



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: May 30, 2017

Approved

D. D. S. L.

Date

6/9/17

SUBJECT: FINAL PUBLIC HEARING AND APPROVAL OF THE FY 2017-2018 ANNUAL PLAN AND AWARD OF THE CDBG-FUNDED SENIOR SERVICES PROPOSALS

RECOMMENDATION

1. Hold a final Public Hearing regarding the approval of the City's FY 2017-2018 Annual Plan and take public comment.
2. Adopt the FY 2017-2018 Annual Plan, including the FY 2017-2018 funding recommendations for the four federal formula grants received by the City each year including the:
 - a. Community Development Block Grant ("CDBG") Program;
 - b. HOME Investment Partnership Program ("HOME");
 - c. Housing Opportunities for Persons with HIV/AIDS ("HOPWA") Program; and
 - d. Emergency Solutions Grant ("ESG") Program.
3. Approve staff recommendations to award federal funds to the two agencies selected under the CDBG-funded Senior Services Request for Proposal ("RFP") including:
 - a. \$125,000 annually to The Health Trust to support a Meals on Wheels program for San José Senior Citizens; and
 - b. \$75,000 annually to the Portuguese Organization for Social Services Opportunities ("POSSO") to fund a Senior Access and Health Support program.
4. Authorize the Housing Department to submit the FY 2017-2018 Annual Action Plan to the U.S. Department of Housing and Urban Development.
5. Adopt a resolution authorizing the Director of Housing to negotiate and execute all non-capital project agreements to implement the projects and services identified in this memorandum not requiring CEQA review, including new agreements awarded through the federal services RFP, and to negotiate all capital project agreements and contracts including any amendments or modifications for the expenditure of CDBG, ESG, HOME and HOPWA funds on behalf of the City.

OUTCOME

The City Council's approval of the FY 2017-2018 Annual Plan will enable staff to submit the federally-mandated document to HUD by the August 16, 2017 deadline. Meeting this deadline will enable the City to remain eligible to receive approximately \$12 million in federal housing and community development funds in FY 2017-2018. The approved recommendations will allow the Director of Housing to negotiate and execute agreements with agencies receiving federal funding to implement the strategies identified in the FY 2017-2018 Annual Plan.

EXECUTIVE SUMMARY

This action requests approval of the Annual Action Plan ("Plan"), a yearly planning report that the U.S. Department of Housing and Urban Development ("HUD") requires of jurisdictions receiving federal funds via formula grant. This memorandum summarizes the key elements within the detailed Plan on the use of approximately \$12 million the City is projected to receive in FY 2017-2018 and on estimated Program Income and prior years' carryover. This report outlines each of the four primary goals established in the five-year Consolidated Plan. The report details an itemized description of the proposed activities and funding recommendations for each of the four federal funds. The activities proposed in the Plan are based on the significant stakeholder outreach conducted to solicit input and to develop the Plan.

Also included in the memorandum are recommendations to award new contracts to two agencies selected through a competitive RFP for senior services.

BACKGROUND

As an Entitlement City, San José receives federal formula grants each year from HUD for housing and community development activities. The funding provided to the City is based on several factors including population, poverty, and housing statistics.

Every five years, HUD requires entitlement jurisdictions such as San José to develop a Five-Year Consolidated Plan. The Consolidated Plan: assesses the City's current housing market; analyzes demographic, ethnic, and socio-economic conditions; and, identifies populations within the City that have the greatest community and housing needs. It also defines the City's priority needs, strategies, and objectives for reducing the most prevalent barriers to housing and services in our community.

In May 2015, the City adopted the Five-Year Consolidated Plan for the FY 2015-2020 period. The City participated in a countywide collaboration to analyze data on housing needs and to develop this cycle's Consolidated Plan. The City then refined and prioritized the identified broad regional objectives to establish its four major goals, which meet both regional and local priorities:

- 1) Increase and preserve affordable housing opportunities;
- 2) Respond to homelessness and its impacts on the community;
- 3) Strengthen neighborhoods; and
- 4) Promote fair housing.

In each of the five years in the Consolidated Plan, HUD requires entitlement jurisdictions to submit an Annual Action Plan ("Plan") which identifies a one-year strategy for meeting the goals contained in the Five-Year Plan. This proposed Annual Plan covers FY 2017-2018.

FY 2017-2018 Annual Plan Process

In early August 2016, Housing Department staff initiated the planning and development process for the FY 2017-2018 Annual Plan. The outreach and citizen participation process is summarized in pages 24-30 of the draft Plan. After receiving public input on the funding priorities, City staff presented the results of the collective input and staff analysis to the Housing and Community Development Commission ("HCDC") on November 10, 2016 and to the Neighborhood Services and Education Committee ("NSE") on December 8, 2016. After receiving input from HCDC and NSE, City staff finalized the funding priorities which have been incorporated into the draft Plan.

The draft Plan was released on May 19, 2017, for public comment. The document can be found at <http://www.sanjoseca.gov/DocumentCenter/View/69031>. The public comment period continues until the City Council votes on the Plan on June 20, 2017. Typically, the draft Plan is developed and released in early April each year with the final Council approval in early May. The FY 2017-2018 Plan has been released later this year due to delays by the federal government adopting the 2017 federal budget, thereby delaying the final public hearing and City Council consideration. Given these delays, staff received guidance by HUD on how to accommodate this year's federal budget specifics in the Annual Action Plan.

Projected Federal Funding Levels

The federal government has been operating under a Continuing Resolution ("CR") since October 1, 2016. This CR extended the FY 2016 discretionary spending levels through April 28, 2017. After extending the CR, the House and Senate finally approved the 2017 federal budget in early May. This year's timing was later than normal; jurisdictions are generally notified of their individual federal allocations prior to April, which allows grantees to incorporate final allocations into their Annual Plans. As of May 30, 2017, San José had not yet received its 2017 allocation notification; however, the annual deadline to submit the Annual Plan to HUD remains the same. Therefore, the funding levels in the Plan are based on projected program allocations, consistent with HUD's guidance.

Based on overall housing and community development funding identified in the 2017 federal budget, staff anticipates that funding levels in all four federal programs will be comparable to the 2016 funding levels. If the Department receives the City's official federal allocation levels prior to the June 20th City Council meeting, staff will submit a supplemental memorandum and will update the Annual Plan to reflect the final allocations. If the City receives its allocation

notification after the City Council approves the Plan and staff submits it to HUD, the Plan will be formally amended and staff will inform the City Council. Should the allocations be significantly lower than anticipated, triggering material changes to the Plan, staff would create a Substantial Amendment to the Plan for public comment and the City Council's approval.

Senior Services Request for Proposal

Consistent with the recommended priorities accepted by the Neighborhood Services and Education Committee on December 8, 2017, the Housing Department released a Request for Proposal ("RFP") for CDBG-funded Senior Services on February 3, 2017. A description of the RFP process and agencies recommended for funding is provided in the *Senior Services RFP Funding Award Recommendations* section of this memo.

ANALYSIS

Following are summaries of resources available to be programmed, the major goals and objectives contained in this year's Plan, and overviews of each funding source's proposed uses.

Funding Available for FY 2017-2018

The City is projected to receive approximately \$12 million in Community Development Block Grant ("CDBG"), Home Investment Partnerships Program ("HOME"), Housing for Persons with Aids ("HOPWA"), and Emergency Solutions Grant ("ESG") entitlement grants in FY 2017-2018. When added to prior-year balances and anticipated program income (loan repayments), the total federal funds to be programed in the coming year is approximately \$24 million. The table below summarizes the projected FY 2017-2018 federal funding levels:

Funding	Annual Allocation	Prior-year Carryover*	Estimated 2017-2018 Program Income	Total Estimated Resources
CDBG	\$7,970,491	\$2,484,832	\$2,400,000	\$12,855,323
HOME	\$2,500,000	\$6,950,000	\$0	\$9,450,000
HOPWA	\$850,000	\$150,000	\$0	\$1,000,000
ESG	\$755,000	\$0	\$0	\$755,000
Total	\$12,075,491	\$9,584,832	\$2,400,000	\$24,060,323

*Note: The Prior-year Carryover amounts may differ from the amounts reflected in the City's annual budget due to timing differences regarding the treatment of program commitments and encumbrances.

FY 2017-2018 Annual Plan Goals

The FY 2017-2018 Annual Plan contains a description of all activities recommended for funding. Each of the activities detailed in this Action Plan is aligned with the four goals of the Consolidated Plan and contributes to the City's five-year objectives. Below is a summary of the four primary goals and the expected outputs for FY 2017-2018:

Affordable Housing

- At least 50 new rental apartments, affordable to low-income households, will be developed with HOME funding.
- At least 36 homes/apartments will be rehabilitated under the Rebuilding for Heroes Veterans Housing program.
- At least 75 low-income people living with HIV/AIDS will receive rental assistance, making their housing affordable. Households receiving rental assistance shall also receive housing placement assistance, medical and housing case management, and self-sufficiency services as needed.

Respond to Homelessness and Its Impacts on the Community

- At least 280 homeless individuals will be served in overnight shelters.
- At least 130 households will receive rapid rehousing assistance through the HOME Tenant-Based Rental Assistance ("TBRA") program and the ESG rapid re-housing program. Rapid re-housing participants also receive housing placement assistance and case management.
- At least 1,400 outreach contacts will be made through ESG- and CDBG-funded street outreach programs. These contacts include street-based case management services and participation in the County's Continuum of Care's ("COC") coordinated assessment.

Strengthening Neighborhoods

- At least 200 seniors will be served with meals/nutrition, transportation, and/or shared housing services.
- At least 250 neighborhood residents will receive services to meet basic needs, develop leadership skills, and/or increase self-sufficiency.
- At least 10 jobs will be created for homeless and formerly homeless individuals.
- At least 775 households will benefit from enhanced code enforcement services in CDBG low-income focus areas, including inspections of multifamily apartments to increase the livability and habitability of rental apartments.
- Approximately 20,000 residents in low-income neighborhoods will be served by improving pedestrian safety through adding enhanced high-visibility crosswalks. The crosswalks will increase pedestrian visibility to motorists and will reduce conflicts with other modes of transportation.
- Approximately 1,000 low-income and other vulnerable residents will be served through nonprofit facilities rehabilitation funding through improved facilities and more effective service delivery.
- At least 300 low-income residents will be provided with tenant/landlord counseling and/or legal services, increasing housing and neighborhood stability.

Promote Fair Housing Choice

- At least 220 residents will be served through outreach and education on fair housing issues, fair housing testing, and/or legal assistance.

FY 2017-2018 Planned Activities

The Annual Action Plan aligns the City’s available resources with the planned activities that will enable the City to meet its annual goals—and, by extension, stay on target to meet its Five-Year Plan goals. Following are the expenditure plans for CDBG, HOME, HOPWA, and ESG, including planned activities and a description of the agencies selected to implement.

Community Development Block Grant (CDBG)

Description: The CDBG program is a flexible program that supports the development of viable urban communities by providing decent housing, encouraging a suitable living environment, and expanding economic opportunities, principally for lower-income households.

As the largest and most flexible of the four federal grants, CDBG funds are divided into three categories. These include Public Services (“PS”), Community Development Improvement (“CDI”), and Administration activities. The CDI category is further delineated into construction projects and non-construction projects. Construction projects consist of capital projects that directly fund physical improvements such as facility or infrastructure improvements. Non-construction projects include programs and other indirect services provided to Low- and Moderate-Income Households.

Plan: The proposed CDBG activities for 2017-2018 are as follows:

Funding Category	CDBG Activities	Funding
PS	Senior Services	\$200,000
PS	Neighborhood Engagement and Leadership Training	\$200,000
PS	Services for Homeless and Unhoused Populations	\$350,000
PS	Legal Services for Low-income Tenants	\$500,000
CDI	Job Training for Homeless individuals	\$500,000
CDI	Minor Home Repair	\$1,250,000
CDI	Place-based Street and Infrastructure Enhancements	\$2,005,000
CDI	Targeted Code Enforcement	\$1,000,000
CDI	Nonprofit Facility Rehabilitation	\$3,230,360
Section 108	Section 108 Loan Repayment	\$1,885,865
Admin	Fair Housing	\$300,000
Admin	Grant Management	\$1,404,098
Total CDBG		\$12,825,323

CDBG - Public Services

CDBG funds can pay for a variety of Public 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). Services are generally funded on a three- to five-year funding cycle to provide predictability in service delivery and to support organizational capacity of service providers. The services listed below are described in greater detail in the Annual Plan. The proposed services for FY 2017-2018 include:

Senior Services – More detail on the services and agencies providing the services is outlined in the *Senior Services RFP Funding Award Recommendations* section of this memo.

Neighborhood Engagement and Leadership Training – The City is currently funding two agencies that provide a variety of neighborhood-focused programs 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 the City's Place-based and other lower-income neighborhoods. SOMOS Mayfair and CommUniverCity administer programs to engage the community 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. Staff is recommending to continue funding the current agencies at the following levels through FY 2017-2018. This will be the second year of funding for these programs:

Agency: SOMOS Mayfair / Funding: \$150,000

Agency: CommUniverCity / Funding: \$50,000

Services for homeless and unhoused populations – The City funds a variety of homeless services utilizing several funding sources. The CDBG funds will support Citywide outreach, engagement, and shelter. The City is currently funding HomeFirst to provide these services. Staff is recommending continued funding through FY 2017-2018 for a third year. The Plan proposes to reduce the CDBG funding level from the current \$750,000 to \$350,000 in FY 2017-2018. Non-federal funding will offset the reduction to preserve the current levels of services. Staff is recommending to continue funding the current agencies at the following levels through FY 2017-2018. This will be the third year of funding for this programs:

Agency: HomeFirst / Funding: \$350,000

Legal Services for Low-income Tenants – While soliciting community and stakeholder feedback on the Annual Plan, Analysis of Impediments, and Tenant Protection Ordinance, legal services for low income tenants was consistently identified as a significant need in San José. The goal of the Legal Services for LI Tenants is to increase housing stability by providing landlord/tenant counseling, education, referrals, and legal assistance to tenants facing unlawful evictions or other landlord/tenant issues. This will be the first year providing these services. The Housing Department will conduct an RFP after submitting the Annual Plan and will bring the award recommendations back to the City Council in late summer for approval. One or more agencies will receive a maximum of \$500,000 in FY 2017-2018 to administer these services in San José.

CDBG - Community Development Investments

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 FY 2017-2018 Annual Plan allocated CDBG funding to the following CDI activities:

Place-based Projects – Over the past several years, Housing Department staff has coordinated with other City Departments to identify infrastructure and other capital projects eligible for CDBG that benefit the City’s lower-income communities. Since 2012, CDBG resources have leveraged investments in the Santee/McKinley, Mayfair, and Five Wounds/Brookwood Terrace neighborhoods to create clean, safe, and engaged neighborhoods. In FY 2017-2018, the Housing Department has expanded its focus to include three low-income areas adjacent to planned supportive housing developments at Evans Lane, Senter Road, and South Second Street. The Plan allocates \$2,005,000 for FY 2017-2018 for the following proposed City projects:

- *Traffic Calming at King and San Antonio* – Originally funded in FY 2015-2016, this project provides improved pedestrian safety and accessibility at the intersection of King Rd. and San Antonio. Additional funding is being added in FY 2017-2018 to account for higher estimated construction costs and to expand the scope of the project to the North side of the intersection.
- *The Green Alleyways Project* – The poor condition of deteriorated alleyways has been an ongoing concern of neighborhood residents. Several alleyways are unpaved or have damaged pavement, creating a rough roadbed that also floods in storms. Improvements will provide a reliable roadway surface to ensure safe access for residents, improve accessibility, improve stormwater management, and raise awareness of stormwater issues.
- *Enhanced Crosswalk* – Pedestrian safety continues to be a concern citywide, and recently has been expressed as a top priority in several of the lower-income communities. This project proposes to fund enhanced crosswalks in nine key locations within the City’s lower-income communities. The enhanced crosswalks will provide high-visibility crosswalks through flashing beacons and added signage, and will provide greater accessibility to paths of travel. This project also supports the City’s Vision Zero transportation initiative.
- *Lighting and Traffic Calming at Evans Lane* – In support of the needs identified by the residents in the Evans Lane/Canoas Gardens neighborhood, this project anticipates adding and upgrading lighting in the area, and adding traffic calming measures. In addition to supporting the areas immediately adjacent to the future affordable housing to be built at Evans Lane, this project serves the needs of the broader community.

Nonprofit Facility Rehabilitation – The community-based organizations in the Bay Area provide vital services for the residents of San José. They offer services that are often not feasible for public or private organizations to administer. Many organizations struggle year-to-year to raise the revenue needed to provide basic essential services, often to provide for the most at-risk

residents. This ongoing lack of resources leaves many agencies with the inability to maintain or improve the facilities that house their staff or the spaces where they provide direct services. Capital Improvement funding for nonprofit facilities has been identified as a critical need by many of the non-profit agencies in San José and has been listed as a priority by the Silicon Valley Council of Nonprofits. The Plan targets a total of \$3,230,360 for nonprofit facility rehabilitation. These funds will be allocated as follows:

- *Bill Wilson Enclave Rehabilitation* – CDBG funds will be used to support completion of the Bill Wilson Center Rehabilitation project, originally funded in the FY2014-2015 Annual Action Plan. Funds will rehabilitate the homeless drop-in center, which includes three buildings on the corner of South 2nd and Margaret Streets. During the planning phase of this project, \$726,201 was moved from the FY 2016-2017 to be funded from FY 2017-2018 CDBG funds. The total project allocation is \$924,132.
- *Nonprofit Facility RFP* – The balance of \$2,504,159 allocated to nonprofit facility rehabilitation will be awarded through a new RFP to be released in late summer or early fall of FY 2017-2018.

CDI-funded Non-construction – As previously mentioned, the CDI category is categorized as construction projects and non-construction projects. Non-construction projects include programs and other indirect services benefitting low- and moderate-income individuals and households. Below is a list of the programs funded under the CDI category:

- *Enhanced Code Enforcement* – Code Enforcement’s focus will be primarily on the inspections of multi-family units, with general blight inspections and single-family housing inspections being ancillary to the multi-family inspections. In FY 2017-2018, the primary focus of CDBG funded Code Enforcement will be in the Cadillac neighborhood. \$1,000,000 of CDBG will be allocated to Enhanced Code Enforcement the fiscal year.
- *Minor Repair Program* – This program will provide minor repairs to single family and mobilehomes to address immediate health and safety needs, and create a decent living and safe living environment for low-income homeowners in San José. The focus of the repairs will be maintenance-type repairs (e.g., faucet repairs, roof patching), emergency and critical repair (e.g., grab bars, ramps), and larger limited rehabilitation (e.g., roof replacements). Historically, over 80% of the residents benefitting from these services are senior homeowners. Staff is recommending to continue funding the current agencies at the following levels through FY 2017-2018. This will be the second year of funding for these programs.

*Agency: Rebuilding Together Silicon Valley / Funding: \$1,000,000**

Agency: Habitat for Humanity East Bay Silicon Valley / Funding: \$250,000

*Note: Rebuilding Together Silicon Valley will receive a one-time increase of \$250,000 in FY 2017-2018 to offset the agency’s pipeline of Coyote Creek Flood repairs.

- *Job training* – The program will support job training for homeless and at risk individuals. This program must meet the national objective of low/moderate job creation and retention. This requirement is met when job training participants are placed in permanent jobs. In order to be eligible for CDBG funding, the job training must be tied to assistance to a for-profit businesses. This program is currently being administered by the San José Streets Team. Staff is recommending to continue funding the current agency at the following levels through FY 2017-2018. This will be the second year of funding for these programs.

Agency: San José Streets Team / Funding: \$500,000

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. In addition to grant planning and oversight, Fair Housing is the sole service that can be paid from the Administration as opposed to the Public Service category. Generally, the Housing Department splits the cost of Fair Housing services between the Public Services and Admin categories. In anticipation of a large loan repayment in FY 2017-2018, this year's CDBG Program Admin is projected to be slightly higher than previous year's allowing the CDBG funded Fair Housing Services to be fully funded through Admin. The total allocation for Administration in FY 2017-2018 is \$1,704,098.

- *Grant Planning and Oversight* – \$1,404,098 is allocated to grant planning and administration in FY 2017-2018. This funds administration of the grant funds which includes, community outreach, procurement of services and capital projects, contract development and management, sub-grantee monitoring, reporting, legal services, and environmental reviews.
- *Fair Housing Services* – In addition to CDBG, a portion of the Fair Housing services are funded with HOME funds. Services may include: outreach and education on fair housing issues; conducting fair housing testing; enforcing fair housing laws through litigation; and providing technical assistance to the Housing Department on how to monitor City-financed developments for fair housing compliance. The City will contract with a consortium of four agencies to provide these services, with the Law Foundation of Silicon Valley serving as the consortium lead. Staff is recommending to continue funding the Law Foundation at the following levels through FY 2017-2018. This will be the second year of funding for these programs.

Agency: Law Foundation of Silicon Valley / Funding: \$300,000 CDBG, \$100,000 HOME

Section 108 Loan Repayment - The City is also required to allocate approximately \$2 million annually to repay the federal government for Section 108 loans made to the City's former Redevelopment Agency for various private development projects. When the loans were executed, CDBG funds were identified as the collateral funding source for this repayment obligation. Until another source of funding is identified, CDBG will continue to be the source of this repayment. In FY 2017-2018 \$1,885,865 will be allocated for Section 108 loan repayments.

HOME Program

Description: The HOME program provides financial assistance to help increase the supply of affordable rental and homeownership housing for low-income households through the acquisition, rehabilitation, or construction of affordable housing and through the provision of tenant-based rental assistance.

Plan: HOME funds, including unspent funds from last year and projected program income, are proposed to be allocated in FY 2017-2018 as follows:

Proposed 2017-2018 HOME Activities	
Project	Allocated Amount
New Development	\$6,700,000
Program Administration	\$250,000
Fair Housing Services (Admin)	\$100,000
Tenant Based Rental Assistance (TBRA)	\$2,400,000
Total HOME	\$9,450,000

A new RFP for Rapid Rehousing services was released on March 15, 2017, to select new Rental Subsidy Administrator(s) and Supportive Services Administrator(s) for both HOME TBRA funds and non-federal funds. The Housing Department will bring the award recommendation to City Council separate from these Plan recommendations.

Housing Opportunities for Persons with HIV/AIDS (HOPWA)

Description: The HOPWA program provides local jurisdictions and nonprofits with resources and incentives to support long-term strategies for meeting the housing needs of low-income individuals living with HIV/AIDS and their families.

Plan: In FY 2017-2018, the City is projected to receive \$850,000 in HOPWA funds. Combined with the previous-year fund balance, the total amount allocated to HOPWA activities in FY 2017-2018 is \$1.0 million. The Health Trust was selected through the federal services RFP to provide rental assistance and supportive housing services. Staff is recommending to continue funding the Health Trust to administer HOPWA activities at the following levels through FY 2017-2018. This will be the second year of funding for these programs:

Proposed FY 2017-2018 HOPWA Activities	
Project	Allocated Amount
Rental Assistance and Supportive Housing	\$906,000
Grantee Administration	\$68,000
City Administration	\$26,000
Total HOPWA	\$1,000,000

Emergency Solutions Grant (ESG)

Description: Formerly known as the Emergency Shelter Grant program, ESG provides matching grants to help pay for shelter operating expenses and for other essential services to serve individuals and families experiencing homeless.

Plan: The City began a new homeless services funding cycle in FY 2015-2016 that includes the use of ESG funds. Two agencies are currently being funded through ESG to administer rapid rehousing and supportive services. The Bill Wilson Center provides shelter and case management for homeless youth and People Assisting the Homeless (PATH) provides outreach services in downtown San José. Staff is recommending to continue funding Bill Wilson at the current level in FY 2017-2018. Funding is being shifted from the PATH agreement to cover other homeless outreach activities identified earlier. Any funding gaps will be backfilled with other non-federal sources to ensure that the current levels of service are intact. This will be the third year of funding for these programs:

Agency: The Bill Wilson Center / Funding: \$440,000

Agency: HomeFirst / Funding: \$260,000

The ESG funds will be allocated as follows:

Proposed 2017-2018 ESG Budget	
Services	Allocated Amount
Supportive Service and Rapid Rehousing	\$700,000
Program Administration	\$55,000
Total ESG	\$750,000

Senior Services RFP Funding Award Recommendations

The City is in year four of the current CDBG-funded Senior Services. Stakeholder outreach and feedback from both HCDC and NSE indicated that senior services continue to be a top priority. Through the input gathered during outreach, the services identified as the greatest need for seniors in San José included transportation, housing, and food/nutrition services. On February 3, 2017, the Housing Department released a Senior Services RFP that included options for respondents to submit proposals for one or more of the three identified priorities.

The Department conducted an application workshop on February 10, 2017, which was optional for agencies to attend. The following agencies, listed in the order from highest scoring to lowest scoring proposal, provided proposals to the City by the application response deadline of 12:00 PM on March 15, 2017:

Senior Services Proposals		
Proposed Activity	Agency	Amount
Food and Nutrition	The Health Trust	\$125,000
Food and Nutrition	Portuguese Org. for Social Services Opportunities (POSSO)	\$101,460
Shared Housing	Episcopal Senior Communities	\$200,000
Food and Nutrition	Catholic Charities	\$200,000
Total Proposals		\$626,460

After proposals were submitted, a proposal review panel evaluated and scored the proposals based on pre-established rating criteria. The Senior Services RFP panel included Housing Department staff, the chair of the Seniors Commission, and staff from the Department of Parks, Recreation, and Neighborhood Services' Senior Health and Wellness Program.

The criteria for selecting funding recipients are listed below:

Criteria	Weight
Project Eligibility	Pass/Fail
Audit Review	Pass/Fail
Program Description	25%
Organizational and Financial Capacity and Experience	30%
Outputs and Outcomes	35%
Budget and Fee Structure	10%
Matching Funds Bonus	+2 or +4 (on 100-point scale)

The following agencies were selected based on their rankings and panel recommendations. The Health Trust's Meals on Wheels Proposal ranked the highest, with the POSSO Senior Access and Health Support proposal ranking second.

Selected Agencies and Recommended Funding – Senior Services		
Program	Agency	Recommended Award
The Health Trust	The Health Trust	\$125,000
Senior Access and Health Support	POSSO	\$75,000
Total Recommended		\$190,000

Description of Selected Services

Below is a brief description of the two activities selected through the Senior Services RFP:

Meals on Wheels – The Health Trust's Meals On Wheels program is one of the largest home-delivery meal programs in Santa Clara County and the only program offering hot, home-delivered meals daily. The proposed project will continue to maximize City resources and complement City programs by serving low-income, homebound seniors residing in the City of San Jose with direct food assistance and one-on-one interactions to address food insecurity and

social isolation. The program proposes to serve 100 seniors including 20,000 home delivered meals and 13,000 wellness checks over the program year.

Senior Access and Health Support – POSSO will provide culturally and language-accessible quality programs based at the Portuguese Community Center to low-income ethnic minority and immigrant seniors designed to reduce isolation, promote good nutrition, health, and wellness, improve quality of life and support aging in place. Services will be extended to address a serious services gap impacting low-income ethnic and immigrant seniors by providing accessible transportation to handicapped and frail seniors, and providing home delivered meals. The program proposes to serve 1,220 seniors with a variety of services throughout the program year.

Staff notified agencies of their preliminary selection, subject to the City Council's approval, by April 21, 2017. Agencies were given until May 5, 2017, to submit an appeal. No appeals were received by this date. The terms of these agreements will be July 1, 2017 to June 30, 2018. Each agreement will include options for up to three one-year extensions. Extension will be subject to budget appropriation and City Council approval.

Plan Implementation

Once the Annual Plan is approved by City Council, staff will work with service providers to develop agreements including finalizing scopes of service, contract budgets, performance measures, goals and outcomes. Upon approval of the Annual Plan by HUD, staff will work with agencies to finalize service agreements in preparation for execution on or before July 1, 2017.

Additionally, capital projects identified in the Annual Plan are preliminary in nature and will require further development. Upon approval of the Plan by City Council, staff will work with stakeholders to develop the final project scopes and take all necessary steps to ensure compliance with funding and project requirements. Staff will coordinate environmental reviews in compliance with the California Environmental Quality Act ("CEQA") and the National Environmental Policy Act ("NEPA") clearances before final commitment of funds via contract.

EVALUATION AND FOLLOW-UP

As the public comment period for the 2017-2018 Annual Plan closes on June 20, 2017, which is after the submission deadline for this memorandum, a summary of all public comments, the City's responses, and potential amendments to the draft Plan will be distributed to the City Council in the form of a Supplemental Memorandum prior to the June 20, 2016, meeting in which the City Council will consider approval of the final Plan documents. If the final federal allocations are less than anticipated and necessitate a Substantial Amendment to the Annual Action Plan, staff will bring that action to City Council. As always, the City will use the Consolidated Annual Performance and Evaluation Report ("CAPER") to report its progress toward achieving goals identified in this 2017-2018 Annual Plan after the end of that Plan year.

PUBLIC OUTREACH

Federal regulations stipulate that jurisdictions hold at least two public hearings to receive public comment for the Annual Plan and funding priorities. This year, the City will hold a total of four public hearings on the 2017-2018 Annual Plan. Staff used the meetings with HCDC in November 2016 and the presentation to NSE in December 2016 to present its funding strategies and priorities and to solicit feedback. City staff sent an e-mail announcement of the public hearings on the draft Plan to over 2,600 organizations and individuals concerned about affordable housing and community development issues and placed a notice in the *San José Mercury News*. These notices were translated into Spanish, Vietnamese, Chinese and Tagalog and were published in the *El Observador*, *Vietnam Daily News*, *World Journal*, and *Philippine News* newspapers. The City's public hearings are as follows:

- November 10, 2016 – Housing and Community Development Commission (“HCDC”)
- December 8, 2016 – Neighborhood Services and Education Committee (“NSE”)
- June 8, 2017 – HCDC
- June 20, 2017 – City Council

All public comments provided to the City either verbally or in writing will be included in the appendices of the documents together with staff's response when the Plan is submitted to HUD.

Once approved, the FY 2017-2018 Plan will be available on the Housing Department's website (<http://www.sanjoseca.gov/housingconplan>), or by mail at the public's request.

COORDINATION

Preparation of this report has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

Housing Department staff has sought and incorporated feedback from two different commissions. On October 27, 2016, staff presented to the Senior Citizens Commission to obtain feedback on the proposed overall federal funding priorities with an emphasis on needed senior services. On November 10, 2016, staff presented the proposed FY 2017-2018 federal funding priorities to HCDC, which gave feedback and confirmation of the Plan's proposed strategic direction. On June 8, 2017, Housing Department staff will present the draft Plan to HCDC. The purpose of the meeting is to obtain HCDC's input and to hold a public hearing. The current Plan recommendations conform with the funding priority recommendations of both the Senior Citizens Commission and HCDC.

FISCAL/POLICY ALIGNMENT

This action is consistent with the City's *Consolidated Plan 2015-2020*, adopted by the City Council on May 5, 2015, and with the City's *Adopted Housing Element 2014-2023* in that the action provides services to very low-income households. It also furthers the advancement of the *Community Plan to End Homelessness* approved by the City Council in February 2015. The timely submittal of the Annual Plan to HUD enables the City to receive and distribute approximately \$12 million in entitlement funds for the CDBG, HOME, HOPWA and ESG programs for FY 2017-2018.

COST SUMMARY/IMPLICATIONS

This report summarizes the expenditure plan for the City's federal funds received from HUD.

BUDGET REFERENCE

Commitments proposed in this Plan will be appropriated as part of the the FY 2017-2018 budget process. Subject to City Council approval, some multi-year Community Development infrastructure expenditures will be brought forward during the City's FY 2018-2019 budget process.

CEQA

Not a Project, File No. PP10-069 (a), Annual Report. Specific development projects that are funded as a result of the Consolidated Annual Plan are subject to project-specific CEQA clearance.

/s/
JACKY MORALES-FERRAND
Director of Housing

For questions, please contact Jacky Morales-Ferrand, Director of Housing at (408) 535-3855.