



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Corsiglia

SUBJECT: SEE BELOW

DATE: August 30, 2011

Approved

Date

9-8-11

SUBJECT: PUBLIC HEARING ON THE FY 2010-2011 CONSOLIDATED ANNUAL PERFORMANCE EVALUATION REPORT (CAPER) AND APPROVAL OF THE DOCUMENT

RECOMMENDATION

- (a) Hold a public hearing regarding the approval of the FY 2010-2011 Consolidated Annual Performance Evaluation Report.
- (b) Approve the FY 2010-2011 Consolidated Annual Performance Evaluation Report.

OUTCOME

Approval of the CAPER will ensure compliance with the US Department of Housing and Urban Development's (HUD) reporting requirements and enable the City to continue qualifying for federal funds for housing and community development programs.

BACKGROUND

In order to qualify for federal housing and community development programs, HUD requires that the City complete the following three documents:

1. The Five-Year Consolidated Plan (Five-Year Plan), which documents the City's housing needs and its strategies for meeting those needs during the subsequent five year period.
2. The Consolidated Annual Action Plan (Annual Plan), which provides the same information as the Five-Year Plan, but covers a single fiscal year within the Five-Year Plan.
3. The Consolidated Annual Performance and Evaluation Report (CAPER), which describes the City's progress in meeting the objectives of the prior year's approved Annual Plan. The CAPER includes information on the City's use of federal funds, including the HOME

Investment Partnership, Emergency Shelter Grant (ESG), Community Development Block Grant (CDBG), and Housing Opportunities for People with AIDS (HOPWA).

ANALYSIS

As the tenth largest city in the country, San José receives federal funds directly from HUD as an entitlement community. In FY 2010-11, the City administered over \$18 million in federal entitlement grants. Despite the downturn in the economy and the resulting decline in redevelopment tax increment funds, the City utilized the federal funds and leveraged local and State dollars in order to make targeted and strategic impacts towards meeting the housing, service, and community development needs of its residents, including:

- Providing small business training and development services to 524 individuals.
- Delivering 14,707 housing inspections to the City's transition neighborhoods (formerly known as the Strong Neighborhood Initiative areas), with an emphasis on eliminating blight, bringing the built environment up to code, and strengthening neighborhoods through investment and revitalization.
- Committing CDBG funding to four community development projects. Three of the four projects – the ADA Curb Ramps project, LED Streetlight Conversion, and the Fire Station Equipment/Apparatus projects – were in the development stage during this reporting period and are expected to be completed in FY 2011-12.
- Financing committed for 354 new affordable housing units, 261 of which would be affordable to extremely low-income and very-low income residents.
- Assisting 448 lower-income homeowners and mobilehome owners to rehabilitate their homes, 190 of which were seniors and disabled homeowners.
- Assisting 5,177 low-income residents to maintain self-sufficiency, of which 3,269 low-income residents received access to health care and 1,718 low-income residents gained access to legal services.
- Coordinating with the County's Office on Women's Policy and Correctional System on the Skills to Succeed prisoner reentry pilot project, which is funded through a grant from the federal Department of Justice.
- Providing 65 clients with access to housing and case management services through a Tenant-Based Rental Assistance (TBRA) Program administered in collaboration with the County of Santa Clara.

EVALUATION AND FOLLOW-UP

Upon Council approval, the CAPER will be submitted to HUD by its September 30, 2011 due date. The final CAPER will be posted on the San José Housing Department's website at: <http://www.sjhousing.org/report/conplan.html>.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 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)**
- Criterion 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 recommended action does not meet any of the above criteria. However, U.S. Department of Housing and Urban Development (HUD) regulations require that jurisdictions hold one public hearing and a 15-day review period to receive public comments on the draft CAPER. The document's public review and comment period will run from August 26, 2011, through September 14, 2011. Public hearings on the document will be held at the September 8, 2011, Housing and Community Development Advisory Commission and the September 20, 2011, Council meetings. This Report will be posted to the Council agenda website for September 20, 2011.

A notice of the public review and comment period, the two public hearings, and the availability of the draft documents will be published in the San Jose Mercury News, Thoi Bao and China Press on August 26, 2011.

A Supplemental Memorandum will be sent to Council prior to the September 20, 2011, Council meeting in order to report on public comments received during the 15-day public comment period.

COORDINATION

The preparation of this memorandum was coordinated with the City Attorney's Office.

COST SUMMARY/IMPLICATIONS

Without an approved CAPER, the City of San José may not qualify for future HUD funding including CDBG, HOME, HOPWA, and ESG programs essential for supporting vital community services and needs.

HONORABLE MAYOR AND CITY COUNCIL
August 30, 2011
Subject: Public Hearing on the 2010-11 CAPER
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CEQA

Not a Project, File No.PP10-069 (a). Annual Report


LESLYE CORSIGLIA
Director, Housing

For questions please contact LESLYE CORSIGLIA, DIRECTOR OF HOUSING, at 535-3851.

Attachment



DRAFT
**CONSOLIDATED ANNUAL PERFORMANCE
EVALUATION REPORT -
(CAPER)**

CITY OF SAN JOSÉ
2010 - 2011

Prepared by:
The City of San José Housing Department
200 E. Santa Clara Street
San José, CA 95113

Adopted by City Council on xxx

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EXECUTIVE SUMMARY

The City of San José's 2010-2011 Consolidated Annual Performance Evaluation Report (CAPER) includes narrative responses and supporting data that describe the performance and evaluation of the projects funded under the City's 5-Year Consolidated Plan (2010-2015) and 2010-11 Annual Action Plan.

The 5-Year Consolidated Plan planning process was a coordinated effort by and between the County of Santa Clara, other entitlement jurisdictions within the County, and the City of San José. As community service needs are not isolated to one jurisdiction, a countywide effort to understanding and providing services was taken to have greater regional impact. Each participating jurisdiction tailored their Annual Action Plan to meet the specific needs as identified within their community.

The Consolidated Plan is comprised of the following federal entitlement grant programs:

- Community Development Block Grant (CDBG)
- Home Investment Partnerships (HOME)
- Housing Opportunities for Persons with AIDS (HOPWA)
- Emergency Shelter Grant (ESG)

Each year the City must report specific information to the U. S. Department of Housing and Urban Development (HUD) on the status of programs and project activities approved in the previous year. The CAPER is used to provide information to, and solicit comment and suggestions from the public regarding the performance of the above grant programs.

The Housing Department is the entity responsible for the administration of these federal grant programs and has a dedicated Grant Administration Unit to manage and ensure compliance and performance of the projects and programs funded. The Housing Department partners with Community Based Organizations to deliver public services for the benefit of low- and moderate-income residents and communities. The Department also partners with other City departments to deliver community development improvements.

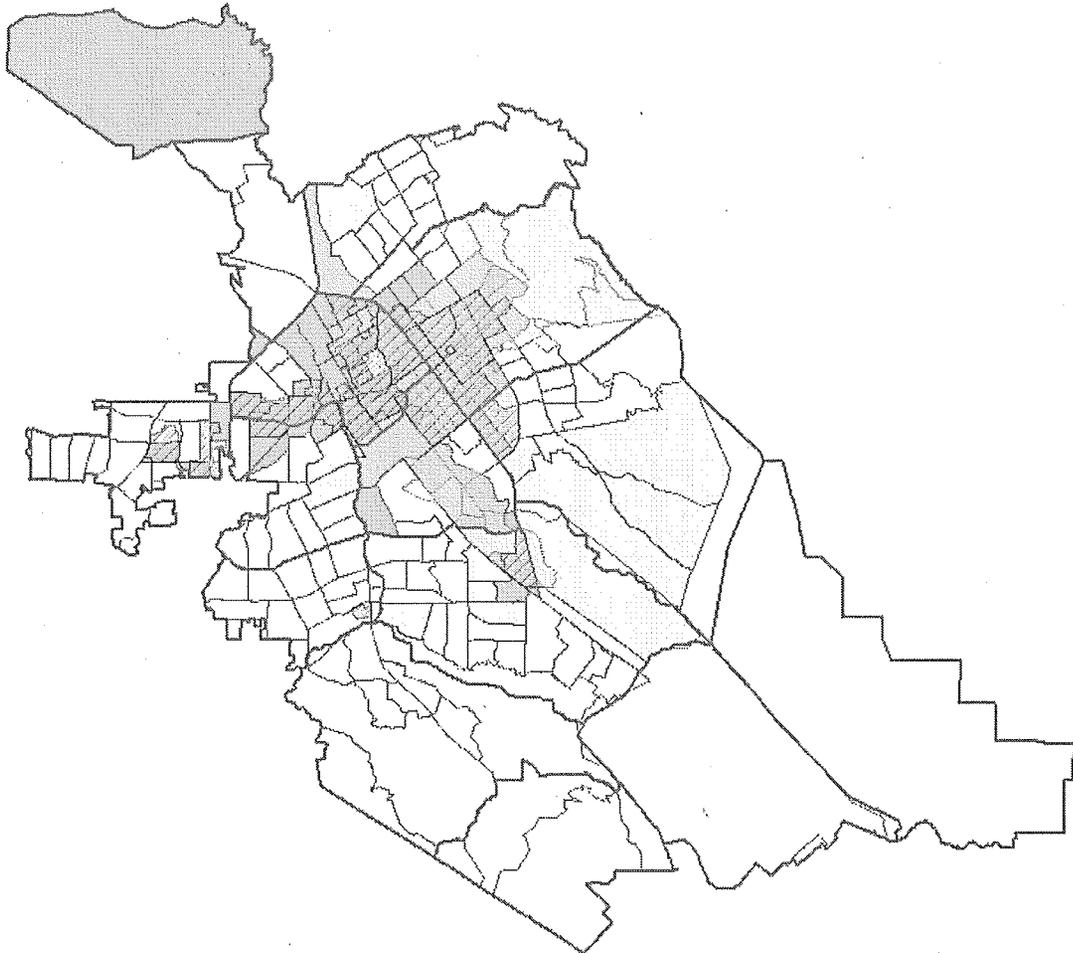
Geographic Areas Served

During this reporting period, efforts were made to target CDBG and NSP funds in SNI areas that were also identified as hardest hit by the foreclosure crisis. In addition to the acquisition, rehabilitation and resale of vacant and foreclosed single family residences under the NSP program, the Department also marketed to area residents, the CDBG-funded Housing Rehabilitation Program to offer rehabilitation loans or grants. CDBG and CDBG-R -funded LED street light conversions and ADA curb cuts are also planned in these areas in addition to proactive code enforcement efforts. This targeted approach will provide greater neighborhood impact.

The City of San José provides funds and services to low-and moderate-income participants, households, or areas throughout the City. As a policy the City of San José targets low- and moderate-income populations within the Strong Neighborhoods Initiative (SNI) areas. These

neighborhoods have been identified as needing critical services due to a lack of existing resources, are typically low-income areas, and have much of the oldest housing stock in the City. Officially established in 2000, SNI has helped to foster the development of citizen-leaders throughout San José's lower-income neighborhoods. SNI is a publicly-funded program to improve services, economic opportunities, and quality of life in 19 neighborhoods throughout the city. The SNI neighborhoods cover about a tenth of the city's land, quarter of its population and contains about 230,000 residents. The SNI neighborhoods tend to be the older, inner-city neighborhoods with older infrastructure, and with a high proportion of low-income residents. The SNI is funded primarily using San José Redevelopment funds but is also supported by various other programs which receive State and federal funding.

City of San Jose - CAPER 2010-11
Geographic Areas Targeted by Federal Funds



Legend

-  Strong Neighborhoods Initiative Areas
-  NSP1 Zip Codes
-  NSP2 Census Tracts
-  FY 2011 CDBG Low-Mod Tracts



Centralized Grant Administration

Beginning 2010-11, the Housing Department centralized the administration of the federal funds received. Under one administration, the Department was able to adopt a more strategic method of managing the \$18 million in federal grant funds received, the continued administration of the \$37 million in federal stimulus funding, and other State and local funds.

As part of the re-organization, the Department created an independent Compliance and Monitoring unit, designed to monitor sub-recipients of both our grant and loan portfolios, and to provide technical support to all programs.

To strengthen skills and increase knowledge of the federal programs, particularly in HOME and CDBG, staff attended several training opportunities locally and nationally and participated in regional groups to share and learn from best practices.

Operating Context

The Department's operating context for FY 2010-11 has been a difficult one.

Like many cities across the country, San José is undergoing yearly structural budget deficits in its General Fund. In its tenth straight year of deficits, San José's deficit was \$115 million. The need to reduce costs adversely affected the positions of 647 employees (12% of the City's workforce). In the past five years, the City's workforce has shrunk by one-quarter—from 6,992 employees to today's workforce of 5,252. Negative impacts to the Housing Department from the General Fund deficit, as well as reductions in our own sources of funding, were significant—over 20 employees left our Department in mid 2011 for other city jobs or for unemployment. The Department also experienced a major reorganization as a result of the lost staff.

As cities have budget problems, so does the State of California. In January 2011, California Governor Jerry Brown introduced legislation to eliminate all redevelopment agencies in order to help balance the State's budget. The City of San José's Housing Department carries out the housing functions on behalf of the San José Redevelopment Agency, and receives by far its largest portion of funding from ongoing redevelopment tax increment ("the 20% Housing Funds."). A substantial amount of our leadership's time in early 2011 was spent advocating against elimination and planning for the worst.

Two new bills eliminating redevelopment in California became law in late June—ABX1 26, which will eliminate all California redevelopment agencies' ability to operate effective October 1, 2011, and ABX1 27, which exempts from elimination any redevelopment agency that agrees to make its share of a \$1.7 billion upfront "voluntary" contribution, and annual payments, to other local government entities. A lawsuit filed in June 2011 challenges the new redevelopment law. The California Supreme Court has agreed to hear the case directly and is expected to issue a ruling on the merits by January 15, 2012. The Court also granted a partial Stay on the new laws until the case is decided. Unfortunately, the Court's Stay has also temporarily suspended dissolving agencies' transfer of housing functions, and frozen all new agency commitments in the interim.

The new laws and the pending lawsuit bring a lot of uncertainty to the status of San José's affordable housing programs. San José will be unable to pay its "voluntary" payment; consequently, the San José Redevelopment Agency will likely face elimination in early 2012 unless the lawsuit overturns the new laws. This elimination will result in the discontinuation of new 20% Housing Funds, a significant funding source for San José's affordable housing programs. It may also cause a small Housing staff downsizing in the coming fiscal year.

SUMMARY OF RESOURCES AND DISTRIBUTION OF FUNDS

In FY 2010-2011, the City of San José budgeted funding from the four (4) HUD Entitlement programs, as listed below. Sources include \$16.7 million of entitlement funds and estimated program income and savings from prior years, if any.

Sources

Program	Funding
CDBG	\$11,978,882
HOME	\$4,664,977
HOPWA	\$871,489
HOPWA SPNS	\$390,000
ESG	\$556,295
Total	\$18,461,643

Uses

Program	Funding
Public Services	\$2,784,776
Economic Development	\$1,115,246
Fair Housing	\$410,000
Housing and Related Programs	\$6,841,748
Neighborhood Improvements	\$4,355,728
Administration	\$2,558,260
Total	\$18,065,748

Through the Annual Action Plan, the Mayor and City Council approves the use of these funds for programs and project activities designed to meet the goals of the five-year Consolidated Plan (2010-2015) which include:

- Assist in the creation and preservation of affordable housing for lower-income and special needs populations
- Support activities to end homelessness in San José and Santa Clara County
- Support activities that provide basic services, eliminate blight, and/or strengthen neighborhoods
- Expand economic opportunities for low-income households
- Promote fair housing choice – affirmatively further fair housing
- Promote environmental sustainability

The City has challenged itself to meet these goals by implementing seven strategies as described in the 2010-2011 Annual Action Plan. The strategies are further supported by specific actions taken over the course of the five years leading to goal accomplishment. The seven strategies are:

- Maintain and expand the supply of affordable rental housing
- Maintain and expand the supply of affordable ownership housing
- Assisting special needs population
- Ending and preventing homelessness
- Promote fair housing choice
- Lead based paint strategy
- Anti-poverty and community development strategy

Specific actions taken in 2010-11 towards the accomplishments of the 5-year goals are summarized in the Outcome Performance Measurement table below. Though it may be expected that the first year of a 5-year goal should be at 20% of the goal, many of the annuals goals were met or exceeded. Some programs may not have achieved the 20% goal. This is likely to occur particularly in construction related projects such as housing development and public improvements. Others may be pending policy implementation, such as with the Inclusionary Housing goal.

Some actions will indicate N/A as a performance indicator target because they have no numerical goal attached to them. These are generally actions that further support the goal, such as seeking additional funding or continuing to support countywide efforts.

The Outcome Performance Measurement table summarizes the progress of each goal. The goals and the related need, accomplishments, impact and leveraged resources are described in the *Assessment of Strategic Plan Goals and Objectives and Self Evaluation* section. As evidenced by the results of the 2010-2015 Consolidated Plan’s first year performance, the City continues to effectively manage its federal funds for the greatest impact and benefit for its community.

OUTCOME PERFORMANCE MEASUREMENTS

(Table 1C, 2C, 3A)

Goal #1 – Affordable housing for lower-income and special needs households							
Specific Action – Financial and Technical Assistance for affordable housing		Source of Funds	Year	Performance Indicators	Expected Number	Actual Number	Percent Achieved
DH 1,2	Production Goal	HOME, 20%	2010-11	# units with funding commitments		354	274%
			FIVE-YEARGOAL		129		%
DH 1,2	Inclusionary Goal	N/A	2010-11	# low-income units with recorded restrictions		0	0%
			FIVE-YEARGOAL		150		%
Specific Action – Support affordable ownership housing		Source of Funds	Year	Performance Indicators	Expected Number	Actual Number	Percent Achieved
DH 2	Direct financial assistance to help lower-income households purchase homes	HOME	2010-11	# non-duplicated low-income homebuyers assisted		39	11%
			FIVE-YEARGOAL		357		%
DH 2,3	Financial literacy and homebuyer education programs	NHSSV	2010-11	# low-income households participating in classes and		422	18%
			FIVE-YEARGOAL		2,285		%

Specific Actions – <i>Rehabilitation assistance to lower-income homeowners to preserve San José's affordable housing stock</i>		Source of Funds	Year	Performance Indicators	Expected Number	Actual Number	Percent Achieved
SL 3	Rehabilitation assistance for lower-income homeowners inclusive of all funding sources	CalHOME, 20%, CDBG	2010-11	# homeowners		391	31%
			FIVE-YEARGOAL		1,271		%
SL 3	Rehabilitation assistance for lower-income homeowners through the CDBG program exclusively. (subset of Total above)	CDBG	2010-11	# homeowners		266	27%
			2011-12	assisted			%
FIVE-YEARGOAL			1,000			%	
SL 1,2,3	Pursue funding opportunities for infrastructure improvement in low-income mobilehome parks	n/a	2010-11	n/a			%
			FIVE-YEARGOAL				%
Specific Actions – <i>Affordable housing for seniors, disabled individuals, large families</i>		Source of Funds	Year	Performance Indicators	Expected Number	Actual Number	Percent Achieved
DH 1,2,3	Production goals (subset of production goal above)	HOME, 20%	2010-11	# units with		143	493%
			FIVE-YEARGOAL		29		%
SL 3	Rehab goals (subset of rehab goal above)	CDBG	2010-11	# homeowners		190	75%
			FIVE-YEARGOAL		254		%
SL 1,2,3	Pursue funding opportunities to improve condition of housing stock for low-income renters	n/a	2010-11	n/a			%
			FIVE-YEARGOAL				%
Goal # 2- Support activities to end homelessness							
Specific Actions		Source of Funds	Year	Performance Indicators	Expected Number	Actual Number	Percent Achieved
SL 1,2,3	TBRA assistance to chronically homeless	HOME	2010-11	# unduplicated		65	23%
			FIVE-YEARGOAL		285		%
DH 1	Short-term emergency shelter	ESG	2010-11	# individuals		7,830	130%
			FIVE-YEARGOAL		6,000		%
DH 2	Emergency rental assistance program	ESG, HOPWA, HTF, HPRP	2010-11	# individuals		1,496	75%
			FIVE-YEARGOAL		2,000		%
SL 1,2,3	Programs that provide vital service to homeless individuals	ESG, CDBG	2010-11	# individuals		26,781	58%
			FIVE-YEARGOAL		46,000		%
SL 1,2,3	Support Destination Home	n/a	2010-11	n/a			%
			FIVE-YEARGOAL				%
SL 1,2,3	Seek additional resources for countywide efforts to end homelessness	n/a	2010-11	n/a			%
			FIVE-YEARGOAL				%
SL 1,2,3	Seek additional funding for housing and services for recently emancipated youth	n/a	2010-11	n/a			%
			FIVE-YEARGOAL				%
Goal # 3 – Support activities that eliminate blight and/or strengthen neighborhoods							
Specific Actions		Source of Funds	Year	Performance Indicators	Expected Number	Actual Number	Percent Achieved
SL 1.3	Assist low-income residents with basic/essential services	CDBG, ESG, HOPWA, HPRP	2010-11	# individuals		28,126	38 %
			FIVE-YEARGOAL		74,000		%
SL 1.3	Assist low-income residents maintain self-sufficiency	CDBG, ESG, HOPWA, HPRP	2010-11	# individuals		5,177	19%
			FIVE-YEARGOAL		27,000		%
SL 1.3	Assist low-income residents access health care	CDBG	2010-11	# individuals		3,269	15%
			FIVE-YEARGOAL		22,000		%
SL 1.3	Assist low-income residents access legal services	CDBG	2010-11	# individuals		1,718	25%
			FIVE-YEARGOAL		7,000		%

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SL 1.3	Remove public accessibility barriers	CDBG	2010-11	# individuals		0	0 %
			FIVE-YEARGOAL				%
SL 1.3	Physical improvement and rehabilitation of public facilities	CDBG	2010-11	# individuals		0	0%
			FIVE-YEARGOAL		28,000		%
SL 1.3	Code enforcement activities that eliminate blight and strengthen neighborhoods	CDBG	2010-11	# households /		14,707	134%
			FIVE-YEARGOAL		11,000		%
SL 1.3	Inspection of affordable housing for lead-based paint	NSP, first-time homebuyer program	2010-11	# properties		131	11%
			FIVE-YEARGOAL		1,215		%
SL1, 3;D H1, 2	Seek funding opportunities to mitigate lead hazards	n/a	2010-11	n/a			%
			FIVE-YEARGOAL		n/a		%
SL1, 3;D H1, 2	Purchase and rehab of foreclosed properties and resale as affordable units	NSP	2010-11	# units assisted		13	14 %
			FIVE-YEARGOAL		90		%
DH 2,3	Provide support to the City's Foreclosure Help initiative	n/a	2010-11	n/a			%
			FIVE-YEARGOAL		n/a		%
DH 2,3	Provide support to the Don't Borrow Trouble campaign	n/a	2010-11	n/a			%
			FIVE-YEARGOAL		n/a		%
DH 2,3	Research best practices and policies to respond to foreclosure crisis	n/a	2010-11	n/a			%
			FIVE-YEARGOAL		n/a		%
Goal #4 – Economic Opportunities for low-income households							
Specific Actions		Source of Funds	Year	Performance Indicators	Expected Number	Actual Number	Percent Achieved
EO 1,3	Funding for local employment development and workforce training	CDBG	2010-11	# jobs created		41	16%
			FIVE-YEARGOAL		250		%
EO 1,3	Small business development and training	CDBG	2010-11	# individuals		524	17%
			FIVE-YEARGOAL		3,000		%
Goal # 5- Promote Fair Housing Choice							
Specific Actions		Source of Funds	Year	Performance Indicators	Expected Number	Actual Number	Percent Achieved
DH 1	Ongoing education and outreach regarding fair housing		2010-11				%
			FIVE-YEARGOAL		n/a		%
DH 1	Fair Housing testing in local apartment complexes		2010-11				%
			FIVE-YEARGOAL		n/a		%
DH 1	Ensure local ordinances are in compliance with State and Federal fair housing laws	n/a	2010-11				%
			FIVE-YEARGOAL		n/a		%
DH 1	Ensure zoning ordinances have procedures for reasonable accommodation requests	n/a	2010-11				%
			FIVE-YEARGOAL		n/a		%
DH 1	Language assistance for limited English speaking residents	n/a	2010-11				%
			FIVE-YEARGOAL		n/a		%
DH 1	Update local Analysis of Impediments	n/a	2010-11				%
			FIVE-YEARGOAL				%
Goal # 6 – Environmental Sustainability							
Specific Actions		Source of Funds	Year	Performance Indicators	Expected Number	Actual Number	Percent Achieved
SL 3	Energy efficiency in multi-family new homes	HOME, 20%	2010-11	# units meeting build-it green standards		354	37 %
			FIVE-YEARGOAL		946		%
SL 3	Direct investments in energy – efficient owner occupied housing	CDBG	2010-11	# units meeting build-it green standards		39	14%
			FIVE-YEARGOAL		285		%

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SL 3	CDBG sponsored energy efficiency improvements	CDBG	2010-11			%
			FIVE-YEAR GOAL		1,600	%

ASSESSMENT OF STRATEGIC PLAN GOALS AND OBJECTIVES

ASSESSMENT OF PERFORMANCE AGAINST THE CONSOLIDATED PLAN 2010 – 2015 GOALS

Goal #1: Assist in the creation and preservation of affordable housing for lower-income and special needs households

Strategy #1A: Assist in the production of affordable rental housing

Need: Affordability of rental housing varies significantly by jurisdiction. However, across the Entitlement Jurisdictions, the average market rate rent far exceeds the maximum affordable rent for very low- and extremely low-income households. Moreover, the current economic recession and unemployment further exacerbate affordability concerns for many households.

The National Association of Home Builders released nationwide housing affordability data for the second quarter of 2011. The San José-Sunnyvale-Santa Clara area was identified as the ninth least affordable area in the nation (215th out of 223 metropolitan areas) with only 48.4% of the homes sold being affordable to those earning the area’s median income of \$103,600.

Five-Year Goal:

	Source of Funds	Performance Measure	2010-2015 Goal	2010-11 Goal	2010-11 Actual	Outcome/Objective
Goal #1: Affordable housing for lower-income and special needs households						
Action 1A.1. Financial and technical assistance for affordable rental housing						
Production Goals	HOME, 20%	# units with funding committed	129	105	354	DH-1,2
Inclusionary Goals	n/a	# LI units with recorded restrictions	150	0	0	

Accomplishments / Impact:

During 2010-2011, assessed property values throughout Santa Clara County continued to decline. Continuing the trend established last year with a 7.3% decline, this year’s decline was an additional 1.5% reduction from the prior year’s assessed values. The ongoing declining trend in assessed residential values is not promising for the production of affordable housing. Because of the State’s pending elimination of Redevelopment Agencies, the City of San José will be forced to curtail some of its programs and eliminate others as a result of the limited funding from available sources.

Although faced with a reduction in its funding during 2010-2011, the Housing Department of the City of San José focused on achieving its strategic goals as outlined in the Annual Action Plan.

The City provided new or increased funding commitments to five projects during 2010-2011. The table above provides the City's accomplishment regarding the production of decent, safe, and affordable housing.

Leveraging of Resources:

The downturn in the local real estate market has greatly impacted both public and private funding available for the production of affordable housing. The tightening of conventional loan underwriting standards in the private sector and the results of State budget reductions to programs have greatly hampered the City's ability to make funding commitments. Additionally, the Supplemental Educational Revenue Augmentation Fund (SERAF) payment to the State of California totaling \$62 million depleted the City's remaining cash available for lending. RDAs across the State were required to pay \$2.05 billion of tax increment otherwise due to them to SERAF over a two-year period.

Even though the City was faced with this unfavorable economic situation, the City was able to leverage its funds by 4.075 to 1.

Project	City \$	Project Cost	Leveraging Ratio
Delmas/Jerome/Fuller	\$120,000	\$369,000	3.075
Ford & Monterey	\$3,500,000	\$7,463,017	2.132
Rosemary Family*	\$6,300,000	\$52,838,157	8.387
San Carlos Sr.*	\$7,748,834	\$20,151,000	2.601
Taylor Oaks	\$5,250,000	\$12,568,000	2.394
Total	\$22,918,834	\$93,389,174	4.075

**Note: These projects received partial funding commitments in prior years, and are listed again as full funding is now projected to be available this fiscal year.*

Strategy #1B: Support affordable ownership housing

Need: Although the current housing market downturn has led to falling sales prices in virtually all the Entitlement Jurisdictions, ownership housing in North County and Central West County remains largely unaffordable to lower-income households. In contrast, home values in Central and South County are somewhat more affordable. It is also important to note, however, that credit markets have tightened in tandem with the decline in home values. As such, although homes have generally become more affordable, lender requirements for a minimum down payment or credit score present a greater obstacle for buyers. Considering these factors, homeownership for lower-income households remains an important goal.

Five-Year Goal

	Source of Funds	Performance Measure	2010-2015 Goal	2010-11 Goal	2010-11 Actual	Outcome/Objective
Goal #1: Affordable housing for lower-income and special needs households						
Action 1B.1. Direct financial assistance to help lower-income households purchase homes (includes inclusionary)	HOME NSP	# non duplicated LI homebuyers assisted	357	77	39	DH-2

Action 1B.2. Financial literacy and homebuyer education programs	NHSSV Project Sentinel	# LI households participating in classes and counseling sessions	2,285	417	422	DH-2,3
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Accomplishments / Impact:

As shown in Action 1.B.1, fifty-one percent of the annual goal was met for the homebuyer direct down payment assistance programs. In FY 2010-11, \$1 million was budgeted for the City's Teacher Homebuyer program. This program was under utilized with only 3 loans for at total of \$150,000; therefore the remaining funds will be re-allocated to support the NPS2 clients with down payment assistance in the coming fiscal year. These adjustments should put the program back on track to achieve its stated goals.

At the same time, the City revised its inclusionary housing requirements to provide developers some relief when the affordable homes are priced within 5% of the value of the market rate home; then both the market rate and the inclusionary homes are considered affordable and the developer is no longer required to sell the home to a low and moderate income buyer. In the past, buyers of inclusionary homes were eligible to receive down payment assistance. Since the restriction to sell the home to an income eligible buyer was lifted, less homebuyers sought assistance from the City.

Leveraging of Resources:

The impacts of the downturn in the local real estate market experienced by the Department in the production of affordable rental housing have been reflected in the production of affordable for-sale housing. The tightening of conventional loan underwriting standards in the private sector and the results of the State budget reductions to programs have greatly reduced both the public and private funding available for the production of affordable for-sale housing. This has forced the Department to make difficult choices regarding the allocation of the limited funding to its many worthy programs. In spite of limited funding availability for its homebuyer programs, the Department made prudent use of these funds and was able to leverage its programmatic funds by 8.13 times with available outside funding.

Strategy #1C: Rehabilitation assistance to lower-income homeowners to preserve San José's affordable housing stock

Need: The Housing Rehabilitation program will allow lower-income homeowners to remain in affordable, safe and decent housing. The City of San José identified 2,700 severely deteriorated housing units and another 9,500 moderately deteriorated units within its boundaries. These estimates do not include housing in need of minor repairs. Further, there are 11,891 low-income and moderate-income senior households in San José with housing problems, 6,323 of which were homeowners.

Five-Year Goal

	Source of Funds	Performance Measure	2010-2015 Goal	2010-11 Goal	2010-11 Actual	Outcome/Objective
Goal #1: Affordable housing for lower-income and special needs households						

Action 1C.1. Rehabilitation assistance for lower-income homeowners, inclusive of all funding sources	CalHOME, 20%, CDBG	# homeowners assisted	1,271	258	391	SL-3
Action 1C.2. Rehabilitation assistance for lower-income homeowners through the CDBG program exclusively. (Subset of Action 1.C.1	CDBG	# homeowners assisted	1,000	200	266	SL-3
Action 1C.3 Pursue funding opportunities for infrastructure improvements in low-income mobilehome parks	n/a	n/a				SL-1,2,3

Accomplishments / Impact:

Action 1.C.1 represents the City's Housing Rehabilitation and Minor Repair programs, in addition to Rebuilding Together Silicon Valley's Rebuilding Housing Repair program, inclusive of all funding sources.

The Housing Department Housing Rehabilitation program provides financial and technical assistance to low-income property owners of single-family, duplex, and mobile home properties with the repair and rehabilitation of their homes. The program provides grants up to \$15,000 and loans up to \$150,000. Loans funded within San José's SNI areas bear no interest and those outside of the SNI areas are 3% simple interest loans. All rehabilitation projects administered through this program meet the Uniform Housing Code, ensuring that the property is left in a decent, safe, and sanitary condition upon completion of the work. In addition to funding the work, project staff works with property owner(s) to determine rehabilitation needs, scopes of work, and oversight of the bidding and construction process. Staff ensures that all applicable funding requirements are met and that all contractor(s) are licensed and insured, and that all required permits are signed off at project completion.

The Department's Minor Repair Program provides direct assistance to low-income property owners of single-family and mobilehome properties for minor repairs to their homes. This program has three main objectives: (1) Augment the City's Housing Rehabilitation Program (HRP) by providing assistance to owners with minor repair needs that historically have been too small to fit under the HRP grants or loans; (2) Ensure that owners receive urgent repair assistance expediently; and (3) Address minor accessibility needs

The urgent repair component of this program will be provided to low-income single-family or mobilehome owner occupied households making 80% of the Areas Median Income or below.

The accessibility component of this program will be available to very low-income households making 50% of the area median income or less. This program is limited to owner occupied single-family and mobilehome households. This program will cover installation of items such as wheel chair ramps, wheel chair lifts, grab bars and minor structural alterations.

Rebuilding Together Silicon Valley is a nonprofit providing housing repair, rehabilitation, and accessibility modifications for extremely-low and low-income homeowners in San José, while preserving affordable housing. The work will be provided by volunteers, and/or skilled trades persons.

Under the three housing rehabilitation programs, 391 unduplicated low-income households were assisted with housing repairs. This exceeds the annual goal of 258 by 56% and is 31% of the 5-year goal.

Action 1.C.2 is a subset of Action 1.C.1. This represents the activity funded exclusively through CDBG. This action exceeded its annual goal by 33% and is 27% of the 5-year goal

Of the 391 total households assisted, Rebuilding Together assisted 209 households exceeding its contract goal of 140 households by 49%. The Housing Department assisted 182 of the 262 household goal or 70% as the stated annual goal.

Significant program policy changes, a change in the program accrual and expenditure processes, the decline in home values and increase in unemployment were factors that impacted the Housing Department outcomes.

In May 2009, the Rehabilitation Program adopted significant program policy changes to ensure program viability by increasing opportunities to recapture program funds. The changes emphasized increasing the number of loans generated through the program and reducing grant expenditures. As a result of the effectiveness of these program changes, the number of loans generated in 2010-11 exceeded the original loan expenditure projections. Additionally, the program realized a significant reduction in grant expenditures. The outcome was a higher level of assistance per household but fewer overall households assisted.

At the beginning of the 2010-11 fiscal year, the Department administration and program staff changed the project budgeting and fiscal tracking process for CDBG funded Housing Rehabilitation loans and grants. As a result, several projects approved in previous fiscal years were carried over, funded and encumbered out of the 2010-11 program allocation, effectively reducing the program budget for new projects. The allocated funding was committed by February 2011 requiring closing of the program to new applications for the balance of the fiscal year. The new process ensures that all project funds are encumbered in the fiscal year they are approved.

Due to the drastic declines in home values, questionable lending practices and inflated mortgages, many homeowners lack the equity required to qualify for rehabilitation loans. Subsequently, several program applications have been cancelled during the loan analysis process. In spite of the challenges meeting the annual goals, the program successfully assisted 182 new lower income households and successfully completed 186 rehabilitation projects, contributing to the national goals of utilize housing as a platform for improving quality of life and building inclusive and sustainable communities.

Leveraging of Resources:

The Housing Department has successfully leveraged Department resources to obtain funding from a variety of new sources that contribute directly to the goals of the Housing Rehabilitation Program. As a result of its program and financial capacity, the Housing Department secured new funding from the Federal Emergency Management Agency (FEMA), the State Housing and Community Development (HCD), and Pacific Gas and Electric (PG&E), during this reporting year.

In August of 2010 the Housing Department accepted a \$370,000 Innovator Pilot grant from PG&E to implement a Municipal Whole House Rehab Pilot Program. The objective of this grant is to develop standard energy efficiency models based on Build-it-Green standards, effectively incorporating energy efficiency upgrades into standard housing rehabilitation. In October of 2010, the Housing Department received a \$3M grant from FEMA to implement a mobilehome seismic retrofit program within ten mobilehome parks in San José. Including the \$1M matching fund requirement; the goal for this \$4M program is to seismically upgrade 650 mobilehomes in San José. Also in October of 2010, the Housing Department was notified of a \$1.5M CalHome Grant award to help support Homebuyer and Housing Rehabilitation efforts.

Additionally, the Rebuilding Together Silicon Valley project was matched with an additional \$261,268 for a total project cost of \$564,536.

Strategy #1D: Assist lower-income households including seniors, larger families, the disabled, in preserving and maintaining safe and affordable housing

Need for Senior Housing: According to the 2000 Census, 38 percent of Santa Clara County's elderly households (age 65 years or older) face one or more housing problems. This includes overpaying for housing (spending more than 30 percent of their income on housing costs), living in an overcrowded situation, or living in a unit that lacks complete kitchen or plumbing facilities. Housing problems are more prevalent among elderly renters than owners. Approximately 60 percent of elderly renters experienced housing problems, compared to 31 percent of owners. Local service providers at each of the Consolidated Plan Workshops echoed these findings, and indicated a need for more affordable senior housing, particularly given the long waiting lists at existing developments.

Need for Larger Units: Based on the 2010 Census, 15 percent of Santa Clara County households had five or more persons. This figure varied substantially across Entitlement Jurisdictions. Approximately 18 percent of San José's households were large households. This finding is consistent with the Consolidated Plan Workshops where participants noted the need for affordable units serving larger households.

Need for Disabled Housing: The 2000 Census reports that there were approximately 9,400 individuals with disabilities in Santa Clara County, accounting for 17 percent of the County's civilian, non-institutionalized population age five years and older. In 2000, approximately 60,600 seniors, or 39 percent of the elderly in Santa Clara County, had one or more disabilities. Consolidated Plan Workshop participants also cited the need for accessible units serving disabled persons. Census 2010 information on disabled persons is not yet available at the time of this report.

Five-Year Goal:

	Source of Funds	Performance Measure	2010-2015 Goal	2010-11 Goal	2010-11 Actual	Outcome/Objective
Goal #1: Affordable housing for lower-income and special needs households						
Action 1D.1. Affordable housing for seniors, disabled individuals, large families						
Production Goals (subset of 1.A.1)	HOME, 20%	# units committed	29	15	143	DH-1,2,3
Rehab Goals (subset of 1.C.1)	CalHOME, 20%	# homeowner	254	52	190	SL-3

	CDBG	s assisted				
Action 1D.2. Pursue funding opportunities to improve condition of housing stock for low-income renters	n/a	n/a				SL-1,2,3

Accomplishments / Impact:

The performance measures of Action 1D.1 are subsets of Actions 1.A.1, and 1.C.1.

The 143 unit subset of the Department's annual New Construction production (Action 1.A.1) figure of 354 units is composed of 19 special needs units, 30 large family units and 94 senior units, in three separate projects. The Department is very conscious of the local need for disabled, large family, and senior units identified in the 2000 Census. The 143 units represent 493% of the five-year goal and 40% of the Department's funding commitments for 2010-11.

The Housing Rehabilitation Program, Minor Repair Program and Rebuilding Together Silicon Valley provided assistance to 190 seniors and disabled homeowners with housing repair or improvement needs in 2010-11. This count is a subset of Action 1.C.1.

To complement the City's efforts to support affordable housing for seniors and disabled, the CDBG program funded projects that provided housing supportive services, which includes case management, resolving legal issues in residential care housing such as evictions, and affordable/accessible housing placement assistance to disabled residents.

Leveraging of Resources:

While facing the scarcity of funding described throughout this report, the Housing Department made thoughtful use of the New Construction funding available and was able to leverage its programmatic funds by 4.58 times with available outside funding that supports the Department's goal of increasing affordable housing for seniors, disabled individuals and large families.

Project	City \$	Project Cost	Leveraging Ratio
Ford & Monterey	\$3,500,000	\$7,463,017	2.132
Rosemary Family	\$6,300,000	\$52,838,157	8.387
San Carlos Sr.	\$7,748,834	\$20,151,000	2.601
Total	\$17,548,834	\$80,452,174	4.584

No viable outside funding has been identified specifically for accessibility. However, the City of San José has worked with the non-profit service provider Rebuilding Together Silicon Valley on several collaborative projects. As partners in the community, both organizations refer potential clients to each other for specific needs. Rebuilding Together will often direct potential clients to the City's programs for more urgent or large scale needs. City staff will often refer potential clients to Rebuilding Together for smaller scale less urgent repairs or improvements such as grab bar installations.

In addition to funding Rebuilding Together Silicon Valley, CDBG also funded housing related support services leveraging nearly \$1.7 million in support services to our senior and disabled community. One notable project is the Silicon Valley Independent Living Center, a nonprofit

that provides services to disabled individuals to increase knowledge, skills and ability to live independently and maintain their home.

Goal #2: Support activities to end homelessness in San José and Santa Clara County (Continuum of care)

Strategy #2A: Provide housing and supportive services to homeless individuals and families and households at risk of homelessness

Need: The 2011 point-in-time homeless count identified a total of 4,034 homeless persons in the City, which is a decrease of 4% from the 4,193 counted in 2009. Based on a formula that takes into account the point-in-time count, as well as the phenomenon that people will cycle in and out of homelessness, an estimated 10,844 individuals in San José will be homeless at some point during the year, an increase of 21% from the 8,941 individuals estimated in 2009.

The increase in the estimated annual number of homeless persons is largely due to the increase of residents who had been homeless for a short period of time (one week or less) at the time of the survey. In 2009, 3.4% of those surveyed had become homeless in the week prior to being surveyed compared with 5% in 2011. There was also a substantial increase in the number of chronically homeless persons (defined as an unaccompanied homeless individual with a disabling condition or a family with at least one adult member who has a disabling condition who has either been continuously homeless for a year or more OR has had at least four episodes of homelessness in the past three years); from 2009 to 2011 the estimated number of chronically homeless individuals in San José grew from 1,336 to 1,487, an increase of 10%. Therefore, additional funding for activities such as case management, outreach, transportation, and permanent supportive housing will be critical to the City's ability to end chronic homelessness

Five-Year Goal

	Source of Funds	Performance Measure	2010-2015 Goal	2010-11 Goal	2010-11 Actual	Outcome/Objective
Goal #2: Activities to end homelessness						
Action 2A.1. TBRA assistance to chronically homeless	HOME	# unuplicated households	285	85	65	SL-1,2,3
Action 2A.2. Short-term emergency shelter	ESG	# individuals assisted	6,000	4,000	7,830	DH-1
Action 2A.3. Emergency rental assistance programs	ESG, HOPWA, HTF, HPRP	# individuals assisted	2,000	1,200	1,496	DH-2
Action 2A.4. Programs that provide vital services to homeless individuals						SL-1,2,3
Homeless Services	ESG	# individuals assisted	30,000	20,000	7,998	
CDBG	CDBG	# individuals assisted	16,000	3,315	18,783	
Action 2A.5. Support Destination:Home	n/a	n/a				SL-1,2,3
Action 2A.6. Seek additional funding for countywide efforts to end homelessness	n/a	n/a				SL-1,2,3

Action 2A.7. Seek additional funding for housing and services for recently emancipated youth	n/a	n/a				SL-1,2,3
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Accomplishments / Impact:

The City's Tenant Based Rental Assistance (TBRA) funded by HOME operates in collaboration with the County of Santa Clara Mental Health Department and PRIDE, a nonprofit of the Housing Authority of Santa Clara County with the goal to end homelessness. The county provides ongoing case management to the program's chronically homeless and severely mentally ill clients. PRIDE operates similar to the Housing Authorities' Section 8 program. PRIDE locates rental housing appropriate for the clients, performs inspections, facilitates placement and coordinates monthly rent payments. The City subsidizes the rents under HOME TBRA guidelines.

The program was originally planned for five years with a goal of 285 unduplicated participants. However, it was discovered that the cost of running a TBRA program was prohibitive. The decision was made to cease accepting new clients as of June 30, 2011 with a goal of 100 unduplicated clients. Any clients given a voucher in June 2011 would have until September 2011 to find housing. The City would then end the program on June 30, 2013, two years before it was originally intended to end.

In 2009-2010, the program placed 14 County approved clients. The goal of 85 in 2010-2011 was set in order to reach the overall program goal of 100 clients. The program placed an additional 65 new clients in 2010-2011 which gave the program an overall actual number assisted of 79. An additional 21 clients have completed the County approval process, have obtained a valid housing voucher and will be placed in FY 2011-12, reaching the 100 client goal.

Under the HOPWA program, 126 unduplicated households received tenant based rental assistance, which exceeded the goal of 75 by nearly 70%. Of the 126 households, 115 households maintained their housing plan and established on-going housing. This stable housing has enabled clients to maintain schedules and meet with case managers or benefits counselors and follow their individual service plans, including access to primary health care provider, medical insurance/assistance and successfully accessed or maintained qualification for sources of income. More detail can be found in the attached HOPWA CAPER. Total households assisted with TBRA under both the HOME and HOPWA programs totals 191.

In addition to the TBRA services, the Department committed nearly \$4 million under ESG, HOPWA, CDBG and HPRP programs for the provision of other homeless and homeless prevention services. The combination of funding provides for a wide variety of services to support homeless, homeless prevention and rapid re-housing efforts. The activities funded include but not limited to 670 emergency shelter beds, hot meals, transportation and case management, emergency financial assistance to maintain housing employment and other vital services to homeless individuals.

The City also funded over \$2 million in services under the Housing Trust Fund, a local fund designated for the provision of homeless and homeless prevention services. These activities funded include employment readiness, staffing and operating costs for two One-Stop Homeless Prevention and Service Center, food and nutrition programs, and Destination: Home.

The current economic climate has resulted in an increased need in emergency shelter and vital services to homeless individuals and those at risk. As noted in Action 2.A.2, over 7,800 individuals were assisted with emergency shelter. This exceeds the projected annual goal of 4,000 individuals served by 95%. Action 2.A.3 indicates that nearly 1,500 at-risk households were assisted with emergency rental assistance, thereby maintaining their housing. This activity exceeded the annual goal by 25% and is 75% of the 5-year goal. Action 2.A.4, the provision of vital homeless services also exceeded the annual goal of 23,315 individuals served by 14% for a total of 26,781 individuals assisted.

The City's 5-year projected of the number of individuals to be assisted with homeless services totaled 54,285. During this first year of the 5-year reporting period, 36,172 individuals have been assisted, or 66% of the 5-year goal. This further demonstrates the need to provide services that provide individuals opportunities to become self-sufficient, such as employment training and placement.

The City of San José, in coordination with other public and private agencies in Santa Clara County, continues to address homelessness through a multi-faceted approach that includes: funding and providing direct services; advocating for policies, programs, and funding that support the ending and preventing of homelessness; and researching best practices to better serve the area's homeless and at-risk residents. The City aligns itself closely with Destination: Home – a public-private partnership formed in 2008 to implement the initiatives identified by the Blue Ribbon Commission on Ending Homelessness and Solving the Affordable Housing Crisis.

During FY 2010-2011, the City of San José took the following actions towards its goal of ending and preventing homelessness:

Actions to address the needs of homeless persons

- **Partnership with Destination Home:** In FY 2010-11 the City of San José, in partnership with Destination: Home, continued to make significant progress in implementing the recommendations of the Blue Ribbon Commission including:
 - Continuing to support two One Stop Homelessness Prevention Centers (One Stop Centers) which co-locate multiple services that homeless and at-risk residents need to become permanently housed and on the road to self-sufficiency. During the fiscal year, the City continued to provide ARRA funded Homelessness Prevention and Rapid Re-housing Programs (HPRP) and employment services at the One Stop Centers.
 - Continuing to support Medical Respite Center to provide semi-private rooms for homeless residents discharged from the hospital to recuperate and obtain assistance in obtaining benefits, housing, and other resources to become permanently housed. In FY 2010-11, the City continued to work with the Medical Respite Center administrators to utilize a grant from the federal Department of Health of Human Services to increase the number of respite center beds from 15 to 20, and expand the number of medical exam rooms from two to four.
 - Working with the Housing Authority of Santa Clara County and the Santa Clara County Collaborative on Affordable Housing and Homeless Issues to implement a direct referral process in which chronically homeless households receiving case

management services would be prioritized to receive Section 8 Housing Vouchers. Through this process, 192 chronically homeless households in Santa Clara County were housed after receiving a Section 8 Voucher, including 190 who are still housed, with an additional 8 households who received a Voucher and were looking for housing at the time of this writing.

- Destination Home has made housing Veterans one of its main focuses, including in its Housing 1000 campaign, which seeks to house 1000 of Santa Clara County's most vulnerable chronically homeless residents by 2013. As part of this effort, Destination: Home began coordinating with the local Veterans Administration to connect vulnerable chronically homeless Veterans to case management services and VASH Vouchers.
- **Improve Access to Services by Creating Outreach and Benefit Teams** –The Street Outreach program provides a consistent and dependable presence on the streets, with the goal of reaching out to unhoused persons, gaining their trust, and ultimately getting them connected to ongoing services and housing. In FY 2010-2011, the Housing Department funded a Downtown Outreach Team to provide outreach to homeless residents living in San José's downtown and connect them with services available at the two One Stop Homelessness Prevention Centers, including providing transportation to the Centers. Additional components of the program include a hotline for community members to request assistance for homeless persons residing in the downtown area and reserved shelter beds. In FY 2010-11, the outreach program made 723 contacts with homeless residents, including providing 79 persons with case management, and placing 11 chronically homeless residents into permanent housing.
- **Institutional Outreach and Discharge Planning** - Persons discharged from institutions, such as health care or corrections facilities, often do not have housing facilities available to them. The Institutional Outreach and Discharge strategy addresses this problem by increasing the existing intensive case management capacity; initiating immediate housing and case management services for persons leaving the health care, criminal justice, and foster care systems; and creating a method to divert homeless persons arrested for public inebriation and nuisance violations away from the criminal justice system.

In FY 2010-2011, the City began coordinating with the County's Office on Women's Policy and Correctional System on the Skills to Succeed prisoner reentry pilot project. Funded through a grant from the federal Department of Justice, this offender reentry and recidivism prevention program will deliver comprehensive and coordinated interventions across housing, workforce, and social services with the goal of reductions in participant recidivism and associated costs, long-term employment, lower levels of drug use, and fewer children's services interventions. Utilizing some of the grant funds, on December 2-4, 2010, the County Office of Women's policy held the Women and Girls 2010 Summit: Thriving in the New Economy summit. The goal of the summit was to engage stakeholders in the community (governmental agencies, non-profits, private industry, elected officials, advocates and funders) in a County-wide effort to address the challenges and opportunities of women's advancement in the new economy of Silicon Valley. One hundred and fifty persons attended the summit including persons who work with female offenders, victims of domestic violence, homeless women and court-involved women participated in the summit.

- **Shift to Housing First: Provide Permanent Housing with Services** -The Housing First model is based on the principle that chronically homeless individuals will achieve stability in permanent housing if that housing is good quality, affordable, and service enriched. The model is also ground in the principle that people should be placed in permanent housing as quickly as possible because that is the most cost effective approach with the greatest chance for success. In support of the Housing First model, in FY 2010-2011 Destination: Home began implementation of the Housing 1000 Campaign, the local chapter of the national 100,000 Homes Campaign. Using a health-focused strategy, the national campaign seeks to house 100,000 of the nation's most long-term and vulnerable homeless individuals by July 2013, with 1,000 of those persons being housed through Santa Clara County's local campaign. In June 2011, Destination: Home completed the first stage of its local campaign by surveying almost 1,000 homeless residents to assess their mortality risk. The results of these surveys will be used to prioritize the provision of housing and case management services
- In FY 2010-2011, in support of the Housing First model, the City, in partnership with the County's Mental Health Department and HASCC, continued to implement the Tenant Based Rental Assistance (TBRA) program to provide temporary subsidized housing to chronically homeless households with mental illness. Using HOME funds the City provides housing subsidies to the households which are matched with case management service from the County's Mental Health Department. The City also funds HASCC to provide the day-to-day administration of the program. To date, the TBRA has housed 65 households in 2010-11. An additional 15 were housed in 2009-10, for a total of 80 households assisted to date.
- In FY 2010-2011, the City of San José continued to fund the implementation of the Homeless Management Information System (HMIS), administered by the Community Technology Alliance. The City has required that all of its grantees that provide homeless services to participate in the HMIS System.
- The City continued to actively participate as a member of the Santa Clara County Collaborative on Housing and Homeless Issues.
- In January 2007, the AmeriCorps Volunteer Program approved the City's request for four VISTA volunteers. In FY 2010-2011, the City saw its final round of VISTA members under the initial request. All of the VISTA members worked on projects contributing to ending and preventing homelessness in Santa Clara County. More specifically the VISTA members worked on the following projects: the reorganization and further development of the sustainability of Project Homeless Connect; the development of a public outreach program to educate the general public on homelessness; a resource development campaign to aid in the provision of homeless services; and the development of employment resources for homeless residents. The AmeriCorps Volunteer Program also approved the City's request for one additional year of one of the VISTA positions to continue working on Project Homeless Connect and a social media campaign aimed at ending and preventing homelessness.

In 2004, the City Council first approved funding for the Housing Services Partnership (HSP), between EHC LifeBuilders (EHC), InnVision - The Way Home (InnVision), and Sacred Heart Community Services (Sacred Heart), to provide wraparound services to the City's homeless population and to those at risk of homelessness. In April 2008, the City posted a Request for Qualifications (RFQ) for the administration of the HSP program in FY 2008-2009. In the fall of 2008, EHC was selected to administer the HSP program through June 30, 2009. This contract was extended twice to enable EHC to administer HSP through FY 2010-2011. This \$1.4 million program which includes one-time rent subsidies or deposit assistance; housing search; referrals; transportation assistance; and life skills and budget management coaching will be extended one additional year using cost savings from FY 2010-11. In FY 2010-2011 the program assisted 824 persons including more than 170 who were homeless and more than 100 who were chronically homeless prior to being served by the program. For persons who were provided HSP assistance during FY 2009-2011, 91% of those who were followed-up on were still housed after 3 months, 88% were still housed after 6 months, and 79% were still housed after one year.

Actions to prevent and end homelessness

The following provides a sample of the many services the City of San José offers in an effort to prevent and alleviate the problem of homelessness:

- In FY 2010-11, the City moved away from holding a few large, general Project Homeless Connect (PHC) events, to coordinating with local homeless service providers to implementing smaller events that target specific homeless populations or areas. Specifically, over the year the City sponsored PHC events targeted specifically towards families, Veterans, and youth. In addition, the City worked with the local communities of Los Gatos and Gilroy to hold PHC events in their jurisdictions;
- Financial assistance in the form of grants to qualified nonprofits that assist residents who are homeless or at risk of becoming homeless.
- To enhance the ability of homeless residents to access services and employment opportunities, in FY 2007-2008 the Housing Department entered a partnership with the County of Santa Clara to grant \$40,000 a year, for three years, for the provision of three-month bus passes to homeless residents utilizing case management services. The City continued to fund this program in FY 2010-2011. Last year the program served over 1,600 individuals, 79% of whom met their established goals, surpassing the program-wide outcome goal of 75%. Furthermore, the participating case managers raved about how critical the program has been in enabling their clients to implement their individual case plans including: applying for benefits; getting to a job or school; attending court dates; accessing medical care; and, in many cases, moving into permanent housing.

Leveraging of Resources:

During FY 2010-11, the Department was very successful at leveraging its federal funding sources committed to homeless and homeless prevention services. Leveraged funds include other federal programs, State and local sources, foundations, private funds, client fees and other fundraising sources. ESG leveraged nearly \$6.4 million, while HOPWA leveraged \$8 million. CDBG leveraged over \$12 million in non-federal funding. Additionally, the City's Housing

Trust Fund committed approximately \$1.2 million in one-time or emergency capital improvements to nonprofits and funded \$1.5 million for the City sponsored HSP One Stop

Goal #3: Support activities that provide basic services, eliminate blight, and/or strengthen neighborhoods

Strategy #3A: Support local service organizations that provide essential services to the community, particularly special needs populations

Need: Consolidated Plan Workshop participants emphasized the need to support a broad range of community services. Lower-income households and special needs populations require this multi-faceted network to address basic needs such as food, clothing, health, and shelter, as well as other services outlined in Section 4.10 of the Consolidated Plan. As the recession and unemployment have exacerbated demand for all types of services, reduced funding from the State and private sources has impacted service delivery. Therefore, continued support from local jurisdictions via CDBG and other sources has become more vital.

Five-Year Goals

	Source of Funds	Performance Measure	2010-2015 Goal	2010-11 Goal	2010-11 Actual	Outcome/Objective
Goal #3: Activities that provide services, eliminate blight, and/or strengthen neighborhoods						
Action 3A.1. Assist lower-income residents with basic/essential services						SL-1,3
Homeless Services	ESG, HOPWA, HPRP	# individuals assisted	30,000	20,000	18,415	
CDBG	CDBG	# individuals assisted	44,000	8,934	9711	
Action 3A.2. Assist lower-income residents maintain self-sufficiency						SL-1,3
Homeless Services	ESG, HOPWA, HPRP	# individuals assisted		200	258	
CDBG	CDBG	# individuals assisted	27,000	5,436	4919	
Action 3A.3. Assist lower-income residents access healthcare	CDBG	# individuals assisted	22,000	4,557	3269	SL-1,3
Action 3A.4 Assist lower-income residents access legal services	CDBG	# individuals assisted	7,000	1,410	1718	SL-1,3

Accomplishments / Impact:

In FY 2010-2011 the City established more targeted funding categories in both ESG and CDBG.

ESG priorities included:

- Essential Services - Counseling services concerned with health, substance abuse, education, employment, assistance in obtaining permanent housing, obtaining federal,

State, and local assistance, including Veteran's benefits, supplemental Social Security Income, TANF, and Food Stamps

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

CDBG established 4 funding categories during the 2010-11 planning phase; residents were surveyed to identify funding priorities that would meet the most critical community needs. This effort sought to identify the needs of communities located within San José, and were used in the development of the four funding categories for FY 2010-2011, as listed below.

- **Basic Needs:** Housing, food and nutrition, transportation and homeless prevention services.
- **Access to Health Care for Seniors and Disabled:** Senior/disabled health care access support services including non-recreational health respite or daycare, assisted living, caretaker supportive services, health care services, and transportation.
- **Self-Sufficiency:** Counseling and case management services to assist individuals become self-sufficient. Service areas may include employment, housing search, foreclosure prevention, homeless prevention, domestic violence, mental health, homeless/emancipated youth, independent living skills, and other services that demonstrate client self-sufficiency outcomes.
- **Legal Services/Fair Housing:** Legal and fair housing services covering senior/elder abuse, immigration, eviction, legal rights education, housing, and foreclosure mitigation.

Under Action 3.A.1, a total of 28,126 individuals were assisted with essential services and basic needs, including housing, food and nutrition, transportation, counseling and case management.. Though this number is only 8% short of the annual goal, it still demonstrates the increasing need for supplemental services, particularly food and nutrition.

Action 3.A.2 - The Self –Sufficiency category met 92% of the annual goal, while Action 3.A.3 - Access to Health Care was at 72%.

Action 3.A.4 - Legal Services/Fair Housing exceeded its annual goal of 1,410 individuals by 22%. Fair housing services represents 48% of the legal services provided.

The Housing Department also identified community development projects that would create the most impact within a neighborhood. These include street improvements, housing rehabilitation and code enforcement activities.

Leveraging of Resources:

As indicated in Goal #2 above, the Department was very successful at leveraging its federal funding sources to provide services to the highest number of individuals as possible.

Strategy #3B: Provide the public facilities and infrastructure needed to assure the health, safety, and welfare of the community

Need: Community Workshop participants expressed the need for ongoing maintenance and upgrades to local public facilities, such as parks, community centers, youth and senior centers, sidewalks and landscaping, recreation facilities, and others.

Five-Year Goals:

	Source of Funds	Performance Measure	2010-2015 Goal	2010-11 Goal	2010-11 Actual	Outcome/Objective
Goal #3: Activities that provide services, eliminate blight, and/or strengthen neighborhoods						
Action 3B.1. Remove public accessibility barriers	CDBG	# individuals assisted in low-mod areas			0	SL-1,3
Action 3B.2. Physical improvements and rehabilitation of public facilities	CDBG	# individuals assisted in low-mod areas	25,000	5,115	0	SL-1,3
Action 3B.2. Code enforcement activities that eliminate blight and strengthen neighborhoods	CDBG	# households / businesses / inspections	11,000	2,360	14,707	SL-1,3

Accomplishments / Impact:

CDBG committed funding to 4 community development projects. The ADA Curb Ramps project, LED Streetlight Conversion, and the Fire Station Equipment/Apparatus projects were in the development stage during this reporting period and are expected to be completed in FY 2011-12.

The Alexander Avenue Street Improvement project was cancelled by the Department Public Works due to lack of match funding.

In FY 2010-11, a more focused approach was implemented for code enforcement activities. Through CDBG, housing inspection activities in SNI areas are the focus of this year's code enforcement project. With process improvements and implementation of a pro-active approach, this activity exceeded its goal by over 600%. This has resulted in greater impact to the communities by creating a more suitable living environment.

Leveraging of Resources:

All community development projects are 100% funded by CDBG.

Strategy #3C: Mitigate lead-based paint hazards

Need: Approximately 45,600 rental units occupied by extremely low-, low-, and moderate-income households in Santa Clara County may contain lead-based paint (LBP). In addition, approximately 6,000 low- and moderate-income homeowners may occupy units containing LBP. However, homes with lead-based paint do not necessarily pose a health hazard, if the property is in good condition and the paint well-maintained. In fact, there has been a relatively low

incidence of lead poisoning among Santa Clara County children. In Santa Clara County in 2006, there were only 65 confirmed cases of elevated blood lead levels among children, accounting for 20 percent of all confirmed cases in the Bay Area that year.

Five-Year Goal:

	Source of Funds	Performance Measure	2010-2015 Goal	2010-11 Goal	2010-11 Actual	Outcome/Objective
Goal #3: Activities that provide services, eliminate blight, and/or strengthen neighborhoods						
Action 3C.1. Inspection of affordable housing for lead-based paint	NSP, first-time homebuyers program, Rehab	# properties inspected	1,215	270	131	SL-1,3
Action 3C.2. Seek funding opportunities to mitigate lead hazards	n/a	n/a				SL-3, DH-1,2

Accomplishments / Impact:

The Department of Housing continues to provide lead-based paint (LBP) testing and assessment services on all dwellings built prior to 1978 that receive rehabilitation assistance. In addition to the trained and lead-certified Housing Department staff, the City has a contract with a private environmental consultant to provide testing and assessment services. These services are being provided to comply with Federal regulations 1012 and 1013 of Title X, as well as to ensure a safe living environment for the residents of San José.

In fiscal year 2010-2011, the Department of tested over 130 homes for lead based paint. The goal of 270 LBP tests was based on the assumption that the overall goal to assist 262 households would be met. As a result of the lower overall outcome, the pool of homes requiring LBP testing was far less than the testing goal. Between May 2000 and June 2011, the City of San José tested over 2,880 homes for lead based paint. Historically, approximately one-third of the single-family structures tested contain some level of lead-based paint.

Leveraging of Resources:

The Department continues to explore resources and seek additional funding to assist with lead based paint testing and remediation. In 2010-11 the Housing Department did not identify viable new funding for this purpose.

Strategy #3D: Support a Neighborhood Stabilization Program to strengthen neighborhoods affected by foreclosures

Need: Since 2007, San José has experienced a significant increase in the number of home foreclosures as a result of sub-prime loan programs, reduced home values and increased unemployment. With entire neighborhoods being affected by the foreclosure crisis, San José intends to be proactive in devoting resources to increase stability and reduce blight in targeted areas hardest hit by the foreclosure crisis.

Five-Year Goal:

	Source of Funds	Performance Measure	2010-2015 Goal	2010-11 Goal	2010-11 Actual	Outcome/Objective
Goal #3: Activities that provide services, eliminate blight, and/or strengthen neighborhoods						
Action 3D.1. Purchase of foreclosed properties and subsequent rehab and resale as affordable units	NSP	# units assisted	90	45	13	SL-3, DH - 1,2
Action 3D.2. Provide support to the City's ForeclosureHelp Initiative	NSP	n/a				DH- 2,3
Action 3D.3. Provide support to the Don't Borrow Trouble campaign	NSP	n/a				DH- 2,3
Action 3D.4. Research best practices and policies to respond to foreclosure crisis	n/a	n/a				DH- 2,3

Accomplishments / Impact:

Accomplishments in the reporting period include: 1) Developing an NSP2 program including creating new policies and procedures 2) Creating and advertising an RFP and the selection of two development entities (through the RFP process) to assist in administering the program and 3) Establishing partnerships with non-profit entities such as the National Community Stabilization Trust that participate in the First Look program, which is a consortium of banks designed to assist entities participating in the NSP program.

The goal of 45 units was not met mainly because of the additional time spent in program set up and administration. The City expects to meet its five year target.

Leveraging of Resources:

For NSP1, the program leveraged developer funds range from \$25,000 to \$150,000 per property. The total funds leveraged for the 14 properties purchased and rehabilitated during 2010-2011 was \$1,450,000 million. For NSP1, two properties were purchased and sold in fiscal year 2009-2010, and 11 properties were sold in fiscal year 2010-2011. For NSP2, the total funds leveraged equal \$2.5 million, which are coming from the following sources: \$2 million from the Housing Trust, \$250,000 from in-kind Housing Department staff and another \$250,000 from Homebuyer education. Please refer to the NSP program section under Program Narratives for more detail.

Goal #4: Expand economic opportunities for low-income households

Strategy #4A: Support economic development activities that promote employment growth, and help lower-income persons secure and maintain a job

Need: The California Employment Development Department (EDD) reports a 12.1 percent unemployment rate for Santa Clara County in January 2010,. In response, Consolidated Plan Workshop participants stated the need for small business development, mentoring, and loan programs. These activities can help local entrepreneurs establish their businesses and lease space at more affordable rates during the down market. Participants also expressed the need for vocational programs that build basic job skills and train workers, especially youth, to enter or re-enter the workforce. As a challenge, these services are often best addressed at a county or regional scale, given the relative scarcity of funding resources at the local level.

Five-Year Goal:

	Source of Funds	Performance Measure	2010-2015 Goal	2010-11 Goal	2010-11 Actual	Outcome/Objective
Goal #4: Economic opportunities for low-income households						
Action 4A.1. Funding for local employment development and workforce training	CDBG	# jobs created	250	54	41	EO-1,3
Action 4A.2. Small business development, job training	CDBG	# individuals assisted	3,000	640	524	EO-1,3

Accomplishments / Impact:

During this reporting period, the Department funded five economic development activities providing services to 524 participants, or 82% of the stated goal. Seventy-six percent of the job creation goal was met, or 41 of the stated goal of 54. This difficult economic climate has impacted decisions to hire, and small business owners are taking less risk and postponing expansion or the opening of a new business.

Action 4.A.1 is comprised of three job creation programs. Funded by CDBG-R, the Clean and Green project funded the acquisition of equipment for 4 businesses utilizing clean and green technologies. Thirty-seven new jobs were anticipated under this project. At the end of this reporting period, 16 clean tech jobs have been created. Additionally, 4 jobs were created through a small business incubator program and 21 jobs created under the Family Child Care Training program.

A notable economic development activity is the Smart Start San José Family Child Care Training Program, a successful job creation model. The program works to expand and retain early care and education spaces in family child care home businesses. Not only does the program provide school readiness opportunities to children, it also promotes economic self-sufficiency by training CalWORKS and low- to moderate-income residents to become quality, licensed family child care providers.

Action 4.A.2 –Small business development and job training, 524 low- and moderate-income individuals were assisted with micro-enterprise and micro-credit services.

Leveraging of Resources:

The Department funded over \$2.3 million in economic development activities as discussed above and leveraged \$822,787 of additional State, private and client fees.

Goal # 5: Promote fair housing choice – Affirmatively Furthering Fair Housing

Strategy #5A: Conduct outreach to the community regarding fair housing, in order to address local barriers to fair housing

Five-Year Goal:

	Source of Funds	Performance Measure	2010-2015 Goal	2010-11 Goal	2010-11 Actual	Outcome/Objective
Goal #5: Promote Fair Housing Choice						
Action 5.A.1. Ongoing education and outreach regarding fair housing	n/a	n/a		52	56	DH-1
Action 5.A.2. Fair housing testing in local apartment complexes	n/a	n/a		TBD process improvements		DH-1
Action 5.B.1. Ensure local ordinances are in compliance with State and Federal fair housing laws	n/a	n/a		1 ordinance identified and reviewed		DH-1
Action 5.B.2. ensure zoning ordinances have procedures for reasonable accommodation requests	n/a	n/a		Study session and 2 reasonable accommodation cases heard by Planning Commission		DH-1
Action 5.B.3. Language assistance for limited english speaking residents	n/a	n/a		process improvements		DH-1
Action 5.B.4. Update local analysis of impediments	n/a	n/a		Ongoing,		DH-1

Accomplishments / Impact:

The City of San José is committed towards mitigating or eliminating impediments to fair housing choice. Its fair housing effort incorporates three components: (1) recognize that fair housing is a regional issue; (2) leverage partnerships; and (3) strategically focus on the highest impacts especially given the need to adjust to limited and often diminishing resources. As a result, the City of San José funds or partners with regional fair housing agencies that have expertise in this area. Through this strategy, the City of San José met or exceeded each of its fair housing goals in FY 2010-11

For Action 5.A.1, the City of San José provided funding to the regional Fair Housing Law Consortium to provide education and outreach regarding fair housing. The Consortium provided 56 fair housing presentations in FY 2010-11 and exceeded its goal of 52 presentations.

For Action 5.A.2, Project Sentinel performed 134 fair housing tests in local apartment complexes.

Regarding Action 5.B.1, City ordinances are designed to be in compliance with State and Federal regulations, including fair housing. Due to the significant number of local ordinances in San José, it is not feasible for City staff, given impacted staffing levels, to systematically review each ordinance. Rather, staff implements this action by reviewing ordinances on a case by case basis as needed or as identified by City staff or by a third party or agency. In FY 2010-11, City staff responded to one case identified by the Fair Housing Law Project regarding the right to practice religion in one's home. Staff reviewed the City's ordinance and determined that the ordinance does not restrict the ability of residents to practice religion in their home.

For Action 5.B.2, City staff held a study session on reasonable accommodation with the Planning Commission. Additionally, during FY 2010-11, the Planning Commission heard two planning decisions related to reasonable accommodation. The first occurred on December 15, 2010, where the Planning Commission heard an appeal of the Director of Planning's decision to grant a request for accommodation to allow for the expansion of an existing residential service facility for up to twelve occupants including staff members. The Planning Commission granted a request for reasonable accommodation for six occupants and two staff members. A second case

occurred on May 25, 2011, where the Planning Commission heard an appeal of the Director of Planning's decision to grant a request for reasonable accommodation for a thirty-two bed residential care facility. The Planning Commission upheld the appeal and granted accommodation for twenty beds plus up to eight staff working in shifts. Staff who subsequently become occupants would be counted towards the maximum number of twenty.

To support Action 5.B.3, the Department guided all sub recipients of federal grant programs funded through the Department through the development and implementation of a Language Access Plan (LAP) that will provide limited English clients access to services. The City maintains a copy of each Agency's LAP at the City. In FY 2010-2011 each agency was required to submit a report on the actions taken to implement their specific LAPs before the last invoice was approved by the City. In FY 2011-2012 each Agency will be required, as part of their contract with the City, to submit a narrative summary of their outreach efforts taken to reach out to all persons without regard to race, sex, color, age, religion, actual or perceived gender identity, sexual orientation, disability, ethnic or national origin, or familial status in the 2nd and 4th quarterly performance reports. These reports will help ensure that all HUD-funded agencies are marketing and advertising their services to populations with limited English proficiency.

Recognizing San José's diverse community, the Rental Rights and Referrals Program (RRRP) provides all of its materials in English, Spanish, and Vietnamese. In FY 2010-2011, Program staff attended 20 public outreach events during this period. The Program's goal is to provide education to apartment owners and tenants and mobilehome park owners and residents of their rights and responsibilities under the City's rent control ordinances.

For Action 5.B.4, City staff just completed its 2010-2015 Consolidated Plan and its accompanying Analysis of Impediments to Fair Housing report. FY 2010-11 was the first year of the implementation the newly created plan and therefore no updates were needed or made.

CDBG Funding for Fair Housing

Four fair housing projects were supported by CDBG funds. One such project was the Long-Term Care Ombudsman program. This signature project assists persons with mental and developmental disabilities to resolve legal problems, such as evictions and substandard living conditions, in residential care housing and independent living facilities. Of the 563 complaints received, 89% were resolved in a manner that prevented client homelessness. Another project was the Fair Housing Investigation and Enforcement Services project. This project provides comprehensive fair housing services to include legal representation, fair housing counseling and community outreach that includes multilingual forums and printed information. Of the 171 clients assisted, 80% received a favorable resolution toward access to housing of choice.

Leveraging of Resources:

CDBG supported fair housing efforts with \$462,498 and leveraged over \$733,000 in other federal, State, foundation and private funding.

Goal # 6: Promote environmental sustainability

Strategy #6A: Encourage the installation of energy- and water-efficiency measures in new and existing homes

Need: With energy efficiency, water conservation, and greenhouse gas reduction all growing policy concerns, local jurisdictions must further efforts to support environmentally-sustainable residential development. Moreover, existing homes should be upgraded to improve their energy and water efficiency.

Five-Year Goal:

	Source of Funds	Performance Measure	2010-2015 Goal	2010-11 Goal	2010-11 Actual	Outcome/Objective
Goal # 6: Environmental sustainability						
Action 6.A.1. Energy efficiency in multi-family new homes		# units meeting build-it-green standards	946	813	354	SL-3
Action 6.A.2. Direct investments in energy efficient owner-occupied housing						SL-3
Rehabilitated homes	CDBG	# units meeting build-it-green standards	250	50	39	
Inclusionary / Homebuyer assistance		# new construction green homes purchased by LI homebuyers	35	5	30	
Action 6A.3. CDBG sponsored energy efficiency improvements	CDBG	# energy efficiency improvements	1,600	325	0	SL-3

Accomplishments / Impact:

All units produced under the City's New Construction and Homebuyer Programs are required to conform to the City's Green Building Policy, revised by the City Council on March 6, 2007. This policy establishes sustainability as a City priority. It incorporates environmentally sensitive site planning, resource efficient building materials and superior indoor environmental quality.

As shown in Action 6.A.2., at least thirty-nine homes participating in the Housing Rehabilitation Program in 2010-11 received energy efficiency upgrades in conjunction with other housing repairs or improvements. This number represents projects that were funded through CDBG only. Currently, energy efficiency upgrades are only tracked for projects funded through CDBG funds. The Housing Department is currently in the process of transitioning into a new database system. Once fully implemented energy efficiency data can be easily tracked and reported for all funding sources.

Under the adopted Memorandum Of Participation between the CDBG Grants Administrator and Housing Rehabilitation Program, the annual goal of upgrading at least 50% of the homes rehabilitated through the program for energy efficiency was exceeded. Program Policy mandates that energy efficiency measures be included in all rehabilitation work whenever feasible.

Action 6.A.3 reflects other CDBG-funded energy efficiency improvements include the LED streetlight conversion project, which was under development during this reporting period, therefore no units are being reported. Project is expected to be completed in FY 2011-12.

Leveraging of Resources:

The leveraged benefits resulting from the implementation of the City's Green Building Policy include lower energy and water costs, using building materials with fewer chemicals that have less of an impact on the environment, enhanced health, long term economic benefits to the community and reducing the impact on the environment.

As reported in an earlier section, the Housing Department accepted a \$370,000 Innovator Pilot grant from PG&E to implement a Municipal Whole House Rehab Pilot Program. The objective of this grant is to develop standard energy efficiency models based on Build-it-Green standards, effectively incorporating energy efficiency upgrades into standard housing rehabilitation. This funding will provide funding to upgrade between 50 and 80 homes for energy efficiency. In addition, the program will provide opportunity to test energy efficiency models against actual savings data. The outcome of this pilot will be proven standardized energy efficiency models that will maximize energy efficiency upgrades in city funded housing rehabilitation. These tested models will be shared with other municipalities across the state.

PUBLIC HOUSING AND RESIDENT INITIATIVES

The City of San José contracts with the Housing Authority of the County of Santa Clara (HACSC) to administer its Housing Choice Voucher (Section 8) Program.

The City of San José offers financial assistance to Section 8 individuals and families to cover deposit and move-in costs. In FY 2010-2011, the City also supported the Family Self-Sufficiency program. Table 9 shows that the Housing Authority is assisting 11,836 households under Section 8 contracts as of July 27, 2011..

Table 9: Households Receiving Section 8 Rental Assistance in San José

Income Category	Number of Persons in Family								Total Section 8
	1	2	3	4	5	6	7	8	
ELI (0-30%)	3,164	2,837	1,839	1,256	756	341	143	85	10,421
VLI (31-50%)	131	238	297	242	134	65	34	8	1,149
LI (51-60%)	84	53	26	14	7	4	2	1	191

TOTAL	3,379	3,128	2,162	1,512	897	410	179	94	11,761
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*As of July 27, 2011 a total of 75 households had an income category higher than LI.

Ethnicity	Total	Percent
Hispanic	3,858	33%
Non-Hispanic	7,978	67%
Total	11,836	100%

Race	Total	Percent
Caucasian	5,029	42%
Black/African American	1,663	14%
American Indian/Alaskan Native	192	2%
Asian	4,900	41%
Native Hawaiian/Other Pacific Islander	124	1%
Total*	11,908	101%

* Total count of household races is higher than total population of assisted families as participants may select more than one race.

Source: Housing Authority of the County of Santa Clara, July 2011

In April 2006, the Section 8 waiting list was opened for the first time in seven years and over 58,000 individuals signed up. Currently, there are 20,430 families on the Section 8 waiting list for the Housing Choice Voucher Program for Santa Clara County. This program serves low-income households, including disabled persons (Mainstream Voucher Program) and families working towards economic independence (Family Self-Sufficiency Programs).

Demographic information for registrants from the initial waiting list sign-up in 2006 for San José registrants is contained in the table below.

**Section 8 Wait List Sign-ups
Demographic Data for San José Registrants**

	Quantity Percentage	
Race & Ethnicity		
Hispanic	11,690	36%
Non-Hispanic	19,712	60%
Unknown	1,416	4%
Sub-total	32,818	
American Indian/Alaskan Native	1,334	4%
Black	3,869	12%
Hawaiian/Pacific Islander	3,137	10%
White	10,961	33%
Asian	12,374	38%
Unknown	1,239	4%
Sub-total	32,914	

Sex		
Male	12,709	39%
Female	20,005	61.0%
Unknown	104	0.3%
Sub-total	32,818	

Total from San José 32,818

The City, in coordination with its federal lobbyist and the HACSC, continues to advocate for the protection and increase of Section 8 Housing Choice Vouchers.

In September 2007, HACSC was granted approval from the U.S. Department of Housing & Urban Development for the disposition of its public housing properties, which will enable the agency to improve supportive services and rehabilitate the units using Low Income Housing Tax Credits. At the beginning of FY2012, it is anticipated that the HACSC will have 20 public housing units remaining in its housing stock. During FY 2010, three of the HACSC's family properties were renovated with a grant from the American Recovery and Reinvestment Program and the HACSC's Capital grant funds.

In FY 2011, HACSC transferred ownership of an additional 224 public housing units to the tax-credit limited partnership. During FY 2012, it is expected that 64 more units will transfer ownership. The HACSC anticipates that the remaining public housing properties will transfer ownership and convert to Project Based Vouchers (PBV) in FY 2013.

In January 2008, the HACSC was designated as a "Moving to Work" agency through June 30, 2018. The goal of the MTW program is to increase cost effectiveness, promote self-sufficiency, and expand housing options for low-income families. The MTW designation will provide more flexibility in use of funding sources and will support the transition to creating more efficient

programs. The Moving to Work 2012 Annual Plan was adopted by the HACSC Board of Commissioners in the spring of 2011.

OTHER POLICY ACCOMPLISHMENTS

The following chart highlights additional accomplishments made by the City of San José in the areas of policy and program development during Fiscal Year 2010-2011.

PUBLIC POLICIES TO FOSTER AND MAINTAIN AFFORDABLE HOUSING

Annual Goal	Annual Accomplishment
<i>Continue implementation of a public outreach effort for affordable housing.</i>	<p>Complete/Ongoing: Increasing awareness and educating residents on the value and need for affordable housing is important to the City’s efforts to increase affordable housing stock. Providing safe, decent, and affordable housing to meet the current and future needs of an increasing population, will help keep families from becoming homeless. Residents can often be cautious and concerned about the prospect of an affordable housing development in their neighborhood. Through targeted outreach and provision of key materials produced in three languages - English, Spanish and Vietnamese - the Department is able to address concerns by educating residents about the benefits of affordable housing. Additionally, the City sponsors and participates in workshops and community events that provide a forum for increasing the public’s awareness of what affordable housing is, the people who live in affordable housing and why it’s important to our community and economic growth. The Department continues to receive regional and national recognition of affordable housing developments for excellence in architectural design and green building. Working with the San José community, Department staff regularly participates in public events that include, but are not limited to, Affordable Housing Week, ForeclosureHelp and First Time Homebuyer workshops, community fairs, Project Homeless Connect, and grand openings. The Department strives to create public awareness on the many programs and services provided to residents, as well as share information on topics of interest, including mobilehomes, Renters Insurance, Fair Housing, Predatory Lending, and Foreclosures. Specific outreach forums include:</p> <ul style="list-style-type: none"> • ForeclosureHelp Center operations • Neighborhood Stabilization Program (NSP) Purchase Assistance Loan workshops • Community Health and Wellness Fairs and farmer’s markets • Homebuyer Education Fair • Other neighborhood community group meetings
<i>Provide an ongoing, dedicated source of revenue for affordable housing efforts and direct</i>	<p>Ongoing: The Housing Department, in conjunction with the City’s State and federal lobbyists, continues to advocate for measures that would provide a sources of funding for affordable housing:</p> <ul style="list-style-type: none"> • Housing staff have compiled information to support advocacy

<i>Annual Goal</i>	Annual Accomplishment
<i>homeless services</i>	<p>efforts to maintain local redevelopment funds for housing, maintain fundig levels for existing federal programs such as CDBG, HOME, McKinney-Vento, HOPWA, ESG, the Low-Income Housing Tax Credit, Section 8, as well as support the creation of a National Housing Trust Fund.</p> <ul style="list-style-type: none"> • The adoption in June 2007 of the City’s Five-Year Housing Investment Plan stipulates several policy actions the City will pursue through 2012 to increase the funding available to provide affordable housing opportunities for San José residents. • The City is an active participant in Destination Home – an effort to end homelessness in ten years – which is advocating for new and increasing existing sources of funding for affordable housing.
<i>Educate residents on the life-threatening hazard of fixed window bars, and encourage replacement bars on sleeping-room windows.</i>	<p>Ongoing: The Department of Planning, Building, and Code Enforcement (PBCE) continues to inspect multi-family dwellings for the ability of window bars to be released for egress. The City requires the remediation of all fixed window bars in sleeping rooms or rooms that could realistically be used for sleeping purposes. The Housing Department’s <i>Housing Rehabilitation Program</i> prioritizes the remediation of fixed window bars as an eligible expense either as a stand-alone repair item, or in conjunction with other health and safety repairs.</p>

ACTIONS TO ELIMINATE GAPS IN INSTITUTIONAL STRUCTURE

Annual Goal	Annual Accomplishment
<i>Advocate changes in federal laws to improve San José’s position in applying for scarce public dollars (such as modifying the eligibility requirements of certain federal programs that are based on age of housing stock or poverty level, which tend to give priority to older urban centers in the East, regardless of other need factors, such as expensive housing markets).</i>	<p>Ongoing: The Housing Department continued to advocate for changes to federal laws that would improve San José’s position in applying for scarce public dollars. Examples include:</p> <ul style="list-style-type: none"> • Advocating for changes to the federal government’s determination of Difficult Development Area (DDA) designation. In 2005, San José lost its DDA designation due to the formula HUD uses to define high-cost areas. • Advocating for the allocation of federal funds based on need, as well as for funds to come directly to localities instead of through States. More specifically, the City advocated for this program change to be made for the National Housing Trust Fund (NHTF). • Educating federal funding sources about high cost areas, and working to ensure that programs that are created or revised recognize the differences in the cost of housing around the nation. • Ensuring that any change made to the CDBG formula does not adversely impact the Bay Area and other west coast jurisdictions • Provided comments to Census Bureau regarding the Supplemental Poverty Measure and the importance of developing an alternative to the official poverty measure, which undercounts the number of families struggling to make ends meet in Silicon Valley.

Annual Goal	Annual Accomplishment
<p><i>Improve coordination between local, State, and Federal Housing agencies to facilitate improved funding availability, create uniform income qualifications and similar guidelines.</i></p>	<p>Ongoing: The Housing Department maintains an ongoing dialogue with elected officials through the City’s Intergovernmental Relations Office, legislative program, and federal and State lobbyists. The Housing Department’s solid working relationships with federal and State housing agencies, and elected officials enables it to actively participate in discussions impacting City housing programs and policies. The Housing Department has staff that manages and coordinates legislation and advocacy, resulting in efficient and effective participation and coordination on the State and federal legislative processes.</p>
<p><i>Improve San José's position in applying for scarce public dollars for affordable housing.</i></p>	<p>Complete and Ongoing: The Housing Department continues to seek future funding for affordable housing through the following strategies:</p> <ul style="list-style-type: none"> • Housing Trust Fund – In June 2003, the City of San José established and has operated a Housing Trust Fund, which enables it to compete for funding specifically made available to Housing Trust Funds. • Legislation – The Housing Department worked with the Mayor, City Council, and City Manager’s Office to analyze and support legislation that will improve San José’s competitiveness in obtaining State and federal affordable housing resources. • Housing Element—The City of San José has continued to implement its Housing Element, the latest of which was approved by the State in July 2009. The Housing Element outlines specific tasks and efforts the city will undertake in the current planning period (2007-2014) to remove barriers to the development of affordable housing. In December 2009 the City Council amended the City’s zoning ordinance to treat transitional and supportive housing as residential uses, subject only to those restrictions on residential uses applicable to the type of residential structure or use involved. This amendment will facilitate the development of different residential types for those who need alternative forms of housing or housing with supportive services and for whom traditional housing types may be inappropriate. Amending the City’s zoning ordinance was one item on the City’s Housing Element work plan. In 2010, the City assisted in the development of 151 extremely low-income, 262 very low-income, and 45 low-income units for a total of 458 affordable units. For the first four years of the RHNA cycle, affordable housing constituted nearly 26% of the City’s total number of residential units receiving building permits. This indicates a significant contribution by affordable housing to San José’s development activity during a depressed economy. This prioritization of very-low income units aligns with the City’s Housing Element goal of assisting households that have the greatest residential needs.
<p><i>Implement a first-time homebuyer program</i></p>	<p>Completed and Ongoing Local residents can also take advantage of these additional programs - the Housing Department used CalHOME funds for the WelcomeHOME first-time homebuyer program for lower-income households to purchase homes citywide. As a result, funds were made available to assist</p>

Annual Goal	Annual Accomplishment
	<p>low- and moderate-income homebuyers with down payment assistance loans to be used towards new construction units. Additionally, the City accessed funds from the State's Building Equity & Growth in Neighborhoods (BEGIN) program to provide downpayment assistance for qualified first-time homebuyers interested in purchasing affordable units in newly constructed high-rises. The City also offers additional down-payment assistance through the San José Dream Home Program which uses NSP2 funding. Through this program, private contracted developers purchase foreclosed homes in targeted census tract neighborhoods, renovate homes to meet health and safety codes, and resell to low- and moderate-income households.</p> <p>In June of 1999, the Mayor and City Council approved the implementation of the Teacher Homebuyer Program (THP); a downpayment assistance loan program offering up to \$50,000 to help San José public school teachers purchase a home in San José. The THP can be used to help public school teachers purchase a condominium, townhome, or single-family detached home anywhere within the City limits. The City improved the purchasing power of teachers by effectively combining THP funds with other assistance programs offered by the California Housing Finance Agency (CalHFA), the County of Santa Clara, the Housing Trust of Santa Clara County (HTSCC), and Neighborhood Housing Services of Silicon Valley. Since its implementation in 1999, the program has assisted 753 teachers, including three teachers in FY 2010-11.</p>
<p><i>Develop processes and procedures to maximize the delivery of housing services and to improve coordination between various City Departments as part of the City Council's direction to increase production by 50%.</i></p>	<p>Complete and Ongoing: To promote smooth approval processes for affordable housing developments, Housing Department staff works closely with staff from other departments such as Planning, Building and Code Enforcement and Parks and Recreation on issues of direct concern to project feasibility and approvals. Housing and Parks coordinated closely on the Parks Dedication Ordinance/Parks Impact Ordinance policy process. Production is capped by amount of subsidy funding available.</p>
<p><i>Implement an aggressive surplus land acquisition program, and use this land for affordable housing.</i></p>	<p>Complete and Ongoing: The Housing Department pursues properties that are surplus to the needs of the City, County or other State and governmental agencies, and provides assistance in the acquisition of privately-owned vacant parcels. Over the last decade, the Housing Department has purchased a total of 15 surplus properties using the 20% fund.</p> <p>Following are updates on the Housing Department's current and previous parcel purchases:</p> <ul style="list-style-type: none"> • On May 1, 2010, the Department purchased a 0.54-acre parcel on North 6th Street between Taylor and Jackson from the City's General Services Department for \$2.2 million. On January 20, 2011, the City Council

Annual Goal	Annual Accomplishment
	<p>adopted a resolution authorizing the Director of Housing to enter into Exclusive Negotiations Agreement between the City and First Community Developers for the development of this site with 75 affordable housing units called the Japantown Seniors Apartments. This parcel is fully entitled and the developer is seeking financing.</p> <ul style="list-style-type: none"> • Staff continued to work with Eden Housing approved in 2008 as the developer for a 3.05-acre property on Ford Road near Monterey Highway, on a funding commitment and long-term groundlease for a 95-unit family project. The project's 20 special needs units were successful in competing for the San José Consortium's NSP2 funds in 2010, for which a HUD 811 loan has been approved. On March 29, 2011, the City Council adopted a resolution approving a Disposition and Development Agreement, funding commitment, and a 75-year ground lease for the development of the 20-unit Ford and Monterey Special Needs Apartments. Eden expects to start construction in the stand-alone 20-unit building in early 2011, although the Department's funding scarcity will likely delay development of the 75 family units. • While 10 of the 11 completed units in the Silicon Valley Habitat for Humanity (SVHFH) Murphy/Ringwood project had sold to qualifying Habitat families between 2008 and early 2010, one unit had remained vacant and unsold due to legal proceedings. In 2010-11, the project finally sold and occupied the 11th unit to a new income-qualified family. • For a six-acre parcel on Evans Lane that the Department owns, development was put on hold in 2010-11 for both the rental project expected to be developed by Satellite Housing. This is due to the Department's funding scarcity, as well as continued weakness in demand for the for-sale component expected to be developed by The CORE Companies. Although entitlements were awarded jointly, the Planning Department will allow the rental project to proceed first if so desired. The one-acre park to be built will likely wait until the for-sale component progresses. • Development by SVHFH of a single low-income for-sale home located on a 5,500 square-foot lot on Delmas Avenue is delayed due to significant contamination found on the site in 2010. The Housing Department purchased the site from the Valley Transit Authority in August 2006 and transferred ownership to Habitat in March 2008. Habitat is currently seeking funds to remediate the site.

HOMELESSNESS

Annual Goal	Annual Accomplishment
<p><i>Continue to support the implementation of a jobs program and focus on job development for the homeless in San José.</i></p>	<p>Complete and Ongoing:</p> <ul style="list-style-type: none"> • The City of San José worked actively as a partner in the Santa Clara County Workforce Investment Network. The Workforce Investment Act was created to address the needs of the nation's businesses, job seekers, and persons interested in furthering their careers, through the implementation of local employment and training programs. In April 2000, the State of California designated Santa Clara County as a Workforce Investment Area. In July 2000, the City of San José, in partnership with seven surrounding cities, created the San José Silicon Valley Workforce Investment Network (WIN) to act as Silicon Valley's regional Workforce Investment Board (WIB). Locally managed, WIN brings together job seekers, local employers, educators, labor representatives, and program administrators to sustain and maximize the relationships between employers and the region's prospective labor market. • The Housing Department works closely with the local Workforce Investment Network (now called work2future) on programs to assist homeless individuals obtain and maintain employment. In March 2008, the City Council approved the use of Housing Trust Funds funding for Project Hope, a collaborative program between the Housing Department and work2future that provides job training and employment preparation to homeless individuals, victims of domestic violence, non-violent ex-offenders, and emancipated foster youth. Since its inception, Project Hope has enrolled 142 individuals of which 47 obtained employment due to the program. In FY 2007-08, the City was also awarded \$315,000 from a Department of Labor appropriation to enhance the Project Hope program. In FY 2010-11 Project Hope added the Green Cadre program which seeks to develop low-income at-risk individuals to become environmental stewards for the City of San José. The Green Cadre program offers one-on-one case management, job training, and employment assistance in green industries, in concert with supportive services from local service providers to assist participating individuals to become self-sufficient, community leaders, and ultimately either gainfully employed or enrolled in postsecondary education. In FY 2010-11, 50 at-risk youth, ages 18-24, enrolled in the Project Hope Green Cadre Program, and completed certification training for 4 national industry recognized certifications including OSHA-10 Construction Safety, Entrepreneurship using Palo Alto Software, National Retail Federation's Customer Service Certification, National Center for Construction Education and Research's (NCCER) Your Role In the Green Environment, as well as in First Aid/CPR. The participants also started internships and completed civic engagement activities which both benefited the community and connected them to a network of potential employers.

<i>Develop a Five-Year Homeless Strategy for the City of San José.</i>	<p>Complete and Ongoing:</p> <p>In September 2003, the Mayor and City Council adopted a Ten-Year Homeless Strategy describing the City’s plan to end chronic homelessness in San José. Specifically, the Homeless Strategy outlines the extent of the homeless problem in San José, describes City programs and policies related to homelessness, and proposes policies and actions for the City to take towards the goal of eliminating chronic homelessness in San José within ten years, including:</p> <ul style="list-style-type: none"> • Prevention; • Rapid re-housing; • Wraparound services; and, • Proactive efforts.
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SENIORS

Annual Goal	Annual Accomplishment
<i>Pursue the establishment of a centralized waiting list for all subsidized senior housing.</i>	<p>Ongoing: In FY 2010-2011, the City contracted with the Non-Profit Industries, Inc to develop a “SocialServe” housing locator services database to provide residents with timely and comprehensive information on affordable housing available countywide. The database will provide search criteria specific to senior housing. In July 2009, the City received a \$25,000 grant from the Health Trust Foundation to supplement the \$41,000 from the City’s Housing Trust Fund to enable the database to serve residents countywide. In FY 2010-11, the City launched the database..</p>

LEVERAGING RESOURCES

All of the projects carried out during FY 2010-2011 involved the leveraging of other funding sources. Table 9 shows the total amount of funds for each formula grant that was committed or expended during FY 2010-2011:

Table 9: 2010-2011 Amounts Expended/Committed

	Amount Expended	Amount Committed	Amount Leveraged
CDBG - (excluding housing rehab)	\$7,134,254	\$11,978,882	\$34,000,233
CDBG – Housing Rehab	\$1,652,459	\$1,700,000	\$3,100,000
HOME – Multi-family rental	\$2,508,693	\$10,245	\$544,468
HOME – Homebuyer	\$900,000	\$900,000	\$7,316,750
HOPWA	\$1,040,263	\$1,162,250	\$8,000,000
ESG	\$442,619	\$442,619	\$6,748,213

CDBG projects are partially supported by sub-recipient funding, which expands the resources devoted to achieving project goals. Sub-recipients were required to show a 20% minimum leverage ratio as an eligibility requirement. A project's level of leverage can be based on monetary, in-kind or staff resources, including cross-agency collaboration. However, projects with few leveraged resources may still be considered for funding if it has other strongly rated criteria (especially the need for a particular service).

CITIZEN PARTICIPATION PROCESS AND COMMENTS

As part of the Consolidated Plan/CAPER process, jurisdictions are required to hold public review of the documents for comment. The Consolidated Plan is required to be open for a 30-day review period, while the CAPER is required to be made available for a 15-day public review period. The public review period for the FY 2010-2011 CAPER was held from August 30, 2011 to September 14, 2011. A notice regarding the 15-day public comment period was sent out to about 460 agencies, nonprofits, and individuals concerned about housing and community development issues. The notice was also printed in the San José Mercury News on August 26th 2011 and translated and printed in Thoi Bao, China Press and La Oferta on August 26th, 2011. Copies of the draft CAPER were made available at the City of San José Department of Housing, or sent to citizens via mail or e-mail upon request. Below is a schedule of events and hearings held during the FY 2010 – 2011 CAPER preparation process.

Action	Date
Notices mailed to over 460 organizations and individuals announcing the public review process	August 23, 2011
Start of the 15-day public review – Draft copies available at the Housing Department, 200 E. Santa Clara, 12 th Floor, San José, CA 95113	August 30, 2011
Housing Advisory Commission public hearing	September 8, 2011
End public review	September 15, 2011
City Council Public Hearing	September 20, 2011
CAPER due to HUD	September 30, 2011

SELF-EVALUATION

In 2010, all grants programs were consolidated into one team, which resulted in efficiencies and consistency with contract management and monitoring and eliminated administrative redundancies for both the Department and the CBOs. A two-year funding cycle was implemented which eliminates the annual application submission for ongoing programs. This allows staff to focus on technical assistance and the CBOs to focus on outcomes and performance. The new organization has proved effective, particularly given that the programs are frequently audited and come with significant regulation and oversight.

The Department continues to support the City's grant management continuous improvement efforts, and participates in the City-wide Grant Management Working Group to create more effective and efficient systems and processes to grant management. In Fall 2008, the City launched the City-wide Grant Management Policies and Procedures Handbook and began the business development and testing phases of the Grants Management Database. The database was launched in January 2010. In FY 2010-11, CDBG, ESG and HOPWA projects have been established in the system. The Grant Management Working Group consists of representatives from all city departments receiving federal, State and other grant funds.

With the centralized grants management, an aggressive training program was essential to provide the grant program managers the knowledge and skills necessary to effectively manage the entitlement, competitive and stimulus federal funding. This training included the HOME Certification Program, Basically CDBG for nearly all staff, IDIS, NSP, and DRGR. Additionally, staff participated in local and regional training, including analysis of nonprofit financial statements. This training provided staff with a holistic view of the nonprofit financial statements to better understand the agencies financial health and how it impacts projects funded by the City, including those funded with HUD funds.

To strengthen partnerships, the Department continues to work with other local funders, including foundations, to share best practices and provide guidance and information to nonprofit agencies receiving funding from multiple jurisdictions.

SELF EVALUATION - CDBG

During the 2010-11 planning phase, CDBG surveyed residents to identify funding priorities that would meet the most critical community needs. This effort sought to identify the needs of communities located within San José, and were used in the development of the four funding categories for FY 2010-2011 – 1) Basic Needs, 2) Access to Health Care, 3) Self-Sufficiency, and 4) Legal Services/Fair Housing.

In addition to a variety of essential public services, the City of San José also provided CDBG funding for community development activities in the areas of 1) physical improvement projects that supported the delivery of services to the City's low and moderate-income residents, 2) housing rehabilitation, 3) code enforcement, and 4) economic development/micro-enterprise. The clientele served through these programs are low- and moderate-income residents including seniors, youth, persons with disabilities, homeless and unemployed persons.

As a condition of funding, the City of San José requires each CDBG-funded project to measure performance in terms of productivity (level of efficiency) and program impact (desired outcomes). Sub-recipients measured and reported productivity goals on a quarterly basis and outcomes on a semi-annual basis.

In fiscal year 2010-2011, CDBG funded 41 public service programs that served over 37,000 low- and moderate-income participants. Ninety-five percent of public service programs met their participation goals. To qualify as substantially meeting their project goals, a program must meet approximately 90% of its productivity and targeted outcome goals.

CDBG also funded 12 community development projects, including 3 housing rehabilitation programs, 5 economic development projects (one funded by CDBG-R), one code enforcement, 4 public facilities and street improvements. Of these projects, one housing project and two economic development projects met their goals. The public facilities and street improvement projects were still in the development phase at the end of this reporting period and are expected to be complete in FY 2012-13. As stated in the *Assessment of Strategic Plan Goals and Objectives*, Action 1.C.1 Accomplishment/Impact, the Housing Department faced unexpected challenges in the Housing Rehabilitation Program. These challenges included a program redesign to issue more loans than grants, the decreased home values and the high unemployment rate. Increased marketing and outreach efforts were implemented to solicit interest in areas that have a high concentration of LMI households.

Four of the fifteen construction projects either currently funded, or funded in prior years, have been completed and one street improvement project was cancelled as noted above. The remaining seven projects are in the design or construction phases, are near completion or pending notice of completion. The table below details the community development projects in progress, including projects funded in prior years and new projects funded in FY 2010-11, and projects completed during this reporting period.

Category	Projects in Progress	2010-11 Projects Completed
<u>Public Facilities</u> F102 Yu-Ai-Kai	1	0
<u>Handicapped Centers</u> F109 Santa Clara Valley Blind Center Improved Access to Blind Rehabilitation Services (completed March 2011)	1	1
<u>Senior Centers</u> F112 Korean American Community Services Community Center Renovation	1	0
<u>Other Public Facilities</u> F108/F113 San José Conservation Corps Cafeteria & Nutrition Center, and Seismic Retrofit Project G81 ADA Rehabilitation Program F114 St. Elizabeth's Day Home Preschool Renovations (completed September 2010) F111 Indian Health Center of Santa Clara Valley – Meridian Facility Rehabilitation	5	1
<u>Fire Station Equipment/Apparatus</u> CDI-10-007 Fire Equipment/Apparatus in LMA Station	1	0
<u>Street Improvements</u> CDI-10-005 LED Streetlight Conversion CDI-10-012 Alexander Avenue Curb, Gutter & Sidewalk Installation (Cancelled)	6	3 (1 cancelled)

CDBG-R LED Streetlight Conversion		
CDBG-R – Grand/Alviso Storm Drain Project (completed)		
CDBG-R – Moffet/Alviso Storm Drain Project (completed)		
Total	15	5

SELF EVALUATION – HOME

In FY 2010-2011, the City had four HOME funded Rental Projects committed. Due to the continued economic stress, and the estimated construction start dates changed due to closing issues, the goal of 105 units was not met. All four projects are now under construction and are expected to be completed in the next fiscal year giving the City 155 HOME units in FY 2012-13.

As discussed above, the TBRA program has been reevaluated and the goal of 285 households assisted has been reduced to 100 households. This reduction is due to the anticipated ending of the TBRA program on September 30, 2013. This direction required the City to no longer accept applications as of April 30, 2011. The program is, however, on pace to reach its revised goal of 100 households assisted. As of June 30, 2011, the TBRA program has assisted 82 households with rental subsidies and deposits. Funds that were likely to be earmarked for the TBRA program to continue through 2015 will be redirected to Rental Projects due to the high demand of affordable rental housing in San José.

Homebuyer Program has also seen a decrease in demand. The program assisted 33 households; 44 short of the 77 goal. The tightening of underwriting guidelines from the banks has played a role in the production drop of the Homebuyer Program. In FY 2011-12, the Homebuyer program will add the activity of assisting NSP2 homebuyers with down payment assistance, and eliminate the portion of the program that focused on teacher homeownership. With these changes to the program, it is expected that the numbers should increase and future goals attained.

Finally, due to the elimination of the City’s Redevelopment Agency, HOME dollars will be redirected to assist our highly successful Rehabilitation Program. With the above described changes and improvements to the City’s HOME program, more low-income households will have a greater number of affordable housing units available to them and/or the funds available to repair their homes.

SELF EVALUATION – ESG, HOPWA

In FY 2008-2009, the City began requiring that all agencies funded by ESG use the Homeless Management Information System (HMIS) to prepare their quarterly performance reports (some agencies, such as those that serve victims of domestic violence, are exempt from this requirement). Housing Department staff continues to work closely with the funded agencies to improve the quality of their data collection. The Housing Department also coordinated with the county’s HMIS administrators and agencies receiving City funding to require the release of all program level HMIS data.

The administration of ESG and HOPWA was centralized under the Grant Administration unit. This provided for contract management efficiencies.

MONITORING AND COMPLIANCE

MONITORING

As part of a Housing Department re-organization in 2010-2011, the Department created a five-person Monitoring and Compliance unit. The unit was created to monitor sub-recipients of all federal funding, including entitlement, competitive and stimulus, and State and local funding. This unit will also review compliance of the department's grant and loan portfolios, and provide technical support to all programs.

In an effort to manage the monitoring process, the Monitoring and Compliance unit developed and implemented a monitoring Risk Analysis. The intent of the analysis was to prioritize the monitoring schedule and identify high-risk agencies that required immediate monitoring. Risk factors are scored on a High, Medium and Low point scale and the total number of points received by an agency determines the priority order in which that agency was monitored. The goal is to insure that all projects are monitored at least once in a funding cycle with the higher risk grants monitored first. Therefore, those who were not monitored in FY 2010-11 will be monitored in FY 2011-2012. Risk factors include:

- Cumulative funding level
- Previous monitoring findings
- Timeliness of submission of fiscal and program reports
- Issues in audited financial statements

In addition to the quarterly performance reports, programmatic and internal control monitoring visits were performed on 26 nonprofit agencies representing 40 public service projects as of June 30, 2011. Technical assistance and corrective action plans were issued when necessary.

Key findings or concerns discovered in the FY 2010-2011 review of public service programs funded by CDBG, ESG and HOPWA include:

- **Program Income:** Some sub-recipients were not appropriately tracking program income. As such, there was no way to determine if program income was spent first prior to seeking reimbursement (i.e. First In, First Out).
- **Activity and outcome documentation:** Some sub-recipients were not maintaining adequate documentation to confirm activities and outcomes reported in Quarterly Performance Reports.
- **Inconsistent Program Reporting:** Contract monitors noted inconsistencies with what was reported in the Quarterly Performance Reports and what was supported with appropriate documentation.

In FY 2011-2012, the Compliance and Monitoring unit will follow-up on findings and concerns noted in FY 2010-2011, monitor agencies that were not monitored in FY 2010-2011 and continue to serve as a technical resource.

Rental Housing

Housing Department inspectors perform annual on-site inspections of HOME-assisted rental housing to determine compliance with applicable property standards. As part of the monitoring process, the Housing Department verifies information maintained by the property owners concerning leases, tenant incomes, rents, and utility allowances, and verifies compliance with the provisions stated in written agreements.

Homebuyer

For the Homebuyer Program staff annually sends out an affidavit to clients in order to confirm continual owner occupancy and program compliance.

TBRA Program

Staff closely monitors P.R.I.D.E, the sub-recipient that administers the TBRA program. Staff reviews each reimbursement request thoroughly for eligible expenses, and to confirm HOME does not over-subsidize any clients. HOME also has a Memorandum of Agreement with the County of Santa Clara Mental Health Department and PRIDE, a nonprofit of the Housing Authority of Santa Clara County to provide case management services to TBRA clients

COMPLIANCE

Affirmative Marketing

The City reviews the marketing plans of HOME project sponsors and checks for their compliance with affirmative marketing requirements and procedures prior to the initial lease-up of a property. To meet the marketing requirements, project sponsors usually mail notices to nonprofits and places advertisements in local newspapers announcing the availability of units. Typically, the sponsors receive more than enough eligible applicants to fully occupy the property. Eligible applicants who do not receive a unit are put on a waiting list that is maintained indefinitely and updated every 6 months. As new applicants learn of the existing properties and contact the property management companies, they are added to the waiting list.

Section 3 and MBE/WBE Requirements

In September 2006, the City Council adopted a revised MBE/WBE policy establishing procedures to oversee a minority/women outreach program. Currently, the Housing Department maintains a list of local MBE/WBE companies and addresses to distribute to all developers, contractors, and subrecipients. The new policy also states that when developers, contractors, or subrecipients solicit bids from subcontractors, they will include a statement that women and minority owned business are strongly encouraged to apply. The Housing Department will also make extra efforts to ensure that minority and women owned businesses are aware of new NOFAs and the City's Rehabilitation Program will maintain an updated list of MBE and WBE contractors for homeowners to choose from.

OUTREACH AND MARKETING

Through targeted outreach and provision of key materials produced in three languages - English, Spanish and Vietnamese - the Department is able to address concerns by educating residents about the benefits of affordable housing. Additionally, the City sponsors and participates in workshops and community events that provide a forum for increasing the public's awareness of what affordable housing is, the people who live in affordable housing and why it's important to our community and economic growth. The Department continues to receive regional and national recognition of affordable housing developments for excellence in architectural design and green building. Working with the San José community, Department staff regularly participate in public events that include, but are not limited to, Affordable Housing Week, ForeclosureHelp and First Time Homebuyer workshops, community fairs, Project Homeless Connect, and grand openings. The Department strives to create public awareness on the many programs and services provided to residents, as well as share information on topics of interest, including mobilehomes, Renters Insurance, Fair Housing, Predatory Lending, and Foreclosures. Specific outreach initiatives include:

- Opening two ForeclosureHelp Centers
- Presentations to Faith-based organizations and congregations
- Presentations to neighborhood community groups, community centers and libraries
- Neighborhood Stabilization Program (NSP), Purchase Assistance Loan workshops
- Participation in Community Health and Wellness Fairs
- Homebuyer Education Fair

Affirmative Marketing

The City is committed to ensuring fair, equal, and open access to affordable housing in compliance with federal, State, and local housing laws. To further this goal, in September 2010, the City adopted an Affirmative Fair Housing Marketing Plan (the "Plan") in order to further its commitment to fair housing. The purpose of the Plan is to require subrecipients that receive federal funding from HUD, for the purposes of housing assistance, to adopt marketing procedures and requirements for both rental and homeownership programs. The Plan requires that residential units be marketed in a manner in which individuals or households of similar income levels in the same housing market area have available to them a like range of housing choices.

As required, any developer of a rental or ownership project that has 5 or more residential units funded with federal funds must adhere to the Plan. Below lists some, but not all of these requirements. Please refer to the attached Affirmative Fair Marketing Plan.

1. Train property management staff on all relevant Fair Housing regulations and provisions.
2. Ensure affirmative promotion of fair and equal opportunity to housing by not discriminating against an individual or family because of race, color, national origin, religion, gender, disability, familial status or presence of children in a household.
3. Provide reasonable accommodations to all disabled persons pursuant to the City's municipal ordinance for reasonable accommodations.
4. Place advertisements in a local city-wide newspaper of general circulation in order to advertise housing opportunities to the general public. Advertisements are to be placed in newspapers or periodicals that serve racial and ethnic minorities and other protected

classes under housing laws. At a minimum, Spanish, Vietnamese, and Chinese language advertisements must be posted in accordance to HUD's and the City's Language Access Plan (LAP) fair housing requirements

Homebuyer Workshops

Housing Department staff provides information on the City's Homebuyer programs during the City sponsored, 8-hour homebuyer education classes offered to individuals interested in purchasing homes assisted with federal funding such as NSP and HOME. Each class averages 50 attendees. Department staff hosted 6 workshops on the City's homebuyer programs at the local libraries in FY 2010-1, in addition, to quarterly presentations to the Santa Clara County Association of Realtors.

Housing Referrals

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

LAP

Under the Office of Fair Housing and Equal Opportunity Voluntary Compliance Agreement of 2007, the City agreed to create a Language Access Plan (LAP) to ensure that limited English proficient clients have access to services provided by federally funded programs by affirmatively marketing efforts to all persons regardless of , race, sex, color, age, religion, actual or perceived gender identity, sexual orientation, disability, ethnic or national origin, or familial status pursuant to anti-discrimination laws including Title VI of the Civil Rights Act of 1964 and the Fair Housing Act, Section 109 of the Housing and Community Development Act of 1974, and Section 504 of the Rehabilitation Act of 1973.

In FY 2010-11, all federally funded nonprofit agencies were required to fully develop and implement an agency LAP. Training was provided to all agencies along with a template to create their LAP. All agencies provided a year end narrative on the steps taken to outreach to all persons. Grant Agreements were also revised to inform the nonprofit agencies that if they do not comply with this requirement, the City will withhold any and all federal funding until such time the agency is in compliance.

PROGRAM NARRATIVES

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG) PROGRAM

Assessment of Relationship of CDBG funds to Goals and Objectives:

During FY 2010-2011, CDBG funds were used for a variety of public services and community development improvements. Expenditures of CDBG funds were disbursed as follows:

2010-2011 CDBG Allocations

Category:	\$	%
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2010-2011

General Administration, Planning and Fair Housing	\$2,319,223	20%
Public Service	\$1,739,417	15%
Community Development Improvements		
<i>Physical Improvements</i>	\$1,193,728	10%
<i>Public Facilities</i>	\$1,100,000	9%
<i>Housing Rehabilitation</i>	\$2,253,268	19%
<i>Economic Development</i>	\$1,115,246	9%
<i>Code Enforcement</i>	\$2,183,000	18%
TOTAL	\$11,903,882	100%

During the course of the year, two budget adjustments were necessary, one was the cancellation of a \$75,000 street improvement project, and an increase to the code enforcement activity by \$228,767. Neither revision required an amendment to the Consolidated Plan as they

The goal of the City of San José's CDBG program is "to implement housing and community development projects throughout the City". The City's CDBG program objectives are principally for the benefit of low- and moderate-income persons, and the elimination and prevention of slums and blight. San José's CDBG program has sought to respond to challenges faced by the City's low-income residents by developing funding priority strategies that meet the needs of our residents.

During the 2010-11 planning phase, CDBG surveyed residents to identify funding priorities that would meet the most critical community needs. This effort sought to identify the public service needs of communities located within San José, and were used in the development of the four funding categories for FY 2010-2011.

The four CDBG established funding categories for public service are as follows:

- **Basic Needs:** Housing, food and nutrition, transportation and homeless prevention services.
- **Access to Health Care for Seniors and Disabled:** Senior/disabled health care access support services including non-recreational health respite or daycare, assisted living, caretaker supportive services, health care services, and transportation.
- **Self-Sufficiency:** Counseling and case management services to assist individuals become self-sufficient. Service areas may include employment, housing search, foreclosure prevention, homeless prevention, domestic violence, mental health, homeless/emancipated youth, independent living skills, and other services that demonstrate client self-sufficiency outcomes.
- **Legal Services/Fair Housing:** Legal and fair housing services covering senior/elder abuse, immigration, eviction, legal rights education, housing, and foreclosure mitigation.

The Housing Department also identified community development projects that would create the most impact within a neighborhood. These include street improvements, housing rehabilitation, fire station equipment/apparatus, and code enforcement activities.

FY 2010-11 was the first year of a two-year funding cycle implemented to eliminate the annual application submission for ongoing programs. This allows staff to focus on technical assistance and the CBOs to focus on outcomes and performance.

CDBG continues to participate in a City-wide effort to review the financial health of all nonprofit subrecipients receiving grant funds totaling \$250,000 or more. In FY 2010-11, the City along with other County funders developed and implemented the Financial Statement Dashboard, a tool for both the nonprofit agencies and the City to assess the agencies financial health at a glance. A series of training was provided to staff county-wide and to the nonprofit agencies. The City will require and updated Dashboard at a minimum of once a year, but within 150 days of the close of the agency fiscal year.

During this reporting period, the Housing Department made every effort to keep the subrecipients informed about all proposed changes in policies, procedures, and program administration. Information workshops/presentations continue to be provided on all phases of the CDBG cycle. Additionally, the sub-recipients were provided training on the development and implementation of a Language Access Plan (LAP) to meet a OFHEO audit requirement.

The City works with each CDBG-funded agency to establish annual performance evaluation measures and methodologies. Each agency's performance is measured quarterly and at the end of the year to ensure projects are on target. CDBG staff provides the agencies with technical assistance and program guidance as needed. Nine out of ten categories met or exceeded 90% of the goals for 2010-2011. One agency providing micro-credit services met 71% of their annual goal, therefore resulting in an over percentage of goal of 82%. Under the current economic climate, the agency was challenged to meet their goal though significant marketing and outreach efforts were employed.

CDBG Goals and Accomplishments 2010 - 2011

CDBG Funded Category		Goal (Low/Mod Persons, Jobs or Housing Units)	Actual (Low/Mod Persons, Jobs or Housing Units)	% of Goal*
Economic Development: Special Economic Dev Micro-Enterprise	Jobs	37	41	111%
	People	640	524	82%
Services for Seniors	People	10,180	10,328	101%
Services for Persons with Disabilities	People	638	1,436	225%
Youth Services	People	1,448	1,510	104%
Fair Housing	People	434	528	121%
Childcare	People	48	48	100%
Public/Employment /Battered Spouses Services	People	730	1,096	150%
Legal Services	People	868	1,190	137%
Housing Improvement	Units	200	266	133%

*To qualify as substantially meeting their project goals, a program must meet approximately 90% of its targeted outcome goals.

With a commitment to continuously improve the service to our partnering nonprofits, the CDBG staff set out to meet the other critical performance goals. These measures included timely completion of the grant agreements prior to the start of the fiscal year, and dedicated monitoring of agency performance. Fiscal measures included timely reimbursements to the agencies and overall program expenditure efficiency. The table below demonstrates our commitment to improve relationships with our nonprofit partners.

Measure	Goal	Actual June 2011
% CBO Contracts Completed by June 30th	100%	100%
% Invoices Processed and Paid Within 30 Days of Receipt	90%	98%
April 30 th Expenditure Ratio	<150%	88%

HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)

During FY 2010-2011, HOME Funds were used for the acquisition and rehabilitation of multi-family rental housing, tenant-based rental assistance, administrative expenses and down-payment assistance for lower-income homebuyers. Expenditures of City HOME funds were disbursed as follows:

Table 1: HOME Funded Projects 2010-2011

<i>Homeownership Programs:</i>	
Homebuyer Assistance (Welcome HOME)	\$ 750,000
Homebuyer Assistance (Teacher Homebuyer)	\$ 150,000
<i>Rental Housing Assistance Programs:</i>	
Bill Wilson	\$666,193
Fourth Street	\$10,000
Archer Studios	\$1,800,000
Kings Crossings	\$ 32,500
<i>Administrative Expenses</i>	\$ 683,089
<i>CHDO Operations</i>	\$ 150,000
TOTAL	\$ 2,897,584

Distribution of Funds

Homebuyer

The City's Homebuyer program assisted 30 households in FY 2010-11. The average assistance per household was \$30,000 for a total of \$900,000 in homebuyer assistance. In FY 2010-11, \$1 million was budgeted for the City's Teacher Homebuyer program. This program was under utilized with only 3 loans for at total of \$150,000, therefore the remaining funds will be re-allocated to support the NPS2 clients with downpayment assistance in the coming fiscal year. These adjustments should put the program back on track to achieve its stated goals.

Rental Housing

High Cost Area Impacts – One of the major barriers to the construction of rental housing in San José is the high cost of development. The cost of land combined with high construction costs continue to make the feasibility of affordable housing projects difficult, especially those projects targeted towards special needs populations and ELI households. Even with the City’s practice of leveraging funds, the gap between the cost of building these housing developments, and the rents affordable to lower-income households, continues to grow. This growing gap creates the need for the City to provide greater subsidies, resulting in less available funding for other projects.

The annual HOME funding San José receives has contributed to the achievement of the City’s affordable housing production goals. The City’s HOME funds have been used successfully and have been a great asset to the residents of San José. However, the HOME funds are only one step towards obtaining the financing necessary to build housing at the most needed affordability levels.

The four HOME-funded Affordable Housing Projects under construction address the need for affordable housing for San José’s Extremely Low and Very Low-Income population. Not only do the projects restrict the required number of units at the proper HOME levels, but in most cases the balance of the units in each project are restricted at lower income levels than HOME requires due to tax credit restrictions. The City also gives a small amount of its HOME funds to assist qualified CHDOs with operating expenses.

TBRA

Due to the high cost of running the program and the need for more rental housing, our evaluation of both programs prompted a change in our TBRA program goals and funding. It was determined that we would run the program until the end of FY 2012-13. This would divert much needed funds to our Rental Housing Program. Further, other funds will be used to run our Rehabilitation Program in the coming FY 2011-12. The TBRA program assisted 85 households as of June 30, 2011 with enough households “in the pipeline” to accomplish the 100 household goal.

Meeting Deadlines

Because of the slowed demand of our Homebuyer program, and timelines of construction on our Rental Housing projects adjusted, meeting deadlines this fiscal year was a challenge. However, all HOME program deadlines (start of construction, commitment of funds, etc.) were met. The City continues to improve the strategic planning process for the use of future HOME allocations. The addition of the Rehabilitation Program, collaborating with NSP2 homebuyers and eliminating the focused Teacher Homebuyer program will help us to meet deadlines in the coming fiscal year.

Community Housing Development Organization (CHDO) Participation

The City consistently exceeds the use of at least 15% of its annual HOME funds for CHDO-sponsored developments. In past years, the City has committed the entire annual grant to CHDO-sponsored developments. The City also provides CHDO Operating funds to its CHDOs at or just below the maximum amount allowed by HOME. Of the four projects mentioned above, three are being developed by CHDOs.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)

During FY 2010-2011 the City's HOPWA programs provided tenant-based rental subsidies, supportive services, and housing placement assistance to foster independence for people living with HIV/AIDS in the Counties of Santa Clara and San Benito. The HOPWA programs promote permanence, independence, and dignity, and improve the overall quality of these residents' lives.

The fatality rate due to HIV/AIDS has significantly declined since 1995. Many people with HIV/AIDS are living longer, healthier lives, and therefore require assistance for a longer period of time. These individuals are increasingly lower-income and homeless, have more mental health and substance abuse issues, and require basic services such as housing and food in order to ensure they adhere to the medications necessary to prolong their lives.

Using HOPWA funds, the City of San José has contracted with the Health Trust and the San Benito County Health and Human Services Agency to provide individuals living with HIV/AIDS with the rental subsidies, case management, and other supportive services.

Below is a summary of the number of households assisted through the HOPWA program.

Tenant Based Rental Assistance	131
Persons assisted with supportive services	117
Persons receiving placement assistance	26
Total	274

In FY 2010-11, the City's renewal application for \$1.2 million for the Housing Opportunities for Persons with AIDS (HOPWA) Special Project of National Significance (SPNS) in partnership with the Health Trust was approved for an additional three-year. This funding will continue to support 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.

EMERGENCY SHELTER GRANT (ESG)

The City's ESG funds provide support to agencies operating emergency shelters and/or supportive services to the homeless or those at risk of becoming homeless. ESG funds are used for emergency shelter operations, essential services, and homeless prevention. During FY 2010-2011, 13 agencies were awarded ESG funds for a total of \$533,109. This includes \$114,000 of recaptured funds, which allowed for the funding of an innovative project -The Downtown Outreach and Shelter Program - that have proven to be successful in the efforts towards ending homelessness. One agency was unable to continue providing services and denied its award.

FY 2010-11 was the first year of a two-year funding cycle. The City's ESG funding priorities for FY 2010-2011 are as follows:

Essential Services - Counseling services concerned with health, substance abuse, education, employment, assistance in obtaining permanent housing, obtaining federal, State, and local

assistance, including Veteran's benefits, supplemental Social Security Income, TANF, and Food Stamps.

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

In FY 2010-11 ESG assisted over 15,000 individuals, with funds distribution as follows:

Operating Costs	12%	\$65,984
Essential Services	88%	\$467,125
TOTAL	100%	\$533,109

HOMELESS PREVENTION AND RAPID RE-HOUSING PROGRAM (HPRP)

As part of the federal government's American Recovery and Reinvestment Act of 2009, in the spring of 2009 the City of San José was allocated a one-time appropriation of \$4,128,763 to administer activities under the newly established Homeless Prevention and Rapid Re-housing Program (HPRP). HUD's objectives for this program are twofold: 1) prevent individuals and families from becoming homeless; and 2) help those who are experiencing homelessness to be quickly re-housed and stabilized.

The City issued a joint Request for Proposals (RFP) with Santa Clara County for the administration of both jurisdictions' HPRP funds. The two jurisdictions issued a joint RFP in order to create a coordinated network of homelessness prevention and rapid re-housing services

The awarded agencies continue to successfully implement this program, that has provided additional support to families and individuals at risk of homelessness. The funding was allocated as follows:

- EHC LifeBuilders (Lead Agency) \$2,626,994
- Sacred Heart Community Service (Lead Agency) \$1,088,281
- Community Technology Alliance \$ 307,500
- City Administration \$ 105,988
- Total \$4,128,763

EHC LifeBuilders is the lead of a three-agency partnership with Pro Bono Project Silicon Valley and Next Door Solutions to Domestic Violence, to implement the full range of HPRP services. The partnership brings together the agencies' vast experience in providing homeless prevention and homeless services, eviction defense legal services, and specialized case management services for victims of domestic violence to provide eligible HPRP clients with a two-tiered program geared towards attaining self-sufficiency. The majority of services are provided at the One Stop Homelessness Prevention Center at the Boccardo Reception Center, with alternate sites for assistance as appropriate.

Sacred Heart Community Services is the lead agency of a partnership with InnVision the Way Home and the Law Foundation to provide the full range of HPRP services. The three agency

coalition has vast experience in providing homeless prevention, homeless services, and legal defense. Using the HPRP funds, the Coalition matches financial assistance to prevent or end a client's homelessness with case management and other support to help them attain and maintain self-sufficiency.

Community Technology Alliance (CTA) has been the sole provider of HIMS in Santa Clara County since 2004. CTA provides a secure web-based system of data collection designed to increase the effectiveness and efficiency of all homeless shelter and service providers in the County. Using its allocated funding, CTA ensures that the HPRP subrecipients meet all reporting requirements by assisting them throughout their program implementation and administration, from assessment to reporting.

HPRP continues to be a successful program as evidenced by the number of persons and households served in FY 2010-11 as detailed in the table below.

	Homelessness Prevention		Homeless Assistance	
	Persons Served To Date	Households Served To Date	Persons Served To Date	Households Served To Date
Unduplicated Clients	749	284	207	96
Rental Assistance	699	278	163	79
Security & Utility Deposits	123	47	132	54
Utility Payments	273	90	35	12
Moving Costs	9	3	15	6
Motel & Hotel Vouchers	0	0	5	1
Case Management	734	281	182	84
Outreach	38	14	5	4
Housing Search & Placements	15	7	5	4
Credit Repair	40	16	6	3
Legal Services	36	20	9	5

NEIGHBORHOOD STABILIZATION PROGRAM (NSP I & NSP II)

Since October 2009, the City of San José has overseen implementation of its award of federal Neighborhood Stabilization Program (NSP1) funds for single family acquisition, rehabilitation, and resale program under the Housing and Economic Recovery Act, 2008 (HERA). This federal

stimulus program is intended to reverse the effects of neighborhood blight caused by high concentrations of foreclosures in specific eligible areas.

The City executed an agreement with Community Rehabilitation Partners (CRP) to implement the NSP1 Single Family Acquisition, Rehabilitation, and Resale Program. Under NSP1, Community Rehabilitation Partners (CRP) and the City acquired 14 single-family houses in four target zip codes for a minimum of one percent below appraised value as required by NSP1 regulations. Rehabilitation of all 14 properties is complete and as of June 30, 2011, 13 homes were sold. Of the 13 homes sold, nine were sold to low-income households, and four were sold to moderate-income households. Proceeds for all 13 homes totaled approximately \$4.7 million. The 14th home, which was sold after June 30, 2011, increased total proceeds by \$360,000, for a total of \$5.1 million.

NSP1 requires a minimum of 25% of the \$5,628,283 grant award, or \$1,407,070, to be designated for housing targeted to very low-income households earning 50% or less of the Area Median Income (AMI). In September and November 2009, the City purchased two foreclosed fourplexes, containing a total of eight units. Rehabilitation of the fourplexes was completed in spring 2011 and is now available for resale and re-occupancy by income-eligible households.

The City of San José submitted a joint application for NSP2 funds along with Neighborhood Housing Services Silicon Valley. The Consortium received approximately \$25 million for the following programs:

- Purchase Assistance Loan: \$5 Million
- Acquisition/ Rehabilitation Program: \$18 Million
 - Single Family LMMI: \$11.75 Million
 - 25% Set Aside: \$6.25 Million
- Admin: \$2 Million

The City has expended approximately \$76,000 or 7% of the \$1,113,600 on admin costs as of June 30, 2011 and approximately \$5 Million or 20% of the NSP2 funds had been drawn . The City fully expects to expend all income by February 11, 2013.

The Consortium issued an RFP on August 12, 2010 and selected Community Rehabilitation Partners and the Cypress Group, to implement the Single Family Acquisition Rehabilitation Resale Program. The Developer Agreements were signed on December 21, 2010, with the first property purchased on March 1, 2011. By June 30, 2011, 18 properties were purchased between the two developers with an average acquisition price of approximately \$309,000. Of the 18 homes purchased, three homes have been rehabilitated.

In February 2011, the Consortium issued a Notice of Funding Availability to meet the NSP2 25% set-aside requirement. On January 25, 2011, the City approved a funding commitment to Eden Housing for up to \$3,000,000 in NSP2 funds to help fund construction of 19 housing units affordable to Extremely Low- and Very Low- Income special needs individuals at the Ford Road and Monterey Road site. On May 17, 2011, the City approved a funding commitment for Taylor Oaks Apartments to For the Future Housing for up to \$5,250,000 in NSP2 funds to help fund the acquisition and rehabilitation of 58 housing units affordable to Extremely Low- and Very Low-Income tenants. Relocation of the existing tenants is fully funded. The Relocation Plan was approved by City on June 21, 2011.

BEDI GRANTS AND SECTION 108 LOANS

The following is a programmatic update on the San José Airport FMC site.

FMC Purchase:

Adopted in November 2003, San José's Economic Development Strategy (EDS) details the vision and outlines the strategy for San José's economic future. Identified as the number one strategic initiative in the EDS is to build and expand the Norman Y. Mineta San José International Airport (the "Airport") into a world class airport facility.

To facilitate the construction of the airport, the City applied for and was awarded a \$25.8 million loan under the Section 108 program through the U.S. Department of Housing and Urban Development (HUD) for the acquisition of 23.23 acres of land from the FMC Corporation. The land is directly adjacent to the Airport and was used for construction staging in support of the new terminal construction. The acquisition was in conjunction with an additional City bond-financed purchase of 51.64 acres of land also acquired from FMC. To fund a portion of the interest on the Section 108 loan, the City applied for and received a \$2 million Brownfield Economic Development Initiative (BEDI) grant.

The approximate 75 acres of land, identified as Airport West is intended, in the long term, to accommodate 1.5 million square feet of high-end office R&D, 300 hotel rooms and up to 95,000 square feet of retail space that will each support the Airport and the City's overall revenue position.

In July 2009, the first six gates in the new Terminal B concourse were activated. The entire Terminal B concourse and Consolidated Rental Car Center and Public Parking Garage, providing 3,000 spaces for all rental car operations based at the Airport, as well as 350 public parking spaces at street level, completed and opened for operation in July 2010. Terminal B was integrated with the Terminal B concourse for a total of 12 aircraft gates served by new ticket counters, security checkpoint, baggage claim, an automated inline baggage screening system along with new retail and restaurants. In addition, Terminal A was expanded and renovated with new shops and restaurants. The City continues to work on meeting the proposed 836 jobs creation goal. To date, 316 jobs have been created, of which 223 were full-time equivalent (FTE) jobs. Of those 223 FTE jobs, 176 jobs were held by low and mod income persons.

The City designated a portion of the 23.23 acres for a major league soccer specific stadium. Uses related to professional sports teams do not qualify as an eligible activity with HUD funds. The City Council authorized the City Manager to negotiate and enter into an amended Option and Purchase and Sale Agreement of the Airport West site with Coleman Airport Partners, LLC.

The City pledged a former landfill site to HUD to meet the necessary 1.2 loan to value HUD collateral requirement to replace the acres on ineligible activity represented by the Soccer Stadium and recreational soccer facility and received consent from HUD to the substitute properties for collateral. This HUD 108 loan will be paid off in 2024.