up by the City or living unsheltered in San José's downtown area.

In FY13-14, the City will be adding another 37 coupons to the homeless encampment portion of the program. These households will also be participants in the Downtown Streets Team (DST), a "work-first" program. This organization uses homeless individuals for cleanup projects, giving them work training opportunities in exchange for services and housing assistance.

The City of San Jose, in coordination with Goodwill of Silicon Valley, will pilot a HOME-funded TBRA Program for 5 homeless veterans of the U.S. armed forces enrolled in Goodwill's Veterans Individualized Placement (VIP) program. The VIP provides employment readiness, job-placement and case management services. Preference will be given to veterans living in homeless encampments.

- *TBRA – HOPWA Program*

The City will continue to fund the Health Trust and San Benito County to provide TBRA... increasing coordination between the local Continuum of Care and the HOPWA SPNS program.

2. On page 4 of the approved Annual Action Plan, amend the second bullet point in the Executive Summary to read as follows (additions or deletions):

- Support activities to end homelessness by providing Tenant-Based Rental Assistance to 232 237 homeless households and by providing short-term emergency shelter.

3. On page 15 of the approved Annual Action Plan, amend the Proposed Uses of HOME Funds for 2013-14 table as follows (additions or deletions):

Proposed Uses of HOME Funds for 2013-14	
Budgeted Uses	Total Expected Funding Available for 2013-14
Rental Housing Development	\$5,064,091 \$5,390,000
Administrative Costs *	\$245,091
CHDO Operating Expenses	\$100,000
Homeownership (Habitat for Humanity)	\$750,000 \$500,000
CHDO Set-Aside (HUD-automated set-aside for CHDOs) **	
Tenant Based Rental Assistance (TBRA) ***	\$900,000 \$824,091
TOTAL	\$7,059,182

4. On page 62 of the approved Annual Action Plan, amend the “Remove Public Accessibility Barriers” and “Physical Improvements and Rehabilitation of Public Facilities” sections, as follows (additions or deletions):

Remove Public Accessibility Measures

TBD The City of San José will not be undertaking any activities for removal of public accessibility barriers in 2013-14.

Physical Improvements and Rehabilitation of Public Facilities

- Infrastructure and Facilities Improvements (\$1,500,000-\$1,430,750)

The City of San José will identify and implement key improvements in the three identified neighborhoods that respond to their highest priorities. These activities could include infrastructure improvements such as street lighting and pedestrian safety improvements around schools, traffic calming measures, community open space improvements, and rehabilitation and improvement of community facilities, as follows:

City of San Jose Department of Transportation

- Conversion of existing street lights to LED, including 539 fixtures in the Five Wounds neighborhood and 22 fixtures in the Mayfair neighborhood (\$491,000).
- Installation of radar speed signs in both directions on Julian Street and on southbound 24th Street at San Jose High School (\$50,000).
- Installation of flashing beacons and choker islands in the East William Street right-of-way at Olinder School (\$40,000).
- Installation of flashing beacons and choker islands in the 33rd Street right-of-way at Anne Darling School (\$65,000).

City of San Jose Department of Parks, Recreation and Neighborhood Services

- Rehabilitation of the Mayfair Community Garden (\$225,000).
- Installation of gates, bollards and boulders in Olinder Park and along Remillard Court to prevent vehicular access into a homeless encampment along Coyote Creek (\$50,000).

San Jose Parks Foundation

- Painting curbside utility boxes, each with a unique design, as Utility Art Box Projects, including 21 in the Five Wounds neighborhood, 12 in the Mayfair neighborhood and 9 in the Santee neighborhood (\$78,000).

Franklin-McKinley School District

- Re-surfacing basketball courts, installing cameras, lighting and fencing for security, and related improvements at Bridges Middle School to create open space and recreation opportunities for the residents of the Santee neighborhood during after-school hours and on weekends and holidays (\$353,150).

Garden to Table Silicon Valley

- Installing a community garden as part of the open space and recreation project at Bridges Middle School (\$78,000).

5. On page 43 of the approved Annual Action Plan, amend the sentence at the bottom of the page as follows (additions or deletions):

The City will propose using approximately ~~\$750,000~~ \$500,000 of its HOME funds to assist Habitat for Humanity in rehabilitating and/or acquiring homes to benefit up to six low-income homeowners homebuyers.

6. On page 44 of the approved Annual Action Plan, amend the table at the top of the page as follows (additions or deletions):

Fiscal year 2013-14 Potential New Commitments for Ownership Housing – New Construction and Acquisition/Rehab

Project Name	NC / A/R	Council District	ELI, VLI, LI Units	Mod Units
None Habitat for Humanity	N/A A/R	N/A	N/A Up to 6	0
TOTAL			0 Up to 6	0

----- END OF ANNUAL ACTION PLAN AMENDMENT -----