



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Krutko

SUBJECT: SEE BELOW

DATE: April 16, 2008

Approved

Date

4-17-08

COUNCIL DISTRICT: City-Wide
SNI AREA:

SUBJECT: FINAL PUBLIC HEARING AND APPROVAL OF THE ANNUAL ACTION PLAN 2008-2009

RECOMMENDATION

It is recommended that:

1. The City Council adopt the 2008-2009 Annual Action Plan, including the FY 2008-2009 revised funding recommendations for the Community Development Block Grant (CDBG) Program, the HOME Investment Partnership Program (HOME), the Housing Opportunities for People with HIV/AIDS (HOPWA) Program, and the Emergency Shelter Grant (ESG) Program.
2. Adopt a resolution authorizing the Director of Housing to negotiate and execute all non-capital agreements and contracts not requiring CEQA/NEPA review and to negotiate all capital project agreements and contracts, including any amendments or modifications, for the expenditure of CDBG, ESG, HOME and HOPWA funds on behalf of the City.
3. Authorize the Housing Department to submit the FY 2008-2009 Annual Action Plan to the U.S. Department of Housing and Urban Development (HUD), which makes the City eligible to receive and distribute \$15,369,363.

OUTCOME

The Mayor and City Council will consider approval of the Consolidated Plan Annual Action Plan 2008-2009 and, if desired, request changes in order to finalize this federally required document by the May 15, 2008 deadline. With approval of the Annual Action Plan, the City will be eligible to receive and distribute \$15,369,363 in entitlement funds available to the City in 2008-2009.

BACKGROUND

Three years ago, the City of San José adopted a new Five-Year Consolidated Plan covering the years 2005-2010. The Five-Year Consolidated Plan assessed the City's current housing market, analyzed demographic, ethnic and socio-economic conditions, and reported the City's greatest community and housing and homeless needs for various populations (i.e. disabled, seniors, and families). The Five-Year report helps define the City's "priority" needs, strategies and objectives for reducing the most prevalent barriers to housing and services in our community. In each intervening year, the jurisdiction must submit an Annual Action Plan outlining the jurisdiction's one-year plan for achieving the goals outlined in the Five-Year Plan.

ANALYSIS

San José faces key challenges in providing affordable housing for all socioeconomic segments of its population, given the high-cost housing market and limited public dollars.

In addition, it should also be noted that federal entitlement funding continues to decline. This year, San José anticipates receiving \$15,369,363 in entitlement dollars (CDBG, HOME, HOPWA and ESG) from the federal government. Since 2001, San José has experienced a 17% reduction in its federal entitlement funding.

However, in spite of these challenges, the City's Annual Action Plan 2008-2009, outlines the following one-year goals for its housing and community development programs:

- **Maintaining and Expanding the Supply of Affordable Rental Housing** by completing 355 new and newly affordable Extremely-Low Income (ELI), Very-Low Income (VLI), and Low-Income (LI) rental housing units.
- **Maintaining and Expanding the Homeownership Opportunities & Supply** by completing 50 new for-sale units, 179 MOD inclusionary units; and providing housing rehabilitation to 300 low-income (ELI/VLI/LI) homeowners.
- **Ending and Preventing Homelessness** by providing 5,000 individuals/families with direct or indirect assistance from community-based agencies assisted by the City of San José.
- **Assisting Special Needs Population** by providing funding for 55 ELI/SRO units for the developmentally disabled and assistance to 237 low-income senior and disabled households for single-family home rehabilitation.
- **Improving our Community through Neighborhood and Economic Development**, by focusing on serving lower income residents and providing 15,321 seniors with critical public services; providing 1,726 individuals with gang and drug intervention services for youth; shelter and social services to 1,103 individuals and families who've experienced domestic violence; serving 440 entrepreneurs and businesses through Micro-Enterprise Assistance and creating 58 new jobs for low- and moderate-income residents; and providing code enforcement and rehabilitation to over 2,663 housing units.

April 16, 2008

Subject: Final Public Hearing of the Annual Action Plan for FY 2008-09

Page 3

Revised CDBG Recommendations

The Community Development Block Grant (CDBG) program receives nearly \$10 million each year plus \$1.6 million in loan repayments, and the award recommendations for this funding are a substantial part of the Consolidated Plan. In December 2007, the City received fifty applications from nonprofit organizations for Fiscal Year 2008-09 CDBG public service grants, with a total amount requested of \$4,369,729. CDBG regulations limit the amount the City can award for public service grants to \$1,731,282, and thirty-one applications were originally recommended for funding in the Draft Consolidated Plan.

Since the Draft Plan was presented to the City Council, the CDBG appeal process took place. During that application appeal process ten applicants, representing twelve programs, submitted formal appeals to the Director of Housing. For each of the twelve appeals, the Director reviewed the applications, scores, and other information that was considered in the initial application evaluation. Particular attention was given to common themes expressed by applicants in their appeal letters. One compelling issue was cited in a number of the appeal letters – applicants did not feel that it was clearly understood how the CDBG staff planned to weigh the three categories of funding priorities (Stabilization, Special Needs and Self-Sufficiency) and that one priority would be rated higher than the others.

Upon review of all the materials provided to applicants and listening back to the tape of the workshop held in the fall, the Director determined that the prioritization categories, and the weight given each, was not adequately communicated to all applicants and staff was directed to produce a revised recommendation list that ranks each application in point order, with those receiving the most points being recommended for funding. Because this reordering results in some applications that were initially recommended for funding falling below the funding cut off line, staff also sought alternate funding sources that could be used to reduce the impact of these changes.

Attached (Attachment A) is a revised list of the applications, including the amounts requested, and the original funding amounts recommended. Several scenarios were evaluated and are included in that analysis for consideration. Two of the recommendations would reach down farther on the list by using other funding sources to maximize the number of applications that can be funded in FY 2008-09.

Staff is recommending approval of scenario #3, which would fund twelve applications from other funding sources, and would maintain the 3.8% COLA for other applicants. In this scenario all but one of the applications originally recommended for funding will continue to be funded, either through CDBG or alternate City funding sources. Staff is committed to seeking alternate funding sources for the one applicant that now falls below the funding limit. Approval of scenario #3 also results in funding for nine of the twelve applications that were appealed. On April 10, 2008, the Housing and Community Development Commission (HCDC) reviewed the revised recommendations and voted unanimously to support scenario #3.

EVALUATION AND FOLLOW-UP

After the City Council approves the Consolidated Annual Action Plan, it will be submitted to HUD by May 15, 2008. With the approval of the Annual Action Plan by HUD, the City becomes eligible to receive and distribute \$15,369,363 in entitlement funds for 2008-09.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

The Consolidated Plan regulations require that jurisdictions hold at least two public hearings. The City of San José routinely holds more public hearings than required by the federal government. The City sends individual announcements of these public hearings to over 300 organizations and individuals concerned about affordable housing and community development issues and places announcements in the San Jose Mercury News and San Jose Post Record for two consecutive days. In addition, these notices were translated into Spanish and Vietnamese and published in La Oferta and the Thoi Bao newspapers.

Including the May 6th City Council meeting, the City will have held a total of five public hearings on the Annual Action Plan:

1. Housing and Community Development Advisory Commission (HCDC) public hearing on housing and community development needs on February 14, 2008
2. HCDC approval of the staff funding recommendations for the CDBG program on March 13, 2008
3. First City Council public hearing on the Draft Annual Action Plan and the opening of the 30-day public comment period on March 25, 2008
4. HCDC approval of the Annual Action Plan on April 10, 2008
5. Final City Council public hearing and approval of the Annual Action Plan 2008-2009 on May 6, 2008

The Housing and Community Development Advisory Commission recommended approval of the Draft Annual Action Plan 2008-2009 at its April 10, 2008 meeting, with a recommendation for minor changes to the Executive Summary to reflect the needs of renters in the foreclosure crisis, and to approve changes to the CDBG funding recommendations as described above.

HONORABLE MAYOR AND CITY COUNCIL

April 16, 2008

Subject: Final Public Hearing of the Annual Action Plan for FY 2008-09

Page 5

All the public comments received by the City will be included in the Appendices of the Annual Action Plan when submitted to HUD. Once the Mayor and City Council have approved the Consolidated Plan and Annual Action Plan, it will be submitted to the U.S. Department of Housing and Urban Development (HUD) by the May 15, 2008 deadline.

It should be noted that because the public comment period closes on April 24, 2008, after the submission deadline for this memorandum, a matrix of all the comments and the City's responses, including any recommended amendments to the draft Annual Action Plan, will be distributed to City Council in the form of a Supplemental Memorandum prior to the May 6, 2008 City Council meeting.

COORDINATION

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

COST SUMMARY/IMPLICATIONS

Without an approved Consolidated Plan, the City of San José will not be eligible to receive housing and community development funds, including CDBG, HOME, HOPWA and ESG funds, from the federal government in the amount of \$15,369,363.

CEQA

Not a project.


LESLYE KRUTKO
Director of Housing

For questions please contact Melissa Whatley, Policy Manager, at (408) 975-4418.

Attachment A: CDBG Award Recommendation Scenarios



Attachment A - CDBG Award Recommendation Scenarios

Agency	Project Name	Priority	Evaluation Score	07-08 Funding Level	08-09 Requested Amount	Original CDBG Funding Recs.	Scenario #1 3.8% Increase for existing projects and funding for direct service positions for new projects	Scenario #2 07-08 Funding for existing projects and funding for direct service positions for new projects	Scenario #3 3.8% Increase for existing projects, funding for direct service positions for new projects and transfer of projects to other funding sources	Scenario #4 07-08 Funding for existing projects, funding for direct service positions for new projects and transfer of projects to other funding sources
Senior Adults Legal Assistance	Legal Assistance to Elders	1	101	\$72,348	\$74,518	\$74,518	\$74,518	\$72,348	\$74,518	\$72,348
Fresh Lifelines for Youth	Juvenile Drug Treatment Court Mentor Program	1	99	\$33,565	\$43,000	\$34,840	\$34,840	\$33,565	\$34,840	\$33,565
Community Technology Alliance	Tech SCC Tools for Ending Chronic Homelessness	1	94	\$25,000	\$109,140	\$109,140	\$109,140	\$109,140	\$109,140	\$109,140
Outreach & Escort, Inc.	Senior Transportation Program	2	94	\$48,048	\$60,000	\$49,873	\$49,873	\$48,048	\$49,873	\$48,048
Fresh Lifelines for Youth	Legal Eagle	2	94	\$38,701	\$50,000	\$40,171	\$40,171	\$38,701	\$40,171	\$38,701
Bill Wilson Center	Runaway and Homeless Youth Shelter	2	93	\$34,712	\$80,000	To Emergency Shelter Grant	To Emergency Shelter Grant	To Emergency Shelter Grant	To Emergency Shelter Grant	To Emergency Shelter Grant
Asian Law Alliance	Asian Law Alliance	1	92	\$44,395	\$44,395	\$44,395	\$44,395	\$44,395	\$44,395	\$44,395
Mexican American Community Services Agency	MACSA Youth Opportunities Unlimited (Y.O.U.)	2	91	\$114,144	\$144,000	\$118,481	\$118,481	\$114,144	\$118,481	\$114,144
Next Door Solutions to Domestic Violence	Shelter Next Door	1	90	\$75,508	\$85,500	\$78,377	\$78,377	\$75,508	\$78,377	\$75,508
Mexican American Community Services Agency	MACSA Youth Center Services (Y.C.S.)	2	90	\$112,512	\$147,000	\$116,787	\$116,787	\$112,512	\$116,787	\$112,512
Emergency Housing Consortium	San Jose HOMES at Boccardo Reception Center	1	88	\$50,149	\$55,000	\$52,054	\$52,054	\$50,149	\$52,054	\$50,149
Santa Clara University	Katharine & George Alexander Comm. Law Center	1	86	\$26,531	\$30,000	\$0	\$27,539	\$26,531	\$27,539	\$26,531
Respite & Research Alzheimer's Disease	Alzheimer Activity Center	1	85	\$29,478	\$29,478	\$29,478	\$29,478	\$29,478	\$29,478	\$29,478
Sacred Heart Community Service	Essential Services Program	1	84	\$25,000	\$75,000	\$110,000	\$110,000	\$110,000	*	*
Catholic Charities of Santa Clara County	Day Break Caregiver Support Services Program	2	84	\$55,341	\$80,000	\$41,979	\$57,443	\$55,341	\$57,443	\$55,341
Silicon Valley Independent Living Center	Housing Program for Persons with Disabilities	1	83	\$25,000	\$66,972	\$25,950	\$25,950	\$25,000	\$25,950	\$25,000
Live Oak Adult Day Services	Senior Adult Day Care/Respite	2	83	\$28,971	\$30,420	\$0	\$30,071	\$28,971	\$30,071	\$28,971
Asian Americans for Community Involvement	Asian Domestic Violence Program	1	82	Did not apply	\$100,000	To Emergency Shelter Grant	To Emergency Shelter Grant	To Emergency Shelter Grant	To Emergency Shelter Grant	To Emergency Shelter Grant
Legal Aid Society of Santa Clara County	Legal Aid Society Housing Counseling Project	1	82	\$112,863	\$150,000	\$117,151	\$117,151	\$112,863	\$117,151	\$112,863
Vietnamese Voluntary Foundation	Vietnamese Employment Services	3	82	Did not apply	\$50,000	\$0	\$42,801	\$42,801	\$42,801	\$42,801
Catholic Charities of Santa Clara County	Long Term Care Ombudsman Program	1	81	\$27,313	\$35,000	\$28,350	\$28,350	\$27,313	\$28,350	\$27,313
Next Door Solutions to Domestic Violence	HomeSafe Solutions	1	81	\$32,193	\$45,500	\$33,416	\$33,416	\$32,193	\$33,416	\$32,193

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Neighborhood Housing Services Silicon Valley	Homeownership Center: Homebuyer Education and Counseling	2	80	Did not apply	\$241,500	To Low-Mod Housing Fund	To Low-Mod Housing Fund	To Low-Mod Housing Fund	To Low-Mod Housing Fund	To Low-Mod Housing Fund
Mexican American Community Services Agency	MACSA Adult Day Health Care Center	2	80	\$26,824	\$50,000	\$0	\$27,843	\$26,824	\$27,843	\$26,824
The Health Trust	Meals On Wheels	1	79	\$25,000	\$90,000	\$25,950	\$25,950	\$25,000	*	*
Family Supportive Housing	Case Management for Homeless Families	1	79	\$28,889	\$30,000	\$29,986	\$29,986	\$28,889	*	*
Second Harvest Food Bank of Santa Clara & San Mateo Counties	Operation Brown Bag	1	79	\$25,000	\$100,000	\$25,950	\$25,950	\$25,000	*	*
Ethiopian Community Services	Ethiopian Community Center	1	78	\$30,290	\$37,000	\$31,441	\$31,441	\$30,290	\$31,441	\$30,290
Invision the Way Home	Julian Street Inn	1	76	\$29,506	\$50,000	\$30,627	\$30,627	\$29,506	*	*
Invision the Way Home	Montgomery Street/Community Inns	1	76	\$25,000	\$35,000	\$25,950	\$25,950	\$25,000	*	*
Santa Clara Valley Blind Center	Blind Rehab & Therapeutic Services	2	76	Did not apply	\$227,000	\$0	\$64,778	\$64,778	\$64,778	\$64,778
Invision the Way Home	Cecil White Center	1	75	\$40,786	\$50,000	\$42,335	\$42,335	\$40,786	*	*
Law Foundation of Silicon Valley Mental Health Advocacy Project	Residential Care Ombudsman Program	1	75	\$25,000	\$26,000	\$25,950	\$25,950	\$25,000	\$25,950	\$25,000
Deaf Counseling, Advocacy & Referral Agency	Deaf for Self-Sufficiency Program	2	75	\$27,588	\$66,000	\$0	\$28,636	\$27,588	\$28,636	\$27,588
Community Partners for Youth	Step-up to Brighter Futures	2	75	\$98,022	\$248,000	\$0	\$101,746	\$98,022	\$101,746	\$98,022
Housing Authority of the County of Santa Clara	Family Self Sufficiency	1	74	Did not fund	\$68,021	\$68,021	\$49,255	\$68,021	\$68,021	\$68,021
Vietnamese Voluntary Foundation	Vietnamese Senior Services	2	74	\$49,328	\$55,000	\$0	\$0	\$27,577	\$51,202	\$49,328
West Valley Community Services	Stability Assistance for Food Emergencies Program (SAFE)	1	73	Did not apply	\$100,000	\$42,807	\$0	\$0	*	*
Catholic Charities of Santa Clara County	Young Women's Empowerment Project	1	71	Did not fund	\$91,350	\$47,519	\$0	\$0	\$47,519	\$47,519
Catholic Charities of Santa Clara County	Housing Search and Stabilization Program	1	71	\$67,700	\$110,000	\$0	\$0	\$0	\$70,272	\$67,700
YWCA Silicon Valley	YWCA ChildCare Consortium	1	70	\$131,420	\$150,000	\$136,413	\$0	\$0	\$103,039	\$131,420
Vietnamese Voluntary Foundation	Vietnamese American Youth Program	2	69	\$25,000	\$30,000	\$0	\$0	\$0	\$0	\$15,791
Unity Care Group	Supportive Housing for Youth Aging Out of Foster Care	1	66	Did not apply	\$67,337	\$50,213	\$0	\$0	\$0	\$0
Support Network for Battered Woman	Domestic Violence Services for San Jose Residents	1	62	Did not fund	\$60,000	\$43,160	\$0	\$0	*	*

Attachment A - CDBG Award Recommendation Scenarios

Agency	Project Name	Priority	Evaluation Score	07-08 Funding Level	08-09 Requested Amount	Original CDBG Funding Recs.	Scenario #1 3.8% Increase for existing projects and funding for direct service positions for new projects	Scenario #2 07-08 Funding for existing projects and funding for direct service positions for new projects	Scenario #3 3.8% Increase for existing projects, funding for direct service positions for new projects and transfer of projects to other funding sources	Scenario #4 07-08 Funding for existing projects, funding for direct service positions for new projects and transfer of projects to other funding sources
Portuguese Org. for Social Services & Opportunities	Minority Senior Service Providers Consortium Program	2	61	\$101,142	\$121,269	\$0	\$0	\$0	\$0	\$0
Eastern European Service Agency	Immigrant & Senior Hope	2	51	Did not apply	\$155,247	\$0	\$0	\$0	\$0	\$0
Santa Clara County Black Chamber of Commerce	Next Gen Business Academy (NGBA)	2	51	Did not fund	\$98,115	\$0	\$0	\$0	\$0	\$0
Billy DeFrank LGBT Community Center	Health & Wellness Program	None	51	Did not apply	\$86,740	\$0	\$0	\$0	\$0	\$0
Filipino Youth Coalition	Project Services for Independence & Dignity (SWID)	2	38	Did not apply	\$72,220	\$0	\$0	\$0	\$0	\$0
Indian Health Center of Santa Clara Valley	Healthy Neighborhood Partnership	None	0	Did not apply	\$269,007	\$0	\$0	\$0	\$0	\$0
Totals						\$1,731,282	\$1,731,282	\$1,731,282	\$1,731,282	\$1,731,282
* Recommended for Other Funding										
Bill Wilson Center	Runaway and Homeless Youth Shelter	2	93	\$34,712	\$80,000	\$36,031	To Emergency Shelter Grant			
Sacred Heart Community Service	Essential Services Program	1	84	\$25,000	\$75,000	\$110,000	\$110,000	\$110,000	To Housing Trust Fund	To Housing Trust Fund
Asian Americans for Community Involvement	Asian Domestic Violence Program	1	82	Did not apply	\$100,000	\$34,000	To Emergency Shelter Grant			
Neighborhood Housing Services Silicon Valley	Homeownership Center: Homebuyer Education and Counseling	2	80	Did not apply	\$241,500	\$241,500	To Low & Moderate Income Housing Funds			
The Health Trust	Meals On Wheels	1	79	\$25,000	\$90,000	\$25,950	\$25,950	\$25,000	To Housing Trust Fund	To Housing Trust Fund
Family Supportive Housing	Case Management for Homeless Families	1	79	\$28,889	\$30,000	\$29,986	\$29,986	\$28,889	To Housing Trust Fund	To Housing Trust Fund
Second Harvest Food Bank of Santa Clara & San Mateo Counties	Operation Brown Bag	1	79	\$25,000	\$100,000	\$25,950	\$25,950	\$25,000	To Housing Trust Fund	To Housing Trust Fund
Invision the Way Home	Julian Street Inn	1	76	\$29,506	\$50,000	\$30,627	\$30,627	\$29,506	To Housing Trust Fund	To Housing Trust Fund
Invision the Way Home	Montgomery Street/Community Inns	1	76	\$25,000	\$35,000	\$25,950	\$25,950	\$25,000	To Housing Trust Fund	To Housing Trust Fund
Invision the Way Home	Cecil White Center	1	75	\$40,786	\$50,000	\$42,335	\$42,335	\$40,786	To Housing Trust Fund	To Housing Trust Fund
West Valley Community Services	Stability Assistance for Food Emergencies Program (SAFE)	1	73	Did not apply	\$100,000	\$42,807	\$0	\$0	To Housing Trust Fund	To Housing Trust Fund
Support Network for Battered Woman	Domestic Violence Services for San Jose Residents	1	62	Did not fund	\$60,000	\$43,160	\$0	\$0	To Domestic Violence Fund	To Domestic Violence Fund

