



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Krutko

SUBJECT: SEE BELOW

DATE: April 28, 2008

Approved

Date

4-29-08

COUNCIL DISTRICT: City-Wide
SNI AREA:

**SUBJECT: APPROVAL OF THE ANNUAL ACTION PLAN FOR FY 2008-09 –
SUPPLEMENTAL REPORT**

REASON FOR SUPPLEMENTAL

At the time the approval memorandum for the Annual Action Plan FY 2008-2009 was due, the City was still in the middle of a federally required 30-day public comment period. Therefore, it is necessary to provide a supplemental memorandum regarding input received during the 30-day period and update the Mayor and City Council on recommended changes to the Draft Annual Action Plan made since the release of the document on March 25, 2008.

RECOMMENDATION

It is recommended that the City Council approve the recommendation made in the April 16, 2008 memorandum and accept the additional changes to the 2008-2009 Annual Action Plan, as detailed in this memorandum.

BACKGROUND

The memorandum submitted to the City Council on April 16, 2008 indicated that a supplemental memorandum would need to be distributed to the Mayor and City Council prior to the May 6, 2008 City Council meeting. At the time of completion of the memorandum, the City was only partially through the 30-day public comment period and the appropriate Committee. This supplemental memorandum will report the public comments received to date and changes made to the document since the Draft Annual Action Plan was released on March 25, 2008. The suggested changes to the CDBG funding recommendations were detailed in the Council memorandum distributed on April 16, 2008.

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ANALYSIS

Public Comments

Since the release of the Draft 2008-2009 Annual Action Plan on March 25, 2008, two public hearings have been held. The first public hearing was held at the City Council meeting to announce the opening of the 30-day public comment period. The second public hearing was held with the Housing and Community Development Advisory Commission (HCDC) on April 10, 2008. The HCDC voted to approve the Draft Annual Action Plan 2008-09, with minor amendments (see below). A summary of the public comments are included as **Attachment A** to this memorandum and will be included in the final document submitted to HUD as part of the Appendix B.

Corrections and Edits

In addition to those revisions requested in the April 16, 2008 memorandum related to the Community Development Block Grant (CDBG) program, the following highlights other suggested changes to the Draft Annual Action Plan 2008-2009:

p.2 – Executive Summary

The last line in the first paragraph has been restated as follows: *“This situation highlights the critical need for housing assistance so that service providers such as nurse’s aides, janitors, retail workers, police officers, and teachers can afford to live and work in our neighborhoods.”*

This sentence was revised at the request of the Housing and Community Development Advisory Commission (HCDC), to better reflect the constituents served by the City’s Housing Programs.

Additionally, in the Executive Summary a paragraph was added to the second paragraph to reflect the problems faced by lower-income residents renting in foreclosed properties: *“In addition to adversely impacting lower-income homeowners, the subprime crisis has also affected lower income renters who become displaced due to foreclosures. Often times, they may not be provided adequate notice to vacate the property and may even lose their security deposit. This makes finding another place to live difficult, especially because rents throughout the City are steadily increasing.”*

p.12 – FY 2008-09 Anticipated Funding Sources Table

Tax Increment amount, under *“Other Programs,”* increased from \$38,110,316 to \$39,872,939 due to a revision in the forecast.

City Acquisition/Construction/Permanent Loan line item, under *“Other Programs,”* was deleted. This funding source is really a use of the Tax Increment revenue, and not a source of funding. As a result of these two changes, the sub-total of *“Other Programs”* and the *“Grand Total”* has been changed to \$167,846,846 and \$167,921,846 respectively.

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p.13 – Table 2A – Summary of Priority Housing Needs by Income Level

Total Owner Households for the 0-80% income level has been changed from 19,123 to 38,411 in order to correct an error.

Also the table has been footnoted to indicate that the 2008-09 goals and the 2005-2010 goals came from the Five-Year Consolidated Plan submitted to HUD in 2005-06.

p.23 – Acquisition/Rehabilitation

The following line was added to this paragraph: “*The City also proposes to use up to \$1.7 million to jointly finance a Bill Wilson Center project in the City of Santa Clara that will house lower-income youth who are aging out of foster care or are otherwise at risk of homelessness, in a 28-unit complex of studio apartments and one-, two- and three bedroom units.*” This sentence was added to provide more details on a partnership with the City of Santa Clara.

COORDINATION

Preparation of this report has been coordinated with the City Attorney’s Office.

CEQA

Not a project.


LESLYE KRUTKO
Director of Housing

For questions please contact Melissa Whatley, Policy Manager, at (408) 975-4418.

COMMUNITY INPUT AND PUBLIC TESTIMONY – Consolidated Plan Annual Action Plan 2007-2008

San Jose City Council – Open of 30-day public hearing and public comments – March 25, 2008

Public Comment
<u>Vicky, Portugese Community Center</u> : She was concerned about their CDBG funding application score. She explained that they provide essential senior services but are on a wait list for funding approval.
<u>Myra Segovia, California Community Partners for Youth</u> : She was a client of the program and felt that it benefitted her greatly. She recommended it as an excellent program.
<u>Jo Anderson, California Community Partners for Youth</u> : She explained that funding their program can save the City millions by enabling youth to be contributing members of the society. She was concerned that other programs were being given priority over their successful youth program.
<u>Jeff Bornfield</u> : Had concerns about the CDBG recommendation process. He felt that the priorities ranking process was not explained clearly and that weightage were not being given to agencies providing higher matching funds. He also felt that the financial statements are due too soon after the end of the quarter.
<u>Lyn Pham, Vivo (Vietnamese) radio program</u> : Felt that the CDBG process was unfair and had no transparency; also felt that the decision not to fund based on the corrective action plan was discriminatory
<u>Jim Gno, Vivo</u> : Concerned that the CDBG program refused to fund 3 VIVO programs, even though they have worked with the CDBG program for 14 years. VIVO's deficit was because of late receipts from BEST/HNVF programs. He felt they were being discriminated against.
<u>Vice Mayor Cortese</u> : The Vice Mayor asked the Housing Director to clarify the ranking of priorities as discussed in the Council meeting in October 2007. He also asked if the Council will be voting to approve funding decisions at this meeting.
<u>Councilmember Kansen Chu</u> : Councilmember Chu disclosed that he was a VIVO board member and asked if the corrective action plan was used as criterion in judging all agencies.

The Housing and Community Development Advisory Commission Meeting – April 10, 2008

Public Comment
<u>Diem Ngo, Vietnamese Voluntary Foundation</u> : Mr. Ngo thanked the Commission for listening to the organization and changing the direction of the funding. Mr. Ngo asked the Commission to recommend scenario four to allow for more funding for another VIVO program.
<u>Rene Kelly Thorne, The Health Trust</u> : Ms. Thorne thanked the Department for the CDBG funding recommendation, but was confused about the asterisk on the recommendation memo.
<u>Jeff Bornfield, California Community Partners for Youth</u> : Mr. Bornfield thanked the Department and the Commission for re-evaluating the process and recommending additional agencies for funding. Mr. Bornfield said he would be willing to accept less money to fund an extra program, as included under scenario four.
<u>Aejaie Sellers, Billy DeFrank Center</u> : Ms. Sellers appreciated that other agencies would forego the Cost of Living Adjustment portion of their CDBG funding in order to allow more organizations be funded. Ms. Sellers explained that the DeFrank Center was not funded and that it would prevent delivering services from a significant portion of the community.
<u>Clark Williams, Silicon Valley Council of Nonprofits</u> : Mr. Williams thanked the Department for including the nonprofits with the funding process and ensuring fairness and transparency.
<u>Mary-Jo Rodriguez, Minority Services Providers Consortium</u> : Ms. Rodriguez thanked the Housing Department for its work in attempting to fund as many programs as possible, but she still does not understand why they were not funded.
<u>Tara Hood, Unity Care</u> : Ms. Hood thanked the Department for originally funding their request, but Unity care was one of the agencies that was not recommended for funding after the second round of considerations. Ms. Hood

respects the Department for re-evaluating the funding recommendations and hopes it will find additional funding sources for other programs.

Commissioner Katherine Bock: Commissioner Bock suggested the following text revisions for various portions of the Draft Annual Action Plan:

- 1.) First paragraph should include a larger range of jobs and occupations to better reflect the residents of the City that rely on the Affordable Housing Program.
- 2.) Second paragraph should include that the subprime mortgage crisis adversely affects renters. This is because as people are moving from foreclosed homes to rental housing, the demand will increase and force rental prices upward.

Other Comments Received During Public Comment Period – March 25, 2008 – April 24, 2008

Public Comment

A letter was received from Health Trust on March 24, 2008. The letter detailed the increasing need for funding the Health Trust AIDS Services (THT-AS) program as a result of the increasing demand for the supportive services and housing subsidies. However, the money received through the HOPWA program has remained unchanged for the past 3 years and new funding is not forthcoming from the County or the State. THT-AS program staff will be contacting the Housing Department to explore structural changes to the program such as increasing client's share of cost from 30% to 40% of adjusted monthly income or switching to a shallow subsidy program, in order to continue to serve AIDS patients more effectively.

A letter was received from Catholic Charities thanking the City for continued funding for the Housing Search and Stabilization Program.