



SUPPLEMENTAL

COUNCIL AGENDA: 05-08-07
ITEM: 4.3

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Krutko

SUBJECT: SEE BELOW

DATE: May 4, 2007

Approved

Date

5/4/07

COUNCIL DISTRICT: Citywide

**SUBJECT: APPROVAL OF THE ANNUAL ACTION PLAN FOR FY 2007-08 -
SUPPLEMENTAL REPORT**

REASON FOR SUPPLEMENTAL REPORT

At the time the approval memorandum for the Annual Action Plan FY 2007-2008 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 April 3, 2007.

RECOMMENDATION

It is recommended that:

1. The City Council adopt the 2007-2008 Annual Action Plan, including the FY 2007-2008 proposed funding recommendations for the Community Development Block Grant (CDBG) Program as amended, the HOME Investment Partnership Program (HOME), the Housing Opportunities for People with HIV/AIDS (HOPWA) Program, and the Emergency Shelter Grant (ESG) Program.
2. Adopt a resolution authorizing the Director of Housing, with regard to the expenditure of CDBG, ESG, HOME and HOPWA funds on behalf of the City:
 - a) To negotiate and execute all non-capital agreements and contracts not requiring CEQA/NEPA review; and
 - b) To negotiate all capital project agreements and contracts, including any amendments or modifications, and after CEQA/NEPA review and City Council project approval, to execute all contracts.
3. Authorize the Housing Department to submit the FY 2007-2008 Annual Action Plan to HUD.

BACKGROUND

The memorandum submitted to the City Council on April 19, 2007, indicated that a supplemental memorandum would need to be distributed to the Mayor and City Council prior to the May 8, 2007 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 April 3, 2007.

ANALYSIS

Public Comments

Since the release of the Draft 2007-2008 Annual Action Plan on April 3, 2007 and the City Council meeting to announce the opening of the 30-day public comment period, one public hearing has been held. The public hearing was held with the Housing and Community Development Advisory Commission on April 12, 2007. A summary of these public comments are included as **Attachment A** and will be included in the final document submitted to HUD as part of the Appendix B.

Corrections and Edits

The following edits are being requested to reflect needed funding or scope changes to the Community Development Block Grant (CDBG) program since funding recommendations were made in the Draft Annual Action Plan 2007-2008. The following correspond by page number to the Draft Annual Action Plan 2007-2008.

p. 43

Catholic Charities – Shared Housing
Reduced from \$74,473 to \$65,770

Housing policy was to fund any currently funded project that was recommended for FY07-08 funding at the same amount as received for FY06-07. The incorrect initial amount was a clerical error.

Community Partners for Youth – Step Up to a Brighter Future
Increase from \$93,037 to \$98,022

As a result of the clerical error, this project will receive increased funding closer to the amount requested in their proposal.

p.48

San Jose PRNS– Anti-Graffiti
Increase from \$653,785 to \$661,859

After further review, it was determined a need for additional staff was needed to collect client data.

San Jose PRNS – Anti-litter
Decrease from \$248,030 to \$170,272

After review, the program determined that fewer staff was needed to collect client data.

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Subject: Final approval of the Annual Action Plan 2007-2008

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p. 48, continued

San Jose Public Works – Remediation of Disability Access Barriers

Decrease from \$400,000 to \$262,924

As a result of increased funding for Economic Development and Construction Projects, the amount available for this project has been decreased.

p.49

OED – Shopping Center Improvement Pilot Program

Increase from \$300,000 to \$400,000

A larger site has been identified as a higher priority and additional funding is required to rehabilitate the new site.

p.50

San Jose Conservation Corps – DayCare Center

Increase from \$275,000 to \$361,139

The agency had made original cost estimates based upon use of Youthbuild staff that are paid training wages. HUD regulations require prevailing wage for this project. As a result the cost of the project has increased.

San Jose Conservation Corps – Cafeteria and Nutrition Center

Increase from \$175,000 to \$203,855

The agency had made original cost estimates based upon use of Youthbuild staff that are paid training wages. HUD regulations require prevailing wage for this project. As a result the cost of the project has increased.

PUBLIC OUTREACH

The San José City Council held a public hearing on April 3, 2007, and the Housing and Community Development Advisory Commission (HCDC) met on April 12, 2007. At the HCDC meeting, the Commission voted to support the Draft Plan, but noted its concern about a resource based plan versus a needs based document.

COORDINATION

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


LESLYE KRUTKO
Director of Housing

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

The Housing and Community Development Advisory Commission Meeting – February 8, 2007

Public Comment	City Response
Saul Wachter, Affordable Housing Network, commented that p. 23, of the 2005-06 Consolidated Plan states that there are 59,058 households that are in need of affordable housing. Of these, ELI families are the largest group in need of affordable housing. He urged the City to do more to meet these housing needs.	The City is a leader in the development of affordable housing and actively seeks additional resources or policy reforms that would allow it to develop more housing for ELI families.

San Jose City Council – Open of 30-day public hearing and public comments – April 3, 2007

Public Comment	City Response
No comments received	

The Housing and Community Development Advisory Commission Meeting – April 12, 2007

Public Comment	City Response
Vice Chair Moreno opened the public hearing by stating that she was concerned about Table 2A on p. 12, which does not show a high priority for housing needs for people with lower levels of income. She indicated that this does not go along with the goal of ending homelessness. In addition, she expressed concern about some of the agencies that were being recommended for CDBG funding.	The Department has established high priorities for funding ELI and VLI in the Consolidated plan. Only LI received medium priority, which is consistent with the Department's policies and homeless strategy.
Commissioner Bock commented that the housing production goals for extremely-low-income households are low and disproportionate to the need. She asked why the City was not adhering to the affordability targets adopted by the Housing Advisory Commission (HAC). She further commented the City will never be able to address the need for affordable housing if it continues to take a supply-side approach to determine the number of units that will be built.	The City acknowledges that there is a great need for ELI housing and has worked with the Bay Area LISC on a needs based report that would end chronic homelessness in 10 years and the affordable housing crisis in 20 years. The City has adopted the efforts identified in this plan. However, the Annual Action Plan is more of a resource based report that looks at the one-year funding and development. Other reports like the LISC reports will be incorporated into the City's Five Year Housing Investment Plan 2007-2012.

ATTACHMENT A

Public Comment	City Response
<p>Saul Wachter, of the Affordable Housing Network, explained that this document is a follow up to the 5-year Consolidated Plan. He commented that the table on p.12 shows that a low-number of ELI units will be completed. He drew attention to the 5-year goal of building 5,764 units, of which only 1, 366 will be for ELI families. There are over 20,000 ELI households. The Consolidated Plan references the goal of providing housing for those most in need. The table on p.12 shows that there are 59,058 households with housing needs and the five-year goal is to build 5,764 units. He indicated that this is not a plan. The report does not address the shortage. There has to be a plan for how the City will get the money to build the housing that is needed. When the county started to plan for BART, they were specific in how they would raise funding.</p>	<p>The City has developed a strategy and goals in order to meet the needs of those most vulnerable, ELI and VLI households.</p>

Other Comments Received During Public Comment Period – April 3, 2007 – May 3, 2007

Public Comment	City Response
<p>Catholic Charities, Young Women’s Empowerment Project wrote a letter to the Director of Housing expressing concern over its final ranking of 39th position, which placed them too far down the list for funding.</p>	<p>Funding was available for only the first 37 highest ranked projects. However, in the event that funding becomes available (approved agencies unable to enter into contract), Catholic Charities will be second in line for funding.</p>
<p>Economic and Social Opportunities (ESO) wrote a letter to the City stating that it disagreed with the City’s decision to deny funding to its housing rehabilitation program.</p>	<p>The City made a recommendation to not fund this agency based on information contained in independent financial audits, which indicated there were growing deficits and problems related to accounting records and procedures.</p>