



Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Leslye Corsiglia

SUBJECT: SEE BELOW

DATE: February 5, 2012

Approved

Date

2/15/13

SUBJECT: EXPENDITURE OF FY 2013-2014 AND FY 2014-2015 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG), EMERGENCY SOLUTIONS GRANT (ESG) AND HOUSING OPPORTUNITY FOR PERSONS WITH AIDS (HOPWA) FUNDS

RECOMMENDATION

It is recommended that the Council:

- (a) Approve the extension of the Public Services contracts to Community Development Block Grant grantees for two additional years, through Fiscal Year 2014-15;
- (b) Approve the extension of the contracts for Place Based Neighborhoods for two additional years, through Fiscal Year 2014-15;
- (c) Approve the extension of the contracts for Emergency Solutions Grant and Housing Opportunity for Persons with AIDS program funding for two additional years, through Fiscal Year 2014-15;
- (d) Adopt a resolution authorizing the Director of Housing to negotiate and execute any amendments to CDBG, Place Based Neighborhoods, ESG & HOPWA agreements to extend the terms through Fiscal Year 2014-15; and
- (e) Direct the Administration to bring back recommendations for the allocation of remaining Community Development Block Grant funding during the Fiscal Year 2013-14 Consolidated Plan process.

OUTCOME

Approval of the recommended action will ensure that identified City priority projects continue to be funded, while reducing the administrative burden on both City staff and the staff of nonprofit organizations receiving federal housing and community development funding.

BACKGROUND

Annually, the City of San José receives entitlement funds from the U.S. Department of Housing and Urban Development (HUD) for a variety of housing and community development activities. In FY 2012-2013, these funds totaled approximately \$12 million. The CDBG program funds various nonprofit agencies and City departments to implement services that benefit low- and moderate-income persons, respond to concerns of blight, or address community development needs. The ESG program funds various nonprofit agencies that work with the City's homeless residents and victims of domestic abuse by providing shelter, services, and street outreach. The HOPWA program is exclusively dedicated to the housing and support service needs for people living with HIV/AIDS. The City administers the HOPWA Program in both Santa Clara and San Benito Counties.

Typically, the Housing Department issues a Notice of Funding Availability (NOFA) or Request for Proposals (RFP) each year in order to solicit applications for funding. This process includes a deadline for submission of applications, convening of review panels, a review and scoring of proposals, and then final selection. In the past, applicants provided a wide array of services and did not target any specific City priority. Starting in FY 2012-2013, the Council approved a new funding process and strategy for each program that was designed to both streamline the process and target funding to City priority services.

As a result of this new strategy, the Department initiated an RFP process for both CDBG and ESG funds that sought proposals for senior services, foreclosure response services, homeless services, and minor home repair services. Later, the Department also initiated an RFP process for CDBG funded school readiness/third grade literacy services in three targeted Place Based neighborhoods and HOPWA services. As a result, the Department awarded 16 contracts to eleven nonprofit agencies and San Benito County. In addition, the Department awarded CDBG funds for a sole-source contract to a consortium of fair housing service providers.

ANALYSIS

Anticipated Funding

Congress has yet to pass a budget and is currently operating under a Continuing Resolution. As a result, we do not yet have an estimate of the final FY 2013 appropriation for any of the three programs. In the past two years, CDBG funding has been cut—with a 16.1% reduction in FY 2011 followed by a 14.3% reduction in FY 2012. The best-case scenario is that the federal government will maintain existing funding levels for all federal programs. However, with the threat of sequestration, there is the potential for additional reductions in funding. Further cuts would impact services and require the Department to make funding reductions across all federal funding categories.

Community Services

The Department recommends continuing funding for most nonprofit grantees through FY 2014-2015 (see Attachment A). The services provided by these grantees continue to align with City priorities identified in FY 2012-2013. The continuation of funding will allow grantees to continue the progress they have made thus far and provide financial stability, enabling nonprofit partners to focus on the delivery of services important to the community.

Additionally, extending the contracts will reduce the City's administrative burden. With the reduction in grant funding, administrative funding has been reduced significantly in recent years. Due to the uncertainty of funding and the potential for further reductions, extending the contracts will enable the Department to focus on contract administration and compliance.

Lastly, the recommended action will allow the Department to align funding with the Five-Year Consolidated Plan set to expire in FY 2014-2015. The Department will initiate a new public feedback process early in FY 2014-2015, and will reengage the community on funding priorities going forward. The Department will take this feedback and identify new funding priorities and, potentially, new place-based neighborhoods.

Place-Based, Neighborhood-Focused Strategy

FY 2012-2013 also represents the first year of the City's Place-Based Initiative. As San José continues to struggle with the challenge of addressing the needs of its neighborhoods, the Place Based Neighborhood Strategy allows for a more coordinated effort to respond to neighborhood needs. The underlying framework of this new Place-Based Neighborhood Strategy is based on adopted City Council policy that helped guide the changes to CDBG and the implementation of this strategy:

- ❑ Direct funding to City priorities¹ with a specific focus on ensuring clean and safe neighborhoods with engaged² residents,
- ❑ Stabilize neighborhoods in crisis by adopting a place based approach concentrating resources in support of neighborhoods in need³, and
- ❑ Reduce administrative costs and improve efficiency using technology⁴

In order to implement a portion of this strategy, three neighborhoods were selected to serve as the pilot place-based neighborhoods. These neighborhoods were:

- ❑ Santee/McKinley in partnership with the Franklin McKinley Children's Initiative,
- ❑ Mayfair in partnership with Somos Mayfair, and
- ❑ Five Wounds/Brookwood Terrace in partnership with CommUniverCity

¹ Mayor's June Budget Message (Adopted) 2011 section 6, i Community Development Block Grant

² Strong Neighborhoods Business Plan Update (Adopted) 2011

³ Strong Neighborhoods Business Plan Update (Adopted) 2011

⁴ City Manager's 2011-2012 Budget Message (Adopted) page 5, Budget Balancing Strategy Guidelines

February 5, 2013

Subject: Expenditure of FY 2013-2014 and FY 2014-2015 Community Development Block Grant, Emergency Solutions Grant and Housing Opportunity For Persons With Aids Funds

Page 4

These three organizations serve as the City's partners in determining the highest priority needs in their respective neighborhoods. In three to five years, as these neighborhoods improve, the City will identify new neighborhoods for participation and further direct CDBG funds to those areas. With the newly implemented Neighborhood Engagement Team, City staff will work to both strengthen those neighborhoods, bringing them closer to the positive tipping point and identify additional partners to continue this effort in the future.

Other CDBG Funds

Final funding approval will take place when the Council reviews the FY 2013-2014 Consolidated Annual Action Plan in late April/early May. At this time, the Department will bring forward additional funding recommendations for such items as housing rehabilitation, code enforcement, and approximately \$1.5 million in community development improvements targeted to the three place-based communities.

EVALUATION AND FOLLOW-UP

The draft 2013-2014 Consolidated Annual Action Plan – anticipated to be considered by Council at two hearings in late-March and early-May of 2013 – will reflect the recommendation included in this memorandum.

POLICY ALTERNATIVES

Alternative #1 *Initiate a new funding process for FY 2013-2014 and again for FY 2014-2015*

Pros: Allows for agencies that did not receive funding in FY 2012-2013 to again compete for scarce federal dollars.

Cons: Does not continue the progress of the new Place-Based Neighborhood Strategy. Does not represent an efficient use of scarce administrative dollars. Does not allow for thorough achievement of stated goals and outcomes.

Reason for not recommending: A targeted approach will acknowledge limited resources and ensure achievement of identified outcomes. By allowing the funding to continue for two additional years, the City's nonprofit partners will be more successful in achieving goals and outcomes, including those in the three place-based neighborhoods.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.

HONORABLE MAYOR AND CITY COUNCIL

February 5, 2013

Subject: Expenditure of FY 2013-2014 and FY 2014-2015 Community Development Block Grant, Emergency Solutions Grant and Housing Opportunity For Persons With Aids Funds

Page 5

- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach.

This item does not meet any of the above criteria; however, this memorandum will be posted on the City's website for the February 26, 2013 Council agenda.

COORDINATION

Preparation of this report was coordinated with the Office of the City Attorney.

CEQA

CEQA: Not a project. PP10-0768, General Procedure and Policy Making.

/s/
LESLYE CORSIGLIA
Director of Housing

Attachments

For questions, please contact, LESLYE CORSIGLIA, Director of Housing, at 408-535-3851

FY 2013-2015 FEDERAL FUNDING RECOMMENDATIONS

Attachment A

Funding Priority (with Funding Source)	Project Name	Project Agency	Project Scope	Amount Funded
Service Contracts				
Foreclosure Response (CDBG)				
	ForeclosureHELPSCC	Housing Trust of Santa Clara County	Provides a full array of foreclosure prevention, intervention services to homeowners and tenants impacted by foreclosure, including one-on-one guidance and counseling, and information and referral services.	\$297,351
Kindergarten Readiness/Third Grade Literacy (CDBG)				
	Franklin McKinley Children's Initiative	Catholic Charities of Santa Clara County	Provides an early literacy collaborative through four programs consisting of Bridge to Kinder Program, Abriendo Puertas/Opening Doors, CORAL After-School Kinder Extended Day, and Parent Engagement Workshops.	\$100,000
	CommUniverCity: Accelerating Third Grade Literacy	San Jose State University Reseach Foundation	Provides the CORAL afterschool project to 100 K-3rd graders at Ann Darling, McKinley and Olinder Elementary Schools.	\$100,000
	In Our Hands Campain	Somos Mayfair	Provides students and parents of Cesar Chavez Elmentary School with school readiness and literacy activities that increase knowledge and skills necessary for school success.	\$100,000

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Funding Priority (with Funding Source)	Project Name	Project Agency	Project Scope	Amount Funded
Senior Services (CDBG)				
	Senior Isolation to Inclusion	Catholic Charities of Santa Clara County	Provides licensed adult day care, escorted transportation and congregate senior meals to low-income, dependent seniors.	\$100,000
	Meals on Wheels	The Health Trust	Provides daily, home-delivered hot meals, personal connections, wellness checks and resources to low-income homebound seniors.	\$100,000
Homelessness (CDBG and ESG)				
	Citywide Outreach and Shelter	Emergency Housing Consortium	Provides street-based outreach, emergency shelter, case management and financial assistance to attain permanent housing to homeless individuals citywide.	\$461,898 (CDBG); \$97,797 (ESG)
	Homeless Outreach	Bill Wilson Center	Provides outreach and engagement, intensive case management, shelter, housing search, deposit/rental assistance and linkages to services, including mainstream benefits, to homeless individuals citywide.	\$249,023

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	Homeless Families and Youth	Bill Wilson Center	Provides for the needs of families and youth who are homeless through emergency shelter, outreach and engagement, case management, housing search, rental/deposit assistance and likages to support services.	\$306,909
	Domestic Violence Collaborative	Next Door Solutions to Domestic Violence	Provides outreach/hotline, emergency shelter, case management/safety planning, empowerment, self-sufficiency and permanent housing placement services to victims of domestic violence.	\$235,000
	Homeless Management Information System (HMIS)	Community Technology Alliance	Provides management and technical assistance for citywide HMIS system in use by all homeless service agencies countywide.	\$90,000
AIDS Services (HOPWA)				
	AIDS Services Housing for Health Project	The Health Trust	Provides tenant based rental assistance, support services and housing place assistance to persons with AIDS in San Jose.	\$801,851

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Funding Priority (with Funding Source)	Project Name	Project Agency	Project Scope	Amount Funded
	Housing Opportunities for People with AIDS	Department of Community Services and Workforce Development of the County of San Benito	Provides rental assistance, food vouchers, utility assistance, and dental assistance to persons with AIDS in San Benito County.	\$50,000
Fair Housing (CDBG)				
	Fair Housing Investigation and Enforcement Services	Law Foundation of Silicon Valley	Provides comprehensive fair housing education, investigation of fair housing complaints, conciliation of fair housing disputes, and legal services attendant to bringing fair housing complaints	\$385,000
			Total	\$3,474,829

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Funding Priority (with Funding Source)	Project Name	Project Agency	Project Scope	Amount Funded
Community Development Improvement Contracts				
Minor Repair Services (CDBG)				
	MinorEmergency, Critical and Minor Housing Repair Services	Rebuilding Together Silicon Valley	Provides repairs to housing units to attend to immediate health and safety needs for extremely low-income homeowners. The focus of repairs will address emergency and critical repair needs, as well as minor accessibility and mobility needs within the home.	\$400,000
Grand Total				\$3,874,829