



# Memorandum

**TO:** HONORABLE MAYOR AND  
 CITY COUNCIL

**FROM:** Jacky Morales-Ferrand

**SUBJECT:** FISCAL YEAR 2022-2023 ANNUAL  
 ACTION PLAN PRIORITIES

**DATE:** March 21, 2022

Approved

Date

3/21/2022

## SUPPLEMENTAL

### REASON FOR SUPPLEMENTAL

This supplemental memorandum summarizes comments received at the March 10, 2022, public hearing at the Housing and Community Development Commission on the funding priorities for the Fiscal Year 2022-2023 Annual Action Plan for the use of federal funds from the U.S. Department of Housing and Urban Development (HUD).

The memorandum also updates proposed activity amounts. The changes are a result of an update on potential award amounts to the City, verification of amended contract amounts for FY 2021-2022, and additional due diligence on unencumbered amounts available in HUD's federal disbursement system.

### ANALYSIS

The following changes have been made to the memorandum. Please note that all future allocation amounts to the City are estimated. In addition, a full accounting of all funds and individual grantees and uses will be included in the forthcoming draft Annual Action Plan.

Table 1 has been updated to correct the estimated amount of Community Development Block Grant (CDBG) to be received for FY 2022-2023.

**Table 1: Estimated 2022-2023 San José Federal Funding Levels**

Funding Source	Primary Use	Estimated Allocations for FY 2022-2023
CDBG	Housing and Community Development Programs, Services, and Capital Improvements	\$8,761,415 <b>\$8,890,526</b>
HOME	Housing	\$3,221,675
ESG	Homeless Services and Shelter Operations	\$763,052
HOPWA	Housing Support for Persons with AIDS	\$1,553,405
	<b>Total</b>	<b>\$14,299,547</b> <b>\$14,428,658</b>

Staff proposes the activities outlined in Table 2 to continue under their current contracts. Funding levels would be approximately comparable to the levels from last fiscal year, except for the following changes to:

- Increase Senior Services (meals and support programs), from \$200,000 to \$327,000, to reflect updated amounts available under the Public Services cap and increased need for this use; and
- Correct the amount for Fair Housing Services under the Public Services category to \$0 to accurately reflect the current contract and maintain the current contract amount of \$400,000 total funded by CDBG Administrative funds and HOME funds.

The percentages for each activity and the total amount have also been updated.

**Table 2: Proposed CDBG-funded Public Services**

<b>CDBG Activities</b>	<b>Description</b>	<b>FY 2021-2022 Funding</b>	<b>Status Recommendation</b>	<b>% of Public Services Category*</b>
Senior Services	Meals and support programs	\$200,000	<i>Continue funding Increase funding to \$327,000</i>	<i>14% 23%</i>
Neighborhood Engagement and Leadership Training	Leadership development and engagement training	\$200,000	Continue funding	14%
Services for Homeless and Unhoused Populations	Citywide outreach and shelter	\$399,097	Continue funding	<i>27% 28%</i>
Legal Services	Citywide legal services for low-income tenants and landlords	\$475,115	Continue funding	<i>32% 34%</i>
Fair Housing**	Fair housing services	<i>\$100,000 \$0</i>	<i>Continue total funding of \$400,000</i>	<i>14% 0%</i>
<b>Total</b>		<i>\$1,474,212 \$1,274,212</i>	<b>\$1,401,212</b>	<b>100%</b>

\*Note: Totals do not equal 100% due to rounding.

\*\*Note: The Fair Housing agreement would be split between ~~CDBG Public Services~~, CDBG Program Administration and HOME funding for a total of approximately ~~\$633,000~~ **\$400,000** (same as FY 2021-2022).

In addition to the recommendations for CDBG Public Services, the Housing Department also recommends that the City continue to provide Community Development Investment funding for the eligible activities listed in Table 3 below. Staff proposes the activities outlined in Table 3 to continue under their current contracts with approximately comparable funding levels to last fiscal year, except for the following changes to:

- Discontinue CDBG funding in FY 2022-2023 for Job Training and Placement services for homeless individuals, and switch that use to another funding source such as CDBG-CV, which is time-limited and presents some additional opportunities.
- Correct the FY 2021-2022 amended contract amount for Acquisition, Rehabilitation, and Infrastructure Improvement Projects, increasing from \$300,000 to \$510,177.
- Increase the proposed amount in FY 2022-2023 for Place-based Street and Infrastructure Enhancement projects yet to be determined from \$2,784,920 to \$3,928,671. This increase reflects the funds freed up through the proposed change in source for the Job Training and Placement services activity, and uncommitted funds from previous years' HUD awards identified through additional due diligence.
- Increase the proposed amount in FY 2022-2023 for Acquisition, Rehabilitation, and Infrastructure Improvement Projects yet to be determined from \$0 to \$3,000,000. This increase reflects the funds freed up through the proposed change in source for the Job Training and Placement services activity, and uncommitted funds from previous years' HUD awards identified through additional due diligence.

The percentages for each activity and the total amounts have also been updated, and the explanation following Table 3 further clarifies the selection process for Community Development Investment (CDI) projects.

**Table 3: Proposed Community Development Investment Activities**

Activity	Description	FY 2021-2022 Funding	Status Recommendation	% of CDI Category
Minor Home Repairs	Owner-occupied single-family home and mobilehome repairs	\$1,650,000	Continue funding	<del>27%</del> 17%
Job Training and Placement	Job training and placement for homeless individuals; housing assistance	\$500,000	<del>Continue funding</del> <b>Discontinue funding with CDBG - \$0</b>	<del>8%</del> 0%
Enhanced Code Enforcement	Proactive City Code Enforcement focusing on multifamily housing issues in Project HOPE neighborhoods	\$1,100,000	Continue funding	<del>8%</del> 11%
Place-based Street and Infrastructure Enhancements	Investments in City infrastructure such as WiFi systems and walkability improvements; especially those located in extremely low-income census tracts reflected as areas of racially and ethnically concentrated areas of poverty; and proximate to supportive housing developments for formerly-homeless residents	\$2,484,920	<del>\$2,784,920</del> <b>Increase funding to \$3,928,671</b>	<del>46%</del> 41%
Acquisition, Rehabilitation, and Infrastructure	Acquisition, rehabilitation, and infrastructure improvements for	<del>\$300,000</del> <b>\$510,177</b>	<del>No projects known at this time that need this amount and</del>	<del>0%</del> 31%

Activity	Description	FY 2021-2022 Funding	Status Recommendation	% of CDI Category
Improvement Projects	affordable housing sites, and public and nonprofit facilities		<i>could spend fully in FY 2022-2023; reallocate to Place-based Street and Infrastructure</i>  <b>Increase funding to \$3,000,000</b>	
	<b>Total</b>	<i>\$6,034,920</i> <b>\$6,245,097</b>	<i>\$6,034,920</i> <b>\$9,678,671</b>	<b>100%</b>

Housing Department staff continue to work collaboratively with nonprofits that have reached out to the City about funding opportunities, as well as with the City Manager’s Budget Office and other City departments, to determine which CDI projects to propose for funding. Potential City projects could include new community WiFi, or improvements to a range of City-owned facilities including a swim center, community center, or park. Projects could also include the purchase of fire station equipment serving eligible low-income areas, or new infrastructure investments such as street trees in low-income areas experiencing heat effects.

Before specific CDI projects can be named, staff needs to ensure that proposals:

- Are consistent with CDBG eligibility requirements;
- Have already obtained project environmental clearances under the National Environmental Protection Act required when using federal funds;
- Are financially and logistically feasible; and
- Are ready to proceed and draw down funds within the fiscal year.

Staff will also consider public feedback made in this public hearing to be held by City Council, and through other means, when finalizing plans. Either in the Annual Action plan or under separate actions, staff will bring specific project funding recommendations to the City Council for approval.

**COMMISSION RECOMMENDATION/INPUT**

The Housing and Community Development Commission (Commission) heard this item at its virtual meeting on March 10, 2022 at 5:45 p.m. At its meeting, the Commission passed the following motion:

Vice Chair Jasinsky made the motion to shift \$100,000 from Fair Housing Public Services to Senior Services (Meal and Support Programs), with a second by Commissioner Moore. The motion passed 5-2 with 2 abstentions.

Yes: O'Connell, Jasinsky, Dawson, Partida, Moore (5)

No: Del Buono, Tran (2)

Abstain: Shoor, Vong (2)

Absent: Navarro, Wheeler (2)

In addition to discussion of this motion, the following input on funding priorities was given by the public and Commissioners at this meeting.

Public Comments:

- Poncho Guevara, Executive Director of Sacred Heart Community Services, requested the City reallocate some Place-based Street and Infrastructure Enhancements CDI funding to Acquisition / Rehabilitation projects, noted that he had a pending proposal to fund acquisition/rehabilitation projects to grow the agency's capacity to serve the community, and urged the City to consider Sacred Heart's proposal.
- Pilar Furlong, Chief Community Resources Officer for Bill Wilson Center, thanked the City for facilitating funding that kept so many people housed during the pandemic, which was a tremendous amount of work for which families were very grateful. As partner in that work, Bill Wilson Center exceeded goals for use of their federal funds. She expressed support for maintaining current funding priorities, applauded the City for recognizing that homeless youth need employment training and support services tailored to their individual situations to remain housed, and thanked the City for serving homeless youth and families.
- Misrayn Mendoza thanked the City for a lot of hard work and requested that staff please change the word "homeless" to "unhoused."

Commissioner Comments:

<b>Commissioner</b>	<b>Comments</b>
Vice Chair Jasinsky	Commented and made a motion to increase funds for senior services and meals programs. Given inflation, Social Security will not be able to keep up with costs for seniors on fixed incomes, and we need to ensure seniors have what they need.
Commissioner Moore	Spoke in favor of allocating funding towards homeownership opportunities to balance the emphasis on building rental units and realize benefits of homeownership.
Commissioner Tran	Supported increased senior services expenditures, per Vice Chair Jasinsky's comments.
Commissioner Shoor	Asked for clarification whether HOME development funding was part of the City's recent \$150 million NOFA, noted that inflation also was increasing construction costs, and asked for more information on nonprofit projects. (Staff confirmed that HOME funding was included in the NOFA).
Commissioner Dawson	Clarified that increasing senior services funding requires decreasing another identified public service to stay within the cap, identified herself as a senior, stated support for Sacred Heart Community Services, and spoke in favor of community investments such as street trees as an indication of the City's respect to all San José neighborhoods including those in D3, D5 and D7.
Commissioner Partida	Spoke in favor of place-based street infrastructure and aspects of the built environment that help the well-being of people, identified herself as a health educator, noted the importance of street trees in encouraging people to walk more, and spoke in favor of funding street trees.

/s/

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The principal author of this memorandum is Kristen Clements, Division Manager. For questions, please contact her at [Kristen.clements@sanjoseca.gov](mailto:Kristen.clements@sanjoseca.gov), (408) 535-3850.