



COUNCIL AGENDA: 4/30/24
FILE: 24-84730
ITEM: 8.2

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Rosalynn Hughey

SUBJECT: SEE BELOW

DATE: April 12, 2024

Approved

Date

4/22/24

**SUBJECT: FINAL PUBLIC HEARING AND APPROVAL OF THE FISCAL YEAR
2024-2025 ANNUAL ACTION PLAN FOR THE UNITED STATES
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

RECOMMENDATION

Adopt a resolution:

- (a) Approving the Fiscal Year 2024-2025 Annual Action Plan and accepting the grants;
- (b) Authorizing the Director of Housing, Acting Director of Housing, or their designee, to submit the Fiscal Year 2024-2025 Annual Action Plan to United States Department of Housing and Urban Development; and
- (c) Authorizing the Director of Housing, Acting Director of Housing, or their designee, to negotiate and execute agreements with grantees for the activities identified in the Fiscal Year 2024-2025 Annual Action Plan and all related contract amendments, extensions, and changes.

SUMMARY AND OUTCOME

This final publicly noticed hearing on the Fiscal Year (FY) 2024-2025 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 United States 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, 2024 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 2024-2025.

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 lower barriers to housing; and
- 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. 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 entitlement grants from Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Housing Opportunities for People with AIDS (HOPWA), and Emergency Solutions Grant (ESG). Congress typically takes final action on the federal budget in June of each year and the exact amount of federal entitlement funds will be known then. Funding from HOME American Rescue Plan (HOME ARP) of \$11.7 million and HOPWA Permanent Supportive Housing (PSH) of \$1.3 million have been included in the FY 2024-2025 Action Plan. The focus of this memorandum is the expenditure plan for the new annual federal allocations. However, the FY 2024-2025 Action Plan also provides a summary of anticipated carryover funding from previous years as well as program income from loan repayments. The Housing Department has not received the FY 2024-2025 allocation from HUD.

Table 1 below summarizes the estimated federal funding levels for FY 2024-2025 using FY 2023-2024 as a baseline. In 2021, the Housing Department was awarded \$11,676,334 in HOME ARP funds. Staff presented the HOME ARP Allocation Plan to City Council on March 28, 2023,¹ and upon City Council approval, staff submitted the HOME ARP Allocation Plan to HUD. HUD made the HOPWA PSH award to the City in September 2023.

Table 1: Estimated FY 2024-2025 Federal Funding Levels

Program	Actual FY 2023-2024 Allocation	Estimated FY 2024-2025 Allocation	Fund Balance*	Program Income*	Total Program
CDBG	\$8,350,201	\$8,350,201	\$5,899,853	\$133,785	\$14,383,839
HOME	\$3,380,549	\$3,380,549	\$12,147,464	\$265,501	\$15,793,514
HOME ARP**	\$0	\$11,676,334	\$0	\$0	\$11,676,334
HOPWA	\$1,797,713	\$1,797,713	\$1,562,639	\$0	\$3,360,352
HOPWA PSH**	\$0	\$1,325,991	\$0	\$0	\$1,325,991
ESG	\$743,071	\$743,071	\$101,446	\$0	\$844,517
Total	\$14,271,534	\$27,273,859	\$19,711,402	\$399,286	\$47,384,547

*Ending HUD fund balance and program income of March 19, 2024.

**New funding for FY 2024-2025

¹ First Substantial Amendment to FY 2021-2022 Annual Action Plan to Report the HOME ARP Allocation Plan awarded by HUD: <https://sanjose.legistar.com/View.ashx?M=F&ID=11749053&GUID=EEB69629-9C35-4908-9946-4C4E3A0A86C1>

FY 2024-2025 Action Plan

The FY 2024-2025 Action Plan contains a description of all activities recommended for funding. Each of the activities detailed in the FY 2024-2025 Action Plan are aligned with the four goals of the Consolidated Plan and contribute to the City's five-year objectives. The FY 2024-2025 Action Plan aligns the City's available resources with the planned activities that will enable the City to meet its annual goals. The expenditure plans for CDBG, HOME, HOME ARP, HOPWA, HOPWA PSH, and ESG are provided in this memorandum.

Through a Notice of Funding Availability, staff invited qualified organizations to submit proposals to oversee various programs funded by the CDBG, HOPWA, and ESG funds for FY 2023-2024 and FY 2024-2025. The Notice of Funding Availability sought to contract with multiple organizations to manage different programs. Qualified organizations applied for only the programs they were interested in administering. Applications were accepted and approved 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); and
- Homeless Citywide Outreach (ESG and CDBG)

CDBG Program

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

Eligible activities under CDBG include a variety of community and economic development programs and projects such as housing, public improvements, community facilities, public services, small business development, and program administrative services. For the first time in FY 2023-2024, the Housing Department leveraged the CDBG Microenterprise Program that supports the development and growth of small businesses owned and operated by low- and moderate-income individuals. The Housing Department issued a Notice of Funding Availability for a new microenterprise program in December 2023.

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 outlines the City’s proposed CDBG - Public Service Program expenditures for FY 2024-2025 by category and activity.

Table 2: Proposed CDBG - Public Service Programs

CDBG Activity	Agency	Description	FY 2024-2025 Funding	Proposed Outcome
Senior Nutrition	Portuguese Organization for Social Services and Opportunities	Provide seniors with nutritious food and wellness support.	\$302,530	Propose serving 300 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	Vietnamese Voluntary Foundation	Provide cultural, educational, and health services.	\$50,000	Propose to serve 300 individuals.
Homeless Citywide Outreach	HomeFirst	Provide street outreach, engagement, basic needs supplies, and housing eligibility assessments.	\$350,000	Propose to complete 130 eligibility assessments.
Legal Services	TBD	Citywide legal services for low-income tenants.	\$200,000	Propose to serve 100 individuals.
Legal Services	TBD	Neutral tenant/landlord counseling and dispute resolution services.	\$200,000	Propose to serve 100 individuals.
TOTAL			\$1,252,530	

Senior Nutrition – Portuguese Organization for Social Services and Opportunities

The Portuguese Organization for Social Services and Opportunities 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 is important to note that the Portuguese Organization for Social Services and Opportunities is the only language accessible source of senior services in San José—including nutrition, transportation, and wellness services—for Portuguese seniors. The Portuguese Organization for Social Services and Opportunities will also manage the Meals on Wheels participants in FY 2024-2025.

Neighborhood Engagement – SOMOS Mayfair

To address the challenges of the Mayfair neighborhood 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

The mission of the Vietnamese Voluntary Foundation is to empower refugees, immigrants, and 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. The Vietnamese Voluntary Foundation proposes to provide English as a second language workshops, basic computer skills, and digital literacy classes as a first step for settlement. The Vietnamese Voluntary Foundation will also provide civic awareness and engagement programs with workshops on community and social issues.

Homeless Citywide Outreach – HomeFirst

The 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 connections to shelter and services, providing basic needs supplies, such as hygiene items, food, water, and clothing and conducting housing eligibility assessments.

Legal Services

Housing Department staff is completing a Request for Proposals to secure an agency to provide legal service programs to qualifying residents. The legal services will offer two programs: Citywide legal services for low-income tenants and neutral tenant/landlord counseling and dispute resolution.

The Citywide legal services for low-income tenants program will be offering the following areas of legal services: real property laws and codes, federal subsidy programs, and eviction diversion and mediation strategies. Services may only benefit persons of low-to-moderate income (income at or below 80% of the area median income) and residing in the service area.

The neutral tenant/landlord counseling and dispute resolution services program will engage in several community education approaches to increase community awareness of the laws and issues surrounding fair housing and rental rights. Recommended methods include fair housing

workshops for members of the housing industry, educational workshops to assist property owners and/or managers who have been found through complaint investigation to discriminate in rental housing, regular publicity of fair housing services through local media, and speaking appearances to appropriate groups and organizations.

CDBG – Community Development Investment (CDI) Projects

The CDI project category includes two types of activities: non-construction projects and construction projects. Non-construction projects include programs and other services, such as minor home repair and those provided to low- and moderate-income households. Construction projects consist of capital projects that directly fund physical improvements, such as facility or infrastructure improvements.

CDI Non-Construction Projects

CDI Non-construction Projects include programs and other indirect services benefitting low- and moderate-income individuals and households. Generally, pursuant to HUD, low income is considered to be 50% or less of area median income and moderate income is 80% of area median income. 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 Planning, Building, and Code Enforcement Department will use CDBG resources for enhanced code enforcement in four specific neighborhoods: 1) Santee, 2) Five Wounds/Brookwood Terrace, 3) Cadillac/Winchester - Project Hope I, and 4) Roundtable - Project Hope II.

The 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 are 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 and windows, installation of ramps/lifts, Americans with Disabilities Act improvements to bathrooms, lighting improvements, flooring repairs/replacements accessibility improvements, replacement of broken windows and doors, and other minor repairs.

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

Table 3: Proposed CDBG - CDI Non-Construction Projects

CDBG Activity	Agency/ Department	Description	FY 2024-2025 Funding	Proposed Outcome
Enhanced Code Enforcement	Planning, Building, and Code Enforcement Department	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 serve 170 households.
Home Repair	Habitat for Humanity	Providing emergency and minor home repairs to homeowners.	\$500,000	Propose to serve 40 households.
TOTAL			\$2,750,000	

CDBG – CDI Construction Projects

CDBG CDI Construction Project 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 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. The proposed funding priorities in this category include the CDI activities listed below.

- The Fair Swim Center is located at 1350 Bacchus Drive in City Council District 7. The 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 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 started to renovate the tot lot. A total of \$516,000 was approved in FY 2023-2024 and \$396,065 will be needed in FY 2024-2025.

In December 2023, Housing Department staff conducted a Notice of Funding Availability for City departments for CDI Construction Projects. The City Manager's Office, Public Works Department (PW), Department of Transportation (DOT), and Parks Recreation, and Neighborhood Services Department were informed of the availability of CDBG funding. The following submitted projects are eligible to receive CDBG funding and were selected.

- ***Accessible Pedestrian Signal (APS) Community Improvement Project (DOT)***
DOT desires to install APS at signalized intersections in order to improve accessibility and safety, particularly for most vulnerable users. An APS is an accessibility device installed at a traffic signal that provides audible and vibrotactile cues to let pedestrians, especially visually impaired pedestrians, know when the traffic signal is in its "WALK" or "DON'T WALK" intervals. These devices provide clear feedback in multiple formats indicating when it is safe to enter a crosswalk at an intersection.

San José has almost 1,000 traffic signals throughout the City. Approximately 32% of these signals are currently equipped with APS. In order to equitably provide all pedestrians the ability to safely cross streets, DOT would like to continue to install APS at priority locations. CDBG funding would allow for significant progress to be made in installing APS in the City's low-income neighborhood areas, many of which are also located in existing or emerging Project Hope areas. This project aims to provide inclusivity, benefit, and safety to all users of the City's transportation network, particularly those that need it the most. Total cost of the project is \$927,652. DOT is requesting \$559,374 in FY 2024-2025 and \$275,513 in FY 2025-2026. DOT will contribute \$92,765.

The proposed project will install APS at 108 locations throughout San José. All project locations are in CDBG low- to moderate-income census tracts. The list of project locations is provided in **Attachment** – Project Location List.

- ***African American Community Services Agency-Window Replacement (PW):***
The African American Community Services Agency facility located at 304 North 6th Street provides educational, cultural, social, and recreational programs; services; and activities to the community. The facility serves as a site for training, resource distribution, and community gatherings. The upgrades to the existing windows, which are believed to be the original windows of the structure, would prevent water intrusion from rain during storm events, ensure the efficiency of the heating and cooling systems, as well as

contribute to the beautification of the building and its neighborhood. The total cost of the project is \$300,000. PW has appropriated \$180,000 towards the project. A remaining \$120,000 in CDBG funds is needed to complete the window replacements.

- ***San José Fire Station Exterior Light Emitting Diode (LED) Installation (PW):***

The exterior lighting at the listed fire stations below is antiquated and provides poor visibility. Most of the lighting is low pressure sodium which is outdated and has been phased out due to environmental reasons. The purpose of this project is to replace the exterior lighting at these fire stations so staff and members of the public can have good visibility when accessing the locations. To complete the LED replacement in FY 2024-2025, \$350,000 is requested.

Fire stations requesting updated lighting:

- Fire Station #3: 98 Martha St., San José, CA 95112;
- Fire Station #5: 1380 N. 10th St., San José, CA 95112;
- Fire Station #7: 800 Emory St., San José, CA 95126;
- Fire Station #16: 2001 S. King Rd., San José, CA 95122;
- Fire Station #18: 4430 Monterey Rd., San José, CA 95111;
- Fire Station #20: 1120 Coleman Ave, San José, CA 95110;
- Fire Station #26: 528 Tully Rd., San José, CA 95111;
- Fire Station #30: 454 Auzerais Ave., San José, CA 95126;
- Fire Station #34: 1634 Las Plumas Ave., San José, CA 95133; and
- Fire Station #35: 135 Poughkeepsie Rd., San José, CA 95123.

Housing Department staff evaluate City CDI Construction Projects based on funding availability, project readiness, public feedback, and uses' alignment with the Five-Year Consolidated Plan objectives and CDBG eligibility rules. Readiness includes the ability to spend all allocated funds promptly, preferably within the fiscal year, including obtaining project environmental clearances for the use of federal funds prior to funding commitment.

Table 4 outlines the City's proposed CDBG – CDI Construction Projects expenditures for the FY 2024-2025 by category and activity.

Table 4: Proposed CDBG – CDI Construction Projects

CDBG Activity	Description	FY 2024-2025 Funding	Proposed Outcome
Fair Swim Center/Tot Lot Rehabilitation	Rehabilitate the tot lot next to the swim center.	\$396,065	Enhance the tot lot playground designed for ages 2-5 years old.
Accessible Pedestrian Signal (DOT)	Accessibility device installed at traffic signals that provide audible and vibrotactile cues to pedestrians.	\$559,374	Provide clear feedback in multiple formats to pedestrians when it is safe to enter a crosswalk at an intersection.
African American Community Services - Windows (PW)	Window replacement.	\$120,000	Prevent water intrusion from the rains during storm events and ensure the efficiency of the heating and cooling systems.
Fire Stations LED Replacement (PW)	LED replacement fixtures.	\$350,000	Replace the exterior lighting at these fire stations so staff and members of the public have good visibility.
TOTAL		\$1,425,439	

CDBG – Microenterprise Program

The CDBG Microenterprise Program helps foster economic development by supporting organizations that provide a full range of entrepreneurial training and technical assistance services to low- and moderate-income micro-business owners and start-ups (those with fewer than five employees). In December 2023, the Housing Department issued a Notice of Funding Availability announcing the availability of CDBG funds for a new microenterprise program. Through an evaluation process, Upwards, a network of licensed home-based childcare providers, was selected to create the Business Operation and Optimization Support Tools program. This program will provide comprehensive business and technical support to participating microenterprise childcare providers, contributing to the establishment and maintenance of a robust and sustainable local childcare ecosystem. The program will enhance the overall sustainability of low- and moderate-income businesses through operational stabilization and revenue maximization, which in turn, improves the quality of life for the families they serve.

Table 5 provides a summary on the new CDBG – Microenterprise Program.

Table 5: CDBG - Proposed Microenterprise Program

CDBG Activity	Agency/ Department	Description	FY 2024-2025 Funding	Proposed Outcome
Microenterprise Program	Upwards' Business Operation and Optimization Support Tools Program	Provide comprehensive business and technical support to participating microenterprise childcare providers.	\$1,048,394	Serve 125 business households.
TOTAL			\$1,048,394	

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 2024-2025, some administrative funds will go towards fair housing programs listed below in **Table 6**. The primary purpose of the fair housing project is to build inclusive sustainable communities free from discrimination through complaint-based investigation, systematic hearings, and legal representation. Program funding will cover the cost of other City departments' staff's work on CDBG-related activities. This includes work from the City Attorney's Office to perform legal reviews of all federal contracts and Planning, Building, and Code Enforcement Department's work to provide required environmental review support for all federally funded projects. Administrative services in the Housing Department includes staff work on contract negotiations and development, monthly review of invoices and supporting documentation, tracking spending trends, contract monitoring, and audit coordination with HUD. Additionally, staff work on the Assessment of Fair Housing is included in administrative services. The Assessment of Fair Housing is a requirement that federal agencies, federal grantees, and public agencies have a plan that actively addresses and works to eliminate housing discrimination and segregation.

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

Table 6: Proposed FY 2024-2025 CDBG – Administrative Activities

Agency/Department	Program	FY 2024-2025 Funding
Housing Department	CDBG administration	\$1,605,248
City Attorney's Office	Legal staffing	\$19,493
Planning, Building, and Code Enforcement Department	Environmental reviews	\$49,097
Law Foundation of Silicon Valley – Four Agency Consortium	Fair housing	\$200,000
TOTAL		\$1,873,838

HOME Program

The HOME program provides 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. Of the \$3,380,549 FY 2024-2025 HOME Program funding, \$2,335,409 is available for new affordable housing development.

At least 15% 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, which 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 community housing development organization, the organization must meet certain requirements pertaining to its legal status, organizational structure, and capacity and experience. Funds totaling \$507,082 have been set aside for FY 2024-2025. HOME funds are also used to fund the fair housing project. Funds totaling \$200,000 is allocated to the Law Foundation of Silicon Valley for this service.

In FY 2024-2025, the Housing Department may use up to 10% (\$338,058) of the annual allocation for administrative and planning costs. Staff administers all HOME activities and reports to HUD annually.

Table 7 provides a summary of the proposed HOME activities for FY 2024-2025.

Table 7: Proposed HOME Activities

Agency/Department/ Project	Project	FY 2024- 2025 Funding	Proposed Outcome
New Affordable Housing Development (including project delivery)	Affordable housing development	\$2,335,409	New affordable housing development.
New Affordable Housing Development Funding 15% Set Aside	Community housing development organization 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.
Housing Department	HOME administration	\$338,058	Administration and planning.
TOTAL		\$3,380,549	

HOME ARP Program

In 2021, the City was awarded \$11,676,334 in HOME ARP funds. HOME ARP provides funding to assist individuals or households who are experiencing homelessness, at risk of homelessness, and other vulnerable populations by providing housing, rental assistance, supportive services, and non-congregate shelter to reduce homelessness and increase housing stability. The funds are administered through HUD's HOME program.

Housing Department staff issued a HOME ARP Request for Proposal for tenant-based rental assistance in March 2024 to provide rental assistance to prevent homelessness and provide housing stability to residents. The qualified populations include:

- Homeless;
- At risk of homelessness;
- Fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking;
- Veterans and families that include a veteran family member; and
- Other populations where providing supportive services or assistance would prevent the family's homelessness or serve those with the greatest risk of housing instability.

Staff are currently evaluating the proposal submissions.

Table 8 outlines the City’s proposed HOME ARP activities expenditures for the coming fiscal year by activity.

Table 8: Proposed HOME ARP Activities

HOME ARP Activity	Description	FY 2024-2025 Funding	Proposed Outcome
Tenant-Based Rental Assistance – TBD	Rental Assistance	\$4,500,000	Provide assistance to 50 households.
Supportive Services – TBD	Provide client-centered supportive services	\$5,424,884	Provide assistance to 50 households.
Housing Department	HOME ARP administration	\$1,751,450	
TOTAL		\$11,676,334	

HOPWA Programs

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 notified the Housing Department staff in March 2024 that the agency will no longer provide any direct services. The Health Trust will be closing its services at the end of FY 2023-2024. Housing staff is completing a Request for Proposals for HOPWA services in April 2024 for \$1.5 million in services to be provided in FY 2024-2025.

Additionally, as the nearest metropolitan statistical area, the City also 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 San Benito County. The Housing Department may use up to 7% (\$125,840) of the annual allocation for administrative and planning costs.

HOPWA PSH provides eligible households with permanent housing and ongoing access to appropriate supportive services through qualified providers. Permanent housing is defined as housing in which the eligible person has a continuous legal right to remain in the unit established by a lease or legally binding occupancy agreement. The lease must be renewable after the first year of occupancy. Additionally, clients receiving PSH assistance must also have ongoing access to appropriate supportive services provided through qualified service providers in the area.

Table 9 below outlines the City’s proposed HOPWA and HOPWA PSH activities expenditures for the coming fiscal year by category and activity.

Table 9: Proposed HOPWA and HOPWA PSH Activities

HOPWA Agency	Activity	FY 2024-2025 Funding	Proposed Outcome
TBD	Rental assistance and supportive services	\$1,521,873	Propose to provide service to 84 households.
San Benito County	Rental assistance and supportive services	\$150,000	Propose to provide service to eight households.
Housing Department	HOPWA administration	\$125,840	
TOTAL		\$1,797,713	

HOPWA PSH Agency	Activity	FY 2024-2025 Funding	Proposed Outcome
TBD	Permanent supportive housing and supportive services	\$1,325,991	Propose to provide service to 16 households.
TOTAL		\$1,325,991	

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. ESG funds of \$445,843 will be used in FY 2024-2025 to assist in Citywide outreach. Services include case management, financial assistance, and homelessness prevention workshops. Funding of \$241,498 will also be provided to the County of Santa Clara to operate and maintain a database that is required by HUD. The Housing Department may use up to 7.5% (\$55,730) of the annual allocation for administrative and planning costs.

Table 10 outlines the City's proposed ESG activities expenditures for the coming fiscal year by category and activity:

Table 10: Proposed ESG Activities

ESG Activity	Description	FY 2024-2025 Funding	Proposed Outcome
Homeless Citywide Outreach – HomeFirst	Street-based outreach, connections to shelter, and housing eligibility assessments for people experiencing unsheltered homelessness.	\$445,843	Propose to serve 190 individuals. Services include connections to shelter and housing eligibility assessments.
County Homeless Management Information System	Operation of the Homeless Management Information System (secure web-based database) in compliance with HUD.	\$241,498	Provide funding for web-based homeless shelter software.
Housing Department	ESG administration	\$55,730	
TOTAL		\$743,071	

EVALUATION AND FOLLOW-UP

Once the FY 2024-2025 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, 2024 deadline. Once approved by HUD, the final Action Plan will be available on the Housing Department’s website (www.sanjoseca.gov/housingconplan) or by United States mail at the public’s request.

Additionally, construction projects identified in the FY 2024-2025 Action Plan will require further development and review. Upon approval of the FY 2024-2025 Action Plan by the City Council, Housing Department staff will collaborate with City Manager’s Budget Office and work with City departments to develop the final project scopes and 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 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 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 Consolidated Annual Plan Evaluation Report to City Council in September 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 2024-2025 funding of \$14,271,534 along with \$20,110,688 from previous years' funding for a combined total of \$34,382,222. FY 2024-2025 will also include HOME ARP funding of \$11,676,334 and HOPWA PSH funding of \$1,325,991. This amount will be programmed into the 2024-2025 Proposed Operating Budget within the Home Investment Partnership Program Fund (\$15.8 million) and the CDBG Fund (\$14.4 million).

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 30, 2024 City Council meeting.

Federal regulations require that jurisdictions hold at least two public hearings to receive public comment for the FY 2024-2025 Action Plan and funding priorities. The City's adopted Citizen Participation Plan requires three public hearings, including one prior to the release of the FY 2024-2025 Action Plan. The Housing Department presented the funding strategies and priorities to solicit feedback to the Housing and Community Development Commission on February 8, 2024. The Housing and Community Development Commission also heard the FY 2024-2025 Action Plan on April 11, 2024. The April 30, 2024 action is the final public hearing, at which time, staff recommends that the City Council adopt the final FY 2024-2025 Action Plan. Upon City Council's approval of the FY 2024-2025 Action Plan, the Housing Department will submit the FY 2024-2025 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 2024-2025 Action Plan combined with staff's responses when the FY 2024-2025 Action Plan is submitted to HUD.

COMMISSION RECOMMENDATION AND INPUT

The FY 2024-2025 Action Plan was presented to the Housing and Community Development Commission at its meeting on April 11, 2024. A supplemental memorandum summarizing the Housing and Community Development Commission's feedback will be included with the recommended action on the April 30, 2024 City Council meeting agenda.

HONORABLE MAYOR AND CITY COUNCIL

April 12, 2024

Subject: Final Public Hearing and Approval of the Fiscal Year 2024-2025 Annual Action Plan for the United States Department of Housing and Urban Development.

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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/

ROSALYNN HUGHEY
Deputy City Manager and
Acting Housing Director

The principal author of this memorandum is Stephanie Gutowski, Housing Policy and Planning Administrator-Grants Management. For questions, please contact Ragan Henninger, Deputy Director, at ragan.henninger@sanjoseca.gov.

Attachment – Project Location List

Attachment - Project Location List

Intersection Name	Council District(s)	Project Hope Zone	Low-Mod %
MONTEREY RD & SAN JOSE AV	7	-	92.8%
PHELAN AV & TENTH ST	7	-	92.8%
PARROTT ST/QUINN AV & SENTER RD	7	-	92.8%
MONTEREY RD & STAUFFER BL	7	-	92.8%
SENER RD & WOOL CREEK DR	7	-	92.8%
BURKE ST & SENTER RD	7	-	92.8%
COTTAGE GROVE AV & MONTEREY RD	7	-	92.8%
ALUM ROCK AV & CAPITOL AV	5	-	92.1%
CAPITOL EX & MONTEREY RD	2;7	-	88.8%
FELIPE AV/VIA FERRARI & STORY RD	7	-	88.2%
CAPITOL EX & MONTEREY RD	7	-	87.9%
ALMA AV & FIRST ST/MONTEREY RD	3;7	-	86.9%
ALMA AV & TENTH ST	7	-	86.9%
ALMADEN AV & OAK ST	3	Existing	86.0%
KING RD & LIDO WY	5	-	85.2%
KING RD & MCKEE RD	3;5	Emerging	85.2%
SAN SALVADOR ST & TENTH ST	3	Emerging	84.9%
ALMADEN AV & GRANT ST	3	Existing	84.9%
GALAHAD AV & STORY RD	5	Emerging	84.8%
LEEWARD DR & STORY RD	5	Emerging	84.8%
ST JAMES ST & THIRTEENTH ST	3	Emerging	84.3%
ELEVENTH ST & ST JAMES ST	3	Emerging	84.3%
MONTECITO VISTA & MONTEREY RD	7	-	83.1%
ALMADEN AV & VIRGINIA ST	3	Existing	82.9%
ADRIAN WY & STORY RD	5	-	82.7%
ELEVENTH ST & SAN CARLOS ST	3	-	82.2%
ELEVENTH ST & SAN SALVADOR ST	3	Emerging	82.2%
VINE ST & WILLOW ST	3	Existing	81.9%
SANTA CLARA ST & TWENTY SIXTH ST	3	Emerging	81.0%
ALMADEN AV & WILLOW ST	3	Existing	80.9%
DOBERN AV & JACKSON AV	5	Emerging	80.6%
FIRST ST/MARKET ST & REED ST	3	-	80.3%
ST JAMES ST & TENTH ST	3	Emerging	79.8%
BURDETTE DR & KING RD	7;8	-	79.7%
SAN ANTONIO ST & SUNSET AV	5	Emerging	79.5%
OAK ST & VINE ST	3	Existing	79.1%
FIRST ST & VIRGINIA ST	3	Existing	78.7%
JULIAN ST & TWENTY FOURTH ST	3	Emerging	78.4%
CAPITOL EX/SAN ANTONIO SR & JACKSON AV	5	Emerging	78.2%
PACKING PL/SCHARFF AV & SAN ANTONIO ST	5	Emerging	78.2%
SAN ANTONIO ST & TWENTY FOURTH ST	3	Emerging	77.7%
EASTRIDGE LN & TULLY RD	5;8	-	77.5%
EASTRIDGE WY & TULLY RD	8	Existing	77.5%
TENTH ST & WILLIAM ST	3	Emerging	77.5%
CAPITOL AV & MADDEN AV	5	-	77.3%
ALMA AV & SENTER RD	7	-	76.8%
KING RD & RIGOLETTO DR	7;8	-	76.6%

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PHELAN AV & SENTER RD	7	-	76.5%
NEEDLES DR & SENTER RD	7	-	76.5%
JULIAN ST & TENTH ST	3	Emerging	76.3%
ALEXANDER AV/MUIRFIELD DR & ALUM ROCK AV	5	-	76.2%
ALUM ROCK AV & SCHARFF AV	5	-	75.6%
FIRST ST & WILLOW ST	3	Existing	75.4%
ALMA AV & ALMADEN AV/EX	3;7	-	75.3%
LEWIS RD & SENTER RD	7	-	75.3%
SAN FERNANDO ST & TENTH ST	3	-	75.1%
BLOSSOM HILL RD & PLAZA WY	10;9	-	74.8%
BLOSSOM HILL RD & RUSSO DR	10;9	-	74.8%
ELEVENTH ST & EMPIRE ST	3	Emerging	74.1%
VINE ST & VIRGINIA ST	3	Existing	74.0%
EASTRIDGE BL & QUIMBY RD	8	-	73.7%
QUIMBY RD & RIGOLETTO DR	8	-	73.7%
INTERLUDE ST & QUIMBY RD	8	-	73.7%
KING RD & WILSHIRE BL	3;5	Emerging	73.6%
ALUM ROCK AV & KING RD	5	Emerging	73.6%
ALUM ROCK AV & SUNSET AV	5	-	73.6%
MCLAUGHLIN AV & WILLIAM CT/ST	3	Existing	73.5%
FIRST ST & MARTHA ST	3	Existing	73.4%
FIRST ST & HOLGER WY/LAMPLIGHTER WY	4	-	73.2%
BAL HARBOR WY/MCCREERY AV & STORY RD	5	Existing	72.9%
MCLAUGHLIN AV & MELBOURNE BL	3	Existing	72.9%
ELEVENTH ST & SAN ANTONIO ST	3	-	72.8%
SANTA TERESA BL & THORNWOOD DR	10	-	72.1%
MCLAUGHLIN AV & SUMMERSIDE DR	7	-	71.8%
BERMUDA WY & OCALA AV	5;8	Existing	71.6%
CARNELIAN DR & MCLAUGHLIN AV	7	-	71.6%
LEXANN AV & SILVER CREEK RD	7;8	-	70.8%
HAVANA DR/OCALA DR & KING RD	5;7;8	Existing	70.6%
BISCAYNE WY & KING RD	5;7	-	70.5%
ALMADEN EX & SHADOW RUN DR	7	-	70.5%
KING RD & WAVERLY AV	7;8	Existing	70.0%
KEYES ST & TENTH ST	3	-	69.8%
ELEVENTH ST & KEYES ST	3	-	69.8%
CHALLENGER AV & MCKEE RD	5	-	69.6%
MT VISTA DR & WHITE RD	5	-	69.5%
JULIAN ST & THIRTEENTH ST	3	Emerging	69.5%
ELEVENTH ST & JULIAN ST	3	Emerging	69.5%
CUNNINGHAM AV & KING RD	7;8	Existing	69.5%
KEYES ST & SENTER RD	3;7	-	69.1%
SENER RD & SOUTHSIDE DR	7	-	68.9%
ABORN RD & KING RD/SILVER CREEK RD	7;8	-	68.3%
MONTEREY RD & SOUTHSIDE DR	7	-	68.2%
BARBERRY LN & KING RD	7;8	-	68.0%
DAVID AV & WINCHESTER BL	1	Existing	67.9%
MCGINNESS AV & STORY RD	5	Emerging	67.9%
SENER RD & SINGLETON RD	7	Emerging	65.7%
SENER RD & SYLVANDALE AV	2;7	Emerging	65.5%

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ELEVENTH ST & WILLIAM ST	3	Emerging	65.3%
EMPIRE ST & TENTH ST	3	Emerging	63.8%
JULIAN ST & TWENTY FIRST ST	3	Emerging	61.8%
JULIAN ST & NINETEENTH ST	3	Emerging	61.8%
FRUITDALE AV & SHERMAN OAKS DR	6	Emerging	61.6%
HOPKINS DR & OCALA AV	5;8	Existing	60.2%
AUZERAIS AV & MERIDIAN AV	6	Emerging	59.9%
MERIDIAN AV & SADDLE RACK ST	6	Emerging	59.9%
GRANT ST & VINE ST	3	Existing	57.6%
HELLYER AV/SEBASIAN WY & SENTER RD	2;7	Emerging	55.8%
EDENVIEW DR & MONTEREY RD	2	Existing	55.7%