COUNCIL AGENDA: 03-14-06
ITEM: 2.9

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Leslye Krutko

SUBJECT: **SEE BELOW**

DATE: February 28, 2006

Approved Deanna Santana Date 3/1/06

COUNCIL DISTRICT: **Citywide**
SNI AREA: **N/A**

SUBJECT: ADOPTION OF A RESOLUTION AUTHORIZING THE DIRECTOR OF HOUSING TO SUBMIT A GRANT APPLICATION TO THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD) FOR THE WORKFORCE HOUSING REWARD PROGRAM (WFH), TO EXECUTE ALL DOCUMENTS RELATED TO THE APPLICATION, AND TO ACCEPT THE GRANT IF AWARDED

RECOMMENDATION

It is recommended that the City Council adopt a resolution authorizing the Director of Housing to:

1. Apply for and accept WFH grants in the estimated amount of $1,380,450 from the California Department of Housing and Community Development (HCD); and

2. Negotiate and execute the grant agreements and any amendments or other documents necessary to implement the programs funded by the Workforce Housing Reward Program grants.

BACKGROUND

In November 2002, California voters passed the Housing and Emergency Shelter Trust Fund Act - Proposition 46 - a $2.1 billion General Obligation bond funding a number of HCD programs. These programs include the Multifamily Housing Program, CalHome, Building Equity and Growth in Neighborhoods (a first-time homebuyer program), Emergency Housing Assistance Program, Code Enforcement Grant Program, and the Workforce Housing Reward Program (WFH).

The WFH program is designed to encourage cities and counties to develop new residential housing and reward those jurisdictions that approve housing for low-income households and are in compliance with State housing element law. The WFH program provides funds for projects

that benefit the community as a whole and add to the community's quality of life. Awards are made to jurisdictions based on the number of building permits issued for affordable housing units during the preceding calendar year. The funding amounts increase with larger bedroom sizes and deeper affordability levels. Additionally, the WFH program provides a bonus award to jurisdictions that meet the Regional Housing Needs Allocation as determined by the regional Council of Governments.

In March 2005, the Department applied to the WFH Program for $2,040,600. Because this program was oversubscribed, HCD prorated the funds among the applicants, awarding San Jose $1,309,741. The WFH Program does not use a competitive process to award funds; all cities and counties that apply and meet the eligibility requirements are funded.

ANALYSIS

Anticipated Award

During calendar year 2005, building permits were issued for the construction of 516 affordable housing units. Based on the WFH award formula, the City of San José will be awarded an estimated $1,180,500 in WFH funds. Additionally, San José has made significant progress toward meeting its Regional Housing Needs Allocation as determined by the Association of Bay Area Governments. If HCD determines that San José qualifies for the bonus, it is estimated that an additional $199,950 will be awarded for a total award of $1,380,450.

Use of Funds

The Housing Department proposes to use WFH grant funds for two categories of public improvements:

Removal of barriers for persons with mobility impairments – Funds to modify existing vertical curbs and install ramps to facilitate pedestrian traffic in Strong Neighborhood Initiative areas. All curb cuts and associated ramps will meet American with Disability Act (ADA) standards for pedestrian traffic. Approximately $600,000 will be set aside for this use and will provide for the installation of approximately 225 curb cuts and ramps. The Housing Department will work closely with the Department of Transportation to implement this project.

Addition of sustainable energy technology to affordable housing developments – Funds for the installation of photovoltaic technology and other related energy efficiency upgrades in affordable housing developments. For example, Ohlone Chynoweth and Gish Apartment developments would benefit from photovoltaic technology, which directly converts solar energy into electricity. This Green Building technology will benefit the developments by reducing utility and maintenance costs, helping to ensure

continued affordability of the housing units. Approximately $780,000 will be set aside for this use.

Milestones

WFH grant applications are due to HCD on March 22, 2006. A copy of the resolution made by the City Council authorizing the Director of Housing to apply for and accept this grant is required at the time of application. Funds will be awarded in June 2006 and made available to jurisdictions for expenditure in late Fall 2006.

OUTCOME

The City will be enabled to receive $1,380,450 from the California Department of Housing and Community Development that may be used for capital improvements. Outcomes of this action include funding for curb cuts and associated ramps to meet American with Disability Act (ADA) standards for pedestrian traffic and sustainable energy technology and other related energy efficiency upgrades for affordable housing developments.

FISCAL IMPACT

The appropriation of the grant funds generated from this application will be reflected in the Multi-Use Housing Fund (448) during the upcoming FY 2006-07 budget process.

PUBLIC OUTREACH

This item has been agendized for discussion at the Housing Advisory Commission meeting on March 9, 2006.

COORDINATION

This memorandum was coordinated with the Office of the City Attorney, the Department of Transportation, and the City Manager's Budget Office.

CEQA

Not a project.

LESLYE KRUTKO
Director of Housing