SAN JOSE

CAPITAL OF SILICON VALLEY

CITY OF SAN JOSE

2000-2005 Consolidated Plan

DRAFT

ANNUAL ACTION PLAN
2004 - 2005

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EXECUTIVE SUMMARY

The City of San José 2000-2005 Consolidated Plan was adopted in 2000. The document that follows is the Fiscal Year 2004-2005 update of the Annual Action Plan section of that five-year plan.

As defined by the U.S. Department of Housing and Urban Development guidelines, the City of San José 2000-2005 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.

Briefly, 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; and,
- It is an action plan, which provides the foundation for performance assessment and evaluation.

The City's five-year Plan, prepared by the Department of Housing, was developed using information from the following:

- Coordination with other City departments;
- Analysis of demographic data;
- Citizen participation;
- Consultation with public, private, and nonprofit organizations; and,
- Discussion with other government agencies.

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 for the period from 2000 to 2005. To address these priorities, the five-year Plan includes the following five components:

- A Housing and Homeless Needs Assessment;
- A Housing Market Analysis;
- A Strategic Plan;
- An Annual Action Plan, including program monitoring; and,
- Certifications.

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; and,
- Form Application (Standard Form 424).

The HUD regulations require two public hearings prior to the adoption of both the five-year plan and each of the updates of the Annual Action Plan. One of these hearings must be held before the Plan is prepared to obtain public comments on community needs, and one is held after the Plan is published for citizen review. A thirty-day review period is also required, during which time public comments are accepted and written into the Plan. Finally, there must be a summary of the Plan published in local newspapers, with information regarding where the public may review the full Plan. The table below provides a summary of the schedule for public hearings and circulation of the draft 2004-2005 Annual Action Plan update:

Fiscal Year 2004-2005 Annual Action Plan Schedule

Hearing on CDBG Applications	CDBG Steering Committee	Girl Scouts 1310 South Bascom	February 7, 2004 9 a.m.– 5 p.m.
Hearing on Housing Needs	Housing Advisory Commission	4 N. Second St., Suite 1350	February 12, 2004 5:30 p.m.
Hearing on CDBG Applications	CDBG Steering Committee	San Jose City Hall - 801 N. First Street, Room 205	February 23, 2004 6:30 p.m.– 9:30 p.m.
Discussion of CDBG Recommendations to City Council	CDBG Steering Committee	City Hall, Room 204, 801 N. First St.	March 15, 2004 @ 6:30 p.m.
CDBG Steering Committee Study Session.	CDBG Steering Committee	North Side Community Center 2352 Alum Rock Ave. San Jose	March 17, 2004 @1:00 p.m.
Discussion and Approval of CDBG Recommendations to City Council	CDBG Steering Committee	San Jose City Hall - 801 N. First Street, Room 205	March 23, 2004 @ 6:30 p.m.
Draft document available for 30-day public review	Housing Department	4 N. Second St., Suite 1350	April 5, 2004
Housing Advisory Commission hearing on draft document	Housing Advisory Commission	4 N. Second St., Suite 1350	April 8, 2004 @ 5:30 p.m.
First City Council hearing	City Council	City Hall, City Council Chambers	April 13, 2004
Final City Council hearing	City Council	City Hall, City Council Chambers	May 4, 2004
Submit Annual Plan to the US Department of Housing and Urban Development			May 15, 2004

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 qualiftying 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**); and
- Community Development Block Grant Program (**CDBG**).

The proposed uses of these funds for Fiscal-Year 2004-2005 are described below:

HOME - Of the total $4,863,492 grant, approximately $4,474,413 will be committed to Homeownership programs, Ownership Rehabilitation programs and to project sponsors for property acquisition in connection with new construction of ownership housing on small development sites and to a lesser extent new construction of rental developments. Program funding will serve Extremely Low-Income, Very Low-Income, Low-Income (ELI/VLI/LI) households and other special needs populations. Of the total grant, fifteen percent will be set-aside for Community Housing Development Organizations (CHDOs). An additional five percent may be used to support the operating expenses of CHDOs working on a housing development. Up to ten percent of the grant may be used for the City's administrative costs.

HOPWA - Of the total $792,000 grant, approximately $763,390 will be distributed to housing and service providers. Approximately three percent of these funds (or $23,610) will be used for the City's administrative costs. Beginning this year, the County of San Benito HOPWA funds will be administered by the City. A Notice of Funding Availability will be issued and allocations will be provided on a competitive basis.

HOPWA SPNS – The City was awarded $1,323,800 under the FY 2003 Housing Opportunities for Persons with AIDS (HOPWA) competition for a Special Project of National Significance. This award is to fund the Shared Housing Assistance Placement and Support Services (SHAPSS) program, which is a tenant-based rental subsidy and supportive service program geared to

fostering independence for people living with HIV/AIDS in Santa Clara County. This program is a partnership between Health Connections and the City of San Jose. Approximately three percent of these funds (or $39,714) will be used for the City's administrative costs.

ESG - A total of $454,756 is available. Of this amount, a maximum of 30% will be allocated for Homeless Prevention, and 30% will be allocated for emergency assistance. Additionally, up to 15% of the funds will be set aside for the Santa Clara County's Cold Weather Shelter Program. Up to six percent of the grant may be used for the City's administrative costs. The balance will be allocated to service provider operating costs.

ADDI - The federal government recently approved a new source of funding for homeownership called the American Dream Downpayment Assistance Initiative. A total of $403,914 will be available, which consists of $185,279 allocated for Fiscal Year 2003-2004 and $218,635 allocated for Fiscal Year 2004-2005. 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 funding of $13,896,000 will be available in Fiscal Year 2004-2005, consisting of $12,146,000 from the City's 2004 entitlement grant, $1,500,000 from projected 2003-2004 program income, and $350,000 from prior year funds. The City of San José will establish a contingency reserve of $100,000 for any cost overruns and/or later programming. Fifteen percent from entitlement funds and $225,000 from prior year funds will be targeted to human service and planning projects. Eighty-five percent from entitlement funds, as well as all 2004-2005 program income and remaining available funds, will be allocated for community development improvements, including code enforcement, economic development, fair housing, housing rehabilitation, capital improvements, and small business assistance.

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. The first phase of the Mixed Use Project is being constructed at the Second and Santa Clara Streets site and plans are underway for future construction at the Block Three site located on San Fernando between Second and Third Streets in the Downtown. The new Mixed Use project will include residential uses and create new retail jobs. The public parking will also support existing Downtown retail uses and the intensification of retail activity in buildings located within the City's Commercial Historic District, which were constructed without benefit of parking.

Also, on February 18, 2003, the City Council/Redevelopment Agency Board approved Resolution No. 71415, authorizing the submission of a Section 108 Loan Guarantee application and an amendment to the FY 2002-2003 Annual Action Plan to include land acquisition, demolition, hazardous materials remediation, and activities related for the Story and King Retail project located at the southeast and southwest corners of Story and King Road. On September 26, 2003, the Office of the Assistant Secretary for Community Planning and Development informed the City that the request for loan guarantee assistance under Section 108 for the

activities described in application B-03-MC-06-0021 for the Story/King Retail Project had been approved. From your letter, we do understand that the funds will remain available until September 30, 2008. While the project has been in flux, when we are able to proceed, we will work closely with the San Francisco Field Office–CPD Division.

The rehabilitation of two of the three buildings described in the 1997 HUD Section 108 Guaranteed Loan Program application - the Masson Building at 161 W. Santa Clara Street and the Security Building at 84 South First Street – is complete. Agency staff continues to work with the owner of the third building at 35-49 E. Santa Clara Street to develop a mutually acceptable rehabilitation program and financial structure to fund the project. The building owner has met with the Agency several times over the past four months and has recently provided the Agency with information on anticipated construction costs with a preliminary feasibility analysis. We anticipate that these discussions will culminate in an Agreement with the Agency for the rehabilitation project in Summer 2004.

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 for 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; and
- Section 811 Program Funds – Supportive Housing for Persons with Disabilities (formerly part of the Section 202 Program for the Elderly and Handicapped).

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

- Administers the Housing Choice Voucher Program (Section 8) Certificate and Vouchers, providing subsidized rental assistance to low-income families including several special programs outlined below. The Housing Authority provides supportive services for participants by acting as the local conduit for Section 8 funding.

- 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 Unification Program - This program promotes family unification by providing housing assistance to reduce the incidence of separation between children and their families due to a lack of adequate housing. Participating families receive Section 8 rental assistance for five years in addition to family and child-welfare services.

- 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.
- Rental Assistance Program - This program provides temporary assistance in the amount of $250 for up to three years to CalWORKS active/compliant families on the waiting list for Section 8 assistance. This program is scheduled to end June of 2004.
- Welfare-to-Work Program - This program offers tenant-based Section 8 rental assistance to CalWORKS active/compliant families, helping them make the transition from welfare to work through a structured program.
- Public Housing - The Santa Clara County Housing Authority operates several housing developments within the City of San José. The Housing Authority's role is to participate in the entitlements and construction of these facilities as well as to provide on-site management once construction is completed. Facilities are generally designed to house lower-income families and seniors.

The Santa Clara County Housing Authority 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 RESOURCES

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 twenty percent of these "tax increments" (20% Funds) be set aside 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, as well as the housing rehabilitation portion of its CDBG 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 fifteen percent 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. First, the recent downturn in the economy has negatively impacted commercial property values within Redevelopment Agency Areas, reducing the amount of property tax revenue by 11% in the past year and which directly impacts the 20% Fund. Over the last two years the Housing Department has seen a significant drop in 20% Low and Moderate Income Housing Funds.

Secondly, the State of California is currently being faced with a $22 billion budget deficit (compounding last year's budget deficit of $26 billion) and is considering proposals to partially balance the budget by shifting monies away from redevelopment agencies to the State. In response to this economic situation, the Redevelopment Agency has reduced its supplemental funding commitments to the Housing Department from over $43 million in fiscal year 2002-03 to $2.5 million for fiscal year 2004-05. The Legislature and Governor are not expected to approve a budget document until September 2004 or later. In the meantime, the City is actively lobbying and advocating at the State level for the protection of these vital housing dollars. Clearly, 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. Currently, the activity generated by the Housing Department is at least 30% of total development in the City. 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.

To maximize the City's 20% Funds, the Department of Housing expects to issue over $55 million in Tax Allocation Bonds and utilize a $50,000,000 short-term line of credit, during fiscal year 2004-05. The future stream of tax increment secures these borrowed funds. Federal matching requirements will be met through locally imposed exemptions from construction-related taxes and parkland impact fees for projects with units affordable to ELI/VLI/LI households.

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 limited circumstances, primarily to finance the construction of ELI units.

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 Board; and Community Reinvestment Programs of private lenders.

ANTICIPATED RESOURCES FOR FISCAL YEAR 2004-2005

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 $679,215,000 in expected resources from both locally controlled and outside funding sources. Through State and federal sources, the community 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 2004-2005 Anticipated Funding

Formula Programs:		
HOME	4,849	
HOPWA	792	
ESG	454	
CDBG	1,500	
ADDI	404	
Subtotal	**7,999**	
Competitive Programs:		
Shelter Plus Care	1,968	
Moderate Rehab SRO	670	
Rental Vouchers	92,192	
Proposition 46 – MHP		0
Proposition 46 – CalHOME program	1,500	1,000
Proposition 46 – BEGIN program		1,500
Proposition 46 – Housing Trust Fund	1,500	
Proposition 46 – EHAP (Operating Facilities)		203
Proposition 46 – EHAP (Construction)		500
HUD 202		4,524
Public Housing Comp Grant	8,626	
HOPWA Competitive (SPNS)	430	
LIHTC		62,027
Lead-Based Paint Abatement	0	
SAFAH	0	
Supportive Housing	0	6,300
FEMA		1,497
RRP (loan repayments)	200	
Mortgage Credit Certificates		3,132
Brownfields Grant & Section 108 Loan	15,000	
Subtotal	**122,086**	**80,683**
Other Programs:		
CalHFA		34,890
Tax Increment	33,260	
Bond Proceeds (net)	55,000	86,900
Loan Repayments	13,700	
Interest Income	1,000	
Miscellaneous	1,000	8,657
Housing Trust Fund Revenue	1,900	
Conventional Construction Financing		123,146
Conventional Permanent Financing		103,025
SNI Rehab Program – RdA 80% Funds	0	
ELI Funding – RdA 80% Funds	2,500	
AHP		0
Owner Equity		5,069
Subtotal	**108,360**	**361,687**
GRAND TOTAL	**238,445**	**440,770**

*Except for construction financing, the amounts anticipated for "other agencies" are those projects that are completed and receiving permanent financing.

ACTIVITIES TO ADDRESS PRIORITY NEEDS

PERFORMANCE OBJECTIVES FOR FISCAL YEAR 2004-2005

As noted in the Strategic Plan section of the five-year City of San José 2000-2005 Consolidated Plan, there are several priority needs that the City intends to address. The first step is to establish annual objectives. For Fiscal Year 2004-2005, 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 2000-2005 Consolidated Plan and the corresponding one-year objectives for funding and completion of new housing construction housing and rehabilitation for Fiscal Year 2004-2005. 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 2004-2005 Performance Objectives[1]

Public Housing Assistance and Preservation for VLI/LI Large Renter Households, including Seniors[2], Disabled, Homeless and Other Special Needs Populations (Needs #3 & #5)	Vouchers	6,429	92,191,860
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. (Needs #1, #4, #6, & #7)	New Construction – City-Funded	730	56,293,950
	New Construction – Inclusionary	147	0
Development of ELI/VLI/LI renter households that targets disabled population and seniors. (Needs #8 & #9)	New Construction – City-Funded	174	11,515,900
Rehabilitation for ELI/VLI/LI Homeowner Households to address Substandard Units and deteriorating housing stock. (Need #5)	Rehabilitation	325	5,750,000
	Paint Grants	350	750,000
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. (Need #5, #8, & #9)	Acquisition/Rehab	147	2,775,000
	Eager Program - Accessibility Grant	50	500,000
	One-time Rental Rehab in Targeted Areas[4]	250	630,000
Home Ownership for LI/MOD[3] Owner Households, including Seniors (Including the Teacher Homebuyer Program) (Need #2)	New Construction – City-Funded	104	5,402,000
	New Construction – Inclusionary	23	0
	Purchase Assistance Only – City-Funded	151	6,185,000
GRAND TOTAL		**8,880**	**180,993,710**

1) It should be noted that the City's performance might vary since 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) 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 2004, "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."
4) Owner match required.

GEOGRAPHIC DISTRIBUTION

DISPERSION POLICY

The City's successful dispersion policy has ensured that areas of the City with higher concentrations of lower-income households are not targeted for additional housing developments affordable to low-income households. Funding for service providers emphasizes citywide service delivery targeted to specific needs rather than sub-areas of the City. In addition, the construction of new affordable housing is predominately located in areas of the City that do not have existing concentrations of lower-income households in order to create economically integrated neighborhoods throughout the community. While some new affordable units are being built in impacted areas, the majority of affordable units are built elsewhere in the City. The map on the following pages shows the City's dispersion of affordable housing developments over the past 16 years (1988 through 2004) and provides a graphic illustration of the implementation of the City's policy to locate higher density housing along public transportation corridors. The following chart and map represents the dispersion of affordable housing projects throughout the City.

Citywide Dispersion of Affordable Housing (1988-2003)

Council District #	Family	Ownership	Senior Rental	Single Room Occupancy	Special Needs	TOTAL
1	5	0	0	2	0	7
2	5	1	2	0	0	8
3	10	4	4	2	5	25
4	8	2	1	2	0	13
5	8	3	13	0	4	28
6	11	3	8	1	3	26
7	13	3	6	4	2	28
8	1	0	1	0	0	2
9	5	0	4	0	2	11
10	2	1	3	0	1	7
TOTAL:	**68**	**17**	**42**	**11**	**17**	**155**

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY
MAP LEGEND
Family Rental
Ownership
Senior Rental
Single-Room Occupancy (SRO)
Special Needs
Major Freeways
Streets
Light Rail
Rivers and Creeks
N
ALVISO
SUNNYVALE
SANTA CLARA
BERRYESSA
EAST FOOTHILLS
ROSE GARDEN
WILLOW GLEN
EVERGREEN
BLOSSOM VALLEY
ALMADEN
El Camino Real
Coleman Ave
West San Carlos
Bascom Ave
Meridian Ave
Pine Ave
Old Oakland Rd
Berryessa Rd
Capitol Avenue
Alum Rock Ave
White Rd
Quimby Rd
Aborn Rd
San Felipe Rd
Yerba Buena Rd
CAPITOL EXPY
Blossom Hill Rd
Camden
Almaden Expy
Penitencia Creek Rd
101
237
880
680
280
85
17
87

The table below demonstrates the implementation of the City's dispersion policy for new construction project completions for fiscal year 2003-2004, specifying the City Council Districts for each.

Fiscal Year 2003-2004 Construction Project Completions

Project Name	District	Unit Type	Funding Year	Units
New Construction:				
El Paseo Studios	1	SRO	2000-01	98
Hacienda Villa	3	Seniors	2000-01	80
Betty Anne Gardens	4	Family	2000-01	76
Capitol & Wilbur	5	For-Sale	2002-03	1
Monte Vista Gdns Srs II	5	Seniors	1999-00	48
WATCH/Homesafe	5	Transitional	2000-01	24
Meredith	6	For-Sale	2001-02	1
Midtown Plaza	6	For-Sale	2001-02	25
Fallen Leaves	7	Family	2001-02	159
Little Orchard	7	For-Sale	1997-98	3
Markham Plaza I & II	7	SRO	2000-01	303
Oak Circle	7	Seniors	2000-01	99
Pollard Plaza	7	Family	2001-02	129
Boccardo Transitional	7	Transitional	2001-02	10
Tuscany Hills	7	For-Sale	2001-02	2
Villa Solara	7	Family	2000-01	100
Subtotal				**1,158**
Acquisition/Rehab:				
Turnleaf Apts I	1	Family	2002-03	76
Roewill Drive	1	Spec Needs	2002-03	6
Vintage Tower	3	Family	2002-03	47
Subtotal				**129**
Inclusionary Units:				
Legacy at Fountain Plaza	3	Family	n/a	46
Regency at Skyport	3	Family	n/a	48
Subtotal				**94**
GRAND TOTAL				**1,381**

FAIR HOUSING

AFFIRMATIVELY FURTHERING FAIR HOUSING

The City is committed to providing fair housing access. In September 2003, the San Jose City Council approved the Analysis of Impediments to Fair Housing Choice (AI) report. Listed below are the new and continued policy actions for fiscal year 2004-2005 to address the issue of furthering fair housing.

Fair Housing Services

Improved Coordination of Fair Housing Services

- Fair Housing Services Website: In coordination with local fair housing organizations, the City will establish a fair housing website with links to fair housing agencies and services offered, landlord rights and responsibilities, state and federal regulations, and other applicable information.
- Fair Housing Service Provider Meetings: The City will help coordinate meetings with local fair housing service providers, apartment associations, City Rental Rights and Referral Program staff, and other City Housing Department staff to discuss trends and issues of concern in the community.
- Educate Landlords: The City will work with fair housing service providers to target landlords for outreach and education efforts.
- Expand Outreach: In conjunction with fair housing service providers, the City will expand its outreach efforts beyond its regularly targeted groups such as tenants, tenant groups and apartment associations.
- Outreach: In conjunction with fair housing service providers, the City will expand its outreach efforts to immigrant groups.
- Residents with Special Needs: The City will work with fair housing service providers to provide outreach and education to residents with special housing needs, including persons with disabilities and elderly persons.
- Sexual Harassment: The City will work with fair housing service providers, apartment associations and community groups to provide outreach and educational materials on sexual harassment and contacts for assistance.

Improved Record Keeping for Monitoring Purposes

- The City will work with fair housing service providers to determine the feasibility of sharing information on fair housing cases. If it is determined to be feasible, the City will work with fair housing service providers to develop a comprehensive system for tracking records in order to better monitor fair housing problems and make appropriate policy recommendations.

Increased Opportunities to Receive Community Concerns

- Community Concerns: The City will work with fair housing service providers to organize neighborhood forums in order to receive community concerns, enable residents to request needed services, and help with the identification of key fair housing issues and trends.
- Open Dialogue: The City will hold roundtables with lenders, apartment associations, fair housing groups and community lenders to address fair housing concerns in the community.

Lending Practices

Access to Financing

- Financial Assistance: The City will continue to offer home improvement assistance to households most in need and affordable homeownership opportunities.
- Monitor Lending Practices: The City will work with fair housing service providers and the lending community to monitor HMDA data, CRA ratings of lending institutions and other relevant data sources in order to track lending practices.

Home Purchase and Credit Counseling Education

- Home Financing Education: The City will work with Fannie Mae, Freddie Mac, and Neighborhood Housing Services of Silicon Valley (NHSSV) to educate potential homebuyers about the lending process, potential pitfalls and available resources.
- Community workshops: The City will work with local nonprofits to provide home purchase, refinancing and other credit counseling workshops.

Anti-Predatory Lending Guidelines

- Website: The San Jose Housing Department will add information on predatory lending practices to its website.
- Local Ordinances: The City will monitor the status of Oakland and Los Angeles anti-predatory lending ordinances and pending legal challenges.
- Local Measures: The City will complete an analysis of measures local jurisdictions have taken to inhibit predatory lending practices.
- Legislation: The City will continue to monitor and analyze anti-predatory lending legislation at the federal and state level.

Advocacy

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

In addition to implementing the recommendations from the AI, the City will collaborate with local nonprofits and other entitlement jurisdictions in Santa Clara County to work on the recommendations made in the countywide Fair Housing Needs Assessment. The Countywide Fair Housing Task Force will consider the following recommendations:

- Continue the benefits of coordination at the local government level
- Improve fair housing services and structure
- Develop new sources of fair housing funding
- Establish goals for the fair housing community
- Measure forms of discrimination and the impacts of existing enforcement activities
- Improve public education
- Support investigation and litigation aimed at predatory lenders
- Negotiate more responsive behavior from problem banks
- Monitor compliance with protections for the disabled

Financial Literacy

The City will continue its participation in a financial literacy campaign to educate low-income residents on the benefits of savings accounts and assist them in the implementation and maintenance of personal accounts. City of San José staff, along with members of financial and educational institutions, non-profit and for-profit organizations, the IRS, FDIC, and other groups serve as the campaign coordinating committee. Board duties include:

- Soliciting program participants and volunteers
- Developing marketing materials and distribution plans
- Identifying appropriate savings products
- Identifying future campaign funding sources
- Coordinating educational workshops

ACTIVITIES FOR HOMELESS AND OTHER SPECIAL NEEDS POPULATIONS

TARGETED RESOURCES

In addition to the production objectives to meet the homeless needs noted in the Strategic Plan section of the five-year City of San José 2000-2005 Consolidated Plan, funds are specifically targeted for activities to serve homeless and other special needs populations.

Additionally, with the City's adoption of the Homeless Strategy 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 of San Jose 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 Jose established a Housing Trust Fund, to be administered by the Director of Housing with the assistance of an Oversight Committee. The purpose of the establishment 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 such as the State's Proposition 46 –Local Housing Trust Fund Matching Grant Program. In February 2004, the State awarded the City $1.5 million, under Proposition 46, for new construction or rehabilitation of rental housing affordable to ELI households and those with special needs. The City has committed a $2 million dollar match and will be issuing a Notice of Funding Availability for the total of $3.5 million. Funds will be allocated on a competitive basis to applicants showing the capability and expertise to increase the units of affordable housing for 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.

HOPWA - The City works directly with the Santa Clara County HIV Planning Council and other entitlement jurisdictions in Santa Clara County to determine the appropriate allocation of funding according to need. For FY 2004-2005, the City of San José will be issuing a Notice of Funding Availability and will allocate funds based on a competitive process. Allocations will be determined by proposals showing the capability and expertise to house and provide supportive services for people with HIV/AIDS. Beginning FY 2004-2005, the City of San Jose will act as administrator for the County of San Benito's HOPWA fund.

HOPWA SPNS – In partnership with Health Connections, the City will administer the Shared Housing Assistance Placement and Support Services Program (SHAPSS). This three-year program was designed to provide affordable housing opportunities and supportive services to very-low and low-income 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 program, individual and group counseling, case management and for those disabled by HIV/AIDS.

20% FUNDS – The City also uses a portion of its Low and Moderate Income Housing Funds (20% Funds) to administer a rehabilitation program, which assists qualified applicants to make repairs to their homes or rental property. These grants can also be used to address accessibility problems for disabled renters and homeowners.

ESG - A committee comprised of a Department of Housing representative, the City of San Jose Housing Trust Fund Board, the County of Santa Clara's Homeless Concerns Coordinator, and a homeless, or previously homeless person, reviewed the 16 ESG grant applications for program funding. The following are the program priorities:

- Up to fifteen percent of the funds will be set-aside for the Santa Clara County's Cold Weather Shelter Program, and;
- The remaining funds will be available for existing shelters, day-care centers, and service providers who provide services to those who are homeless with priority given to agencies that coordinate their services with other shelter and service providers.

The following chart illustrates the proposed funding allocations as requested and approved by the ESG allocation approval committee. The funding recommendations will be approved by the City Council in April 2004.

Fiscal Year 2004-2005 ESG Allocations

Emergency Housing Consortium	Provide meals and transportation to homeless families and individuals, and shelter utilities.	$86,000	$68,000
Sacred Heart Community Services	Direct rental and utility assistance and partial staff costs.	$70,000	$52,000
Montgomery Street Inn	Emergency shelter operating expense, to include telephone, utilities, supplies, insurance, equipment rental and/or maintenance/repair	$50,000	$25,000
Georgia Travis Day Center	Emergency daytime shelter operating expense, to include shelter worker salaries, utilities, insurance and program supplies.	$45,000	$30,000
Commercial Street Inn	Emergency shelter operating expense, to include utilities, telephone and maintenance/repairs.	$50,000	$25,000
AACI	Partial costs to operate an emergency shelter for battered women with children.	$25,000	$12,000
Community Technology Alliance	Project SHARE (Community VoiceMail and Shelter Bed Hotline)	$40,000	$30,000
The Unity Care Group	Emergency shelter for homeless youth and partial staff costs.	$50,000	$30,000
Concern for the Poor	Partial costs in operating an emergency shelter for families with children.	$60,000	$45,000
Next Door: Solutions to Domestic Violence	Provide food, emergency shelter and transportation to victims of domestic violence.	$45,500	$30,000
Bill Wilson Center	Emergency food and shelter for runaway and homeless youth.	$25,000	$27,756
Homeless Care Force	Feed and clothe the homeless through a mobile hot meals and warm clothing program.	$52,750	$25,000
Clara Mateo Alliance	Emergency shelter and services for homeless individuals, couples and families from Santa Clara County.	$50,000	$0
St. Vincent de Paul	Rental assistance for the unemployed and working poor, and partial staff costs.	$20,000	$15,000
The Health Trust	Emergency support services to individuals with HIV/AIDS and others who are at the risk of homelessness. Services to include food and motel vouchers, rental and utility assistance.	$70,000	$0
Second Start Learning Disabilities, Inc.	Provide rental/mortgage/utility assistance, food, transportation, job training and placement services for homeless, or at the risk of homeless men and women with children.	$30,000	$0
City of San José	Emergency housing and transportation services.	$25,000	$25,000
Administrative Costs	Up to 6% may be used for administrative costs	$15,000	$15,000
TOTAL		**$794,250**	**$454,756**

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 and Homeless Fund.

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 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 eviction, a rental guarantee program, and an emphasis on the development of permanent supportive housing.
- **Rapid Rehousing**: 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.
- **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 February 24, 2004 the Housing Department released a Request for Proposals for the Wraparound Homeless Services. Proposals are due on March 18, 2004 and it is anticipated that selection will be made in May 2004 and such recommendation will be brought to the City Council in June 2004 to be effective July 1, 2004.
- **Proactive Efforts**: Ensure that data systems collect the information needed to determine the needs of the homeless and the success of program efforts. 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 provides a Rental Assistance Program, which offers one-time monetary assistance for people who are at-risk of becoming homeless, and for individuals and families who are at-risk of becoming evicted;
- The City subsidizes move-in costs for individuals and families moving into permanent housing;
- 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; and,

- 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). The current program ends on June 30, 2004. The City is committed to continue this program by aggressively seeking additional funding sources in order to keep the program running.
- The City had proposed a Pilot Homeless Project with the goal to assist 100 homeless families securing Section 8 housing choice vouchers. Due to economic conditions, the vouchers are no longer available, but the City plans to continue looking for funding opportunities to implement the Housing First methodology, which has been proven to be effective in ending chronic homelessness for individuals and families with special needs.

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 for families, with another ten units completed in 2003 for transitional housing. 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 WATCH Home Safe Project opened and assists twenty-four units of transitional housing for women and children. Finally, in 2003/2004, Markham Plaza opened it doors and provides a total of 305 SRO units for extremely low-income households.

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. CDBG supports six projects providing these services (Blind and Visually Impaired Client Services, Continuum of Care, DCARA Health and Community Support Services, Housing Program for Persons with Disabilities, and Community Support Recreation).

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 (Alzheimer's Activity Center, Senior Adult Day-Care/Respite, Casa MACSA Adult Day Health Services, Ethiopian Community Center, Northside Community Center, Minority Senior Service Providers Consortium, Vietnamese Elderly Services Senior Center, Legal Assistance to Elders, Long Term Care Ombudsman, and Operation Brown Bag).

The City currently has over 800 beds of emergency shelter, over 770 beds of transitional housing and over 630 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. 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.

HOUSING SUPPORT ACTIVITIES

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 2004-2005 include efforts begun last year:

- Continue a community education effort for affordable housing by implementing an "Anti-NIMBY" campaign *(Department of Housing)*;
- In June 2003, a Housing Trust Fund was established that provides a framework to make the City competitive for outside funding, namely through the State's Department of Housing and Community Development and Proposition 46 funds. *(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 eighty-five percent of the funding for development and rehabilitation assistance to benefit lower-income households *(Department of Housing)*;
- Assess the availability of local, state and Federal funding resources for the development of housing affordable to extremely low income households (*Department of Housing)*;
- Adopt and implement an ordinance allowing secondary units in single-family neighborhoods (*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 housing. (*Department of Transportation and Department of Housing*);
- Continue to plan for the development of the Coyote Valley in South San Jose. The development of these areas together is anticipated to provide 25,000 new housing units, of which 5,000 will be required to be affordable. *(Department of Planning, Building and Code Enforcement);*
- Implement changes made to the City's Rent Control Ordinance regarding no-cause notices. Continue to provide education and outreach services to tenants and landlords covered by the Rent Control ordinance. *(Department of Housing)*
- Work with the Department of Planning, Building and Code Enforcement to create a schedule demonstrating the total amount of fees charged for the creation of new housing units in San Jose and compare the cost to other local jurisdictions (*Department of Planning, Building and Code Enforcement, Office of Economic Development, and 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*).

Based on the findings of the 1995 Santa Clara County Homeless Survey and the 1999 Santa Clara County Homeless Survey, two studies conducted on the housing needs of homeless persons as well as persons with disabilities and seniors, and as stipulated in the newly adopted 10-Year Homeless Strategy, approved by the City Council in 2003, the following new and continued policy actions by the City of San José are proposed:

- For persons with disabilities, continue to seek projects 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)*;
- Complete a new homeless count and survey in collaboration with our partners in Santa Clara County, in order to immediately reassess the current number of homeless people living in San José *(Department of Housing);*
- Continue to work with Housing Choices Coalition and other agencies, to meet the needs of people with disabilities in finding and maintaining affordable housing (*Department of Housing)*;
- Study the possibility of financing rehabilitation or rebuilding of the Casa Feliz replacement housing for persons with mental disabilities (*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 extremely low-income households *(Department of Housing).*

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)*;
- 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)*;
- Work at the State level to begin to remedy problems with 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 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)*

- Continue to strengthen the relationship with Neighborhood Housing Services Silicon Valley (NHSSV) in its efforts to expand the HomeOwnership Center and continue to establish itself as one of the prime resources for first-time, low-income and minority homebuyers in Silicon Valley. Through its classes, counseling, and special mortgage products, 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 challenging housing market and to contribute as homeowners to healthy neighborhoods. To date, 1,175 participants or approximately 100 low-income residents per month have received homebuyer education, 97 first-time homebuyers have been assisted and over $22.6 million has been leveraged from partner banks in first and second mortgage financing. In addition, NHSSV is the first non-profit in the State of California to be approved as a direct lender by the California Housing Finance Agency. *(Department of Housing and San Jose Redevelopment Agency)*;
- 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)*;
- 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 *(Housing Authority of Santa Clara County and Department of Housing)*;
- Continue to use the Housing Action Team (HAT) to facilitate affordable housing development process *(Department of Housing, Department of Planning, Building and Code Enforcement, City Attorney's Office, Department of Parks, Recreation and Neighborhood Services, Department of Public Works, Fire Department and other City departments)*;
- 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);* and
- Continue working with San José State University on opportunities for partnership including joint housing projects *(Office of Economic Development, City Manager's Office, Department of Housing and San Jose Redevelopment Agency)*

LEAD-BASED PAINT STRATEGY

The Department of Housing has continued implementation of the final HUD regulation on lead-based paint hazards, which became effective on January 10, 2002. Since May of 2000, the City of San Jose's Housing Department has tested 1,960 dwelling units for the presence of lead-based paint. Of that number, 530 (27%) have tested positive for this hazard and appropriate measures have been taken to ensure compliance with the regulations. It should be noted that many of the positive results are for fewer than three components and intact surfaces that do not pose a health hazard to the occupants.

San Jose has expended over $850,000 on identifying lead-based paint in San Jose's low and moderate-income housing. An additional $225,000 has been expended on lead based paint remediation required as part of housing rehabilitation or exterior painting. Testing costs for FY 2004-2005 are expected to be about $100,000 and an additional $150,000 for mitigation. The City's Housing Department is currently seeking proposals to contract with a remediation/abatement company to expedite the mitigation of lead hazards.

RENTAL SUBSIDIES – SECTION 8

The Housing Authority's Section 8 Program will administer 6,901 vouchers in the City of San José for fiscal year 2003-2004. Countywide, there is currently a waiting list of 8,948 families for this program. These Housing Choice Vouchers serve low-income households, including disabled persons (Mainstream Voucher Program), developmentally disabled persons (Aftercare Program), families working towards economic independence (Welfare-to-Work and Family Self-Sufficiency Programs), and families with child-welfare issues (Family Unification Program).

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 500 families that follow personal action plans, including job training and educational courses, 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.

The Welfare-to-Work (WtW) Program provides rental vouchers to very-low-income families. Much like the Housing Authority's FSS Program, the WtW Program provides these families with the resources to obtain job training and childcare, as well as to attend classes to support the goal of becoming independent from government aid.

Other programs include the Shelter Plus Care Program that provides eighty-six housing units to serve homeless individuals with long-term disabilities, the Moderate Rehabilitation Program that consists of 220 units serving families in privately owned residences with project-based subsidies, and the Project-Based Assistance Program, which serves families in 100 privately-owned rehabilitated or newly constructed units with project-based subsidies.

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.

AFFORDABLE HOUSING CONSTRUCTION ACTIVITIES

HOME PROGRAM FUNDS

A total of $4,863,492 of HOME Program funds is available for a variety of affordable housing construction activities. In accordance with HUD's requirements, the City of San José will provide a twenty-five percent match for these funds, primarily in the form of bond proceeds and tax and fee waivers. In previous years, the City has targeted its HOME funds primarily to new construction of rental housing for lower income households. 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 also target its HOME funds to downpayment assistance for homebuyers, rehabilitation of ownership housing and acquisition of small infill housing sites. 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 fifteen percent of HOME program funds for CHDOs to carry out HOME-eligible activities. An additional five percent is available to support operating expenses of CHDOs for developments 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 three certified CHDO's: Charities Housing Development Corporation (CHDC), Community Housing Development (CHD);

and Emergency Housing Consortium (EHC). A fourth CHDO was certified by the City in 2003, Ketzal CDC, an affiliate of the Mexican American Cultural Services Agency. Another nonprofit organization applied for CHDO certification with the City and is currently under consideration. The City offers technical assistance to assist nonprofit housing developers in becoming CHDOs; and,

- Planning and Administration - Up to eight percent of the total HOME funding allocation will be used for planning and administrative costs associated with the activities supported by HOME funds.

AMERICAN DREAM DOWNPAYMENT INITIATIVE (ADDI)

The City will receive a formula grant under a new component of the HOME program called the American Dream Downpayment Initiative (ADDI). The City will receive its FY 2003-2004 allocation of $185,279 in 2004, which was not allocated last year due to pending legislative approval. The City will receive an allocation of $218,635 for FY 2004-2005, for a total funding availability of $403,914. The program is authorized through 2007.

In accordance with HUD's regulations, the City will provide Match requirements for its FY 2003 allocation. There is no Match requirement for FY 2004. The following are potential uses for the program that are under consideration:

- Downpayment Assistance to low-income families who are first-time homebuyers, towards the purchase of single-family housing. Assistance will not exceed the greater of six percent of the purchase price, or $10,000, in accordance with the program requirements;
- Rehabilitation of single-family housing in conjunction with a home purchase assisted with ADDI funds. Funding for this component will not exceed 20% of the City's annual ADDI allocation, in accordance with the program requirements;
- Planning and Administration will be covered under the City's regular HOME allocation since ADDI does not include a program allowance for these costs.

In San José's extremely high-cost housing market, the American Dream Initiative alone will not be sufficient in enabling low-income households to buy a home. However, this additional funding source will increase the resources available to low-income homebuyers when used in conjunction with other non-City sources. The City plans to work in collaboration with the Neighborhood Housing Services of Silicon Valley (NHSSV), the California Department of Housing and Community Development, The California Housing Finance Agency (CalHFA), and the Housing Trust of Santa Clara County in order to maximize the impact of these monies.

HABITAT HOUSING AND YOUTHBUILD

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 Silicon Valley Habitat for Humanity (SVHH) and the San Jose Conservation Corps (SJCC).

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 12 homes on four surplus City sites in San Jose. 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. A fifth City-owned site has been identified that will be developed by 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 is in the process of developing seven homes on a second City-owned site in San Jose. 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 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 is sold.

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 will maintain a 45-year affordability resale restriction on the home.

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

OTHER FUNDS

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 nine percent low-income housing tax credits. In order to meet the City's five-year production goal of 6,000 new affordable housing units, a large portion of the $33.2 million of the City's estimated 20% Funds for the upcoming Fiscal Year 2004-2005 will be targeted for the construction of new affordable housing.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAMS

TWO-YEAR & THREE-YEAR PLAN

The purpose of the City of San José's Community Development Block Grant (CDBG) Program Three-Year Plan is to provide guidance for the implementation of housing and community development projects throughout the City for the period from 2004 through 2007. The City's CDBG objectives are to principally benefit low- and moderate-income households as defined by HUD and to eliminate, or prevent, slums and blight. These objectives are achieved by enhancing traditional City services through the expansion of programs and facilities available for low- and moderate-income households. In addition, these objectives are supported by complementary activities, such as capital improvement projects, code enforcement, building rehabilitation, housing services, and programs for seniors, youth and special populations.

For the development of the Three-Year Plan for Community Development Improvement (CDI) and Two-Year-Plan for Contractual Community Services (CCS) the City Council-appointed CDBG Steering Committee comprised of community representatives and chaired by a City Council member held four meetings and one formal public hearing. As a result of citizen input from these meetings, priorities for program funding were established. The extent to which a project meets community needs is the most heavily weighted criterion in the funding process. An additional criterion is the readiness of projects to implement services. The need areas identified in the Two-Year-Plan include: senior services, child-care, youth services, legal services, homeless services, and disability services. The need areas identified in the Three-Year Plan include: childcare; community recreation; youth services and facilities; legal services; fair housing services; senior services and facilities; services for persons with disabilities; economic development; neighborhood revitalization; and homeless services and facilities.

While most of the Public service activities are citywide, code enforcement is targeted to Strong Neighborhood Initiative (SNI) area and other low and moderate-income area using multiple funding sources and Physical improvement projects tend to be targeted to central and east San José as these are the areas with the greatest identified need. Some of these neighborhood projects for FY 04-05 (Year-One) through FY 06-07 (Year-Three) include: the Welch Park Improvements, Alma Community Center, Greater Gardner Street Reconstruction, Mayfair Neighborhood Traffic Calming, University SNI Area-Antique style Lighting/Pedestrian Corridors Priorities, Blackford Storm Drain Improvements, Gateway East Sanitary Sewers, and One-way Couplet Conversion/Historic Lighting project-13th street neighborhood.

The Three-Year Plan, and Two-Year funding strategy, approved by the City Council on September 19, 2000 was implemented for the Contractual Community Services (CCS) and Community Development Improvements (CDI) categories of the CDBG program, respectively. The strategy basically provides that a funding recommendation is made for the current year (or "active" year) and that a priority recommendation (or "placed project") for future funding is made for the following year or years (or "planning" years). Placed projects are reviewed prior to receiving a recommendation for funding for the active year. Placed projects are not guaranteed

funding, but rather have priority for available funding. Placed projects must show satisfactory performance and meet any identified funding contingencies.

The City's two-year funding strategy for CCS covers the periods from 2003-2004 (Year One) and 2004-2005 (Year Two). The Plan is intended to ensure that projects that best address the evaluation criteria, as defined in the City Council's adopted 2003-2004 CDBG Criteria for Applications, receive funding. For funding in Year-Two, those projects that perform well in Year One and continued to address the evaluation criteria received priority for funding in Year Two. Under the approved two-year strategy, placed projects were reviewed prior to 2004-2005 funding, but no new applications were solicited. Public hearings were held to solicit community input on both the performance review and funding recommendation.

The two-year strategy also provided opportunity to reduce funding for those CCS projects that did not adequately meet the evaluation criteria in order to phase them out over a two-year period. This process allows unqualified projects time to explore other funding opportunities and/or reduce their operations. The funding available as a result of reductions to these unqualified projects is being applied to alternate projects that more adequately address the criteria. Projects in the CCS category are described under the Fiscal-Year 2004-2005 Contractual Community Services section below

The City's three-year funding strategy was approved for CDI category projects. It covers the period from Fiscal-Year 2004-2005 (Year-One), 2005-2006 (Year-Two), and 2006-2007 (Year-Three). In a Three-Year funding plan, a "funding "recommendation is made for the current or "active" year, and a "placement" recommendation is made for any remaining "planning" years. Placement in the Plan is not a guarantee of funding but rather a statement of funding priority provided all funding contingencies are met.

The Three-Year-Plan is designed to address issues related to the funding and implementation of CDI projects as they affect the City's ability to spend funds in a timely manner consistent with HUD guidelines. Projects in the CDI category are described under the Fiscal-Year 2004-2005 Community Development Improvements section below

FUNDING ALLOCATION BY CATEGORY FOR FISCAL YEAR 2004-2005

Total CDBG funding in the amount of $13,996,000 will be available for Fiscal Year 2004-2005, comprised of $12,146,000 from the City's 2004 CDBG entitlement grant, $1,500,000 from projected 2003-2004 program income, and $350,000 from prior year funds. During this one-year period, the City proposes to utilize more than ninety-nine percent of all of these funds to serve low- and moderate-income persons, with less than one percent unallocated as a contingency reserve (or $100,000) for any cost overruns and/or program additions. The funding allocations listed on the following pages represent the recommendations from the City Administration and the City 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 fifteen percent of the 2004 CDBG entitlement grant and $225,000 from prior-year funds toward Contractual Community Services, such as human service and housing projects administered by community-based organizations. FY 2004-2005 is the second year of the two-year funding plan for CCS projects; the City Council awarded placements in the amount of $2,046,900 to 39 CCS projects for FY 2004-2005. No CCS applications were solicited for the FY 2004-2005 application process. Instead, the performance of placed project was evaluated. One placed project, Juvenile Drug Treatment Court - Fresh Lifelines for Youth Inc., is not currently funded by CDBG. Eighty-five percent of the 2004 CDBG entitlement grant, all of the 2004-2005 program income and the remaining prior year funds are proposed for Community Development Improvements, including housing rehabilitation, fair housing, capital improvements, code enforcement and small business assistance. FY 2004-2005 is the first year of a three-year funding plan for CDI projects; CDI applications were solicited for FY 2004-2005. The following summarizes the funding allocation by category for Fiscal Year 2004-2005:

- CONTRACTUAL COMMUNITY SERVICES
  Public Services (15%)

- COMMUNITY DEVELOPMENT IMPROVEMENTS
  Code Enforcement and Emergency Assistance (24%);
  Economic Development (4%);
  Housing Improvements (19%);
  Physical Improvement Projects (18%);
  Fair Housing & Program Administration and Planning (19%); and
  Reserved (1%)

FISCAL YEAR 2004-2005 CONTRACTUAL COMMUNITY SERVICES

Public Services

Alliance for Community Care - Community Support Recreation ($21,721)
Projects 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 ($41,374)
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 - Long term Care Ombudsman Program ($28,750)
Project provides advocacy, compliant investigation including elder abuse, and problem resolution services for primarily elderly residents in San Jose's long term care facilities.

Catholic Charities of San José - Shared Housing ($82,748)

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 Empowerment Project ("YES") ($69,036)

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 ($21,793)

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.

Concern for the Poor - Case Management ($30,410)

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.

Deaf Community, Advocacy and Referral Agency - DCARA Health and Community Support Services ($29,040)

The project provides health, benefit 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) - H.O.M.E.S. ($63,095)

To help homeless San José residents gain and maintain permanent housing and stability, this project provides extensive housing location assistance, life-skills training, employment services and informational resources

Ethiopian Community Services - Ethiopian Community Center ($36,103)

Project provides translation/interpretation, outreach and counseling services to low/moderate individuals/families residing in the City of San José to receive assistance in obtaining self-sufficiency.

Filipino-American Senior Opportunity Development Council, Inc. - Northside Community Center ($36,202)

Project provides services catered toward helping seniors overcome language barriers, obtain Veterans benefits, receive entitlements and manage their income.

Fresh Lifelines for Youth, Inc. (F.L.Y.) – Juvenile Drug Treatment Court Mentoring Program ($40,006)

The project provides recruits, screens, trains, and matches 30 adult volunteers with 30 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.

Friends Outside in Santa Clara County - School Advocate Project ($31,030)

The project provides a variety of services to youth between the ages of seven and fourteen with Attention Deficit Disorder or other learning disabilities that cause problems at school and home. The project also provides services to help families understand and assist with the challenges these children are experiencing.

Housing Authority of the City of San José - Family Self-Sufficiency ($31,123)

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

InnVision - Cecil White Center ($48,614)

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 - Julian Street Inn ($35,168)

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 - Community Inns ($24,824)

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 ($150,344)

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 Day-Care/Respite ($30,496)

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 ($20,687)

The project serves no-cost hot meals five days a week to low-income persons. The facility is located in Downtown San José.

Mental Health Advocacy Project of the Law Foundation of Silicon Valley - Residential Care Ombudsman Program ($24,824)

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 - Casa MACSA Adult Day Health Services ($31,973)

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

Mexican-American Community Services Agency - MACSA Youth Center Services ($149,877)

The project provides education, recreation, employment development and mental health services for youth ages six to eighteen.

Mexican-American Community Services Agency - Youth Opportunities Unlimited ($152,049)

The project provides service programs such as academic support, computer literacy, art, recreation and social development for low/moderate income students.

Next Door Solutions to Domestic Violence - Shelter Next Door ($82,748)

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 - WATCH ($34,134)

The project provides a safe-living environment for domestic violence victims and support services, including recreation, mentoring, education, therapeutic interventions and case management.

Portuguese Organization for Social Services and Opportunities - Minority Senior Service Providers Consortium ($130,357)

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

Respite and Research for Alzheimer's Disease - Alzheimer's Activity Center ($31,030)

The project provides therapeutic and daily living activities for extremely low-, low- and moderate-income seniors suffering from Alzheimer's disease and related illness. 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 Services - Comprehensive Services Project ($25,859)
Project provides emergency food boxes, sack lunches, employment placement, clothing and information and referral service for low-income persons and families.
Funding Condition: Outstanding audit items submitted by July 1, 2002.

Santa Clara County Asian Law Alliance - Asian Law Alliance ($55,855)
The project targets multilingual and culturally sensitive legal counseling and community education services to low-income residents of San José.

Santa Clara University - East San José Community Law Center ($27,927)
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 - Blind and Visually Impaired Client Services ($27,927)
The project provides social, recreational and educational services for the blind and visual impaired. In addition, the project provides access for the visually impaired to financial information, transit information, educational opportunities and referrals to other social service agencies.

Second Harvest Food Bank - Operation Brown Bag ($18,618)
The project is a self-help program that provides very low-income seniors with their food needs. Through this project, seniors receive a bag of groceries each week at various City locations throughout San José.

Senior Adult Legal Assistance (SALA) - Legal Assistance to Elders ($91,023)
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 located through the City of San José.

Services for Brain Impaired (SBI) - Continuum of Care ($20,687)
The project provides multilingual and culturally sensitive legal counseling and preventative community education services for low-income residents of San José. The project has two components: legal services and community education.

Silicon Valley Independent Living Center (SVILC) - Housing Program for Persons with Disabilities ($10,343)
This project provides a housing referral/advocacy/placement services to the special housing needs of persons with disabilities.

Vietnamese Voluntary Foundation - Vietnamese Elderly Services Senior Center ($62,061)
The project works to enhance the quality of life for elderly adults of 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 - Vietnamese Youth Gang Prevention/Intervention Program ($21,982)

The program consists of SAGE/school-based counseling, mentoring, support groups and recreational activities targeted to Vietnamese youth.

YWCA in Santa Clara Valley - YWCA Childcare ($175,062)

Agency collaborates with nine non-profit childcares consortium, to provide quality, childcare services at fifteen sites in San José. The project provides counseling, child assessment, short-term intervention, parent workshops, and information and referral services.

FISCAL YEAR 2004-2005 COMMUNITY DEVELOPMENT IMPROVEMENTS

Code Enforcement and Emergency Assistance

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

Project provides education, coordination of law enforcement agencies, and recruitment of volunteers in San Jose for San Jose residents. The project will concentrate on SNI areas.

City of San José Department of Planning, Building and Code Enforcement - City of San Jose Code Enforcement: Low-Moderate Area (LMA) ($2,952,043)

The project consists of preserving and improving the quality of existing affordable housing units, in low and moderate-income area and SNI Areas through code enforcement and inspection services, and preventing and eliminating slums and blight conditions in low-income and SNI area through code inspection and enforcement activities.

San José Conservation Corps - Corps Community Projects ($187,061)

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 Department of Parks, Recreation and Neighborhood Services - 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.

Santa Clara University - Small Business Development Project of the ESJCLC ($27,000)

The project consists of expanding support beyond legal services to include business related services to assist low-income persons interested in starting or developing their own small businesses. Project will provide financial planning, marketing and business strategies to enhance the opportunities for low-income entrepreneurs to succeed in achieving economic self-sufficiency.

Silicon Valley Economic Development Corporation (SVED) - Business Assistance Center ($287,481)

The project provides start-up and stay-up business management training, counseling and technology mentoring to small business owners and entrepreneurs. In addition, the project will manage two City loan funds and provide 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 Jose residents.

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

The project provides entrepreneurial training, management, technical assistance, subsidized rent, shared support services, and resources for very low to moderate-income San Jose residents.

Fair Housing, Program Administration & Planning

Legal Aid Society of Santa Clara County - Legal Aid Society Fair Housing Project ($125,000)

The project provides twenty-four free Fair Housing Seminars at various locations throughout the City.

Project Sentinel - Fair Housing Investigation & Enforcement Services ($246,140)

The project provides comprehensive fair housing education, investigation and enforcement services.

City of San Jose Department of Housing - Non-Rent Control Tenancy Protection Program ($47,793)

Project provides mediation, information and referral services to approximately 63,000 low to moderate-income clients not covered by the Rent Control Ordinance.

City of San José Department of Finance - Accounting Services for CDBG Program ($202,272)

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 ($1,269,949)

The project provides program development/evaluation, project implementation/ monitoring and technical support in managing approximately 100 projects per year.

City of San José Department of Planning, Building and Code Enforcement - Environmental Review of CDBG Proposals ($86,066)

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 Projects ($366,199)

Project will facilitate private investments in new housing and businesses by preparing properties for development through General Plan amendments and rezonings.

City of San José Department of Parks, Recreation and Neighborhood Services - Strong Neighborhoods Initiative (SNI) Organizing and Implementation Team ($385,781)

The project is a partnership between the City of San José, the Redevelopment Agency and the community to build clean, safe and attractive neighborhoods by fostering strong, independent and capable neighborhood organizations.

Housing Improvements

City of San José Department of Housing - Housing Rehabilitation – City-Wide & SNI Targeted ($1,500,064)

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- and moderate-income households in the City of San Jose.

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 throughout San José through prompt removal of graffiti from the single and multi housing units with an emphasis on low-income areas.

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

The project assists low- and very low-income persons of San José by providing services to identify and correct hazardous and unsafe conditions through safety inspections, lead-based paint hazard screening, and minor home repairs.

Rebuilding Together Silicon Valley - Housing Repair for Low-Income Senior/Disabled ($45,000)

The project repairs, rehabilitates, and upgrades 30 housing units and make 25 unrelated emergency repairs for very low-income residents of San Jose.

Physical Improvement Projects

Kidango – Kidango Linda Vista Children's Center Renovations ($193,287)

The project consists of demolishing a condemned building, improve site drainage and install an age appropriate playground for a childcare center.

Santa Clara Valley Blind Center, Inc. - Improved Client Services Delivery ($80,500)

The project consists of reconfiguring interior spaces, improving accessibility, and addressing ADA compliance. (Future will include replacing broken sidewalk, repaving parking lot, installing outdoor lights, kitchen replacement and a new roof).

Yu-Ai Kai/Japanese - American Community Senior Service ($92,971)

The project consists of addressing ADA access to building and restrooms, reconfiguring floor space, adding a sunroom in the back, and converting a patio to an enclosed room.

City of San José Department of Parks, Recreation and Neighborhood Services - Welch Park Improvements ($200,000)

The project consists of park improvements to turf, trees and landscaping, paths, lights, and installed fixtures such as picnic tables

City of San José Department of Parks, Recreation and Neighborhood Services - Alma Community Center ($78,000)

The project consists of pre-development and design costs for new Alma Community Center.

City of San José Department of Public Works - Gateway East Sanitary Sewers ($550,000)

The project consists of installing sewer laterals with City-approved Wye cleanouts of the neighborhood sewer mainlines in the Gateway neighborhood (Census tracts 5037.07 and 5036.02).

Redevelopment Agency - Greater Gardner Street Reconstruction ($550,000)

The project consists of designing and construction of the roadway, curbs and gutters, sidewalks, driveways, wheelchair ramps constructed in accordance with the ADA, adjustment of utility boxes and manholes to grade, replacement of damaged underground sanitary sewer and storm drain pipes and inlets for the street segment of Prevost Street between Minnesota Avenue and Fuller Avenue

Redevelopment Agency - Mayfair Strong Neighborhood Traffic ($110,000)

The project consists of installing Level I Traffic Calming Devices in the Mayfair Strong Neighborhood to improve pedestrian safety for the disabled community, elderly, children and others. Traffic speed and circulation controls will be enhanced and the overall need to slow down when driving on neighborhood streets will be observed

Redevelopment Agency - University SNI Area-Antique Style Lighting/Pedestrian corridors Priorities ($215,000)

The project consists of installing 29 pedestrian scale lights on William Street from 6th to 10th and 6th street from Reed to William.

Redevelopment Agency - Blackford Storm Drain Improvement ($211,100)

The project consists of removing and replacing damaged cub and gutter and adjacent pavement to provide positive drainage I Flora Avenue, Rosalia Avenue and Teale Avenue, and Boynton Avenue.

Redevelopment Agency - One-Way Couplet Conversion/Historic Lighting Project-13th St. Strong Neighborhood ($200,000)

The project consists of installing historic lighting to complement conversion of 3rd and 4th streets from one-way to two-way.

Reserve (1%)

An operating reserve of $100,000 is proposed.

FISCAL YEAR 2005-2006 (YEAR-TWO), AND FISCAL YEAR 2006-2007 (YEAR-THREE) RECOMMENDED PLACEMENT OF NON-CONSTRUCTION CDI AND CONSTRUCTION CDI PROJECTS IN YEAR-TWO AND YEAR-THREE OF THE THREE-YEAR PLAN

Agency Name	*Project Name*	*Year 2 Placement (05-06)*	*Year3 Placement (06-07)*
City of San Jose OED	Revolving Loan Fund Expansion	$275,000	$275,000
Department of Finance	Accounting Services for CDBG	$202,272	$202,272
Department Of Housing	Non-Rent Rental Tenancy Protection Program	$47,793	$47,793
Department of Housing	Housing Rehabilitation Prog -CityWide and SNI Targeted	$1,500,064	$1,500,064
Department of PBCE	SNI/Special Neighborhood Projects	$366,199	$366,199
Department of PBCE	Environmental Review of CDBG	$86,066	$86,066
Department of PBCE	SJ Code Enforcement – SBA/ Vacant Lot	$882,525	$882,525
Department of PBCE	SJ Code Enforcement – LMA / Housing Code	$2,069,518	$2,069,518
Department of PRNS	Smart Start S.J. Family Childcare	$208,781	$208,781
Department of PRNS	CDBG Program Development & Monitoring	$1,269,949	$1,269,949
Department of PRNS	SNI Organizing & Implementation	$385,781	$385,781
Department of PRNS	Anti-Graffiti Program	$529,662	$529,662
Department of PRNS	Anti-Litter Program	$248,030	$248,030
Department of PRNS	Welch Park Improvements	$204,000	$ 0
Department of PRNS	Alma Community Center	$215,000	$ 0

Department of PW	Street Lights Minor Request	$157,744	$ 0
Department of PW	Street Lights: Gateway East	$71,411	$ 0
Department of PW	Street Lights: Hannah-Gregory	$120,845	$ 0
Department of Transportation	Citywide Curb Ramp Improve.	$250,000	$250,000
ESO	Housing and Energy Services	$560,000	$560,000
Franklin McKinley Education Foundation	Tully-Senter School Hub-A Community Facility	$208,861	$270,300
Korean-Am Commu.Svs, Inc.	Cultural Commu Ctr Deve. Proj.	$250,000	$250,000
Legal Aid Society of SC Co.	Fair Housing Counseling	$125,000	$125,000
POSSO	POSSO Kitchen Renovations	$ 0	$144,450
Project Sentinel	Fair Hsg Investi. & Enfor. Svs.	$246,140	$246,140
Rebuilding Together Silicon Valley	Housing Repair for Low-Income Seniors / Disabled	$45,000	$45,000
Redevelopment Agency	Japantown Rest Areas /Streetscape	$ 0	$50,000
Redevelopment Agency	Greater Gardner St. Reconstruc.	$ 0	$325,587
Redevelopment Agency	Washington SNI-Storm Drain/St. Improvement	$218,752	$ 0
Redevelopment Agency	Gateway E. Sanitary Sewers	$ 0	$400,000
S.C. Valley Blind Ctr., Inc.	Improved Client Svs. Delivery	$77,000	$68,600
San Jose Conservation Corps.	Corps Community Projects	$168,355	$149,649
Santa Clara County Black Chamber of Commerce	SJ/SV Center for Entrepreneurial Development (CED)	$93,920	$93,920
Santa Clara University	Small Business Development Project	$27,000	$27,000
Silicon Valley Economic Development Corporation	Business Assistance Center	$287,481	$287,481
Yu-Ai-Kai/Japanese-Ameri.	Yu-Ai-Kai Acquisition	$161,700	$161,700
	SUB-TOTAL:	$11,559,849	$11,526,467

MONITORING

HOME, HOPWA, AND ESG MONITORING

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 are appropriate internal controls for the use of funds. The Department of Housing's Rehabilitation Program Handbook, as well as its Loan Management Handbook and the Project Development Handbook, are all currently being updated to provide further guidance on loan and grant monitoring.

With respect to shelter funds, monitoring is in conformance with the monitoring matrix included on file in the City of San José Department of Housing. The matrix indicates the agency responsible for each shelter as well as the type of evaluation to be conducted by each agency and the schedule for monitoring each year.

In July 2003, HUD performed an on-site monitoring for the HOME and ESG programs. The scope of the monitoring covered fiscal year allocations 1999-2002 for the HOME program and 2000-2002 for the ESG program. HUD determined that both programs were in compliance with regulatory requirements. No findings or concerns were reported. HUD provided several observations and recommendations to further refine administration of these programs. Additionally, HUD commended the Housing Department for its efficient operation of both programs and maximizing the effectiveness in serving lower income families and individuals

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 2000-2005 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 implementing an integrated 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.

CDBG PROGRAM MONITORING

It is policy of the City that a grant agreement containing the scope of services for the project is provided by the project sponsor to CDBG staff 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; and,
- 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; and,
- To provide the basis for reports to the CDBG Steering Committee and City Council 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 periodic on-site visits of projects to review program records. Monitoring also involves the submittal of quarterly reports on the activities of the project by the sub-recipients and yearly audits. As a result of review of the audit and 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.

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; and,
- Required reports are not being submitted in a timely manner.

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.

APPENDICES

A. RECORD OF PUBLIC TESTIMONY AND CORRESPONDENCE

HOUSING ADVISORY COMMISSION
PUBLIC HEARING ON HOUSING NEEDS
February 12, 2004

Each member of the public was given two minutes to make public comments; organizations were given five minutes for comments. The following are comments made at this public meeting:

Becky Lake – Silicon Valley Independent Living Center
Ms. Lake spoke about the services provided by SV Independent Living Center (SVILC). She mentioned that they service primarily low-income people who are in need of special housing accommodations. She noted that their clients are those with both mental and physical disabilities and who seek "barrier free" access to one's home and public spaces. She stated that as people grow older it is becomes extremely important that they be able to live in their homes. SVILC helps them to do this. Ms. Lake mentioned that SVILC encourages the use of Universal Design Solutions. Ms. Lake passed out a copy of the "*Residential Housing: Visitability and Universal Design Solutions*" and suggested that with the use of such design criteria elderly and the disabled would be better served in their communities and better able to live de-segregated, isolated lives. Universal Design Solutions would help the disabled and elderly to access public services, government buildings, and private residences.

Sandy Perry – Community Housing Alliance Ministry (CHAM)
While Mr. Perry understands that the current budget constraints being faced by the City make it difficult to put more resources into affordable housing, he spoke about the dire need to fund housing for those most in need. Mr. Perry reiterated his hope that the City Council, even with limited funds, will be focused on ELI housing. He stressed the importance of providing those units for those that are having the hardest time finding housing, those in the extremely low-income category. While the funding will be less than in previous years, he highlighted the need in the community to focus these limited dollars on ELI housing. He also recommended that the City adopt a policy would allocate a "fair share" to ELI housing.

(No Name Provided)
She discussed her living situation as a disabled resident in San Jose. She noted that she receives a check for her disability and that most of this money goes to pay her rent. This doesn't cover her medical needs, food or provide a safety net. She noted that she has lived in the same place since 1997 and that the building is run down and in poor condition and probably more expensive than other places, however, she can't afford to move. She wouldn't have enough money for a downpayment anywhere else and even with the declining rents she isn't able to save enough money to move.

Catherine Doherty (spelling unknown)
She said that she was a very low income resident and lived below the poverty line. She stated that she had tried to live in the City's subsidized housing but was told that she didn't make enough money. She further stated that she is in an unstable living situation where she can't afford to live in market rate housing and isn't considered eligible for affordable housing.

Judith Graham – CHAM
Ms. Graham stated that she stays at the shelter and is a senior with multiple disabilities. She said that she gets $777 per month in disability but then must pay about $600 in rent. This doesn't leave enough to pay for food or medical costs. She said that often times a room for rent will cost as much as $900 a month. This is too expensive and people shouldn't have to choose between a roof over their heads, food, and medical.

Peggy Elwell – Low Income Self Help Center (LISHC)
She said that currently, in a down economy the need for housing is excerbated by the high unemployment rates. Many of the customers served by the LISHC are at 25% of median income ($26,000 per year for a family of four). Ms. Elwell noted that most of the extremely low income housing is wait listed and are too long for most people to wait. This puts people into the situation were they are having to choose between very basic needs and it isn't right. She encouraged the investment of more extremely low-income housing.

Kerry Rodriquez-Stalke (spelling unknown) – CHAM
She accounted her story and hardships with finding adequate housing for her and her kids. She said that she resides in shelters and because she couldn't find permanent housing her children were taken away. She noted that disabilities can make it an even worse situation. She said that the current system doesn't give enough support for homeless families and children.

Betsy Morris – MayFair Improvement Initiative
Ms. Morris explained to the Commission that the East San José neighborhood is currently using the City's Strong Neighborhood Initiative (SNI) money to build more affordable housing in their area. The City's Redevelopment Agency is using its money in the neighborhood to build about 900 projects. Currently about 250 are in the process of being built right now and about 150 of these will be affordable to the low-income residents of the community. Ms. Morris pointed out that the neighborhood is predominantly low-income and more than 50% of its residents pay more than 30% on rent. Over ¼ of their households have 5 residents per house. She stressed the need to have fewer units built but at a deeper subsidy, allowing those currently living in the community to be able to live there.

Ron Johnson – Affordable Housing Network
Mr. Johnson explained that San Jose has a shortage of 14,000 rental units that wer affordable to households earning less than $20,000 a year. He stated that while some rents have fallen since 2000, they have fallen to such levels that would be affordable to extremely low-income

residents. Mr. Johnson pointed out that for a household earning $10,000 per year an affordable rent would be $200 per month; there are currently NO apartments available in San Jose at this price. He went on to state that the 2000 Census showed that San jsoe had a shortage of 10,733 units of affordable housing to very low income household (VLI). One reason for that shortage was that 5,324 VLI units were occupied by ELI households. Mr. Johnson concluded by stating that if enough affordable housing for our ELI households were built, this would also free up those 5,000 units for VLI residents.

Commissioner Katherine Bock – Housing Advisory Commission
Commissioner Bock said that she currently works for the Low-Income Self Help Center and finds that calls are still flowing in for rental assistance. She stated that many of her customers were paying 75% of their incomes on rent. She cautioned that things were only getting worse and the City and development community needed to take immediate action. Ms. Bock stated that she would like to see an adopted policy for ELI housing development. She encouraged the City to consider creating an ELI category in the Allocation Policy and committing funds directly for these units.

Chair Tom Fink – Housing Advisory Commission
Chair Fink noted that he heard a reoccurring theme in the need for special needs housing. Mr. Fink thanked those disabled residents that took the time to show up and give their testimony. He stated that it was an area of housing he didn't know a lot about, but was interested in learning. He encouraged the Commission to possibly hold a future meeting or presentation on the topic in order to gain more knowledge of the issue.

Vice Chair Linda Moreno – Housing Advisory Commission
Ms. Moreno reiterated that in all of the hearings she has attended since being a Commission regarding Housing Needs, the issue of ELI and VLI play a predominant role. She stressed that it is necessary to focus more attention to these areas and provide the money to those most in need.

Commissioner Jeffrey Dennison – Housing Advisory Commission
Mr. Dennison thanked the public for coming to give their views and stories regarding the community's housing needs. He suggested that if there was no further comment, they close the public hearing.