



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Jacky Morales-Ferrand

**SUBJECT:** SEE BELOW

**DATE:** April 3, 2023

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Approved		Date	4/13/23
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**SUBJECT: FINAL PUBLIC HEARING AND APPROVAL OF THE FISCAL YEAR 2023-2024 ANNUAL ACTION PLAN FOR THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

## RECOMMENDATION

Adopt a resolution to:

- (a) Approve the Fiscal Year 2023-2024 Annual Action Plan;
- (b) Authorize the Director of Housing to submit the Fiscal Year 2023-2024 Annual Action Plan to U.S. Department of Housing and Urban Development; and
- (c) Authorize the Director of Housing to negotiate and execute agreements with grantees for the activities identified in the Fiscal Year 2023-2024 Annual Action Plan and all related contract amendments, extensions, and changes.

## SUMMARY AND OUTCOME

This final publicly noticed hearing on the Fiscal Year (FY) 2023-2024 Annual Action Plan (Action Plan) provides an opportunity for the City Council and the public to provide comments on the final Action Plan before it is submitted to the U.S. Department of Housing and Urban Development (HUD).

Upon the City Council adoption of the final Action Plan, the Housing Department will submit the final federally mandated document to HUD by the May 15, 2023 deadline. Meeting this deadline enables the City to remain eligible to receive approximately \$14.3 million in federal housing and community development funds in FY 2023-2024.

## **BACKGROUND**

As a HUD entitlement jurisdiction, the City receives federal formula grants each year from HUD for housing and community development activities. The funding is allocated to the City based on several factors including population, poverty, and housing statistics.

Every five years, HUD requires entitlement jurisdictions to develop a Five-Year Consolidated Plan (Consolidated Plan). The Consolidated Plan assesses San José's current housing market, analyzes demographic, race, and socio-economic conditions, and identifies populations within the City that have the greatest community and housing needs. It also defines the City's priority needs, strategies, and objectives for reducing the most prevalent barriers to housing and services in our community.

In August 2020, the City Council adopted the City's Consolidated Plan for the FY 2020-2025 period. The City participated in a countywide collaboration to analyze data on housing needs and to develop this cycle's Consolidated Plan. Staff then refined and prioritized the identified broad regional objectives to establish four major goals, which meet both regional and local priorities:

- 1. Prevent and Address Homelessness** – Increase housing opportunities and self-sufficiency for homeless populations and assist in the prevention of homelessness for at-risk individuals and families.
- 2. Create and Preserve Affordable Housing** – Create new affordable housing opportunities and preserve existing affordable housing.
- 3. Promote Fair Housing** – Promote fair housing and lowered barriers to housing.
- 4. Strengthen and Stabilize Communities** – Strengthen and stabilize communities' conditions and help to improve residents' opportunities such as the ability to increase their employment prospects and grow their assets.

The first three priorities are the same as for the previous Consolidated Plan cycle for FY 2015-2020 as they continue to be of paramount importance for the City. While the fourth priority still allows for investment in community infrastructure as it did last cycle, it also allows for investments focused on improving residents' economic opportunities and resilience. It is a people-focused plan. As the COVID-19 pandemic has exacerbated inequities in our society, it has become apparent that the City must do all it can to strengthen opportunities for low-income residents in San José. The FY 2020-2025 Consolidated Plan enables the City to pay for a range of services to help those who are unhoused, paying too much for housing, in need of legal assistance to keep their housing, and in need of support to improve their employment prospects. In each of the five years in the Consolidated Plan, HUD requires entitlement jurisdictions to submit an Action Plan which identifies a one-year strategy for meeting the goals contained in the Consolidated Plan.

**ANALYSIS**

The City will receive approximately \$14.3 million in Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Housing Opportunities for People with AIDS (HOPWA), and Emergency Solutions Grant (ESG) entitlement grants. While the total is \$147,607 less than the total of last year’s allocations, not all entitlement grants received a funding reduction; HOPWA allocations increased, while CDBG, HOME, and ESG allocations decreased. The focus of this memorandum is the expenditure plan for the new annual federal allocations. However, the FY 2023-2024 Action Plan also provides a summary of anticipated carryover funding from previous years as well as program income from loan repayments. Table 1 below summarizes the total federal funding levels for FY 2023-2024.

**Table 1: FY 2023-2024 Federal Funding Levels**

<b>Program</b>	<b>Actual FY 2022-2023 Allocation</b>	<b>Actual FY 2023-2024 Allocation</b>	<b>Change from Prior Year</b>	<b>% Change</b>	<b>Fund Balance &amp; Program Income *</b>	<b>Total Program</b>
<b>CDBG</b>	\$8,454,606	\$8,350,201	(\$104,405)	(1.23%)	\$4,544,210	\$12,894,411
<b>HOME</b>	\$3,564,527	\$3,380,549	(\$183,978)	(5.16%)	\$13,119,355	\$16,499,904
<b>HOPWA</b>	\$1,652,667	\$1,797,713	\$145,046	8.78%	\$51,528	\$1,849,241
<b>ESG</b>	\$747,341	\$743,071	(\$4,270)	(0.57%)	\$0	\$743,071
<b>Total</b>	<b>\$14,419,141</b>	<b>\$14,271,534</b>	<b>(\$147,607)</b>	<b>(1.02%)</b>	<b>\$17,715,093</b>	<b>\$31,986,627</b>

\*Ending HUD IDIS fund balance as of 3/20/23

**FY 2023-2024 Action Plan**

The FY 2023-2024 Action Plan contains a description of all activities recommended for funding. Each of the activities detailed in the draft FY 2023-2024 Action Plan are aligned with the four goals of the Consolidated Plan and contribute to the City’s five-year objectives. The draft FY 2023-2024 Action Plan aligns the City’s available resources with the planned activities that will enable the City to meet its annual goals. Completing the required annual plan enables the City to stay on target to meet its five-year plan goals. The expenditure plans for CDBG, HOME, HOPWA, and ESG are provided below.

The Housing Department invited qualified organizations to submit proposals to oversee various programs funded by the CDBG, HOPWA, and ESG Program funds, for FY 2023-2024, and FY 2024-2025. This Notice of Funding Availability (NOFA) sought to contract with multiple organizations to manage different programs. Qualified organizations applied for only the programs they are interested in administering. Applications were accepted for the following programs:

- Neighborhood Engagement (CDBG)
- Fair Housing- Legal Services (CDBG)
- Senior Nutrition (CDBG)
- Minor Home Repair (CDBG)
- Rental Assistance and Support Services (HOPWA)
- Homeless Outreach (ESG and CDBG)

Proposals were due on February 24, 2023. In March, applications for each program were reviewed by separate panels. Each panel contained subject matter experts from City staff and County of Santa Clara staff. A lived experience member assisted with the outreach panel evaluation and a retired Project Sentinel staff member assisted with the neighborhood engagement evaluations.

### **CDBG Program**

CDBG is a flexible funding source that supports the development of viable urban communities by providing decent housing, encouraging a suitable living environment, and expanding economic opportunities, principally for lower-income households.

As the largest and most flexible of the four federal grants, CDBG funds are divided into three categories of eligible uses. These include Public Services, Community Development Investment (CDI) and Administrative activities. Public services are limited to 15% of the annual allocation plus the previous year's program income, and Administrative activities are limited to 20%. The CDI category includes two types of activities: construction projects and non-construction projects. Construction projects consist of capital projects that directly fund physical improvements such as facility or infrastructure improvements. Non-construction projects include programs and other services, such as minor home repair, provided to low- and moderate-income households.

### **CDBG – Public Service Programs**

CDBG funds can be used for a variety of services for low-income individuals. Program regulations limit funding for public services to 15% of the annual CDBG allocation combined with the prior year's program income from loan repayments. The amounts allocated reflect the actual program delivery and staff costs to deliver eligible programs of the grantee organizations.

Table 2 below outlines the City's proposed CDBG - Public Service Program expenditures for the coming fiscal year by category and activity.

**Table 2: Proposed CDBG - Public Service Programs**

<b>CDBG Activity</b>	<b>Agency</b>	<b>Description</b>	<b>FY 2023-2024 Funding</b>	<b>Proposed Outcome</b>
Senior Nutrition	The Health Trust	Meals on Wheels provides seniors with nutritious food and wellness checks.	\$300,000	Propose serving 939 seniors and 230,500 home delivered meals
Senior Nutrition	POSSO	Provide seniors with nutrition and wellness support.	\$152,530	Propose serving 120 seniors and 600 door-to-door transportation trips
Neighborhood Engagement	SOMOS Mayfair	Provide community-based leadership training and support.	\$150,000	Propose to serve 188 individuals, 40 families with translation services.
Neighborhood Engagement	VIVO	Provide cultural, educational, and health services.	\$50,000	Propose to serve 300 individuals.
Homeless Outreach	TBD	Provide financial and case management intervention.	\$400,000	Propose to complete 130 eligibility assessments.
Legal Services	Law Foundation	Provide legal services.	\$200,000	Propose to serve 145 individuals.
<b>TOTAL</b>			<b>\$1,252,530</b>	

*Senior Nutrition – The Health Trust Meals On Wheels*

The goal of The Health Trust’s *Meals On Wheels* program is to maintain or improve the physical and social wellbeing of older adults through appropriate nutrition services. The Health Trust accomplishes this goal through home-delivered nutrition services provided to older persons who are homebound because of illness or disability or who are otherwise isolated. Services provided consist of the procurement, preparation, service, and delivery of meals, as well as nutrition education. *Meals On Wheels* currently offers a holistic approach to wellness by providing clients with four service components:

- Home-delivered nutritious meals
- Wellness checks
- Personal connection and educational materials
- Providing resources

*Senior Nutrition – Portuguese Organization for Social Services and Opportunities (POSSO)  
Senior Access and Health Support*

POSSO will provide its core senior nutrition and general health and wellness support services to socioeconomically burdened seniors in San José that will promote aging in place, prevent isolation, and improve the quality of life of these individuals. The program will focus on the needs of limited English speaking, low-income immigrant and ethnic minority seniors, a population that is “high risk”, underserved, and isolated. It will target downtown and east San José, specifically the zip code areas of 95112, 95116, 95133 and 95127, where many Asian, Hispanic, and Portuguese seniors reside. It is important to note that POSSO is the only language accessible source of senior services in San José - including nutrition, transportation, and wellness services – for Portuguese seniors.

*Neighborhood Engagement-SOMOS Mayfair*

To address the challenges of the Mayfair and surrounding East San José areas, SOMOS Mayfair proposes to engage in community and power-building activities through the Eastside Neighborhood Development Program, which will offer community-based, resident-centered leadership training and basic needs support. These programs will enhance resident advocacy skills that will in turn position residents in places where decisions are made about their families, their homes, and their communities.

*Neighborhood Engagement- Vietnamese Voluntary Foundation (VIVO)*

The mission of VIVO is to empower refugees and immigrants, low-income ethnic families to become productive participating citizens, to benefit themselves, their families, and their communities through providing comprehensive community cultural, educational, health and social services. VIVO proposes to provide English as a Second Language workshops, basic computer, and digital literacy classes as a first step for settlement. VIVO will also provide civic awareness and engagement programs with workshops on community and social issues.

*Homeless Outreach*

Homeless Outreach and Engagement program will offer individualized support to high-needs individuals and households living on the streets and in encampments in San José. Services are participant-centered and may include retrieving important documents, connecting to behavioral health services, and providing basic needs supplies, such as hygiene items, food, water, and clothing. The Housing Department did not receive any qualifying proposals and will re-open the

Outreach NOFA request and return to Council at a later date seeking approval for an outreach contract.

*Legal Services-Law Foundation*

The Law Foundation provides comprehensive services to combat fair housing violations in the City of San José. This includes education, investigation of complaints, fair housing tester audits, conciliation of disputes, and legal services. Project services will be provided by a consortium of four nonprofit agencies: Law Foundation of Silicon Valley; Project Sentinel; Asian Law Alliance; and Senior Adults Legal Assistance. The Law Foundation will serve as the lead agency.

CDBG – CDI Non-Construction

Non-construction CDI projects include programs and other indirect services benefitting low- and moderate-income individuals and households. Enhanced code enforcement and job creation are two of the only “service” activities that can be funded with CDI funds. For enhanced code enforcement to be eligible, it must be proactive and linked with a special program, such as Project Hope I and II. The City’s Planning, Building and Code Enforcement (PBCE) Department will use CDBG resources for enhanced code enforcement in four specific neighborhoods that include Santee, Five Wounds/Brookwood Terrace, Cadillac/Winchester - Project Hope, and Roundtable - Project Hope II.

City provides emergency and minor repairs to homeowners who meet eligibility requirements under the CDBG requirements. CDBG benefits low- and moderate-income persons. The goal is to keep low- and moderate-income persons in their homes. Minor repairs are completed at no charge to the homeowner and the home can be any type of owner-occupied housing, such as single-family house, mobile home, or condominium. Services provided under the “minor” category is intended to address health and safety deficiencies that do not elevate to “emergency,” but that the homeowner simply cannot pay for on their own. Deficiencies include, but are not limited to, debris removal, replacement of doors, windows, installation of ramps/lifts, ADA improvements to bathroom(s), lighting improvements, flooring repairs/replacements accessibility improvements, replace broken windows, doors, and other minor repairs.

Table 3 below outlines the City’s proposed CDBG – CDI Non-Construction Project expenditures for the coming fiscal year by category and activity.

**Table 3: Proposed CDBG - CDI Non-Construction Projects**

<b>CDBG Activity</b>	<b>Agency/ Department</b>	<b>Description</b>	<b>FY 2023-2024 Funding</b>	<b>Proposed Outcome</b>
Enhanced Code Enforcement	PBCE	Providing code enforcement in targeted neighborhoods	\$1,100,000	Provide 400 initial inspections.
Home Repair	Rebuilding Together	Providing emergency and minor home repairs to homeowners.	\$1,150,000	Propose to service 170 households.
Home Repair	Habitat for Humanity	Providing emergency and minor home repairs to homeowners.	\$500,000	Propose to serve 40 households.
<b>TOTAL</b>			<b>\$2,750,000</b>	

CDBG – CDI Construction

CDBG Community Development Investment (CDI) funds can be used to fund public infrastructure and other needs that serve low-income individuals. There is no limit on the amount of funding that may be dedicated to the CDI category. Housing Department staff coordinates with other City departments to identify infrastructure and other capital projects eligible for CDBG that benefit the City’s lower-income communities. A key consideration for project eligibility is the requirement to spend funds timely. In accordance with CDBG regulations, the Housing Department must have a balance no greater than one and one-half (1.5) times, which is roughly \$13 million, in the Line of Credit, 60 days prior to the end of the program year. Given that many capital projects take multiple years to develop, design, and construct, the amount of CDBG funding that is practically able to be allocated to City infrastructure projects is relatively limited. Two eligible projects have been identified and are described below. A remaining amount of \$2.9 million is available to be designated for future projects to rehabilitate City infrastructure. Staff will be reaching out to City departments for eligible projects to allocate the remaining funding FY 2024-2025. Projects that are located in historically underinvested areas of the City will be given priority for funding.

The proposed funding priorities in this category include the following CDI activities:

- The Fair Swim Center project consists of building improvements at the Fair Swim Center and renovation of the adjacent tot lot playground. The project will improve day to day operations of the Fair Swim center and provide enriching activities for the East San José residents. The tot lot project scope will include demolition of outdated play equipment, installation of new



play equipment geared for early childhood development, new resilient surfacing for improved accessibility, and minor enhancements to perimeter fencing and landscape areas. The Fair Swim Center building improvements would include interior restroom enhancements', restoration and extending life of building exterior and painting, exterior signage for improved wayfinding and increased attendance and use of the Swim Center, and site aquatics equipment procurement. Implementing these site improvements will promote and provide recreational activities that will create a lasting impact for residents for a safe, welcoming, dynamic, and enjoyable location to serve the community. This project was approved in the FY 2022-2023 Annual Action Plan. A total of \$300,000 was appropriated in the FY 2022-2023 Mid-Year Budget Review. Environmental review has been completed and the project is ready to start renovating the tot lot. A total of \$516,000 will be needed in FY 2023-2024 to fully fund the project.

- The City Council-approved Mayor’s June Budget Message for FY 2022-2023 directed staff to add lighting and “No Dumping” signs in multiple languages to the alleyway between Oak and Virginia St. in the Guadalupe Washington Neighborhood. The project was approved in the FY 2022-2023 Annual Action Plan in the amount of \$100,000. After additional review of the proposed scope, an additional \$135,000 is required to install lighting and \$15,000 is required to complete the signage for a total request of \$150,000 in FY 2023-2024 and an overall project budget of \$250,000.

Table 4 below outlines the City’s proposed CDBG – CDI Construction Project expenditures for the coming fiscal year by category and activity.

**Table 4: Proposed CDBG - CDI Construction Projects**

<b>CDBG Activity</b>	<b>Description</b>	<b>FY 2023-2024 Funding</b>	<b>Proposed Outcome</b>
Fair Swim Center/Tot Lot Rehab	Rehabilitate the tot lot next to the swim center	\$516,000	Enhance the tot lot playground designed for ages 2-5 years old.
Guadalupe Alley Lighting & Signage	Install lighting and signage	\$150,000	Provide lighting and signage for safety
TBD	Rehabilitation and Infrastructure for Affordable Housing Sites and Public Facilities	\$2,913,235	TBD
<b>TOTAL</b>		<b>\$3,579,235</b>	

### CDBG – CDI Non-Profit Rehabilitation

Community-based organizations provide vital services for the residents of San José. They offer services that are often not feasible for public or private organizations to administer. Many community-based organizations struggle to raise the revenue needed to provide basic essential services for the City's most at-risk residents. This ongoing lack of resources leaves many agencies with the inability to maintain or improve the facilities where their staff are located and where direct services to clients are provided. CDI funding for nonprofit facilities has been identified as a critical need by many of the nonprofit agencies in San José and has been listed as a priority by the Silicon Valley Council of Non-profits. Accordingly, the FY 2023-2024 Action Plan identifies funds that will be allocated for nonprofit facilities in Table 5 below. This amount has not been reduced, despite cuts to CDBG funding.

### YWCA – 1157 Taylor Street

The YWCA proposes to receive CDBG funding to rehabilitate a City-owned site located at 1157 Taylor Street to create a new location for child-care program services that the YWCA currently provides at a location nearby. Due to the lease expiring at current location and an increase in rent that the program cannot sustain, YWCA are looking to relocate services to the location at 1157 Taylor Street to ensure that there is no discontinuation of child-care programming for our most vulnerable families and to be able to create continuity of care in the community for children. At the location, child-care services based on the YWCA's curriculum and learning philosophy will be provided to children in the age range of infant/toddler/preschoolers.

### Catholic Charities – Blossom Valley Family Center

Catholic Charities seeks funding to build a Multiservice Family Center at the Blossom Valley Senior Apartments being developed by Charities Housing. The center will serve the senior apartment residents and neighbors in the south San José community. Services will be designed based on what the community and family members request and need. For example: service navigation, behavioral health services for older adults, resources for grandparents and other relative caregivers of minor children, immigration legal services, benefits navigation and enrollment, free tax services and financial education, employment services, assistance with rent, and food access. The facility would include private rooms for individual and group counseling, as well as a community meeting and training room for 100+ attendees (including neighborhood groups) that can be divided flexibly into smaller group rooms.

**Table 5: Proposed CDBG - CDI Non-Profit Rehabilitation**

<b>CDBG Activity</b>	<b>Description</b>	<b>FY 2023-2024 Funding</b>	<b>Proposed Outcome</b>
YWCA – 1157 Taylor Street	Rehabilitation of site for child-care program	\$350,000	Propose to enroll 70 children
Catholic Charities – Blossom Valley Family Center	Develop a Multiservice Family Center	\$3,088,808	Propose to serve 675 individuals
<b>TOTAL</b>		<b>\$3,438,808</b>	

**CDBG - Administrative Services**

Recognizing the significant requirements associated with managing CDBG funds, HUD allows funding of administrative planning and oversight using up to 20% of the sum of the annual allocation plus the current year’s program income. In addition to grant planning and oversight, fair housing is the sole service that can be paid from the Administrative category as well as the Public Services category. In FY 2023-2024, some Administrative funds will go towards fair housing programs listed below and will pay other City departments’ staff’s work on CDBG-related activities. This includes the City Attorney’s Office work to perform legal reviews of all federal contracts, and PBCE’s work to provide required environmental review support for all federally funded projects. The Housing Department line item also includes staff work on the Assessment of Fair Housing and Housing Element.

Table 6 below outlines the City’s proposed CDBG – Administrative Activities expenditures for the coming fiscal year by category and activity.

**Table 6: Proposed CDBG - Administrative Activities**

<b>Agency/Department</b>	<b>Program</b>	<b>FY 2023-2024 Funding</b>
Housing Department	CDBG Administration	\$1,605,248
City Attorney’s Office	Legal Staffing	\$19,493
PBCE	Environmental Reviews	\$49,097
Law Foundation of Silicon Valley - Four Agency Consortium	Fair Housing	\$200,000
	<b>TOTAL</b>	<b>\$1,873,838</b>

**HOME Program**

The HOME program may provide financial assistance to help increase the supply of affordable rental and homeownership housing for low-income households through the acquisition, rehabilitation, or construction of affordable housing and through the provision of tenant-based rental assistance. HOME rules require that new affordable housing developments must have all other financing obtained and be able to start construction within one year of committing the funds. For this reason, for certain projects, the Housing Department must hold a significant portion of funds until a project is almost ready to start construction. In December 2021, staff released a \$150 million NOFA and will request that the City Council commit available funding to one or more projects selected that are eligible both under the City’s NOFA and HOME criteria. HOME funds are required to be committed right before construction closes on a development. At least 15 percent of HOME funds must be set aside for specific activities to be undertaken by a special type of nonprofit called a Community Housing Development Organization (CHDO). A CHDO is a private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves. In order to qualify for designation as a CHDO, the organization must meet certain requirements pertaining to their legal status, organizational structure, and capacity and experience.

Table 7 below indicates that HOME funds will be used mostly for new affordable apartments, but also for fair housing services and program administration, in FY 2023-2025. Housing Department may use up to 10% of the annual allocation for administrative and planning costs.

**Table 7: Proposed HOME Activities**

<b>Agency/Department/Project</b>	<b>Project</b>	<b>FY 2023-2024 Funding</b>	<b>Proposed Outcome</b>
New Affordable Housing Development (including project delivery)	Affordable Housing Development	\$2,335,409	New Affordable Housing Development
Housing Department	HOME Administration	\$338,058	Administration and Planning
New Affordable Housing Development	CHDO Set Aside	\$507,082	New Affordable Housing Development
Law Foundation of Silicon Valley - Four Agency Consortium	Fair Housing	\$200,000	Propose to serve 145 individuals.
<b>TOTAL</b>		<b>\$3,380,549</b>	

**HOPWA Program**

Housing Opportunities for Persons with AIDS (HOPWA) is the only Federal program dedicated to addressing the housing needs of low-income people living with HIV/AIDS and their families.

The Health Trust was selected through NOFA request to provide rental assistance and supportive housing services. Additionally, as the nearest metropolitan statistical area, the City administers the HOPWA grant funding for San Benito County. The Housing Department coordinates with San Benito County staff to administer approximately \$150,000 in rental assistance in that County. Housing Department may use up to 7% of the annual allocation for administrative and planning costs.

Table 8 below outlines the City’s proposed HOPWA Activities expenditures for the coming fiscal year by category and activity.

**Table 8: Proposed HOPWA Activities**

<b>HOPWA Agency</b>	<b>Activity</b>	<b>FY 2023-2024 Funding</b>	<b>Proposed Outcome</b>
The Health Trust	Rental Assistance and Supportive Services	\$1,521,873	Propose to provide service to 80 households.
San Benito County	Rental Assistance and Supportive Services	\$150,000	Propose to provide service to 8 households.
Housing Department	HOPWA Administration	\$125,840	
<b>TOTAL</b>		<b>\$1,797,713</b>	

**ESG Program**

The Homeless Emergency Assistance and Rapid Transition to Act of 2009 amended to the McKinney-Vento Homeless Assistance Act, revised the Emergency Shelter Grants Program, and renamed it to the ESG program. The focus of ESG is to assist people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. \$487,341 in ESG funds will be used in FY 2023-2024 to assist in Citywide outreach. Services include case management, financial assistance, and homelessness prevention workshops. The Housing Department did not receive any qualifying proposals and will re-open the Outreach NOFA request. Funding will also be provided to the County to operate and maintain a database that is required by HUD. The Housing Department may use up to 7.5% of the annual allocation for administrative and planning costs.

Table 9 below outlines the City’s proposed ESG Activities expenditures for the coming fiscal year by category and activity:

**Table 9: Proposed ESG Activities**

<b>ESG Activity</b>	<b>Description</b>	<b>FY 2023-2024 Funding</b>	<b>Proposed Outcome</b>
Homeless Outreach	Street-based outreach, engagement, and case management for the unhoused population	\$487,341	Propose to serve 190 individuals, services include case management and workshops.
County Homeless Management Information System	Operation of the Homeless Management Information System (secure web-based database) in compliance with HUD	\$200,000	Provide funding for web-based homeless shelter software.
Housing Department	ESG Administration	\$55,730	
<b>TOTAL</b>		<b>\$743,071</b>	

**EVALUATION AND FOLLOW-UP**

Once the FY 2023-2024 Action Plan is approved by the City Council, staff will work with service providers to develop agreements that include finalized scopes of service, contract budgets, performance measures, goals, and outcomes. The Action Plan will be submitted to HUD by the May 15, 2023 deadline. Once approved by HUD, the final Action Plan will be available on the Housing Department’s website ([www.sanjoseca.gov/housingconplan](http://www.sanjoseca.gov/housingconplan)), or by U.S. mail at the public’s request.

Additionally, capital projects identified in the FY 2023-2024 Action Plan will require further development and review. Upon approval of the FY 2023-2024 Action Plan by the City Council, staff – a collaborative effort led by the Housing Department in close coordination with the City Manager’s Budget Office – will work with City departments to develop the final project scopes and will take all necessary steps to ensure compliance with funding and project requirements. Staff will coordinate environmental reviews in compliance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act clearances before final commitment of funds via contract.

At the end of each Action Plan period, the City is required to submit its Consolidated Annual Plan Evaluation Report (CAPER) which summarizes the City’s progress in meeting its goals as indicated in the prior year Annual Action Plan. The Housing Department will present the FY 2023-2024 CAPER in fall 2024.

### **COST SUMMARY/IMPLICATIONS**

This report summarizes the expenditure plan for the City's federal formula funds received from HUD, which includes a new FY 2023-2024 funding of \$14,271,534 along with \$17,715,093 from previous years' funding for a combined total of \$31,986,627. This amount will be programmed into the 2023-2024 Proposed Operating Budget within the Home Investment Partnership Program Fund (\$16.5 million), the Community Development Block Grant Fund (\$12.9 million), and the Multi-Source Housing Fund (\$2.6 million). Of the \$12.9 million allocated within the Community Development Block Grant Fund, \$2.9 million within CDI Construction Projects is not yet programmed for a specific use; staff will return to the City Council when appropriate for any plan amendments once eligible projects are identified.

### **COORDINATION**

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

### **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the April 25, 2023 Council meeting.

Federal regulations require that jurisdictions hold at least two public hearings to receive public comment for the FY 2023-2024 Action Plan and funding priorities. The City's adopted Citizen Participation Plan requires three public hearings including one prior to the release of the draft FY 2023-2024 Action Plan. The Housing Department presented the draft funding strategies and priorities to solicit feedback to the Housing and Community Development Commission on March 9, 2023. The Commission will hear the draft FY 2023-2024 Action Plan on April 13, 2023. The April 25, 2023 action is the final public hearing, at which time the City Council must adopt the final FY 2023-2024 Action Plan. The Housing Department then will submit the FY 2023-2024 Action Plan to HUD in time to meet its deadline.

All public comments provided to the City both verbally and in writing will be included in the appendices of the FY 2023-2024 Action Plan together with staff's responses when the FY 2023-24 Action Plan is submitted to HUD.

HONORABLE MAYOR AND CITY COUNCIL

April 3, 2023

**Subject: Final Public Hearing and Approval of the Fiscal Year 2023-2024 Annual Action Plan for the U.S. Department of Housing and Urban Development.**

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## **COMMISSION RECOMMENDATION AND INPUT**

The Commission will consider the draft Action Plan at its meeting on April 13, 2023 at 5:45 p.m. A supplemental memorandum summarizing the Commission's feedback will be included with the action on the April 25, 2023, City Council meeting agenda.

## **CEQA**

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action. Specific development projects that are funded because of the Annual Action Plan are subject to project-specific CEQA clearance.

## **PUBLIC SUBSIDY REPORTING**

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

JACKY MORALES FERRAND  
Director of Housing

The principal author of this memorandum is Stephanie Gutowski, Senior Development Officer. For questions, please contact Ragan Henninger, Deputy Director, at [ragan.henninger@sanjoseca.gov](mailto:ragan.henninger@sanjoseca.gov).