



COUNCIL AGENDA: 03-15-05

ITEM: 4.3

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Leslye Corsiglia

**SUBJECT:** SEE BELOW

**DATE:** February 24, 2005

Approved

Date

3.2.05

**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 and accept WFH grants in the estimated amount of \$2,040,600 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 while rewarding those jurisdictions that approve housing for low-income households and are in compliance with State housing element law. This program provides funds for projects

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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 2004 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 determined by the regional Council of Governments.

The Housing Department and its partners have aggressively pursued funds made available with the passage of Proposition 46. Since April 2003, the California Department of Housing and Community Development (HCD) awarded the City and local agencies the following grants totaling \$7,549,000.

<u>Program</u>	<u>Amount</u>
CalHome	\$3,000,000
CalHome Exterior Accessibility Grants for Renters (EAGR)	\$500,000
Code Enforcement Grant Program	\$300,000
Building Equity and Growth in Neighborhoods (BEGIN)	\$2,160,000
Emergency Housing and Assistance Program Operations Grant	\$89,000
Local Housing Trust Fund Program	\$1,500,000
<b>TOTAL</b>	<b>\$7,549,000</b>

Additionally, the Housing Department has made funding commitments to several projects that are expected to seek funding from the Proposition 46-funded Multifamily Housing Program (MHP), including Casa Feliz (\$3.7M), Paseo Senter (\$10.5M), and First and Gish (\$3.3M).

## ANALYSIS

### Anticipated Award

During calendar year 2004, 692 building permits were issued for the construction of affordable housing units. Based on the WFH award formula, the City of San José will be awarded \$1,907,000 in WFH funds. Additionally, San José has made significant progress toward meeting its Regional Housing Needs Allocation determined by the Association of Bay Area Governments. If HCD determines that San José qualifies for the bonus, an additional \$133,600 will be awarded for a total award of \$2,040,600.

### Use of Funds

The Housing Department proposes the use of WFH grant funds in four main categories, which are consistent with the goals stated in the Economic and Neighborhood Development City Service Area. These categories include offsite improvements for affordable housing projects assisted by the Housing Department, Strong Neighborhood Initiative (SNI) housing

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rehabilitation demonstration projects, and exterior improvements to facilities serving homeless individuals. The balance of funds will be used to pay for general-funded capital projects.

**Affordable Housing Project Offsite Improvements** - As projects move through the development process, additional offsite improvements are often required. These improvements provide a community benefit to the residents living in the completed developments as well as surrounding neighborhoods. WFH grant funds will be granted to developers in order to ensure completion of these critical capital improvements. Approximately \$640,600 will be set aside for this type of capital project.

**SNI Demonstration Projects** - The SNI Exterior Grant Program has been a critical component of the partnership between the City and SNI community leaders in the effort to revitalize neighborhoods. Funding for this Program was rescinded in January 2003 due to reductions in tax increment availability. Subsequently, partial funding was provided to implement several SNI Multifamily Rental Demonstration Projects, including the Hoffman/Via Monte, Richmond Menker, and Colonial Gardens projects. WFH grant funds will assist the Department in the completion of select Multifamily Demonstration projects. Approximately \$400,000 will be set aside for SNI Demonstration projects.

**Improvements to Homeless Shelters** - In September 2003, the City Council approved the Ten-Year Homeless Strategy making a commitment to eliminating chronic homelessness in ten years. WFH funds will be used to provide capital improvements such as tot lots, landscaping, parking lot improvements and fencing to facilities currently providing wraparound services to the homeless population. Approximately \$400,000 will be set aside for these capital improvements.

**General-Funded Capital Projects** - Approximately \$660,000 will be set aside to provide for capital projects funded by the General Fund. In light of the ongoing budget shortfalls for the General Fund, these funds will serve as a new source for one-time capital expenses.

The projects proposed for each category of funding will be made a part of the FY 2005-06 Budget. The State will announce WFH awards in June 2005 and will make funds available in July 2005.

### **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 2005-06 budget process.

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### **PUBLIC OUTREACH**

This item has been agendized for discussion at the Housing Advisory Commission meeting on March 10, 2005.

### **COORDINATION**

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

### **CEQA**

Not a project.



LESLYE CORSIGLIA  
Director of Housing