

Action Plan

Grantee: San Jose, CA

Grant: B-08-MN-06-0008

LOCCS Authorized Amount:	\$ 5,628,283.00
Grant Award Amount:	\$ 5,628,283.00
Status:	Reviewed and Approved
Estimated PI/RL Funds:	\$ 2,965,135.59
Total Budget:	\$ 8,593,418.59

Funding Sources

No Funding Sources Found

Narratives

Areas of Greatest Need:

The State of California is second only to Florida in the number of foreclosed homes from January 2007 to June 2008, as determined by the U.S. Department of Housing and Urban Development (HUD). Under the Housing and Economic Recovery Act of 2008 (HERA) - Neighborhood Stabilization Program (NSP), the City of San Jose (the "City") is one of 47 jurisdictions statewide receiving a direct NSP allocation from HUD. The allocation to the City totals \$5,628,283. The City is the largest jurisdiction within the County of Santa Clara (the "County"), with a population of nearly 1 million and covering over 178.2 square miles of incorporated area. San Jose a high-cost area, has experienced a serious increase in the number of foreclosures resulting from an increase in unemployment and the variety of sub-prime loan programs offered to households that were unable to maintain the increasing mortgage payments. Based on HUD analysis (<http://www.huduser.org/publications>), during the period of January 2007 to June 2008, 6,259 multi- and single-family housing units were foreclosed upon in the City of San Jose. San Jose went from a ranking of 43rd in the top 100 metropolitan areas for foreclosures in the third quarter of 2007 to a ranking of 21st in the third quarter of 2008, with a 96% increase in foreclosures. To respond to the continuing increase in defaults, the City has been working with local lenders and nonprofit agencies to develop a strategy that will assist in the prevention of foreclosures. The two most recent quarters in 2008 show a 25 percent regional decline in defaults, but this is believed to be attributable to the newly passed State law requiring lenders to contact delinquent homeowners 30 days in advance of filing a default notice. This law delays the default but does not eliminate the underlying issue, and unless immediate foreclosure prevention assistance is provided to cure the default, many of these homes are still subject to foreclosure. Under NSP guidelines, HUD requires applicants to identify areas of greatest NEED defined by: 1) the greatest percentage of home foreclosures; 2) have the highest percentage of sub-prime loans; and 3) likelihood of facing a significant rise in foreclosures. Additionally, the City will consider other need categories in conjunction with HUD's priorities. The City will add to these criteria those locations that fall within the Strong Neighborhood Initiative (SNI) Areas. The City created the SNI program to provide a mechanism for residents of blighted neighborhoods to communicate with the City and other resources, in order to plan, prioritize, and secure funding for needed improvements. The focus of resources on the SNI areas increases the positive impact of the limited resources available. The City has analyzed and mapped data from several sources, including HUD, RealtyTrac, ForeclosureRadar, U.S. Census, the San Jose Mayor's Gang Prevention Task Force, Code Enforcement, and Santa Clara County Association of REALTORS. The result of this analysis was the identification of four primary zip codes that meet all of the following criteria: 1) Majority of households have incomes that meet the NSP definition of 120% AMI or below; 2) Have the city's highest incidence and percentage of; a. foreclosed units, b. "high-cost" or sub-prime loans, c. recorded "Notice of Defaults"; and 3) Are within an SNI area or other heavily impacted area with a high risk factor. See the attached NSP Application and Substantial Amendment for the complete narrative.



Distribution and and Uses of Funds:

NSP funds will be used for the acquisition and rehabilitation or redevelopment of foreclosed upon properties in the identified target areas of greatest need, specifically within the zip codes identified above. Although \$5.6 million is a large sum, and despite the falling cost of housing nationally, property values in San Jose remain among the highest in the nation. Whenever possible, the City of San Jose will leverage other resources to increase the number of housing units assisted with NSP funds. As required by HUD, clearly defined target areas will be established to ensure that the areas of greatest need are assisted for the maximum positive impact, utilizing existing programs that operate efficiently and effectively, such as the Strong Neighborhood Initiative efforts and the CDBG neighborhood improvement projects. The City will also seek additional NSP funding from the State to address the foreclosure needs of the City of San Jose. Within the identified areas of greatest need, NSP funds will be used to acquire and rehabilitate foreclosed upon properties to be occupied by owner and renter households having income of less than 120% AMI, with at least 25% of the funds set aside to assist households having incomes at or below 50% AMI. The NSP Budget will include a minimum of 25% VLI Set-Aside or \$1,407,070, Direct Program Costs of \$3,799,002, and Administration of \$422,211, for a Total Costs \$5,628,283. Based on research and information on the foreclosure market in San Jose and the parameters of the NSP funds, the City of San Jose has developed two programs to best utilize this funding source. Program #1: Rental Housing Development - A key strategy to maximize neighborhood impact and the number of affordable housing units assisted will be the purchase of multi-family rental properties in highly impacted neighborhoods. For example, one SNI neighborhood in a highly-impacted zip code has a large number of four-plexes, many of which are already foreclosed upon or in the foreclosure process. At the height of the market, these four-plexes were selling for over \$900,000, but the current market value is approximately \$400,000. The City's goal will be to acquire two or more contiguous properties and rehabilitate the four-plexes, or demolish and rebuild higher density rental housing. In the latter case, the City would seek planned development zoning to increase the residential density from the current 12-25 units per acre. In both rehabilitation and new construction, energy saving green technology will be incorporated whenever practicable. This program would result in the creation of rental housing affordable to Very Low-Income households. After acquiring the properties, the City would publish a Request for Proposals and select nonprofit affordable housing developers to carry out the construction of the new rental housing projects. The City would carry a second mortgage to supplement the loans secured by the developer from other government sources or from private lenders. Affordability restrictions would be applied to the land in accordance with HOME standards. Single-family homes, acquired and rehabilitated in Program #2, below, may also be sold to a nonprofit organizations that will operate the residences in shared rental housing arrangements to low- and very-low income individuals, including the City's Special Needs populations. Program #2: Homebuyer Acquisition/Rehabilitation Program - The Homebuyer Program will assist lower-, moderate-, and middle-income (LMMH) households or eligible nonprofits providing services to LMM Clients, to acquire single-family homes. See the attached NSP Application and Substantial Amendment for the complete narrative.

Definitions and Descriptions:

(1) Blighted Structure. In context of local law is defined as: a) NSP: A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute threat to human health, safety, and public welfare. b) City of San Jose: The City operates under California Community Redevelopment Law (CRL) Sections 33030 and 33031 to define blight. A structure is blighted when it is unsafe or unhealthy for persons to live or work. This includes serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or similar factors that cause these conditions. (2) Affordable Rents. NSP funds requires that all households assisted with NSP funds have income at or below 120% AMI. A minimum of 25% of NSP funds are required to be used to assist households having income at or below 50% AMI. For the purpose of the City of San Jose's NSP program, the term "affordable rents" shall be based on CDBG generally accepted affordability standards, which require that households pay no more than 30 percent of their monthly household income, based on family size, for rent (less utilities) as defined by HOME in 24CFR §92.254. The City anticipates that most rental housing units purchased with NSP funds will be reserved for occupancy by households earning less than or equal to 50% AMI. Rents will be established based upon the number of bedrooms in the unit and a corresponding household size. (3) Continued Affordability. Rental Properties: The City will meet or exceed federal HOME affordability periods, i.e. a minimum of 15 years for rehabilitation projects and a minimum of 20 years for new construction projects. To ensure continued affordability, owners of NSP rental properties will be required to enter into an Affordability Restriction that runs with the land for the duration of the affordability period that restricts the rent and income level of tenants that reside in the property. The City's Asset Management team will monitor each property to ensure compliance with all applicable restrictions and requirements. Homeownership Properties: The City will require a minimum affordability period consistent with HOME requirements of 15 years for NSP properties sold to income-eligible homebuyers as their primary residence. (4) Housing Rehabilitation Standards. The City will apply its health and safety rehabilitation standards to NSP-assisted residential properties. Each property will be inspected for health and safety deficiencies to determine level of rehabilitation required. Funding will be provided to eliminate health and safety hazards, including lead-based paint remediation, code deficiencies in roofing, electrical, plumbing, and structural systems, remediate lead-based paint, repair damaged interiors due to vandalism, and provide exterior improvements if needed to support the neighborhood stabilization and revitalization efforts. Additionally, illegal structures will be removed and homes will be brought to original conditions. Garages illegally converted to other uses will be converted back to their original purpose.

Low Income Targeting:

Pursuant to NSP requirements, 25% of the NSP funds will be set aside for the benefit of individuals and families at or below 50% of the area median income. A minimum of \$1,407,070 will be set aside for the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties for housing of individuals or families meeting the 50% AMI. These funds will be used in areas of greatest need for the purchase and rehabilitation or redevelopment of foreclosed upon single family and multifamily rental properties. To the extent possible, the City will leverage other funding sources such as tax credits and other resources available.

As stated above, the City will explore entering into an agreement with one of its nonprofit housing partners to act as the City's agent in the acquisition, maintenance and/or reselling of the acquired properties. It is expected that this intermediary will assist in the streamlining and expediting the acquisition and resale process.

Acquisition and Relocation:

The City's key strategy will be to purchase properties in highly-impacted areas, especially four-plex properties. Based on the condition of the properties, the City may either rehabilitate for re-occupancy or demolish and rebuild. If the residential property is considered for demolition, all of the relocation requirements of the URA and 104(b) (whichever is applicable) will be followed. If temporary or permanent relocation is necessary, NSP funds will be used as necessary. The City will commission a Relocation Consultant to assist in the development of a relocation plan.

The City Proposes the following:

1. LMMH (<120%): 20-40 units of Single-Family housing
2. VLI (<50%): 12-25 units of Multi-Family housing
3. LM (<80%): 8-12 units of Multi-Family housing

Public Comment:

Provide a summary of public comments received to the proposed NSP Substantial Amendment. 1. General public inquiries were made beginning October 31st, via phone calls or email. The public notice announcing availability of the City's proposal and public hearings was posted on the City's website November 3, 2008, and invited comments on the proposed substantial amendment. The notice was posted in three languages - English, Spanish and Vietnamese and was published through general distribution media, including Spanish and Vietnamese publications, direct mail and email to over 400 residents and organizations. a) Stacey Murphy (email-Homebaseccc.org): 10-31-08 Ms. Murphy inquired as to "if the City was going for their share of the NSP funds?" and "who SJ plans to serve with the NSP money in terms of income level and AMI". Staff responded on 11-5-08: Staff shared plans and directed her to the website posting for more detail. b) Kerri Hamilton (phone call): 11-6-08 Ms. Hamilton identified herself as an individual involved in the community. Ms. Hamilton supports the acquisition and rehabilitation or redevelopment of 4-plex properties in an area that could support a higher density project. Proposes "up-zoning" with a higher density on a smaller footprint project, especially in a neighborhood that is deficient in amenities such as parks. Proposes leveraging redevelopment funds in heavy impacted areas and areas deficient in infrastructure, including park development c) Marshall Shapiro (email-personal): 11-18-08 Mr. Shapiro writes - "Re: Housing and Economic Recovery Act of 2008 San Jose should send a strong message to California and the rest of the country. The City of San Jose should send the funds back and say, "thanks but no thanks". These funds are a typical federal hand-out and we need to begin to reverse this trend of federal hand outs now!" 2. Housing and Community Development Advisory Commission meeting held November 13, 2008. This meeting was the first public hearing held on the substantial amendment to the 2008-09 Consolidated Plan - Annual Action Plan. At the meeting, commissioners commented on the proposed substantial amendment and proposed activities, including the following comments: a) Commissioner Bock recommended that the City should work with Senior Housing Solutions, a nonprofit organization that purchases and rehabilitates homes and then rents these houses to independent living seniors in a shared housing arrangement. Jacky Morales-Ferrand, Assistant Director of Housing, commented that staff would add language to their proposal about seeking opportunities to work with nonprofit housing developers to convert single family homes to rental properties. b) Commissioner Norimoto made a recommendation for the City to accept the Housing and Economic Recovery Act funds, with an added consideration that funds be used for difficult to address situations such as ELI and VLI housing using experienced affordable housing developers. Commissioner Contreras seconded the motion. c) Commissioner Bock asked if the Commission would accept a friendly amendment to recommendation for the deed restriction to be as long as possible. The friendly amendment was accepted by Commissioner Norimoto. d) Recommended substantial amendment to the 2008-09 Action Plan as amended, to City Council for approval. General public comments: See the attached NSP Application and Substantial Amendment for the complete narrative.

Project Summary

Project #	Project Title	Grantee Activity #	Activity Title	Grantee Program
1	Rental Housing Development	1a	Rental Housing Devt - 127 Roundtable	
		1b	Rental Housing Devt.-110 Roundtable	
2	Homebuyer	2a	Homebuyer Acquisition	
		2b	Homebuyer Rehabilitation	
		2c	Sale and Disposition	
		2d	Single Family LH25%	
3	Administration	3	Administration	
9999	Restricted Balance	No activities in this project		



Activities

Project # / 1 / Rental Housing Development Program

Grantee Activity Number: 1a

Activity Title: Rental Housing Devt - 127 Roundtable

Activity Type:

Rehabilitation/reconstruction of residential structures

Project Number:

1

Projected Start Date:

03/18/2009

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

Activity Status:

Completed

Project Title:

Rental Housing Development Program

Projected End Date:

06/01/2013

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 1,003,760.95

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 1,003,760.95

Benefit Report Type:

Direct (Households)

Proposed Beneficiaries

Renter Households

Total **Low** **Mod** **Low/Mod%**

8 8 100.00

of Households

8 8 100.00

Proposed Accomplishments

of Multifamily Units

Total

8

of Housing Units

8

of Targeted Section 3 Labor Hours

of Section 3 Labor Hours

of Total Labor Hours

of Elevated Structures

of Substantially Rehabilitated Units

ELI Households (0-30% AMI)

8

Activity funds eligible for DREF (Ike Only)

#Units with other green

#Units deconstructed



#Sites re-used

#Units exceeding Energy Star

#Units with bus/rail access

#Low flow showerheads

#Low flow toilets

#Units with solar panels

#Dishwashers replaced

#Clothes washers replaced

#Refrigerators replaced

#Light fixtures (outdoors) replaced

#Light Fixtures (indoors) replaced

#Replaced hot water heaters

#Replaced thermostats

#Efficient AC added/replaced

#High efficiency heating plants

#Additional Attic/Roof Insulation

#Energy Star Replacement Windows

of Properties

1

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
City of San Jose, Housing Department	Unknown	\$ 1,003,760.95

Location Description:

Areas of greatest need which fall in the Strong Neighborhood Initiative areas primarily in East, Central and parts of South San Jose, including zipcodes 95111, 95116, 95122 and 95127. These area ranked between 7 and 10 on HUD's Foreclosures and Abandonment Risk Scores.

This property is located at 127 Roundtable, located in the 95111 zipcode.

April 28, 2021 This is a shared housing model and though the 8 units are not legally separate, but are operated as separate housing units under the shared housing model.

Activity Description:

The City's Rental Housing Development program will be to purchase and rehabilitate or redevelop multi-family affordable rental housing properties located in highly impacted areas. The goal is to acquire and combine contiguous properties, to pursue construction of higher-density rental housing, thereby increasing the number of rental housing units affordable to low- and very-low income households. The City identified an unusually large number of four-plexes in highly impacted neighborhoods that are in the foreclosure process which has led to displacement of primarily low-income families. After acquisition, these properties will be made available for redevelopment by nonprofit housing developers through a competitive bid process. Qualified bidders will be required to demonstrate capacity and experience to develop and maintain the properties as affordable rental housing. Additionally, the City will seek opportunities to work with nonprofit housing developers, such as Senior Housing Solutions, to convert single family homes to shared housing rental properties. These rental properties will be for the benefit of very-low income tenants at or below 50% AMI. The City will require a minimum affordability period consistent with HOME requirements. To ensure continued affordability, owners of NSP rental properties will be required to enter into an Affordability Restriction agreement that runs with the land for the duration of the affordability period that restricts the rent and income level of tenants that reside in the property. Affordable

rents will be established in accordance with the NSP requirements and the definition of "affordable rents" contained in the Definitions and Descriptions section of the plan.

Properties acquired will be purchased at the NSP required discount of 1% below current market appraisal. The appraisal will be current, within 60-days of the offer. In accordance with NSP requirement to spend at least 25% of funds to assist households earning less than 50% AMI, the majority of rental housing units will be affordable to households at or below that income level. Total Budget: Minimum of \$3,799,002 million for direct program cost, including the 25% or \$1,407,070 set aside for households with incomes less than 50% AMI.

Performance Measures:

The City Proposes the following multifamily housing:

1. VLI (<50%): Rehabilitation - Minimum 12 units
2. VLI (<50%): Re-Zoning - 16-20 units
3. LI (51%-79%): Rehabilitation - 4 units
4. LI (51%-79%): Re-Zoning - 5 units

Environmental Assessment: COMPLETED

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Grantee Activity Number: 1b

Activity Title: Rental Housing Devt.-110 Roundtable

Activity Type:

Rehabilitation/reconstruction of residential structures

Project Number:

1

Projected Start Date:

03/18/2009

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

Activity Status:

Completed

Project Title:

Rental Housing Development Program

Projected End Date:

09/28/2012

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 855,142.90

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 855,142.90

Benefit Report Type:

Direct (Households)

Proposed Beneficiaries

	Total	Low	Mod	Low/Mod%
# Renter Households	4	4		100.00
# of Households	4	4		100.00

Proposed Accomplishments

	Total
# of Multifamily Units	4
# of Housing Units	4
# ELI Households (0-30% AMI)	4
# of Properties	1

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
City of San Jose, Housing Department	Unknown	\$ 855,142.90

Location Description:

Areas of greatest need which fall in the Strong Neighborhood Initiative areas primarily in East, Central and parts of South San Jose, including zipcodes 95111, 95116, 95122 and 95127. These area ranked between 7 and 10 on HUD's Foreclosures and Abandonment Risk Scores.



This property is located at 110 Roundtable Dr. is within the eligible zip code 95111.

Activity Description:

The City's Rental Housing Development program will be to purchase and rehabilitate or redevelop multi-family affordable rental housing properties located in highly impacted areas. The goal is to acquire and combine contiguous properties, to pursue construction of higher-density rental housing, thereby increasing the number of rental housing units affordable to low- and very-low income households. The City identified an unusually large number of four-plexes in highly impacted neighborhoods that are in the foreclosure process which has led to displacement of primarily low-income families. After acquisition, these properties will be made available for redevelopment by nonprofit housing developers through a competitive bid process. Qualified bidders will be required to demonstrate capacity and experience to develop and maintain the properties as affordable rental housing. Additionally, the City will seek opportunities to work with nonprofit housing developers, such as Senior Housing Solutions, to convert single family homes to shared housing rental properties. These rental properties will be for the benefit of very-low income tenants at or below 50% AMI. The City will require a minimum affordability period consistent with HOME requirements. To ensure continued affordability, owners of NSP rental properties will be required to enter into an Affordability Restriction agreement that runs with the land for the duration of the affordability period that restricts the rent and income level of tenants that reside in the property. Affordable rents will be established in accordance with the NSP requirements and the definition of "affordable rents" contained in the Definitions and Descriptions section of the plan.

Properties acquired will be purchased at the NSP required discount of 1% below current market appraisal. The appraisal will be current, within 60-days of the offer. In accordance with NSP requirement to spend at least 25% of funds to assist households earning less than 50% AMI, the majority of rental housing units will be affordable to households at or below that income level. Total Budget: Minimum of \$3,799,002 million for direct program cost, including the 25% or \$1,407,070 set aside for households with incomes less than 50% AMI.

Performance Measures

The City Proposes the following multifamily housing:

1. VLI (<50%): Rehabilitation - Minimum 12 units
2. VLI (<50%): Re-Zoning - 16-20 units
3. LI (51%-79%): Rehabilitation - 4 units
4. LI (51%-79%): Re-Zoning - 5 units

Environmental Assessment: COMPLETED

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Project # / 2 / Homebuyer Acquisition/Rehabilitation Program

Grantee Activity Number: 2a

Activity Title: Homebuyer Acquisition

Activity Type:

Acquisition - general

Project Number:

2

Projected Start Date:

03/18/2009

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LMMI: Low, Moderate and Middle Income National Objective for NSP Only

Activity Status:

Completed

Project Title:

Homebuyer Acquisition/Rehabilitation

Projected End Date:

12/31/2014

Project Draw Block Date by HUD:**Activity Draw Block Date by HUD:**

Total Budget: \$ 2,803,584.23

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 2,803,584.23

Benefit Report Type:

Direct (Households)

Proposed Beneficiaries

Total	Low	Mod	Low/Mod%
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# Owner Households				0.0
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# of Households				0.0
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# of Permanent Jobs Created				0.0
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Proposed Accomplishments**Total**

of Singlefamily Units

of Housing Units

of Properties

Proposed budgets for organizations carrying out Activity:**Responsible Organization**

City of San Jose, Housing Department

Organization Type

Unknown

Proposed Budget

\$ 2,803,584.23

Location Description:

Under NSP guidelines, HUD requires applicants to identify areas of greatest defined by: 1) the greatest percentage of home foreclosures, 2) have the highest percentage of sub-prime loans, and 3) likelihood of facing a significant rise in foreclosures. Additionally, the City will consider other need categories in conjunction with HUD's priorities. The City will add to these criteria those locations that fall within the Strong Neighborhood



Initiative (SNI) Areas. The City created the SNI program to provide a mechanism for residents of blighted neighborhoods to communicate with the City and other resources, in order to plan, prioritize, and secure funding for needed improvements. The focus of resources on the SNI areas increases the positive impact of the limited resources available. The City has analyzed and mapped data from several sources, including HUD, RealtyTrac, ForeclosureRadar, U.S. Census, the San Jose Mayor's Gang Prevention Task Force, Code Enforcement, and Santa Clara County Association of REALTORS. The result of this analysis was the identification of four primary zip codes that meet all of the following criteria:

1. Majority of households have incomes that meet the NSP definition of 120% AMI or below.
 2. Have the city's highest incidence and percentage of:
 - o foreclosed units
 - o "high-cost" or sub-prime loans
 - o recorded "Notice of Defaults"
 3. Are within an SNI area or other heavily impacted area with a high risk factor.
- The City proposes to target the four zip codes that meet the criteria identified above and that have ranked between 7 and 10 (10 being the highest risk areas) on HUD's Foreclosure and Abandonment Risk Scores, and that fall within an SNI area. Of the 559 census tracts scored in the City, 63 or 11% have a ranking of 7 or higher and fall within the four zip codes listed below.
- 95111 Pilot SNI project//Heavy Impact
95116 Mayfair
95122 East Valley/680, Kona, Santee
95127 East Valley 680

Activity Description:

The City's Homebuyer Acquisition/Rehabilitation program for NSP funds will be to assist lower-, moderate-, and middle-income (LMMH) households or eligible nonprofit organizations providing services to low-, moderate, and middle-income clients (LMMC), to acquire single-family homes. In this program, the City will acquire single-family homes in foreclosure, rehabilitate them to mitigate any damage due to deferred maintenance or vandalism, and sell them at or below the cost to acquire and rehabilitate, to income-qualified households. See Activity 2b for the complete program narrative.

11-15-19 slm: Update - Activity 2a is associated with the main Activity 2b. All unit counts and demographics are posted in Activity 2b.

Originally, Activity 2a was established to document the property acquisitions made under the City's Homebuyer Acquisition/Rehabilitation Program. Activity 2b was established to document the rehabilitation costs of the acquired properties, and Activity 2c was to document the disposition or resale costs of the acquired and rehabilitated properties.

Environmental Assessment: COMPLETED

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Grantee Activity Number: 2b

Activity Title: Homebuyer Rehabilitation

Activity Type:

Rehabilitation/reconstruction of residential structures

Project Number:

2

Projected Start Date:

03/18/2009

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LMMI: Low, Moderate and Middle Income National Objective for NSP Only

Activity Status:

Completed

Project Title:

Homebuyer Acquisition/Rehabilitation

Projected End Date:

12/31/2014

Project Draw Block Date by HUD:**Activity Draw Block Date by HUD:**

Total Budget: \$ 2,113,245.19

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 2,113,245.19

Benefit Report Type:

Direct (Households)

Ancillary Activities

Responsible Organization	Activity Type	Project #	Grantee Activity #	Activity Title	Program Income Account
City of San Jose, Housing Department	Acquisition - general	2	2a	Homebuyer Acquisition	General Account
City of San Jose, Housing Department	Disposition	2	2c	Sale and Disposition	General Account

Association Description:

Add note

Proposed Beneficiaries

Owner Households

Total **Low** **Mod** **Low/Mod%**

16 0.00

of Households

16 0.00

Proposed Accomplishments

of Singlefamily Units

Total

16

of Housing Units

16

of Properties

16



Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
City of San Jose, Housing Department	Unknown	\$ 2,113,245.19

Location Description:

Under NSP guidelines, HUD requires applicants to identify areas of greatest defined by: 1) the greatest percentage of home foreclosures, 2) have the highest percentage of sub-prime loans, and 3) likelihood of facing a significant rise in foreclosures. Additionally, the City will consider other need categories in conjunction with HUD's priorities. The City will add to these criteria those locations that fall within the Strong Neighborhood Initiative (SNI) Areas. The City created the SNI program to provide a mechanism for residents of blighted neighborhoods to communicate with the City and other resources, in order to plan, prioritize, and secure funding for needed improvements. The focus of resources on the SNI areas increases the positive impact of the limited resources available.

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The result of this analysis was the identification of four primary zip codes that meet all of the following criteria:

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The City proposes to target the four zip codes that meet the criteria identified above and that have ranked between 7 and 10 (10 being the highest risk areas) on HUD's Foreclosure and Abandonment Risk Scores, and that fall within an SNI area.. Of the 559 census tracts scored in the City, 63 or 11% have a ranking of 7 or higher and fall within the four zip codes listed below.

95111 Pilot SNI project/Heavy Impact

95116 Mayfair

95122 East Valley/680, Kona, Santee

95127 East Valley 680

Activity Description:

The City's Homebuyer Acquisition/Rehabilitation program for NSP funds will be to assist lower-, moderate-, and middle-income (LMMH) households or eligible nonprofit organizations providing services to low-, moderate, and middle-income clients (LMMC), to acquire single-family homes. In this program, the City will acquire single-family homes in foreclosure, rehabilitate them to mitigate any damage due to deferred maintenance or vandalism, and sell them at or below the cost to acquire and rehabilitate, to income-qualified households.

It may be difficult to negotiate the required 1% discount below the current appraised market value, as banks have already sustained significant losses through the foreclosure process and are unlikely to agree to further discounts on individual purchases. Therefore, the City will seek to purchase a portfolio of foreclosed homes from one or more lenders, using the incentive of relieving the bank(s) of a number of properties in one transaction to negotiate the required discount.

Under the City's existing Homebuyer Program, it currently maintains adequate program infrastructure and staff capacity to operate this program. It is envisioned that City staff will complete the acquisition process, once acquired, the properties will be rehabilitated by contractors selected through a competitive RFQ/RFP process. Rehabilitation will include repairs as identified in the description of rehabilitation standards that will apply to NSP assisted activities. The City will explore the option of working with one of its nonprofit housing partners to facilitate the acquisition, rehabilitation and/or resale transactions, as is most cost-efficient. The Homebuyer Acquisition/Rehabilitation Program will operate under the CDBG housing rehabilitation and HOME guidelines, as amended by NSP to include households with income less than 120%.

Resale to income-eligible homebuyers will be at or below the aggregated costs to purchase, maintain, and rehabilitate the properties and other delivery costs as allowed by NSP.

The financing mechanisms may include:

- a) Zero percent (0%) soft-seconds for a maximum of 20% of the purchase price, with a 30-year term and a minimum 15-year affordability restriction.
- b) If rehabilitation of the property is done after sale to a qualified homebuyer, the cost of rehabilitation will be carried as a five-year forgivable loan. The rehabilitation loans will be forgiven at a value equivalent to 20% for each year the homeowner remains in the home.

Total Budget:

Although up to \$3,799,002 may be used for this activity, it is possible that the majority of the City's \$5.6 million in NSP funding will be applied to the Rental Housing Development Program. With an estimated purchase price

of \$400,000, and rehabilitation costs of \$70,000, the total acquisition/rehabilitation costs of a single-family home is \$470,000. The Program would offer second mortgages to homebuyers to ensure that they are able to put at least 20% down, and require that they obtain a 30-year fixed rate mortgage for the remaining purchase price. The second mortgage provided by the City will be 30-year deferred with zero percent interest. If all eligible funds (\$3,799,002) were expended for this program, it is estimated that a maximum of 40 households can be assisted. However, because actual property costs and rehabilitation requirements may vary significantly, and because the amount of the City's allocation that may be spent in Program #1 is uncertain, only a broad estimate of units in this program is possible at this time.

Project #2 Performance Measures: Units of single-family housing acquired, rehabilitated and resold to LMMI (<120% AMI) households = 16.

11-15-19 slm: Update - Activity 2b is the Primary Activity associated with 2a (Acquisition) and 2c (Disposition). All unit counts and demographics are posted under 2b. Three (3) of the 16 properties listed were homes acquired with NSP2 funds and rehabilitated with NSP1 funds. See Performance Report 03 attached.

Originally, Activity 2a was established to document the property acquisitions made under the City's Homebuyer Acquisition/Rehabilitation Program. Activity 2b was established to document the rehabilitation costs of the acquired properties, and Activity 2c was to document the disposition or resale costs of the acquired and rehabilitated properties.

Environmental Assessment: COMPLETED

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Grantee Activity Number: 2c

Activity Title: Sale and Disposition

Activity Type:

Disposition

Project Number:

2

Projected Start Date:

03/18/2009

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LMMI: Low, Moderate and Middle Income National Objective for NSP Only

Activity Status:

Completed

Project Title:

Homebuyer Acquisition/Rehabilitation

Projected End Date:

12/31/2014

Project Draw Block Date by HUD:**Activity Draw Block Date by HUD:**

Total Budget: \$ 820,771.48

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 820,771.48

Benefit Report Type:

Direct (Households)

Proposed Beneficiaries

Total	Low	Mod	Low/Mod%
-------	-----	-----	----------

# Owner Households				0.0
--------------------	--	--	--	-----

# of Households				0.0
-----------------	--	--	--	-----

Proposed Accomplishments

Total

of Properties

Proposed budgets for organizations carrying out Activity:**Responsible Organization**

City of San Jose, Housing Department

Organization Type

Unknown

Proposed Budget

\$ 820,771.48

Location Description:

Under NSP guidelines, HUD requires applicants to identify areas of greatest defined by: 1) the greatest percentage of home foreclosures, 2) have the highest percentage of sub-prime loans, and 3) likelihood of facing a significant rise in foreclosures. Additionally, the City will consider other need categories in conjunction with HUD's priorities. The City will add to these criteria those locations that fall within the Strong Neighborhood Initiative (SNI) Areas. The City created the SNI program to provide a mechanism for residents of blighted neighborhoods to communicate with the City and other resources, in order to plan, prioritize, and secure funding for needed improvements. The focus of resources on the SNI areas increases the positive impact of the limited resources available.

The City has analyzed and mapped data from several sources, including HUD, RealtyTrac, ForeclosureRadar, U.



S. Census, the San Jose Mayor's Gang Prevention Task Force, Code Enforcement, and Santa Clara County Association of REALTORS.

The result of this analysis was the identification of four primary zip codes that meet all of the following criteria:

1. Majority of households have incomes that meet the NSP definition of 120% AMI or below.
2. Have the city's highest incidence and percentage of:
 - o foreclosed units
 - o "high-cost" or sub-prime loans
 - o recorded "Notice of Defaults"
3. Are within an SNI area or other heavily impacted area with a high risk factor.

The City proposes to target the four zip codes that meet the criteria identified above and that have ranked between 7 and 10 (10 being the highest risk areas) on HUD's Foreclosure and Abandonment Risk Scores, and that fall within an SNI area.. Of the 559 census tracts scored in the City, 63 or 11% have a ranking of 7 or higher and fall within the four zip codes listed below.

95111 Pilot SNI project//Heavy Impact

95116 Mayfair

95122 East Valley/680, Kona, Santee

95127 East Valley 680

Activity Description:

The City's Homebuyer Acquisition/Rehabilitation program for NSP funds will be to assist lower-, moderate-, and middle-income (LMMH) households or eligible nonprofit organizations providing services to low-, moderate, and middle-income clients (LMMC), to acquire single-family homes. In this program, the City will acquire single-family homes in foreclosure, rehabilitate them to mitigate any damage due to deferred maintenance or vandalism, and sell them at or below the cost to acquire and rehabilitate, to income-qualified households. See 2b for complete program narrative.

11-15-19 slm: Update - Activity 2c is associated with the main Activity 2b. All unit counts and demographics are posted in Activity 2b.

Originally, Activity 2c was established to document the disposition/resale of the homes acquired and rehabilitated Activities 2a and 2b of the City's Homebuyer Acquisition/Rehabilitation Program. Activity 2a was established to document the acquisition costs of the foreclosed homes purchased and Activity 2b was established to document the rehabilitation costs of the acquired properties.

Environmental Assessment: COMPLETED

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Grantee Activity Number: 2d

Activity Title: Single Family LH25%

Activity Type:

Rehabilitation/reconstruction of residential structures

Project Number:

2

Projected Start Date:

01/04/2010

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

Activity Status:

Completed

Project Title:

Homebuyer Acquisition/Rehabilitation

Projected End Date:

12/31/2014

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 334,533.49

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 334,533.49

Benefit Report Type:

Direct (Households)

Proposed Beneficiaries

	Total	Low	Mod	Low/Mod%
# Owner Households	1	1		100.00
# of Households	1	1		100.00

Proposed Accomplishments

	Total
# of Singlefamily Units	1
# of Housing Units	1
# of Properties	1

Proposed budgets for organizations carrying out Activity:

Responsible Organization

City of San Jose, Housing Department

Organization Type

Unknown

Proposed Budget

\$ 334,533.49

Location Description:

Property is located at 2196 Huran Drive, San Jose, 95122, identified as an area of greatest need and falls within the Strong Neighborhood Initiative area.

Under NSP guidelines, HUD requires applicants to identify areas of greatest defined by: 1) the greatest percentage of home foreclosures, 2) have the highest percentage of sub-prime loans, and 3) likelihood of facing a significant rise in foreclosures. Additionally, the City will consider other need categories in conjunction with

HUD's priorities. The City will add to these criteria those locations that fall within the Strong Neighborhood Initiative (SNI) Areas. The City created the SNI program to provide a mechanism for residents of blighted neighborhoods to communicate with the City and other resources, in order to plan, prioritize, and secure funding for needed improvements. The focus of resources on the SNI areas increases the positive impact of the limited resources available.

The City has analyzed and mapped data from several sources, including HUD, RealtyTrac, ForeclosureRadar, U.S. Census, the San Jose Mayor's Gang Prevention Task Force, Code Enforcement, and Santa Clara County Association of REALTORS.

The result of this analysis was the identification of four primary zip codes that meet all of the following criteria:

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The City proposes to target the four zip codes that meet the criteria identified above and that have ranked between 7 and 10 (10 being the highest risk areas) on HUD's Foreclosure and Abandonment Risk Scores, and that fall within an SNI area.. Of the 559 census tracts scored in the City, 63 or 11% have a ranking of 7 or higher and fall within the four zip codes listed below.

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95122 East Valley/680, Kona, Santee

95127 East Valley 680

Activity Description:

The City's Homebuyer Acquisition/Rehabilitation program for NSP funds will be to assist lower-, moderate-, and middle-income (LMMH) households or eligible nonprofit organizations providing services to low-, moderate, and middle-income clients (LMMC), to acquire single-family homes. In this program, the City will acquire single-family homes in foreclosure, rehabilitate them to mitigate any damage due to deferred maintenance or vandalism, and sell them at or below the cost to acquire and rehabilitate, to income-qualified households.

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Under the City's existing Homebuyer Program, it currently maintains adequate program infrastructure and staff capacity to operate this program. It is envisioned that City staff will complete the acquisition process, once acquired, the properties will be rehabilitated by contractors selected through a competitive RFQ/RFP process. Rehabilitation will include repairs as identified in the description of rehabilitation standards that will apply to NSP assisted activities. The City will explore the option of working with one of its nonprofit housing partners to facilitate the acquisition, rehabilitation and/or resale transactions, as is most cost-efficient. The Homebuyer Acquisition/Rehabilitation Program will operate under the CDBG housing rehabilitation and HOME guidelines, as amended by NSP to include households with income less than 120%.

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Total Budget:

Although up to \$3,799,002 may be used for this activity, it is possible that the majority of the City's \$5.6 million in NSP funding will be applied to the Rental Housing Development Program. With an estimated purchase price of \$400,000, and rehabilitation costs of \$70,000, the total acquisition/rehabilitation costs of a single-family home is \$470,000. The Program would offer second mortgages to homebuyers to ensure that they are able to put at least 20% down, and require that they obtain a 30-year fixed rate mortgage for the remaining purchase price. The second mortgage provided by the City will be 30-year deferred with zero percent interest. If all eligible funds (\$3,799,002) were expended for this program, it is estimated that a maximum of 40 households can be assisted. However, because actual property costs and rehabilitation requirements may vary significantly, and because the amount of the City's allocation that may be spent in Program #1 is uncertain, only a broad estimate of units in this program is possible at this time.

Project #2 Performance Measures: Units of single-family housing acquired, rehabilitated and resold to VLI (<50% AMI) households = 1.

Environmental Assessment: COMPLETED

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Project # / 3 / Administration

Grantee Activity Number: 3

Activity Title: Administration

Activity Type:

Administration

Project Number:

3

Projected Start Date:

03/18/2009

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

Not Applicable (for Planning/Administration or Unprogrammed Funds only)

Activity Status:

Completed

Project Title:

Administration

Projected End Date:

12/31/2019

Project Draw Block Date by HUD:**Activity Draw Block Date by HUD:**

Total Budget: \$ 182,963.24

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 182,963.24

Benefit Report Type:

NA

Proposed budgets for organizations carrying out Activity:**Responsible Organization**

City of San Jose, Housing Department

Organization Type

Unknown

Proposed Budget

\$ 182,963.24

Location Description:

The City of San Jose administers the NSP1 program through the Housing Department located at 200 East Santa Clara, 12th Floor, San Jose, CA 95113.

The Investment Locations are in the areas described below in Activity Description.

Activity Description:

The City of San Jose will administer the program funds in accordance with NSP regulations.

NSP funds will be used for the acquisition and rehabilitation of foreclosed upon properties in the identified target areas of greatest need, specifically within the zip codes identified in Table 2. Although \$5.6 million is a large sum, given the cost of housing and property rehabilitation in Santa Clara County, particularly in San Jose, the City will leverage other resources to increase the number of housing units assisted with NSP funds. Therefore, as required by HUD, clearly defined target areas will be established to ensure that the areas of greatest need are addressed for the maximum positive impact, with programs that operate efficiently and effectively, such as the Strong Neighborhood Initiative efforts and the CDBG neighborhood improvement projects. The City will also

seek additional funding from the State to address the foreclosure needs of the City of San Jose.

NSP funds will be focused on the areas that have ranked seven or above, where the majority of households have incomes that do not exceed the 120% AMI, and fall within an SNI area. The targeted area includes zipcodes 95111, 95116, 95122 and 95127.

Within the identified areas of greatest need, NSP funds will be used to acquire and rehabilitate foreclosed upon properties to be occupied by owner and renter households having income of less than 120% AMI, with at least 25% of the funds set aside to assist households having incomes at or below 50% AMI. The table below shows the budget breakdown.

NSP Budget

\$1,407,070 Minimum 25% VLI Set-Aside

\$3,799,002 Direct Program Costs

\$422,211 Administration

\$5,628,283 Total Costs

Environmental Assessment: EXEMPT

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Action Plan Comments:

Moy, Action Plan addresses requirements and is acceptable. wm 10/23/09

Moy, 3/24/10
Amendment was made to the Plan to breakout the Rental Housing by individual properties and Homebuyer activities into separate acquisition and rehabilitation activities.

Blanco, Approving so grantee can submit QPR

Ford, Abigail TA provider reviewed all AP changes and stated AP was ready for approval. This AP approval is being expedited so that San Jose can submit their final QPR for closeout.

Barrett, Approved TA-recommended changes.

Action Plan History

Version

Date



B-08-MN-06-0008 AP#8	04/28/2021
B-08-MN-06-0008 AP#7	01/07/2020
B-08-MN-06-0008 AP#6	08/24/2015
B-08-MN-06-0008 AP#5	03/17/2014
B-08-MN-06-0008 AP#4	04/30/2013
B-08-MN-06-0008 AP#3	04/25/2012
B-08-MN-06-0008 AP#2	10/31/2011
B-08-MN-06-0008 AP#1	03/24/2010

