



Memorandum

**TO: NEIGHBORHOOD SERVICES
AND EDUCATION COMMITTEE**

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: November 21, 2016

Approved

Date

12/1/16

SUBJECT: FEDERAL FUNDING PRIORITIES UNDER THE FISCAL YEAR 2017-2018 ANNUAL ACTION PLAN

RECOMMENDATION

Accept staff report on the development of the FY 2017-2018 Annual Action Plan and provide input on the recommended federal funding priorities.

OUTCOME

The goal of this report and presentation to the Neighborhood Services and Education Committee is to: 1) present a summary of the community input on the FY 2016-2017 funding priorities; 2) identify potential investments in projects, services and programs; 3) obtain Committee input on funding priorities; and 4) provide opportunity for additional public comment.

BACKGROUND

As an entitlement city, San José receives federal formula grants each year from the U.S. Department of Housing and Urban Development (HUD) for housing and community development activities. The funding provided to the City is based on a number of factors including population, poverty and housing statistics.

Every five years HUD requires jurisdictions that receive federal funding to develop a Five-Year Consolidated Plan (The Consolidated Plan). The Consolidated Plan identifies priority needs, goals, actions, and funding strategies for the four federal housing and community programs: the Community Development Block Grant (CDBG), HOME Investment Partnership (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA).

The 2015-20 Consolidated Plan was approved by City Council on May 5, 2015. The Plan identified four specific categories as the areas with the greatest need within the community. Additionally, the Plan identified broad project goals to address the areas of need which include:

1. Increasing and preserving affordable housing opportunities.
2. Responding to homelessness and its impacts on the community.
3. Promoting fair housing.
4. Strengthening neighborhoods.

All activities funded under the four federal funding programs must support one or more of these four categories identified in the Consolidated Plan.

Annual Action Plan

In accordance with the federal funding requirements, the City must prepare an Annual Action Plan (Plan) to document how it plans to use its federal resources each year. Included in the Plan are funding recommendations for specific actions and activities for each of the federal funding sources. The Plan must also describe how the City will support the goals and meet the needs identified in the Five-year Strategic Plan. Prior to final approval by City Council, the Housing Department must provide for a 30-day public review of the Plan. In accordance with the City’s Citizen Participation Plan, the Housing Department must provide three public hearings on the Plan to provide opportunity for public comment.

Federal Funding Sources and their Use

The City receives four major sources of federal funding annually from HUD. Each of these sources is distinct and supports specific Housing and Community Development needs. The primary use for each fund is stated below along with the amount projected allocation for FY 2017-18.

Funding Source	Primary Use	FY 2017-2018 Projected Allocation
HOME	Housing	\$2,240,000
ESG	Homeless Services and Shelter Operations	\$726,000
HOPWA	Housing Support for Persons with AIDS	\$867,000
CDBG	Housing and Community Development Programs, Services and Capital Improvements	\$8,733,000*
	Total	\$12,566,000

*Includes projected program income

Because the requirements for the use of HOME, ESG, and HOPWA are fairly specific, most of the funding priority decisions pertain to CDBG funding. HOME funds must be used to serve the housing goals; ESG funds must be used to support efforts to address homelessness; and HOPWA funds must be used to serve individuals with AIDS or HIV. CDBG is the most flexible federal funding source and may be used to fund a wide range of housing and community development

needs. CDBG funds are sought as the funding source to address many community needs. These funds also have specific funding requirements. Some of these requirements are stated below.

CDBG Funding Categories

CDBG funds are divided into three categories. These include Public Services, Administration, and Community Development Investment (CDI) Activities.

Public Services: These funds can pay for a variety of services for low-income individuals. Program regulations require that funding for public services be capped at 15% of the annual allocation combined with the prior year’s Program Income. (Program Income is primarily comprised of repayments of loans made from federal funds.)

Administration: Recognizing the significant requirements associated with managing CDBG funds, HUD allows funding of administrative planning and oversight utilizing up to 20% of the annual allocation combined with the current year’s Program Income. Fair Housing can also be funded out of this category.

Community Development Investment: CDI funds can be used to fund infrastructure and other needs. Enhanced Code Enforcement is one of the few “service” activities that can be funded with CDI funds. There is no limit on the amount of funding that may be dedicated to the CDI category.

The funding limits projected for the FY 2017-2018 CDBG allocation are listed below.

Funding Category	Amount
FY 2016-2017 Estimated Funding	\$8,733,000
Public Service (15% cap)	\$1,310,000
Administrative Costs (20% cap)	\$1,747,000
CDI (no cap)	\$5,676,000

ANALYSIS

In August 2016, the Housing Department staff kicked off the planning and development process for the FY 2017-2018 Annual Action Plan. Staff held a series of stakeholder and community meetings to help identify opportunities for investment and solicit input on the four goals and potential funding priorities for the upcoming year. At the community and stakeholder meetings, participants were presented with information about federal funding and how the funding process works. Participants were also provided with an overview of the programs, services, and projects currently funded through the City’s federal sources.

CDBG Funded Services

During FY 2016-2017, the Housing Department funded four sets of services under the CDBG Public Services category:

Services	Activities	Fiscal Year Awarded	FY 2016-2017 Allocation
Homelessness Services	<ul style="list-style-type: none"> • Tenant Based Rental Assistance • Outreach and Shelter • Rapid Rehousing and Supportive Services 	2015-2016	\$750,000
Fair Housing	<ul style="list-style-type: none"> • Outreach • Investigations • Legal Representation 	2016-2017	\$100,000
Neighborhood Engagement	<ul style="list-style-type: none"> • Safety net services • Leadership Development • Childcare and provider training • Professional development 	2016-2017	\$200,000
Senior Services	<ul style="list-style-type: none"> • Hot Meal Delivery • Senior Isolation to Inclusion 	2012-2013	\$201,300

Public Services are generally funded on a three to five year funding cycle. Over the previous two years, the Housing Department has competitively selected and contracted with a nonprofit agencies to provide homelessness, fair housing and neighborhood engagement services. Therefore, the City will not be issuing new RFPs for these services in the current fiscal year. Nonetheless, participants at the recently held stakeholder and community meetings, provided feedback on the currently funded services. They shared thoughts and ideas about priorities, service delivery and possible program enhancements and reaffirmed that the existing programs and services remain a top priority.

Senior Services

The existing senior services are currently in the 5th and final year of CDBG funding. The Housing Department intends to issue new Request for Proposals (RFP) for senior services in January 2017 with the goal of including the newly selected senior services in the FY 2017-18 Annual Action Plan. Therefore, the public input process solicited specific feedback on senior services.

During the outreach process, participants were presented with in-depth information about the two existing CDBG funded senior service programs. Information on these programs included program and service descriptions, funding levels, performance measures and outcomes. Meeting participants were also provided with a range of other eligible senior services to consider for future funding which included:

- Food and Nutrition
- Health and Wellness
- Socialization
- Transportation
- Shared Housing
- Senior Day Care
- Care Giver Support
- Targeted Legal Services

During the outreach meetings, participants were asked “are there senior service needs in the community not being met.” Additionally, staff conducted an exercise that allowed participants to select their top senior service need. Based on this feedback, the senior service priorities ranked Transportation as the highest priority with Shared Housing following as the second highest priority. Caregiver Support/Senior Day Care, Food and Nutrition, and Senior Legal Services all ranked the same as the third priority.

In addition to seeking input from the public, the Housing Department held stakeholder meetings with non-profit service providers and other City departments to discuss CDBG funding priorities. Staff also evaluated studies addressing unmet needs for seniors in the community.

On October 13, the Housing Department staff attended the Senior Citizens Commission (SSC) meeting on, to obtain the SSC’s input on funding priorities for senior services. The SSC provided excellent feedback to the staff, but did not make specific recommendations for any one priority.

On November 10, the Housing Department attended the Housing and Community Development Commission (HCDC) meeting to seek input from the HCDC on senior service priorities. Staff also sought input from the HCDC on the approach to procuring these senior services. When given the choice between a very broad Request for Proposal (RFP) that would include all of the possible senior services or a narrow RFP which limited the scope to two or three specific sets of senior services, the HCDC preferred the limited RFP scope. The HCDC recommended that the Department seek proposals for transportation, shared housing and food and nutrition services and award to the agency with the best overall service proposal.

The CDBG funding levels for FY 2017-2018 are currently projected to be similar to those received by HUD in FY 2016-2017. However, funding allocations could be effected by the outcome of the recent national elections. If funding remains in-tact, the Housing Department is recommending to continue funding program and service at the same level in FY 2017-2018 as the current year. Based on the community, stakeholder and HCDC input, the Housing Department is recommending that the NSE Committee accept the HCDC’s recommendation to:

“Seek proposals for Transportation, Shared Housing and Food and Nutrition Services and award to the agency or agencies with the best overall (senior) service proposal.”

Community Development Investment (CDI)

In addition to the recommendations for CDBG Public Services, the Housing Department is also recommending that the City continue to provide CDI funding for the following eligible activities. Minor and Urgent Repairs, Job Training and Placement, and Targeted Code Enforcement are proposed for continued funding.

Activity	Description	Status/ Recommendation	Agency
Minor and Urgent Repairs	<ul style="list-style-type: none"> • Owner Occupied Single-family repairs • Owner Occupied Mobilehome repairs 	New fund cycle - Awarded 2016-17 (Continue Funding)	<ul style="list-style-type: none"> • Rebuilding Together Silicon Valley • Habitat for Humanity

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Job Training and Placement	<ul style="list-style-type: none"> • Job training and placement for homeless individuals • Housing coordination for program participants 	New fund cycle - Awarded 2016-17 (Continue Funding)	San Jose Streets Team
Targeted Code Enforcement	Enhanced Code Enforcement services within the current place-based neighborhoods, expanded service areas such as the Cadillac neighborhood and other identified hotspots.	Continue Funding	City Code Enforcement
City Funded Infrastructure	City Departments will be submitting new project proposals to CDBG in early February. Past projects include – pedestrian and bike safety improvements, art projects, accessibility upgrades, library technology bars, community gardens.	Project Proposals will be selected in late February and included in the Draft Annual Action Plan.	City Departments
Non-Profit Facilities	The Program is currently completing work on three non-profit facilities awarded under previous Funding Opportunities. Once complete, the Department will be releasing a new Notice of Funding Availability (NOFA) for non-profit facility repairs and improvements or new facilities.	Projected NOFA release – Summer 2017	Non-profit Service Providers
Land Acquisition	The acquisition of land for the development of affordable housing.	Continue Funding	Housing Department

The Housing Department is currently coordinating with other City Departments to identify potential CDBG infrastructure projects that are currently not funded with other City resources. The Department also intends to issue a new “Non-Profit Facilities” RFP to ascertain the need for capital investments in new non-profit facilities or existing facilities that need physical upgrades and improvements.

Land acquisition for affordable housing development is also an eligible CDI activity that was funded in the current Action Plan. Proposed funding levels for these last three categories is yet to be determined. In addition to these previously funded CDI projects, the Housing Department is considering funding neighborhood improvements in coordination with approved supportive housing sites.

EVALUATION AND FOLLOW-UP

After obtaining input from the Neighborhood and Education Services Committee, Housing Department will refine the recommendations for final public comment. Staff plans to release an RFP for Senior Services in January. The Housing Department will continue working collaboratively with other City Departments to determine which specific CDI projects to propose for funding and will bring these recommendations to City Council for approval. A public hearing to obtain input on the Draft Annual Action Plan will be heard by City Council in April. In May, the City Council will hold the final public hearing and vote on a recommendation to approve the Action Plan.

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PUBLIC OUTREACH

A “Summary of Community Outreach Efforts Completed for FY 2016-17 Annual Action Plan” is provided as **Attachment A** to this memorandum.

COMMISSION RECOMMENDATION

Housing Department staff presented to HCDC on November 10, 2016. The Commission provided feedback to staff on the overall priorities and provided formal recommendations on funding for senior services. The Commission recommended that staff seek proposals for transportation, shared housing and food and nutrition services and award to the agency or agencies with the best overall (senior) service proposal.

COORDINATION

This memorandum has been coordinated with the City Manager’s Budget Office and the City Attorney’s Office.

CEQA

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

/s/

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Director of Housing

For questions regarding this document, please contact Dave Bopf, Interim Assistant Director at (408) 535-3854.