COUNCIL AGENDA: 04-11-06
ITEM: 5.2

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Leslye Krutko

SUBJECT: **SEE BELOW**

DATE: April 5, 2006

Approved Deanna Santana Date 3 4/6/06

COUNCIL DISTRICT: Citywide

SUBJECT: PUBLIC HEARING OF THE CONSOLIDATED PLAN - ANNUAL ACTION PLAN FOR FY 2006-07 - SUPPLEMENTAL REPORT

REASON FOR SUPPLEMENTAL REPORT

Because the Draft Consolidated Plan - Annual Action Plan 2006-2007 was not yet in print at the time the first memorandum was distributed to the City Council, a copy of the Draft is attached for review and comment.

RECOMMENDATION

It is recommended that the City Council open, for public review and comment, the public hearing on the 2006-2007 Draft Annual Action Plan, including FY 2006-2007 proposed recommendations for the Community Development Block Grant (CDBG) Program, the HOME Investment Partnership Program (HOME), the Housing Opportunities for People with HIV/AIDS (HOPWA) Program, and the Emergency Shelter Grant (ESG) Program.

COORDINATION

Preparation of this report has been coordinated with the City Attorney's Office.

LESLYE KRUTKO
Director of Housing

Attachment

CITY OF SAN JOSÉ

2005-2010 Consolidated Plan

DRAFT

ANNUAL ACTION PLAN
2006 - 2007

Prepared by:
City of San José
Department of Housing
200 E. Santa Clara Street, 12th Floor
San Jose CA 95113
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ANNUAL ACTION PLAN 2006-2007

The City of San José approved its **2005-2010 Consolidated Plan** in May 2005 and the U.S. Department of Housing and Urban Development (HUD) approved the report on July 21, 2005. The document that follows is the Fiscal Year 2006-2007 Annual Action Plan.

As defined by the U.S. Department of Housing and Urban Development guidelines, the City of San José 2005-2010 Consolidated Plan outlines the community's strategy for addressing its housing and community development needs. Developed through a collaborative process, the Consolidated Plan identifies the City's unified vision for actions to meet those housing and community development needs over a five-year period.

The Five-Year Consolidated Plan Serves Four Primary, Integrated Functions:

- It is a planning document, based on citizen input, which provides information for other jurisdictions
- It is a federal funding application for four of the U.S. Department of Housing and Urban Development (HUD) formula grant programs: HOME Investment Partnership Act (HOME), Housing Opportunities for Person with HIV/AIDS (HOPWA), Emergency Shelter Grant (ESG), and Community Development Block Grant (CDBG)
- It is a strategy to carry out HUD programs
- It is an action plan, which provides the foundation for performance assessment and evaluation

The Plan is based on the priorities identified by HUD for providing decent housing, providing a suitable living environment, and expanding economic opportunities for lower-income households from 2005 to 2010.

The **Annual Action Plan** is completed every year in order to provide program-specific information about the activities for the upcoming year. To conform to HUD requirements, the Annual Action Plan must contain the following components:

- Program Resources, including federal, State and local
- Housing for Homeless and Other Special Needs Populations
- Geographic Distribution
- Specific Program Requirements
- Monitoring
- Form Application (Standard Form 424)

CITIZEN PARTICIPATION

The United States Department of Housing and Urban Development (HUD) requires that each jurisdiction hold at least two public hearings -- one before the Plan is prepared to gain public comments on the community's needs, and one after the Plan is published for citizen review. A 30-day review period is also required, during which public comments are accepted and written into the Plan.

The following schedule of hearings was published in the San José Mercury News on February 2nd and 3rd 2006 and in the San José Post Record on February3, 7 and 8, 2006. In the course of three months, the City held eight public hearings to obtain input. In addition, there was a 30-day public review period, as mandated by HUD, from April 5, 2006 through May 5, 2006.

What	Who	Where	When
Hearing on "Housing Needs" – Used for the development of the City's Consolidated Annual Action Plan.	Housing Advisory Commission	San Jose City Hall 200 E. Santa Clara Street **Room W-118**	February 9, 2006 @ 5:30 p.m.
Funding Strategies	CDBG Steering Committee	San Jose City Hall 200 E. Santa Clara St **Room W-118**	February 14, 2006 6:00 p.m. – 9:00 p.m.
Placement Draft, Committee Recommendations	CDBG Steering Committee	San Jose City Hall 200 E. Santa Clara Street **Room W-120**	February 22, 2006 6:00 p.m. – 9:00 p.m.
Discussion and Approval of CDBG Recommendations to City Council	CDBG Steering Committee	San Jose City Hall 200 E. Santa Clara Street 14th Floor, Room T-1446	March 15, 2006 6:00 p.m. – 9:00 p.m.
Draft document available for 30-day public review	Contact the Housing Department to receive a copy. (408) 975-4418	City of San Jose Housing Dept., 12th Floor 200 E. Santa Clara Street	April 5, 2006
First City Council hearing	City Council	San Jose City Hall 200 E. Santa Clara Street **City Council Chambers**	April 11, 2006
Hearing on the draft document	CDBG Steering Committee	San Jose City Hall 200 E. Santa Clara Street **Room W-120**	April 12, 2006 6:00 p.m. – 9:00 p.m.
Housing Advisory Commission hearing on draft document	Housing Advisory Commission	San Jose City Hall 200 E. Santa Clara Street **12th Floor, Room T-1254**	April 13, 2006 @ 5:30 p.m.
End of 30-Day Public Comment Period			May 5, 2006
Final City Council hearing	City Council	San Jose City Hall 200 E. Santa Clara Street **City Council Chamber**s	May 9, 2006
Submit Annual Plan to the US Department of Housing and Urban Development			May 15, 2006

PROGRAM RESOURCES

Federal Resources

Entitlement jurisdictions are those central cities of Metropolitan Statistical Areas (MSAs); other metropolitan cities with populations of at least 50,000; and qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities). These qualifying areas are "entitled" to receive an annual grant from the U.S. Department of Housing and Urban Development (HUD). HUD determines the amount of each entitlement grant by a statutory dual formula which uses several objective measures of community needs, including the extent of poverty, population, housing overcrowding, age of housing and population growth lag in relationship to other metropolitan areas. The City of San José is an entitlement jurisdiction and receives and administers these federal funds from the following programs:

- HOME Investment Partnership Program (**HOME**)
- Housing Opportunities for People with HIV/AIDS Program (**HOPWA**)
- Housing Opportunities for Persons with AIDS competitive Special Project of National Significance (**HOPWA SPNS**)
- Emergency Shelter Grant Program (**ESG**)
- American Dream Downpayment Assistance Initiative (**ADDI**)
- Community Development Block Grant Program (**CDBG**)

The Proposed Uses of these Funds for Fiscal-Year 2006-2007 are Described Below:

HOME - Of the total $4,355,567 grant, approximately $3,920,010 will be committed to homeownership programs, rehabilitation programs for owner-occupied housing, to project sponsors for property acquisition in connection with new construction of ownership housing on small development sites, and for the construction of new affordable rental developments and special needs populations. Of the total grant, 15% will be set-aside for Community Housing Development Organizations (CHDOs). An additional 5% may be used to support the operating expenses of CHDOs working on housing development. Up to 10% of the grant may be used for the City's administrative costs.

HOPWA - Of the total $738,000 amount granted in FY 06-07, approximately $715,860 will be distributed to housing and service providers. Approximately 3% of these funds (or $22,140) will be used for the City's administrative costs. The HOPWA entitlement funds will be used as a match for the Shared Housing Assistance Placement and Support Services (SHAPSS) program and combined with the HOPWA Special Project of Nation Significance (SPNS).

The City has contracted with Health Connections to administer its HOPWA funds and provide matching funds for SHAPSS. In FY 04-05 and FY 05-06, the City committed $748,000 and $693,000, respectively and will commit $690,000 for the FY 06-07. Additionally, as administrator of the County of San Benito HOPWA Program, the City has allocated the balance of HOPWA funds in amount of $25,860 for the needs of approximately 15 individuals and families living with HIV/AIDS.

HOPWA SPNS - The City was awarded $1,323,800 under the FY 2004 Housing Opportunities for Persons with AIDS (HOPWA) competition for a Special Project of National Significance (SPNS). This is a three-year program, with roughly $441,266 allocated each year of the program. As noted above, HOPWA SPNS and SHAPSS will be coupled with the City's entitlement funds and administered through Health Connections and the City of San José. Approximately 1% of these funds (or $12,000) will be used for the City's administrative cost. Additionally, $50,000 of the total funding will be used for perform program evaluation as a part of the HOPWA-SPNS contract. The City will submit a program renewal application for the continuation of the SHAPSS Program in 2006 in order to provide tenant-based rental subsidies and supportive service for those individuals living with HIV/AIDS.

ESG - The City will be awarded a total of $441,400 for FY 06-07. These funds are being marketed affirmatively to nonprofit service providers that offer a wide range of services to people who are homeless or at risk of becoming homeless. For this fiscal year, the City has established funding priorities as follows: 1) homeless prevention, 2) essential services, and 3) operating costs. The City's focus is to end homelessness as defined in the 10-Year Plan, through the provision of services such as short-term rental, mortgage and utility assistance, and for the provision of essential services such as counseling in obtaining benefits, job training, medical, and, substance abuse, in an effort to assist the clients in maintaining or obtaining stability and becoming self-sufficient. While the City is allowed to retain up to 5% ($22,070) of the grant for administrative costs, it has foregone this administration fee in order to further support the service providers in the delivery of additional services.

Additionally, the City will also require that each awarded agency be an active participant and user of the Homeless Management Information System (HMIS). Each participant will be required to receive a certification of completion of HMIS training, which is being offered by the Community Technology Alliance (CTA) unless an agency demonstrates extenuating circumstances why they can not legally participate (e.g. their clientele are victims of Domestic Violence or Unaccompanied Youth). The City is funding the technical assistance program through the City's Housing Trust Fund.

ADDI - The federal government approved a new source of funding for homeownership called the American Dream Downpayment Assistance Initiative in 2004. A total of $62,209 will be available in FY 06-07. Funding will be used to carry out Homeownership program activities serving LI households. Administrative costs for this grant will be funded through the administrative allowance under the City's HOME entitlement.

CDBG - Total CDBG funding in the amount of $13,648,633 will be available for Fiscal Year 2006-07, comprised of $10,313,709 from the City's 2006 CDBG entitlement grant, $1,500,000 from projected 2005-2006 program income, and $1,834,924 from prior year funds. During this one-year period, the City proposes to utilize more than 100% of these funds to serve low- and moderate-income persons. FY 2006-07 is the third year of a Three-Year Funding Plan for Community Development Improvement (CDI) projects. The City will allocate 20% of the 2006 CDBG Entitlement and $1,300,000 from projected 2006-07 program income toward the Fair Housing, Planning and General Administration CDI category. No new CDI applications were solicited for the FY 2006-07 application process. Instead, the performances of placed projects were evaluated.

BEDI/Section 108 - The City's Redevelopment Agency was awarded a $2,000,000 Brownfields Economic Development Initiative Grant and a $13,000,000 Section 108 Loan from HUD for the construction of publicly available parking in conjunction with the Downtown Mixed Use Development project.

Contracts for the Downtown Mixed Use project which received $13 million in Section 108 funds and $2 million in BEDI funds were completed in early 2006. The Section 108 loan funds were drawn down in February 2006 and expenditures against these funds are anticipated to commence by April 2006. To date, the BEDI funds for this project have not been accessed. The Downtown Mixed Use project combines HUD funds with Redevelopment Agency funds and private financing to create a mixed use project on two sites. The construction of a 67-stall public parking facility at the Second and Santa Clara site is due to be complete in Summer 2006 and the construction of a 338-space public parking facility at the Block 3 site broke ground in Fall 2005. Completion of the public parking facility is not anticipated until late 2007.

Similar to the Downtown Mixed Use project, the Story/King Revitalization project, combines HUD funds with Redevelopment Agency funds and private financing to create a new 191,500-square foot retail center on the southeast corner of Story Road and King Road. The center celebrated its grand opening on November 5, 2005 and to date has been a great success. Contracts for the $18.8 million Section 108 funds and $2 million BEDI funds have been requested. It is anticipated that funds will be drawn down by Summer 2006.

The Story/King HUD funds will be used to reimburse the Agency for certain project costs. These costs include acquisition, relocation, environmental testing, environmental remediation and some site costs. The relocation of 21 tenants on the southeast corner of the property was quite extensive. The environmental testing and remediation was required for the former gas station property and the site that formerly had a dry cleaner. The former Homebase building was vacant when acquired and was demolished before the shopping center development could occur. Other costs covered some acquisition, site work and miscellaneous costs.

In 1997, a $5,200,000 HUD Section 108 loan and a $475,000 EDI grant was drawn for three historic rehabilitation projects in the Downtown. The 1997 HUD funds for each project focused on seismic retrofit of the building, historic rehabilitation of the façade, and other building shell improvements. The breakout out of the use funds was as follows:

	Section 108 funds	**EDI grant funds**
Masson Building	$ 1,500,000	$ 200,000
Security Building	$ 2,350,000	$ 75,000
Dr. Eu (Bassler-Haynes Bldg.)	$ 1,350,000	$ 200,000
Total	$ 5,200,000	$ 475,000

Two of the three projects (Masson and Security) have been completed. The Redevelopment Agency entered into a new Owner Participation Agreement (OPA) with Isis Properties for the rehabilitation of the Bassler-Haynes Building on August 10, 2004. The OPA was subsequently amended on December 14, 2004. Construction on the project began in April 2005. Anticipated completion of the building rehabilitation is in late 2006. HUD funds for the Bassler-Haynes building are expected to be expended in Summer 2006.

FMC - Section 108 Loan

San Jose applied for and received more than $25 million dollar loan to purchase 23.23 acres of land from FMC Corporation. The land is directly adjacent to the Mineta San Jose International Airport. The purchase of land was in conjunction with an additional City bond-financed purchase of 52 acres of land also from FMC. The approximately 75 acres of land is a strategic piece of property for the City. The 75 acres is intended, in the long term, to accommodate 2.75 million square feet of high-end R&D and hotel development that will each support the Airport and the City's overall revenue position. Thousands of jobs will be generated by employers on the site. In the short term, the property is critical to the build out of the terminal buildings at the Airport. The Airport is land locked with very little land for lay down, moving and storage of rental cars, and other facilities.

Much progress has been made on the project in the last year. The City doesn't not officially close escrow on the property until some time in May. The City, FMC and Department of Toxic Substance Control have been working to achieve a no further action letter on the property. That is anticiapated to come to the City in mid-april, allowing the May close. At the close of escrow, the City will draw down the full loan amount to pay for the property. The BEDI funds are intended to be used to pay debt service in the short term, so the City can secure an interim user for the space. The City has drawn down $341,930 to pay the 1% escrow amount for the property ($250,000) and the remainder/difference has been used to pay back/reimburse pre-development costs.

Other Federal Funding Sources & Updates

In addition to the federal funds administered by the City listed above, various nonprofit service providers receive money directly or indirectly from the Federal government. Specifically, funds are available to support homeless services or other interim, transitional and permanent housing facilities, supportive services, and homeless prevention programs. Federal funds for the homeless in addition to ESG funds include:

- Federal Emergency Management Agency (**FEMA**)
- Supplemental Assistance for Facilities to Assist the Homeless (**SAFAH**)
- Transitional Housing
- Permanent Housing for the Handicapped Homeless
- Section 811 Program Funds – Supportive Housing for Persons with Disabilities (formerly part of the Section 202 Program for the Elderly and Handicapped)

The Housing Authority of Santa Clara County (HACSC), which administers the City of San José Housing Authority's Section 8 programs by legal agreement, also receives federal funds. The following is a description of those Housing Authority programs.

- **Housing Choice Voucher Program** - This program provides rental assistance to very low and low-income families, including several special programs outlined below
- **Shelter Plus Care** - This is a rental assistance program funded by McKinney Homeless monies for chronic homeless persons with a dual diagnosis – particularly mental illness, chronic alcohol and/or drug addiction, and HIV/AIDS.
- **Family Self-Sufficiency Program** - This is a five-year program to assist current Section 8 and Conventional Public Housing participants to improve their employment opportunities in an effort to become economically independent and self-sufficient. As a family's rent increases due to an increase in earned income, an escrow account is set up. At the end of five years, if the family has met their goals, remained off welfare assistance for the prior 12 months, and sought and maintained employment, the money is theirs to do as they please.
- **Public Housing** - The HACSC operates several public housing developments within the City of San José. See page 51 for a listing of these developments.

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

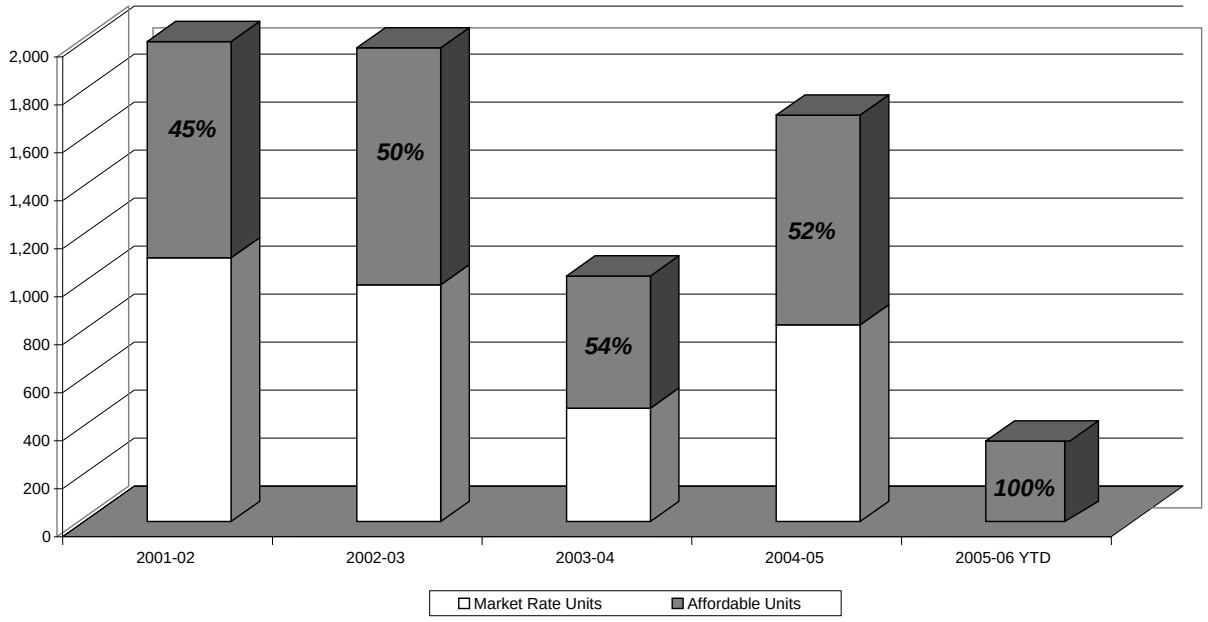
State and Local Sources

California State Redevelopment Law requires that, where there are local redevelopment areas, the property tax revenues generated by increases in assessed value within these areas, after the adoption of the redevelopment plans, be allocated to the redevelopment agency to carry out its redevelopment programs. State law further requires that at least 20% of this "tax increment" be set aside in a Low- and Moderate-Income Housing Fund, or 20% Housing Fund, to increase, maintain and preserve the supply of housing affordable to low- and moderate-income households. A local jurisdiction need not limit the use of these 20% Funds to redevelopment areas only, but may use them more broadly within its entire jurisdictional boundaries, provided that it makes a finding that the assistance is of benefit to redevelopment areas.

The City of San José allocates its 20% Funds for affordable housing throughout the City in accordance with its five-year objectives to target at least 85% of its resources to affordable housing for extremely low-income (ELI), very low-income (VLI), and low-income (LI) households, and up to 15% to housing affordable to Moderate-Income (MOD) households.

While the City has had considerable funding for its housing programs in past years, funds are more limited in current and upcoming years. The recent downturn in the economy has negatively impacted commercial property values within Redevelopment Areas, reducing the amount of property tax revenue significantly in recent years. Job growth in San José continues to be slow, trailing the State in recovery. As a result, tax increment is expected to experience conservative growth rates in the coming years. The City is actively lobbying and advocating at the State level for the protection of these vital housing dollars. Any impact on redevelopment dollars has the potential for further reductions in affordable housing funding.

The units financed by the City of San José's affordable housing program represent a significant part of the housing production taking place in the City. Over the last five years, an average of over 50% of all new rental housing development has been affordable to low-income households. Due to the recent softening of the rental housing market, production of market rate rental housing has dramatically declined leaving subsidized rental housing the only type of rental development at this time. The loss of any of this production will have serious impacts on the availability of housing in the City, an area that already suffers due to a lack of housing, and, specifically, a lack of affordable housing.



Other Resources

Historically, the Housing Department has leveraged every dollar invested in a project with two and a half to three dollars from outside resources. The outside public resources frequently used by developers include Low-Income Housing Tax Credits, Tax-Exempt Mortgage Revenue Bonds, and programs administered by the California Housing Finance Agency (CHFA), State Housing and Community Development Department (HCD), and HUD, among others. In addition, developers utilize funds from a variety of private resources including conventional lenders and the Affordable Housing Program (AHP) of the Federal Home Loan Bank Boards; and Community Reinvestment Programs of private lenders.

Anticipated Resources for Fiscal Year 2006-2007

The table below indicates the anticipated funding amounts expected from all sources for the upcoming Fiscal Year. For the City, it shows a total of over $379 million in expected resources from both locally controlled and outside funding sources for the development, preservation, or rehabilitation of affordable housing. The City expects to continue receiving, either directly or indirectly through sponsors of affordable housing projects or nonprofit service providers, funding for affordable housing rehabilitation efforts and programs to assist the homeless. The City of San José expects to continue to commit its Low- and Moderate-Income Housing Funds (20% Funds) for new affordable housing projects citywide.

Fiscal Year 2006-2007 Anticipated Funding from other sources

Source	Amount Expected for the City of San José	Amount Expected for Other Agencies[1]
Formula Programs		
HOME	4,355,567	
HOPWA	738,000	
ESG	441,400	
CDBG	10,313,709	
ADDI	62,209	
Subtotal	**15,910,885**	
Competitive Programs		
Shelter Plus Care		1,485,816
Rental Vouchers		85,334,136
Proposition 46 – MHP		15,968,810
Proposition 46 – CalHOME program	750,000	
Proposition 46 – BEGIN program		450,000
Proposition 46 – Housing Trust Fund	1,500,000	
Proposition 46 – Workforce Housing Reward Program	1,312,200	
HUD 811		1,882,000
HUD 202		0
Public Housing Comp Grant	1,000,000	
HOPWA Competitive (SPNS)	423,546	
LIHTC		94,342,273
Lead-Based Paint Abatement	0	
HUD SuperNOFA (Supportive Housing)		6,604,000
FEMA		$967,474
Hurricane Katrina Victim Assistance Reimbursement	87,288	
Rental Rehab Program (loan repayments)	14,800	
Mortgage Credit Certificates		2,005,830
Subtotal	**5,087,834**	**193,071,529**
Other Programs		
CalHFA		45,488,651
Tax Increment[2]	31,932,274	
Bond Proceeds (net)		13,775,000
Loan Repayments	11,996,568	
Interest Income	250,000	
SJSU Faculty Program		500,000
Housing Trust Fund Revenue	830,000	
Conventional Construction Financing		28,733,404
Conventional Permanent Financing		26,135,000
SNI Rehab Program – Demonstration Program (80% Funds)	482,823	
80% Funds – Project Development		17,250,000
Federal Home Loan Bank - AHP		804,000
Developer Equity		6,100,000
Subtotal	**45,491,665**	**121,536,055**
GRAND TOTAL	**66,490,384**	**314,607,584**

[1] Except for construction financing, the amounts anticipated for "Other Agencies" reflect amounts that projects will receive for permanent financing.

[2] A large portion of FY 06-07 tax increment will be targeted to pay debt service on bonds. For FY 06-07, the bond proceeds listed have already been set aside for projects which have received funding commitments. The Department does not anticipate issuing bonds in FY 06-07.

ACTIVITIES TO ADDRESS PRIORITY NEEDS

PERFORMANCE OBJECTIVES FOR FISCAL YEAR 2006-2007

As noted in the Strategic Plan section of the five-year City of San José 2005-2010 Consolidated Plan, there are several priority needs that the City intends to address. The first step is to establish annual objectives. For Fiscal Year 2005-2006, the targets are based on a reasonable assessment of the opportunities and constraints the City of San José is likely to experience. The table below identifies the City's priority needs as defined in the City of San José 2005-2010 Consolidated Plan and the corresponding one-year objectives for funding and completion of new housing construction housing, rehabilitation, and accessibility improvements for Fiscal Year 2006-2007. Objectives are measured in terms of units constructed for lower- and moderate-income households or in terms of financial assistance for those households as well as the monies estimated to go towards each need.

Fiscal Year 2006-2007 Performance Objectives[1]

Priority Need and Target Population	Program	Objective	Estimated $
Public Housing Assistance and Preservation for VLI/LI Large Renter Households, including Seniors[2], Disabled, Homeless and Other Special Needs Populations	Vouchers	6,429[3]	85,334,136
Development of ELI/VLI/LI large renter households in order to address lack of housing, housing cost burden, overcrowding and the need for geographic distribution of housing throughout the City.	New Construction – City-Funded	578	27,438,505
	New Construction (Rental) – Inclusionary	519	0
Development of ELI/VLI/LI renter households that targets disabled population and seniors.	New Construction – City-Funded	133	7,262,073
Rehabilitation for ELI/VLI/LI Homeowner Households to address Substandard Units and deteriorating housing stock.	Rehabilitation	275	4,750,000
	Paint Grants	100	500,000
Acquisition, rehabilitation, and one-time spending for projects targeted for ELI/VLI/LI rental property to address substandard rental property, deteriorating housing stock, and accessibility issues for the disabled and seniors.	Acquisition/Rehab - Funded	94	2,226,513
	Eager Program - Accessibility Grant	1,000	500,000
	One-time Rental Rehab in Targeted Areas	73	495,000
Homeownership for LI/MOD[4] Owner Households, including the Teacher Homebuyer Program and SJSU Faculty Program.	New Construction – City-Funded	50	2,000,000
	New Construction – Inclusionary	62	0
	Purchase Assistance Only – City-Funded	87	5,000,000
GRAND TOTAL		**9,400**	**$135,506,227**

1) The City's performance may vary as the complexities of financing affordable housing development can mean that the specific objectives may not be met for any given year.
2) The City of San José defines "seniors" as households with at least one person 55 years of age or older.
3) This number represents the City's Section 8 Housing Choice Voucher allocation. The County of Santa Clara also has an allocation of 9,527 Vouchers, for a total of 15,956.
4) The City of San José classifies housing affordability according to information provided annually by the State of California Department of Housing and Community Development. Due to HUD adjustments based on high-cost areas, the "low income" category is capped each year, thus this number may change on an annual basis. In 2006, "low income" is defined as those households earning between 51-80% of area median income. "Moderate income" is defined as those households earning between 81-120% of median income."

MAINTAINING AND EXPANDING THE SUPPLY OF AFFORDABLE RENTAL HOUSING

Development of Affordable Rental Housing

The units financed by the City of San José's affordable housing program represent a very significant part of the housing production taking place in the City, currently constituting most of the total development of multifamily rental units in the City.

It is the policy of the City of San José to provide financial assistance for affordable housing development in the form of low-interest loans. Moreover, the City emphasizes gap financing, rather than primary financing, as a means to leverage its funds; the City requires that project sponsors leverage City funds with funds from non-City sources to maximize the total investment in affordable housing. Grants are provided in very limited circumstances.

Additionally, in February 2004, the San José City Council adopted a **Notice of Funding Availability (NOFA)** process, which allows for a more targeted distribution of limited revenues. The NOFA establishes a point system, or selection process, which seeks to utilize limited sources of funding and to prioritize projects that:

1. Are competitive for other outside funding programs (i.e. tax credits and/or State funding programs)
2. Produce the highest leverage and least city subsidy
3. Provide the deepest level of affordability
4. Serve segments of the population that are a priority
5. Are affordable to Extremely-Low Income (ELI) households
6. Are developed and managed by high-quality partners
7. Are located in areas proximate to transportation and other community amenities
8. Employ sustainable development or green building techniques
9. Promotes public benefit.

This Council-approved scoring system continues to help the Department to prioritize and to best distribute its limited amount of funds.

The table below identifies City-funded new construction project completions for fiscal year 2006-2007, specifying the City Council Districts for each:

Fiscal Year 2006-2007 New Construction Project Completions

Project Name	District	Unit Type	Units
Almaden Family	7	Family	46 VLI/177 LI
Art Ark	3	SRO/Family	44 ELI/102 VLI
Bella Castello	3	Family	10 ELI/58 VLI/19 LI
Delmas Park	3	Family	26 ELI/40 VLI/56 LI
Total			**578**

Fiscal Year 2006-2007 Potential New Commitments

Districts	Disabled & Seniors Units	Large Units	Other Units	Total Units
3,6,5,7	313	449	13	775
	313	**449**	**13**	**775**

Dispersion Policy

The City's Dispersion Policy is a positive statement of encouraging affordable housing development throughout the City. Pursuant to this policy, the Council's approvals of City-financed affordable housing development are made in the context of the goal to balance and promote economic integration.

No area of the City is arbitrarily precluded from consideration as a site for affordable housing. However, the City recognizes that certain census tracts contain a disproportionate number of lower-income households. The Dispersion Policy is meant to track affordable housing by "impacted" census tracks (meaning that over 50% of residents within those census tracts are low-income) not by Council District. Based on a recent review over a seven-year period studied, 21.3% of newly constructed affordable units were located in impacted areas. The remaining 78.7% were built outside of "impacted Census tracts". The chart on the following page shows the City's affordable housing developments over the past 16 years (1988 through 2005), by City Council District.

Citywide Dispersion of Affordable Housing – Tracked by Developments (1988-2006)[3]

Council District #	Family	Ownership	Senior Rental	Single Room Occupancy	Special Needs	TOTAL
1	1	0	0	1	0	2
2	3	0	2	0	0	5
3	8	1	3	3	3	15
4	7	1	1	2	0	11
5	3	5	9	0	2	19
6	10	0	6	1	0	17
7	7	0	5	2	1	14
8	0	0	1	0	0	1
9	5	1	4	0	2	11
10	2	0	3	0	0	5
TOTAL:	**46**	**8**	**34**	**9**	**8**	**105**

[3] The City's Dispersion Policy only tracts newly constructed City-financed low-income housing developments. This does not include acquisition rehabilitation, inclusionary or moderate-income housing projects.

Rental Housing Subsidies – SECTION 8

The Housing Authority's Section 8 Program will administer 6,429 vouchers in the City of San José in fiscal year 2006-2007. This number represents the City's Section 8 Housing Choice Voucher allocation, but there are an additional 9,527 Vouchers allocated to the County of Santa Clara, for a total of 15,956 Vouchers. It should also be noted that many of the Section 8 Vouchers allocated to the County are ultimately used by San José residents. The Housing Authority of the County of Santa Clara administers the Section 8 program on the behalf of the City of San José's Housing Authority.

The County of Santa Clara there is currently a waiting list of **1,237** families for this program. These **Housing Choice Vouchers** serve low-income households, including disabled persons (**Mainstream Voucher Program**) families working towards economic independence (**Family Self-Sufficiency Programs).** The Section 8 waiting list was last opened 7 years ago with an initial number of over 27,000 people signing up. In April 2006, the Housing Authority of the County of Santa Clara will re-open the waiting list for a five-day period.

In 2001, the Housing Authority's **Family Self-Sufficiency (FSS) Program** was recognized by HUD's "*Best Practices Award*" and is being used as a national model. This program currently serves more than 108 families that follow personal action plans, including job training and educational plans, to help reach the goal of self-sufficiency. These self-motivated participants have generated over $2,200,000 in escrow funds, an amount provided by HUD to match the increase in participants' earnings, since the beginning of the program. Each participant can use their share of the escrow funds when graduating from the program and no longer receiving government aid. To date, over forty of the program graduates have used their money to help purchase a home.

Other programs include the Shelter Plus Care Program, which provides a minimum of 166 housing units to serve homeless individuals with long-term disabilities, the Moderate Rehabilitation Program, which consists of 206 units serving families in privately owned residences with project-based subsidies, and the **Project-Based Assistance Program**, which serves families in 335 privately-owned rehabilitated or newly constructed units with project-based subsidies.

HOME Program

The City of San José issued a Notice of Funding Availability (NOFA) on January 3, 2006 with a deadline of January 31, 2006. The purpose of this NOFA is to obligate unused portions of City's HOME funds, for a broad range of HOME-eligible projects, from previous funding cycles. The NOFA was issued in the amount of $8.7 million and specified that the City would consider the following criteria when evaluating proposals for making recommendations for awards: project readiness and feasibility; the quality of proposals including cost-effectiveness; and past experience with project or activities similar to those being proposed. The Housing Department received ten responses by the January 31, 2006. The proposals fell into the following four general categories: homebuyer assistance (four responses), rehabilitation of existing affordable housing projects (four responses), new construction of affordable rental housing (one response), and administrative support to a nonprofit agency (one response). Award of these monies will take place in 2006.

For Fiscal Year 2006-2007, a total of $4,355,567 of HOME Program funds is available for a variety of affordable housing activities. In accordance with HUD's requirements, the City of San José will provide a **25% match** for these funds, primarily in the form of bond proceeds and tax and fee waivers. In previous years, the City targeted its HOME funds primarily to new construction of rental housing for lower-income households and in the last year has primarily funded homebuyer assistance and grants to homeowners for rehabilitation. In order to increase funding from the City's Low and Moderate Income Housing Funds (20% Fund) for the new construction of rental housing, the City will continue to target its HOME funds primarily to downpayment assistance for homebuyers and rehabilitation of ownership housing. Other program uses may consist of acquisition of small infill sites for the new construction of ownership and rental housing.

The following are the anticipated uses for these funds for the upcoming year:

- **New Construction (Rental) -** The City proposes to use HOME funds for property acquisition and construction of rental units for ELI/VLI/LI households as well as for special needs populations, such as single parents, seniors, disabled persons, people living with HIV/AIDS and people at risk of homelessness. Participation in the HOME Program will enhance the City's funding sources for new construction, while at the same time providing flexibility in the use of funds for an overall gap-financing program.

- **Homeownership -** Consistent with the City's goal to assist lower-income households in becoming homebuyers, the City proposes to use HOME funds for downpayment assistance under the City's Homebuyer programs.

- **Rehabilitation -** Consistent with the City's goals of improving neighborhoods and preserving the housing stock, which includes the rehabilitation of ownership housing, the City proposes to use HOME funds for grants and deferred loans to lower income households for repairs and improvements under the City's Housing Rehabilitation programs.

- **New Construction Small Infill Sites (Ownership) -** Consistent with the City's goals of producing new housing for lower-income households, the City is proposing to use HOME funds to further the acquisition of smaller sites for the development of ownership housing that will be carried out by organizations such as **Silicon Valley Habitat for Humanity** and the **San Jose Conservation Corps' Youthbuild Program** that will be sold to households earning no more than 80% of the Area Median Income (See Habitat Housing and Youthbuild section below).

- **Community Housing Development Organizations (CHDOs) Support -** In compliance with HOME regulations, the City of San José sets aside a minimum of 15% of HOME program funds for CHDOs to carry out HOME-eligible activities. An additional 5% is available to support operating expenses of CHDOs if necessary for the developer to proceed with plans for affordable housing. Most of the nonprofit housing developers with whom the City has worked in the past do not meet the federal definition of a CHDO. Specifically, most nonprofit organizations do not satisfy the requirements of maintaining accountability to low-income residents and having the necessary board composition. The City currently has five certified CHDOs: Charities Housing Development Corporation (CHDC), Community Housing Developers (CHD), the Emergency Housing Consortium (EHC), the Mexican American Community Services Agency (MACSA), and Neighborhood Housing Services Silicon Valley (NHSSV).

- **Planning and Administration -** Up to 10% of the total HOME funding allocation will be used for reasonable planning and administrative costs associated with the activities supported by HOME and ADDI.

Other Funding Sources for Rental Housing Development

The City of San José leverages its Low-and Moderate-Income Housing Funds (**20% Funds**) by issuing long-term tax allocation bonds and securing a short-term line of credit to provide gap financing. In addition, the City assists developers with their applications to other agencies to further leverage City resources, including the **California Debt Limit Allocation Committee (CDLAC)** for tax-exempt bond allocations and four percent tax credits and the **Tax Credit Allocation Committee (TCAC)** for 9% low-income housing tax credits. In order to meet the City's production goal of 10,000 new affordable housing units between 1999-2006, a large portion of the $31.9 million of the City's estimated 20% Funds for the upcoming Fiscal Year 2006-2007 will be targeted to help pay debt service on bonds ($19.5 million) used for the construction of new affordable rental housing. During FY 06-07, $13 million in bond proceeds will be spent from the Spring 2005 issuance for projects that have already received funding commitments. The Department does not anticipate issuing bonds in FY 06-07.

MAINTAINING AND EXPANDING HOMEOWNERSHIP SUPPLY & OPPORTUNITIES

The City of San José uses a variety of funds including: HOME, 20% Low- and Moderate-Income Housing Funds, Proposition 46 funds, and others to assist low – and moderate income households purchase homes. The city works with various partner first-time homebuyer agencies to administer these homebuyer programs.

New Construction

The City has been able to leverage additional funds for downpayment assistance for the purchasers of affordable units created through the City's Inclusionary Housing Program. The following lists the completions anticipated for FY 2006-2007.

For-Sale Affordable Housing – 2006-2007 ***Completions***

Project Name	District	Unit Type	Units
New Construction			
San Carlos Bowl	6	For-Sale	17
Hennessey Place	6	For-Sale	5
Habitat for Humanity – Murphy Ave Project	3	For-Sale	11
Sycamore Terrace	10	For-Sale	17
Subtotal			**50**
Inclusionary			
CIM – The Globe	3	For-Sale	16
Lofts at the Alameda	6	For-Sale	8
The Works	3	For-Sale	14
Villa Almendra	3	For-Sale	3
Autumn Terrace @ Bonita	3	For-Sale	16
San Antonio Place	5	For-Sale	5
Subtotal			**62**
GRAND TOTAL			**112**

Downpayment Assistance Programs

The City continues to strengthen its relationship with **Neighborhood Housing Services Silicon Valley (NHSSV)** in its efforts to expand the **HomeOwnership Center** and to establish itself as one of the prime resources for first-time, low-income homebuyers. Through its classes, counseling, and additional financial resources created through the HomeVenture and CalHOME Programs, the Homeownership Center produces a steady stream of successful first-time homebuyers. The organization increases the capacity of low-income residents to compete in Silicon Valley's competitive and high-priced real estate market.

In 2006-2007, over 2,000 prospective homebuyers will enroll in NHSSVs pre-purchase homebuyer education courses at the HomeOwnership Center. In addition, NHSSV will assist approximately 200 households obtain first mortgage financing, leveraging over $70,000,000 from partner banks for first- and second mortgages. On average, each NHSSV assisted homebuyer obtains downpayment assistance from a primary lender and three additional sources.

American Dream Downpayment Initiative (ADDI)

The City receives a formula grant under a new component of the HOME program called the American Dream Downpayment Initiative (ADDI). In 2005, The City received $124,670. In Fiscal Year 2006-2007, the City anticipates receiving an allocation of $62,209. In FY 2006-2007, there is no match requirement for this allocation.

In FY 2006-2007 these ADDI funds will be used to provide lower-income families with closing cost and/or downpayment assistance towards the purchase of a single-family home or manufactured home. All assisted families must be first-time homebuyers. Individual assistance amounts may not exceed the greater of 6% of the purchase price, or $10,000, in accordance with the program requirements.

In San José's extremely high cost housing market, the American Dream Downpayment Initiative will only assist a few low-income households to buy a home. However, this additional funding source will increase the amount of resources available to low-income homebuyers when used in conjunction with other non-City resources such as the California Housing Finance Agency (CalHFA), the Federal Home Loan Bank (FHLB), the California Department of Housing and Community Development (HCD), the Housing Trust of Santa Clara County (HTSCC), and Neighborhood Housing Services of Silicon Valley (NHSSV).

For this year's allocation the City will either administer the ADDI funds through its Homebuyer Program or through a subrecipient that would administer on behalf of the City. In 2006-2007, the City of San José released a Notice of Funds Available (NOFA) to San José Community Development Housing Organizations and to the general public stating funding availability of HOME funds. Currently, the City is evaluating the applications received to determine whether applicants can meet the guidelines of the ADDI program. If it is determined that there are no subrecipients who qualify to administer the program, the City will allocate the funds through its Homebuyer Program. The City will make the award recommendations in early 2006-2007.

ADDI program regulations require the City to:

- Develop a plan for conducting targeted outreach to residents and tenants of public and manufactured housing, and to other families assisted by public housing agencies

- Describe actions to be taken to ensure the suitability of families receiving ADDI assistance to undertake and maintain homeownership

Targeted Outreach

On an ongoing basis, the City of San José, in partnership with other groups, provides information on homeownership assistance programs that are already available to low-and moderate-income households. The City will augment this ongoing effort by conducting a targeted outreach program directed to two groups:

1. Households who receive Section 8 rental assistance from the Housing Authority of the County of Santa Clara (HACSC) and are participating in **HACSC's Family Self-Sufficiency Program** or plan to participate in the Section 8 homeownership program. The outreach would be an integral part of the ongoing homebuyer education and counseling program being conducted for these groups.

2. Households that are interested in purchasing a mobilehome or manufactured home in San José. The City, in cooperation with neighborhood groups and **Neighborhood Housing Services Silicon Valley (NHSSV)**, will provide information on ADDI and other homebuyer assistance programs. Additionally, the City also actively encourages residents to participate in a homebuyer education and counseling program before they begin shopping for a home.

Homebuyer Education and Counseling

The City recognized the value of a comprehensive homebuyer education program that includes both pre- and post-purchase counseling. Neighborhood Housing Services of Silicon Valley (NHSSV) conducts such a program. The City will continue to require that all first-time homebuyers complete an approved homebuyer education course prior to receiving City assistance.

San José State University Faculty Homebuyer Program

In 2006-2007 the City of San José, in a unique partnership with San José State University (SJSU), will launch the **SJSU Faculty Homebuyer Program**. The SJSU Faculty Homebuyer Program is a pilot program expected to assist approximately eighteen recently hired faculty members with downpayment assistance to be used towards the purchase of a home.

The SJSU Faculty Homebuyer Program will be modeled after the existing City of San José Teacher Homebuyer Program (THP). All loans will subject to a deed restriction requiring that the units be affordable for a period of 45 years. If the unit is sold or transferred, the owner must sell the unit to another income eligible homebuyer or repay the City loan plus a pro-rata equity-share amount from the proceeds of the sale.

Habitat Housing and Youth Build

In early 2002, the Housing Department identified seven surplus City-owned properties that were too small for the development of multi-family housing. It was determined that the sites may be suitable for development of ownership housing for lower-income households. The sites were presented to the **San Jose Conservation Corps (SJCC) and Silicon Valley Habitat for Humanity (SVHH).**

SJCC operates the HUD-supported Youthbuild program, which provides young adults with job training in the construction trades by working on the construction of housing. SJCC has completed one home on a City-owned site and they areconstructingseven homes on a second City-owned site in San José. When the homes are completed, SJCC works with the Housing Department's Homebuyer Program to establish the sale price and market the homes to eligible buyers, which are anticipated to be in the low- or moderate-income range. There is coordination also with the Neighborhood Housing Services Silicon Valley (NHSSV), which maintains a waiting list of pre-qualified homebuyers. The City will maintain a 45-year affordability resale restriction on each home that will include an equity share provision. The equity share represents the City's share of the "market discount," the difference between the market price and below market price of the home at the time of sale. Upon resale, the homebuyer will pay the City the amount of the City note, plus the equity share, at which time the City's 45-year affordability restriction wll terminate. The homebuyer also has the option of selling the home to another income-qualifying homebuyer at a restricted price.

In addition to the City sites, SJCC completed one home on a small privately owned site identified by the Housing Department. The City provided short-term financing for the purchase of the land and SJCC used other financing sources to complete the development. When the home was sold in February 2004, the City's land acquisition loan was paid in full and a $50,000 City second mortgage was offered to the homebuyer. SJCC coordinated with the Housing Department's Homebuyer Program and NHSSV to identify the homebuyer. The City maintained a 45-year affordability resale restriction on the home.

SVHH develops ownership housing for very low-income families who are chosen through a selection process and must commit 500 hours of sweat equity in building the home. SVHH depends on donations of land, materials and services and the work of volunteers to minimize the cost of building the home. The home is then sold at cost to the selected very low-income family, who pays small monthly, no interest mortgage payments over 30 years. SVHH does not earn a profit on any of the homes. Currently, SVHH is in the process of developing 11 homes on four surplus City sites in San José. A fifth City-owned site has been identified for a single-unit. The homes are

anticipated to be three- and four-bedroom, which will meet the needs of large families living in sub-standard and overcrowded conditions. SVHH will maintain a 30-year affordability resale restriction on each of the homes and the City will maintain a 45-year affordability restriction. SVHH's affordability restriction limits the resale of each unit to a very low-income qualified homebuyer at a restricted affordable price. Under the City's affordability restriction,following the the expiration of SVHH's restriction, an owner may sell to an income-qualified buyer at a restricted price, or to a non-qualified buyer. In the latter case, the owner will pay the City the amount of the City's land contribution plus an equity share, as described above, and the City's affordability restriction will then terminate A deduction will be made prior to the equity share calculation to account for the owner's "sweat equity" in the home.

The City is pursuing several additional sites that will provide new homeownership opportunities for lower- and moderate-income residents.

Targeted Resources

The City of San José's number one goal is to end homelessness while establishing systems to prevent people from becoming homeless. To accomplish this goal, the City adopted its 10-Year Homeless Strategy and the Department of Housing has convened a group of shelter and service providers to review the gaps in the system. The group will work in conjunction with the City to provide standards for reporting reasonable and measurable outcomes to ensure that limited funds provided by the following programs will continue to be allocated to those agencies that demonstrate exceptional performance.

Housing Trust Fund

In June 2003, the City of San José established a **Housing Trust Fund (HTF)**, which is administered by the Director of Housing with the assistance of an Oversight Committee. The purpose of the Housing Trust Fund (originally the Housing and Homeless Fund) is to ensure ongoing funding for affordable housing programs by creating a vehicle eligible to compete for funding sources. In February 2004, the State awarded the City $1.5 million, under Proposition 46, for new construction, acquisition/rehabilitation, or rehabilitation of rental housing affordable to ELI households and those with special needs. The City has committed a $2 million dollar match and issued a **Notice of Funding Availability (NOFA)** for a total of $3.5 million in August 2004. The NOFA produced two eligible applicants: InnVision the Way Home, with a request for funding for the permanent financing of the Hester Avenue Apartment, which will provide permanent housing to serve seven extremely low-income (ELI) households with special needs. The other applicant, Unity Care Group, requested funding of up to $1,520,000 for the acquisition and permanent financing of the Northrup Youth facility, which will provide eight transitional and 26 permanent beds to extremely low-income youth. The remaining funds will be allocated on a competitive basis to applicants showing the capability and expertise to develop affordable housing projects targeted to ELI and/or special needs populations. The HTF also contains a direct services component, which is a source of funds available to agencies for short-term emergency services to assist the homeless and those at-risk of becoming homeless. A NOFA for the remaining funds is expected in the Spring of 2006.

HOPWA

The City will continue to enhance its relationships with its partners, which include the **Santa Clara County HIV Planning Council**, **the Santa Clara County Office of Affordable Housing, County of San Benito Health and Human Service Agency, and the Health Trust's Housing for Health Board**, in order to determine innovative service strategies and the appropriate allocation of funding to meet the housing and support service needs of individuals and families living with HIV/AIDS. Additionally, staff holds a seat on The Health Trust, Housing for Health Board.

For FY 2006-2007, the City of San José has allocated the $690,000 as a match to the HOPWA-SPNS, SHAPSS Program, which is a partnership between Health Connections and the City. The balance of $25,860 is allocated for the County of San Benito Health and Human Services HOPWA Program (as of FY 2004, San Benito County was incorporated into the San Jose Metropolitan Statistical Area).

HOPWA SPNS

In partnership with Health Connections, the City will administer the **Shared Housing Assistance Placement and Support Services Program (SHAPSS)**. This three-year (2004-2007) program was designed to provide affordable housing opportunities and supportive services to VLI and LI Santa Clara County residents disabled by HIV/AIDS. The funds will be allocated in three equal amounts for each program year.

The Department of Housing is committed to ensuring priority funding to agencies that offer low-cost housing, housing subsidies and/or short term emergency assistance for rent or utility expenses to obtain affordable

permanent housing, food and nutritional programs, individual and group counseling, and case management for those disabled by HIV/AIDS.

ESG

The Housing Department will convene a review committee comprised of a Department of Housing representative, the County of Santa Clara's Homeless Concerns Coordinator, the City of San José Homeless Coordinator, and a formerly homeless individual to review the 16 ESG grant applications received for program funding for Fiscal Year 2006-2007. The following are the program funding priorities:

- **Homeless Prevention** – Programs or activities designed to prevent the incidence of homelessness: Short-term subsidies to defray rent and utility arrearages for families that have received eviction or utility termination notices, security deposits or first month's rent to permit a homeless family to move into permanent housing, payments to prevent foreclosure on a home, legal services programs for the representation of indigent tenants in eviction proceedings, mediation programs for landlord-tenant disputes, and other innovative programs and activities designed to prevent the incidence of homelessness.

- **Essential Services** - Counseling services concerned with health, substance abuse, education, and employment, assistance in obtaining permanent housing, obtaining federal, State and local assistance, including Veteran's benefits, supplemental Social Security Income, TANF, and Food Stamps. In line with the City's 10-year plan to end homelessness, priority will be placed on more aggressive job counseling, education and outreach efforts.

- **Operating costs** - Reimbursement of costs associated with the operation of shelters, which may include utilities, food, maintenance, repair, security, insurance, equipment and furnishings, and up to 10% for costs of operations staff.

The following chart illustrates the proposed funding allocations as requested by the applicants. An ESG Review Committee will make final recommendations and forward to the City Council for approval in May 2006 when the City Council considers final action on the Annual Action Plan.

Fiscal Year 2006-2007 ESG Allocations

The City of San José's matching funds for the ESG program have, in the past, equaled or exceeded the grant funds from the federal government. In general, the City matches ESG funds with funds from the City's Housing Trust Fund.

Agency	Activity	Funding Requested	Funding Recommendation
AACI	Provide safe, confidential shelter and comprehensive services to 104 battered women and their children.	25,000	
Bill Wilson Center Runaway and Homeless Youth Shelter	Emergency shelter and counseling for 12 youth and meals for 115 youth ages 11to 17.	21,000	
Bill Wilson 2nd Street Drop-In Center	Downtown San Jose Drop-In Center for homeless, at-risk youth ages 13 to 23. Provide comprehensive services, including benefits counseling, job training and placement, and assistance in obtaining permanent housing to approximately 200 youth	$30,000	
City Team Ministries	Provide emergency food for men, women and children for 3 meals, 7 days a week. Provide emergency shelter, showers and support for up to 54 men on a nightly basis.	55,200	
Community Technology Alliance	Project SHARE – Voicemail telecommunications costs for 500 users Shelter Bed Hotline for approximately 9,000 users, and training materials for partnering agency case managers and clients.	34,485	
Emergency Housing Consortium	Provide emergency shelter, meals and transportation to homeless families and individuals, during Cold Weather months.	90,000	
Family Supportive Housing	Provide emergency shelter and supportive services to approx. 200 unduplicated homeless family members.	50,000	
Homeless Care Force	Feed and clothe the "street" homeless through a mobile hot meals and warm clothing program.	35,000	
InnVision, Commercial Street Inn	Provide emergency shelter, meals and transportation to 220 homeless women and children, and assistance in obtaining permanent housing.	30,000	
InnVision, Georgia Travis Day Center	Provide 9,000 units of emergency daytime shelter, which includes 2 meals per day, showers, laundry and childcare, to homeless women and their children.	45,000	
InnVision, Montgomery Street Inn	Provide transportation, meals and 5,000 nights of emergency shelter to 200+ homeless men and support services including job counseling and placement, and case management.	45,000	
Loaves And Fishes Family Kitchen	Provide food services to families at risk of homelessness, in addition to utility termination prevention assistance, benefits counseling, and assistance in obtaining permanent housing.	12,000	
Martha's Kitchen	Provide approximately 30,000 emergency meals to the homeless and those at risk of homelessness.	40,000	
Next Door: Solutions to Domestic Violence	Provide 21 beds in safe housing for up to 6 weeks, and 3 nutritious meals per day, and case management services approx. 75 victims of domestic violence.	43,500	
Sacred Heart Community Services	Provide direct financial rental assistance to 3,500 individuals, provide emergency financial assistance to 500-600 individuals for utility, medical and transportation, and partial staff costs.	75,000	
The Unity Care Group	Provide stable, nurturing housing, counseling, educational preparation and other supportive services to 75 homeless children and youth.	26,400	
Total		**$657,585**	**$441,400**

Homeless Prevention Activities

In 2003, the federal government adopted a goal to eliminate chronic homelessness within ten years and called upon the nation's cities to adopt plans to make this goal a reality. The National Alliance to End Homelessness, the federal government, the U. S. Interagency Council on Homelessness, and the U.S. Conference of Mayors have all embraced this objective.

On September 23, 2003, the San José City Council adopted a resolution approving a **Homeless Strategy** for the City of San José. In approving the Plan, the City joined dozens of other communities throughout the nation seeking to revise the current approach to addressing homelessness. The Homeless Strategy, adopted by the Mayor and City Council, outlines the extent of the homeless problem in San José, describes the many programs and policies the City has adopted over the years, and lays out a series of policies and actions designed to eliminate chronic homelessness in San José within ten years. The major points of the Strategy include:

- ***Prevention -*** Emphasize programs that seek to prevent homelessness, such as one-time rent to prevent evicition, a rental guarantee program, and an emphasis on the development of permanent supportive housing.

- ***Rapid Rehousing (Housing First) -*** Continue to support existing homeless and transitional shelters, but change the focus to moving people quickly into permanent housing with transitional supportive services as seen in the successful **Housing First** approach. In February 2006, the City Council approved funding commitments to InnVision the Way Home for the permanent financing of the Hester Avenue Apartments, which will provide permanent housing to 7 extremely low-income households with special needs, and to the Unity Care Group, for the acquisition and permanent financing of the Northrup Youth Facility, which will provide 8 transitional and 26 permanent beds to extremely low-income youth leaving the foster care system.

- ***Wraparound Services -*** Rely on existing successful nonprofit entities to provide direct services to the homeless rather than having the City compete by providing these services. On January 25, 2005, The City Council approved the selection of the Housing Services Partnership (HSP), between EHC LifeBuilders, Sacred Heart Community Service, and InnVision – The Way Home to provide services to the homeless population on behalf of the City, effective March 1, 2005. HSP offers financial assistance to people who are at risk of becoming homeless and for individuals and families who are at risk of being evicted. In December 2005, the City participated in the National Day of Project Homeless Connect, a coordinated effort to assist the chronically homeless population by sponsoring an event that connects the homeless people to services such as medical, mental health, and veterans among other services, as well as housing information and referrals, and financial assistance. Due to the great success of this effort, the City will continue to sponsor similar events on a regular basis. The next one is being planned for April 27, 2006.

- ***Proactive Efforts -*** Ensure that data systems collect the information needed to determine the needs of the homeless and the success of program efforts. The City funds and works collaboratively with Community Technology Alliance, the County's HMIS administrator to ensure that all federal and city funded agencies are active participants of HMIS. Also, expand efforts to bring in new resources into the community to cover the costs associated with the services.

In addition to these strategies, the following additional activities will be pursued to address the housing needs of the homeless and special needs populations in the coming year:

- The City is establishing an **Eviction Prevention Program**, working directly with the legal system to prevent the high court costs to the tenant. This program is intended to assist eligible tenants with awareness of the financial assistance programs available and are farther along in the court process. This program could prevent judgment filings, which can have an impact on their credit report and their ability to secure permanent housing in the future.

- The **Welfare-to-Work** program provides tenant-based Section 8 rental assistance to help eligible families make the transition from welfare to work through a structured program with specific steps for voucher recipients, such as an initial screening/orientation, verification of eligibility, workshops, counseling, housing search activities, and employment plans, in order to prepare prospective program participants enter the workforce and become self-sufficient.

- The City provides assistance for homeless families and individuals to regain housing and maximize their self-sufficiency through the two-year subsidized housing program known as **PROGRESS (Promoting Growth and Early Self-Sufficiency)**. PROGRESS III will take the participant to the next level by providing support services that will guide them through a gradual process toward self-sufficiency. The City anticipates implementation of the new program by June 2006. The City is committed to this program and will be seeking additional funding sources. The City is also exploring the possibility of using HOME funds for this purpose.[4]

- The City had proposed a **Pilot Homeless Project** with the goal to assist 100 chronic homeless individuals and families securing Section 8 housing choice vouchers. The County's Section 8 waiting list will be opened in April 2006 and the City of San José has requested that 100 City Vouchers be set aside for homeless families/individuals. This will help to implement the Housing First methodology, which has been proven to be effective in ending chronic homelessness for individuals and families with special needs.

- The City of San Jose will be working with the State and county agencies to create a collaborative strategy for the housing and placement of offenders in our community. This **discharge placement planning** seeks to help direct the placement of prisoners released from jails, hospitals, and other facilities in order to prevent homelessness.

Transitional and Permanent Housing Assistance

The City of San José has financially supported construction and rehabilitation projects, which, over the past five years, have resulted in over 500 transitional and permanent housing units for homeless and special needs individuals. In 1997, the Monterey Glen Inn opened ninety-five Single Room Occupancy (SRO) units for homeless, senior, veteran and disabled individuals. In 1999, InnVision Villa opened twenty-six SRO units for women and their children. The Regional Reception Center opened in 1998 with ten shelter units (in addition to the 250 beds) for families, with another ten units completed in 2003 for transitional housing for families. As of 2001, the Vermont House provides thirty units of transitional housing for special needs clients. In 2002, the City, in cooperation with the Red Cross and Emergency Housing Consortium, opened the Haven (formerly the Locust Street Inn) to provide four units of temporary housing for victims of fires and other disasters. Also, in 2002, InnVision opened the Stevens House, providing transitional housing for 18 homeless individuals with severe mental illnesses each year. In 2003, the **Home Safe Project** opened and provides twenty-four units of transitional

[4] Should the City decide to use HOME funds, the 2005-2010 Consolidated Plan will be amended to reflect this activity.

housing for women and children. Finally, in 2003/2004, Markham Plaza opened it doors and provides a total of 305 SRO units for ELI households.

In February 2006, the City Council approved funding commitments to InnVision the Way Home for the permanent financing of the Hester Avenue Apartments, which will provide permanent housing to seven extremely low-income households with special needs, and to the Unity Care Group, for the acquisition and permanent financing of the Northrup Youth Facility, which will provide eight transitional and 26 permanent beds to extremely low-income youth leaving the foster care system.

In addition to funding construction and rehabilitation projects, the City uses CDBG funds for shelter, food, clothing and employment services, emphasizing a continuum of care to prevent "at-risk" individuals and families from becoming homeless and to assist employable individuals and families who have become homeless. Detailed information about these programs is included in the "***Community Development Block Grant Programs***" section of this Plan. The following identifies the specific programs targeted to homeless and special needs populations:

- **Emergency Shelter Programs -** CDBG supports six shelter programs (Runaway and Homeless Youth Shelter, Julian Street Inn, Community Inns, Shelter Next Door)
- **Homeless Support Services** - CDBG funds six programs providing support services for homeless populations (Cecil White Center, Case Management, H.O.M.E.S., Project Share, Comprehensive Services Project, and Loaves and Fishes Project)
- **Homeless Prevention Services -** CDBG supports two programs to prevent homelessness (Shared Housing and Family Self-Sufficiency)

CDBG funds are also targeted to services for persons with disabilities, including support for affordable housing. Funding priority is given to services that enhance independence, education, advocacy, recreation, transportation and community accessibility.

Senior services addressing the most critical needs include respite/day care, information/referral, language services, and legal assistance. Urgent services targeted for seniors include case management, care coordination, senior centers, recreation/socialization services and transportation. San José's CDBG funds support nine projects addressing these needs.

The City currently has **over 800 beds of emergency shelter**, **over 860 beds of transitional housing**, and **over 760 beds of permanent housing**, which house single individuals, families with children, women with children, youth and domestic violence victims. The City will continue to fund programs and shelters that provide counseling and other case management assistance to prepare homeless and special needs individuals and families for the transition from emergency and transitional housing to permanent housing. Currently, several of the shelters in San José provide case management and preparation courses, such as resume writing, skills training, financial planning, parenting, and many others. The City supports these shelters and will continue encouraging them to be innovative in the development of their course curriculums. Additionally, the City is an active participant in the **Silicon Valley Workforce Investment (SVWIN)**, which was established in 2001, and is made up of representatives of employers, educators, and economic development and community service organizations throughout its service area. The goal of the SVWIN Board is to work collaboratively to link effective job training for individuals with workforce development for employers. Creating these linkages is critical to ensuring that our residents are prepared with the appropriate skills and training as they enter or return to the job market. These courses provide a foundation on which people can begin a new life.

ASSISTING SPECIAL NEEDS POPULATIONS

As described in the City Consolidated Plan 2005-2010, individuals and families with special needs include: seniors, the physically and mentally disabled, frail elderly, and those with AIDS/HIV. The following is an overview of the services and goals the City will undertake in the coming year to meet the needs of these vulnerable populations.

Housing Development for Special Needs

In 2006-2007, the City will work with its partners to begin the reconstruction of Casa Feliz. The project will provide 59 ELI SRO units, 21 of which will be reserved for developmentally disabled individuals. In addition, the City expects construction to start on Eden Palms Special Needs Apartments, a 15-unit complex made available to ELI, developmentally disabled households. This project received $1.7 million in Section 811 funding. And, the City continues to work to close construction financing on Sobrato House, a project providing nine units of City-funded transitional housing units for youth and ten Redevelopment Agency-funded youth shelter beds.

Housing Rehabilitation

Through the Housing Department's owner occupied, rental, and mobilehome Rehabilitation Programs, dozens of special need households are assisted with needed repairs to their homes. The Housing Department will continue to make funds available for minor accessibility repair/rehabilitation of owner-occupied properties to maintain this type of affordable housing for the disabled population. Over the next year the Department will continue to fund projects that serve special needs households.

Special Need	2006-2007 Funding	Number of Households
Disabled	$180,000	8
Senior	$850,000	50
Senior & Disabled	$265,500	15
Total	**$1,295,500**	**73**

Exterior Accessibility Grants for Renters (EAGR) Grant

In 2004, the Housing Department was awarded $500,000 in grant funds from HCD to provide funds for capital improvements that increase accessibility to rental housing for the disabled. In 2006-2007, this grant program will be used to assist approximately 1,000 units in making accessibility improvements, including curb cuts, wheelchair ramps, and handrails.

Affirmatively Furthering Fair Housing

The City of San José is committed to preventing impediments to Fair Housing choice. In September 2003, the San José City Council approved the ***Analysis of Impediments to Fair Housing Choice (AI)*** report. Listed below are the new and continued actions for fiscal year 2006-2007 to affirmatively further Fair Housing in San José.

Fair Housing Services

Educate Landlords and Managers on Fair Housing Compliance

- The City of San José will continue to coordinate with local Fair Housing service providers and the Tri-County Apartment Association on workshops for apartment owners and managers.

- The City will continue to send out information on Fair Housing laws to San José apartment and mobilehome park owners. When possible, the mailings will be coordinated with the City's Rental Rights and Referral program mailings to defer costs.

- The City will continue to work with the Tri-County Apartment Association and the local Fair Housing service providers to develop new approaches to educating San José apartment owners and managers.

- The City will continue to research other jurisdictions' Fair Housing programs in order to identify innovative and successful outreach and education methods to reach new owners, owners with a history of Fair Housing violations, and those who may not speak the same language as their tenants, as well as the tenants themselves.

Prevent Sexual Harassment

- As part of its Fair Housing mailings, the City will include information specifically on how the Fair Housing laws apply to sexual harassment.

Outreach to Homeowner Associations

- The City of San José will continue to work with the Santa Clara County Association of Realtors, the California Mortgage Brokers Association, and other applicable associations to identify homeowner and condominium associations within San José. The City will send identified associations educational materials on their rights and responsibilities under Fair Housing laws. The City will also work with these associations to identify additional methods to engage and educate their members on the Fair Housing laws including newsletter articles and targeted workshops.

Educate Immigrant Groups and Residents with Limited English Language Skills

- In conjunction with local Fair Housing service providers, the City of San José will continue to coordinate with community groups that work with recent immigrants and refuges, and residents with limited English language skills, to provide translated written materials on Fair Housing.

- The City will continue to distribute fair housing materials in multiple languages at local fairs, festivals, and other community events that cater to a diversity of residents.

Educate on Issues Related to "Special Needs" Residents

- The City will continue to coordinate with organizations that work with and advocate for seniors and persons with disabilities, including senior centers, to provide outreach and education on their rights under the Fair Housing laws.

- The Housing Department will continue to update its website with information on reasonable accommodation and modification, as well as accessibility requirements for new housing developments.

Coordination of Fair Housing Services

- Along with other entitlement jurisdictions and local nonprofits, the City of San José Housing Department will continue its active participation in the **Santa Clara Countywide Fair Housing Task Force**. The goals of the Task Force are to increase coordination on a countywide level, improve Fair Housing services, develop new sources of funding, measure the occurrences of discrimination and the effectiveness of current enforcement activities, and improve public education.

- The Housing Department will facilitate communication between the Rental Rights and Referrals Program, Tri-County Apartment Association, and local nonprofits to coordinate Fair Housing activities and discuss recent trends.

- The City will continue to seek funding for a comprehensive records system to enable Fair Housing service providers and City staff to more effectively monitor Fair Housing complaints and trends.

- The Housing Department will collect and compile information from the Fair Housing service providers on complaints and their resulting outcome, outreach and education efforts, and any other pertinent information. Based on this report, the City will alter its outreach and education plan, and advocate for policy changes, in order to better address residents' needs.

Lending Practices

Access to Financing

- The City will continue to offer home improvement assistance and affordable homeownership opportunities to qualified households.

- The City of San José Housing Department will provide an analysis of HMDA and other pertinent data to better assess whether some groups in the community have limited access to banks, lending institution, and home-financing opportunities. The completed report will be shared with relevant bodies in order to develop policies and/or programs to foster a more equitable distribution of lending institutions and home loans.

- The City will continue to assess the feasibility of creating a roundtable consisting of local banks, federal financial institutions such as the **Federal Deposit Insurance Corporation (FDIC)** and the **Office of Thrift Supervision (OTS),** and other applicable partners through which to address community concerns and develop partnership opportunities.

- The City will hold discussions with members of the local mortgage brokers association regarding their current consumer education activities, including those in conjunction with the **Don't Borrow Trouble Silicon Valley** anti-predatory lending campaign, and assess the feasibility of the association providing additional educational opportunities for residents.

Predatory Lending Practices

- The City of San José Housing Department will continue to coordinate the local anti-predatory lending group, **Don't Borrow Trouble Silicon Valley**, and refine its outreach, education and counseling program to better assist residents in protecting themselves from abusive lending practices.

- The Housing Department will continue to update the information on its website regarding fair lending and predatory lending practices, as well as contacts for assistance.

- The City will continue to advocate for measures that both protect residents from abusive lending practices and promote the distribution of beneficial home loans.

- The Housing Department will continue to work with mortgage broker and real estate associations, other local government agencies, and nonprofits, to identify abusive lending practices and develop methods to curtail these activities.

- The City will continue to monitor and evaluate anti-predatory lending legislation on the local, State and federal levels.

Affordable Ownership Housing

- The City will advocate for and support measures that encourage the production of condominiums and other types of more affordable ownership housing.

HOUSING SUPPORT ACTIVITIES / REMOVING BARRIERS TO AFFORDABLE HOUSING

Public Policies

In addition to housing production objectives, the City is strongly committed to improving the affordable housing delivery system. Some of the following policy actions for Fiscal Year 2005-2006 include efforts begun last year:

- Continue a community education effort for affordable housing by implementing an "**Anti-NIMBY**" campaign *(Department of Housing)*

- Continue to implement an "**85/15 Policy**," which states that the City is committed to assisting those most in need by targeting 85% of the funding for development and rehabilitation assistance to benefit lower-income households. *(Department of Housing)*

- Assess the availability and opportunity of local, State and federal funding resources for the development of housing affordable to extremely low-income households and, when feasible, apply. (*Department of Housing)*

- Implement a pilot program allowing secondary units in single-family neighborhoods and conduct an assessment of the program in early 2007. (*Department of Planning, Building and Code Enforcement and Department of Housing*)

- Continue to analyze changes to the Transportation Level of Service policy in order to allow more infill and high-density housing (*Department of Transportation and Department of Housing*)

- Continue to plan for the development of the Coyote Valley in South San José. The development of this area is expected to provide 25,000 new housing units, of which 5,000 will be required to be affordable *(Department of Planning, Building and Code Enforcement, Department of Housing)*

- Continue to plan for the intensification of North San José along transit corridors. This will provide an additional opportunity for 32,000 units of new housing (*Department of Planning, Building and Code Enforcement and Department of Transportation, Department of Housing)*

- Continue to provide education and outreach services to tenants and landlords covered by the Rent Control ordinance *(Department of Housing)*

- Monitor changes made to the Parkland Dedication Ordinances and its impacts on affordable housing production (*Department of Parks, Recreation and Neighborhood Services, San Jose Redevelopment Agency, and Department of Housing*)

- Aggressively seek Proposition 46 funding, including the **MultiFamily Housing Program (MHP)** and $1.3 million in **Workforce Housing Reward Program** funding (*Department of Housing and individual developers)*

- Advocate at the State level the inclusion of a $2 Billion Housing Bond into the Statewide Infrastructure Bond being pursued by the Governor and California State Legislature (*Department of Housing and the City Manager's Office)*

- Support legislation that streamlines the CEQA process, particularly for infill housing and other smart growth projects (*Department of Housing and Department of Planning, Building and Code Enforcement)*

- Continue to advocate for reasonable development fees (*Department of Housing and Department of Planning, Building and Code Enforcement)*

- Support State and federal legislation to increase local government housing opportunities by offering a permanent dedicated source of funding for affordable housing, housing trust fund, or housing bonds. (*Housing Department and State of California)*

Based on the findings of the 2005 Santa Clara County Homeless Survey, and as envisioned in the newly adopted 10-Year Homeless Strategy, the following new and continued policy actions by the City of San José are proposed:

- For **persons with disabilities**, continue to seek developments that provide group housing opportunities and provide residents with their own bedrooms (*Department of Housing)*

- Work with other agencies to develop more **outreach services** for the hardest-to-serve homeless population (*Department of Housing)*

- Continue to work with **Housing Choices Coalition**, the **Silicon Valley Independent Living Center,** and other agencies, to meet the needs of people with disabilities in finding and maintaining affordable housing (*Department of Housing)*

- Continue to collaborate with for-profit and nonprofit housing developers to find ways to finance housing developments such as Markham Plaza that will provide permanent housing affordable to **ELI households** *(Department of Housing)*

- Reinstate the **PROGRESS (Promoting Growth and Early Self-Sufficiency)** program. Through this program the City will provide assistance for homeless families and individuals to regain housing and maximize their self-sufficiency through the two-year subsidized housing program.

- Implement a program that will set aside 100 of the City's **Section 8 Housing Choice Vouchers** for the chronically homeless. (*Department of Housing, Housing Authority of the County of Santa Clara*)

In the upcoming year, the following new and continued policy actions will be undertaken to eliminate identified gaps in the institutional structure:

- Continue to apply for federal and State funds to maintain and increase funding for affordable housing projects; including lobbying the State to protect Low- and Moderate- Income Housing Funds. (20% Funds) *(Department of Housing, City Manager's Office, Mayor and City Council)*

- Oppose reductions to the Community Development Block Grant (CDBG) Program (*Department of Housing)*

- Continue to seek solutions to address federal regulatory barriers to the production and rehabilitation of affordable housing (e.g., cost-prohibitive relocation benefits required by federal regulations) *(Department of Housing and City Manager's Office)*

- Advocate at the State level to reform the State's housing element certification process (*Department of Housing and Department of Planning, Building, and Code Enforcement)*

- Investigate the rising costs of insurance rates and how this effects housing production in San José. (*Department of Housing)*

- Seek options to help the City deal with the number of illegal secondary units. (*Department of Housing, Department of Planning, Building and Code Enforcement*)

- Seek clarity in the State's recently adopted prevailing wages law. Encourage legislation that would use a separate residential rate for housing production instead of using higher commercial rates in determining prevailing wage rates in California *(Department of Housing and City Manager's Office)*

- Monitor and investigate State and federal legislation related to predatory lending (*Department of Housing)*

- Advocate that redevelopment reform or eminent domain reform will not diminish the effectiveness of the City's affordable housing programs (*San Jose Redevelopment Agency, Department of Housing)*

- Advocate changes in federal laws to improve San José's position in receiving entitlement grants and in applying for scarce public dollars *(Department of Housing and City Manager's Office)*

- Continue to implement a first-time homebuyer program for teachers *(Department of Housing)*

- Implement homebuyer program for SJSU faculty *(Department of Housing and San José State University*)

- Continue to pursue opportunities and partnerships that will assist San José's low-and-moderate-income workforce to become homeowners and work with area employers on opportunities to provide employer focused housing *(Department of Housing)*

- Continue to give preference for Section 8 participation in ten percent of new affordable units. *(Department of Housing)*

- Find opportunities to identify vacant and underutilized parcels suitable for higher density and/or mixed-use development in order to maximize opportunities for development of both affordable and market-rate housing *(Department of Housing and Department of Planning, Building and Code Enforcement)*

LEAD-BASED PAINT STRATEGY

The Department of Housing continues to provide lead testing and assessment services on all dwellings receiving rehabilitation that were built prior to 1978. The Housing Department has established a contract with an outside environmental consultant to provide these testing and assessment services. This is in addition to the trained and lead certified Housing Department staff. These services are being provided in part to comply with Federal regulations 1012 and 1013 of Title X. Additionally, these services are being provided to ensure a safer environment for those we serve. Regardless of the fact that over 50% of Program funding is derived from federal funds, 100% of eligible conventional homes built prior to 1978 are tested for lead. Regardless of the funding source, those properties testing positive for this hazard are mitigated in conjunction with rehabilitation.

Over the past two years, the Housing Department has tested over 240 properties for the presence of lead-based paint. Over the next five years, it is anticipated that, on average, 200 properties built prior to 1978 will be rehabilitated per year. Data over the past five years suggests that 30% to 35% of the housing stock tested, tested positive for lead-based paint at levels over HUDs acceptable limits. Based on these results, an estimated 1000 properties will be tested for lead over the next five years, and approximately 333 properties may receive some level of lead remediation.

ANTI-POVERTY STRATEGY

In November 2003, the San José City Council adopted a new **Economic Development Strategy** reflecting a vision for San José's economic future. It includes 15 strategic initiatives to ensure a growing economy, broad prosperity, and sufficient City revenues. These strategies include the creation of jobs, which contributes to reducing poverty in the community. The components of this strategy span every aspect of the City's policy, programming and budgetary decisions. The goal of the strategy is to ensure that every aspect of the community prospers. Important elements of the Strategy include support for the **Workforce Investment Act**, providing intensive skill development for the hard to employ as well as a wide range of small business programs. Small businesses comprise more than 75% of the workforce and offer the most first-time employment and the opportunity to advance. Coupled with the **Housing and Urban Conservation/Preservation Strategies**, the City promotes the reduction of poverty through the provision and preservation of affordable housing.

Through specific development activities, implemented on an ongoing basis, public infrastructure projects facilitate development within the City's industrial areas, promote private reinvestment within neighborhood business districts, and support public transportation to access both jobs and housing in the City. Financial support for renovation, reconstruction and new construction of housing, particularly in the Downtown where there has historically been a concentration of lower-income households, also encourages neighborhood reinvestment.

Additionally, the City has pursued more targeted means of reducing poverty through residential areas in the City. With the City's **Strong Neighborhoods Initiative (SNI)** program, funding and City services are directed to neighborhoods predominately populated by households with less than median income and contain much of the City's older housing stock. The goal is to preserve and upgrade existing housing as well as to enhance neighborhood infrastructure and amenities. This program directs both funding and City services to neighborhoods predominately populated by households with less than median income. The goal is to preserve and upgrade existing housing stock as well as to enhance neighborhood infrastructure and amenities. CDBG funds a wide variety of projects in the Strong Neighborhoods Initiative areas.

The City is also an active participant in the **Silicon Valley Workforce Investment (SVWIN)**, which was established in 2001 and is made up of representatives of employers, educators, and economic development and community service organizations throughout its service area. The goal of the SVWIN Board is to work collaboratively to link effective job training for individuals with workforce development for employers. Creating these linkages is critical to ensuring that our residents are prepared with the appropriate skills and training as they enter or return to the job market. These courses provide a foundation on which people can begin a new life.

Also, the development and expansion of small businesses is essential to the City's anti-poverty strategy. Small businesses comprise more than 75% of the workforce and offer the most first-time employment opportunities and the opportunity to advance. Through the creation of jobs, small businesses contribute to reducing poverty in the community. Other CDBG-funded projects include:

1. A Smart Start San José Family Child Care Program, administered by the City's **Library Department**, provides technical assistance, counseling and training to low-income residents planning to start or expand childcare businesses.
2. A small business loan program operated by the City's **Office of Economic Development**
3. An entrepreneurial training program sponsored by the **Silicon Valley Economic Development Corporation**, offering small business management and technical counseling, and assistance in obtaining financial resources.

4. A small business incubator operated by **Santa Clara County Black Chamber of Commerce**, offering subsidized rent with shared support and services. Supporting start-up and growth of local businesses, large and small is a major objective of the City's November 2003 comprehensive Economic Development Strategy.

Another integral component of the City's anti-poverty strategy is assisting homeless persons and persons at risk of becoming homeless. Individuals and families are provided shelter, food, clothing and employment services. Projects funded by CDBG and ESG help provide services for battered women and their children, runaway and homeless youth, assistance with housing placement, case management, and emergency and transitional housing services.

COMMUNITY DEVELOPMENT STRATEGY

The funding allocations listed on the following pages represent the recommendations from the City Administration and the CDBG Steering Committee for the various grant recipients and do not reflect the actions taken by the City Council.

The City of San José will allocate 15% of the 2006 CDBG entitlement grant and $1,500,000 from projected 2005-06 program income toward **Contractual Community Services**, such as human service and housing projects administered by community-based organizations. FY 2006-07 is the second year of the Two-Year Funding Plan for CCS projects; funds in the amount of $1,772,057for 40 CCS projects are recommended for FY 2006-07. 85% of the 2006 CDBG entitlement grant, all of the 2005-06 program income and prior year funds are proposed for Community Development Improvements, including housing rehabilitation, Fair Housing, capital improvements, code enforcement and small business assistance. FY 2006-07 is the third year of a Three-Year Funding Plan for CDI projects. The City will allocate 20% of the 2006 CDBG Entitlement and $1,300,000 from projected 2006-07 program income toward the Fair Housing, Planning and General Administration CDI category. No new CDI applications were solicited for the FY 2006-07 application process. Instead, the performances of placed projects were evaluated.

The following summarizes the funding allocation by category for Fiscal Year 2006-07 (includes prior year funds):

CONTRACTUAL COMMUNITY SERVICES	
PUBLIC SERVICES	**13%**
COMMUNITY DEVELOPMENT IMPROVEMENTS	
FAIR HOUSING	**3%**
PROGRAM ADMINISTRATION AND PLANNING	**14%**
HOUSING IMPROVEMENT PROGRAM	**27%**
ECONOMIC DEVELOPMENT	**6%**
CODE ENFORCEMENT AND INTERIM ASSISTANCE	**25%**
PHYSICAL IMPROVEMENT PROJECTS	**12%**

CDBG funds support services for persons with disabilities, including support for affordable housing. Funding priority is given to services that enhance independence, education, advocacy, recreation, transportation and community accessibility. CDBG supports a wide range of projects providing these services (see list below).

Senior services include a wide range of services addressing the needs of older adults. Listed below are examples of these services:

- Respite / Daycare
- Information / Referral
- Language Services
- Legal Assistance
- Case Management
- Care Coordination
- Senior Centers
- Recreation / Socialization
- Transportation

Youth services addressing the needs of at-risk and underserved youth include a leadership program, health education for responsible sexual behavior while offering them educational opportunities to succeed in school, drug abuse and gang intervention/prevention, recreation/arts programs, and athletic activities.

The City will continue to fund programs and shelters that provide emergency assistance, counseling and other case management assistance to prepare homeless and special needs individuals and families for the transition from emergency and transitional housing to permanent housing. Currently, several of the shelters in San José provide case management and preparation courses, such as resume writing, skills training, financial planning, and parenting. These courses provide a foundation on which people can begin a new life. The City supports these shelters, and will continue encouraging them to be innovative in the development of their course curriculums.

FISCAL YEAR 2006-07 CONTRACTUAL COMMUNITY SERVICES

Public Services

Alliance for Community Care - Community Support Recreation ($20,635)

The project provide recreational and support activities to adult residents of San José with persistent mental illnesses. Services include support groups, educational presentations, recreation activities, self-help activities, outreach and coordination with mental health treatment staff.

Bill Wilson Marriage and Family Counseling Center - Runaway and Homeless Youth Shelter ($34,712)

The project provides a range of services for runaway and homeless youths and their families, including food, emergency shelter, individual and family counseling, recreation activities, medical care and education services.

Catholic Charities of San José - Day Break Caregiver Support Services Program ($55,341)

The project provides comprehensive services to meet the needs of dependent seniors and their family caregivers. The program's goal is to reduce caregiver stress and burden, and depression and isolation among seniors through center-based and in-home respite care, support groups, community education, escorted transportation, and comprehensive case management.

Catholic Charities of San José - Long Term Care Ombudsman Program ($27,313)

The project provides advocacy, complaint investigation including elder abuse, and problem resolution services for primarily elderly residents in San José's long term care facilities.

Catholic Charities of San José - Shared Housing ($65,770)

The project involves providing information and referrals to San José residents about affordable housing opportunities through home sharing.

Catholic Charities of San José - Young Women's and Men's Empowerment Project ("YES") ($54,871)

The project fosters the healthy development of young women to prevent teen pregnancy and dating violence. The project uses a multi-level approach, which includes support groups, peer education/mentorship, career/educational development workshops, mother-daughter pairs and individuals to carry out project activities.

Community Technology Alliance - Project Share (Community Voice Mail and Shelter Bed Hotline) ($20,703)

The project provides communication tools as support services to homeless and "at-risk" individuals and families seeking shelter, permanent housing, employment, and community voice-mail.

Deaf Counseling, Advocacy and Referral Agency (DCARA) - Deaf Community Support Program Services ($27,588)

The project provides health education, and daily living services to deaf, deafened, deaf-blind and hard-of-hearing persons. Clients receive services in American Sign Language or the communication mode most usable for them.

Emergency Housing Consortium (EHC) - San José H.O.M.E.S. ($50,149)

The project provides extensive housing location assistance, life-skills training, employment services and informational resources to homeless persons in San José. This project would help homeless individuals gain and maintain permanent housing and stability.

Ethiopian Community Services, Inc. - Ethiopian Community Center ($30,290)

The project provides translation/interpretation, outreach, referral and counseling services to low income individuals/families predominantly of Ethiopian descent, residing in the City of San José.

Family Supportive Housing, Inc. - Case Management for Homeless Families ($28,889)

The project provides case management to homeless families with children. The project's goal is to assist families in removing barriers to self-sufficiency. Services include job counseling, referrals to educational programs, basic computer skills, help with money management, and general counseling as needed.

Fresh Lifelines for Youth, Inc. (F.L.Y.) - Legal Eagle ($38,701)

The project provides a course in law-related education, peer leadership, mentoring, and career coaching. Legal Eagle will work with underserved at-risk youth and their families and collaborate with community members.

Fresh Lifelines for Youth, Inc. (F.L.Y.) – Juvenile Drug Treatment Court Mentoring Program ($33,565)

The project provides recruits, screens, trains, and matches adult volunteers with low-income youth in Juvenile Treatment Court for crimes related to drug addiction. Mentors work 1:1 with youth for one year to increase their commitment to sobriety and enhance their problem solving and goal setting skills, and to improve their performance in school, reduce drug use, and decrease delinquent behavior.

Housing Authority of the County of Santa Clara - Family Self-Sufficiency ($29,567)

The project assists families by subsidizing housing to achieve economic self-sufficiency and by linking individuals to training and employment retention support services.

InnVision the Way Home - Cecil White Center ($40,786)

The project provides a day-center for homeless individuals, providing essential services, such as employment readiness training, job search and placement, case management, basic medical care, mental health referrals, substance abuse assessment, education, counseling and computer training.

InnVision the Way Home - Julian Street Inn ($29,506)

The project provides direct services to homeless and severely mentally ill individuals. The project links these persons to service providers, volunteers and government agencies in the community to meet the multiple needs of this population.

InnVision the Way Home - Community Inns ($23,583)

The project provides fifteen shelter beds at community churches, predominately located downtown, on a rotating basis, three meals per day, case management and supportive services to homeless people. Caseworkers are assigned to homeless persons to identify, obtain and retain employment in the community and link them to support services.

Legal Aid Society of Santa Clara County - Housing Counseling Project ($112,863)

The project provides tenant counseling and legal assistance as well as landlord seminars to address housing-related problems.

Live Oak Adult Day Services - Senior Adult DayCare / Respite ($28,971)

The project provides a specialized program of adult day-care to enrich the quality of life of disabled seniors by providing them with socialization opportunities to assist in preventing or delaying institutionalization.

Loaves and Fishes Family Kitchen - Loaves and Fishes Project ($19,653)

The project serves no-cost hot meals five days per week and food baskets distributed twice a month to low-income persons. The facility is located at two dining rooms in San José.

Mental Health Advocacy Project of the Law Foundation of Silicon Valley - Residential Care Ombudsman Program ($23,583)

The project assists persons with mental and development disabilities in resolving legal problems in residential care housing and independent living, such as evictions, substandard living conditions, and verbal/physical/financial abuse.

Mexican American Community Services Agency, Inc. (MACSA) - MACSA Adult Day Health Care Services ($26,824)

The project provides day-care and rehabilitative services for frail and elderly adults.

Mexican American Community Services Agency, Inc. - MACSA Youth Center Services ($112,513)

The project provides a summer day camp, after school program, computer literacy training, mental health & health services, sports and recreational services, gang prevention/intervention, child care, and theater arts/cultural dance classes for youth ages six to eighteen.

Mexican American Community Services Agency, Inc. - Youth Opportunities Unlimited ($114,144)

The project provides after school homework assistance, a summer day camp, and art, recreation and social development activities for low/moderate-income students.

Next Door Solutions to Domestic Violence - Shelter Next Door ($75,508)

The project provides intensive case management, advocacy, counseling, support groups, educational workshops, parenting support and legal services for victims of domestic violence and their children. Children are provided with educational advocacy, support, counseling and recreational opportunities.

Next Door Solutions to Domestic Violence - HomeSafe - San José ($32,193)

The project provides transitional housing for very-low and low-income families who are homeless because of domestic violence. The twenty-four unit complex offers rent according to income and wrap around services including assistance locating permanent housing and employment.

Outreach & Escort, Inc. - Senior Health Transportation Program ($40,048)

The project provides subsidized medical/health care transportation services for low- and very-low income San José seniors. Program will target at-risk populations - homebound, limited-English language skills who do not have access to other effective transportation options.

Portuguese Organization for Social Services and Opportunities - Minority Senior Service Providers Consortium ($101,142)

The project provides wellness and recreational activities, senior day-care services, language assistance, transportation, social services information, referrals, and immigration services to seniors with limited English language skills.

Respite, Research for Alzheimer's Disease - Alzheimer's Activity Center ($29,478)

The project provides therapeutic and daily living activities for extremely low- and moderate-income persons suffering from Alzheimer's disease and related illnesses. The activities include encouraging

physical mobility and use of cognitive skills. Additionally, the project provides assistance in the areas of nutrition, personal hygiene and stability.

Sacred Heart Community Service - Comprehensive Services Project ($24,566)
The project provides emergency food boxes, sack lunches, employment placement, clothing and information and referral service for low-income persons and families.

Santa Clara County Asian Law Alliance, Inc. - Asian Law Alliance **($44,395)**
The project provides multilingual and culturally sensitive legal counseling and community education services to low-income residents of San José.

Santa Clara University - Katherine & George Alexander Community Law Center (Formerly East San José Community Law Center) ($26,531)
The project assists low-income people in understanding and enforcing their legal rights in employment, immigration, and consumer matters through group workshops, drop-in clinic interviews, individual representation and community education.

Santa Clara Valley Blind Center, Inc. - Blind and Visually Impaired Client Services ($26,531)
The project provides social, recreational and educational services for the blind and visually impaired. In addition, the project provides access to financial information, transit information, educational opportunities and referrals to other social service agencies.

Second Harvest Food Bank of Santa Clara and San Mateo Counties - Operation Brown Bag ($17,687)
The project is a self-help program that provides low income seniors with their food needs. Through this project, seniors receive a bag of groceries each week at locations throughout San José.

Senior Adult Legal Assistance (SALA) - Legal Assistance to Elders ($72,348)
The project provides a full range of free legal services, including immigration, wills and Fair Housing, to elderly clients through on-site appointments at twelve San José senior centers.

Services for Brain Injury (SBI) - Continuum of Care ($19,653)
The project provides rehabilitative services such as day treatment, assessment, case management and information and referral services to low-income persons suffering from brain injury.

Silicon Valley Independent Living Center - Housing Program for Persons with Disabilities ($9,826)
The project provides a housing referral/advocacy/placement services to the special housing needs of persons with disabilities.

Vietnamese Voluntary Foundation, Inc. (VIVO) - Vietnamese Elderly Services Senior Center ($49,328)
The project works to enhance the quality of life for elderly adults of primarily Vietnamese ancestry with limited English proficiency. Services include ESL/Citizenship classes, case management, field trips, recreation trips, recreation activities, health services, and interpreting and translating services.

Vietnamese Voluntary Foundation, Inc. (VIVO) - Vietnamese Youth Gang Prevention/Intervention ($20,883)
The project consists of tutoring, counseling, mentoring, and recreational activities primarily to low income Vietnamese youth.

YWCA in Santa Clara Valley - Child Care Program ($131,420)
The project offers subsidized child care to children, ages (6 weeks to 12 years) of low income families at twelve centers located in San José. Services include counseling, child assessment, short-term intervention, parent workshops, and information and referral services.

FISCAL YEAR 2006-07 COMMUNITY DEVELOPMENT IMPROVEMENTS

Code Enforcement and Emergency Assistance

City of San José Department of Parks, Recreation and Neighborhood Services - Anti-Litter Program ($248,030)

The Project consists of decreasing litter blight through recruitment of volunteers to remove litter, install fences and surveillance cameras to eliminate the illegal dumping sites.

City of San José Department of Planning, Building and Code Enforcement - City of San José Code Enforcement Programs: Low-Moderate Area (LMA) ($2,985,602)

The project consists of preserving and improving the quality of existing affordable housing units, in low income areas through code enforcement and inspection services, and preventing and eliminating slums and blight conditions in low-income areas through code inspection and enforcement activities. The three program areas are: Housing Units, Vehicle Abatement, Vacant Lots, and Business Inspections.

San José Conservation Corps - Corps Community Projects ($149,649)

The project consists of improving the appearance of neighborhoods through health and safety as well as clean-up activities. Services included in this project focus on: fire hazard reduction, fence repair, furniture disposal, re-landscaping, and park rehabilitation, design and irrigation system installation.

Economic Development

City of San José Library - San José Smart Start Family Childcare ($208,781)

The project supports the incubation of childcare businesses by providing small business assistance and training for individuals interested in owning and operating childcare facilities. The program provides job training for workers in those facilities.

Office of Economic Development - Revolving Loan Fund Expansion ($275,000)

The project provides a revolving loan fund for small business loans, leveraged with Economic Development Administration (EDA) funds and private funding sources in the Title IX area, and leveraged outside the Title IX area solely through private funding sources.

Silicon Valley Economic Development Corporation - MERLIN San José ($287,481)

The project provides start-up and stay-up business management training, and counseling to small business owners and entrepreneurs. In addition, the project manages a City revolving loan fund and provides technical assistance to small business owners to assist them in applying for business loans. The project will result in the creation of new jobs, which will be filled primarily by low income San José residents.

Santa Clara County Black Chamber of Commerce - San José/Silicon Valley Center for Entrepreneurial Development (CED) ($93,920)

The project provides small business incubator office space, entrepreneurial training, management, technical assistance, subsidized rent, shared support services, and resources for low income San José residents.

Fair Housing, Program Administration & Planning

Legal Aid Society of Santa Clara County - Legal Aid Society Fair Housing Counseling ($101,394)

The project provides comprehensive fair housing services to San José residents. These services consist of legal representation, fair housing counseling, and community outreach that include multilingual forums and printed information.

Project Sentinel - Fair Housing Investigation & Enforcement Services ($228,550)

The project provides fair housing services of counseling, consultations, investigations, and legal representations by conducting an intensive multi-lingual outreach campaign and by partnering with a wide spectrum of social service providers.

City of San José Department of Housing - Non-Rent Rental Tenancy Protection Program ($40,817)

The project provides mediation, public outreach, information and referral services to low income clients not covered by the City's Rent Control Ordinance.

City of San José Department of Finance - Accounting Services for CDBG Program ($203,058)

The project provides financial administration and record keeping for the CDBG program.

City of San José Department of Parks, Recreation and Neighborhood Services - CDBG Program Development and Monitoring ($1,247,452)

The project provides program development/evaluation, project implementation/monitoring, and overall program/project reporting to HUD, San José City Council and the CDBG Steering committee.

City of San José Department of Planning, Building and Code Enforcement - Environmental Review of CDBG Proposals ($87,409)

The project consists of researching all potential environmental impacts associated with CDBG projects, including fieldwork, analysis and documentation of each projects' consistency with the National Environmental Protection Agency (NEPA) standards for each impact category.

City of San José Department of Planning, Building and Code Enforcement - Strong Neighborhoods Initiative (SNI) / Special Neighborhood Project ($361,251)

The project consists of planning activities and priorities contained in the adopted Neighborhood Improvement Plans and Specific Plans. Activities include changing General Plan land use policies to encourage historic preservation, conduct Historic studies to identify potential historic districts and conservation areas, and develop pedestrian improvement plans for numerous low income neighborhoods.

Housing Improvements

City of San José Department of Housing - Housing Rehabilitation – City-Wide & SNI Targeted ($2,500,064)

The project provides low-interest and deferred loans and grants to low-income borrowers and loans to rental property owners to improve properties occupied by low income households in the City of San José.

City of San José Department of Parks, Recreation and Neighborhood Services - Anti-Graffiti Program ($529,662)

The project consists of decreasing the presence of blight in San José through prompt removal of graffiti from private property with an emphasis on low income housing units.

Economic and Social Opportunities (ESO) - Housing and Energy Services Program ($560,000)

The project provides services that ensure safe housing and preserve existing housing through minor repairs for low income seniors, physically disabled, and female headed households.

Rebuilding Together Silicon Valley - Housing Repair for Low-Income Senior/Disabled ($60,000)

The project allows for repairs, rehabilitation, and upgrade for housing units and provides unrelated emergency repairs for low income residents of San José.

Physical Improvement Projects

Korean-American Community Center Development Project - Cultural Community Center Development Project ($250,000)

The project consists of the acquisition of a building located in the City of San José. Acquisition shall increase enrollment and expand services and programs for the Korean American community seniors.

Santa Clara Valley Blind Center, Inc. - Improved Client Services Delivery ($68,600)

The project consists of reconfiguring interior spaces, improving accessibility, and addressing ADA compliance, replacing broken sidewalks, repaving the parking lot, installing outdoor lights, kitchen replacement and a new roof.

Yu-Ai Kai/Japanese American Community Senior Service – Yu-Ai Kai Acquisition ($167,007)

This project would acquire a residential property in the San José Japantown area. This acquisition would allow the agency to move its administrative and service staff, creating additional space to support a greater number of clients.

City of San José Department of Transportation - Citywide Curb Ramp Improvements ($250,000)

The project consists of installing curb ramps at intersections throughout the City of San José. The project will improve the safety of all community residents.

Redevelopment Agency – Greater Gardner Street Reconstruction ($325,587)

The project consists of reconstructing streets, curbs and gutters and sidewalks, in the Greater Gardner SNI area. The project would vastly improve pedestrian and vehicle safety and improve the appearance and livability of the neighborhood.

Portuguese Organization for Social Services & Opportunities – Portuguese Community Center (POSSO) Kitchen Renovations Redevelopment Agency - ($144,450)

The project consists of renovating and expanding the kitchen area located at the organization's headquarters. The renovation and expansion will increase operational safety for the kitchen staff, accommodate the growth in the agency's nutritional program and improve service to the clients.

City of San José Department of Public Works – Gateway East Sanitary Sewers - ($400,000)

The project will install sanitary sewer lateral clean-outs for residents in the Gateway East SNI Area. During the installation process, the Contractor will also clean and video inspect the sewer laterals.

Redevelopment Agency – Japantown Rest Area and Streetscape (ikoi no ba) ($50,000)

The project consists of the design and construction of small contemplative gardens for residents and visitors to rest as they walk to senior services, cultural institutions and businesses in the Japantown area.

MONITORING & PERFORMANCE MEASURES

HOME, HOPWA, AND ESG

The City of San José follows the monitoring requirements for the use of federal funds as directed by HUD. For example, the City is required to prepare annual reports for the use of CDBG funds, which are submitted to the City's CDBG Steering Committee and the City Council to ensure there is appropriate internal controls for the use of funds. The Department of Housing has recently updated both its **Rehabilitation Program Handbook** and **Loan Collections and Compliance Manual.** A **Project Development Handbook** is also currently in the process of being updated to provide further guidance to the Department's monitoring programs.

In August 2005, HUD performed an on-site monitoring of the 2000-2003 HOPWA SPNS program. The scope of the review covered the City's and Health Connections' internal controls and client files. As a result of this review, the City and Health Connections modified policies and procedures to meet revised reporting requirements.

In 2005, the City of San Jose Auditor performed a review of the HOPWA and ESG programs as part of a City-wide Grant Management audit and found that the Housing Department had program policies and procedures in place to ensure compliance. A City-wide Grant Oversight Working Group was established in February 2006 in response to the City Auditor's recommendations documented in the Audit of Citywide Grant Oversight. The Department is represented by the Homeless Services Grant Manager and the Assistant to the Director. The purpose of the group is to 1) establish citywide consistent policies and procedures; 2) establish specific training requirements for staff involved in grants management and monitoring; 3) establish criteria when audited financial statements are obtained and reviewed; 4) establish risk-based criteria for determining when more detailed audits, reviews or monitoring are required; 5) adopt consistent and reasonable grant agreement requirements related to grantee reporting; and 6) develop a citywide grants database to provide comprehensive grant information to facilitate better grant awarding decisions and grantee monitoring, and help ensure grantee compliance with grant requirements. The group meets regularly to review these topics.

As a member of the county-wide Shelter Providers Network, staff participates in monthly monitoring visits of participating service providers to ensure compliance with the county-wide shelter habitability standards.

In addition to the monitoring requirements implemented for the use of HUD funds, the Department of Housing tracks the City's progress in implementing the strategies related to housing production and rehabilitation outlined in the **City of San José 2005-2010 Consolidated Plan**. Managing the Department's loan portfolio, including loan administration and servicing functions, are handled by its Loan Management Section. Loans are monitored for compliance with their regulatory agreement requirements, such as long-term affordability restrictions, occupancy and rent requirements, property maintenance, loan repayments, insurance coverage, and real estate taxes.

The City monitors its housing production goals by tracking production by unit construction and financial investment. The Department of Housing monitors the implementation of various strategies outlined in the five-year Consolidated Plan to ensure the targeting of assistance to the identified priority groups. All project applications that are required to have certification letters are reviewed by the Department to ensure consistency with the approved Consolidated Plan.

The monitoring process also includes the following major elements:

- **Public Review -** Input is solicited from the **Housing Advisory Commission (HAC)** on the Consolidated Plan and the associated Performance Report. The HAC provides recommendations to the City Council on housing policy matters. Each **Annual Action Plan** for the five-year Consolidated Plan is also subject to extensive public review and comment prior to submission to HUD.

- **Tracking -** The Department of Housing maintains various housing databases to track projects from concept to completion. The Department is currently setting up a database to consolidate the existing tracking systems to allow better data access and more complete information.
- **Reporting -** The Department provides quarterly reports to the Housing Advisory Commission and the City Council detailing rehabilitation and project development activities.

For both the ESG and HOPWA programs, service providers are required to submit monthly or quarterly **Reimbursement Requests** and **Reconciliation Reports** to document expenses and ensure that both line item budgets and total project budgets are not over-expended, and allows for review of project status. Additionally, service providers are required to submit quarterly performance reports and a cumulative annual report. Review of these reports allows staff to determine whether corrective measures are necessary. Staff also performs mid-year monitoring visits, which include financial management system review, program client file reviews (if applicable), and HMIS compliance review to determine compliance with federal and City regulations.

Performance Measures for HOME

The City of San José has been an entitlement jurisdiction under the HOME Investment Partnership Program since 1992. The use of these funds in past years has shifted from primarily financing multi-family rental developments to providing funding for homebuyer programs and ownership rehabilitation. The use of these funds will also be expanded to the acquisition of small sites for the development of ownership housing by nonprofit sponsors and for tenant-based rental assistance. The City will continue to keep several programs as options under the HOME Program and be prepared to reallocate funding when necessary to maximize the City's resources.

HOME Outreach – Minority Business Enterprise (MBE)/Women Business Enterprise (WBE)

Certification of contractors for MBE/WBE was stopped after the California State Supreme Court ruled the City's **Nondiscrimination/Nonpreferential Treatment Construction Program** violated State Proposition 209. City staff was unaware of ongoing MBE/WBE reporting requirements on federally funded contracts. Efforts are now being undertaken to begin reporting such required information. The City intends to require sponsors of future HOME-funded projects to market and promote business opportunities for MBEs and WBEs utilizing guidelines provided by the City, which will be incorporated into City loan agreements.

Currently, the City requires that sponsors publish advertisements for 30 days and seek qualified bidders. Notices are published in the Post Record as well as a local newspaper targeted to Spanish speakers. Advertisements are also provided to the Vietnamese Chamber of Commerce, which carries out additional noticing.

HOME Monitoring

Monitoring of HOME Projects is done annually by the City of San José and in compliance with all HOME regulations. Department of Housing staff monitors and inspectors perform annual on-site inspections of HOME-assisted rental housing to determine compliance with applicable property standards. They verify information maintained by property owners concerning leases, tenant incomes, rents and utility allowances and verify compliance with provisions of written agreements.

HOME Affirmative Marketing

The City reviews the HOME project sponsor's marketing plan and checks for compliance with affirmative marketing requirements and procedures. Announcements are mailed to nonprofits and advertisements are placed in the local newspaper. The review is performed prior to the initial lease-up of the property. Typically, the sponsors receive more than enough eligible applicants to fully occupy the property. The remainder of the eligible applicants are kept on a waiting list that is maintained indefinitely. As new applicants learn of the existing properties and contact the property management companies, they are added to the waiting lists. The

Housing Department produces an **Affordable Housing Referral List** of the majority of affordable housing properties assisted with City financing. The list is updated quarterly and its wide distribution has become an important outreach tool.

The **Office on Aging** is a source of referrals for senior households. A list of current developments and estimated timetables for developments under construction are provided to them as well as points of contact for future updates.

Performance Measures for ESG and HOPWA

ESG

Historically the City's ESG funding priority has been shelter operating costs. Beginning FY 2005-2006, the City's priorities began to shift to homeless prevention and essential services, in an effort to provide the services necessary to assist individuals and families maintain their housing. The City's objectives and outcomes for the FY 2006-2007 are:

1. **Homeless Prevention**: Objective - Increase homeless prevention funds which result in an increase in the number of clients served. Outcome – Allow individuals and families at risk of homelessness maintain their housing and avoid disruption to their lives.

2. **Essential Services**: Objective – Provide funding for counseling services, including health, substance abuse, education, and employment, assistance in obtaining permanent housing, obtaining federal, State and local assistance, including Veteran's benefits, supplemental Social Security Income, TANF, Food Stamps, and other services to increase their resources, which will assist homeless individuals and families obtain housing, and those at risk maintain their housing. Outcome – Assist individuals and families increase their resources such as income and counseling services to stabilize their lives and obtain/ maintain self-sufficiency.

3. **Shelter Operations**: Objective - Provide emergency housing services funding for all individuals in the City, including food and mass shelter for homeless individuals and families. Outcome – Provide basic human needs to the homeless and provide counseling opportunities to assist homeless individuals develop a plan to exit homelessness.

HOPWA

For FY 2006-2007 the HOPWA objectives include the continued provision of tenant-based rental assistance and supportive services to the current client base under the Shared Housing Assistance Placement and Supportive Services (SHAPSS) program. The goal is to increase the outreach efforts to ensure that more eligible people learn of the program and services available to them, and maintain the number of clients receiving other supportive services and housing information services at 1800, and continue the strong partnership with Health Connections in the implementation of the SHAPSS Program. The outcomes include increasing the number of individuals and families living with HIV/AIDS stabilize their housing and provide an environment with essential services to assist these individuals improve or maintain their health care and increase their level of self sufficiency.

Performance Measures for CDBG

It is policy of the City that a grant agreement containing the scope of services for the project is developed by CDBG staff in coordination with sub-recipients after the funding level for each project has been approved by the City Council. The grant agreement and the City's **Policies and Procedures Manual for Sub-Recipients** provide the basis for program monitoring.

The scope of services contained in the grant agreement is developed directly from the project proposal. It describes project activities that are to be accomplished each quarter and the level of service anticipated for each activity. Goals and objectives are very specific.

The City provides each sub-recipient with a copy of the City's Policies and Procedures Manual for Sub-Recipients. This manual contains the policies and procedures for sub-recipients of CDBG funds and outlines requirements for program and financial record keeping, the monitoring process, report requirements, and the project evaluation process.

The Primary Purposes of the CDBG Monitoring Process are:

- To ensure sub-recipient compliance with Federal, State, and local mandates and requirements
- To assess progress in meeting the goals identified in the grant agreement between the City of San José and the sub-recipient of CDBG funds
- To provide the basis for reports to the CDBG Steering Committee, City Council, and HUD on the achievement of project goals and objectives

The monitoring process has both programmatic and financial components. It is oriented towards resolving problems, offering technical assistance, and promoting timely implementation of projects.

Initial steps in the monitoring process include providing training sessions to sub-recipients each year to review the grant requirements as outlined in the agreement and the manual as amended. Attendance in a minimum of one training session each year is required of all sub-recipients. CDBG staff conducts annual on-site visits of projects to review program and fiscal records. Monitoring also involves the submission of quarterly reports on the activities of the project by the sub-recipients and yearly audits. As a result of review of the audit, reports and on-site visits, discussions may be held with project directors to provide technical assistance and/or to review project performance that does not appear to be sufficient to meet quarterly goals and the requirements for receipt of funds. Additional on-site visits are performed as necessary to ensure sub-recipients are in compliance for meeting regulations and performance objectives.

If a significant problem develops during the year, City staff meets with project staff to discuss and resolve any issues. Examples of such problems include:

- Services are not documented
- Goals are not being met
- Project files are not in order
- Complaints are received from clients
- Required reports are not being submitted in a timely manner

- Expense reporting does not adhere to regulations or policies
- Lack of fiscal controls and/or documentation

Sub-recipients are required to submit quarterly activity reports that contain information on the activities performed by the project, the number of unduplicated participants in the program for the quarter and demographics on the participants. Statistics reported in these activity reports are used as the basis for the monitoring reports submitted to the **CDBG Steering Committee** and the **City Council** on a semi-annual basis. These reports outline whether projects have met or exceeded their goals, substantially met their goals, or not met them. If a project does not meet its goals, appropriate corrective actions are identified.

The sub-recipients are required to establish and maintain a system of accounts that is in conformance with generally accepted principles of accounting for budgeted funds. This system of accounts is subject to review and approval by the City. In addition, sub-recipients are required to submit an annual agency audit. Financial monitoring is based on the program budget that is incorporated in the grant agreement between the City and the sub-recipient. Sub-recipients are required to submit to the City the name of a fiscal agent who is responsible for the financial and accounting activities of the project, including the receipt and disbursement of project funds.

Table 2C (Table 2A/2B Continuation Sheet)

Summary of Specific Housing & Community Development Objectives

OBJ #	SPECIFIC OBJECTIVES	Performance Measure	Expected Units	Actual Units
	RENTAL HOUSING OBJECTIVES			
	Production of LI/VLI/ELI Rental Housing	Units	585	
	OWNER HOUSING OBJECTIVES			
	Rehabilitation for ELI/VLI/LI Homeowner Households to address Substandard Units and deteriorating housing stock.	Units	275	
	# of total homebuyers assisted with downpayment assistance for LI/MOD homebuyers.	Households	43 (LI) 43 (MOD)	
	ASSISTING SPECIAL NEEDS			
	Assisting low-income disabled or senior with Accessibility Grants and Rehabilitation of existing housing.	Individuals/ Families	73	
	Construction of ELI/VLI/LI Units	Units	83	
	ENDING CHRONIC HOMELESSNESS			
	# of clients receiving direct or indirect assistance from Community-based agencies assisted by City funds	Individuals	20,000	
	PUBLIC FACILITY NEEDS (Projects)			
	Senior Centers (F102, F103, F104)	Total # of facilities started	3	
	Handicapped Centers (F100)	"	1	
	Homeless Facilities			
	Youth Centers			
	Child Care Centers			
	Health Facilities			
	Neighborhood Facilities			
	Parks and/or Recreation Facilities			
	Parking Facilities			
	Non-Residential Historic Preservation			
	Other Public Facility			
	INFRASTRUCTURE (Projects)			
	Water/Sewer Improvements (G68)	Total # of projects started	1	
	Street Improvements (G64)	"	1	
	Sidewalks (G70, G75)	"	2	
	Solid Waste Disposal Improvements			
	Flood Drain Improvements			
	PUBLIC SERVICE NEEDS (People)			
	Senior Services	Total # of seniors served	16,737	
	Handicapped Services	Total # of disabled persons served	1,253	
	Youth Services	Total # of youth served	1,567	
	Child Care Services	Total # of children served	194	

	PUBLIC SERVICE NEEDS (People)- Con't			
	Transportation Services	Total # of seniors served	786	
	Battered and Abuse Services	Total # of persons served	329	
	Legal Services	Total # of persons served	3,780	
	Health Services			
	Lead Hazard Screening			
	Crime Awareness			
	Other Public Service Needs	Total # of persons served	48,639	
	ECONOMIC DEVELOPMENT			
	ED Assistance to For-Profits (businesses)	Total # of jobs created	17	
	ED Technical Assistance (businesses)			
	Micro-Enterprise Assistance (businesses)	Total # of people served	439	
	Rehab; Publicly- or Privately-Owned Commercial/Industrial (projects)			
	C/I* Infrastructure Development (projects)			
	Other C/I* Improvements(projects)			
	OTHER			
	Code Enforcement (J01A)	Total # of housing units served	1,800	
	Code Enforcement (J01B,C)	Total # of inspections	1280	
	Interim Assistance (I01, J07)	Total # of sites cleaned	23	
	Housing Rehabilitation (B01, B15, B16,J05)	Total # of housing units served	1342	

** Measures based on 04-05 Targets for Citywide, including other funding sources.*

** Budget Measures pending approval of 2005-2006 City Budgets; measures would be effective 7/1/05.*

APPENDICES

A. *GAPS ANALYSIS*

B. *COMMUNITY INPUT AND PUBLIC TESTIMONY*

C. HOME/ADDI HOMEBUYER PROGRAM GUIDELINES

Appendix A

GAPS ANALYSIS - ATTACHED

Table 1A
Homeless and Special Needs Populations in San Jose

Continuum of Care: Housing Gap Analysis Chart

		Current Inventory	Under Development	Unmet Need/ Gap
Individuals				
Beds	Emergency Shelter	524	0	0
	Transitional Housing	596	0	0
	Permanent Supportive Housing	558	0	1,621
	Total	**1,678**	**0**	**1,621**
Persons in Families with Children				
Beds	Emergency Shelter	284	0	0
	Transitional Housing	270	0	0
	Permanent Supportive Housing	265	0	792
	Total	**819**	**0**	**792**

Source: Santa Clara County Homeless Count and Survey – March 2005.
Note: Local share of homeless is based on countywide homeless estimate from Santa Clara County's 2004 Continuum of Care application to HUD.
City Council adopted a 10-Year Homeless Strategy that proposed the development of Permanent Supportive Housing only and not Emergency nor Transitional Housing Units.

Continuum of Care: Homeless Population and Subpopulations Chart

Part 1: Homeless Population	**Sheltered**		**Unsheltered**	**Total**
	Emergency	**Transitional**		
1. Homeless Individuals	524	596	2,546	4,224
2. Homeless Families with Children	67	78	55	200
2a. Persons in Homeless Families with Children	249	258	179	686
Total (lines 1 + 2a)	**773**	**854**	**2,799**	**4,910**
Part 2: Homeless Subpopulations	**Sheltered**		**Unsheltered**	**Total**
1. Chronically Homeless	710		940	1,650
2. Seriously Mentally Ill	582			
3. Chronic Substance Abuse	347			
4. Veterans	313			
5. Persons with HIV/AIDS	50			
6. Victims of Domestic Violence	462			
7. Youth	41			

Source: Santa Clara County Homeless Count and Survey – March 2005.
Note: Local share of homeless is based on countywide homeless estimate from Santa Clara County's 2004 Continuum of Care application to HUD.

Appendix B

COMMUNITY INPUT AND PUBLIC TESTIMONY

The Housing Advisory Commission Meeting – February 9, 2006

Public Comment	City Response
Ron Anderson, Affordable Housing Network, commented that the City needs to address the issue of senior housing. He asked the Housing Director about the non-profit that provides funding for low-income housing (i.e. LISC).	Housing staff indicated that LISC is an intermediary organization that provides pre-development funds for projects.
Mary Gilliam, Housing Administrator for Northern California Presbyterian Homes and Services, introduced herself to the Commission and explained that their organization is interested in doing more in the field of ELI housing.	Commission and staff invited Ms. Gilliam to participate in the Housing Advisory Commission's ELI Task Force meetings.
Tom Seccombe, Affordable Housing Network, commented that over the last 19 years, community organizations have campaigned to create 6,000 units of housing, but this only meets the need of a small portion of the neediest people. He stated that the current Con Plan would only meet 5% of the demand and at this rate it would take 100 years to meet the current need. Mr. Seccombe indicated that there is a need to ask property developers to provide substantial funding for ELI housing (letter submitted for the record).	Staff acknowledges that there is a great need for more affordable housing, but is also faced with declining funds to provide that housing from both federal, State, and local resources.
Monica Kessling commented that she is a former software engineer who has recently become homeless. She asked why the City is not doing more to help the homeless find jobs.	Commissioners and City staff shared information with Ms. Kessling on resources that are available to the homeless.
Commissioner Bock read a letter which described numerous stories of people who visit the Low-Income Self-Help Center and needed assistance with housing (letter submitted for the record).	City staff informed Ms. Bock her letter would be included in the Annual Action Plan.
Sherry Durkee stated that her organization also works in the area of senior housing and that 100% of their units are federally subsidized. She commented that they are disheartened that the current federal administration is proposing to cut Section 202 funding by 25%. She commented that we need more senior housing.	The City will continue to lobby federal and State governments for protection of these vital dollars.

Low-Income Self-Help Center
525 W. Alma Ave. – San Jose, CA – 95125

telephone (408) 977-1275 / fax (408) 977-1650 / email lowincomeselfhelp@sbcglobal.net

January HAC meeting and February Con Plan Hearing February 9, 2006

From: Katherine Bock, Commissioner

Dear Fellow Commissioner, City Housing Staff, and Council Members,

It has been difficult for me to come here sometimes. Although, I am a commissioner, I still feel like I am on the outside looking in. I am one of those people, whom AHN referred to in their very good publications last year, who is paying 60% of my income for sub standard housing. I am not getting government subsidy for paying a mortgage. Instead, the high rents we pay are paying the mortgage. When the rents come down, it is difficult to talk an existing landlord into lowering the rent. It is much harder than the representative from Tri-County Apartment Association intimated, to find another place, to move, to have good enough credit or no evictions on our records, because we all lived through the rental crisis of the late 1990-2002, and many of us were evicted because landlords wanted to raise the rents to get in on the boom. (It's hard to maintain good credit, while paying so much of your income for rent.)

It is disheartening for me as I learn more and more here at the HAC, to hear the progress San Jose has made in building affordable housing. Yet, only a small fraction is truly affordable housing. We have not created nearly enough housing for those who really need it, the people who care for our children, our elderly, our sick, our yards, our security; the people who work in retail, service positions or low-level administration, the people who work in non profits. We are still nowhere near meeting the desperate needs of a huge proportion of the community's vital work force, who must struggle day after day, year after year, to pay exorbitant housing costs with low incomes, sacrificing nutrition, healthcare, fun, time for education or training, time with their children, sacrificing their lives, because bodies and spirits and health wear out.

Yes, maybe I could go back to Illinois (after 40 years to the little town I couldn't wait to flee, but I have chosen to dig in here and make my stand. Unlike most of the people in this room, I do not own a house, condo, or even rent a house. However, My goal in life is not to make a lot of money--I am doing the work I want to do. However, Many of the people who are suffering the worst here, grew up here and don't want to leave their hometown.

Erika came in today with her oldest son, Erik. 10. Her other boy is 4. She is a single mom with two children. She and her family are staying with her sister and her husband and their two 3 year old twin girls a two bedroom duplex. It's tough. They are on the couch. Her sister and husband complain about her kids—that they are too loud, rough, eating too much. They have been there since November. But, it's the first time they have been out of the shelter for a year. They moved from shelter to shelter—Haven House for Fire Victims, and ex boyfriend's house, bouncing back into a bad situation, Next Door, AACI.....On October 9th 2004, her condominium burnt down. .

The landlord chose to say untruly that she was being evicted and he was living there. He also said that to the Red Cross and got funds from them, as well as all of the insurance. The fire was not her fault. A neighbor's car overheated. Not only was she never served with eviction papers, but she had been so trusted by him that he had offered her a lease with option to buy. Even though the eviction was overturned in court, in the meantime she and her boys have suffered and she has had to waste her time disputing his lies. What is worse, she lost her voucher because of the lies, and is forced to spend the time to try to get a hearing to rectify that, if possible. Meanwhile, she is trying to find another place. She is looking for a studio or whatever she can get for herself and two sons for $450 a month (70% of her income, even with a little child support, a little from part time work.) She also spoke of the difficulty poorer children face at school if they are not dressed well," if he doesn't have the right shoes the kids will beat him up."

Erika is an amazing girl, really—resilient, with a great attitude, great parenting skills and a good resume. She used to work for CISCO Systems, and now works part-time for the Girl Scouts. She found a job through Craig's List as a program counselor for at risk youths. She had had the housing voucher two years, and had never had one non compliance against her, during which time she graduated from Evergreen College with a AS in Science, where she was also President of her son's parent and teacher group, non-profit, with the mission to keep parents involved in their children's education while remaining in school. She developed workshops on positive parenting. She wants to go back to school to be a nurse. She is only 24.

Pablo came in again today. I was happy to see him, I'd been worried He sleeps outside but still works regularly at a restaurant cooking and cleaning. He comes in to get his mail, charge his phone, get something hot to drink and some kindness. He is very willing to help, always asking what can he do to help. I had to call emergency Tuesday because he couldn't breath and was having heart pains. As it turned out, he had already been to the hospital with pneumonia and has asthma too. But, recovering from pneumonia is hard sleeping in the cold. The only way he had to get better was to go to the hospital.

Rosemary Evans, waiting to get on disability, about to be homeless. Irene Ochoa, just started the disability process, being evicted. She has had strokes, diabetes, eye problems from the diabetes, but was too proud to go to disability or Valley Med. Used her savings to help last son from the nest and to try to keep Kaiser. Finally at Valley Med and going through SSI process. A mom, grandmother, great grandmother. Went to Evergreen. Worked with returning students and started a child care center. Has worked in immigration, and for the Red Cross for example. Kept hoping to get well enough to go back to work. Has worked all of her life. Kids won't or can't help her.

Gonzolo has worked his whole life in manufacturing. He is in his 40's, living just in a room in someone's house for $400, unmarried, lonely.

May is living in a motel with two teenagers—boys 13 and 17. Has 17 years experience as a manufacturing supervisor at Bay Networks, which when sold to Nortel laid all of the old employees off. We called several of the subsidized places with vacancies, according to Housing Scc.org., but the ELI units were not the ones vacant and weren't expected to be for years.

Darlene, a cancer patient in a special Stanford study, 55, needs a place to live while in study. Staying on a friend's couch. Income $800+ Called around. Did find out that Betty's Gardens would take a person with such a low income, but the list is up to 6 months.

Maria is divorced but is forced to live at her ex's house in a very bad situation. His relatives are mean to her and her kids, and he is very controlling. He tricked her into signing away her rights to part of the house.

Elena is living in a sub standard barn. No insulation or other necessities. Her father just died and mother selling the house. She had been helping to care for him. She has mental health issues.

Bobbie comes in regularly to use the microwave. She always brings us little things. She is always dressed in a businesslike manner, although it is all from Good Will, she says. She says she has a house here, but we all see her walking all over Willow Glen all of the time.

Ruth has been waiting since 1998 for an interview with Sect. 8. Disabled—spending 60% of meager income on housing. Faithful volunteer at our center.

People have never stopped calling for tenants' rights help, but those calls are stepping up, or for rental or deposit assistance. Still the majority of our calls.

Everyone still thinks we know where the "low-income housing" is, because of our name. I wish we did!

What is incomprehensible to all of us is that there are vacancies in the subsidized housing complexes, but one must have double or triple the rent in income to qualify, yet in many cases the rents are less than we working poor and disabled are already paying as we hang on by our fingernails to expensive, often substandard rental. Even transitional housing and Markham require an income of $1100. Someone on SSI makes only $788 last I checked. The senior complexes send me flyers advertising openings from high $700's to high $800's. A working class retired person does not make that or much more than that in SSA. WE MUST, WE MUST DO BETTER!!!

Sincerely,

Katherine Bock
Low-Income Self-Help Center
525 W. Alma
San Jose, CA 95125

taseccombe@sbcglobal.net

From: <wachter1@juno.com>
To: <taseccombe@sbcglobal.net>
Sent: Monday, February 06, 2006 3:12 PM
Subject: H.A.C. hearing on ConPlan

My name is Tom Secord represent the Affordable Housing Network of Santa Clara County. 6e

Over the past nineteen years community organizations and affordable housing supporters have campaigned to persuade San Jose to help create affordable housing for ~~extremely~~ low-income families. Eventually the message was received and the City has helped create over 6000 units of housing in the last five years. However, only a very small percentage was affordable to the lowest income category. These people have been under-served for many years. Recently the City has designated ELI as a special needs category, and its current Notice of Funds Availability program requires any City financed development to have at least 25% of its units be affordable to ELI.

But this requirement does not begin to meet the accumulated need. The 2000-2005 ConPlan adopted by the City recognizes an unmet need for ELI of 24,850 units, but foresees available financing for 1,366. This is only 5% of the unmet need. At this rate it will take 100 years. This is not acceptable in the community. The City should have plans to provide affordable housing for the largest group of the population that suffers the most in this housing crisis. They are the homeless, the families doubling-up to pay rent for apartments meant for higher income folks, for poorly paid office workers, office cleaners and food servers downtown. The affordable housing crisis for low and especially extremely low-income families continue in this valley.

We recognize that the City cannot raise the minimum wage so low income workers can afford to live in San Jose, but it can demand that the corporations and property developers who prosper here make substantial financial contributions to the City's housing programs.

If the housing needs of the 24,850 extremely low-income can be actually met, it will mitigate the shortage for all low income categories and even for moderate income families.

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Appendix C

HOME/ADDI HOMEBUYER PROGRAM GUIDELINES

Overview

All homes purchased with HOME or ADDI funds, are subject to the requirements as set forth in 24 CFR 91 and 92 of the HOME regulations. For the most part, the American Dream Downpayment Initiative Program (ADDI) is covered by HOME regulations 24 CFR, Parts 91 and 92 as amended April 29, 2004. Beginning with the Allocations of 2003, 2004, and 2005, the City of San Jose intends to use new ADDI funds as interest bearing loans to quailed homebuyers.

The HOME Program, including its American Dream Downpayment Initiative (ADDI), will be offering significant assistance for low-income first time homebuyers who want to buy a home in San Jose. For FY 2004-05, HOME non ADDI funds will be used to assist low-income teacher households that meet the requirements of the City of San Jose's Teacher Homebuyer Program. Both HOME and ADDI funds will be used to assist lower- income first-time homebuyers in accordance with 24 CFR Sections 92.203.

These Homebuyer Guidelines have been developed in accordance with the U.S. Department of Housing and Urban Development (HUD) requirements for both programs and City policies indicated in its *Consolidated Plan*. The Guidelines are generally the same for both HOME and ADDI, with a few exceptions as outlined below.

Eligible Use of Funds

HOME funds will be used for the purchase of new or existing home that is located within the city limits of the City of San Jose. City of San Jose HOME and ADDI funds will be used for dowypayment and/or closing cost assistance, in accordance with Section 92.602(b)(3) and 92.205(b)(1). The City of San Jose will use HOME (non-ADDI) funds for downpayment assistance to acquire real property. The City does not intend to use ADDI funds for home rehabilitation costs.

Loan Program Details

The City's Federal HOME funds will be used to assist in the purchase of a single-family housing unit. All HOME program funding used for homeownership assistance will be structured in the form of a 0% interest deferred repayment loan program.

All City loans will be a recorded lien on the assisted unit. HOME funded loans will be a maximum of $65,000, and a maximum term of thirty years. All downpayment assistance loans will contain an equity-share provision, in which both the loan principal and a pro-rata share of accrued equity in the property will be repaid to the City upon the earliest of sale, transfer, or full repayment of the City loan. The City loan will also become immediately due and payable if the property ceases to be used by the borrower as their primary residence, in accordance with 24 CFR Section 92.254.

The City will require that all homebuyers assisted with Federal HOME dollars sign an affordability restriction in addition to a promissory note and deed of trust. The Affordability restrictions will run as a covenant running with the unit, but will be reconveyed by the City in the event of a sale or transfer of the assisted unit. In the event that the assisted homebuyer chooses to sell the assisted unit at a restricted resale price to another income-eligible borrower, who is willing and able to assume the

City loan and affordability restrictions, the City will not require the full repayment of the initial HOME subsidy. The HOME subsidy would be transferred to the new buyer in the form of a deferred repayment downpayment assistance loan. If HOME assisted buyers choose to sell their homes at fair market value the City will exercise the recapture option as outlined and in accordance with CFR Section 92.254(5)(ii)(A). The City will recapture the entire amount of the HOME investment from the borrower provided there are net proceeds sufficient to repay the City loan.

City of San Jose Federal ADDI funds can be used to assist qualified low-income households purchase single-family housing. Single- family housing includes detached homes, townhouses, condominium units, cooperative units, combination manufactured housing and lot, or a manufactured housing lot.

All City ADDI loans will be structured in the form of a balloon payment deferred loan. ADDI loan terms will accrue interest at a rate of three percent simple interest and be due upon sale, transfer, or when the property ceases to be used as the borrower's primary residence. ADDI loan amounts will be restricted to either 6% of the purchase price, or $10,000, whichever is greater. Homebuyer loans must be a minimum of $1,000. All City loans wills be approved and underwritten by City staff on a first-come, first-serve basis, with the exception of HOME funds that are reserved to assist qualified homebuyers in new construction projects that are not yet complete.

The City of San Jose intends to exercise the Recapture Provisions, as well as implement HUD recommended options described under HUD Regulations 24 CFR 92.254(a)(5)(ii)(A) for loans funded by the City's ADDI grant. Any recaptured funds will be used to carry out only future HOME-eligible activities.

Federal HOME and ADDI program funds are made available only to first-time homebuyer households whose incomes are less than or equal to 80% of Area Median Income, adjusted for family size. The maximum purchase price of the home may not exceed 95% of the Average Median Purchase Price (AMPP) for Santa Clara County, as approved by HUD. The City of San Jose, in cooperation with the County of Santa Clara, conducts a one-month study, and determines if a need to re-examine the maximum AMPP sales price limit is warranted. If necessary, the County will request approval from HUD for a revised maximum purchase price threshold not to exceed 95% of the Average Median Purchase Price for the City of San Jose in accordance with HUD Regulations 24 CFR 92.254(1)(iii).

The City of San Jose realizes that all recipients of HOME and ADDI Federal funds will need to finance the majority of their mortgages through a private lender. Therefore, the City submits all of its downpayment programs to the California Housing Finance Agency (CalHFA) for review and approval as a qualified downpayment loan program that can be combined with any of their first lender programs. The City has also successfully combined its downpayment program with many private lenders such as Wells Fargo Bank, Bank of America, and Washington Mutual Home Mortgage, etc. All private lenders who work in cooperation with the City are required to comply with HOME Program Regulations, if the City assisted units are funded with Federal HOME funds. The City of San Jose maintains a list of preferred lenders and actively distributes this list to prospective homebuyers and interested persons. The City requires that all City assisted homebuyers attend a pre-purchase homeownership education course. Downpayment assistance is not dispersed for an individual loan until a certificate of completion of an approved homebuyer education course is submitted to the City in the initial loan application package.

On an ongoing basis, the City of San Jose, in partnership with other groups, provides information on homeownership assistance programs available to low-and moderate-income households. The City will augment this ongoing effort by conducting a targeted outreach program directed to two groups: Section 8 housing participants and participants in the Housing Authority's Family Self Sufficiency Program.

The City also recognizes the value of a comprehensive homebuyer education program that includes both pre- and post-purchase counseling. Neighborhood Housing Services of Silicon Valley (NHSSV), with City support, conducts such a program. The City will continue to encourage prospective homebuyers to participate in this program prior to beginning the home purchase process. The City's approval of ADDI funded downpayment assistance loans are conditional upon the borrower participating in an approved pre-purchase homeownership education program.

Lastly, The City of San Jose continues to work cooperatively with Neighborhood Services of Silicon Valley (NHSSV) to conduct targeted outreach to residents and tenants of manufactured housing, and to families assisted by other public housing agencies. The County of Santa Clara's Family Self Sufficiency Program, a Section 8 subprogram, already refers program participants to NHSSV for required pre-purchase homeownership counseling seminars and mortgage pre-qualification workshops. In collaboration with City Homebuyer Program staff, Neighborhood Housing Services will conduct targeted outreach to residents of mobilehome parks and to tenants in City-assisted affordable housing developments. The City of San Jose also maintains a comprehensive Homebuyer Reference Guide and Internet Website with details on any new for-sale affordable housing developments coming online.