



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand
Jennifer A. Maguire

SUBJECT: SEE BELOW

DATE: January 19, 2017

Approved

Date

1/20/17

**SUBJECT: SUBSTANTIAL AMENDMENT TO THE FISCAL YEAR 2016-2017
ANNUAL ACTION PLAN**

RECOMMENDATION

- (1) Hold a Public Hearing and take public comment on a Substantial Amendment to the City's Fiscal Year (FY) 2016-17 Annual Action Plan (Action Plan) to:
 - (a) Increase the Community Development Block Grant (CDBG) Program fund allocation for Acquisition and/or Rehabilitation for Affordable Housing from \$3,265,000 to \$5,265,000 to allow for the acquisition of real property for permanent supportive housing for homeless individuals.
 - (b) Funds for this increase will be made available by making the following actions:
 - (1) Decrease the CDBG fund allocation for Targeted Code Enforcement from \$1,800,000 to \$1,212,000.
 - (2) Decrease the CDBG fund allocation for Place-Based Street and Infrastructure Enhancements from \$1,150,000 to \$200,000.
 - (3) Decrease the CDBG fund allocation for Nonprofit Facility Rehabilitation, from \$659,931 to \$197,931.
 - (c) Increase the Emergency Solutions Grant (ESG) fund allocation by \$263,682 reflecting allocation of ESG funds from previous year balances to support services for homeless individuals and families and increase the number of outreach contacts to 1,400.
- (2) Adopt a resolution approving the Substantial Amendment to the FY 2016-17 Annual Action Plan.
- (3) Adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the Multi-Source Housing Fund:
 - (1) Increase the estimate for Revenue from the Federal Government by \$155,920; and
 - (2) Increase the appropriation to the Housing Department for Emergency Shelter Grants by \$155,920.

OUTCOME

Approval of the Substantial Amendment will enable the City to complete its programming for the use of CDBG and ESG funds in the federally funded homeless services and community development programs for FY 2016-2017.

BACKGROUND

On May 3, 2016, the City Council approved the FY 2016-2017 Annual Action Plan (Action Plan) for expenditure of the entitlement grants from the U.S. Department of Housing and Urban Development (HUD). The approved Action Plan was subsequently submitted to HUD in May and approved in July 2016.

HUD allows changes to be made to the Action Plan during the plan year to reflect the changing needs of the community. The City's Citizen Participation Plan (CPP) describes the efforts that the City will take to encourage its residents to participate in developing these plans. It also provides requirements for public process when a Substantial Amendment to the Action Plan is proposed. The following changes constitute a substantial amendment and require public notice as described in the CPP:

- Increases or decreases by the greater of \$100,000 or a 25% change in the amount allocated to a category of funding; or
- A significant change to an activity's proposed beneficiaries or persons served; or
- Funding of a new activity not previously described in the Action Plan.

The approved process requires a minimum of two public hearings for a Substantial Amendment, at least one before HCDC and at least one before City Council. Hearings must be publicly noticed via multiple distribution services (email, newspaper, website, etc.) and provided in English, Spanish, Vietnamese, Chinese, and Tagalog. The City's CCP, as well as the public notice for this amendment, can be found on the Housing Department's website. This memorandum provides the justification for this substantial amendment to the Action Plan.

ANALYSIS

There are two changes included in the proposed substantial amendment which involves allocation adjustments for several projects in the Action Plan.

1) Acquisition and/or Rehab for Affordable Housing for permanent supportive housing in downtown San José.

The Housing Department is recommending to increase the Fund Allocation for Acquisition and/or Rehab for Affordable Housing from \$3,265,000 to \$5,265,000. The addition of \$2,000,000 to this project will allow the City to invest CDBG funding in the acquisition of

property for permanent supportive housing in downtown San José. This change is consistent with the priorities of increasing affordable housing options, as well as responding to homelessness and its impacts on the community. Leveraging CDBG funds with local funding invested in this property will enable the City to invest local funds in future projects in the pipeline. Additionally, the acquisition will assist the City in meeting federal expenditure deadline requirements, which can be challenging due to CDBG investment in several multi-year capital improvement projects.

The potential use for these funds is acquisition funding for development, Villas on the Park, located at 278 N. 2nd Street, will include at least 78 apartments for homeless individuals, as well as a manager's apartment and common areas. Once occupied, Villas on the Park will also provide an array of supportive services for the tenants who have experienced chronic homelessness. This change will increase the estimated number of beneficiaries for the Acquisition project from 109 to 187 low or moderate income households assisted. On November 16, 2016, the Planning Commission recommended approval of the proposed rezoning and the Conditional Use Permit.

The Villas on the Park appropriation actions will be presented to City Council for consideration at the January 31st meeting, subsequent to these recommendations in a separate memorandum.

This proposed amendment does not include the addition of any new activities or elimination of any approved projects. The increase in funding will be provided from other approved projects that will not require the amount of funds originally budgeted for the reasons described below.

- Targeted Code Enforcement: The change in funding allocation in the Action Plan for the Targeted Code Enforcement activity was made to reflect the City's budget allocation. The initial budget estimate for the Code Enforcement project was \$1.8 million in the Action Plan, but was later reduced to \$1.212 million during the budget process. This update to the Action Plan aligns the federal allocation with the City's budget allocation. Additionally, after the FY 2016-17 Action Plan was approved, the Housing Department received guidance from HUD that only enhanced inspections related to housing is an eligible code enforcement activity under CDBG. Previously the City had also supported code enforcement activities related to neighborhood blight, which can no longer be supported with CDBG funds. This change will decrease the estimated number of beneficiaries for this project from 1,400 to 940.
- Place-based Street and Infrastructure Enhancements: Capital Improvement Projects generally require significant planning and development and often span more than one fiscal year to develop and construct. As a result, changes or delays in the original schedule often shift project costs to future year Action Plans. The decrease in funding for the Place-based Street and Infrastructure Enhancement project reflects a decision to defer funding for the Story Road Pedestrian and Bicycle Safety Improvements project from the FY 2016-17 action plan to the FY 2017-18 action plan. The project has

experienced delays in the planning and engineering phase. In order to meet the CDBG expenditure deadline in April 2017, the project will be funded from next year's allocation, rather than the current allocation. No budget actions are necessary in the City's 2016-2017 budget. The estimated beneficiaries for this project are removed from this Action Plan and will be included in the FY17-18 Action Plan.

- Nonprofit Facility Rehabilitation: Funding to assist with rehabilitation of the Bill Wilson Center Enclave is being funded in two phases. The planning and plan development is underway and will only require a small portion of funding in FY 2016-2017. The renovation phase will begin in late spring with the majority of the work being completed in FY 2017-18. Therefore, in an effort to meet the expenditure deadline for our current fiscal year, the majority of funding for this project will be included in the FY 2017-18 Action Plan. No budget actions are necessary in the City's 2016-2017 budget. Additionally, the estimated beneficiaries for this project will be included in the FY17-18 Action Plan, rather than the current year.

The Housing Department is required to meet annual spending requirements to ensure that CDBG funds are being fully utilized by the City. In the past, delays in CDGB capital projects have challenged the Department's ability to meet the HUD deadlines. The shift in funding to land acquisition will enable the City to meet the CDBG expenditure deadline for FY16-17 in spite of the capital project delays. Funds that are not spent by the CDBG spending deadline may be recaptured by the HUD.

2) **Allocation of ESG Fund Balance**

The Housing Department has an unallocated balance of \$263,682 from ESG grants issued in previous years. These funds were allocated through prior action plans, but grantees were not able to spend all of their allocated funds. This was caused in part by increases in ESG allocations, the issuance of a new Request for Proposals, and subsequent Homeless services agreements that re-aligned services to more effectively spend ESG and other Homeless services funds. The balance is also attributable to the fact that it took agencies time to adjust/ramp-up and expend funds that could be charged in accordance with the terms of their new contracts. The remaining balance must be obligated by the end of February 2017.

The additional funds will be allocated to current grantees to provide additional outreach and case management for homeless individuals living near proposed supportive housing developments, as well as funding to support the Homeless Management Information System (HMIS), utilized by all City grantees to participate in the coordinated assessment, managed by the Santa Clara County Continuum of Care. Identifying homeless individuals who are living near the proposed housing developments will ensure that they receive services and that a housing plan is developed to meet their specific needs. The Housing Department has worked with all ESG grantees to monitor spending and adjust activities to ensure there are limited balances remaining at the end of each fiscal year moving forward. All current ESG grantees are on track to meet spending and performance expectations.

In anticipation of having unexpended funds, \$107,762 of the \$263,682 has already been appropriated in the City's FY 2016-2017 Annual Report. This action will re-allocate the \$263,682 in the action plan and recognize and appropriate the remaining \$155,920 balance in the City's funding allocation.

EVALUATION AND FOLLOW-UP

In September 2016, the City will provide the City Council with the Consolidated Annual Performance and Evaluation Report (CAPER). The CAPER details the City's efforts to achieve the goals identified in the FY 2016-2017 Annual Action Plan. All CDBG and ESG grant agreements with non-profit partners include performance measures, with grantees reporting on progress on a quarterly basis. Housing Department staff monitor quarterly performance targets to ensure grant compliance. All funded capital projects are subject to review under the National Environmental Policy Act before choice limiting actions are taken; staff will ensure the required review is completed in a timely manner.

POLICY ALTERNATIVES

To arrive at this proposal, staff considered the following option:

Alternative #1: Include the proposed amendment in next year's Action Plan (FY 17-18).

Pros: The Housing Department has already begun drafting the FY 17-18 Action Plan and the changes could be incorporated into the current process.

Cons: Postponing these changes to the FY17-18 Action Plan will not allow the City to invest CDBG funds in the Villas on the Park project due to the project timeline. In addition, delaying the ESG allocation increase will cause the City to miss an obligation deadline.

Reason for not recommending: Approving the amendment now will provide much needed services and additional housing, while minimizing costs and preserving additional funds for future community development projects.

PUBLIC OUTREACH

The proposed Substantial Amendment was the subject of a public hearing at the January 12th meeting of the City's Housing and Community Development Commission (HCDC). On Thursday, December 22nd, the Housing Department sent a public hearing notice announcing both the HCDC public hearing and City Council public hearing on January 31st, to organizations and individuals concerned about housing and community development issues. The public hearing notice was also translated into Spanish, Vietnamese, Chinese and Tagalog and published in the *El Observador*, *Vietnam Daily News*, *The World Journal* and *Philippine News* newspapers, respectively, as well as in the *San José Mercury-News*. The public hearing notice appeared in all

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five newspapers on December 23rd. The public hearing notice was sent out and published in time to provide a 30-day public comment period prior to the City Council's consideration of the Substantial Amendment.

This memorandum will be posted on the City's Council Agenda website for the January 31, 2017, Council Meeting.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the Department of Transportation.

COMMISSION RECOMMENDATION

This item was presented to the Housing and Community Development Commission (HCDC) on January 12, 2017. The Commission voted to recommend that the City Council approve the Substantial Amendment.

FISCAL/POLICY ALIGNMENT

The projects identified in this Substantial Amendment to the FY 2016-17 Annual Action Plan are consistent with the approved 2015-2020 Consolidated Plan.

COST SUMMARY/IMPLICATIONS

This action will allow the City to budget and utilize \$2,000,000 in CDBG funds and \$263,682 in ESG funds to support eligible costs associated with these Federal funding sources. Appropriation actions for the Villas on the Park project are being brought forward as a separate City Council action on the January 31, 2017 agenda. ESG funding totaling \$107,762 was appropriated in the 2015-2016 Annual Report. This action appropriates the remaining \$155,920 balance.

BUDGET REFERENCE

The table below identifies the budget actions to recognize and appropriate funds to support emergency shelter grants recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn	Rec. Budget Action	2016-2017 Adopted Operating Budget	Last Budget Action (Date, Ord. No.)
448	R110	Revenue from Federal Government	\$875,760	\$155,920	X-68	12/13/2016, 78027
448	2236	Emergency Shelter Grants	\$875,760	\$155,920	X-68	10/18/2016, 29803

CEQA

Not a Project, File No. PP10-069(a), Amendment to a previously approved Annual Report.

/s/

JACKY MORALES-FERRAND
Director, Housing Department



JENNIFER A. MAGUIRE
Senior Deputy City Manager/
Budget Director

I hereby certify that there will be available for appropriation in the Multi-Source Housing Fund in 2016-2017, monies in excess of those heretofore appropriated therefrom, said excess being at least \$155,920.



JENNIFER A. MAGUIRE
Budget Director/
Senior Deputy City Manager

Attachment A: Summary of Substantial Amendment to the 2016-2017 Annual Action Plan

For questions, please contact James Stagi, Grants and Neighborhoods Program Administrator, at (408) 535-8238.

Attachment A

City of San José

Summary of Substantial Amendment to the 2016-2017 Annual Action Plan

Background

The City of San José's federal Annual Action Plan details the funding strategy for the Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), HOME Investment Partnership, and Housing Opportunities for People with AIDS (HOPWA) programs each year. These Annual Action Plans implement a jurisdiction's Five-Year Consolidated Plan and are developed through significant public input, analyses, and planning.

The City's Citizen Participation Plan (CPP) describes the efforts that the City will take to encourage its residents to participate in developing these plans. It also provides requirements for public process when a "substantial amendment" to the Annual Action Plan is proposed. The following changes constitute a substantial amendment and require public notice as described in the CPP:

- Increases or decreases by the greater of \$100,000 or a 25% change in the amount allocated to a category of funding
- A significant change to an activity's proposed beneficiaries or persons served
- Funding of a new activity not previously described in the Action Plan

Proposed Substantial Amendment

The City is proposing the following substantial amendments to the 2016-2017 Annual Action Plan. Each project listed below references the project number in AP-35 – 91.220(d) *Table 11 - Project Information* and AP-38 Project Summary *Table 12 – Project Summary*: Additional information on these changes is provided in this memo.

1. CDBG Program - Increase the fund allocation for Acquisition and/or Rehabilitation for Affordable Housing (project #11) from \$3,265,000 to \$5,265,000 to allow for the acquisition of real property for permanent supportive housing for homeless individuals. Funds for this increase will be made available by making the following budget reductions:
 - Decrease the fund allocation for Targeted Code Enforcement (Project # 6) from \$1,800,000 to \$1,212,000.
 - Decrease the fund allocation for Place-Based Street and Infrastructure Enhancements (Project #5) from \$1,150,000 to \$200,000.
 - Decrease the fund allocation for Nonprofit Facility Rehabilitation (Project #16), from \$659,931 to \$197,931.
2. ESG Program - Add \$263,682 of ESG funds from previous year balances to support services for homeless individuals and families and increase the number of outreach contacts to 1,400.

These proposed changes are considered substantial amendments because they meet two of the three criteria:

- A significant change to an activity's proposed beneficiaries or persons served
- Change in funding amount: Several of the project funding updates exceed the threshold level.

In addition to the proposed substantial amendments, the AAP has been updated to reflect the following minor amendments.

1. Increase the HOME allocation from \$2,560,066 to \$2,571,556. The City was notified of a small increase in the allocation after the AAP was approved by City Council in May. The funding is corrected throughout the action plan.
2. Increase the budget for Rental Housing Development (Project #10) from \$3,560,000 to \$3,571,490 to include the funding increase for HOME.
3. Increase the budget for Neighborhood Engagement (Project #3) from \$200,000 to \$280,000 to support housing counseling and referrals for tenants of the Santee Neighborhood.
4. Increase the projected program income for CDBG from \$500,000 to \$580,000.

Analysis

Acquisition and/or Rehab for Affordable Housing

The addition of \$2,000,000 to this project will allow the City to invest CDBG funding in the acquisition of property for permanent supportive housing in downtown San José. This change is consistent with the priorities of increasing affordable housing options, as well as responding to homelessness and its impacts on the community. The project, Villas on the Park located at 278 N. 2nd Street, will include 78 studio apartments for formerly homeless individuals, a 10-bed interim housing section, as well as a manager's apartment and common areas. This change will increase the estimated number of beneficiaries from 109 to 187 low or moderate income households assisted.

Targeted Code Enforcement

The decrease in funding for the Targeted Code Enforcement project reflects a change in priority. After the FY 2016-17 Action Plan was approved, the Housing Department received guidance from HUD that only enhanced inspections related to housing is an eligible code enforcement activity under CDBG. Previously the City had also supported code enforcement activities related to neighborhood blight. The budget for the Targeted Code Enforcement project was adjusted accordingly. This change will decrease the estimated number of beneficiaries for this project from 1,400 to 940.

Place-based Street and Infrastructure Enhancements

The decrease in funding for the Place-based Street and Infrastructure Enhancement Activity reflects a decision to postpone a commitment of funds for the Story Road Pedestrian and

Bicycle Safety Improvements project from the FY 2016-17 action plan to the FY 2017-18 action plan. The project has experienced delays in the planning and engineering phase and in order to meet the CDBG expenditure deadline in April 2017, the project will be funded from next year's allocation, rather than the current allocation. The estimated beneficiaries for this activity are removed from this Action Plan and will be included in the FY17-18 Action Plan.

Nonprofit Facility Rehabilitation

Funding to assist with Rehabilitation of the Bill Wilson Center Enclave is being funded in two phases. The planning and plan development is underway and will only require a small portion of funding in FY 2016-2017. The renovation phase will begin in late spring with the majority of the work will be completed in FY 2017-18. Therefore, in an effort to meet the expenditure deadline for our current fiscal year, the majority of funding for this project will be included in the FY 2017-18 Action Plan. Additionally, the estimated beneficiaries for this activity will be included in the FY17-18 Action Plan, rather than the current year.

ESG Previous Year Funds Increase

While the City has made significant progress in spending ESG grant balances over the past year, there remains a balance of \$263,682 from past ESG grants. The additional funds will be allocated to current grantees to provide additional outreach and case management for homeless individuals, as well as funding to support the Homeless Management Information System (HMIS), utilized by all City grantees to participate in the coordinated assessment, managed by the Santa Clara County Continuum of Care. The Housing Department has worked with all ESG grantees to monitor spending and adjust activities to ensure there are limited balances remaining at the end of each fiscal year moving forward.

Public Process

The City of San José provided a public notice in five newspapers as part of the CPP requirements. Additionally, two public hearings will be held to provide opportunities for public comment:

- January 12, 2016 - Housing & Community Development Commission Meeting, 5:45pm, Wing Rooms 118-120
- January 31, 2017 - City Council consideration of Substantial Amendment adoption, 1:30pm, Council Chambers (Please review Council Meeting agenda when available to confirm item number)

Comments may also be provided to James Stagi by email (james.stagi@sanjoseca.gov) or phone (408-535-8238), or in writing addressed to:

City of San José Housing Department
200 E. Santa Clara Street, 12th Floor
San José, CA 95113

1. On pages 31-32 of the approved Annual Action Plan, amend Table 4 – FY 2016-17 Summary of Funding as follows (additions or deletions):

Table 4 – FY 2016-17 Summary of Funding

2015-2016 Funding	Allocation	Prior Year Balance	Estimated FY 2015-16 Program Income	Total Estimated Resources
Total CDBG	\$ 8,389,991	\$4,775,825	\$500,000 \$580,000	\$13,665,816 \$13,745,816
Total HOME	\$2,560,066 \$2,571,556	\$1,500,000	\$1,039,934	\$5,100,000 \$5,111,490
Total HOPWA	\$876,953	\$0	\$0	\$876,953
Total ESG	\$743,498	\$0 \$263,682	\$0	\$743,498 \$1,007,180
TOTAL	\$12,570,508 \$12,581,998	\$6,275,825 \$6,539,507	\$1,539,934 \$1,619,934	\$20,386,267 \$20,741,439

2. On page 32 of the approved Annual Action Plan, amend Table 6 – Fiscal Year 2016-2017 CDBG Budget Priorities) as follows (additions or deletions):

Table 5 - Fiscal Year 2016-2017 CDBG Budget Priorities

CDBG Fiscal Year 2016-2017 Annual Budgetary Priorities	
FY 2016-2017 Budget	\$13,665,816 \$13,745,816
Administration (includes City grant administrative costs and a portion of fair housing activities)	\$1,770,000
Public Services Program	\$1,251,300 \$1,331,300
Neighborhood Engagement Program	\$200,000 \$280,000
Homeless Programs	\$750,000
Senior Programs	\$201,300
Fair Housing	\$100,000
Community Development Improvement Program	\$8,374,931
Place Based Projects	\$1,150,000 \$200,000
Targeted Code Enforcement	\$1,800,000 \$1,212,000
Minor Repair	\$1,000,000
Job Training	\$500,000

Acquisition and/or Rehabilitation for Affordable Housing	\$3,265,000 \$5,265,000
Non-profit Facility Rehab	\$659,931 \$197,931
Section 108 Repayments	\$2,269,585
Total	\$13,665,816 \$13,745,816

3. On page 33 of the approved Annual Action Plan, amend Table 6 – Fiscal Year 2016-2017 HOME Budget Priorities) as follows (additions or deletions):

Table 6 - Fiscal Year 2016-2017 HOME Budget Priorities

HOME Fiscal Year 2016-2017 Annual Budgetary Priorities	
FY 2016-2017 Budget	\$5,100,000 \$5,111,490
Administration (includes Fair Housing activities, TBRA administration and typical HOME administration activities)	\$300,000
Tenant-Based Rental Assistance	\$1,240,000
New Construction of affordable Multi-Family Housing	\$3,560,000 \$3,471,490
CHDO Operating Costs	\$100,000
Total	\$5,100,000 \$5,111,490

4. On pages 33 and 34 of the approved Annual Action Plan, amend Table 8 – Fiscal Year 2016-2017 ESG Budget Priorities as follows (additions or deletions):

Table 8 – Fiscal Year 2016-2017 ESG Budget Priorities

ESG Fiscal Year 2016-2017 Annual Budgetary Priorities	
FY 2016-2017 Budget	\$743,498 \$1,007,180
Administration	\$55,762
Emergency Shelter, Outreach, Rapid Re-housing, and HMIS	\$687,736 \$951,418
Total	\$743,498 \$1,007,180

5. On pages 35-37 of the approved Annual Action Plan, amend Table 9 – Expected Resources – Priority Table as follows (additions or deletions):

Table 9 - Expected Resources – Priority Table

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Remainder of ConPlan \$
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$	
CDBG	Public Federal	<ul style="list-style-type: none"> • Admin and Planning • Acquisition • Economic Development • Housing • Public Improvements Public Service 	\$8,389,991	\$500,000 \$580,000	\$4,775,825	\$13,665,816 \$13,745,816	\$13,668,661
HOME	Public Federal	<ul style="list-style-type: none"> • Acquisition • Multifamily Rental New Construction • Multifamily Rental Rehab • TBRA • Fair Housing Activities • Program Administration 	\$2,560,066 \$2,571,556	\$1,039,934	\$1,500,000	\$5,100,000 \$5,111,490	\$9,243,713
ESG	Public Federal	<ul style="list-style-type: none"> • Conversion and Rehab for Transitional Housing • Financial Assistance • Overnight Shelter • Rapid Re-Housing (Rental Assistance) • Rental Assistance Services • Transitional Housing 	\$743,498	\$0	\$0 \$263,682	\$743,498 \$1,007,180	\$1,863,678

6. On pages 42-43 of the approved Annual Action Plan, amend Table 10 – Goals Summary (One Year) as follows (additions or deletions):

Table 10 – Goals Summary (One Year)

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Increase & Preserve Affordable Housing Opportunities	2016	2017	<ul style="list-style-type: none"> Affordable Housing 	N/A	Affordable Housing	HOME: \$3,560,000 \$3,571,490 CDBG: \$3,265,000 \$5,265,000 HOPWA: \$850,645	<ul style="list-style-type: none"> Rental Units Constructed = 80 158 housing units Rental Units Rehabilitated = 109 housing units Tenant-Based Rental Assistance/Rapid Re-housing = 80 households assisted
2	Respond to Homelessness and Its Impacts on the Community	2016	2017	<ul style="list-style-type: none"> Homeless 	N/A	Homelessness	CDBG: \$750,000 HOME: \$1,240,000 ESG: \$743,498 1,007,180	<ul style="list-style-type: none"> Homeless overnight shelter = 318 persons assisted Tenant-Based Rental Assistance/Rapid Re-housing = 110 households assisted Other – Outreach Contacts = 1,200 1,400 persons assisted
3	Strengthen Neighborhoods	2016	2017	<ul style="list-style-type: none"> Non-Housing Community Development Non-Homeless Special Needs 	N/A	Strengthening Neighborhoods	CDBG: \$5,511,231 \$3,591,231	<ul style="list-style-type: none"> Public service activities other than LMI Housing Benefit = 265 305 persons assisted Jobs created = 10 jobs Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit = 20,100 persons assisted Housing code enforcement/Foreclosed property care = 1,400 940 housing units Homeowner housing rehabilitated = 200 housing units

7. On pages 44 and 45 of the approved Annual Action Plan, amend the estimated number of families to whom the jurisdiction will provide affordable housing (with CDBG funding) and add text describing the Villas on the Park project:

Projected total assisted: ~~109~~ 187

The City will dedicate \$2,000,000 for the acquisition of property for permanent supportive housing in downtown San José. The project, Villas on the Park located at 278 N. 2nd Street, will include 78 studio apartments for homeless individuals, a 10-bed interim housing section, as well as a manager's apartment and common areas. CDBG funds will be used

only for the property acquisition. All construction costs will be funded with local and private funding sources.

8. On pages 49 and 50 of the approved Annual Action Plan, amend the Project Summary Table (Table 12) as follows (additions or deletions):

Table 12 – Project Summary

	Project Name	Target Area	Needs Addressed	Funding	GOI
1	Senior Isolation to Inclusion	N/A	• Strengthening Neighborhoods	CDBG: \$100,650	110 persons assisted
2	Meals on Wheels	N/A	• Strengthening Neighborhoods	CDBG: \$100,650	55 persons assisted
3	Neighborhood Engagement	N/A	• Strengthening Neighborhoods	CDBG: \$200,000 \$280,000	100 140 persons assisted
4	Job Training for Unhoused Individuals and/or Youth	N/A	• Strengthening Neighborhoods • Homelessness	CDBG: \$500,000	10 Jobs created
5	Place Based Street and Infrastructure Enhancements	N/A	• Strengthening Neighborhoods	CDBG: \$1,150,000 \$200,000	20,000 0 persons assisted*
6	Targeted Code Enforcement	N/A	• Strengthening Neighborhoods	CDBG: \$1,800,000 \$1,212,000	1,400 940 housing units
7	Minor Home Repair Program	N/A	• Strengthening Neighborhoods	CDBG: \$1,000,000	200 housing units
8	HOPWA – The Health Trust	N/A	• Affordable Housing	HOPWA: \$800,645	75 persons assisted
9	HOPWA – San Benito County	N/A	• Affordable Housing	HOPWA: \$50,000	5 persons assisted
10	Rental Housing Development	N/A	• Affordable Housing	HOME: \$3,560,000 \$3,571,490	80 housing units
11	Acquisition and/or Rehabilitation for Affordable Housing	N/A	• Affordable Housing	CDBG: \$3,265,000 \$5,265,000	109 158 housing units
12	HOME TBRA	N/A	• Homelessness	HOME: \$1,240,000	60 persons assisted
13	Services for Homeless and Unhoused Populations (CDBG)	N/A	• Homelessness	CDBG: \$750,000	171 persons assisted 700 outreach contacts
14	Homeless Services (ESG15 City of San José)	N/A	• Homelessness	ESG: \$743,498 \$1,007,180	197 persons assisted 500 700 outreach contacts
15	Fair Housing	N/A	• Fair Housing	CDBG: \$300,000 HOME: \$100,000	220 persons assisted
16	Non-profit Facility Rehab	N/A	• Homelessness • Strengthening Neighborhoods	CDBG: \$659,931	100 persons assisted
17	Section 108 Repayment	N/A	• N/A	CDBG: \$2,269,585	N/A
18	CDBG Administration and Monitoring	N/A	• N/A	CDBG: \$1,570,000	N/A

19	HOME Administration and Monitoring	N/A	• N/A	HOME: \$200,000	N/A
20	HOPWA Administration and Monitoring	N/A	• N/A	HOPWA: \$26,308,	N/A

*These projects will receive additional funding in FY17-18 and the beneficiaries will be included in the FY17-18 Annual Action Plan.

9. On page 52 of the approved Annual Action Plan, amend the Neighborhood Engagement project (Project 3) as follows (additions or deletions):

3	Project Name	Neighborhood Engagement
	Target Area	N/A
	Goals Supported	Strengthening Neighborhoods
	Needs Addressed	Strengthening Neighborhoods
	Funding	CDBG: \$200,000 \$280,000
	Description	The goal of the Neighborhood Engagement program is to increase social capital (i.e., a form of economic and/or cultural capital in which social networks are essential components to community growth) in San José neighborhoods, increase community engagement and cohesion, build the capacity of local organizations, pilot solutions to solve neighborhood level problems, and develop leadership skills of residents to promote, support, and sustain civic engagement by residents that are typically underrepresented in city governance and civic processes. This work will build upon the previous successes of the Strong Neighborhoods Initiative and the work of the Housing Department's Place Based Initiative.
	Target Date	06/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	100 140 low-income residents
	Location Description	FBD Santee, Mayfair, District 3
	Planned Activities	Agencies will be selected from current Request for Proposals (RFP)

10. On pages 53-54 of the approved Annual Action Plan, amend the Place-based Street and Infrastructure Enhancements (Project 5) as follows (additions or deletions):

5	Project Name	Place-Based Street and Infrastructure Enhancements
	Target Area	N/A
	Goals Supported	Strengthening Neighborhoods
	Needs Addressed	Strengthening Neighborhoods
	Funding	CDBG: \$1,150,000 \$200,000
	Description	Story Road Pedestrian and Bicycle Safety Improvements The goal of this project is to enhance pedestrian and bicycle safety and provide increased accessibility for all pedestrians and encourage walkability in the community. This project will improve two signalized intersections on King Road: one at Story Road and

	<p>another 500 feet south east of King and Story. In addition, this project will support the addition of bike lanes on Story Road. These safety improvements will increase pedestrian and bicycle visibility to motorists, eliminate vehicle conflicts and shorten crossing distances.</p> <p><u>Intersection Improvements</u> To improve pedestrian crossing and reduce conflicts with vehicles, the existing crosswalk and large median will be removed to accommodate a new intersection configuration. The new intersection will include two new crosswalks, ADA ramps, relocated signals, new vehicle and bike striping and associated signage. In addition, there will also be modifications to the striping at King/Tully to improve vehicle movement and pedestrian safety.</p> <p><u>Bike Improvements Story Road</u> Addition of a bike lane in each direction of Story Road between McLaughlin Avenue and Capital Expressway. Includes removal of existing striping and addition of new bike lane striping along this 1.9 mile corridor.</p> <p><u>22nd and Williams Pedestrian Safety Improvements</u> This project will also address community concerns about the speed of vehicles and pedestrian safety on 22nd Street. 22nd St is a long (~.6 mi) cul-de-sac that serves residential households and borders McKinley Elem, a park, and a tot lot. The project will provide for two crosswalks to provide for enhanced pedestrian safety, and for edge-line and centerline striping to slow vehicle traffic. The crosswalks may be enhanced with a variety of features – textured, small choker islands, ADA ramps and signage. The final project scope will be determined based on neighborhood input.</p> <p><u>Other Place-based Street and Pedestrian Safety Improvements –</u> If available, CDBG funds may be used to support other street and pedestrian safety improvements in low-moderate income areas.</p>
Target Date	06/30/2017
Estimate the number and type of families that will benefit from the proposed activities	20,500 0 low and moderate-income households (Beneficiaries will be recognized in FY17-18)
Location Description	King and Story Road S. 22 nd and E. Williams Street
Planned Activities	King and Story Road Pedestrian and Bicycle Safety Improvements S. 22 nd and E. Williams Pedestrian Safety Improvements

11. On page 55 of the approved Annual Action Plan, amend the Targeted Code Enforcement Project (Project 6) as follows (additions or deletions):

6	Project Name	Targeted Code Enforcement
	Target Area	N/A
	Goals Supported	Strengthening Neighborhoods
	Needs Addressed	Strengthening Neighborhoods
	Funding	CDBG: \$1,800,000 \$1,212,000
	Description	Deteriorating housing and blight are ongoing concerns in the City's Place-Based Initiative neighborhoods, as well as the Mayor's Gang Prevention Task Force Hotspots. The City will continue to utilize CDBG funds to provide enhanced code enforcement services in these neighborhoods, including multi-family and single-family housing inspections and enforcement of related violations that contribute to neighborhood blight. Prior to selecting the focus areas, the City will complete an assessment of need and develop a plan for additional investment in the area.
	Target Date	06/30/2017
	Estimate the number and type of families that will benefit from the proposed activities	1,400 940 households in place-based neighborhoods
	Location Description	Santee, Mayfair, Five Wounds/Brookwood Terrace, and additional hotspots identified through the Mayor's Gang Prevention Task Force
	Planned Activities	Place-based Code Enforcement

12. On pages 57-58 of the approved Annual Action Plan, amend the Rental Housing Development project (Project 10) as follows (additions or ~~deletions~~):

10	Project Name	Rental Housing Development
	Target Area	N/A
	Goals Supported	Affordable Housing
	Needs Addressed	Affordable Housing
	Funding	HOME: \$3,560,000 \$3,571,490
	Description	<p>Consistent with the City's goal to assist in the creation and preservation of affordable housing for low income households, the City has the option to use HOME funds for new construction of Rental Housing Development and/or Rehabilitation of existing Multi-family units.</p> <p>HUD requires that at least 15 percent of HOME allocations be set aside to be issued to Community Housing Developers (CHDOs). Since the City began using HOME funds (1992), 35 percent of its total allocation has been set-aside for CHDOs to develop low-income housing units. Because the City has met and surpassed this requirement, the City may exercise its option to request HUD</p>

	<p>waive this requirement and allow the City to use the “set-aside” funds for other eligible HOME activities.</p> <p>For any HOME funds used to develop new housing units, the City will comply with the Federal Fair Housing Act and Section 504 of the Rehabilitation Act of 1973. Participation in the HOME Program will enhance the City’s funding sources for new construction, while at the same time providing flexibility in the use of funds for an overall gap-financing program.</p> <p>In compliance with HOME regulations, the City of San José may commit up to 5 percent of its annual HOME allocation to Certified CHDOs with operating expenses. CHDOs must currently have a low income, HOME funded rental housing project under construction and/or be able to show that, within 24 months of receiving said operating funds, they will identify and begin construction of HOME units. The City will be committing \$100,000 for CHDO operating expenses.</p>
Target Date	06/30/2017
Estimate the number and type of families that will benefit from the proposed activities	80 low-and moderate-income households
Location Description	Donner Lofts (43 Units) The Met (37 Units)
Planned Activities	<ul style="list-style-type: none"> • CHDO Operations (approximately \$100,000) • Various Development Projects (e.g., North San Pedro Apartments, Leigh Avenue Apartments)

13. On pages 58-59 of the approved Annual Action Plan, amend the Acquisition and/or Rehabilitation for Affordable Housing project (Project 11) as follows (additions or deletions):

11	Project Name	Acquisition and/or Rehabilitation for Affordable Housing
	Target Area	N/A
	Goals Supported	Affordable Housing
	Needs Addressed	Affordable Housing
	Funding	CDBG: \$3,265,000 \$5,265,000
	Description	The City will use CDBG funds to complete the rehabilitation of The Plaza Hotel. In FY15-16, CDBG funds supported the acquisition and rehabilitation of The Plaza Hotel for housing homeless individuals. In FY16-17, the City will add \$765,000 in CDBG funds to the project to complete the rehabilitation. At the time of acquisition, the Plaza Hotel was in a state of disrepair and requires

	<p>an investment from the City to bring it to a habitable condition prior to occupancy.</p> <p>Tenants residing in the Plaza Hotel will be part of the City or County's Homeless Housing Programs, and, as such, their monthly housing costs will be paid by subsidies from those programs. The project meets the Low-moderate Income Housing national objective.</p> <p>Additionally, the City will dedicate \$2.5 million in CDBG funding to develop and implement a multi-family rental housing rehabilitation program to house homeless veterans. All buildings rehabilitated with CDBG funds will meet the Low-moderate Income Housing (LMH) national objective. The City's Housing Department will work collaboratively with the County's Office of Supportive Services, the Santa Clara County Housing Authority, and Destination Home to identify program participants. The Housing Department will leverage additional non-federal funding to support this program. The City estimates that the CDBG funding will result in the addition of 60 permanent housing units for homeless veterans.</p> <p>The City will dedicate \$2,000,000 for the acquisition of property for permanent supportive housing for homeless individuals. The project, Villas on the Park located in downtown San José, will include 78 studio apartments for homeless individuals, a 10-bed interim housing section, as well as a manager's apartment and common areas. CDBG funds will be used for the property acquisition only</p>
Target Date	06/30/2017
Estimate the number and type of families that will benefit from the proposed activities	109 187 low or moderate income households
Location Description	<p>96 South Almaden Boulevard San José, CA 95110</p> <p>278 N. 2nd Street San José, CA 95112</p> <p>Additional Locations for Homeless Vets Housing Program TBD</p>
Planned Activities	Rehabilitation of the Plaza Hotel for Homeless Housing

14. On pages 61-62 of the approved Annual Action Plan, amend the ESG16 City of San José project (Project 14) as follows (additions or deletions):

14	Project Name	ESG16 City of San José
	Target Area	N/A

Goals Supported	Homelessness
Needs Addressed	Homelessness
Funding	ESG: \$743,498 \$1,007,180
Description	<p>The City will utilize ESG funds to support a Downtown Homeless Outreach and Engagement program as well as a Supportive Services and Rapid Re-housing Program for homeless individuals and families.</p> <p>The Downtown Homeless Outreach and Engagement Program will focus on utilizing an integrated approach to provide a comprehensive response to addressing chronic homelessness in the City. Activities may include street outreach, emergency shelter operations, and rapid re-housing services for the chronic homeless population. The City will contract with People Assisting the Homeless (PATH) to provide the Downtown Outreach and Engagement services.</p> <p>The Supportive Services and Rapid Re-housing Program for Unsheltered Populations will utilize an integrated approach to provide shelter, interim housing, case management services, deposit/rental assistance, and other eligible services as needed. The City will contract with Bill Wilson Center, the lead agency in a consortium of homeless and domestic violence service providers to provide these services.</p> <p>The City will provide funds to support the Homeless Management Information System (HMIS), administered and operated by the Santa Clara County Continuum of Care. All City grantees providing services to homeless populations are required to utilize HMIS and ESG funds the ongoing support of the operation of system, user trainings, and reports.</p>
Target Date	06/30/2017
Estimate the number and type of families that will benefit from the proposed activities	<p>147 unduplicated homeless individuals will be provided shelter services</p> <p>500 700 outreach contacts will be made with homeless individuals</p> <p>50 homeless individuals/families will receive rapid re-housing services (deposit/rental assistance)</p>
Location Description	Citywide
Planned Activities	<ul style="list-style-type: none"> • Emergency Shelter • Homeless Outreach • Rapid Re-housing • HMIS • Administration

15. On pages 61-62 of the approved Annual Action Plan, amend the Non-profit Facility Rehabilitation project (Project 16) as follows (additions or deletions):

16	Project Name	Non-profit Facility Rehabilitation
	Target Area	N/A
	Goals Supported	Homelessness Strengthening Neighborhoods
	Needs Addressed	Homelessness Strengthening Neighborhoods
	Funding	CDBG: \$659,931 \$197,931
	Description	CDBG funds will be used to support the Bill Wilson Center Rehabilitation project, originally funded in the FY14-15 Annual Action Plan. Funds will rehabilitate the homeless drop-in center, which includes three buildings on the corner of South 2 nd and Margaret Street. The original project budget was inadequate to fully fund the scope of the project, and CDBG funds will be added in FY16-17 and FY17-18 to ensure project completion.
	Target Date	06/30/2018
	Estimate the number and type of families that will benefit from the proposed activities	100 0 individuals/families (Beneficiaries will be recognized in FY17-18)
	Location Description	691 South 2 nd Street, San José, CA 693 South 2 nd Street, San José, CA 10 Margaret Street, San José, CA
	Planned Activities	Bill Wilson Center Rehabilitation

16. On pages 68 of the approved Annual Action Plan, amend Tables 14 and 15 in the Affordable Housing section, as follows (additions or deletions):

Table 14 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households to be Supported	
Homeless	219 297
Non-Homeless	80
Special-Needs	80
Total	379 457

Table 15 - One Year Goals for Affordable Housing by Support Type

One Year Goals for the Number of Households Supported Through:	
Rental Assistance	190
The Production of New Units	80 158
Rehab of Existing Units	109
Acquisition of Existing Units	0
Total	379 457

17. On page 84 of the approved Annual Action Plan, amend the estimated CDBG Program Income in section AP-90, as follows (additions or deletions):

**Community Development Block Grant Program (CDBG)
Reference 24 CFR 91.220(I) (1)**

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	\$500,000 \$580,000
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan	\$0
3. The amount of surplus funds from urban renewal settlements	\$0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	\$0
5. The amount of income from float-funded activities	\$0
Total Program Income	\$500,000 \$580,000

----- END OF ANNUAL ACTION PLAN AMENDMENT -----