



**CITY OF SAN JOSÉ
HOUSING AND COMMUNITY DEVELOPMENT
COMMISSION**

**March 10, 2016 AT 5:45 PM
SAN JOSÉ CITY HALL
200 E. SANTA CLARA ST.**

**LOCATION: WING ROOMS 118-120
SAN JOSÉ, CA 95113**



Martha O’Connell, Chairperson
Davlyn Jones, Vice Chair

Commissioners

Michael Fitzgerald	Victoria Johnson	Gary Prideaux
Bob Gill	Melissa Medina	Alex Shoor
Mike Graves	Steven Neff	Lee Thompson

Members of the public who wish to make comments on any item on the Agenda, or any other item related to the Commission's purview, may be given two (2) minutes. Please note that: (1) the Commission will only be able to discuss comments to items on the Agenda; and (2) the time schedule shown below is approximate and intended only to notify the Commission of the approximate amount of time staff expects each item might take, and items may be heard before or after the times shown.

TIME*	AGENDA ITEM
5:45	(a) Call to Order/Orders of the Day
5:50	(b) Introductions
5:55	(c) Approval of Minutes for the February 11, 2016 Regular Meeting ACTION: Recommend approval of the February 11, 2016 minutes
6:00	(d) Chair’s Report (M. O’Connell, Chair)
6:05	(e) Update on Recent City Council Actions Pertaining to Mobilehome Parks (A. Marcus, Housing Department) NO ACTION: Verbal Report
6:25	(f) Inclusionary Housing Ordinance Update (P. Heisinger, Housing Department) ACTION: Endorse the Housing Department’s recommendation that the City Council to adopt a resolution: <ol style="list-style-type: none"> 1. Updating the findings for the Inclusionary Housing Ordinance (“Ordinance”); and 2. Directing staff to implement a grace period in the Inclusionary Housing Guidelines for projects subject to the Ordinance, providing an exemption from its requirements if all Planning Permits needed for the project are obtained by June 30, 2016.

- 6:50 (g) **Crime-Free Multi-Family Housing Update (J. Stagi, Housing Department)**
 ACTION: Recommend that the Housing and Community Development Commission:
1. Accept the staff report on the Crime Free Multi-Housing community and stakeholder outreach and engagement meetings and;
 2. Provide a recommendation to the Rules and Open Government Committee regarding the Crime Free Multi-Housing Program.
- 7:15 (h) **Public Hearing: Proposed Fiscal Year 2016-2017 Annual Action Plan Draft Priorities Update (J. Stagi, Housing Department)**
 ACTION: Recommend that the Housing and Community Development Commission:
1. Open a public hearing on the recommended 2016-2017 Annual Action Plan priorities;
 2. Provide input on the Annual Action Plan priorities; and
 3. Accept the report on the Annual Action Plan funding priorities contained in this memorandum.
- 7:40 (i) **Proposed Fiscal Year 2016-2017 Fee Structure for the Rental Rights and Referrals Program (D. Bopf, Housing Department)**
 ACTION: Endorse the Housing Department's proposed FY 2016-2017 fees for the Rental Rights and Referrals Program, as stated below:
- (1) Apartment Rent Control Fee: increase from \$12.25 to \$13.75 per unit
 - (2) Mobilehome Rent Control Fee: increase from \$27.00 to \$35.75 per unit
 - (3) Apartment Non-Rent Control Fee: increase from \$1.95 to \$2.25 per unit
- 8:10 (j) **Director's Report (D. Bopf, Housing Department)**
- 8:15 (k) **Open Forum**
- 8:20 (l) **Adjournment**

**HCDC meetings start at 5:45 pm. All other times listed for the specific agenda topics are estimates. Actual start times may deviate from the estimate provided.*

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the City of San Jose Housing Department, 200 E. Santa Clara St., 12th Floor, San Jose, CA 95113 at the same time that the public records are distributed or made available to the legislative body.

To request an accommodation for this meeting or an alternative format for any related printed materials, please contact Robert Lopez at 408-975-4402 or Robert.Lopez@sanjoseca.gov or 408-294-9337 (TTY) as soon as possible, but at least three business days before the meeting.

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

Riêng đối với quý vị nói tiếng Việt : Muốn biết thêm chi-tiết, xin vui lòng tiếp xúc với Therese Tran, Đ.T. 408-793-5349.

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

Para sa mga residente na ang wika ay tagalog: Kung kinakailangan pa ninyo ng inpormasyon, tawagan si Arlene Silverio sa 408-793-5542. Salamat Po.

***You can access the agenda and all attachments electronically at the Housing & Community Development Commission website at : <http://www.sanjoseca.gov/index.aspx?NID=1262>

HOUSING & COMMUNITY DEVELOPMENT COMMISSION

REGULAR MEETING ACTION MINUTES

FEBRUARY 11, 2016

MEMBERS PRESENT: Martha O’Connell Chair
 Davlyn Jones Vice Chair
 Michael Fitzgerald Commissioner
 Bob Gill Commissioner
 Mike Graves Commissioner
 Alex Shoor Commissioner (arrived at 6:02pm)
 Melissa Medina Commissioner (arrived at 5:51pm)
 Steven Neff Commissioner
 Lee Thompson Commissioner
 Gary Prideaux Commissioner

MEMBERS ABSENT: Victoria Johnson Commissioner (excused)

STAFF: Dave Bopf Housing Department
 James Stagi Housing Department
 Ray Bramson Housing Department
 Aurelia Bailey Housing Department
 Robert Lopez Housing Department
 Dan Block Vice Mayor Herrera’s Office

(a) Call to Order/Orders of the Day—Chair O’Connell opened the meeting at 5:46pm. Commissioner Jones made the motion to approve the Orders of the Day with a second by Commissioner Graves. The motion passed unanimously (8:0).

(b) Introductions—Commissioners, staff, and audience introduced themselves.

(c) Approval of the Action Minutes for the January 14 2016 Regular Meeting

Commissioner O’Connell made the motion to amend and approve the minutes for the January 14, 2016 regular meeting with a second by Commissioner Graves. Chair O’Connell amended the language in Item (d) clarifying that she said “based on a letter from the California Fair Political Practices Commission (FPPC)”. The motion passed unanimously (8:0).

(d) Chair’s Report (Chair O’Connell)

Chair O’Connell announced that commission mobilehome representatives can vote on mobilehome issues and that city staff should move quickly to select a tenant representative for the Commission.

(e) Crime-Free Multi-Family Housing Update (J. Stagi, Housing Department)

Mr. Stagi and a representative from the Police Department provided a presentation on the Crime-Free Multi-Family Housing program and the outreach done by City staff. Mr. Stagi took questions and comments from the Commission and public.

DRAFT

(f) Homeless Response Update (R. Bramson, Housing Department)

Mr. Bramson gave a brief update and took questions and comments on the activities of the Housing Department in responding to homeless issues.

(g) Director's Report (D. Bopf, Housing Department)

Mr. Bopf reported on upcoming HCDC agenda items which include recommendations on the Crime-Free Multi-Family Housing, proposed Rental Rights and Referrals program fees, and the Apartment Rent Ordinance. Mr. Bopf also announced that the Housing & Community Development Commission ordinance would be amended to add an owner and tenant representative seats to the Commission.

(h) Open Forum

Commissioner Graves requested that he would like to hear a report from the Rental Rights group on how letters and fees are sent out and collected.

Eric Wong commented that letters are not sent out to mobilehome owners on a consistent timeline as he has received letters in the past in different months. Mr. Wong commented that the letters should be sent out on a consistent yearly schedule.

(i) Adjournment

Chair O'Connell adjourned the meeting at 7:14pm.



Memorandum

TO: HOUSING AND COMMUNITY
DEVELOPMENT COMMISSION

FROM: Jacky Morales-Ferrand

**SUBJECT: IMPLEMENTATION OF THE
INCLUSIONARY HOUSING
ORDINANCE**

DATE: March 3, 2016

Approved

Date

RECOMMENDATION

It is recommended that the Housing and Community Development Commission (HCDC) endorse the Housing Department's recommendation that the City Council adopt a resolution:

1. Updating the findings for the Inclusionary Housing Ordinance ("Ordinance"); and
2. Directing staff to implement a grace period in the Inclusionary Housing Guidelines for projects subject to the Ordinance, providing an exemption from its requirements if all Planning Permits needed for the project are obtained by June 30, 2016.

OUTCOME

The City Council's consideration of the items discussed in this memorandum will provide an update to the existing findings for the Ordinance and provide the Housing Department with the additional guidance to facilitate the implementation of the Ordinance by providing a grace period.

BACKGROUND

On January 12, 2010, the City Council approved the Ordinance. The Ordinance included a provision that it would become operative on January 1, 2013. This was intended to provide the development community with three years from the date of adoption to plan for implementation of the Ordinance requirements and to recover from the downturn in the economy.

The Ordinance generally requires that, in market-rate for-sale developments of 20 or more units, 15% of the units be made affordable to and sold to moderate-income households. The Ordinance provides numerous alternative ways that the developer can meet this requirement, including payment of an in-lieu fee and construction of affordable units off-site, among many others. Attachment A provides a summary of the Inclusionary Housing Ordinance requirements.

Although the Ordinance contains provisions for inclusionary rental housing, those provisions will take effect only if the appellate court decision *Palmer v. City of Los Angeles* is overturned by a court of competent jurisdiction or State legislation changes applicable law.

Legal Challenge to the Inclusionary Housing Ordinance

Although the Ordinance was operative on January 1, 2013, its implementation was prevented by an injunction imposed by the Santa Clara County Superior Court, resulting from a challenge submitted by the California Building Industry Association (CBIA), in *California Building Industry Association v. City of San José*. That injunction was terminated when the Superior Court's decision invalidating the ordinance was overturned by the 6th District Court of Appeal, the ordinance was held to be valid, and the case was remanded to the Superior Court to render a decision consistent with the decision of the Appellate Court. However, CBIA appealed the decision further to the California Supreme Court. On June 15, 2015, the California Supreme Court issued its decision unanimously affirming the Court of Appeals' determination that the Inclusionary Housing Ordinance is valid, and remanding the case to the trial court for a determination consistent with the higher courts' direction. This decision became final on July 15, 2015.

On September 14, 2015, the CBIA filed a petition for a writ of certiorari with the U.S. Supreme Court seeking review of the California Supreme Court's unanimous ruling that upheld the City's Ordinance. On February 29, 2016, the Supreme Court declined to hear that petition.

ANALYSIS

Updated Findings Supporting the Ordinance

Since approval of the Ordinance on January 12, 2010, housing costs have escalated sharply, increasing faster than incomes for many San Jose households and the City has lost its primary funding source for affordable housing, the 20% affordable housing set-aside from the tax increment collected by the former Redevelopment Agency. Even before the Agency was dissolved in early-2012, the City was falling short of meeting its Regional Housing Needs Allocation (RHNA) established by the Association of Bay Area Governments. In the 2007-2013 period, only 2,956 affordable units began construction, or 15% of the 19,271-unit RHNA goal. This overall 15% figure masks the components by income level: 23% of the goal for extremely low- and very low-income (ELI and VLI) need was met, 20% of the low-income (LI) goal was met, but only 2% of the moderate-income (Mod) goal was achieved.

The City's RHNA for the period between January 1, 2014 and October 31, 2022 identifies the need to plan for 20,849 new affordable housing units. In the first two years of this period through the end of 2015, construction began on 576 affordable units, all at ELI/VLI/LI levels and none in the moderate-income category. This rate of development falls far short of the 2,382 units annually that would be required to meet the RHNA goal for affordable units.

Since the Ordinance is designed to produce moderate-income units, it could help fill a long-standing and continuing gap in the production of affordable, moderate-income housing units to help meet the City's RHNA goals to the extent market-rate developers do not pay fees in lieu of providing the affordable units.

State housing policy requires the City to assist in the development of adequate housing to meet the needs of low- and moderate-income households. As discussed above there is a significant shortage of housing affordable to low and moderate income households, which will only increase as the finite number of residentially zoned lots within the City are purchased and developed for market rate residential developments. This loss of residential land available for affordable housing is another impact of market rate residential development.

The City's Envision San Jose 2040 General Plan recognizes that affordable housing is a critical component to the City's economic and social health. The Ordinance is consistent with the adopted goals and polices contained in Envision 2040, including the following policies and goals: H-1.2, H-1.6, H-1.9, H-1.10, H-2, H-2.1, H-2.8, H-2.11, H-3.3 and H-4.2. As specified in Goal H-2, it is in the interest of public welfare, health and safety that at least fifteen percent (15%) of new residential dwelling units be affordable units.

In addition to locally adopted policies, development of affordable housing units in conformance with the Ordinance will help to increase the supply of affordable housing implements policies of the State of California to: (1) provide sufficient capacity for new housing affordable at all income levels necessary to accommodate the State's future economic growth; and (2) by providing housing for moderate-income retail and service workers, the need for long commutes from less expensive housing markets can be reduced and thus contribute to the implementing the Global Warming Solutions Act of 2006 and the Sustainable Communities and Climate Protection Act of 2008.

Grace Period Before Ordinance Becomes Operative

The California Supreme Court's decision became final on July 15, 2015, and, as a result, the City could begin requiring that all non-exempt projects comply with the Ordinance as of that date. However, the Housing Department recommends that the City provide a grace period with respect to the Ordinance requirements for projects that have acquired all of their Planning Permits on or before June 30, 2016 for the following reasons:

1. The June 30, 2016, date provides extra time for Staff to provide additional notice and outreach to the development community; and

2. The June 30, 2016, implementation date would provide Staff with sufficient time to notify the development community, prepare implementation guidelines, agreements, other relevant documents, and tracking systems necessary to implement the Ordinance.

The June 30, 2016 implementation date has been closely coordinated with the Department of Planning, Building and Code Enforcement.

In the numerous meetings that the Housing Department has held with market-rate, for-sale housing developers (see the PUBLIC OUTREACH section of this memorandum, below), staff has provided notice that this would be end of the grace period that would be recommended to the City Council.

If the City Council accepts this recommendation, Staff will prepare a section for the Inclusionary Housing Ordinance Administrative Guidelines (“Guidelines”) exempting residential projects otherwise subject to the Inclusionary Housing Ordinance requirements if they received all Planning Permits needed for the project prior to June 30, 2016. The Ordinance defines a “Planning Permit” as a tentative map, parcel map, conditional use permit, site development permit, planned development permit, development agreement, or special use permit, or any discretionary permit excluding general plan amendments, zoning and rezoning, annexation, specific plans, and area development policies.

Creation of Inclusionary Housing Program Guidelines and the Inclusionary Housing Compliance Plan Application

The adoption of Guidelines is a requirement of the Ordinance. The City Manager has delegated the responsibility for enforcement of the Ordinance to the Director of Housing. The Director of Housing will adopt Guidelines to assist in the implementation and administration of all aspects of the Ordinance. The Guidelines will provide staff and the residential development community with more specific information about the application process, implementation, interpretation, and compliance with the Ordinance. The Housing Department, with the assistance of Department of Planning, Building and Code Enforcement and the City Attorney’s Office, will draft and publish the Guidelines by May 1, 2016.

Interested parties may locate the Inclusionary Housing Compliance Plan Application on the Housing Department’s website at www.sjhousing.org.

Coordination with the Inclusionary Housing Policy in Redevelopment Project Areas

Since 1988, the City has administered the Inclusionary Housing Policy (“Policy”) which requires that twenty percent (20%) of all new market rate for-sale developments of 10 or more units located in Redevelopment Project Areas be price-restricted and sold to moderate-income purchasers. This requirement continues despite the dissolution of the Redevelopment Agency. Pending Council’s approval of staff’s recommendations, the Ordinance will supersede the Policy requirements for any projects that do not have all Planning Permits approved prior to June 30, 2016. The Guidelines will address the mechanics of this change in greater detail.

Several non-exempt residential development projects in Redevelopment Project Areas are currently under review by PBCE. If the Developer obtains all Planning Permits prior to June 30, 2016, that project will be subject to the Policy rather than the Ordinance. Projects that have not obtained all Planning Permits approved prior to June 30, 2016 will be subject to the Ordinance's requirements, subject to the exemptions in the Ordinance.

POLICY ALTERNATIVES

Alternative #1: Implement the Ordinance without a grace period

Pros: An increased number of for-sale residential developments would be subject to the Ordinance, which would lead the creation of more price-restricted homes.

Cons: The residential development community would not have the additional time to respond to the implementation of Ordinance. Additionally, staff requires time to address issues related to administration of the Ordinance.

Reason for not recommending: This will provide staff with additional time to complete the Guidelines and the development community to adjust to the requirements of the Ordinance.

PUBLIC OUTREACH

Since January 18, 2015, the Housing Department has provided comments to Planning staff and developers regarding the potential applicability of the Ordinance and/or the Policy on all residential development applications. The Housing Department interfaces with both Planning staff and developers throughout the entitlement process. Staff monitors each project and attaches a condition of approval for the appropriate affordable housing program, if applicable, prior to the project's approval hearing.

Since the California Supreme Court's ruling, staff has conducted extensive outreach to the Development community. On June 26, 2015, the Housing Department issued a notice to nearly 600 individuals and organizations about the Court's ruling that upheld the City's Ordinance. In that notice, the Housing Department informed interested parties that a series of outreach meetings about the implementation of the Ordinance would be conducted. The Housing Department has hosted 15 such meetings to date and has scheduled an additional seven meetings before July 1st.

In addition to notifying Developers and hosting community meetings, the Housing Department has attended three Developers and Construction Roundtable Meetings hosted by the Department of Planning, Building, and Code Enforcement and made a presentation at a Building Industry Association (BIA) meeting on October 15, 2015.

COORDINATION

Preparation of this report was coordinated with the Department of Planning, Building and Code Enforcement, the City Attorney's Office, and the City Manager's Budget Office.

FISCAL IMPACT

There are no fiscal impacts directly associated with the recommendations discussed in this memorandum. However, due to the anticipated number of Inclusionary Housing Compliance Plan Applications that will need to be processed, it is anticipated that the Housing Department will recommend staffing additions, and associated Fees and Charges adjustments, to administer the Ordinance as part of the City's FY 2016-2017 budget process. The Ordinance authorizes the collection of fees to cover the cost of administration.

/s/
JACKY MORALES-FERRAND
Director, Housing Department

For questions, please contact Patrick Heisinger, Senior Development Officer,
at (408) 975-2647.

ATTACHMENT A

Requirements of the Inclusionary Housing Ordinance

The Inclusionary Housing Ordinance requires that all new for-sale residential developments of 20 or more units include housing that is affordable and price-restricted for moderate-income purchasers. Developers may satisfy their Inclusionary Housing Requirement by:

1. Designating 15 percent of the units on-site in the project as affordable; or
2. Implementing a variety of Developer options including:
 - construction of off-site affordable units equal to 20 percent of the original project's units,
 - payment of the in-lieu fee,
 - dedication of qualifying land in lieu of construction,
 - purchasing surplus inclusionary housing credits from another Developer,
 - the acquisition and rehabilitation of existing units,
 - providing deed-restricted units that are available to lower income households through an agreement between the Developer and the U.S Department of Housing and Urban Development, or
 - any combination of these methods that will achieve the requisite amount of affordable housing.

Exemptions

Residential projects that meet the criteria in Inclusionary Housing Ordinance Section 5.08.320 will be exempt from the Inclusionary Housing Ordinance requirements. Generally speaking, the Inclusionary Housing Ordinance provides that residential projects will be exempted when:

1. There are fewer than 20 units;
2. Tentative map application was deemed complete before January 1, 2013 or otherwise exempted by California Government Code section 66474.2 or 66498.1;
3. Included in a Development Agreement effective prior to January 1, 2013 and compliant with any affordable housing requirements in the Development Agreement;
4. Residential Developments for which a Planning Permit has been approved by the City prior to January 1, 2013;
5. Included in a phased pre-1993 Specific Plan area that is not in Redevelopment Project Area where one or more phases were completed prior to January 1, 2013.

*Implementation of the
Inclusionary Housing Ordinance
HCDC – 3/10/16*

Recommendation

- The Housing and Community Development Commission consider/endorse the Housing Department's approach to implementing the Inclusionary Housing Ordinance
- Council Consideration on March 22 or March 29, 2016

Background

- Approved by Council on January 12, 2010
- 15% of for-sale homes must be made available to moderate-income purchasers
- Delayed due to legal challenges; upheld by CA Supreme Court June 15, 2015 and the Federal Supreme Court on February 29, 2016

Draft Staff Recommendations

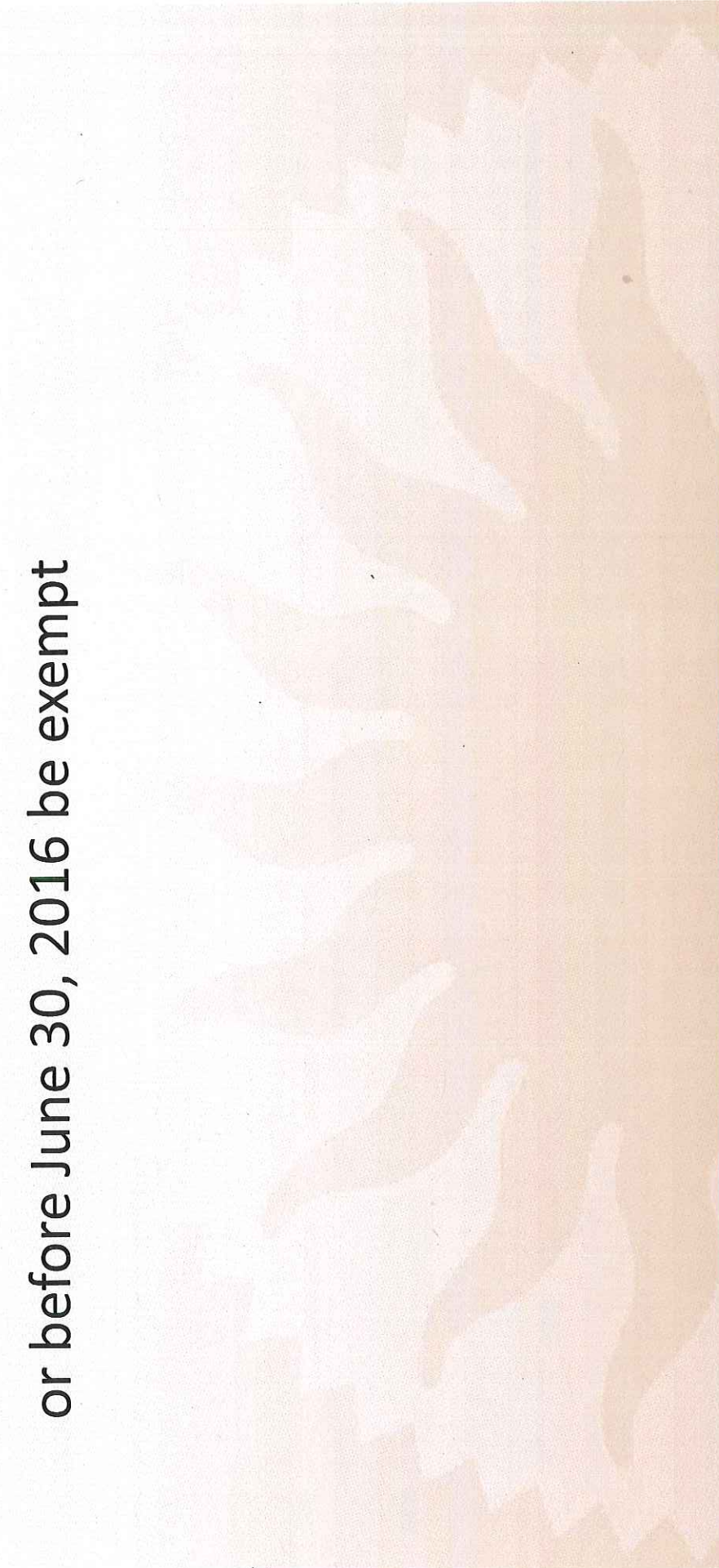
- Update the findings for the Inclusionary Housing Ordinance
- Implement a “Grace Period” for projects subject to the Inclusionary Housing Ordinance

Update Findings

- Original findings were established in January 2010 when the IH Ordinance was approved
- Update data to reflect current environment

Grace Period

- Projects that have acquired all their Planning Permits on or before June 30, 2016 be exempt



Questions/Comments





Memorandum

TO: HOUSING AND COMMUNITY
AND DEVELOPMENT
COMMISSION

FROM: Jacky Morales-Ferrand

SUBJECT: CRIME FREE
MULTI-HOUSING PROGRAM

DATE: March 3, 2016

RECOMMENDATION

It is recommended that the Housing and Community Development Commission:

1. Accept the staff report on the Crime Free Multi-Housing community and stakeholder outreach and engagement meetings and;
2. Provide a recommendation to the Rules and Open Government Committee regarding the Crime Free Multi-Housing Program.

BACKGROUND

On October 21, 2015, the Rules and Open Government Committee directed staff to coordinate community and stakeholder outreach and return to the Committee in March 2016 with an analysis of the Pilot Program from the Police Department, the Housing Department and the City Attorney's Office. On December 18, 2015, staff provided an updated outreach schedule to the Committee, which consisted of three stakeholder meetings and four community meetings.

As the schedule below indicates, stakeholders met once in December 2015 to gain a basic understanding of the Crime Free Program and to prepare for the broader community meetings. Four community meetings were conducted in January 2016 at different locations in the City. After receiving a summary of the community meeting input, the stakeholders reconvened for two meetings in late January to evaluate the community input, assess the program components, and provide alternative ideas and suggestions.

Stakeholder Meeting #1: December 10, 2015, Bascom Community Center, 1000 south Bascom, SJ, 95128

Community Meeting #1: January 6, 2016, Cornerstone Community Church, 5655 Gallup Dr., SJ, 95118

Community Meeting #2: January 7, 2016 Blanca Alvarado Middle School, 1601 Cunningham Ave., SJ, 95122

Community Meeting #3: January 14, 2016, Emmanuel Lutheran Church, 1710 Moorpark Ave., SJ, 95122

Community Meeting #4: January 19, 2016 at the McKinley Community Center, 651 Macredes Ave., SJ, 95116

Stakeholder Meeting #2: January 21, 2016, Bascom Community Center, 1000 south Bascom, SJ, 95128

Stakeholder Meeting #3: January 28, 2016, Bascom Community Center, 1000 south Bascom, SJ, 95128

This report provides a description of the community and stakeholder meetings and the key findings that were obtained, along with a legal analysis of the Crime Free Program from the City Attorney's Office and information on the potential impact on homelessness.

Community Meetings

Approximately 120 community members attended the four meetings. The vast majority of attendees were property owners and managers, tenants, advocates, and interested residents.

The locations for the community meetings were selected based on two criteria. The first criterion was the number of calls for service to the Police Department, as reported by Police Captains in each of the four Divisions. Locations were also selected based on the existence of high-density apartment complexes in the area, thus giving tenants relatively easy access to the meetings and serving as sites for a potential pilot program.

An extensive outreach effort was conducted, consisting of email invitations derived from intact databases from City Council offices, the Housing Department and the Police Department. Additionally, Council staff, Crime Prevention staff and Housing Department staff canvassed the apartment complexes and duplexes and the surrounding areas of the four meeting locations, going to door-to-door handing out fliers announcing the meetings.

Translation in Spanish and Vietnamese was provided at each meeting, consisting of both contracted translations services and translation equipment. The presentation slides were also translated into Spanish and posted on the City's multi-family rental housing crime prevention program webpage (www.sanjoseca.gov/neighborhoods). The summary notes from two of the community meetings were also translated into Spanish and posted on the program webpage.

All of the meetings followed the same format and design, beginning with a welcome and context-setting remarks, followed by a slide presentation on the Crime Free Program, large group Questions and Answers, and small group discussions conducted in Spanish, English, and Vietnamese. In the small groups, community members were asked to (1) discuss their concerns about crime and safety in and around their apartment buildings, (2) offer suggestions for preventing crime and enhancing safety, and (3) share their reactions to the Crime Free Program. Participants were also encouraged to provide written comments and questions on comment cards.

ANALYSIS

Summary of Community Meetings

What follows is a summary of the key themes that emerged from the four meetings.

Concerns about Safety

- A. Drug use and drug dealing (by apartment residents and outsiders)
- B. Homelessness (loitering, aggressive behavior, using apartment facilities, etc.)
- C. Car thefts and break-ins
- D. Insufficient lighting (dark streets, hallways, etc.)
- E. Graffiti
- F. Tenants reluctant to report crimes; fear of retaliation by landlords and criminals; don't trust police or perceive that the problem will be fixed [Note: Several of the tenants who attended the meetings said they did so reluctantly because they were afraid their landlords would find out and retaliate against them. Anecdotal evidence suggests that some tenants did not attend the meetings because of this reason]
- G. Gang activity
- H. Prostitution
- I. Vandalism (in common areas, laundry facilities, etc.)
- J. Illegal dumping (trash, furniture, appliances, etc.)
- K. Parking (not enough, parking in other's spots, etc.)

Suggestions for Preventing Crime/Enhancing Safety

- A. More police patrol and police presence
- B. More lighting; outdoor and indoor; repair and upgrade existing lighting
- C. More prevention and intervention programs and activities, including community centers, especially for youth.
- D. Hold property owners and managers accountable for unsafe conditions (e.g. more code enforcement) and for problem tenants
- E. Better relationships and more ongoing engagement between property owners/managers, tenants, and police
- F. Education about landlord and tenant rights and responsibilities related to housing, rental units, evictions, and reporting criminal activity

Evaluative Reactions to the Crime Free Program

Note: Most of the input received on the Crime Free Program centered on the Lease Addendum. This was the case for the small group discussions as well as the large group Q&A and the written input provided on the comments cards.

What do you like about the Crime Free Program?

- A. CPTED (Crime Prevention Through Environmental Design)
- B. Training for management
- C. The partnership with the police
- D. Tool to help landlords evict problem tenants; helps tenants live in a safe place

What concerns do you have about the Program?

- A. Tenants can be evicted for the criminal behavior of guests and their family members
- B. A criminal arrest is sufficient to evict; does not need conviction
- C. Victims of domestic violence can be evicted if the violator is a family member or guest (see A. above), which can prevent victims from reporting the crime
- D. It displaces individuals and families, producing more homelessness
- E. It unfairly targets low income people, people of color, and women
- F. It does not address “bad landlords,” property owners and managers who do not keep their properties and buildings up-to-code, creating unsafe conditions
- G. It gives too much power and discretion to property owners and managers, at the expense of tenants, creating the potential for abuse
- H. The cost of the Program: How it will be paid for and whether the funds will be taken away from other City programs and services, especially prevention and intervention programs and activities
- I. Components of the Program are already available (e.g. neighborhood watch) so it’s not clear what the added value is to the City

Stakeholder Meetings

Stakeholders were selected based on three criteria. First, the Police Department and Housing Department identified key organizations, agencies, and individuals that could provide input and expertise from a variety of different perspectives on a multi-housing crime free program. Second, Council offices also identified organizations, agencies, and individuals to participate in the stakeholder meetings. Third, community members who offered public comment at the September 30, 2015 Rules and Open Government Committee meeting were invited to participate.

In total, 46 stakeholders were identified and invited to participate. These stakeholders represented a variety of different organizations and agencies, including individual property owners (see Attachment A for list of stakeholders and their affiliations).

As noted above, staff convened three stakeholder meetings, each of which varied in terms of the purposes, outcomes, and format. What follows is a description and summary of each meeting.

Stakeholder Meeting #1

Twenty participants attended the first Crime Free Program stakeholder meeting. The purposes of the meeting were to provide a factual description of the Crime Free Program, elicit feedback from the stakeholders, and prepare for the community meetings scheduled for January 2106.

After a brief round of introductions, staff gave a presentation describing the Crime Free Program, which was followed by a facilitated discussion with the stakeholders. The following questions were offered to help focus the stakeholder discussion:

- 1. What, if anything, about the Program needs additional explanation?
- 2. What do you see as the benefits of the Program?
- 3. What concerns do you have about the Program?

It was clear from the discussion that stakeholders have serious concerns about the Crime Free Program. After the presentation stakeholders asked a number of clarifying questions, and then began identifying concerns, offering few if any benefits to the Program. At the end of the meeting a straw poll was taken, asking if stakeholders recommended adopting the Program or abandoning it and exploring or building an alternative Program. Stakeholders voted unanimously to abandon the Program in favor of an alternative.

Summary of the Key Points

- The Program should be abandoned and other alternatives should be explored [unanimous straw poll vote].
- The money used to support the Program should go directly to the community and not the Program; crime goes down when you put money into community services and resources.
- This program puts vulnerable communities at risk (kids, women, elderly, victims of abuse), evicting people from their rental units and creating more homelessness.
- The Program is ripe for abuse; it stereotypes people of color, facilitates racial profiling, and further criminalizes Black, Brown, and Poor communities.
- There are several problems with the wording of the Lease Addendum; it is vague, has racist undertones, is fear-based, and unduly penalizes residents because of the behavior of their non-resident guests.
- “Bad” landlords get away with so much in San Jose, there’s no way in the Program to hold them accountable.
- California law already allows landlords to evict tenants with criminal activity. This program is not necessary, and it gives landlords too much power.
- There needs to be an active and involved community at the upcoming public meetings; the people most affected by this program need to be at the table.

Stakeholder Meeting #2

Twenty participants attended the second stakeholder meeting. The purposes of the meeting were to:

1. Review and discuss the community meeting input
2. Evaluate the Crime Free Program components
3. Provide new ideas, suggestions & alternatives

After a brief round of introductions, stakeholders reviewed and offered comments on the community meeting summary and then engaged in a wide-ranging discussion about the Crime Free Program. Stakeholders were asked whether they supported the individual components of the program (and why) and were encouraged to offer new ideas, suggestions, and alternatives.

Reactions to Community Meeting Summary

Stakeholders affirmed several of the suggestions generated by community members at the four community meetings held in January 2016. Specifically, there was broad agreement for the following suggestions to prevent crime and enhance safety in and around apartment complexes:

- Need more oversight on the part of code enforcement and tools available for community members to hold property owners and managers accountable for unsafe conditions.

- Focus on prevention and intervention programs and activities for community members, especially youth.
- Focus on establishing good relationships and opportunities for ongoing engagement between property owners/managers and tenants.
- Focus on educating property owners/managers and tenants about landlord and tenant rights and responsibilities related to housing, rental units, evictions, and reporting criminal activity.

Additionally, stakeholders mirrored the community members in expressing dissatisfaction with the Lease Addendum, with the vast majority of both groups saying that they have serious concerns and do not support this component of the Program.

Crime Free Program Evaluation

Stakeholders expressed few if any concerns about the first three components of the Program: (1) Property management training, (2) Crime prevention through environmental design (CPTED), and (3) resident engagement and training. In fact, there appeared to be support for these components, with some stakeholder asking why they needed to be included under the Crime Free Program umbrella given that they are already available, or can be made available with existing resources.

As noted above, stakeholders expressed concerns about the Lease Addendum, reiterating those voiced by community members as well as those expressed by stakeholders at their first meeting. In addition to those concerns, stakeholders offered these “new” observations and evaluations

- The Addendum offers no credible standard of proof.
- The Addendum will be a burden on legal services, reentry programs, and housing services; it shifts the burden from Police to CBOs.
- The Addendum would still require the three-day eviction process; it would not make the eviction process faster.
- The Addendum is contrary to community values, and prevents problem solving. It generates divisiveness and arguments.

At the end of the meeting, stakeholders took a straw poll asking whether they supported the Lease Addendum. With 18 people voting, the results were:

- Do not support Lease Addendum: 17
- Support Lease Addendum: 1
- Not sure/undecided: 0

Alternate Solutions and Suggestions

Stakeholders offered these suggestions and alternatives to the Crime Free Program.

- Utilize existing tools, and develop new ones as needed to ensure landlords maintain and upgrade their properties according to codes and regulations. Suggestions include having landlords complete a licensing or certification process, having them pay a business tax, increasing resources for code enforcement, and increasing penalties for violating codes and regulations.
- Support, enhance, and develop community programs and services that focus on crime prevention and intervention, for youth and other groups across the lifespan.

- Increase police presence and reduce response times.
- Identify budget and funding sources to pay for prevention and intervention programs and services (e.g. ballot tax measure, excess fund balance, etc.).
- Research and study the impacts of the Crime Free Program on other cities and communities to provide accurate information about crime statistics, legal ramifications, etc.
- Provide education and training for property owners/managers and tenants about the tools and processes currently available for evicting “problem” tenants and for holding “bad” landlords accountable.
- Conduct a management and resident training for stakeholders and other interested parties so they can experience and evaluate these components directly.
- It would be more effective to hear the community’s concerns and suggestions about crime and safety first, as opposed to pre-selecting a program like Crime Free and then asking the community what they think about it.

Stakeholder Meeting #3

Thirteen stakeholders attended the final meeting. The purposes of the meeting were to:

1. Review suggestions & alternatives from last Stakeholder meeting
2. Add new items, as needed

Review Prior Suggestions and Alternatives

Stakeholders reviewed the notes from their January 21st meeting, focusing initially on the lease addendum and then on the crime prevention and safety enhancement suggestions that were previously identified.

First, there was broad agreement to drop the Lease Addendum, to not include it in any crime prevention program that San Jose might develop. This conclusion mirrors what staff heard from the majority of community members at the four community meetings held in January, and from the stakeholders themselves at their two previous meetings. Specifically, most community members and nearly all of the stakeholders voiced serious concerns about the Lease Addendum, expressing the view that they do not support this component.

Second, there was broad agreement among stakeholders to affirm the following suggestions to prevent crime and enhance safety in and around apartment complexes:

- Need more oversight on the part of code enforcement and tools available for community members to hold property owners and managers accountable for unsafe conditions.
- Focus on prevention and intervention programs and activities for community members, especially youth.
- Focus on establishing good relationships and opportunities for ongoing engagement between property owners/managers, tenants and police; use these engagements to build trust among the different groups of people.
- Focus on educating property owners/managers and tenants about landlord and tenant rights and responsibilities related to housing, rental units, evictions, and reporting criminal activity.

New Items and Suggestions

Stakeholders offered several new ideas to help prevent crime and enhance safety:

- Conduct research and collect data to identify “problem properties;” will help determine how many bad properties there are and where they are located; the landlords with a history of defaulting payments, and their eviction records, including a racial analyses of the evictions.
- Conduct research and collect data about the impacts of the Crime Free Program, if it were to be adopted in San Jose; will help determine how many people will be evicted as a result of the Program, the racial and ethnic percentages of those who would be evicted, and the number of people who will be homeless.
- Examine other crime prevention programs (e.g. Safer Communities Program) that have been successful while also garnering the support of the community; use as a potential model and to collect ideas about best practices that could be used in San Jose (e.g. how to develop a multi-agency approach).
- Eliminate the Crime Free Program as an option, and start a new community engagement process with a robust outreach component to CBOs and individual community members; build the program based on the community input received.
- Create a crime prevention task force, comprising a range of interests and areas of expertise, to coordinate research and data collection, understand the issues and options, and to initiate a new community engagement process for building a crime prevention program in San Jose.
- Address the major trust issues, within this room, with the property owners/managers, police, city staff and the community; help create a level of trust that enables community members to call police and City departments to report crimes and file petitions against “bad” landlords/unsafe conditions.
- Include racial impact statements for any crime prevention policy or program.

LEGAL ANALYSIS

The Crime Free Program with the lease addendum is a voluntary program that involves private rental leases between private parties (landlords and their tenants). The City cannot require landlords to participate in the Crime Free Program, nor is the City advising the landlord whether to terminate a lease or evict a tenant. The City’s role is limited to providing landlords with information concerning arrests, complaints, calls for service and the Police Department’s response thereto that a landlord is already authorized to obtain from the San Jose Police Department pursuant to the California Public Records Act and the City’s Consolidated Open Government and Ethics Resolution No. 77135, Exhibit A, Section 4. The Program does not change the state law requirements for terminating leases or evicting tenants.

INFORMATION ON HOMELESSNESS

In addition to eliciting alternate solutions and suggestions to the Crime Free Program, staff was also directed to examine *possible solutions to the impact this Program will have on homelessness*. As noted above in the results from the stakeholder and community meetings, participants expressed concerns that the Program could potentially increase homelessness by evicting tenants who would not have the resources to obtain other housing. Beyond these findings, staff contacted other Cities that have adopted the Program about the impacts they have

seen with homelessness in their communities. Unfortunately, the cities that responded did not conduct any formal studies on the issue, nor did they report a standard way of measuring the impact of the Program on homelessness. What follows, then, is a brief summary from what other cities reported to staff.

Fremont Police Department

- No impact noticed
- No standard measurement
- Program modification unnecessary

Hayward Police Department

- No impact noticed
- No standard measurement
- Program modification unnecessary

Pleasanton Police Department

- No impact noticed
- No standard measurement
- Program modification unnecessary

San Diego Housing Commission

- No impact noticed
- Have terminated only a “handful” of tenants, each for serious criminal offenses only; found that residents have complied and improved their behaviors after receiving the warning notices for minor infractions.
- Program modification unnecessary

Crime Free Association

- Stated that in the last 20 years of implementing the program he has not seen an increase of homelessness.
- Stated that when tenants are evicted from a Crime Free complex they find housing in other non-Crime Free complexes within the cities.

A copy of this report will be distributed to stakeholders that provided input to this process, along with notification that this item will be heard by the Housing and Community Development Commission at its March 10 meeting. Public input received from that meeting, along with any recommendation from the Commission, will be presented to the Rules Committee. The Rules Committee is scheduled to discuss the Crime Free Multi-Housing Program on March 30.

/s/
Jacky Morales-Ferrand
Director of Housing

For questions regarding this memorandum, please contact James Stagi at (408) 535-8238.

Attachment A
List of Stakeholders

	Name	Title/Organization
1	Akemi Flynn	Executive Director, PACT
2	Alexander Berliner	All of Us or None
3	Alisha Schoen	District Attorney
4	Alison Brunner	Exec Director/ Law Foundation of Silicon Valley
5	Amir Amma	Pro Enfranchised Community Members
6	Andy Gutierrez	Public Defender
7	Anil Babbar	California Apartments Association
8	Arthur League	All of Us or None
9	Bob Brownstein	Working Partnerships USA
10	Cecilia Chavez	De-Bug
11	Charisse Domingo	De-Bug
12	Cindy Hendrickson	Assistant District Attorney/County of Santa Clara
13	Gail Noble	De-Bug
14	Harriette Davis	Concerned Consideration/LSPC
15	Jaime Angulo	Catholic Charities
16	Johnny Gogo	Deputy DA, County of Santa Clara
17	Joshua Howard	California Apartments Association
18	Josue Fuentes	Deputy DA, County of Santa Clara
19	Ky Le	Director, Office of Supportive Housing
20	Kyra Kazantzis	Law Foundation of Silicon Valley
21	Liz Gonzalez	De-Bug
22	Luis Espinoza	PACT
23	Manuel LaFontaine	Legal Services with Prisoners of children
24	Marc Lencl	All of Us or None
25	Maria Noel Fernandez	Working Partnerships USA
26	Mariel Block	Law Foundation of Silicon Valley
27	Maryanne Taylor	Hoffman Via Monte Property Owner
28	Maryela Perez	Catholic Charities
29	Mathew Reed	Sacred Heart
30	Mayayoshi Mukai	School of Uc Berkeley
31	Melissa Luke	Program Manager/ AACI
32	Michele Lew	Director/AACI
33	Molly O'Neal	Public Defender, Santa Clara County
34	Nadia Aziz	Law Foundation of Silicon Valley
35	Nicki Ford	Private Attorney
36	Omar Vasquez	Luna Neighborhood
37	Rabiah Khalid	AACI
38	Raj Jajavdev	De-Bug
39	Rev. Jeffrey Moore	President, NAACP
40	Richard Rodriguez	Advocate
41	Roberta Moore	Hoffman Via Monte Property Owner
42	Sara Reyes	Catholic Charities
43	Sasha Stuart	Advocate
44	Susan Price	PACT
45	The-Vu Nguyen	Office of Supervisor Cortese
46	Yolanda Lewis	Black Human Rights Coalitions



Memorandum

TO: HOUSING AND COMMUNITY
AND DEVELOPMENT
COMMISSION

FROM: David Bopf

SUBJECT: SEE BELOW

DATE: March 3, 2016

**SUBJECT: FISCAL YEAR 2016-2017 ANNUAL ACTION PLAN DRAFT
PRIORITIES UPDATE**

RECOMMENDATION

That the Housing and Community Development Commission;

1. Take public comment on the recommended 2016-2017 Annual Action Plan priorities
2. Provide input on the Annual Action Plan priorities
3. Accept the report on the Annual Action Plan funding priorities contained in this memorandum

OUTCOME

Finalize the federal funding priorities which will enable Housing Department to finalize the draft 2016-2017 Annual Action Plan.

BACKGROUND

Every five years HUD requires jurisdictions that receive federal funding to develop a Five-Year Consolidated Plan. The Consolidated Plan identifies priority needs, goals, actions, and funding strategies for the four federal housing and community programs: the Community Development Block Grant (CDBG), HOME Investment Partnership (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with Aids (HOPWA).

Subsequent to the adoption of the five year strategic plan, the City must prepare an Annual Action Plan to document how it plans to utilize its federal resources each year. Included in the Plan are funding recommendations for specific actions and activities for each of the federal funding sources.

In early August 2015, the Housing Department staff kicked off the planning and development process for the FY 2016-2017 Annual Action Plan. Staff held a series of stakeholder and community meetings to help identify opportunities for investment and solicit input on the four goals and potential funding priorities. After receiving public input on the funding priorities, City staff presented the results of the collective input and staff analysis to the HCDC commission on October 8th and November 12th, 2015. After receiving input from the Commission, City staff finalized the service priorities for 2016-17 and proposed funding strategy for the Community Development Initiative (CDI) funding categories. The final funding priorities were accepted by the Neighborhood Services and Education Committee on December 10, 2015 (Attachment A - 12/10 NSE Memo).

This memorandum provides an updated and more detailed summary of the FY 2016-2017 Annual Action Plan spending priorities.

ANALYSIS

In late February, the Housing and Urban Development Department (HUD) published the 2016-2017 annual allocations of CDBG, HOME, ESG and HOPWA for each Entitlement Community. Below is a chart with the FY2016-2017 allocations that San José will receive compared with the FY 2015-2016 grant allocations:

	FY15-16 Allocation	FY16-17 Allocation	% Change
CDBG	8,259,253	8,389,991	1.58%
HOME	2,381,725	2,560,066	7.49%
HOPWA	866,106	876,953	1.25%
ESG	725,731	743,498	2.45%

As indicated in the chart above, the City will receive slightly higher allocations in each of the four federal entitlement grants. Based on the needs identified in the 5-year plan and the projects and services highlighted in the priority setting process, the spending plan for each of the grants is detailed below.

Community Development Block Grant (CDBG)

As the largest and most flexible of the four federal grants, CDBG funds are divided into three categories. These include Public Services, Administration, and Community Development Investment (CDI) Activities (See the Attachment A for a descriptions and limits of each category). The CDI category is separated into two sub-categories of Construction and Non-Construction projects. Construction consists of capital projects that directly fund physical improvements such as facility or infrastructure improvements. Non-constructions projects include programs and other indirect services to Low-moderate Households such as Code Enforcement or Housing Rehabilitation Programs. Below, the CDBG allocations are broken out by funding category:

Public Services

In accordance with best practices, the City generally funds services on a 3-5 year cycle. Agreements with service providers are typically one year agreements with 2-3 one year options to extend. Extensions are based on agency performance and continued need. Through the Request for Proposal Process (RFP), the City began a new cycle for homelessness service in 2015-16. Based on feedback from the community, stakeholders and HCDC, the City agreed to fund the existing Senior Isolation and Meals on Wheels programs through FY 2016-17. A new RFP was released on February 11th, 2016 soliciting proposals for neighborhood engagement and fair housing services as well as job training for Homeless and youth and single-family/mobilehome minor repair. Services under the Housing for People With Aids grant (HOPWA) were also include in the new RFP. Agencies will be selected in early April.

Proposed 2016-2017 Services Budget		
Agency	Services	Allocated Amount
HomeFirst Services	Shelter and Outreach for Homeless	\$750,000
Catholic Charities	Senior Isolation	\$100,650
The Health Trust	Senior Meals on Wheels	\$100,650
Yet to be determined –New RFP	Neighborhood Engagement and Leadership development	\$200,000
Yet to be determined –New RFP	Fair Housing Services	\$100,000
Total Public Services		\$1,251,300

Administration - The City allocate up to twenty percent (20%) of its annual allocation plus projected program income to the administration of the CDBG Program. In addition, The City may pay all or a portion of the Fair Housing service from Administration funds.

Proposed FY 2016-2017 Administrative Budget		
Agency	Services	Allocated Amount
Housing Department	CDBG Administration	\$1,500,000
Yet to be determined –New RFP	Fair Housing	\$200,000
City Attorney	Legal Services	\$20,000
Planning Department	Environmental Review	\$50,000
Total Admin		\$1,770,000

Community Development Initiatives (CDI)

The City is developing a 5-year capital improvement plan. The Capital Improvement Plan will include funding priorities for capital projects that will be funded with CDI funds over a five year period. The Plan will include projected expenditures of new CDBG allocations, projected program income and existing funds balances or project savings. This year’s proposed capital projects selections were based on the priorities and funding framework approved in the December NSE recommendations.

Proposed FY 2016-2017 CDI Budget (New Allocations Only)		
Agency	Project	Allocated Amount
Non-Construction CDI		
PBCE	Enhanced Code Enforcement	\$1,800,000
Yet to be determined –New RFP	Job Training for Homeless and Youth	\$500,000
Yet to be determined –New RFP	SF & MH Minor Repair	\$500,000
Capital Projects		
Department of Transportation	Traffic Calming on 22 nd and Williams	\$200,000
Department of Transportation	King and Story Safety Improvements	\$950,000
Housing	Land Acquisition and Improvements	\$850,000
Total CDI		\$4,800,000

The Annual Action Plan will also detail previous year projects and carryover funds. For simplification, this report only includes projects and services newly funded in FY 2016-2017. The total amount of the new projects and services funded from CDBG is \$7,821,300. Combined with the City’s Section 108 Debt service obligation of \$2,269,585, the City will allocate \$10,090,885 in CDBG funds toward newly funded CDBG expenditures in FY 2016-2017. With a FY 2016-2017 Grant Allocation of \$8,389,991, the balance of \$1,700,894 will be taken from existing funds balances.

HOME Funds

Each year the City receives its allocation of HOME funds to support the creation or preservation of affordable housing or to assist Low-income families secure affordable housing. In 2016-17 the City’s HOME allocation will be \$2,560,066; a 7.5 percent increase from the previous year. The 2016-2017 HOME funds will be allocated as follows:

Proposed 2016-2017 HOME Budget		
Agency	Project	Allocated Amount
New Housing Development		\$2,160,006
Housing Department	Program Administration	\$200,000
Yet to be determined – New RFP	Fair Housing Services (Admin)	\$100,000
CHDO Operating cost		\$100,000
Health Trust	TBRA (previous years funds will carry over)	\$0
Total HOME		\$2,560,066

HOPWA Funds

Each year the City receives funds through the HOPWA grant to fund agencies that provide either directly or through partnerships and referrals, housing and support services to low income individuals living with HIV/AIDS.

Eligible activities include:

- Housing information services
- Resource identification to establish, coordinate and develop housing assistance resources for eligible persons
- Project- or tenant-based rental assistance
- Short-term rent, mortgage, and utility payments to prevent the homelessness of the tenant or mortgagor of a dwelling
- Supportive services
- Operating costs for housing
- Technical assistance in establishing and operating a community residence

In Fiscal year 2016-2017 the City will receive an allocation of \$876,953. The City will select a new service provider through the RFP that was released on February 11th, 2016. The RFP will be awarded in the amount of \$800,000 with 2-3 options for yearly extensions. The balance of funds will be utilized to administer the program.

Emergency Solutions Grant (ESG)

As previously mentioned, the City began a new Homeless Services funding cycle in 2015-2016 that include the use of ESG funds. The ESG funds will be allocated as follows:

Proposed 2016-2017 ESG Budget		
Agency	Services	Allocated Amount
Bill Wilson Center	Supportive Service and Rapid Rehousing	\$416,350
People Assisting The Homeless	Downtown Outreach	\$271,388
Housing Department	Program Administration	\$55,760
	Total ESG	\$743,498

The FY 2016-2017 final draft Annual Action Plan will be completed and posted for public comment beginning on April 1, 2016 for a 30 day review period. The first public hearing to review and comment on the draft Plan will be held at the City Council meeting on April 5th, 2016. The second public hearing will be held in conjunction with the HCDC review of the draft Plan on April 14th, 2016. The final public hearing and approval of the FY 2016-2017 Annual Action Plan will be held at in conjunction with City Council final review and approval on May 3rd, 2016.

/s/

David Bopf

Interim Assistant Director of Housing

For questions, please contact James Stagi, Grants and Neighborhood Administrator at (408) 535-8238.



Memorandum

**TO: NEIGHBORHOOD SERVICES
AND EDUCATION COMMITTEE**

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: November 23, 2015

Approved

Date

11/23/15

**SUBJECT: FISCAL YEAR 2016-2017 ANNUAL ACTION PLAN FUNDING
FRAMEWORK AND PRIORITIES**

RECOMMENDATION

Accept staff report on the development of the FY 2016-2017 Annual Action Plan and provide input on the recommended federal funding priorities.

OUTCOME

The goal of this report and presentation to the Neighborhood Services and Education Committee is to: 1) Present a summary of the community input received on community needs and FY 2016-2017 funding priorities; 2) identify potential investments in projects, services and programs; 3) obtain Committee input on funding priorities; and 4) provide opportunity for additional public comment.

BACKGROUND

As an entitlement City, San José receives federal formula grants each year from the U.S. Department of Housing and Urban Development (HUD) for housing and community development activities. The funding provided to the City is based on a number of factors including population, poverty and housing statistics.

Every five years, HUD requires jurisdictions that receive federal funding to develop a Five-Year Consolidated Plan. The Consolidated Plan identifies priority needs, goals, actions, and funding strategies for the four federal housing and community programs: the Community Development Block Grant (CDBG), HOME Investment Partnership (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA).

Consolidated Plan Needs and Goals

After extensive public outreach, the 2015-20 Consolidated Plan was approved by City Council on May 5, 2015. The Consolidated Plan identified areas of greatest need within the community. Additionally, the Plan identified broad project goals and activities to address the areas of need. These are listed below.

Goal: Increasing and preserving affordable housing opportunities.

- Development of new affordable rental apartments;
- Acquisition/Rehabilitation of affordable rental apartments;
- Acquisition/Rehabilitation of affordable homeowner housing;
- Rental assistance/Rapid Re-housing for low-income households.

Goal: Responding to homelessness and its impacts on the community.

- Housing for homeless families and individuals;
- Rental assistance/Rapid Rehousing for homeless and at-risk populations;
- Street outreach services for unhoused populations;
- Homelessness prevention activities.
-

Goal: Promoting fair housing.

- Outreach, education, testing, enforcement, and technical assistance services to ensure equal access to housing.

Goal: Strengthening neighborhoods.

- Services for low-income and special needs populations;
- Public facility or infrastructure improvements;
- Targeted code enforcement;
- Homeowner housing repair;
- Jobs creation/retention for low- and moderate-income individuals.

Annual Action Plan

In accordance with the federal funding requirements, the City must prepare an Annual Action Plan to document how it plans to utilize its federal resources each year. Included in the Plan are funding recommendations for specific actions and activities for each of the federal funding sources. The Plan must also describe how the City plans to support the goals and meet the needs identified in the Five-year Strategic Plan. Prior to final approval by City Council, the Housing Department must provide for a 30-day public review of the Plan. In accordance with the City's Citizen Participation Plan, the Housing Department must provide three public hearings on the Plan to provide opportunity for public comment.

The FY 2015-16 Annual Action Plan was developed and approved with the intent of transitioning programs and services from the 2010-2015 Consolidated Plan to the 2015-2020 Consolidated Plan. With the exception of homeless services, agencies that received funds under the previous Plan received contract extensions for their respective programs and services for one additional year.

Federal Funding Sources and their Use

The City receives four major sources of federal funding annually from HUD. Each of these sources is distinct and supports specific Housing and Community Development needs. The primary use for each fund is stated below along with the amount projected for FY 2016-17.

Funding Source	Primary Use	FY 2016-2017 Projected Allocation
HOME	Housing	\$2,240,000
ESG	Homeless Services and Shelter Operations	\$726,000
HOPWA	Housing Support for Persons with AIDS	\$867,000
CDBG	Housing and Community Development Programs, Services and Capital Improvements	\$8,733,000*
	Total	\$12,566,000

*Includes projected program income

Because the requirements for the use of HOME, ESG, and HOPWA are fairly specific, most of the decisions pertaining to funding priorities pertain to CDBG funding. HOME funds must be used to serve the housing goals; ESG funds must be used to support homelessness efforts; and HOPWA funds must be used to serve individuals with AIDS or HIV. CDBG is the most flexible federal funding source and may be used to fund a wide range of Housing and Community Development needs. Therefore, CDBG funds are sought as the funding source to address many community needs. However, CDBG funds also have specific funding requirements. Some of these requirements are stated below.

CDBG Funding Categories

CDBG funds are divided into three categories. These include Public Services, Administration, and Community Development Investment (CDI) Activities.

Public Services: These funds can pay for a variety of services for low-income individuals. Program regulations require that funding for public services be capped at 15% of the annual allocation combined with the prior year’s Program Income. (Program Income is primarily comprised of repayments of loans made from federal funds.)

Administration: Recognizing the significant requirements associated with managing CDBG funds, HUD allows funding of administrative planning and oversight utilizing up to 20% of the annual allocation combined with the current year’s Program Income.

Community Development Investment (CDI): CDI funds can be used to fund infrastructure and other needs. Enhanced Code Enforcement is one of the few “service” activities that can be funded with CDI funds. There is no limit on the amount of funding that may be dedicated to the CDI category.

The funding limits projected for the FY 2016-2017 CDBG allocation are listed below.

Funding Category	Amount
FY 2016-2017 Estimated Funding	\$8,733,000
Public Service (15% cap)	\$1,310,000
Administrative Costs (20% cap)	\$1,747,000
CDI (no cap)	\$5,676,000

ANALYSIS

In early August 2015, the Housing Department staff kicked off the planning and development process for the FY 2016-2017 Annual Action Plan. Staff held a series of stakeholder and community meetings to help identify opportunities for investment and solicit input on the four goals and potential funding priorities for the upcoming year. A summary of the outreach completed for the FY 2016-17 Action Plan is provided as **Attachment A**.

FY 2016-17 Potential Priorities

The result of the collective input and data gathering, the following activities were identified through public input, as possible funding priorities (listed in order of priority):

Areas of Need	Potential Activities
Facilitate Neighborhood engagement and leadership development	<ul style="list-style-type: none"> • Resident Leadership Training • Development and implementation of Community-building activities • Assist with prioritization of City infrastructure expenditures • Community Asset Mapping • Fund development – including pursuit of grants
Address Housing needs	<ul style="list-style-type: none"> • Displacement/gentrification • Preservation Activities – Homeowner Rehab • Rental & Permanent Supportive Housing • Shelter Rehab
Support Youth Programs	<ul style="list-style-type: none"> • After school programs • Free recreation activities
Improve Transportation	<ul style="list-style-type: none"> • Improved Access • Pedestrian Safety • Bike friendly • Safe Streets – traffic calming
Connect the community with Job training opportunities – with emphasis on youth	<ul style="list-style-type: none"> • Job training focused on youth under 18 • Job training focused on young adults
Support Senior Services	<ul style="list-style-type: none"> • Activities that support age-friendly cities

Promote Healthy Communities	<ul style="list-style-type: none">• Access to healthy foods• Address illegal dumping• Walkable communities
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Funding Framework

After collecting community input, the Housing Department staff analyzes the data collected and considers a number of factors to establish the top funding priorities for that funding year. Factors such as identified areas of need, funding availability, and regulatory requirements are just a few factors that help formulate the funding recommendations in the Annual Action Plan. As the funding priorities are being formulated, staff also evaluates the types of activities and funding categories associated with each of the areas of need. Activities may include programs, services or projects funded for the purpose of meeting the needs and goals identified in the Five-year Strategic Plan. Factors that influence the decision making process are summarized below.

Federal Requirements

The Housing Department staff must ensure that the proposed areas of need and potential activities meet federal CDBG funding requirements and guidelines. Proposed activities are assessed to ensure compliance with these requirements which are summarized below.

Federal CDBG Funding Objective Compliance – The primary objective of Title I of the Housing and Community Development Act of 1974 is the development of viable urban communities. Each area of need and potential activity must meet mandated federal national objectives and one or more of the City’s adopted goals and priorities in the Five-year Strategic Plan.

Basic Eligibility Requirements – All of the federal funds administered by the City have specific funding requirements such as income limits, geographic limitations, public benefit standards or activity restrictions. It is important to note, CDBG funds cannot be used to “supplant” (i.e. replace) other funding sources to pay for an activity.

Funding Category Compliance – Through the public input process, community stakeholders identify the top areas of need in their community. Also, through this process, community members provide a range of suggested activities to address those needs. Sometimes the needs and the proposed activities are easily evaluated and categorized. Other times, staff is required to consider alternative activities based on funding limitations. For example, a request for more access to services can result in activities from the limited service funds or, alternatively, funds from the larger CDI pool can be used to upgrade facilities within the neighborhood to expand existing services from other resources.

Evaluation and Prioritization

After assessing basic eligibility, the Housing Department reviews the proposed activities to assess viability. Proposed Activities are evaluated to ensure:

Measured impact on the community – When evaluating community impact, the Administration evaluates potential long term benefits and impacts to the community. Considerations include:

- **Sustainability:** Efforts can be sustained with minimal, ongoing City support.
- **Return on investment:** The extent of the community benefit obtained as a result of the expenditure.
- **Inclusiveness:** Programs, services or projects benefit multiple segments of the population.

Leveraging of other resources – This addresses a proposal’s ability to take advantage of other staff resources, community assets and funding (including local, State, federal and private funding opportunities) to maximize the City’s investment.

Activities advance other strategic goals endorsed by the City – Housing staff works closely with other City departments to evaluate opportunities to support other City initiatives or needs identified through other outreach efforts. Staff looks for opportunities that meet multiple City objectives. (Examples: Envision San José General Plan 2040, 2014-23 Housing Element, Community Plan to End Homelessness, Green Vision, Vision Zero, Age-Friendly City Initiative.)

FY 2016-17 Priorities

The three other federal funding sources (HOME, ESG, HOPWA) are less flexible than CDBG funds in how they can be used. With CDBG funding left to address the remaining housing and community needs, the City must make difficult decisions in terms of what programs, services and projects to fund with this limited source.

The need to preserve and create affordable housing, promote fair housing choices and the need to respond to homelessness continue to be among the largest needs and priorities in San José. In addition to the federal resources dedicated these three high-priority needs, the Housing Department devotes a significant amount of non-federal resources to address those priorities. With considerable resources committed to the first three goals, CDBG funds are also prioritized to address the goals of strengthening neighborhoods. This is consistent with CDBG objectives and prior direction from City Council.

CDBG Funding Priorities and Proposed Expenditure Plan

The Public Services funding priorities for FY 2016-2017 are listed below.

- Homeless Services – The Housing Department recently completed a competitive Request for Proposal (RFP) and awarded contracts for outreach and shelter as well as rapid re-housing and supportive services. The agreements are one year agreements with renewal option for up to three years. Based on performance, staff anticipates continued funding for these services at the same level for FY 2016-17 (\$872,100).
- Fair Housing Services – As a requirement for receiving federal funds, the City must ensure that fair housing laws are followed. In light of a recent U.S. Supreme Court Decision, HUD has strengthened its fair housing requirements. The City utilizes non-profit agencies that have expertise in this area to ensure compliance with fair housing law. These services are funded through CDBG and allocated between the Public Service allocation and the

Administrative allocation. Consistent with best practices, the Housing Department will release a competitive RFP for fair housing services to begin a new funding cycle. Service providers will be selected for a four-year period. Estimated annual funding from the Public Service allocation is \$86,600. An additional \$310,000 is funded from the City's CDBG Administration allocation, for a total estimated CDBG expenditure of \$396,600.

- Neighborhoods Engagement Services – Neighborhoods Engagement and Leadership Development were identified as a top priority through the community input process. This activity represents an investment in community that can create long-term, self-sustaining programs which can ultimately function with minimal ongoing investment by the City. It leverages the Housing Department's 2.5 FTE's assigned to the "Place-Based Neighborhoods Program" through their work with external, non-profit partners to engage on issues pertinent to the specific needs of the neighborhood. The Program builds on the successes of the City's former Strong Neighborhoods Initiative (SNI) Program to sustain and build relationships with community leaders. Through the process, discontinued groups are linked with City and non-profit services and new community leaders are developed. These community leaders help identify and implement capital projects funded through the City's CDBG funds that can be spent on facility improvements and other infrastructure needs (CDI funds). The Housing Department will release a competitive RFP in which non-profit agencies will be selected to provide these services in the three Place-Based Neighborhoods. (Estimated funding \$150,000.)
- Senior Services – These resources support a hot meals program through which provides hot meals to approximately 150 seniors each year. The funding also supports senior isolation-to-inclusion programs that serve 185 people each year (estimated funding \$201,300).

Based on extensive public input, funding is recommended for one additional year with the current programs. During the summer of FY 2016-17, the Department will outreach to the senior community to obtain input on which specific services should be procured that have the most prolific impact in meeting the needs of the senior population. The Department will then issue a new RFP to procure senior services for three years starting in FY 2017-18.

In order to ensure that the City funds activities which meet the goals defined in the Consolidated Plan, the City issues new Requests for Proposals (RFPs) for the services identified as funding priorities.

Community Development Investment (CDI) Proposed Funding Recommendations

The CDBG CDI allocation provides opportunity to support the four goals identified in the Consolidated Plan and meet the needs identified in the community meetings. The Housing Department recommends continued funding of the following CDI-eligible activities in FY 2016-17.

Continued CDI Funding

- Targeted Code Enforcement – Enhanced Code Enforcement services within the current place-based neighborhoods, possible expanded service area and identified hotspots. The Code Enforcement activity is one of the few services that HUD allows to be spent from the CDI allocation. (Estimated FY 2016-17 funding is \$1,400,000.)
- Minor and urgent repairs to single-family homes and Mobilehomes – The current agency has provided these services under agreement for four years. These services will be awarded under a new RFP in FY 2016-2017. (Estimated FY 2016-17 funding is \$500,000.)
- Section 108 Loan Repayment – The City is also required to allocate approximately \$2 million annually (\$2,270,000 in FY 2016-17) to repay the federal government for Section 108 loans made to the City's former Redevelopment Agency for various private development projects. When the loans were executed, CDBG funds were identified as the collateral funding source for this repayment obligation. Until another source of funding is identified, CDBG will continue to be the source of this repayment until the obligation is retired in FY 2025-26.
- Community Based Development Organization (CBDO) – Currently, San José Streets Team (SJST) is the only designated CBDO in this region. SJST provides a range of services such as job training, encampment clean-up, blight mitigations and housing placement services to homeless individuals. As a CBDO, some of the services provided by SJST are exempt from the CDBG service cap. *It should be noted, that HUD is reviewing our agreement with SJST and there may be SJST services currently funded with CDBG funds which may not be eligible for CDBG funding in future years.* (Estimated FY 2016-17 Funding is \$500,000.)

Listed below are the CDI activities that Housing Department is currently evaluating for potential funding in FY 2016-17.

Potential CDI Activities

Housing Department staff conducted an internal stakeholder meeting in August of this year to solicit ideas for potential CDBG priorities from other City departments. CDI project priorities listed below were developed through input from a variety of stakeholders including internal City staff, neighborhood leaders and public outreach. Because capital projects may take between 18 to 36 months to develop and complete, the project priorities listed below represent potential funding priorities for the next few years. Based on current commitment and expenditure projections, staff projects that approximately \$3.3 Million will be available for capital projects in 2016-2017. The \$3.3 Million is a combination of the previous year's fund balance, new allocation and program income.

- Unfunded transportation projects – Improved access and safety for vehicles, bikes and pedestrians within the CDBG-eligible census tracts (City Infrastructure.)
- Facilities to support Neighborhood Programs – Projects that create or transform under-utilized space to support Neighborhoods focused programs such as youth services, job training centers, homeless or senior services (Public Facility improvements).
- Facilities to promote healthy communities – Capital projects that create or transform under-utilized space to promote economically resilient and healthy communities such as access to community kitchens, open space or community gardens.

- Shelter Improvements – Develop and release a new RFP to funds improvement or expand existing shelters (private facilities).
- Home Repair Program – Depending on funding availability, the Housing Department proposes to reinstate a modest loan and grant program to help low-income homeowners make health and safety repairs to their residences. The Department would issue an RFP and contract with a nonprofit service provider that would provide these services.

Through the public input process, it was suggested that the City work with the non-profit community to develop a multi-year CDI budget that will help agencies plan for needed capital improvements to their facilities. The Housing Department will work with its non-profit partners to develop such a plan – contingent upon funding availability. Priority for funding recommendations will be given to agencies with facilities that require accessibility improvements.

EVALUATION AND FOLLOW-UP

After obtaining input from the Neighborhood Services and Education Committee, Housing Department staff will refine the recommendations for final public comment. The Department plans to release RFPs for Neighborhood Engagement and Fair Housing Services. The Housing Department will continue working collaboratively with other City Departments to determine which specific CDI projects to fund and will bring these recommendations back to City Council for approval in the next two months. The Annual Action Plan will also be presented to City Council for approval in May.

PUBLIC OUTREACH

A “Summary of Community Outreach Efforts Completed for FY 2016-17 Annual Action Plan” is provided as **Attachment A** to this memorandum.

A timeline for implementation of the FY 2016-17 Action Plan is provided as **Attachment B** to this memorandum.

COMMISSION RECOMMENDATION

The Housing Department provided the Housing and Community Development Commission (HCDC) with a similar report at its October 8, 2015, HCDC meeting and discussed the document at its November 12 meeting. The Commission recommended approval of the Funding Framework for the Action Plan but expressed concern regarding a potential reduction in services for seniors. The Department also presented its federal funding priorities to the Senior Citizens Commission on October 22. The Senior Commission also expressed concerns regarding reduction in senior services. As a result of this input, the Department has modified its recommendation to decrease funding for senior services. Neighborhood Engagement funding is also proposed to remain at current levels.

November 23, 2015

Subject: Funding Framework for the Federal FY 2016-17 Annual Action Plan

Page 10

COORDINATION

This memorandum has been coordinated with the City Manager's Budget Office and the City Attorney's Office.

CEQA

Not a Project, File No. PP10-069 (a), Staff Report.

/s/

Jacky Morales-Ferrand
Interim Director of Housing

For questions regarding this document, please contact Dave Bopf, Interim Assistant Director at (408) 535-3854.

Attachments

ATTACHMENT A
Funding Framework for the Federal FY 2016-17 Annual Action Plan

Summary of Community Outreach Efforts Completed for FY 2016-17 Annual Action Plan

Stakeholders Meetings

In early August 2015, staff began the outreach process by conducting a series of three stakeholder meetings. The first stakeholder meeting was with the internal stakeholders. Representatives from several City Departments including PRNS, DOT, OED, Library, Public Works and Code Enforcement were invited to share their thoughts and ideas for the funding projects and services in FY 2016-2017. The group of approximately 17 department representatives discussed the Five-year goals and priorities and identified several collaborative projects ideal for achieving the goals strengthening neighborhoods. The group looked at current initiatives within the City and how the CDBG program could leverage those programs and resources.

The second group of stakeholders was the neighborhood groups. The meeting was held at the Mayfair Community Center and consisted of 25-30 community leaders, place-based neighborhood residents, faith based leaders, and neighborhood based CBOs. Similar to the internal stakeholders meeting City staff facilitated discussion on the neighborhood needs and priorities.

The last stakeholder meeting was held at the Baccardo Center for Non-profits. Using the same meeting structure, Housing Department staff facilitated the meeting with several non-profit service providers to gain perspective on the four goals and their thoughts on priorities.

Community Outreach

In preparation for the community meetings staff conducted outreach in five languages including English, Spanish, Vietnamese, Chinese and Tagalog. Outreach included 30 day advance posting in the Mercury new paper along with corresponding ethnic publications. Three community meetings were held between late August and early September. Approximately 80 community members attended the three meetings. The attendees represented a wide range of community interests including residents, various school representatives, advocates, non-profits faith leaders and community leaders.

The meetings were facilitated by Housing Department staff and divided into three parts. The first portion of the meeting was dedicated to educating the community on funding, the Annual Action Plan Process and the Five-year goals. The second part of the meetings was set aside for facilitated breakout groups. Each group was asked a series of questions aimed at receiving input on the four goals with the primary objective of collecting ideas around the goal of strengthening neighborhoods. The third part of the meeting was a participatory budget exercise where all participants were provided with "HUD Bucks" and asked to budget their money based on their individual priorities.

In addition to the six meetings conducted in this process, surveys were sent via e-blast to gather input from anyone who was not able to attend one of the meetings. As of September 18th, approximately 60 surveys were submitted to the Housing Department.

ATTACHMENT B
Funding Framework for the Federal FY 2016-17 Annual Action Plan


FY 2016-2017 Annual Action Timeline	
Task	Timeline
Community Input on Funding Priorities	August – Mid September 2015
Develop preliminary project and service priorities	Mid September – Early October 2015
Present at Housing and Community Development Commission	October 8, 2015 and November 12, 2015
Present Preliminary Priorities to NSE Committee	December 10, 2015
Based on NSE and additional community Input – develop and release services RFP and CDI projects NOFA	December 2015/January 2016
RFP/NOFA Due	Late January 2016
Notify agencies of selection	February 8, 2016
Draft 2016-2017 Annual Action Plan (AAP)	February – Early March 2016
Release Draft AAP for Public comment (min. 30 day review period)	February 2016
Present Draft AAP to Housing and Community Development Commission	March 10, 2016
First City Council Public hearing	March 29, 2016
Last day to accept public comments and make changes	April 22, 2016
Final City Council public Hearing and CC approval of the Plan	April 26, 2016
Submit to HUD for Approval	May 9, 2016

**FY 2016-2017
Annual Action Plan -
Proposed Funding Priorities**

**Neighborhood Services and Education
Committee**

December 10, 2015


City of San José
Housing Department



Presentation Overview

- Summary of the Community Input
- Potential Investments
- Provide opportunity for additional public feedback.

City of San José
Housing Department



2015-2020 Consolidated Plan - Needs

- 1) Increasing and preserving affordable housing opportunities
- 2) Responding to homelessness
- 3) Promoting fair housing
- 4) Strengthening neighborhoods

City of San José
Housing Department



FY 2016-17 Community Priorities

Priority	Identified Activities
Neighborhood Engagement	<ul style="list-style-type: none"> • Resident Leadership Training • Community Asset Mapping
Housing Needs	<ul style="list-style-type: none"> • Displacement/gentrification • Preservation Activities – Home Repair
Youth Programs	<ul style="list-style-type: none"> • After School program • Free recreation activities
Transportation	<ul style="list-style-type: none"> • Improved Access and pedestrian Safety
Job Training – emphasis on youth	<ul style="list-style-type: none"> • Job Training focused on young adults
Senior Services	<ul style="list-style-type: none"> • Activities that support age friendly cities
Healthy Communities	<ul style="list-style-type: none"> • Access to healthy foods • Address Illegal Dumping

City of San José
Housing Department



FY 2016-17 Federal Funding Estimate

Funding Source	Primary Use	Allocation Estimate										
HOME	Housing	\$2,240,000										
ESG	Homeless Services and Shelter Operations	\$ 726,000										
HOPWA	Housing Support for Persons with AIDS	\$ 867,000										
CDBG	Housing and Community Development Programs, Services and Capital Improvements	\$8,733,000*										
		<table border="1"> <thead> <tr> <th>Funding Category</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>FY 2016-2017 Funding (Est.)</td> <td>\$8,733,000*</td> </tr> <tr> <td>Public Service (15% cap)</td> <td>\$1,310,000</td> </tr> <tr> <td>Administration (20% cap)</td> <td>\$1,747,000</td> </tr> <tr> <td>CDI (no cap)</td> <td>\$5,676,000</td> </tr> </tbody> </table>	Funding Category	Amount	FY 2016-2017 Funding (Est.)	\$8,733,000*	Public Service (15% cap)	\$1,310,000	Administration (20% cap)	\$1,747,000	CDI (no cap)	\$5,676,000
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Administration (20% cap)	\$1,747,000											
CDI (no cap)	\$5,676,000											
* Includes projected program income												
Total		\$12,566,000										

City of San José
Housing Department



FY 2016-17 CDBG Public Services

Category	USE	FY 2015-2016 Amount	Estimated FY 2016-2017 Amount*
Public Services	Senior Services	\$201,300	\$201,300
	Neighborhood Engagement	\$150,000	\$150,000
	Homeless Services	\$872,100	\$872,100
	Fair Housing	\$86,600	\$86,600
Total Services		\$1,310,000	\$1,310,000
Administration	Fair Housing (split funding)	\$310,000	\$310,000
	Admin and Monitoring	\$1,490,000	\$1,437,000
Total Admin		\$1,800,000	\$1,747,000

* Includes FY 2016-17 CDBG Allocation and Projected Program Income



FY 2016-17 - Continued CDI Projects

Category	USE	FY 2015-2016 Amount	Estimated FY 2016-2017 Amount*
Community Development Investments (CDI)	Targeted Code Enforcement	\$1,400,000	\$1,400,000
	Minor Repair Program	\$775,000	\$500,000
	Community Based-Development Organization - Services	\$775,000	\$500,000
	Section 108 Loan Repayment	\$2,000,000	\$2,270,000
	Capital Projects	\$2,350,000	\$3,300,000
Totals CDI		\$7,300,000	\$7,970,000

*Includes use of all remaining CDBG fund balance




FY 2016-17 - Potential CDI Projects

- Unfunded Transportation Projects
- Facilities to Support Neighborhoods
- Facilities to Support Healthy Communities
- Shelter Improvements
- Home Repair




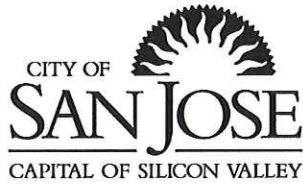
Next Steps - FY 2016-17 Annual Action Timeline	
Task	Timeline
Community Input on Funding Priorities	August – Mid September 2015
Develop preliminary project and service priorities	Early October 2015
Present preliminary priorities to HCDC	October 8, November 12, 2015
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Release services RFP and Facilities Rehab NOFA	December 2015
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Submit to HUD for Approval	May 9, 2016

City of San José
Housing Department



Questions?





Memorandum

TO: HOUSING AND COMMUNITY
AND DEVELOPMENT
COMMISSION

FROM: David Bopf

SUBJECT: PROPOSED FY 2016/17 FEE
STRUCTURE FOR THE RENTAL
RIGHTS AND REFERRALS PROGRAM

DATE: March 3, 2016

RECOMMENDATION

It is recommended that the Housing and Community Development Commission endorse the Housing Department's proposed FY 2016-17 fees for the Rental Rights and Referrals Program, as stated below:

- 1) Apartment Rent Control Fee: increase from \$12.25 to \$13.75 annually per unit
- 2) Mobilehome Rent Control Fee: increase from \$27.00 to \$35.75
- 3) Apartment non-Rent Control Fee: increase from \$1.95 to \$2.25 and;

BACKGROUND

Section 17.23.480 of the Apartment Rent Ordinance states "The cost of providing and administering the San José rental dispute and arbitration hearing process shall be reimbursed to the general fund by imposition of a fee against each rental unit in the city of San José subject to the provisions of this chapter."

Section 17.22.900 of the Mobilehome Rent Ordinance states "A rent dispute fee is hereby imposed upon each unit which is subject to the provisions of this chapter. Said fee is imposed for the purpose of reimbursement to the City's general fund the costs of providing and administering the administrative hearing process by this chapter." Additionally, Section 17.22.910 states "The city manager and the commission shall report to the city council not less than once each fiscal year their recommendation regarding the amount of the fee necessary to recover the cost of administering this chapter. The amount of the fee shall be set forth in the schedule of fees adopted by resolution of the city council."

ANALYSIS

The projected program fees and costs for FY 2016-17 are provided in the Attachment. A summary comparison of the RRRP's FY 2015/16 budget to FY 2016/17 is provided below.

RRRP Fees	Proposed FY 2016-17	Adopted FY 2015-16	Change (\$)	Change (%)
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Rent Control Apartments	\$ 13.75	\$ 12.25	\$ 1.50	12.2%
Non-rent Control Apartments	\$ 2.25	\$ 1.95	\$ 0.30	15.4%
Mobilehomes	\$ 35.75	\$ 27.00	\$ 8.75	32.4%

RRRP Revenue	Proposed FY 2016-17	Adopted FY 2015-16	Change (\$)	Change (%)
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Rent Control Apartments	\$ 621,033	\$ 532,679	\$ 88,354	16.6%
Non-rent Control Apartments	\$ 105,084	\$ 92,970	\$ 12,114	13.0%
Mobilehomes	\$ 384,134	\$ 290,952	\$ 93,182	32.0%
Total Revenue	\$ 1,110,250	\$ 916,601	\$ 193,649	21.1%

The recommended fees for FY 2016/17 are \$13.75 (12% increase) for ARO units. Apartments not covered are proposed to be assessed at \$2.25 (15% increase) per unit. This covers the annual cost for administering Part 7 of the Ordinance. Costs for administering the Mobilehome Rent Ordinance are proposed at \$35.75 (32% increase) for Mobilehomes (half of which can be passed on to MH residents). Total RRRP revenue is projected to be \$1,110,250 and total program expenses are projected to be \$1,110,629 (\$881,534 Personal, \$229,095 Non-personal).

The increase in program costs for FY 2016/17 can be attributed the deletion of a part-time Office Specialist in exchange for the addition of a full-time Staff Specialist. In addition, in prior years there were some position costs that were not fully charged to the RRRP. The proportionately larger increase for the Mobilehome fee is attributable to the fact that this program is being brought up to 100% cost recovery. The Housing Department has exhausted its limited "unrestricted" funds that were utilized to subsidize administration of the MRO. Since there are no longer unrestricted funds available, additional fee revenue is needed to bring the MRO program to 100% cost recovery.

Housing and Community Development Commission

March 3, 2016

Subject: Proposed FY 2016/17 Fee Structure for the Rental Rights and Referrals Program

Page 3

It should be noted that these fees do not reflect any costs associated with potential modifications to the ARO. Should City Council direct the Housing Department to make changes to the ARO, the Housing Department will provide a new proposed fees for apartments subject to the Ordinance.

/s/

David Bopf
Interim Assistant Director
Housing Department

For questions pertaining to this memorandum, please contact Paul Lippert at (408) 975-4443.

Attachment

Rental Rights and Referral Program - FY 2016-17
(as of 2-10-16)
Fee Options and Staff Recommendation

Option	Description	Rent Control Apartments	Mobilehomes	Non-rent Control Apartments
A	Current Rate	12.25	27.00	1.95
	Revenue	553,284	290,115	91,073
	Expenditure	621,939	384,426	104,264
	Ending Fund Balance	(68,656)	(94,311)	(13,191)
	Cost Recovery	89%	75%	87%
B	Alternate Rate	12.50	35.00	2.00
	Revenue	564,575	376,075	93,408
	Expenditure	621,939	384,426	104,264
	Ending Fund Balance	(57,364)	(8,351)	(10,856)
	Cost Recovery	91%	98%	90%
C	Alternate Rate	13.75	35.75	2.25
	Revenue	621,033	384,134	105,084
	Expenditure	621,939	384,426	104,264
	Ending Fund Balance	(907)	(292)	820
	Cost Recovery	100%	100%	101%
D	Alternate Rate	15.00	40.00	2.75
	Revenue	677,490	429,800	128,436
	Expenditure	621,939	384,426	104,264
	Ending Fund Balance	55,551	45,374	24,172
	Cost Recovery	109%	112%	123%

Staff Recommendation	\$ 13.75	\$ 35.75	\$ 2.25

	Rent Control Apartments	Mobilehomes	Non-rent Control Apartments
Total Units	45,166	10,745	46,704
Projected Revenue	\$ 621,033	\$ 384,134	\$ 105,084
Total Projected Fee Revenue			\$ 1,110,250

FY 2016-2017 RENTAL RIGHTS AND REFERRAL PROGRAM FEE ANALYSIS - PROGRAM COSTS

PERSONAL COSTS

60 30 10

RENT CONTROL APARTMENTS 45,166 units @ \$12.75	MOBILEHOMES APARTMENTS 10,745 units @ \$27	NON-RENT CONTROLLED APARTMENTS 46,704 units @ \$1.95	TOTAL
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\$ 575,867 \$ 290,115 \$ 91,073 \$ 957,054 Current Rate

20.73%

FTE	CLASS	NAME	SALARY	RETIREMENT	FRINGE	OH*	TOTAL
1.00	Senr Development Officer		\$ 120,563	\$ 105,263	\$ 8,567	\$ 24,983	\$ 259,386
1.00	Analyst		\$ 87,435	\$ 75,679	\$ 20,970	\$ 18,125	\$ 202,209
1.00	Analyst		\$ 86,679	\$ 75,679	\$ 14,574	\$ 17,969	\$ 194,901
0.50	Office Specialist		\$ 22,977	\$ 4,924	\$ 63,220	\$ 4,763	\$ 95,884
0.50	Staff Specialist Increment		\$ 25,449	\$ 5,628	\$ -	\$ 5,276	\$ 36,353
0.10	St-Sys Apps Prgrmr		\$ 11,046	\$ 9,644	\$ 1,492	\$ 2,290	\$ 24,472
0.10	Senr Deputy City Atty		\$ 12,723	\$ 9,386	\$ 1,524	\$ 2,638	\$ 26,271
0.10	Division Manager		\$ 9,868	\$ 2,150	\$ 1,518	\$ 2,046	\$ 15,582
0.05	Assist Dir U		\$ 8,884	\$ 7,756	\$ 493	\$ 1,842	\$ 18,975
0.05	Administrative Assist		\$ 3,449	\$ 3,011	\$ 328	\$ 715	\$ 7,503
4.40			\$ 389,073	\$ 299,120	\$ 112,686	\$ 80,655	\$ 881,534

* Overhead rate = FY 16-17 OH rate of 20.73% as set by Finance Department

NON-PERSONAL / EQUIPMENT

DESCRIPTION	AMOUNT	UNITS	RATE	TOTAL
Supplies	\$ 11,786			\$ 11,786
Stores				
Communication				
Postage				
Printing				
Duplicating				
Rent-Bldg				
Rent-Equi				
Travel-Local				
Travel-In-Sta				
Travel Out-Sta				
Training				
Mileage Reimb				
Vehicle-Oper				
Dues & Subs				
Data Process				
Contractual				
Overhead				
Non-Personal Total	\$ 229,095			\$ 229,095

TOTAL PROGRAM COSTS

Total Personal and Non-Personal Costs

\$ 621,939 \$ 384,426 \$ 104,264 \$ 1,110,629 \$ 1,110,629