



# CITY OF SAN JOSÉ

## Fiscal Year 2021-2022 Annual Action Plan Summary

**DRAFT**

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## Table of Contents

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b) .....	2
PR-05 Lead & Responsible Agencies – 91.200(b).....	10
AP-10 Consultation – 91.100, 91.200(b), 91.215(l).....	11
AP-12 Participation – 91.105, 91.200(c) .....	20
AP-15 Expected Resources – 91.220(c) (1, 2) .....	23
AP-20 Annual Goals and Objectives - 91.420, 91.220(c)(3)&(e) .....	34
AP-35 Projects – 91.220(d) .....	37
AP-38 Projects Summary.....	40
AP-50 Geographic Distribution – 91.220(f).....	52
AP-55 Affordable Housing – 91.220(g) .....	52
AP-60 Public Housing – 91.220(h).....	54
AP-65 Homeless and Other Special Needs Activities – 91.220(i).....	56
AP-70 HOPWA Goals – 91.220 (l)(3) .....	56
AP-75 Barriers to affordable housing – 91.220(j) .....	62
AP-85 Other Actions – 91.220(k) .....	67
AP-90 Program Specific Requirements – 91.220(l)(1,2,4) .....	70

# Executive Summary

## AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

### 1. Introduction

The City of San José (City) is a large, diverse, and dynamic jurisdiction in transition. At a population of over 1,000,000, San José is the 10<sup>th</sup> largest city in the country and the 3<sup>rd</sup> largest in California, and is projected to add 400,000 residents by 2040. It is a minority-majority City, where approximately one-third of its residents are Hispanic, one-third Asian/Pacific Islander, and one-third White. And where the City was once agricultural and predominantly suburban, San José is now the Capital of Silicon Valley and seeks to urbanize into the economic and cultural center of the South Bay Area. Already, some of the largest multinational technology companies call San José home, as well as many academic and cultural institutions.

San José is also one of the most expensive places in the country in which to live, with the median housing price at \$1,050,000<sup>1</sup> and the average rent for a 2BR apartment costing \$2,674<sup>2</sup> a month. Additionally, despite a strong economy that has produced many high-wage jobs, it has also produced many low-skill, low-wage jobs while middle-wage jobs have declined. In addition, San Jose has a homeless population of more than 4,000 people on any given night.

Although the City is one of the most diverse in the country, it experiences a “segregated diversity”, with low-income communities concentrated in San José’s East Side and Central industrial areas; lacking access to jobs, infrastructure, and other resources and investments. This growing disparity in incomes, resources, access, and opportunities is one of the key social issues in San José.

The City of San José seeks to address these issues through strategic investment of its resources, including federal programs. As an entitlement jurisdiction, the City receives federal funding from the Department of Housing and Urban Development (HUD) to strengthen and revitalize communities through housing and neighborhood investment. The four main federal programs are the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Housing Opportunities for People with AIDS (HOPWA), and Emergency Solutions Grants (ESG) Programs.

- CDBG funding is the most flexible program, and helps jurisdictions address various community development needs, including but not limited to affordable housing development, land acquisition, housing rehabilitation, public services, community and economic development, capital improvement projects, public facilities/infrastructure, and code enforcement.
- HOME funding is used for various housing-related programs and activities, typically to address the housing needs of jurisdictions through the preservation or creation of affordable housing opportunities. Eligible uses include tenant-based rental assistance, homebuyer assistance, rehabilitation, and new construction.

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<sup>1</sup> Santa Clara County Association of Realtors, December 2018

<sup>2</sup> Costar Q4 2018

- The ESG Program supports outreach to and shelters for homeless individuals and families. ESG also supports programs that prevent homelessness or rapidly re-house homeless individuals and families.
- HOPWA supports communities in developing affordable housing opportunities and related supportive services for low income persons living with HIV/AIDS and their families. HOPWA-eligible activities include direct housing, support services, information and referral, resource identification, and technical assistance.

In order to qualify for funding, HUD requires that entitlement jurisdictions complete a Consolidated Plan every five years. The Consolidated Plan includes an analysis of the jurisdiction's market, affordable housing, and community development conditions. The Consolidated Plan provides five-year strategies and goals based on that analysis and through an extensive public participation process. Jurisdictions must also submit an Annual Action Plan to identify the yearly strategies and programs it will fund in order to help meet the goals covered in the Five-Year Consolidated Plan. The annual results are captured in the Consolidated Annual Performance Evaluation Report (CAPER).

#### *Five-Year Goals*

The Consolidated Plan contains five-year goals based on analysis and public input. The four goals are identified below, and form the basis of the priority needs and strategies identified:

1. Increase and preserve affordable housing opportunities.
2. Respond to homelessness and its impacts on the community.
3. Strengthen and stabilize communities.
4. Promote fair housing.

#### *Five-Year Methodology*

San José joined six other cities in Santa Clara County, as well as the County itself, in a regional consortium to develop the 2020-2025 Consolidated Plan in a more comprehensive yet streamlined process. This process included a regional analysis to identify shared housing and community development needs throughout the County as well as specific needs within San José. Public input was received through several regional community meetings as well as a needs survey administered countywide, and a collaborative working group composed of staff from various jurisdictions. This process provided a regional context that each city used to help inform the individual Consolidated Plans and Annual Action Plans of the participating cities.

Additionally, the City's 2020-2025 Consolidated Plan includes a quantitative Needs Assessment and Market Analysis. This data serves to inform the HUD-required Strategic Plan (found later in this document), which identifies priority needs and sets the five-year goals of the City to help guide the entitlement funding strategy. The majority of data utilized throughout the Needs Assessment and Market Analysis is provided by HUD for the purpose of preparing the Consolidated Plan. HUD periodically receives custom tabulations of data from the U.S. Census Bureau that are largely not available through standard Census products. Known as the "CHAS" data (Comprehensive Housing Affordability Strategy), it demonstrates the extent of housing problems and housing needs, particularly

for low-income households. The CHAS data is used by local governments to plan for investing HUD funds, and may also be used by HUD to distribute grant funds.<sup>3</sup>

When CHAS data is not available or appropriate, other data sources are used, including 2000 and 2010 U.S. Census data and the American Community Survey (ACS) 2008-2012 five-year estimates. While ACS one-year estimates are also available and provide the most current data, this report utilizes five-year estimates as they reflect a larger sample size and are therefore considered more reliable and precise, although they may not be as current.<sup>4</sup>

### *Federal Program Requirements*

Federal funds provided under the CDBG, HOME, HOPWA, and ESG programs primarily address the housing and community development needs of low-and moderate-income (LMI) households whose incomes do not exceed 80 percent of the area median family income (AMI), as established by HUD, with adjustments for smaller or larger families.<sup>5</sup> HUD uses three income levels to define LMI households, subject to certain adjustments for areas with unusually high or low incomes:

- Extremely low-income: Households earning 30 percent or less than the AMI
- Very low-income: Households earning 50 percent or less than the AMI
- Low-income: Households earning 80 percent or less than the AMI

## **2. Summarize the objectives and outcomes identified in the Plan**

### *Background*

With a population of just over 1 million, San José ranks as the tenth largest city in the nation, the third largest in California, and the largest in the San Francisco Bay Area region. San José is considered to be the capital of Silicon Valley, where many high-tech companies are located. The surge in high paying jobs to the area, combined with a housing market that is not keeping pace with job growth produces primarily high-cost housing, and makes it critical to increase and maintain affordable housing opportunities for residents who do not have the skills to qualify for these new jobs or who work in sectors that critically support “driving industry” high-wage sectors.

The San José Metro Area has one of the most expensive rental and homeownership market in the Country. Market rents are significantly out of reach for many San José workers including teachers, construction workers, and retail salespersons. Effective rents have increased 28% over the past five years<sup>6</sup> and only 13% of homes that are for sale are affordable to a family earning the median income<sup>7</sup>.

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<sup>3</sup> U.S. Department of Housing and Urban Development. “Consolidated Planning/CHAS Data.”  
<http://www.huduser.org/portal/datasets/cp.html>

<sup>4</sup> United States Census Bureau. “American Community Survey: When to Use 1-year, 3-year, or 5-year Estimates.”  
[http://www.census.gov/acs/www/guidance\\_for\\_data\\_users/estimates/](http://www.census.gov/acs/www/guidance_for_data_users/estimates/)

<sup>5</sup> U.S. Department of Housing and Urban Development. “Glossary of CPD Terms.”  
[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/library/glossary](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/library/glossary)

<sup>6</sup> Costar Quarterly Statistics 2013 - 2018

<sup>7</sup> National Association of Home Builders (NAHB) Housing Opportunity Index Q4 2018

The closure of Redevelopment Agencies and the lost ability to generate tax increment financing, cuts in Federal entitlement funding, and recent federal tax reforms impacting the Low Income Housing Tax Credit program have all stifled the production of affordable housing in California. However, important strides were made in 2018. AB 1505 allows San José to fully implement its Inclusionary Housing Ordinance for rental and ownerships developments. SB 2 will generate on-going funding from real estate transfer taxes, and SB 3 also known as Proposition 1 was approved by the voters in 2018 and will generate \$4 billion for affordable housing and Veteran’s loan programs. Santa Clara County voters approved Measure A which will raise \$950 million for affordable housing development. In early 2019, Governor Gavin Newsom proposed a state budget that would allocate 1.7 billion dollars in one-time and ongoing funding to build affordable and moderate income housing and to respond to homelessness.

Regionally the MTC CASA framework was released. Several years ago, the Bay Area Metropolitan Transportation Commission (MTC) created a blue ribbon committee known as CASA to develop a comprehensive strategy to address the region’s housing crisis. The strategy was released in late 2018 and calls for a package of State laws that would further protect tenants, remove barriers to housing production, to increase funding, and to coordinate lending, reporting, and technical assistance.

On June 12, 2018, the City Council directed staff to implement a Housing Crisis Workplan. The plan is centered around Mayor Liccardo’s goal to build 15,000 market rate apartments and 10,000 affordable apartments over five years. The plan also calls for a series of policies and programs to help achieve production goals while minimizing residential displacement. Finally, in 2018, the City issued a \$100M Notice of Funding Availability (NOFA) and selected 11 proposed developments that will add 1,144 new affordable apartments at varying affordability levels including permanent supportive housing for the homeless. With the funding increases, strategies and policy changes it is very likely the City will see a boost in affordable housing production for the next several years.

San José is currently implementing its Inclusionary Housing Ordinance adopted on January 12, 2010. Application of the Ordinance was initially prevented due to a legal challenge that was ultimately concluded in Spring 2016, making the Ordinance effective on projects submitted on and after July 1, 2016.

The Ordinance provides several ways that a developer may meet the affordable unit requirement. This includes the preferred method of providing 15% of on-site units as restricted affordable housing distributed throughout the project. The levels of affordability in which the units are restricted are based on the tenure of the development:

- ***If the project is for-sale***, 15% of the homes must be made available for purchase to households earning no more than 120% of the Area Median Income (AMI) at a price affordable housing cost for 110% AMI.
- ***If the project is rental***, 15% of the apartments must be made available to Affordable Rent to renters earning no more than the following: 9% at 80% AMI and 6% at 50% AMI.

Developers also have a variety of other alternative compliance options to meet this requirement, including payment of an in-lieu fee and construction of affordable units off-site, among many others.

Initially, the provisions of the Ordinance that apply to rental developments were suspended until the court decision in *Palmer v. City of Los Angeles* was superseded. On September 29, 2017, the Governor signed Assembly Bill 1505, amending the State Planning Act to supersede the court decision in *Palmer v. City of Los Angeles*, and authorize rental inclusionary restrictions thus allowing the Ordinance requirements to apply to rental residential developments effective January 1, 2018.

Since the *Palmer* case suspended application of the Ordinance to rentals between 2010 and 2017, in an effort to address the impact of new rental housing, the Housing Department had a Residential Nexus Analysis to support the creation of an Affordable Housing Impact Fee (AHIF). In November 2014, the City of San José established the AHIF at \$17.00 per net square foot on new market-rate rental housing developments of three or more units in San José. The resolution included an escalator to increase the fee by 2.4% at the start of each fiscal year. However, in an effort to minimize negative financial impacts on development projects in the pipeline, the housing impact fee includes a grandfathering exemption for developments if certain conditions are met. Because of this, the Housing Department only received \$230,000 in Fiscal Year (FY) 2017-18 and \$1.4 million thus far in FY 2018-19. A majority of the fees, estimated around \$50 million, are anticipated to be received in FY 2019-20. Revenue from the AHIF will primarily fund development costs for affordable housing for residents earning between 30% and 120% of the Area Median Income.

In November 2014, the City of San José established a housing impact fee of \$17.00 per net square foot on new market-rate rental housing developments of three or more units in San José. However, in an effort to minimize negative financial impacts on development projects in the pipeline, the housing impact fee includes a grandfathering exemption for developments if certain conditions are met. Because of this, the Housing Department does not anticipate receiving any revenue from this fee until at least FY 2018-19. Revenue from the housing impact fee will primarily fund development costs for affordable workforce housing for residents earning between 30% and 120% of the Area Median Income.

#### *Summary of objectives and outcomes of the Annual Action Plan 2021-2022*

Each of the programs and projects detailed in this Action Plan is aligned with the four goals of the Consolidated Plan and contribute to the five-year outcomes and objectives for the City. In FY2021-22, the City's federally-funded programs will result in the following outcomes:

##### Affordable Housing

- At least 50 new rental apartments, affordable to low-income households, will be developed with HOME funding.
- At least 120 low-income people living with HIV/AIDS will receive rental assistance, making their housing affordable. Households receiving rental assistance also receive housing placement assistance, medical and housing case management, and self-sufficiency services as needed.

##### Respond to Homelessness and Its Impacts on the Community

- At least 100 households will receive rapid rehousing assistance through HOME TBRA. Rapid rehousing participants also receive housing placement assistance, employment development assistance and case management through local funds.

- At least 160 outreach contacts will be made through ESG and CDBG-funded homeless outreach and engagement programs. These contacts include street-based case management services and participation in the CoC's coordinated assessment.
- At least 150 households will be provided with homeless prevention assistance through the ESG-funded program.
- All homeless services are provided with the goal of moving individuals from living on the streets into permanent housing.

#### Strengthening Neighborhoods

- At least 200 seniors will be served with meals/nutrition, transportation, and/or shared housing services.
- At least 250 neighborhood residents will receive services to meet basic needs, develop leadership skills, and/or increase self-sufficiency.
- Create 10 jobs and place homeless and formerly homeless individuals in those jobs.
- Provide enhanced code enforcement services to 775 households in CDBG low-income focus areas, including inspections of multi-family apartments to increase the livability and habitability of rental apartments.
- Improve pedestrian safety by adding enhanced high-visibility crosswalks to increase pedestrian visibility to motorists and reduce conflicts between modes of transportation. It is expected that this project will serve approximately 1,000 residents in low-income neighborhoods.
- Improve nonprofit facilities with funding for rehabilitation and buildout of tenant improvements to enable nonprofits to better serve low-income and other vulnerable populations in San José.
- At least 300 low-income residents will receive tenant/landlord counseling and legal services, increasing housing and neighborhood stability.

#### Promote Fair Housing Choice

- At least 220 residents will be served through outreach and education on fair housing issues; fair housing testing; and/or legal assistance.

### 3. Evaluation of past performance

The City is responsible for ensuring compliance with all rules and regulations associated with the CDBG, HOME, HOPWA, and ESG entitlement grant programs. The City's Annual Action Plans and CAPERs have provided many details about the goals, projects and programs completed by the City.

The City recognizes that the evaluation of past performance is critical to ensure the City and its subrecipients are implementing activities effectively and that those activities align with the City's overall strategies and goals. The City evaluates the performance of subrecipients providing public services on a quarterly basis. Subrecipients are required to submit quarterly progress reports, which include participant data, outputs/activities as well as data on outcome measures specific to each project. Prior to the start of the project, outcome measures are developed collaboratively by the subrecipient and the City, ensuring that they are aligned with the City's overall goals and strategies. Homeless project outcomes are also aligned with CoC performance measures. The City utilizes the quarterly reports to review progress towards annual goals and works with subrecipients to adjust annual goals as needed.



In addition to the quarterly review of progress reports, the City conducts an annual risk assessment for all subrecipients. Monitoring site-visits are scheduled based on the level of risk. All subrecipients are monitored at least once every two years to ensure compliance with program-specific and crosscutting federal regulations. Subrecipient monitoring provides another opportunity to review progress towards overall goals and strategies and to ensure that the programs implemented by subrecipients are compliant with both federal regulations and City requirements.

The City's CAPER is presented to City Council for review and approval each year. The Housing Department presents successes and challenges during the year and highlights specific outcomes and achievements. This review process also provides an opportunity for the public to provide feedback on the City's performance.

#### **4. Summary of citizen participation process and consultation process**

Outreach for the City of San José's 2020-25 ConPlan was conducted in several ways: a community outreach survey in both online and paper formats, public meetings, stakeholder interviews, and public hearings. Significant outreach efforts were made to residents, faith-based organizations, educational institutions, housing services, and health and social service organizations, including organizations providing services to people experiencing homelessness, persons with HIV/AIDS, victims of domestic violence, senior citizens, and lower-income populations).

Four community meetings were held in San José on November 12<sup>th</sup>, November 13<sup>th</sup>, November 19<sup>th</sup>, and November 20<sup>th</sup>, and regional meetings were held on November 4<sup>th</sup>, November 7<sup>th</sup>, November 12<sup>th</sup>, November 13<sup>th</sup>, and November 20<sup>th</sup> of 2019. The community and regional meetings were designed to solicit public input. The meetings in San José were legally noticed in the San José Mercury News newspaper in English, Spanish, Vietnamese, and Chinese. To reach more non-English speaking audiences the meetings were also noticed in *El Observador*, *Vietnam Daily News*, *World Journal*, and *Philippine News* newspapers. Translator services were provided at all noticed meetings for persons requiring Spanish, Vietnamese, and Chinese language translation. Engagement activities at the meetings were used to gather input on the highest community and housing needs. For regional meetings, see Appendix C, County of Santa Clara, 2020-25 Consolidated Plan, Community Engagement Summary.

A community outreach survey was publicized through public notice in the San José Mercury News and nextdoor.com. The survey asked questions designed to elicit feedback about needs for housing, community facility needs, special needs services, homeless, economic development, and other supportive community programs, and the community's experience with housing discrimination, awareness of tenant housing rights, home lending, housing affordability, and information related to home maintenance and condition. The surveys were open to the public from October 25, 2019 to December 26, 2019. See Appendix B for Community Engagement and Survey Results.

Efforts to reach populations underrepresented in the planning process included discussions regarding the survey with various housing, social service, faith based, and other organizations that provide services to the disabled and others with special needs, lower-income households, and persons experiencing homelessness. The surveys were provided in English, Spanish, Vietnamese, and Chinese.

## **5. Summary of public comments**

All public comments are included in Appendix B.

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

The City accepted all comments.

## PR-05 Lead & Responsible Agencies – 91.200(b)

### 1. Agency/entity responsible for preparing/administering the Consolidated Plan

The agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source are shown in **Table 1**.

**Table 1 - Responsible Agencies**

Agency Role	Name	Department/Agency
CDBG, HOME, HOPWA & ESG Administrator	City of San José	Department of Housing

#### *Lead and Responsible Agencies*

The City of San José (City) is the Lead Agency for the United States Department of Housing and Urban Development (HUD) entitlement programs. The City’s Housing Department is responsible for the administration of HUD Entitlements including, but not limited to, the Community Development Block Grant Program (CDBG), the HOME Investment Partnerships Program (HOME), the Emergency Shelters Grant program (ESG), and the Housing Opportunities for People with AIDS (HOPWA) funding. By federal law, each jurisdiction is required to submit to HUD a five-year Consolidated Plan and Annual Action Plans listing priorities and strategies for the use of federal funds.

The Consolidated Plan is a guide for how the City will use its federal funds to meet the housing and community development needs of its populations. For the 2020-2025 Consolidated Plan process, the City worked collaboratively with the County of Santa Clara (County) and other entitlement jurisdictions in the County to identify and prioritize community and housing-related needs across the region, and strategies to meet those needs. This process is an acknowledgement that housing and community development needs are often regional in nature, and builds on the regional efforts that the City of San José and partners have undertaken thus far. At the same time, an understanding of the regional context helps cities make more informed and effective decisions about local policies and programs.

#### *Consolidated Plan Public Contact Information*

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

### **1. Introduction**

From November to December 2019, several stakeholders were consulted during public workshops, over the phone, and in-person at their offices. Such stakeholders included, but were not limited to, housing providers, health and social services groups, organizations representing protected classes, broadband internet providers, and emergency management organizations. The purpose of the consultations was to understand professionals' perspective on affordable housing, homelessness services, potential disproportionate needs of lower-income groups, and barriers to affordable housing.

The Consolidated Planning process and development additionally included collaboration with other jurisdictions in the region:

- Santa Clara County
- San José
- Cupertino
- Gilroy
- Mountain View
- Palo Alto
- Sunnyvale
- Mountain View.

The County of Santa Clara is a key partner in coordinating the work of many agencies and to carry out the strategies and goals of this ConPlan.

### **Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215[I]).**

#### *Consolidated Plan Development*

The City of San José contracts with the Santa Clara County Housing Authority to administer the Housing Choice Voucher program – there are no public housing units in San José. However, community and stakeholder meetings discussed how to enhance coordination and develop new approaches between housing providers and legal advocates, private and governmental health agencies, mental health service providers, and other stakeholders that use funding for eligible activities, projects, and programs.

Additionally, comprehensive outreach was conducted to enhance coordination and discuss new approaches to working with public and assisted housing providers, legal advocates, private and governmental health agencies, mental health service providers, and other stakeholders that utilize funding for eligible activities, projects, and programs.

The Entitlement Jurisdictions conducted a Regional Needs Survey to solicit input from residents and workers in the region. The Regional Needs Survey, translated in multiple languages, polled respondents

about the level of need in their respective neighborhoods for various types of improvements that could be addressed by entitlement funds. A total of 1,472 survey responses were obtained from September 19, 2014 to November 15, 2014, including 1,078 surveys collected electronically and 394 collected via print surveys.

1. During development of the Consolidated Plan, the City of San José participated in three regional public forums to identify regional housing and community development needs and priorities for the next five years. The public forums were conducted as part of a collaborative regional approach to help the participating jurisdictions make both qualitative and data-driven, place-based investment decisions for federal funds. Seventy-six (76) people attended the regional forums, including community members, service providers, nonprofit representatives, and interested stakeholders. These public forums were also intended to identify regional housing issues and that could potentially benefit from a regional, coordinated approach to addressing those issues. In addition to the regional forums, the City of San José conducted public outreach independent of the regional collaborative to solicit public input on local issues, needs, and priorities.
2. Print newspaper display ads were posted in the *El Observador* (Spanish), *Vietnam Daily News* (Vietnamese), *Philippine News* (Tagalog), *World Journal* (Chinese) and *San José Mercury News* (English).

#### *Action Plan Development*

3. In addition to the extensive consultation conducted for the Consolidated Plan, the City of San José solicited additional input for the 2019-2020 Annual Action Plan through meetings with stakeholders, community forums, and a survey. In January 2019, the Housing Department held three community forums to gather additional input for the 19-20 strategies and goals.
4. The City coordinated three public meetings to solicit additional feedback from the general public. The public input sessions were publicized in English, Spanish, and Vietnamese, and held in community centers in various CDBG-eligible neighborhoods in the City. The public input meetings focused on gathering input on community priorities for federal funding. In addition, the housing department gathered input specifically related to the need for senior services in the community. The Housing Department has used information from these public input sessions and meetings in the development of the strategies and projects found in the 19-20 Annual Action Plan.

### **Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.**

The Santa Clara County Continuum of Care (CoC) is a multi-sector group of stakeholders dedicated to ending and preventing homelessness in the County of Santa Clara (County). The CoC is considered by HUD to be a “Major City CoC”, and is one of 48 CoCs that cover the 50 largest cities in the U.S. The CoC’s primary responsibilities are to coordinate large-scale implementation of efforts to prevent and end homelessness in the County. The CoC is governed by the Santa Clara CoC Board (CoC Board), which

stands as the driving force committed to supporting and promoting a systems change approach to preventing and ending homelessness in the County.

The CoC Board is comprised of ex-officio members from the County of Santa Clara, City of San Jose, and Destination: Homes well as agencies representing homeless services and housing developers in our community. Destination: Home is a public-private partnership committed to collective impact strategies to end chronic homelessness, and leads the development of community-wide strategy related to the CoC's work.

The County's Office of Supportive Housing serves as the Collaborative Applicant for the CoC, and is responsible for implementing by-laws and protocols that govern the operations of the CoC. The Office of Supportive Housing is also responsible for ensuring that the CoC meets the requirements outlined under the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH).<sup>89</sup>

In late 2014, Destination: Home and the CoC released a Community Plan to End Homelessness in Santa Clara County (the Plan), which outlines a roadmap for community-wide efforts to end homelessness in the County by 2020. The strategies and action steps included in the plan were informed by members who participated in a series of community summits designed to address the needs of homeless populations. The Plan identifies strategies to address the needs of homeless persons in the County, including chronically homeless individuals and families, families with children, veterans, and unaccompanied youth. Additionally, it also intended to address the needs of persons at risk of homelessness.

To address the needs of homeless individuals and individuals at risk of homelessness, the Plan aims to implement the following strategies:<sup>10</sup>

1. Disrupt systems: Develop disruptive strategies and innovative prototypes that transform the systems related to housing homeless people.
2. Build the solution: Secure the right amount of funding needed to provide housing and services to those who are homeless and those at risk of homelessness.
3. Serve the person: Adopt an approach that recognizes the need for client-centered strategies with different responses for different levels of need and different groups, targeting resources to the specific individual or household.

By 2020, the Plan seeks to identify approximately 6,000 new housing opportunities for the homeless countywide, intending to house 2,518 homeless individuals, 718 homeless veterans, and more than 2,333 children, unaccompanied youth, and homeless individuals living in families.

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<sup>8</sup> County of Santa Clara. "Housing Element 2015-2022." 2014.

[http://www.sccgov.org/sites/planning/PlansPrograms/GeneralPlan/Housing/Documents/HE\\_2015\\_Adopted\\_Final.pdf](http://www.sccgov.org/sites/planning/PlansPrograms/GeneralPlan/Housing/Documents/HE_2015_Adopted_Final.pdf)

<sup>9</sup> Santa Clara County. "Continuum of Care Governance Charter." 2013.

<sup>10</sup> Destination: Home. "Community Plan to End Homelessness in Santa Clara County 2015-2012." 2014.

The City's Director of Housing is the standing member (ex-officio) of the CoC Board and the Executive Committee. The City is also represented on the CoC by staff of the Housing Department's Homelessness Response Team. Members of the CoC meet on a monthly or quarterly basis in various work groups to ensure successful implementation components of the Plan's action steps. The entire CoC meets semi-annually.

Staff participates on the Coordinated Assessment Work Group and Performance Measures Work Group, both of which develop and implement new systems in Santa Clara County. The Coordinated Assessment Work Group implemented a community-wide intake process, using a standard triage assessment tool (the VI-SPDAT), to match people experiencing homelessness to existing community resources that are the best fit for their situation. Since 2011, we have used this type of process for people who are chronically homeless. Since 2015, we expanded to use coordinated assessment for all permanent housing programs for people who are homeless in Santa Clara County, including permanent supportive housing and rapid rehousing. Transitional housing programs launched began using coordinated assessment in early 2018. The vision is to ultimately implement coordinated assessment for shelter programs as well, but that will be a later phase due to the various challenges of such fluid programs. The Performance Measures Work Group has implemented the outcomes in which the community shall share to measure performance. Permanent housing programs, rapid rehousing, emergency and transitional housing measures have all been finalized.

### **Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards and evaluate outcomes, and develop funding, policies, and procedures for the administration of HMIS.**

#### *Allocating Funds, Setting Performance Standards and Evaluating Outcomes*

The City of San José (City) utilizes Emergency Solutions Grant Program (ESG) funds to support programs aimed at ending homelessness. The City will release a Request for Proposals in early 2018 prioritizing outreach and engagement, diversion case management and homeless prevention services. Grantees will be selected to administer the ESG program and implement the programs in July 2018.

The City of San José, as the County recipient of ESG funds, will continue to coordinate with its public and private partners to ensure that the local Continuum of Care (CoC) meets all HEARTH requirements with respect to ESG funds, including:

- Coordinate with the County to assess and analyze the service needs under ESG and avoid duplication.
- Evaluating the outcomes of projects funded under ESG and reporting them to HUD.
- Operating and participating in a coordinated assessment system that provides an initial, comprehensive assessment of the needs of individuals and families for housing and services, including a policy on how its system will address the needs of survivors of domestic violence seeking shelter or services from non-victim service providers.

- Establishing and consistently following standards for providing CoC assistance, including policies and procedures for:
  - Evaluating individuals’ and families’ eligibility for assistance
  - Determining and prioritizing which eligible individuals and families will receive transitional housing assistance
  - Determining and prioritizing which eligible individuals and families will receive rapid re-housing assistance
  - Determining what percentage or amount of rent each program participant must pay while receiving rapid re-housing assistance
  - Determining and prioritizing which eligible individuals and families will receive permanent supportive housing assistance.
  - Planning for the allocation of ESG funds and reporting on and evaluating the performance of ESG recipients and sub-recipients.

*Operating and Administrating Homeless Management Information System (HMIS)*

The HMIS SCC project was administered by Community Technology Alliance (CTA) from 2004 to 2015. In July 2015, administration of Santa Clara County CoC’s HMIS transitioned to the County’s Office of Supportive Services utilizing Clarity Human Services software. The project meets and exceeds HUD’s requirements for the implementation and compliance of Homeless Management Information System Standards. The County’s HMIS has a rich array of service provider participation and is utilized to capture information and report on special programming.<sup>11</sup>

**2. Describe agencies, groups, organizations, and others who participated in the process, and describe the jurisdictions consultations with housing, social service agencies, and other entities.**

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

All agency types were consulted during the consolidated plan and/or annual action plan process. In August 2014, the Entitlement Jurisdictions contracted with LDC and MIG to develop the Consolidated Plans for each participating city for fiscal years 2015-2020. In the summer of 2015, the City built upon the previous outreach efforts and held three community forums, two stakeholder

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<sup>11</sup> County of Santa Clara. Consolidated Annual Performance and Evaluation Report (CAPER). 2014, [http://www.sccgov.org/sites/oah/Housing%20%20Community%20Development%20\(HCD\)/Documents/Draft%20CAPER%20FY14%20vs%201.pdf](http://www.sccgov.org/sites/oah/Housing%20%20Community%20Development%20(HCD)/Documents/Draft%20CAPER%20FY14%20vs%201.pdf),



meetings, and conducted a survey to gather input for the FY17-18 Annual Action Plan. The City received 26 complete responses to the online survey.

A total of 209 individuals participated in the August 2014 forums and 97 individuals participated in the Annual Action Plan sessions in 2016 including residents, service providers, community advocates and interested stakeholders. Several of the agencies, groups and organizations attended multiple forums.

## Other Local/Regional/State/Federal Planning Efforts Considered When Preparing the Plan

**Table 2 - Other Local / Regional / Federal Planning Efforts**

Name of Plan	Lead Organization	How Do the Goals of Your Strategic Plan Overlap With the Goals of Each Plan?
<a href="#">City of San José Housing Element (2014-2023)</a>	City of San José	The Housing Element is the State-required component of the City’s General Plan and provides a policy guide and implementation work plan to help the City meet its future regional housing needs. This effort aligns with the Strategic Plan's goal to assist in the creation and preservation of affordable housing opportunities.
<a href="#">Continuum of Care</a>	Regional Continuum of Care Council	The Continuum of Care works to alleviate the impact of homelessness in the community through the cooperation and collaboration of social service providers. This effort aligns with the Strategic Plan's goal to support activities to respond to homelessness and its impacts on the community.
<a href="#">Regional Housing Need Plan for the San Francisco Bay Area: 2014-2022</a>	Association of Bay Area Governments	This plan analyzes the total regional housing need for Santa Clara County and all of the Bay Area. This effort aligns with the Strategic Plan's goal to assist in the creation and preservation of

Name of Plan	Lead Organization	How Do the Goals of Your Strategic Plan Overlap With the Goals of Each Plan?
		affordable housing opportunities.
<a href="#">Community Plan to End Homelessness in Santa Clara County 2015-2020</a>	Destination: Home	The Community Plan to End Homelessness in the County is a five-year plan to guide governmental actors, nonprofits, and other community members as they make decisions about funding, programs, priorities and needs. This effort aligns with the Strategic Plan's goal to support activities to respond to homelessness and its impacts on the community.
<a href="#">City of San José Envision 2040 General Plan</a>	City of San José	The Envision 2040 General Plan provides the City's long-term land use plan and strategy. San José seeks to create a sustainable, equitable, and economically strong city that invests in infrastructure, jobs, and housing opportunities. These goals align with the Strategic Plan's goal to invest in programs and infrastructure that strengthen neighborhoods and to increase and preserve affordable housing opportunities.
City of San José Housing & Neighborhood Investment Strategic Plan (FY 2014-2015 and FY 2015-2016)	City of San José	This is the City's local Strategic Plan on how the Department intends to use its funds to increase the stock of permanent supportive housing, transitional homeless housing, and to a lesser extent affordable housing for low-income residents. This effort aligns with the federal

Name of Plan	Lead Organization	How Do the Goals of Your Strategic Plan Overlap With the Goals of Each Plan?
		Strategic Plan's four priority goals.
<a href="#">Home Not Found</a>	Economic Roundtable, Destination: Home, Santa Clara County	This report identifies the characteristics of the most vulnerable, distressed and costly homeless residents of Santa Clara County to guide strategies for stabilizing their lives through housing and supportive services, improving their wellbeing and reducing public costs for their care.
VTA Joint Development Policy	Valley Transportation Authority (VTA)	This policy details how the VTA will develop underutilized land surrounding transit stops in Santa Clara County. The policy includes a goal of making 20-30% of this new housing as affordable. This policy aligns with Federal Consolidated Plan goals #1 and #4.
Vision Zero	City of San José	The goal of Vision Zero San José is to create a community culture that prioritizes traffic safety and eliminates traffic deaths. Street lighting and senior citizen safety are focus areas in this Plan.
Food for Everyone	The Health Trust, City of San José	This is a thorough assessment of healthy food access among low-income seniors and homeless individuals in San Jose. This report provides data to drive informed decision making, while maximizing resources. It calls for the formation of a Food Access Implementation Task Force.
Santa Clara County Seniors Agenda	Santa Clara County	The report explores current and future needs of baby boomers and seniors in the County.

Name of Plan	Lead Organization	How Do the Goals of Your Strategic Plan Overlap With the Goals of Each Plan?
Age Friendly City	City of San Jose, Parks Recreation & Neighborhood Services	Housing Services are an integral part of the Age-Friendly Initiative supported by the City. Its main housing priorities are to provide affordable and accessible housing, funding for affordable home-safety modifications and to require new urban development to consider safety and access needs of seniors.

## **AP-12 Participation – 91.105, 91.200(c)**

### **1. Summary of citizen participation process/Efforts made to broaden citizen participation. Summarize citizen participation process and how it impacted goal-setting**

The following is an overview of the efforts made to enhance and broaden citizen participation.

#### *Overall Community Needs identified during the FY19-20 Action Plan Outreach Process:*

During the outreach process for the 21-22 Action Plan, the community identified some of the same needs as during the 5-year Consolidated Planning process, as well as some of the same needs as identified in FY 18-19, and provided increased clarification on the specific needs for the current year.

The following table provides a summary of the needs identified during the 21-22 Action Plan meetings.

<b>Areas of Need</b>	<b>Potential Activities</b>
Nonprofit facility needs	<ul style="list-style-type: none"><li>• Shelter Rehabilitation</li><li>• Showers/laundry/storage facilities for homeless</li><li>• ADA improvements</li></ul>

#### *Action Plan Public Comment Period*

The Action Plan will be released on April 23, 2019 for a minimum of 30 days for public review and comment. A summary of all public comments will be included in the final Action Plan, along with the City's response to the comments, if any.

#### *Public Hearings*

- Locations and dates:

**Table 3 – Citizen Participation Outreach**

<b>Mode of Outreach</b>	<b>Target of Outreach</b>	<b>Summary of Response/Attendance</b>	<b>Summary of Comments Received</b>	<b>Summary of comments not accepted and reasons</b>	<b>URL (If applicable)</b>
<b>Virtual Meetings</b>	Broad community outreach to all members of the public and targeted outreach to service providers, beneficiaries and grant recipients	The City’s Housing Department conducted four public hearings on the funding priorities and strategic Plan. See dates and meeting info below	See public comments	All comments were accepted.	
<b>Website</b>	Broad outreach to Santa Clara County stakeholders with computer and internet access	Announcements posted to the City of San José website, to promote the survey (English, Spanish, and Vietnamese) and community forums.	See public comments	Not Applicable	<a href="http://www.sanjoseca.gov/index.aspx?NID=4662">http://www.sanjoseca.gov/index.aspx?NID=4662</a>

Mode of Outreach	Target of Outreach	Summary of Response/Attendance	Summary of Comments Received	Summary of comments not accepted and reasons	URL (If applicable)
<b>Advertisements in News Media Outlets</b>	Multi-lingual advertisements printed in the following media outlets: El Observador (Spanish, San José Mercury News (English), Vietnam Daily News (Vietnamese), Philippine News (Tagalog) and World Journal (Chinese)	Five multi-lingual display ads were posted in local news media outlets in San José;	See public comments	Not Applicable	
<b>E-blasts</b>	Mass emails to new and established distribution	Over 4,000 entities, organizations, agencies, and persons have been engaged through e-blasts outreach efforts.	See public comments	All comments were accepted.	

## Expected Resources

### AP-15 Expected Resources – 91.220(c) (1, 2)

#### Introduction

The City of San José’s (City) Fiscal Year (FY) 2021-2022 Action Plan covers the time period from July 1, 2021 to June 30, 2022 (HUD Program Year 2021). The City Fiscal Year (FY) 2021-2022 entitlement amount is \$14,299,547 in attaining self-sufficiency. The City will continue to leverage additional resources to successfully provide support and services to the populations in need.

The FY 2021-2022 allocation amount for each of the federal housing and community development programs is broken down as follows:

- Community Development Block Grant (CDBG) - \$8,761,415
- HOME Investment Partnerships Program (HOME) - \$3,221,675
- Housing Opportunities for Persons with AIDS (HOPWA) - \$1,553,405
- Emergency Services Grant (ESG) - \$763,052

In addition to the FY 2021-2022 allocation for CDBG and HOME, total program resources for the two programs will be higher than the allocation amount due to estimated program income (e.g., repayments of federally funded loans) and prior year balance. The prior year’s CDBG balance consists of unused balances from previous year’s projects. The “Prior Year Balance” of HOME funds consists of previous year’s funds that were left uncommitted, funds committed to the Tenant Based Rental Assistance (TBRA) program that were unspent (which will be rolled over into the new program year), program income, and CHDO funds set-aside but not committed to a specific project. The prior year balance in the HOPWA program consists of unused funds from previous year projects.

**Table 4 – FY 2021-2022 Summary of Funding**

	<b>2021-2022 Funding Allocation</b>	<b>Prior Year Balance</b>	<b>Estimated FY 2020-2021 Program Income</b>	<b>Total Estimated Resources</b>
Total CDBG	\$8,761,415	\$273,000	\$400,000	\$9,434,415
Total HOME	\$3,221,675	\$1,476,478	\$300,000	\$4,998,153
Total HOPWA	\$1,553,405	\$0	\$0	\$1,553,405
Total ESG	\$763,052	\$0	\$0	\$763,052
<b>TOTAL</b>	<b>\$14,299,547</b>	<b>\$1,749,478</b>	<b>\$700,000</b>	<b>\$16,749,025</b>



**Table 5 - Fiscal Year 2021-2022 CDBG Budget Priorities**

<b>CDBG Fiscal Year 2019-2020 Annual Budgetary Priorities</b>	
<b>FY 2021-2022 Budget</b>	<b>\$9,434,415</b>
Administration (includes City grant administrative costs and fair housing activities)	<b>\$1,652,283</b>
Public Services Program	<b>\$1,374,212</b>
Neighborhood Engagement Program	<b>\$200,000</b>
Homeless Programs	<b>\$399,097</b>
Senior Programs	<b>\$200,000</b>
Legal Services for LI Tenants	<b>\$475,115</b>
Fair Housing	<b>\$100,000</b>
Community Development Improvement Program	<b>\$6,034,920</b>
Place-based Street and Infrastructure Enhancements	<b>\$2,857,920</b>
Acquisition, Rehabilitation and Infrastructure improvements for Affordable Housing Sites, Public, and nonprofit Facilities	<b>\$300,000</b>
Targeted Code Enforcement	<b>\$1,100,000</b>
Minor Repair	<b>\$1,650,000</b>
Job Training	<b>\$500,000</b>
<b>Total</b>	<b>\$9,434,415</b>

**Table 6 - Fiscal Year 2021-2022 HOME Budget Priorities**

<b>HOME Fiscal Year 2021-2022 Annual Budgetary Priorities</b>	
<b>FY 2019-2020 Budget</b>	<b>\$4,998,153</b>
General Administration (includes Fair Housing activities, and city staff HOME administration activities)	<b>\$122,167</b>
Fair Housing (from General Admin)	<b>\$200,000</b>
Tenant-Based Rental Assistance (project delivery costs and administrative costs)	<b>\$2,252,235</b>
New Construction of affordable Multi-Family Housing	<b>\$2,423,751</b>
<b>Total</b>	<b>\$4,998,153</b>

**Table 7 – Fiscal Year 2021-2022 HOPWA Budget Priorities**

<b>HOPWA Fiscal Year 2021-2022 Annual Budgetary Priorities</b>	
<b>FY 2019-2020 Budget</b>	<b>\$ 1,553,405</b>
City Administration and Planning	<b>\$46,602</b>
Sponsor Administration	<b>\$108,738</b>
Tenant-based Rental Assistance & Supportive Services	<b>\$1,398,065</b>
<b>Total</b>	<b>\$ 1,553,405</b>

**Table 8 – Fiscal Year 2021-2022 ESG Budget Priorities**

<b>ESG Fiscal Year 2021-2022 Annual Budgetary Priorities</b>	
<b>FY 2019-2020 Budget</b>	<b>\$763,052</b>
Administration	<b>\$57,229</b>
Emergency Shelter, Outreach, and Homeless Prevention,	<b>\$555,823</b>
County HMIS	<b>\$150,000</b>
<b>Total</b>	<b>\$763,052</b>

Table 9 - Expected Resources – Priority Table

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	Public Federal	<ul style="list-style-type: none"> <li>• Admin and Planning</li> <li>• Acquisition</li> <li>• Economic Development</li> <li>• Housing</li> <li>• Public Improvements</li> <li>• Public Service</li> </ul>	\$8,761,415	\$400,000	\$273,000	\$9,434,415	\$19,713,184	This program funds various nonprofit agencies and other city departments to implement services that benefit low- and moderate-income persons and neighborhoods or address community and economic development needs.

**\*Note: The Expected Amount Available Remainder of Con Plan includes the estimated allocation for years 2022-2025 plus the estimated program income, minus the amount the City expects to expend on Admin.**

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	Public Federal	<ul style="list-style-type: none"> <li>• Acquisition</li> <li>• Multifamily Rental New Construction</li> <li>• Multifamily Rental Rehab</li> <li>• TBRA</li> <li>• Fair Housing Activities</li> <li>• Program Administration</li> </ul>	\$3,221,675	\$1,476,478	\$300,000	\$4,998,153	\$8,215,272	This program is designed exclusively to create affordable housing for low-income households.
HOPWA	Public Federal	<ul style="list-style-type: none"> <li>• Permanent Housing in Facilities</li> <li>• Permanent Housing Placement</li> <li>• STRMU</li> <li>• Short Term or Transitional Housing Facilities</li> <li>• Supportive Services</li> <li>• TBRA</li> </ul>	\$1,553,405	\$0	\$0	\$1,553,405	\$4,310,215	The program is exclusively dedicated to the housing needs of people living with HIV/AIDS.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	Public Federal	<ul style="list-style-type: none"> <li>• Conversion and Rehab for Transitional Housing</li> <li>• Financial Assistance</li> <li>• Overnight Shelter</li> <li>• Outreach</li> <li>• Rental Assistance Services</li> <li>• Transitional Housing</li> <li>• Homeless Prevention</li> <li>• HMIS</li> </ul>	\$763,052	\$0	\$0	\$763,052	\$2,117,470	This program is designed to identify sheltered and unsheltered homeless persons, as well as those at risk of homelessness, and provide the services necessary to help them quickly regain stability in permanent housing.

## Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The City of San José's (City) Fiscal Year (FY) 2019-2019 Action Plan covers the time period from July 1, 2019 to June 30, 2020 (HUD Program Year 2019). The City Fiscal Year (FY) 2019-2020 entitlement amount is \$14,132,020 in attaining self-sufficiency. The City will continue to leverage additional resources to successfully provide support and services to the populations in need.

The FY 2021-2022 allocation amount for each of the federal housing and community development programs is broken down as follows:

- Community Development Block Grant (CDBG) - \$8,761,415
- HOME Investment Partnerships Program (HOME) - \$3,221,675
- Housing Opportunities for Persons with AIDS (HOPWA) - \$1,553,405
- Emergency Services Grant (ESG) - \$763,052

In addition to the FY 2021-2022 allocation for CDBG and HOME, total program resources for the two programs will be higher than the allocation amount due to estimated program income (e.g., repayments of federally funded loans) and prior year balance. The prior year's CDBG balance consists of unused balances from previous year's projects. The "Prior Year Balance" of HOME funds consists of previous year's funds that were left uncommitted, funds committed to the Tenant Based Rental Assistance (TBRA) program that were unspent (which will be rolled over into the new program year), program income, and CHDO funds set-aside but not committed to a specific project. The prior year balance in the HOPWA program consists of unused funds from previous year projects.

### *County and Local Housing and Community Development Sources*

There are a variety of countywide and local resources that support housing and community development programs. Some of these programs offer assistance to local affordable housing developers and community organizations while others provide assistance directly to individuals. These resources are discussed below:

- Low- and Moderate-Income Housing Asset Fund: Repayments from the Housing Department's \$675 million loan portfolio, originally funded by former redevelopment affordable housing funds, are reused to finance a variety of affordable housing programs for lower-income households. \$40 million in these Low- and Moderate-Income Housing Asset Fund (LMIHAF) funds were made available in a Notice of Funding Availability/ Request for Proposals (NOFA/RFP) which was issued jointly on July 21, 2016, with the Housing Authority of the County of Santa Clara and the County of Santa Clara. To date, the City Council awarded \$34.6 million from the joint NOFA, which was designed to identify new developments of special needs housing eligible for both capital commitments and federally-funded project-based rental vouchers (PBVs). The City issued another NOFA in 2018.

- The Inclusionary Housing Ordinance, Chapter 5.08 of the San José Municipal Code, was adopted on January 12, 2010. The Inclusionary Housing Ordinance requires that, in market-rate developments of 20 or more units, 15% of the units be made affordable to income eligible buyers or renters. Although the Ordinance was operative on January 1, 2013, its implementation was delayed by court challenges.
- The provisions of the Inclusionary Housing Ordinance that apply to rental developments were suspended until the court decision in *Palmer v. City of Los Angeles* was superseded with the passage of AB 1505 effective January 1, 2018. San José's Inclusionary Housing Ordinance now provides alternative ways that a developer may meet the affordable unit requirement, including but not limited to payment of an In-Lieu Fee and construction of affordable units off-site.
- Prior to AB1505, rental developments were subject to the AHIF resolution which was adopted on November 18, 2014 by the San José City Council. Since its adoption, approximately \$2.6 million in Affordable Housing Impact Fees have been paid. As a result of Assembly Bill (AB) 1505, rental developments will transition from the current AHIF Program to the Inclusionary Housing Ordinance. Rental development projects submitted after June 30, 2018 are considered under the Inclusionary Housing Ordinance.
- City of San José Housing Trust Fund: provides ongoing funding for housing and support programs that seek to address homelessness, in part by creating a vehicle eligible to compete for outside funding sources. In FY 2019-2020, it is anticipated that at least \$1 million in HTF will be used to respond to the impacts of homelessness in the community: City staffing and non-personnel costs; Destination: Home administrative and programmatic costs; direct supportive services such as essential services, case management, employment placement, and housing support; and matching funds for federal, State and regional grants.
- Affordable Housing Impact Fee Program: in November 2014, the City established the Affordable Housing Impact Fee Program, to be levied on market-rate rental housing developments, excluding developments that qualify for pipeline status and other exemptions. Implementation of the Affordable Housing Impact Fee (AHIF) Program is successfully underway. As a result of Assembly Bill (AB) 1505, rental developments will transition from the current Affordable Housing Impact Fee (AHIF) Program to the Inclusionary Housing Ordinance. Rental development projects submitted after June 30, 2018 will be considered under the Inclusionary Housing Ordinance.
- City of San José General Fund: the City's General Fund will be providing a fifth year of funding \$1.5 million for ongoing homeless encampment abatement and deterrent services. In 2018-2019, The City's General Fund will fund Destination: Home to continue implementing the Homelessness Prevention System to provide financial assistance and support to families at risk of homelessness.
- City of San José Housing Authority Litigation Award (HALA): the City established a new local funding stream in HALA, which will be used to provide safe and sanitary housing for low income households within the jurisdiction of the Housing Authority. HALA will provide a third year of funding of \$2 million for the Rapid Re-Housing Program.



- Veterans Affairs. OSH is making available services commitments for vulnerable populations, as well as \$8 million in capital funds for developments focusing on the homeless.
- Measure A – Affordable Housing Bond Fund: In November 2016, the voters of Santa Clara County passed Measure A, a \$950 million affordable housing bond measure. Measure A will fund the development of permanent affordable housing for the County’s most vulnerable populations, including homeless, veterans, disabled, seniors, foster youth and others. The affordable housing units will be built throughout the County, and the funds will be leveraged to attract matching funds from private, state and federal sources. The spending plan of the bond will allocate \$700 million for Extremely Low-Income housing (below 30 percent of area median income), including Permanent Supportive Housing and Rapid Rehousing; \$100 million for Very Low Income housing (31 to 50 percent of the area median income); up to \$100 million for housing assistance for Moderate Income households; and up to \$50 million for Moderate Income residents who are first-time homebuyers. When funds become available, they will likely be layered with commitments from the City’s LMIHAF funds, in order to fund affordable housing developments.
- Mortgage Credit Certificates (MCC) Program: Provides assistance to first-time homebuyers by allowing an eligible purchaser to take 20 percent of their annual mortgage interest payment as a tax credit against federal income taxes. The County administers the MCC Program on behalf of the jurisdictions in the County, including San José.
- The Housing Trust Silicon Valley (HTSV): This nonprofit organization combines private and public funds to support affordable housing activities in the County, including assistance to developers and homebuyers.

Housing Authority: Acting on behalf of the City of San José Housing Authority, the City contracts with the Santa Clara County Housing Authority (SCCHA) to administer and manage the Section 8 Voucher program and public housing programs within San José. The SCCHA receives federal funding to run the programs below:

- Section 8 Housing Choice Voucher Program: rental assistance to low-income households.
- Family Self-Sufficiency Program: employment assistance program for Section 8 participants.
- Veterans Affairs Supportive Housing (VASH): housing assistance for homeless veterans.
- The Family Unification Program: voucher assistance for families who have been separated due to a lack of adequate housing.
- Non-Elderly Disabled (NED) Vouchers: voucher program to allow non-elderly disabled people to transition out of care-giving institutions.
- Moderate Rehabilitation Program: project-based rental assistances for low-income families.

In January 2008, HUD designated the SCCHA as a “Moving to Work” (MTW) agency through June 30, 2018. The MTW agreement was extended through 2028 in April of 2016. The goal

of the MTW program is to increase cost effectiveness, promote self-sufficiency, and expand housing options for low-income families. The MTW designation provides more flexibility in use of funding sources and will support the creation of more efficient programs. The City will continue to partner with the SCCHA to identify MTW activities that may benefit low-income families of the community, especially homeless households.

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

The City also partners with the Housing Authority through Project-based vouchers. Through the July 2016 joint NOFA/RFP, the City teamed with the Santa Clara County Housing Authority and the County of Santa Clara to identify developments that would be eligible for both PBVs and capital awards. PBVs are critical to development feasibility for deeply-affordable rental housing, as they augment tenant-paid rents. The higher rents predictably increase rental properties' cash flow, therefore increasing the size of permanent commercial loans that can be underwritten and, in turn, decreasing the need for public gap subsidy funding. This joint issuance of the NOFA/RFP was the first of its kind in the South Bay.

### **If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan**

The City will continue to explore opportunities to develop affordable housing on public lands and on surplus lands, such as with the Santa Clara Valley Transportation Authority (VTA), which owns land in transit-rich locations. In 2017 the VTA advanced plans to develop three VTA owned sites in San Jose. In 2019-2020, the City will continue to work with VTA on planning for affordable units at their station areas and facilitating their development. The City also continues to review opportunities to purchase surplus land from other public agencies to meet its housing and community development goals.

In 2015, the City Council approved the purchase of three properties located at 226 Balbach Avenue, 5647 Mesa/Gallup, and 96 South Almaden Boulevard from the former Successor Agency to the Redevelopment Agency of the City of San Jose. One of these properties at 96 South Almaden Boulevard was rehabilitated and is currently serving formerly homeless individuals. Regarding 226 Balbach and the Gallup/Mesa properties, the City has identified a development partner for both sites and has initiated the entitlement process.

### **Discussion**

Please see discussions above.

## Annual Goals and Objectives

### AP-20 Annual Goals and Objectives - 91.420, 91.220(c)(3)&(e)

#### Goals Summary Information

Table 10 – Goals Summary (One Year)

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Increase & Preserve Affordable Housing Opportunities	2021	2022	<ul style="list-style-type: none"> <li>Affordable Housing</li> </ul>	N/A	Affordable Housing	HOME: \$4,675,986  HOPWA: \$1,398,065	<ul style="list-style-type: none"> <li>HOME Rental Units Constructed = 50 housing units</li> <li>HOME - Tenant-Based Rental Assistance = 120 households assisted</li> <li>HOPWA -Tenant-Based Rental Assistance = 125 households assisted</li> </ul>
2	Respond to Homelessness and Its Impacts on the Community	2021	2022	<ul style="list-style-type: none"> <li>Homeless</li> </ul>	N/A	Homelessness	CDBG: \$399,097  ESG: \$705,823	<ul style="list-style-type: none"> <li>Other – Shelter and street outreach = 160 persons assisted</li> <li>Other – Prevent Homelessness – 150 persons</li> </ul>

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
3	Strengthen and Stabilize Communities	2021	2022	<ul style="list-style-type: none"> <li>Non-Housing Community Development</li> <li>Non-Homeless</li> <li>Special Needs</li> </ul>	N/A	Strengthening Neighborhoods	CDBG: \$6,910,035	<ul style="list-style-type: none"> <li>Public service activities other than LMI Housing Benefit and homelessness services = 750 persons assisted</li> <li>Jobs created = 10 jobs</li> <li>Housing code enforcement/Foreclosed property care = 700 housing units</li> <li>Homeowner housing rehabilitated = 300 housing units</li> <li>Placed based street and infrastructure improvements = 1000</li> <li>Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit = 100</li> </ul>
4	Promote Fair Housing Choice	2021	2022	<ul style="list-style-type: none"> <li>Non-Housing Community Development</li> </ul>	N/A	Fair Housing	CDBG: \$200,000 HOME: \$200,000	<ul style="list-style-type: none"> <li>Public service activities other than LMI Housing Benefit = 220 persons assisted</li> </ul>

**Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b):**

The City anticipates that entitlement dollars will be used to provide rental assistance, production of new units, and/or acquisition of existing units over the 2020-2025 Consolidated Planning period. Below is an estimate of the number of low income households that will be assisted in 2021-2022, by grant program.

*HOME*

Projected total assisted: 50

Consistent with the City's goal to assist in the creation and preservation of affordable housing for low income and special needs households, the City has the option to use HOME funds for land acquisition and new construction of rental units, and acquisition or rehabilitation of existing rental units for low income households and special needs populations, such as single parents, seniors, disabled persons, people living with HIV/AIDS, emancipated youth, and other people at risk of homelessness.

For any HOME funds used to develop new housing units, the City will comply with the Federal Fair Housing Act and Section 504 of the Rehabilitation Act of 1973. Participation in the HOME Program will enhance the City's funding sources for new construction, while at the same time providing flexibility in the use of funds for an overall gap-financing program.

## AP-35 Projects – 91.220(d)

### Introduction

The Consolidated Plan goals below represent high priority needs for the City of San José (City) and serve as the basis for the strategic actions the City will use to meet these needs. The goals, listed in no particular order, are:

1. Increase and preserve affordable housing opportunities.
2. Respond to homelessness and its impacts on the community.
3. Strengthen and stabilize communities.
4. Promote fair housing choice.

**Table 11 – Project Information**

#	Project Name
1	Senior Services
2	Neighborhood Engagement
3	Legal Services for Low Income Tenants
4	Job Training
5	Place Based Capital Street and Infrastructure Enhancements
6	Targeted Code Enforcement
7	Minor Home Repair Program
8	HOPWA – The Health Trust
9	HOPWA – San Benito County
10	Rental Housing Development
11	HOME TBRA
12	Homeless Services (CDBG)
13	Homeless Services (ESG21 City of San José)
14	Fair Housing
15	Acquisition, rehabilitation & infrastructure for affordable housing sites & public facilities
16	CDBG Administration and Monitoring
17	HOME Administration and Monitoring
18	HOPWA Administration and Monitoring

### Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

The City’s Annual Action plan was developed based on the goals and strategies of the City’s 5-year Consolidated Plan. The results of the programs and projects undertaken in this second year of the 2020-2025 Consolidated Plan are also significantly influenced by the impacts of the pandemic over the past year and a half. Early in the 2019 Program Year, the City was forced to pivot resource and prioritize the needs of the community as it pertained to COVID-19 and its health and economic impacts on the community. As documented in San Jose’s various FY 2019-20 and FY 2020-2021 Action Plan Amendments, a significant amount of these two allocations

were redirected to support COVID-19 activities. Additionally, the City received nearly \$50 million in CDBG and ESG from HUD, pursuant to the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. While the City continues to administer programs and services responding to the pandemic, it will begin to redirect efforts to the previously established goals and priorities. The 2021-22 AAP goals and priorities are consistent with those established in the 2019-20 AAP. The 2019-20 AAP was the last annual strategic plan that the City conducted significant outreach and obtain considerable citizen participation.

While the goals and priorities are being carried over from the previous years, undoubtedly the effects of the COVID-19 and its impact on current and future goals and priorities will linger for several years. While difficult to fully predict residual effects, it’s likely that programs and services within the plan will need to make adjustments to better serve the needs of the community through the recovery efforts. Additionally, service providers will likely encounter new challenges transitioning from the pandemic to post pandemic environments. Whether retaining their workforce, reestablishing work space and work space protocols, or redesigning programs and services to fit emerging community needs, these challenges will impact agencies abilities to consistently deliver services that address the unserved needs of the community. The City will continue to work with the agencies to adjust programs and services to address the most critical needs.

The Consolidated Plan is the basis for the City’s strategy in allocating its federal resources in four primary programs: CDBG, HOME, ESG, and HOPWA funds. To further refine the strategy for allocating funds, the City conducted additional outreach with residents, community-based organizations, government agencies, the Continuum of Care, and other community stakeholders during the 2019-20 AAP development.

The following priorities were identified during the outreach process for the Consolidated Plan, the FY18-19, and/or the FY19-20 Annual Action Plan:

- Need to Increase Services for the Homeless and Improve Facilities Serving the Homeless Population

Emergency and transitional housing, comprehensive services at homeless encampments (e.g., basic shelter facilities, health care referrals), and rental assistance programs for the homeless were frequently identified by participants as critical needs.

Additionally, while the City has several rental subsidy programs for homeless individuals, there are challenges finding suitable rental housing at or below fair market rent values for individuals in these programs. The City has identified the need for project-based rental housing for homeless individuals.

Several nonprofit facilities serving the homeless population are in need of rehabilitation and the City has provided CDBG funds over the past two years to three agencies serving homeless individuals or families. Nonprofits have identified additional needs to improve

other facilities. Nonprofits' need also includes accessing funds to build out tenant improvements for initial occupancy of community-serving commercial space.



## AP-38 Projects Summary

### Project Summary Information

**Table 12 – Project Summary**

	<b>Project Name</b>	<b>Target Area</b>	<b>Needs Addressed</b>	<b>Funding</b>	<b>GOI</b>
1	Senior Services	N/A	<ul style="list-style-type: none"> <li>Strengthening &amp; Stabilize Communities</li> </ul>	CDBG: \$200,000	200 persons assisted
2	Neighborhood Engagement	N/A	<ul style="list-style-type: none"> <li>Strengthening &amp; Stabilize Communities</li> </ul>	CDBG: \$200,000	250 persons assisted
3	Legal Services for LI Tenants	N/A	<ul style="list-style-type: none"> <li>Strengthening &amp; Stabilize Communities</li> </ul>	CDBG: \$475,115	300 persons assisted
4	Job Training	N/A	<ul style="list-style-type: none"> <li>Strengthening &amp; Stabilize Communities</li> </ul>	CDBG: \$500,000	10 Jobs created
5	Acquisition, Rehabilitation & infrastructure Improvements for Affordable Housing sites, public, & non-profit facilities	N/A	<ul style="list-style-type: none"> <li>Strengthening &amp; Stabilize Communities</li> <li>Homelessness</li> </ul>	CDBG: \$300,000	100 persons assisted 3 households
6	Place Based Street and Infrastructure Enhancements	N/A	<ul style="list-style-type: none"> <li>Strengthening &amp; Stabilize Communities</li> </ul>	CDBG: \$2,857,920	1,000 persons assisted
7	Targeted Code Enforcement	N/A	<ul style="list-style-type: none"> <li>Strengthening Neighborhoods</li> </ul>	CDBG: \$1,100,000	700 housing units
8	Minor Home Repair Program	N/A	<ul style="list-style-type: none"> <li>Strengthening &amp; Stabilize Communities</li> </ul>	CDBG: \$1,650,000	300 housing units
9	HOPWA – The Health Trust	N/A	<ul style="list-style-type: none"> <li>Affordable Housing</li> </ul>	HOPWA: \$1,328,065	120 persons assisted
10	HOPWA – San Benito County	N/A	<ul style="list-style-type: none"> <li>Affordable Housing</li> </ul>	HOPWA: \$70,000	5 persons assisted
11	Rental Housing Development	N/A	<ul style="list-style-type: none"> <li>Affordable Housing</li> </ul>	HOME: \$2,423,751	50 housing units
12	HOME TBRA	N/A	<ul style="list-style-type: none"> <li>Homelessness</li> </ul>	HOME: \$2,252,235	100 persons assisted

13	Services for Homeless and Unhoused Populations (CDBG)	N/A	• Homelessness	CDBG: \$399,097	160 persons assisted 800 outreach contacts
14	Homeless Services (ESG21 City of San José)	N/A	• Homelessness	ESG: \$763,052	150 persons assisted 700 outreach contacts
15	Fair Housing	N/A	• Fair Housing	CDBG: \$200,000 HOME: \$200,000	220 persons assisted
16	CDBG Administration and Monitoring	N/A	• N/A	CDBG: \$1,652,283	N/A
17	HOME Administration and Monitoring	N/A	• N/A	HOME: \$122,167	N/A
18	HOPWA Administration and Monitoring	N/A	• N/A	HOPWA: \$38,363	N/A

<b>1</b>	<b>Project Name</b>	Senior Services
	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	Strengthening and Stabilize Communities
	<b>Needs Addressed</b>	Strengthening and Stabilize Communities
	<b>Funding</b>	CDBG: \$200,000
	<b>Description</b>	This project will provide community-based services – including Meals on Wheels and the Senior Nutrition and Wellness - to San José’s low-income seniors in order to improve health and quality of life, prevent or reduce their isolation and depression, and/or increase their housing stability improving their opportunities to age in place.
	<b>Target Date</b>	06/30/2022
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	200 low-income seniors
	<b>Location Description</b>	City-wide (service locations vary)
	<b>Planned Activities</b>	Meals on Wheels – The Health Trust Senior Nutrition and Wellness - POSSO

<b>2</b>	<b>Project Name</b>	Neighborhood Engagement
	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	Strengthening and Stabilize Communities
	<b>Needs Addressed</b>	Strengthening and Stabilize Communities
	<b>Funding</b>	CDBG: \$200,000
	<b>Description</b>	The goal of the Neighborhood Engagement program is to increase social capital (i.e., a form of economic and/or cultural capital in which social networks are essential components to community growth) in San José neighborhoods, increase community engagement and cohesion, build the capacity of local organizations, pilot solutions to solve neighborhood level problems, and develop leadership skills of residents to promote, support, and sustain civic engagement by residents that are typically underrepresented in city governance and civic processes. This work will build upon the previous successes of the Strong Neighborhoods Initiative and the work of the Housing Department’s Place Based Initiative.
	<b>Target Date</b>	06/30/2022
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	250 low-income residents

	<b>Location Description</b>	East San José and Central San José
	<b>Planned Activities</b>	Somos Mayfair – Home Grown Talent CommUniverCity – Community Leadership Program

<b>3</b>	<b>Project Name</b>	Legal Services for LI Tenants and Landlords
	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	Strengthening and Stabilize Communities
	<b>Needs Addressed</b>	Strengthening and Stabilize Communities
	<b>Funding</b>	CDBG: \$475,115
	<b>Description</b>	The goal of the Legal Services for LI Tenants is to increase housing stability by providing landlord/tenant counseling, education, referrals, and legal assistance to tenants facing unlawful evictions or other landlord/tenant issues. These services will include additional outreach and education to low income tenants Citywide.
	<b>Target Date</b>	06/30/2022
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	300 low-income tenants and landlords
	<b>Location Description</b>	Citywide
	<b>Planned Activities</b>	Law Foundation of Silicon Valley - Consortium

<b>4</b>	<b>Project Name</b>	Job Training
	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	Strengthening and Stabilize Communities and/or Respond to Homelessness and Its Impacts on the Community
	<b>Needs Addressed</b>	Strengthening Neighborhoods and/or Respond to Homelessness and Its Impacts on the Community
	<b>Funding</b>	CDBG: \$500,000
	<b>Description</b>	The program will support job training for low income individuals, including low-income residents adversely impacted by the pandemic, homeless individuals and/or youth/young adults (ages 16-24). Community outreach related to the Annual Action Plan highlighted a community need for job training in 2019 and will likely grow as the community transitions out of the pandemic. This program must meet the national objective of low/moderate job creation and retention (LMJ) as well as the required Public Benefit Standards Activities must create or retain permanent jobs to be made available or held by low/moderate income persons. This requirement is met when job training participants are placed in permanent jobs. In addition, in order to be eligible for CDBG funding the job training must be tied to assistance to for-profit

		businesses. Nonprofit entities, including Community Based Development Organizations, are eligible to apply.
	<b>Target Date</b>	06/30/2022
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	10 jobs created
	<b>Location Description</b>	Citywide
	<b>Planned Activities</b>	Employment Development - Job Train Employment Development - International Rescue Committee

5	<b>Project Name</b>	Acquisition, Rehabilitation, and Infrastructure for Affordable Housing Sites, Public and Nonprofit Facilities
	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	Affordable Housing and Strengthening and Stabilize Communities
	<b>Needs Addressed</b>	Affordable Housing and Strengthening and Stabilize Communities
	<b>Funding</b>	CDBG: \$300,000
	<b>Description</b>	CDBG funds will also be used to support the rehabilitation of the The New Haven, transitional housing targeting LGBTQ youth. And rehabilitation of 3 permanent housing units
	<b>Target Date</b>	06/30/2022
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	100 individuals 3 households
	<b>Location Description</b>	N/A
	<b>Planned Activities</b>	TBD

6	<b>Project Name</b>	Place Based Street and Infrastructure Enhancements
	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	Strengthening and Stabilize Communities
	<b>Needs Addressed</b>	Strengthening and Stabilize Communities
	<b>Funding</b>	CDBG: \$2,857,920
	<b>Description</b>	Among other community development projects to strengthen and stabilize San Jose's communities, CDBG funds will be directed to support efforts to expand Community Wireless Network (WiFi) Infrastructure Projects in the East San Jose. The project areas identified meet the CDBG low-/moderate-income area benefit that requires the project area to serve more than 51% of low-/moderate-income census tracts. These funds

	will be added to the \$2,200,000 in CDBG funding allocated in the FY 2019-20 and FY 2020-21 Action Plans and will be incorporated into a Memorandum of Performance between the Housing Department and Department of Transportation, which will also include project scope, timeline, performance benchmarks, and a detailed budget. This project will provide greater internet access to facilitate advancing students' academic achievement through internet-based learning technologies and instruction. Enabling Wi-Fi access will give students the ability to learn and better prepare themselves for future careers and personal development. Wi-Fi access for these communities will also promote equity by closing the digital divide and improving educational outcomes.
<b>Target Date</b>	06/30/2022
<b>Estimate the number and type of families that will benefit from the proposed activities</b>	1,000 low- and moderate-income households
<b>Location Description</b>	TBD
<b>Planned Activities</b>	TBD

<b>7</b>	<b>Project Name</b>	Targeted Code Enforcement
	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	Strengthening and Stabilize Communities
	<b>Needs Addressed</b>	Strengthening and Stabilize Communities
	<b>Funding</b>	CDBG: \$1,100,000
	<b>Description</b>	Code Enforcement activities will be conducted in low-income, residential neighborhoods that meet the City's definition of "Deteriorated/Deteriorating Areas". Code Enforcement's focus will be primarily on the inspections of multi-family units.
	<b>Target Date</b>	06/30/2022
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	700 households in place-based neighborhoods
	<b>Location Description</b>	Areas with coordinated City services administers in conjunction with Project HOPE.
	<b>Planned Activities</b>	Enhanced Code Enforcement

<b>8</b>	<b>Project Name</b>	Minor Home Repair Program
	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	Strengthening and Stabilize Communities

<b>Needs Addressed</b>	Strengthening and Stabilize Communities
<b>Funding</b>	CDBG: \$1,650,000
<b>Description</b>	<p>This program will repair housing units to address immediate health and safety needs for extremely low-income homeowners in San José. The focus of repairs will address emergency and critical repair needs, as well as accessibility and mobility needs within the home.</p> <p>The program also includes funding for limited rehabilitation to address more substantial safety issues in the home to ensure safe, affordable, decent living environment for the occupants.</p>
<b>Target Date</b>	06/30/2022
<b>Estimate the number and type of families that will benefit from the proposed activities</b>	300 extremely low-income homeowners
<b>Location Description</b>	Citywide
<b>Planned Activities</b>	Rebuilding Together Habitat for Humanity

9	<b>Project Name</b>	HOPWA – The Health trust
	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	Affordable Housing
	<b>Needs Addressed</b>	Affordable Housing
	<b>Funding</b>	HOPWA: \$1,328,065
	<b>Description</b>	The program will provide rent subsidies, permanent housing placement assistance, and supportive services to help low-income residents living with HIV/AIDS secure and maintain housing. Housing placement assistance includes working with an placement specialist and receiving security deposit assistance. Supportive services include medical and housing case management and self-sufficiency services.
	<b>Target Date</b>	06/30/2022
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	120 low-income individuals living with HIV/AIDS
	<b>Location Description</b>	Santa Clara County
<b>Planned Activities</b>	<ul style="list-style-type: none"> <li>• Supportive Services</li> <li>• TBRA</li> <li>• Permanent Supportive Housing</li> <li>• Administration</li> </ul>	

<b>Project Name</b>	HOPWA – San Benito County
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10	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	Affordable Housing
	<b>Needs Addressed</b>	Affordable Housing
	<b>Funding</b>	HOPWA: \$70,000
	<b>Description</b>	The City's HOPWA entitlement grant to San Benito County will provide housing placement assistance, rental subsidies, and nutritional and dental assistance to low-income clients living with HIV/AIDS.
	<b>Target Date</b>	06/30/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	5 low-income individuals living with HIV/AIDS
	<b>Location Description</b>	San Benito County
	<b>Planned Activities</b>	Housing Placement Supportive Services TBRA Administration

11	<b>Project Name</b>	Rental Housing Development
	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	Affordable Housing
	<b>Needs Addressed</b>	Affordable Housing
	<b>Funding</b>	HOME: \$2,423,751
	<b>Description</b>	<p>Consistent with the City's goal to assist in the creation and preservation of affordable housing for low income households, the City has the option to use HOME funds for new construction of Rental Housing Development and/or Rehabilitation of existing Multi-family units.</p> <p>HUD requires that at least 15 percent of each year's HOME allocations be set aside for Community Housing Developers (CHDOs). This requirement will be met through the rental housing development activity. At least \$363,600 of the rental development activity funds will be committed to a CHDO developer within 24-months, as required by HOME regulations.</p> <p>For any HOME funds used to develop new housing units, the City will comply with the Federal Fair Housing Act and Section 504 of the Rehabilitation Act of 1973. Participation in the HOME Program will enhance the City's funding sources for new construction, while at the same time providing flexibility in the use of funds for an overall gap-financing program.</p>
	<b>Target Date</b>	06/30/2022



	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	50 low-and moderate-income households
	<b>Location Description</b>	TBD
	<b>Planned Activities</b>	TBD

<b>12</b>	<b>Project Name</b>	HOME Tenant Based Rental Assistance
	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	Homelessness
	<b>Needs Addressed</b>	Homelessness
	<b>Funding</b>	HOME: \$2,252,235
	<b>Description</b>	Consistent with the City’s goal to assist in the creation and preservation of affordable housing for low-income households, the City will use HOME funds to provide tenant-based rental subsidies targeting employable homeless individuals and families. The City will contract with three (3) agencies to provide intensive case management services (funded with City General Funds) for TBRA clients. The program’s goal is to transition participants out of homelessness, and improve their long-term self-sufficiency.
	<b>Target Date</b>	06/30/2022
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	100 homeless individuals/families
	<b>Location Description</b>	Citywide
	<b>Planned Activities</b>	The Health Trust

<b>13</b>	<b>Project Name</b>	Services for Homeless and Unhoused Populations (CDBG)
	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	Homelessness
	<b>Needs Addressed</b>	Homelessness
	<b>Funding</b>	CDBG: \$388,490
	<b>Description</b>	The City is utilizing CDBG to fund HomeFirst to provide outreach and supportive services to homeless individuals.
	<b>Target Date</b>	06/30/2020
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	160 unduplicated homeless individuals will be provided outreach and supportive services
	<b>Location Description</b>	Citywide
	<b>Planned Activities</b>	HomeFirst - Homeless Outreach and Engagement

14	<b>Project Name</b>	ESG21 City of San José
	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	Homelessness
	<b>Needs Addressed</b>	Homelessness
	<b>Funding</b>	ESG: \$763,052
	<b>Description</b>	<p>The City will utilize ESG funds to support a Homeless Outreach and Engagement program as well as a Homeless Prevention program for homeless and at-risk individuals and families. The ESG funds will also support HMIS.</p> <p>The Homeless Outreach and Engagement Program will focus on utilizing an integrated approach to provide a comprehensive response to addressing chronic homelessness in the City.</p> <p>The Homeless Prevention program will utilize an integrated approach to provide case management services, deposit/rental assistance, and other eligible services as needed to keep individuals and families from experiencing homelessness.</p> <p>ESG funds will be used to support the administration of the ESG program by the City's Housing Department. Funds may also be used for shelter and rapid rehousing activities.</p> <p><u>ESG Allocations by Component</u>  Outreach: \$428,823  Homeless Prevention: \$127,000  HMIS: \$150,000  Administration: \$57,229</p>
	<b>Target Date</b>	06/30/2022
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	150 homeless individuals will be provided with outreach and supportive services. 30 families will be assisted with homeless prevention services.
	<b>Location Description</b>	Citywide
	<b>Planned Activities</b>	Homeless Outreach –PATH Homeless Prevention – Bill Wilson Center HMIS – County of Santa Clara Administration Funds may also be used for shelter and rapid rehousing activities.

<b>Project Name</b>	Fair Housing
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15	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	Fair Housing
	<b>Needs Addressed</b>	Fair Housing
	<b>Funding</b>	CDBG: \$200,000 (\$100,000 CDBG Public Services, \$100,000 CDBG Admin) HOME (admin): \$200,000
	<b>Description</b>	The City will continue to program some of its CDBG Administrative funds, as well as some public service funds, and HOME Administrative Funds to support an agency(s) that will provide Fair Housing services. Services may include: outreach and education on fair housing issues; conducting fair housing testing; enforcing fair housing laws through litigation; and providing technical assistance to the Housing Department on how to monitor City-financed developments for fair housing compliance. The City will contract with a consortium of four agencies to provide these services, with the Law Foundation of Silicon Valley serving as the consortium lead.
	<b>Target Date</b>	06/30/2022
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	220 individuals/families
	<b>Location Description</b>	Various locations
	<b>Planned Activities</b>	The Law Foundation Fair Housing Project

16	<b>Project Name</b>	CDBG Administration and Monitoring
	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	N/A
	<b>Needs Addressed</b>	N/A
	<b>Funding</b>	CDBG: \$1,652,283
	<b>Description</b>	A portion of the CDBG grant allocation will be used for reasonable planning and administrative costs associated with the administration of the CDBG funds and other related federal requirements. Administration funds will support oversight activities of the housing department, legal services from the City Attorney's Office, and environmental reviews.
	<b>Target Date</b>	06/30/2022
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	N/A
	<b>Location Description</b>	200 E. Santa Clara Street San José, CA 95113

	<b>Planned Activities</b>	CDBG Planning and Administration
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<b>17</b>	<b>Project Name</b>	HOME Administration and Monitoring
	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	N/A
	<b>Needs Addressed</b>	N/A
	<b>Funding</b>	HOME: \$122,167
	<b>Description</b>	Up to 10 percent of the total HOME grant allocation will be used for reasonable planning and administrative costs associated with the administration of the HOME funds and other related federal requirements. This project subtracts the Fair Housing cost associated to project #15.
	<b>Target Date</b>	06/30/2022
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	N/A
	<b>Location Description</b>	200 E. Santa Clara Street San José, CA 95113
	<b>Planned Activities</b>	HOME Planning and Administration Fair Housing

<b>18</b>	<b>Project Name</b>	HOPWA Administration and Monitoring
	<b>Target Area</b>	N/A
	<b>Goals Supported</b>	N/A
	<b>Needs Addressed</b>	N/A
	<b>Funding</b>	HOPWA: \$46,602
	<b>Description</b>	The City will allocate \$46,602 (approximately 3 percent of the entitlement grant) to administrative costs associated with managing with the HOPWA grant.
	<b>Target Date</b>	06/30/2022
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	N/A
	<b>Location Description</b>	200 E. Santa Clara Street San José, CA 95113
	<b>Planned Activities</b>	HOPWA Administration

## AP-50 Geographic Distribution – 91.220(f)

### Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

Not applicable. The City has not established specific target areas to focus the investment of CDBG funds.

Table 13 - Geographic Distribution

Target Area	Percentage of Funds
Not applicable	Not applicable

### Rationale for the priorities for allocating investments geographically

The Consolidated Plan allocates federal entitlement dollars according to low- and moderate-income (LMI) census tracts without target areas. However, in light of current budget limitations, San José recognizes the importance of a coordinated effort to invest in its neighborhoods. In its 2010-15 Consolidated Plan, San José initiated the first iteration of its neighborhood plan through its place-based strategy by focusing leveraged investments in the Santee/McKinley, Mayfair, and Five Wounds/Brookwood Terrace neighborhoods to create clean, safe, and engaged places. In the 2015-2020 Consolidated Plan, the City continued to emphasize the importance of neighborhoods and to refine its approach by seeking to make high-impact, targeted investments in strategic locations and activities that advance the four goals identified. In the 2020-2025 Consolidated Plan, the City emphasized the importance of economic revitalization in neighborhoods and to make targeted investments in strategic locations and activities that advance the four goals identified. The City will continue to prioritize investments in the Place-based neighborhoods which include the three original Place-based Neighborhoods as well as four new targeted neighborhoods.

### Discussion

Please see discussion above.

## Affordable Housing

### AP-55 Affordable Housing – 91.220(g)

#### Introduction

Although entitlement dollars are limited, the City anticipates expending a significant portion of its federal allocation dollars on the preservation and provision of affordable housing. A detailed discussion of how HUD entitlements will be used to support affordable housing needs within the City is provided in AP-20, with the number of households to be assisted itemized by goal.

Table 14 - One Year Goals for Affordable Housing by Support Requirement

<b>One Year Goals for the Number of Households to be Supported</b>	
Homeless	100
Non-Homeless	153
Special-Needs	120
<b>Total</b>	<b>373</b>

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

<b>One Year Goals for the Number of Households Supported Through:</b>	
Rental Assistance	220
The Production of New Units	50
Rehab of Existing Units	3
Acquisition of Existing Units	0
<b>Total</b>	<b>275</b>

## **Discussion**

Please see discussions above.

## **AP-60 Public Housing – 91.220(h)**

### **Introduction**

SCCHA assists approximately 17,000 households through the federal Section 8. The Section 8 waiting list contains 5,909 households and is estimated to be a six-year wait. SCCHA also develops, controls, and manages more than 2,700 affordable rental housing units throughout the County. SCCHA's programs are targeted toward ELI and VLI households, and more than 80 percent of its client households are extremely low-income families, seniors, veterans, persons with disabilities and formerly homeless individuals.<sup>12</sup>

In 2008, SCCHA entered into a ten-year agreement with HUD to become a MTW agency. The MTW program is a federal demonstration program that allows greater flexibility to design and implement more innovative approaches for providing housing assistance.<sup>13</sup> Additionally, SCCHA has used LIHTC financing to transform and rehabilitate 551 units of public housing into SCCHA-controlled properties. The agency is an active developer of affordable housing and has either constructed, rehabilitated, or assisted with the development of more than 30 housing developments that service a variety of households, including special needs households.

Note: Subsidized housing is housing owned and managed by private or nonprofit owners who receive subsidies in exchange for renting to LMI tenants, while public housing is housing owned and managed by the housing authority. Public Housing is defined by HUD as "housing assisted under the provisions of the U.S. Housing Act of 1937 or under a state or local program having the same general purposes as the federal program. Distinguished from privately financed housing, regardless of whether federal subsidies or mortgage insurance are features of such housing development."<sup>14</sup> The Santa Clara County Housing Authority had 555 units of public housing in Santa Clara County including approximately 150 in the City of San Jose. Funding for the public housing program was not adequately meeting the agency's needs for providing much needed renovations and capital improvements to the projects and so, with HUD approval, the Housing Authority disposed of all but four of its public housing units. The units are now owned by a Housing Authority affiliate and maintain their affordability through LIHTC and Project Based Vouchers

### **Actions planned during the next year to address the needs to public housing**

Not applicable. There are no public housing units located in the City.

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<sup>12</sup> Housing Authority of the County of Santa Clara. "Welcome to HACSC." <http://www.hacsc.org/>

<sup>13</sup> HACSC. "Moving to Work (MTW) 2014 Annual Report." September 2014.

<sup>14</sup> United States Housing and Urban Development Department. "Glossary." [http://www.huduser.org/portal/glossary/glossary\\_p.html](http://www.huduser.org/portal/glossary/glossary_p.html)

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

While the majority of their units have been converted to affordable housing stock, SCCHA is proactive in incorporating resident input into the agency's policy-making process. An equitable and transparent policy-making process that includes the opinions of residents is achieved through the involvement of two tenant commissioners, one being a senior citizen, on the SCCHA board.

SCCHA has been a MTW agency since 2008. To date, the agency has had 42 activities approved by HUD. The vast majority of their successful initiatives have been aimed at reducing administrative inefficiencies, which in turn opens up more resources for programs aimed at LMI families. The following is excerpted from SCCHA's August 2014 Board of Commissioner's report:

"HACSC's Family Self Sufficiency (FSS) Program is designed to provide assistance to current HACSC Section 8 families to achieve self-sufficiency. When a family enrolls in the five-year program, HPD's FSS Coordinator and LIFESteps service provider helps the family develop self-sufficiency goals and a training plan, and coordinates access to job training and other services, including childcare and transportation. Program participants are required to seek and maintain employment or attend school or job training. As participants increase their earned income and pay a larger share of the rent, HACSC holds the amount of the tenant's rent increases in an escrow account, which is then awarded to participants who successfully complete the program. HACSC is currently in the initial stages of creating a pilot successor program to FSS under the auspices of its MTW flexibility called Focus Forward."<sup>15</sup>

## **If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance**

Not applicable.

## **Discussion**

Please see discussions above.

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<sup>15</sup> HACSC. "Housing Programs Department (HPD) Monthly Board Report." August 2014.



## **AP-65 Homeless and Other Special Needs Activities – 91.220(i)**

### **Introduction**

The Santa Clara region is home to the fifth-largest population of homeless people on any given night (7,394 individuals)<sup>16</sup> and the third-highest percentage of unsheltered homeless of any Major City CoC in the country (74 percent of homeless people sleep in places unfit for human habitation).<sup>17</sup> The homeless assistance program planning network is administered by the Santa Clara Continuum of Care (CoC) and governed by the CoC Board of Directors. The membership of the CoC is a collaboration of representatives from local jurisdictions comprised of community-based organizations, the Housing Authority of County of Santa Clara, governmental departments, health service agencies, homeless advocates, consumers, the faith community, and research, policy and planning groups. The homeless services system utilized by the CoC is referred to as the Homeless Management Information System (HMIS). The HMIS monitors outcomes and performance measures for all the homeless services agencies funded by the County.

### **Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including:**

#### **Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs.**

The Homeless Census and Survey is a countywide collaborative effort to help assess regional homeless needs. The City participates with the County and other jurisdictions to conduct a biennial countywide homeless count. The data from the census is used to plan, fund, and implement actions for reducing homelessness and circumstances that bring about homelessness. San José financially contributed and led the countywide Homeless Census and Survey that took place in 2017. The City provides funding for a Citywide Homeless Outreach and Engagement program. Activities include street outreach and mobile case management, homeless helpline, and basic needs for the homeless population.

The three main purposes of this program are as follows:

1. To provide a consistent presence on the streets and other outdoor locations throughout San José and the downtown area to build rapport and trust with unsheltered homeless residents with the goal of moving them into and keeping them in permanent housing;
2. To provide street-based case management to the unhoused population and;
3. To provide an avenue to alleviate business and resident concerns about encampments and homeless persons living in their neighborhoods or other areas of San José.

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<sup>16</sup> The U.S. Department of Housing and Urban Development. “2018 Annual Homeless Assessment Report (AHAR) to Congress.” December 2018. <https://www.hudexchange.info/resources/documents/2018-AHAR-Part-1.pdf>

<sup>17</sup> Ibid

In 2021-2022, the homeless service agencies will continue to proactively identify areas to provide outreach, as well as to respond to concerns from City staff, residents, businesses, and other persons as appropriate.

## **Addressing the emergency shelter and transitional housing needs of homeless persons**

The City currently has 1070 emergency shelter beds and transitional housing beds which serve homeless individuals, families with children, women with children, youth, and victims of domestic violence. The overall number of emergency and transitional beds has decreased over the past year due to a combination of conversions to permanent housing and the lack of resources to fund emergency and transitional beds. In line with its goal of ending homelessness, the City will continue to focus its funding on programs aimed at permanently housing homeless persons.

The City will continue to support emergency and transitional housing options through new one-time funding from the State called the Homeless Emergency Aid Program. This Program will support several crisis intervention efforts, including the addition of emergency shelter beds and safe parking slots. However, the City's focus continues to be on moving people quickly into permanent housing with supportive services as seen in the successful Housing First approach. Efforts include creating mutually beneficial partnerships with property owners and managers to remove the stigma of renting to extremely low income and formerly homeless people, and increasing the number of units of permanent housing available to homeless people linked with supportive wraparound services.

## **Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again.**

The City has historically funded two tenant-based rental assistance (TBRA) programs: one funded by HOME dollars, and another by HOPWA funds. The HOME TBRA Program is matched with local funds to increase capacity in the Rapid Rehousing System. In 2019-2020, the program will continue to provide housing subsidies and case management services to employed or employable homeless populations, including families with children and domestic violence survivors.

The goal of the City's Rapid Rehousing Program is to help up to 200 households at any given time to locate and secure appropriate rental housing, assist with time-limited subsidies based on the rent of the identified unit and help the participants increase their income so they graduate and pay the rent in full. The Rental Subsidy Administrators verify income eligibility, assist in housing search and placement, perform housing inspections, and coordinate monthly subsidy payments. The Supportive Services Administrators receive referrals from the CoC's coordinated assessment. Once enrolled, the

role of the Supportive Services Administrator is to ensure that by the time the participant's subsidy terminates, they are stable, self-sufficient and do not return to homelessness. The HOPWA TBRA Program targets low-income residents living with HIV/AIDS who are homeless or at-risk of homelessness.

Additionally, the City will provide \$150,000 in local funds to the YWCA for rental subsidies for vulnerable populations, including survivors of domestic violence, dating violence, sexual assault, and stalking.

On a regional level, leaders from the City, the County, other government agencies such as the Housing Authority of the County of Santa Clara and the Santa Clara Valley Water District, service providers, philanthropy, community institutions, and business organizations created and launched a five-year Community Plan to End Homelessness in Santa Clara County. The Community Plan was developed to enhance the community's work towards ending and preventing homelessness among all homeless persons and families.

Major points of emphasis in the Community Plan include:

- *Disrupt the System* - Develop strategies and innovative prototypes that transform the systems related to housing homeless people.
- *Build the Solution* - Secure the funding needed to provide 6,000 housing opportunities with services to those who are homeless and those at risk of homelessness.
- *Serve the Person* - Adopt an approach that recognizes the need for client-centered strategies with different responses for different levels of need and different groups, targeting resources to the specific individual or household.

In November 2016, the voters of Santa Clara County voted to pass Measure A, a \$950 million affordable housing bond measure. The \$950 million General Obligation Bond will raise property taxes based on the value of the property for tax purposes. Of the \$950 million, \$700 million for Extremely Low-Income housing (below 30 percent of area median income), including Permanent Supportive Housing and Rapid Rehousing. Continuing in 2021-2022, Measure A will fund the development of permanent affordable housing for the County's most vulnerable populations, including homeless, veterans, disabled, seniors, foster youth and others. The affordable housing units will be built throughout the County, and the funds will be leveraged to attract matching funds from private, state and federal sources. The projection remains that the Bond will fund 120 new affordable housing developments over ten years, including 4,800 new units dedicated to Extremely Low-Income and Very Low-Income households.

**Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.**

Historically, homeless prevention was addressed in the community solely through the through the County of Santa Clara's CALWORKS program and/or the Emergency Assistance Network, in which eight nonprofit homeless service agencies provide a variety of services to prevent homelessness and act as a safety net for residents facing eviction, utility disconnection, and hunger. In 2021-2022, the City will continue to support the new Homeless Prevention System, led by Destination: Home, with \$2M in new funding through the second round of State Housing and Homeless Assistance Program (HHAP2) funding. Following the Community Plan to End Homelessness and disrupting the system, the Homeless Prevention System's goal is to implement a countywide homelessness prevention system and prevent all instances of family homelessness. The system will continue to expand families' ability to become quickly connected to prevention services throughout the community, streamline and standardize service delivery, and measure the collective impact of homelessness prevention. Through new State money from both the City and the County, the system will serve hundreds more households in 2019-2020.

Using ESG funding, the City will fund Bill Wilson Center to provide security deposits, rental assistance, and other services to prevent households from becoming homeless. Additionally, through the new Homeless Emergency Aid Program, the City will allocate funding for homeless youth in 2021-2022, but the scope of that programming is not finalized as the City may need to release a Request for Proposals.

## Discussion

In addition to the strategies described above, the City has drafted several policies for ending homelessness in the County:

- Work with its government, nonprofit, and business partners to allocate additional resources for efforts to end and prevent homelessness. Participate in a leadership role with Destination: Home, a public-private partnership implementing an integrated, coordinated approach to ending homelessness in the County by infusing permanent housing with important services like mental health, physical rehabilitation, and employment training programs. The City will continue to partner with Destination: Home in its regional strategic plan implementation.
- Work with HACSC to allocate project-based and tenant-based vouchers to homeless housing projects and individuals.
- Continue to implement a variety of housing options for homeless households. Crisis response programs and interim housing opportunities are a priority for the City in 2021-2022. These include but are not limited to:
  - Located at City-owned facilities including libraries and community centers, the Overnight Warming Locations will provide a safe place for homeless households to sleep, access basic needs services overnight during periods of inclement weather, while working to secure permanent housing. The Homeless Emergency Aid Program will fund expanding this effort on a nightly basis.

- The Bridge Housing Communities will provide interim housing in the form of free-standing, small, sleeping cabins for homeless individuals and couples with supportive services and linkages to permanent housing.
  - The Motel/Hotel Leasing Program will master-lease rooms from hotel/motel owners and manage the lease with each subtenant to as to provide a quick interim housing alternative for homeless people who have housing subsidies but cannot find a market-rate apartment to rent.
  - The continuation of the Temporary and Incidental Shelter Program allows places of assembly to open their doors to vulnerable populations for overnight shelter.
  - The Safe Parking Pilot Program will allow person residing in their vehicles to safely sleep overnight in three City-owned community centers, providing case management and access basic needs services. A Safe Parking Ordinance will be proposed to City Council for approval in 2019-2020, allowing places of assembly to operate safe parking programs on private property.
- Develop and implement a variety of homeless housing options to address the long-term homeless housing needs for the City. Prioritized permanent housing and permanent supportive housing opportunities include but are not limited to:
    - Continue partnering with the County of Santa Clara and the Housing Authority of the County of Santa Clara; the City typically provides development financing while the County of Santa Clara coordinates supportive services and the Housing Authority funds project-based vouchers.
    - The Transition In Place Program (TIP) provides access to affordable housing should the households in the Rapid Rehousing Program need additional assistance once the time-limited subsidy ceases. The City uses a variety of strategies to gain access to affordable apartments, including paying for rehabilitation costs on existing units and subsidizing the development costs of new construction.

## AP-70 HOPWA Goals – 91.220 (I)(3)

Table 16 - One Year Goals for HOPWA

One Year Goals for the Number of Households to be Provided Housing through the Use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	0
Tenant-based rental assistance	120
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	0
<b>Total</b>	<b>120</b>

### Discussion

HOPWA is an entitlement grant program that assists local communities in developing affordable housing opportunities and related supportive services for low-income persons living with HIV/AIDS and their families. HOPWA-eligible activities include: direct housing, support services, information and referral, resource identification, technical assistance, and administration expenses.

The City will award most of its HOPWA entitlement grant to The Health Trust, a local nonprofit organization, to administer the HIV/AIDS Services program. The program will provide rent subsidies (tenant-based rental assistance), permanent housing placement assistance, and supportive services to help low-income residents living with HIV/AIDS secure and maintain housing. The City also administers HOPWA funds for San Benito County, providing a grant to the County of San Benito to administer the program. In addition to providing TBRA to 95 individuals in Santa Clara and San Benito Counties, HOPWA programs include supportive services such as housing and medical case management and nutritional and dental assistance. The HOPWA program also provide housing placement assistance, including housing search and deposit assistance, to households receiving TBRA and other eligible households.

Detailed information on FY 2021-2022 HOPWA-funded projects is listed in AP-38.

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

### **Introduction**

The incorporated and unincorporated jurisdictions within the County face barriers to affordable housing that are common throughout the Bay Area. Governmental barriers may include the following, as identified in the City’s State-mandated 2014-2023 Housing Element update:<sup>18</sup>

- Restrictive General Plan land use policies that limit the feasibility and add to the cost of housing development.
- Zoning regulations, including but not limited to design standards such as parking requirements, height limits, minimum lot sizes, setbacks, widths, and densities, and building and landscape coverage.
- California Building Standards Code, which apply to any application for a structural building permit.
- Development review procedures/processing time can increase the carrying costs of property under consideration for residential development.
- Fees, taxes, and other exactions add to the cost of housing development. These include fees for land use approval and environmental clearance, construction fess, impact/capacity fees that mitigate the costs that new development imposes on community infrastructure, and development taxes to finance capital projects.
- Reduction/depletion/elimination of affordable housing programs at the State and federal levels.
- Lack of regional/interagency coordination to respond to the regional impacts of the lack of affordable housing. This includes cities that are not producing their fair share of housing, requiring other cities to provide homes for the jobs created in under-housed cities.

In addition to potential governmental constraints to affordable housing, it is equally important to recognize and be aware of the non-governmental barriers to affordable housing. These may include but are not limited to the following:

- Land cost and availability.
- Speculation, which further drives up the cost and makes it more difficult for nonprofits and government agencies to compete with private developers for land.
- Increase in cost of construction.
- Cost and availability of financing.

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<sup>18</sup> City of San Jose. “2014-2023 Housing Element.” 2014.

- Structure of the financial system that does not create capital to help meet public purpose needs.
- Environmental hazards and limitations, such as seismic hazards, water supply, etc.
- Market forces/failures that lead to:
  - Displacement: efforts to maximize investment returns by replacing lower-value land uses with higher-value ones cause increasing redevelopment pressures. This natural, profit-seeking behavior on the part of individual property owners can result in the steady elimination of existing affordable housing and, as a consequence, potential displacement of lower income households.
  - Product Uniformity—specialized housing types are designed to match the unique needs of persons comprising a relatively small share of the overall market. As a result, these housing types carry higher investment risk making them more difficult to finance. Product uniformity is the outcome, at least until demographic trends or changing preferences alter supply/demand and the associated risk profile.
  - Overcrowding—the inability of lower income households to afford housing can result in overcrowding as multiple or extended families are forced to live together. This overcrowding increases health and safety concerns and stresses the condition of the housing stock and infrastructure. As well, overcrowding stifles household formation and thus market demand that would otherwise trigger increasing supply.
  - Labor/Housing Imbalances—the labor and housing markets operate somewhat differently, and as a result communities can become imbalanced and inequitable. While both markets seek to maximize profits, the (private) housing market does so by pricing homes according to what the market will bear. Alternatively, the labor market naturally includes workers across a full range of incomes, while generally seeking to keep costs low. As a result, the cost of market rate housing will tend to be affordable for only a (higher income) segment of the workforce, even though a broader range of housing types/prices are needed to match the full income spectrum.
  - Local opposition is another common obstacle as many neighbors have strong reactions to infill, density and affordable housing developments. Their opposition is based on what are often misconceptions, such as a foreseen increase in crime; erosion of property values; increase in parking and traffic congestion; and overwhelmed schools. However, to ensure a healthy economy the region must focus on strategies and investment that provide housing for much of the region’s workforce – for example, sales clerks, secretaries, firefighters, police, teachers, and health service workers – whose incomes significantly limit their housing choices.
  - Even when developments produce relatively affordable housing, in a constrained housing supply market, higher income buyers and renter households can outbid lower income households and a home’s final sale or rental price may far exceed the projected sales or rental costs. Public subsidies are often needed to guarantee affordable homes for LMI households as the private market often seeks to price housing at or near the top of the market, which a significant portion of the workforce cannot afford.



## **Actions planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment**

### *Negative Effects of Public Policies on Affordable Housing and Residential Investment*

#### *Strategy to Remove or Ameliorate the Barriers to Affordable Housing*

The City is addressing the barriers that hinder affordable housing and residential investment with the key programs and policies below. These programs and policies are aimed at maximizing the City's ability to promote and encourage affordable housing development in San José, and to mitigate barriers to affordable housing:<sup>19</sup>

- With the passage of AB 1505, the City has begun to fully implement its Inclusionary Housing Ordinance for new rental and ownership housing development.
- Actively seek opportunities to access existing and new local, state and federal funding resources for housing affordable to low- and moderate-income households - California recently enacted the Building Homes and Jobs Act (SB-1). The Act will establish a permanent, ongoing source of funding for affordable housing development. 11 new Federal Opportunity Zones are moving forward in San Jose. Additional new philanthropic sources were just announced such as Chan Zuckerberg, SF Foundation and the TECH Fund supported by tech companies such as Cisco and LinkedIn. Although it is not exactly clear how the funding will be allocated, there is hope is that some of the amount will be invested in San Jose.
- Monitor and support state and federal legislation and ballot measures to create additional sources of funding for affordable housing creation, rehabilitation, and preservation, including 0-30% AMI units.
- Monitor and advocate legislation at the state and federal level for housing, community development, and homeless response funding and tools.
- Continue to apply for the Affordable Housing and Sustainable Communities (Cap and Trade) Grant Program which provides funding for transit-oriented affordable housing and greenhouse gas reducing transportation infrastructure. The City has submitted applications for 3 projects for this funding cycle and will continue to use this source to leverage its affordable housing investments.
- Continue to apply for Housing-Related Parks Program funds, which is a grant program to incentivize and reward local governments for building affordable housing. Grant funds may be used for the creation, development, or rehabilitation of park and recreation facilities. HCD has exhausted current funding but if future NOFAs are announced, the City plans to apply for additional funds.
- Allocating resources for the most vulnerable households by:

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<sup>19</sup> City of San Jose. "Action Plan FY14-15." 2013.

- Partnering with Santa Clara County and the Housing Authority to build new supportive housing with rental vouchers and wrap around services for the homeless.
- Partnering with service providers to better target and provide needed services to 0-30% AMI households
- Integrating 0-30% AMI units with various types and income levels within developments
- Seeking to appropriately leverage all funds to receive the greatest number of 30% AMI units
- Maximizing other, outside, funding resources to deepen affordability.
- Implement the City’s Urban Village strategy and develop policies, mechanisms, and finance strategies to incorporate affordable housing in Urban Villages and other priority development areas such as near transit stations/corridors. In fall 2016, the City adopted a new policy establishing an area-wide goal for Urban Village Plans that is equal to or great than 25% of units built to be affordable. In addition, another policy was adopted allowing 100% affordable housing to proceed within an Urban Village ahead of a Growth Horizon or approved Village Plan, if it meets certain criteria. These policies are now being implemented.
- Continue to identify developable sites suitable for higher density and/or mixed-use development to maximize opportunities for development of both affordable and market rate housing. This action aligns with the City’s recently-adopted Envision 2040 General Plan Update, which seeks to facilitate the creation of Urban Villages and complete communities. In Fall 2016, the City adopted a new policy allowing 1.5 acre commercially designated vacant sites to be developed as 100% affordable housing if the site has housing on two sides and if other conditions are met. This policy is now being implemented.
- Update the City’s Dispersion Policy to ensure that its goals align with a more urban built environment based on sustainable planning principles contained in the City’s Envision 2040 General Plan Update. This allows for the identification and prioritization of sites for affordable housing in transit corridors and other opportunity sites, while ensuring that affordable housing is integrated in diverse, mixed-income communities.
- Collaborate with external nonprofit housing agencies to provide education, legal, and outreach services to tenants and landlords covered by the Apartment Rent Ordinance.
- Continue to seek developments that provide housing opportunities for homeless persons. In 2018, the City issued a \$100M Notice of Funding Availability (NOFA) and selected 11 proposed developments that will add 1,144 new affordable apartments at varying affordability levels including permanent supportive housing for the homeless. The Housing Department intends to provide an update on its Affordable Housing Investment Plan in Spring 2019.
- Implement the newly updated Apartment Rent Ordinance and the newly created Tenant Protection and Ellis Act Ordinances.
- Explore additional anti-displacement strategies in order to respond to the community’s concerns over gentrification especially in strong market areas. The Housing Crisis Workplan, which is centered around Mayor Liccardo’s goal to build market rate and affordable apartments over five years, calls for a series of policies and programs to help achieve production goals while minimizing residential displacement. A status update on the Housing Crisis Response Workplan has been scheduled in the Spring of 2019.

- Continue to update the City’s ordinances to facilitate the construction of legal secondary dwelling units (SDU). In Fall of 2016, the City adopted changes to the zoning code to facilitate the production of secondary dwelling units. In 2018, 190 building permits were issued for secondary dwelling units. This is nine times higher than the 21 SDU permits issued in 2014 indicating the positive impact from changes to state and local regulations. The City is currently contemplating additional changes that would add flexibility to the ordinance. The City is also working with the Housing Trust of Silicon Valley which recently established a new SDU program and is developing an SDU loan product.
- Work with partner agencies, nonprofits, and other organizations to develop a more coordinated, regional response to creating affordable housing opportunities. This includes working with the neighboring jurisdictions, the County, the Housing Authority, the Valley Transportation Authority (VTA) and the Metropolitan Transportation’s CASA Commission Committee to House the Bay Area. As mentioned earlier, a comprehensive strategy to address the region’s housing crisis was released in late 2018 and calls for a package of State laws that would further protect tenants, remove barriers to housing production, to increase funding, and to coordinate lending, reporting, and technical assistance.
- Engage with new partners and agencies to develop new systems and responses to address the shared need for more affordable housing.

## Discussion

Please see discussions above.

## **AP-85 Other Actions – 91.220(k)**

### **Introduction**

This section discusses the City's efforts in addressing the underserved needs, expanding and preserving affordable housing, reducing lead-based paint hazards, and developing institutional structure for delivering housing and community development activities.

### **Actions planned to address obstacles to meeting underserved populations**

Please see activities in AP-20 and AP-35 to address the housing and community development needs in the City. Also, please see AP-75 regarding potential actions to address barriers to meet the City's affordable housing needs.

### **Actions planned to foster and maintain affordable housing**

Please see AP-15 for actual and potential housing resources available, and AP-20 and AP-35 for activities that will be funded to address the housing and community development needs in the City. Also, please see AP-75 regarding potential actions to address barriers to meet the City's affordable housing needs.

Additionally, San Jose was an active participant in the Bay Area Regional Prosperity Plan, which was led by MTC and the Association of Bay Area Governments, and funded through a \$5 million grant from HUD's Sustainable Communities Development Program. The three-year (2012-2015) initiative explored an integrated approach to planning for housing, transportation and jobs in the region. Three working groups oversaw a sub-grant program that funded more than 50 pilot projects at the local and sub regional level in three categories: economic opportunity initiative projects, equity initiative projects and housing the workforce initiative projects. The City had a variety of opportunities to learn about key findings from the RPP learn and explore potential programs and policies to implement to achieve housing, economic development, and transit-oriented development goals in San José.

### **Actions planned to reduce lead-based paint hazards**

The City's Department of Housing continues to provide Lead Based Paint (LBP) testing and assessment services on all dwelling units built prior to 1978, and that receive rehabilitation assistance. Along with the trained and lead-certified Housing Department staff, the City maintains a contract with a private environmental consultant to provide LBP testing and assessment services. The City also requires that:

- Properties that use CDBG or HOME rehabilitation funds conduct testing for LBP and LBP hazard reduction. As discussed in the Market Analysis, there are approximately 199,733 housing units that have a potential LBP hazard. With 38 percent of City households being LMI, there are approximately 75,899 units occupied by a LMI household that have a LBP risk.

- Contractors are trained and certified in an effort to decrease the risk of potential use of LBP in new units. All services provided for LBP hazard reduction are in compliance with Federal regulations 1012 and 1013 of Title X.<sup>20</sup>

## **Actions planned to reduce the number of poverty-level families**

The City, in its continuing effort to reduce poverty, will prioritize funding to agencies that provide direct assistance to the homeless and those in danger of becoming homeless. Additionally, the City has made a commitment to improve the communication and service delivery capabilities of agencies and organizations that provided programs to assist the homeless. This includes a job training program for homeless individuals. The City-supported homeless programs also work with individuals and families to increase their self-sufficiency by providing employment readiness assistance or help with applying for state or federal benefits.

The City also utilizes CDBG funding to support the Home Grown Talent project in East San José, which provides safety net services and economic development opportunities for low-income residents. The services include referrals and support to meet food, housing, financial, immigration and health needs of participants, as well as viable economic opportunities that tap into the local assets of the community. Economic opportunities include childcare owner/provider training, artist training, and urban agriculture training.

A key component of the City's other efforts reduce the number of poverty-level families is Work2Future, the local administrative arm of the Workforce Innovation and Opportunity Act of 2013 (WIOA).<sup>21</sup> Work2Future operates one-stop centers that serve the areas of San José, Campbell, Morgan Hill, Los Altos Hills, Gilroy, Los Gatos, Saratoga, Monte Sereno, and the unincorporated areas of the County. The Department of Labor is the main funding stream for the centers. Other sources include state, local, and federal grants and corporate support. Strategically positioned within the Office of Economic Development, Work2Future addresses the workforce and economic development needs of the local area in collaboration with small and large businesses, educational institutions and community-based organizations.

Additionally, the City's Office of Economic Development began an initiative in 2014 to explore pathways to middle-wage jobs and manufacturing employment to create new economic opportunities for the residents of San Jose.

## **Actions planned to develop institutional structure**

The City is striving to improve intergovernmental and private sector cooperation to synergize efforts and resources, and develop new revenues for community service needs and the production of affordable housing. Collaborative Efforts Include:

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

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

- Regular quarterly meetings between entitlement jurisdictions at the CDBG Coordinators Meeting and Regional Housing Working Group
- Developing joint jurisdiction RFPs and project review committees, to take advantages of cost and operational efficiency as a result of economy of scales. In 2016, the City released a joint NOFA with the County of Santa Clara for the development of low-income housing.
- Coordination on project management for projects funded by multiple jurisdictions.
- The Director of the Housing Department meets with her counterpart in the City of Oakland and the City/County of San Francisco on a regular basis to coordinate policy initiatives and program implementation.

### **Actions planned to enhance coordination between public and private housing and social service agencies**

The City benefits from a strong jurisdictional network of housing and community development partners, such as the Regional Housing Working Group, the CoC, and the San José Silicon Valley Workforce Investment Network. To improve intergovernmental and private sector cooperation, the City will continue to participate with other local jurisdictions and developers in sharing information and resources.

### **Discussion**

Please see discussions above.

## Program Specific Requirements

### AP-90 Program Specific Requirements – 91.220(I)(1,2,4)

#### Introduction:

The following provides additional information about the CDBG program income and program requirements for entitlement funds.

### Community Development Block Grant Program (CDBG)

#### Reference 24 CFR 91.220(I) (1)

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	\$400,000
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan	\$0
3. The amount of surplus funds from urban renewal settlements	\$0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	\$0
5. The amount of income from float-funded activities	\$0
<b>Total Program Income</b>	<b>\$400,000</b>

#### Other CDBG Requirements

1. The amount of urgent need activities	\$0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low-and moderate-income	80%
3. Overall Benefit – A consecutive period of one, two, or three years may be used to determine that a minimum overall benefit of 70 percent of CDBG funds is used to benefit persons of low-and moderate-income. Specify the years that include this Annual Action Plan.	07/01/2021-06/30/2022

## HOME Investment Partnership Program (HOME)

### Reference 24 CFR 91.220(l) (2)

A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

Not applicable.

A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

Currently, the City only uses the resale provisions as it pertains to HOME funds and developer subsidies. However, recapture is also used during times when prior HOME loans for down payment assistance are recaptured when the homebuyer sells the home. The provisions below describe the guidelines used for both the resale and recapture functions.

### Resale Provisions

#### Definitions

- (a) **“Affordable Housing Cost”** shall mean the cost which does not exceed thirty percent (30%) of eighty percent (80%) of Area Median Income adjusted for family size appropriate to the Home for Low Income Households whose gross income does not exceed 80% of Area Median Income adjusted for family size appropriate to the Home.
- (b) **“Area Median Income”** shall mean the median family income in the San Jose Primary Metropolitan Statistical Area, as annually estimated by HUD pursuant to Section 8 of the United States Housing Act of 1937. In the event such income determinations are no longer published by HUD, or are not updated for a period of at least twenty four (24) months, City may use or develop such other reasonable method as it may choose to determine the Area Median Income. (Health and Safety Code Section 50093)
- (c) **“City”** shall mean the City of San José, a municipal corporation with offices located at 200 East Santa Clara Street, San José, California 95113.
- (d) **“Eligible Capital Improvements”** are described in paragraph 7(b)(i) below.
- (e) **“Eligible Person or Family”** shall mean a person or family which is a Low Income Household and which also meets the City’s eligibility requirements regarding family size for the Home.
- (f) **“Event of Default”** shall mean those events described in paragraph 7 below.
- (g) **“Fair Market Value”** shall mean the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for



so doing, nor obligated to sell, and a buyer, being ready, willing and able to buy but under no particular or urgent necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the Owner-Occupied Housing Unit is reasonably adaptable and available but as though this Restriction did not exist.

- (h) **“Housing Cost”** of a person or family purchasing the Home shall be calculated in accordance with the provisions of California Code of Regulation, Title 25, Section 6910, *et seq.*, as amended from time to time, which as of the date hereof include all of the following associated with the Home:
- (i) Principal and interest on a mortgage loan including any rehabilitation loans, and any loan insurance fees associated therewith.
  - (ii) Property taxes and assessments.
  - (iii) Fire and casualty insurance covering replacement value of property improvements.
  - (iv) Property maintenance and repair.
  - (v) A reasonable allowance for utilities (excluding telephone service).
  - (vi) Any homeowner association fees.
  - (vii) Mortgage insurance premiums.
- Monthly Housing Cost of a purchaser shall be an average of estimated costs for the next twelve (12) months.
- (i) **“HUD”** shall mean United States Department of Housing and Urban Development.
- (j) **“Indexed Price”** is defined in paragraph 7(b) below.
- (k) **“Low Income Households”** means persons and families whose income is below eighty percent (80%) of Area Median Income, adjusted for family size in accordance with adjustment factors adopted and amended from time to time by HUD. (Health and Safety Code Section 50079.5)
- (l) **“Maximum Restricted Resale Price”** is defined in paragraph 7(a) below.
- (m) **“Notice of Intent to Transfer”** shall mean a notice delivered by Owner to the City.
- (n) **“Owner”** shall mean Owner and any successor in interest of Owner in all or any part of the Owner-Occupied Housing Unit referred to as the Home in this Restriction.
- (o) **“Owner-Occupied Housing Unit”** means a single-family dwelling situated in California which is occupied by the Owner. (Health and Safety Code Section 50092.1)
- (p) **“Proposed Transferee”** is defined in paragraph 3(a)(ii) below.
- (q) **“Sales Price”** shall mean all sums paid by a purchaser to a seller for, or in conjunction with, the acquisition of an Owner-Occupied Housing Unit, including but not limited to the purchase price designated in any purchase agreement, consideration for personal property and all other costs and fees paid by the purchaser to or for the benefit of the seller.

- (r) **“Section”**, unless stated otherwise defined, shall refer to sections in the California Health and Safety Code, as amended from time to time.
- (s) **“Term”** shall be forty-five (45) years, commencing on the date of recording of this Restriction. For HOME Investment Partnership Program funds invested in the property, the term shall be not less than fifteen (15) years from the date that this Restriction is recorded (i.e., HOME Affordability Period).
- (t) **“Transfer”** shall mean any sale, assignment, conveyance or transfer, voluntary or involuntary, of any interest in the Home. Without limiting the generality of the foregoing, Transfer shall include (i) a transfer by devise, inheritance or intestacy to a party who does not meet the definition of Eligible Person or Family, (ii) a lease or occupancy agreement of all or any portion of the Home, except pursuant to paragraph 9 below, (iii) creation of a life estate, (iv) creation of a joint tenancy interest, (v) execution of a land sale contract by which possession of the Home is transferred to another party and title remains in the transferor, (vi) a gift of all or any portion of the Home, or (vii) any voluntary conveyance of the Home. Transfer shall not include transfer by devise, inheritance or intestacy to a spouse, a transfer to a spouse pursuant to the right of survivorship under a joint tenancy, or a transfer to a spouse in a dissolution proceeding, however any subsequent Transfer shall be subject to this Restriction.
- (u) **“Transferee”** shall mean any natural person or entity who obtains ownership or possessory rights in the Home pursuant to a Transfer.

**Resale Provisions**

The Resale Provision method is used in cases where HOME funds are provided directly to the developer in order to reduce development/rehabilitation costs, thereby, making the price of the home affordable to the buyer. Referred to as a “Development Subsidy”, these funds are not repaid by the developer to the PJ, but remain with the property for the term of the affordability period.

The Resale Restriction restricts the full benefits of owning the home. Owner(s) may not enjoy the same economic or other benefits from owning the home that Owner(s) would enjoy if this Restriction did not exist. The HOME Affordability Period requirement shall apply without regard to the term or repayment of the Loan or the transfer of ownership, and shall be imposed by deed restrictions or covenants running with the land, except that the affordability requirements may terminate upon foreclosure or transfer in lieu of foreclosure. The affordability requirements shall be revived according to the original terms if, during the HOME Affordability Period, Owner(s), before the foreclosure, or deed in lieu of foreclosure, or those with whom Owner has or had family or business ties, obtains an ownership interest in the Property

**Notification to Prospective Buyers.** The resale policy is explained to the prospective home buyer(s) prior to signing a contract to purchase the HOME-assisted unit. The prospective homebuyer(s) sign an acknowledgment that they understand the terms and conditions applicable to the resale policy as they have been explained. This document is included with the executed sales contract.

**Enforcement of Resale Provisions.** The resale policy is enforced through the use of a Restrictive Covenant signed by the homebuyer(s) at closing. The Developer will administer the Restrictive Covenant to ensure that, (i) the Owner receives a fair return on his/her investment at sale and (ii) the home will continue to be affordable to a specific range of incomes. The City of San Jose will monitor the Developer to ensure the Resale Provisions are adhered to by the Owner. The Restrictive Covenant, approved by the City of San Jose, will specify:

1. the length of the affordability (based on the dollar amount of HOME funds invested in the unit; either five, 10, or 15 years);
2. that the home remain the Buyer's principal residence throughout the affordability period; and
3. the conditions and obligations of the Owner should the Owner wish to sell before the end of affordability, including:
  - a. the Owner must contact the Developer in writing if Owner intends to sell the home prior to the end of the affordability period;
  - b. the subsequent purchaser must be low-income as defined by HOME, and occupy the home as their primary residence for the remainder of the affordability period;

**Fair Return on Investment.**

Upon transfer to Developer, Developer's assignee, or subsequent eligible purchaser, Owner(s) shall receive the Maximum Restricted Resale Price, which is the lesser of (i) the Indexed Price (as defined below) of the home; or (ii) the Fair Market Value (as defined below) of the home.

**Indexed Price.** The indexed price (the "Indexed Price") of the home means the affordable sales price of the home at the time of purchase by the Owner increased by the percentage of increase in the Area Median Income (AMI) from the date of the original purchase of the home by the Owner to the date Owner notifies Developer of Owner's intent to transfer, plus the outstanding balance of any subordinate mortgages, adjusted, where applicable, to reflect the value of Eligible Capital Improvements or to reflect the cost of deferred maintenance. Provided, however, the Indexed Price may not exceed "affordable housing costs" (as defined in Health and Safety Code Section 50052.5) for Low Income Households at the time of the sale.

Where applicable, the Indexed Price shall include an upward adjustment reflecting the value of any substantial structural or permanent fixed improvements which the Owner has made to the home after purchase of the home. No such adjustment shall be made except for improvements: (a) made or installed by the Owner which conform with applicable building codes; (b) documented with evidence of applicable City permits (c) approved in advance of installation by Developer; (d) whose initial costs were Two Thousand Dollars (\$2,000) or more; (e) that conform to Federal Housing Quality Standards; and (f) for which the Owner has submitted two bids from contractors acceptable to Developer stating the estimated cost to perform the Improvements. Capital improvements meeting the above requirements are referred to herein as "Eligible Capital Improvements." Eligible Capital Improvements shall be any addition or improvement made to the home which consists of more than mere repairs or replacement of existing facilities or improvements and which has a useful life of five (5) years or more. The form for

requesting Developer approval of an Eligible Capital Improvement will be provided to the Owner(s). The adjustment to the Indexed Price for Eligible Capital Improvements shall be limited to appraised increases in value to the Home as a result of the improvements, including any depreciation in value of the capital improvements since the time of installation, and not the cost of construction of the improvements to the home.

The Indexed Price shall include a downward adjustment, where applicable, in an amount necessary to repair any violations of applicable building, plumbing, electric, fire or housing codes or any other provisions of applicable building codes, as well as any other repairs needed to put the home into a "sellable condition." Items necessary to put the home into sellable condition shall be determined by Developer, and may include cleaning, painting and making needed structural, mechanical, electrical, plumbing and fixed appliance repairs and other deferred maintenance repairs.

In the event the difference between the Indexed Price and the Owner's Base Price is less than the amount of closing costs that the Owner paid at the initial closing of the sale of the home to Owner(s) (the "**Owner's Original Closing Costs**"), the Indexed Price shall be adjusted upward in an amount equal to the difference between (A) the Indexed Price and (B) the sum of the Owner's Base Price and Owner's Original Closing Costs. Notwithstanding the preceding sentence, the Indexed Price shall not be adjusted upward if any downward adjustment is required if the Owner has otherwise failed to maintain the Home in good repair, or if the Owner is otherwise in default under or in violation of the terms of this Restriction.

**Fair Market Value.** In certain circumstances it may be necessary to determine the fair market value of the home without taking account of the resale restrictions imposed by the Restrictive Covenant (the "Fair Market Value"). These circumstances include: (1) where the parties wish to determine if the Indexed Price exceeds the Fair Market Value in order to determine the Maximum Restricted Resale Price; and (2) where the parties wish to determine the value of Eligible Capital Improvements in order to calculate the Indexed Price. If it is necessary to determine the Fair Market Value of the home, it shall be determined by a certified Member of the Appraisal Institute ("MAI") or other qualified real estate appraiser approved in advance by Developer, or by a market analysis in a form approved by the Developer.

**Affordability to a Range of Buyers.** The Restrictive Covenant will ensure continued affordability to a range of buyers for the term of the affordability period, specifically those whose total household income ranges from 60% to no greater than 80% AMI at the time of purchase. ***If the subsequent homeowner does not require any HOME subsidy to purchase the home, the affordability period is not extended and ends when the original 15 year affordability period is completed at which time the subsequent homeowner is free from the Restrictive Covenant.***

#### **Calculating Fair Return on Investment (Example)**

*Original Purchase Price. \$300,000*

*Original Mortgage(s).* \$240,000 (first, Affordable Sales Price)  
\$60,000 (second)

*Eligible Capital Improvements.* The original homeowner installs a privacy fence for \$2,000 and met the conditions for Eligible Capital Improvement.

*Deferred Maintenance.* The original homeowner neglected to maintain the interior of their home to a reasonable standard; Developer estimates \$500 in repairs to put home into a sellable condition.

*Affordability Period.* The original purchase price for the home was \$300,000 and the amount of HOME funds invested (i.e., Developer Subsidy to acquire the property) was \$100,000, thus requiring the 15-year affordability period.

Calculation of Fair Return on Investment (example)

Original Purchase Price (Total)		\$	300,000
<i>Original First Mortgage (Affordable Sales Price)</i>	\$	240,000	
<i>Original Deferred Mortgage(s)</i>	\$	60,000	
<b>Indexed Price (Paid to Owner)</b>			
Original AMI		\$	93,500
Current AMI		\$	100,000
Index (Current AMI/Original AMI)			107%
Pre-Adjusted Indexed Price		\$	316,684
<i>Indexed Affordable Sales Price</i>	\$	256,684	
<i>Original Second Mortgage</i>	\$	60,000	
Eligible Capital Improvements		\$	2,000
Deferred Maintenance		\$	(500)
Indexed Price		\$	318,184
<b>Return on Investment to Owner</b>			
Fair Market Value		\$	330,000
Maximum Restricted Resale Price (minimum of Index Price or FMV)		\$	318,184
<b>Return on Investment to Owner</b>		\$	<b>18,184</b>

**A description of the guidelines for resale or recapture that ensures the affordability of homebuyer units acquired with HOME funds? See 24 CFR 92.254(a) (4) are as follows:**

All units receiving HOME Program subsidies are required to comply with an Affordability Period. The period is contingent upon the amount of subsidy per unit received (see table below).

Amount of HOME Assistance to Unit	Minimum Affordability Period
Under \$15,000	5 years
\$15,001 - \$40,000	10 years
Over \$40,000	15 years

The Affordability Period described above is the *minimum*. The City of San Jose has the option of making the Affordability Period longer. During the Affordability Period, the homebuyer remains compliant by continually occupying the property as their principal residence, and not selling their property prior to the completion of the Affordability Period.

Enforcement of this affordability period is ensured through the recapture provisions described below and in 24 CFR 92.254 (a) (5) (ii) (A) (1). The principal legal documents that are used to enforce the recapture restrictions are a recorded restriction, promissory note, a deed of trust and a HOME Agreement.

**Principal Residence.** The definition of “principal residence” shall mean that the borrower must reside in the home for at least 10 months out of the calendar year. Borrower shall occupy the Property as a principal residence during the period of affordability. Should the borrower cease to occupy the Property as their principal residence and/or rent the property, the City shall give the borrower the opportunity to comply with this requirement and reoccupy the Property. If the borrower does not reoccupy the Property as their principal residence, this shall trigger a Recapture of the loan.

If the borrower pays off their loan to the City prior to the expiration of the Period of Affordability and continues to own the property, the requirement of occupying the Property as the principal residence continues to be enforced until the end of the Affordability Period. For example, if the owner decides to refinance and pay off the City loan in year 3 of a 10 year Affordability Period, the owner will still be required to use the property as their principal residence for rest of the Affordability Period (7 years).

**Long-term Affordability.** Pursuant to 24 CFR 92.254 (a) (4), the HOME-assisted unit must meet the affordability requirements for not less than the term of the period of affordability or any longer period stipulated in the City Documents.

**Recapture Provisions.** Recapture Provisions requires that the entire direct subsidy or loan provided to the borrower is recaptured from the **available net proceeds** at the time the borrower sells the property before the borrower receives any return. This pertains to the City’s prior down payment assistance loans made to qualified borrowers. The borrower may sell the property to any willing buyer during the Period of Affordability. The transfer/sale of property (either voluntary or involuntary) during the Period of Affordability triggers the Recapture Provisions. Further, if the borrower ceases to occupy the property as

their principal residence at any time during the Period of Affordability, the City shall make efforts to recapture the entire direct subsidy.

*Direct subsidy* is the amount of HOME assistance that enables the borrower to buy the home. *Net proceeds* are defined as the sales price minus superior loan repayment (other than HOME funds) and any closing costs. Under no circumstances can the PJ recapture more than is available from the net proceeds of the sale.

**Examples**

- A. *Borrower receives \$25,000 of HOME down payment assistance (direct subsidy). The City imposes a 15-year affordability period. If the borrower sells the home after three years, the City would recapture, assuming that there are sufficient net proceeds, the entire \$25,000 direct subsidy. The borrower would receive any net proceeds in excess of \$25,000.*
- B. *Same scenario but the net proceeds of the sale, due to a short-sale or foreclosure, are \$10,000. The City cannot collect more than net proceeds available; thus the City collects the full \$10,000.*

**Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:**

Not applicable.

## Emergency Solutions Grant (ESG)

### Reference 91.220(I) (4)

#### **Include written standards for providing ESG assistance (may include as attachment)**

All agencies receiving ESG funds comply with the written standards and policies developed by the CoC. These written standards are contained in the attached documents in Appendix C:

- CoC Quality Assurance Standards
- CoC Written Standards for Rapid Rehousing

The City's written standards are an attached document in Appendix C.

#### **If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system**

In the past year the Continuum of Care developed and established a coordinated assessment system, utilizing the VI-SPDAT. The City was actively involved in the planning and development and in the implementation. The City requires all homeless service providers funded with ESG and CDBG funds to utilize the coordinated assessment system.

#### **Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations)**

The City selects ESG subrecipients through a formal competitive Request for Proposals (RFP) process. Approximately every 3 years, the City develops a RFP based on the needs identified in the Consolidated Plan and the Annual Action Plan and the needs identified by the Continuum of Care. The City selects and awards funds to subrecipients based on the following factors:

- Project eligibility under the ESG program
- Goals and Outcomes
- Project relevance in meeting the need identified
- Organizational Capacity and Experience
- Budget and Fee Structure

#### **If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a) the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG**

The Action Plan is distributed to the CoC applicant for review. The Board of the CoC applicant is the Destination: Home Board, which includes representation from the homeless community nominated and elected by the Collaborative nonprofit agencies. Services funded with ESG are aligned with CoC and Destination: Home strategic plans.



The City solicits comments through the public comment process noted in the Action Plan.

### **Describe performance standards for evaluating ESG**

The CoC has developed performance standards for community-wide use and the City and its ESG participate in the collection of performance data for the CoC and utilize the same standards to evaluate the performance of each individual ESG grantee. The City issued a request for proposals for ESG services prior to the 2018-2019 program year. The RFP was combined with CDBG funds allocated for homeless services and funds were awarded to three nonprofit agencies. These grant agreements have been continued into FY18-19 and the City will continue to fund the programs in FY19-20. The grant agreements with all three agencies incorporated the CoC performance standards.

These performance standards include:

- Street Outreach - Change in placements to permanent housing destinations, temporary destinations (ES or TH), and some institutional destinations (e.g. foster care, long-term care facility).
- Homeless Prevention – Number of persons prevented from experiencing homelessness

### **Discussion**

#### *Additional CDBG Information*

Overall Benefit – A consecutive period of one, two, or three years may be used to determine that a minimum overall benefit of 70 percent of CDBG funds is used to benefit persons of low-and moderate-income.

Specify the years that include this Annual Action Plan: 07/01/2019-06/30/2020.

#### *Additional HOME Information*

Eligible applicants/beneficiaries for programs funded with HOME dollars vary based on program type.

TBRA: Applicants must be a part of the targeted population defined in the Annual Action Plan: Homeless. “Homelessness” is defined using HUD’s definition. Each household/individual must have an income of less than or equal to 60% AMI. Income is determined using the Part 5 income determination.

TBRA applicants are taken from HMIS and paired with appropriate case management. Case management is funded from the City’s general fund.

#### *Additional HOPWA Information*

HOPWA project sponsors are chosen through a competitive Request for Proposals process. Proposals are rated on factors such as program design, organizational capacity and experience, performance measurement, and budget.

