



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: June 16, 2017

Approved

J. D. SyL

Date

6/19/17

SUPPLEMENTAL

SUBJECT: FINAL PUBLIC HEARING AND APPROVAL OF THE FY 2017-2018 ANNUAL PLAN

REASON FOR SUPPLEMENTAL

At the time the approval memorandum for the FY 2017-2018 Annual Action Plan ("Plan") was due, the required public comment period was still open and the City had not received its notice of annual allocation. This supplemental memorandum provides information received during the public comment period and updates the Mayor and City Council on proposed changes to the draft document identified since its release on May 19, 2017.

RECOMMENDATION

It is recommended that the City Council approve the recommendations made in the May 30, 2017 memorandum and accept the additional changes to the FY 2017-2018 Plan, as detailed in this memorandum.

BACKGROUND

The memorandum submitted to the City Council on May 30, 2017 indicated that a supplemental memorandum would be distributed to the Mayor and City Council prior to the June 20, 2017 City Council meeting. This supplemental memorandum provides public comments received to date and proposed changes to the Plan since the Draft document was released on May 19, 2017. A copy of the draft document was linked to the May 30th memorandum located on the Housing Department's website at: <http://www.sanjoseca.gov/DocumentCenter/View/69784>

ANALYSIS*Public Comments*

Two public hearings were held to obtain input on the FY 2017-2018 Plan. The first public hearing was held at the November 10, 2016 Housing and Community Development Commission (“HCDC”) prior to the release of the draft Plan. This hearing was intended to solicit public input on the proposed federal funding priorities. The second hearing to review the Draft Plan was held at the June 8, 2017 HCDC meeting. The HCDC recommended approval of the Draft Plan by a vote of 7-0-1-1 with one Commissioner abstaining and one Commissioner recusing themselves from the vote. A summary of the public comments is included as Attachment A to this memorandum and will be included in the appendix of the final document submitted to the Department of Housing and Urban Development (HUD).

Corrections and Edits

Attachment B highlights changes to the May 30, 2017 Memorandum as well as the Draft FY 2017-2018 Plan. On June 15, 2017 the Department of Housing and Urban Development released the funding allocations for the City of San José. Since the Draft Plan and City Council memorandum were released prior receiving the FY 2017-2018 allocation notice, the Plan is being updated to reflect actual allocated amounts rather than projected allocations. The actual allocated amounts for each of the federal grants were closely aligned with staff’s projections. Therefore, the changes to the Plan are minor. Below is the comparison between the FY 2016-2017 and the FY 2017-2018 federal allocations:

	CDBG	HOME	ESG	HOPWA
FY 2016-2017	\$8,389,991	\$2,573,775	\$743,498	\$876,953
FY 2017-2018	\$8,196,038	\$2,512,787	\$755,392	\$999,261
Net Change	-2.3%	-2.4%	1.6%	13.9%

The total change in allocation from FY 2016-17 to FY 2017-18 is a reduction of \$120,739 (-1.0 %). In anticipation of cuts to each federal grant, City Grant staff allocated funding for each activity based on a lower federal allocation estimate. Therefore, the small reduction in CDBG and HOME will not result in decreases to the Public Services proposed in the Plan. Adjustments to the Code Enforcement and Housing Administration activities have been made in the Plan to more closely align with the proposed FY 2017-2018 Proposed City Budget.

HONORABLE MAYOR AND CITY COUNCIL

June 16, 2016

Subject: Final Public Hearing of the Annual Action Plan FY 2016-2017 -Supplemental Memo

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COORDINATION

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

/s/

JACKY MORALES-FERRAND

Director of Housing

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

Attachments (2)

Attachment A – Community Input and Public Testimony

Housing and Community Development Commission – November 10, 2016

Public Comment	Staff Response
No public Comments	

Commission Comments	Staff Response
Commissioner Thompson made the motion to recommend to the City Council the federal funding priorities for FY 2017-18 with a friendly amendment from Commissioner Shoor that shared housing also be considered in the Senior RFP. Commissioner Jones seconded the motion. The motion passes unanimously (10:0).	Staff explained that the HCDC recommendations were consistent with other public input and with the feedback received from the Senior Citizens Commission. Senior shared Housing was included in the Senior Services RFP.

The Housing and Community Development Advisory Commission Meeting – June 8, 2017

Public Comment	Staff Response
No public comments	

Commission Comments	Staff Response
Commissioner Fitzgerald asked if there is a code enforcement inspector funded by CDBG.	Staff responded that there is a CDBG designated inspector funded by CDBG.
Commissioner Shoor asked about outcomes from the previous year's federal funding.	Staff responded that outcomes and results would be provided at the September or October meeting.
The Housing & Community Development Commission voted 8-0-1-1 to approve the FY 2017-18 Annual Action Plan. Commissioner Navarro recused himself from the vote and Commissioner Quinn abstained from the vote.	

Attachment B – Revisions to the Draft FY 2017-18 Annual Action Plan and May 30, 2017 City Council Memo.

The following table summarizes changes to the City Council Memo dated May 30, 2017 regarding City Council Approval of the FY 2017-2018 Annual Action Plan. Each change cross references the page and section in the memo where all numeric and narrative changes can be found.

Changes to May 30 Memo

Memo Page	Section	Change	Reason for Change
4	Analysis Section	Updated to the Allocation (Table See Table 1 Below for changes)	The allocation Table has been updated to reflect the actual allocated grants received by HUD on June 15, 2017
5	FY 2017-2017 Annual Goals	The Rebuilding for Heroes goal was removed	A portion of FY 2016-2017 CDBG funding will rebudgeted for this program. The balance of program expenditures will be funded through an alternative Housing Department funding source in FY 2017-2018. There will be no net change in the overall program allocation.
5	FY 2017-2017 Annual Goals	Goal for rental assistance for people living with Aid Increased from 75 to 90	The goal was increase to match the higher HOPWA allocation
		Decrease in Overnight Shelter goal from 280 to 250 homeless individuals	A portion of the funding for this activity is being shifted to non-federal source.
		Rapid rehousing goal increase from 130 households served to 150 Households (See Table 3 for fiscal change)	The goal was increased to reflect a small shift of HOME funding from New Development to TBRA to meet the service demand
		Decrease in ESG and CDBG Homeless Case Management from 1,400 to 700	A portion of the funding for this activity is being shifted to non-federal source.
		Small decrease in number of residents served by traffic calming and pedestrian projects from 22,000 to 20,000	Slight adjustment in project funding
6	FY 2017-2018 Planned Activities	See Table 2 for funding changes	Adjustment made to activities to reflect actual allocation of CDBG and to align with City budget appropriations.

7	CDBG Public Services	Legal Services for Low Income Tenants increased from \$500,000 to \$530,000	Adjustment was made to include \$30,000 carry over from FY 2016-2017 for existing Santee Legal Services Contract.
8 & 9	Community Development Investments	Funding level is decreased from \$2,005,000 to \$1,830,000	Project descriptions will not change. Changes reflect refined project budgets for this FY.
		Non-profit facility rehab is decreased from \$3,230,000 to \$3,026,948	Project funding was based on the total CDI balance remaining after all other project allocations. With Adjustments to other funding categories and recalculation of fund balance the new amount reflects total balance of CDBG funds in FY 2017-2018
9	CDI – funded Non-construction	Enhanced Code Enforcement increased from \$1,000,000 to \$1,085,119	Increase was made to align funding with City Budget released after Annual Action Plan release
10	Administration	Grant Planning and Oversight increased from \$1,404,098 to \$1,714,106	Increase was made to align funding with City Budget released after Annual Action Plan release
11	HOME Program	Increase to the New Development Category (See Table 3 below)	Adjustment was made to reflect actual HOME allocation
11	Housing Opportunities for Persons With HIV/AIDS	Increase in Rental Assistance (See Table 4 below)	Adjustment was made to reflect actual HOPWA allocation
12	Emergency Solutions Grant	Small increase to Program Administration (See Table 5 below)	Adjustment was made to reflect actual ESG allocation

Table 1

Funding	Annual Allocation	Prior-year Carryover*	Estimated 2017-2018 Program Income	Total Estimated Resources
CDBG	\$7,970,491 \$8,196,038	\$2,454,832 \$2,276,000	\$2,400,000	\$12,825,323 \$12,872,038
HOME	\$2,500,000 \$2,512,787	\$6,950,000 \$6,950,091	\$0	\$9,450,000 \$9,462,878
HOPWA	\$850,000 \$999,261	\$150,000	\$0	\$1,000,000 \$1,149,261
ESG	\$755,000 \$755,392	\$0	\$0	\$755,000 \$755,392
Total	\$12,075,491 \$12,463,478	\$9,554,832 \$9,376,091	\$2,400,000	\$24,030,323 \$24,239,569

Table 2

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 \$530,000
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 \$1,830,000
CDI	Targeted Code Enforcement	\$1,000,000 \$1,085,119
CDI	Nonprofit Facility Rehabilitation	\$3,230,360 \$3,026,948
Section 108	Section 108 Loan Repayment	\$1,885,865
Admin	Fair Housing	\$300,000
Admin	Grant Management	\$1,404,098 \$1,714,106
Total CDBG		\$12,825,323 \$12,672,038

Table 3

Proposed 2017-2018 HOME Activities	
Project	Allocated Amount
New Development	\$6,700,000 \$6,712,878
Program Administration	\$250,000
Fair Housing Services (Admin)	\$100,000
Tenant Based Rental Assistance (TBRA)	\$2,400,000
Total HOME	\$9,450,000 \$9,462,878

Table 4

Proposed FY 2017-2018 HOPWA Activities	
Project	Allocated Amount
Rental Assistance and Supportive Housing	\$906,000 \$1,044,761
Grantee Administration	\$68,000 \$78,500
City Administration	\$26,000
Total HOPWA	\$1,000,000 \$1,149,261

Table 5

Proposed 2017-2018 ESG Budget	
Services	Allocated Amount
Supportive Service and Rapid Rehousing	\$700,000
Program Administration	\$55,000
	\$55,392
Total ESG	\$750,000
	\$755,392

The following table summarizes the changes to the FY 2017-2018 Annual Action Plan. Each change cross references the Plan page and section were all numeric and narrative changes can be found. The revised Plan detailing these changes can be found at:

<http://www.sanjoseca.gov/DocumentCenter/View/69784>

Changes to FY 2017-2018 Annual Action Plan

Plan Page	Section	Change	Reason for Change
6	Summary of Objectives and Outcomes of the Annual Action Plan 2017-18	<u>Action Plan Change</u> The Rebuilding for Heroes goal was removed	A portion of FY 2016-2017 CDBG funding will carryover and continue to be utilized for this program. The balance of program expenditures will be funded through an alternative Housing Department funding source in FY 2017-2018. There will be no net change in the overall program allocation.
6	Summary of Objectives and Outcomes of the Annual Action Plan 2017-18	<u>Action Plan Change</u> Several projected goals have been increased	This is due to the slightly higher federal allocation than anticipated
26	Action Plan Public Comment Period	The release date was changed from April to May	As a result of the late federal budget the draft Plan was released in May rather than April which is the typical release month
27	Public Hearings	Public hearing dates were updated.	Changed to reflect the actual hearing dates and locations
31	Expected Resources	Grant allocations were updated	Changes reflect the actual allocated grant amounts and totals
	Table- 5 fiscal year 2017-2018 CDBG Budget Priorities	CDBG allocations and totals were updated – Increase of from \$12,855,323 to \$12,871,038	Changes reflect the actual allocated grant amounts and totals

		The Administration category was updated – increase from \$1,704,098 to \$2,014,106	Updated to reflect actual administrative costs identified in the Proposed FY 2017-2018 City Budget. This amount includes Housing staff, Planning costs, City Attorney costs and Fair Housing Services.
		Increase to the Legal Services for LI tenants from \$500,000 to \$530,000	The \$30,000 is FY 2016-2017 carry over for the Santee Legal Services.
		Updates to the Placed Based Projects category – decrease from \$2,005,000 to \$1,830,000	City staff proposals have been refined - several projects will be completed in phases spanning additional FY
		Targeted Code Enforcement increase from \$1,000,000 to \$1,085,119	Updated to reflect actual administrative costs identified in the Proposed FY 2017-2018 City Budget after the Plan and May 30 th City Council memo were released
		Non-profit facility Rehab decrease from \$3,230,360 to \$3,026,948	Adjusted to reflect available capital funding balance
33-34	Tables - 6-8	Grant allocations and totals updated	Allocations and totals updated to reflect actual grant allocations
35-37	Table - 9	Grant allocations, prior year resources and totals updated for each federal grant	Allocations and totals updated to reflect actual grant allocations
43-44	Table - 10	Grant allocations updated by funding category	Allocations and totals updated to reflect actual grant allocations
49-50	Table -12 Project Summary	Activity funding levels and goals updated	Updated to reflect actual allocations
51-64	Project Description tables	Project #3, #5, #6, #8, #10, #13, #15, and #17 funding and estimated outcomes updated	Updated to reflect actual allocations
67	AP-55 Affordable Housing	Updated housing goals	Updated to reflect actual allocations
75	AP-70 HOPWA Goals	Updated HOPWA goals	Updated to reflect actual allocations
101	Appendix B Public Comments	Public comments updated	Comments received after the Plan was published have been added