



COUNCIL AGENDA: 05-03-05

ITEM: 4.7

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Corsiglia
Sara L. Hensley

SUBJECT: SEE BELOW

DATE: April 14, 2005

Approved

Date

4.18.05

COUNCIL DISTRICT: Citywide

**SUBJECT: FINAL PUBLIC HEARING AND APPROVAL OF THE 2005-2010
CONSOLIDATED PLAN AND ANNUAL ACTION PLAN FOR FY 2005-06**

RECOMMENDATION

It is recommended that:

1. The City Council adopt the 2005-2010 Consolidated Plan and 2005-2006 Annual Action Plan, including FY 2005-2006 proposed recommendations for the Community Development Block Grant (CDBG) Program, the HOME Investment Partnership Program (HOME), the Housing Opportunities for People with HIV/AIDS (HOPWA) Program, and the Emergency Shelter Grant (ESG) Program.
2. Authorize the Director of Parks, Recreation and Neighborhood Services to negotiate and execute all agreements and contracts, including any amendments or modifications, for the expenditure of CDBG funds on behalf of the City.
3. Approve the ESG Program funding recommendations.
4. Approve the CDBG Program funding recommendations.
5. Authorize the Director of Housing to negotiate and execute all agreements and contracts, including any amendments or modifications, for the expenditure of ESG, HOME and HOPWA funds on behalf of the City.
6. Authorize the Housing Department to submit the 2005-2010 Consolidated Plan and 2005-2006 Annual Action Plan to HUD.

BACKGROUND

This year begins a new, five-year cycle for every jurisdiction entitled to federal housing and community development funds to submit a Five-Year Consolidated Plan. Accordingly, the City is required to submit a new five-year plan for the period 2005-2010. This Five-Year Consolidated Plan assesses the City's current housing market, analyzes demographic, ethnic and socio-economic conditions, and reports the City's greatest community and housing and homeless needs for various populations (disabled, seniors, families, etc.). The report defines the City's "priority" needs, strategies and objectives for reducing the most prevalent barriers to housing and

services in our community. After identifying priorities, the City establishes five-year strategies for allocating its federal CDBG, HOME, HOPWA, and ESG dollars.

ANALYSIS

San José faces important challenges in providing affordable housing for all socioeconomic segments of its population, given the highly competitive housing market and limited public dollars. The Consolidated Plan's Housing Needs Assessment, based on US Census data for the year 2000, provides several findings:

- Population Growth - Since 1990, San José's population has grown by 14.2% and its housing stock has grown by 13.5%. Much of this population growth is from natural population increases, rather than immigration. Net population growth outpaced any out-migration due to the economic downturn,
- Overcrowding - Compared to other areas of the State and County, San Jose has a high number of occupants per housing unit. Approximately 18.3% (50,579 units) of all occupied housing units in the City could be classified as overcrowded, an increase of 14.9% from 1990. Of these units, 61% were renter-occupied,
- Income - Over 30% (92,862) of San José's households fall into the low-income category. Those making very-low and extremely low incomes have acute housing needs. Hispanic households are almost twice as likely to be low-income as white households, and
- Renters and Large Households - Renters are more likely to be low-income and experience housing burden than owners. Large households (over 5 members) are more likely to be low-income and have housing problems, particularly rent burden.

In a recent telephone survey commissioned by Santa Clara County and the cities in the County, survey participants were asked to rank the two most important community needs. This survey was conducted with 417 households, selected at random throughout Santa Clara County. The purpose of the survey was to better understand public opinions regarding community needs for affordable housing, economic development, public services and facilities; education and job training; homeless services and shelter; and other services.

The survey results showed that the top seven community needs cited by respondents were:

- Affordable Housing Construction (7.7%)
- Facilities and Services for At-Risk Youth (6.5%)
- Health Care Facilities and Services (6.5%)
- Facilities and Services for Seniors (6.2%)
- Anti-Crime Programs (6.1%)
- Rental Assistance for Low-Income Households (5.8%), and;
- Facilities and Childcare Services (5.3%)

Of the various types of affordable housing programs that survey participants were asked to rank, three in particular were ranked as most important: rental assistance for low-income households

(21.7%), construction of affordable housing (20%), and homebuyer assistance (18.6%). Other highly ranked affordable housing programs, at 10.2% each, were accessibility improvements for disabled households and housing rehabilitation assistance for lower income households.

In order to address the needs identified in the report, the Consolidated Plan identifies a five-point strategy, which provides development and service goals in the following categories:

1. Maintaining and Expanding the Supply of Affordable Rental Housing
2. Maintaining and Expanding Homeownership Supply and Opportunities
3. Ending and Preventing Homelessness
4. Assisting the Special Needs Population
5. Community Development Strategy

OUTCOMES

The Mayor and City Council will consider approval of the 2005-2010 Consolidated Plan and Annual Action Plan and, if desired, request changes in order to finalize these federally required documents. With approval of a Consolidated Plan, the City will be eligible to receive and distribute \$17.4 million in entitlement funds available to the City in 2005-2006.

PUBLIC OUTREACH

The Consolidated Plan regulations require that jurisdictions hold at least two public hearings for the Consolidated Plan. The City of San José routinely holds more public hearings than required by the federal government. The City sends individual announcements of these public hearings to nearly 330 organizations and individuals concerned about affordable housing and community development issues. By May 4, 2005, the City will have held a total of eight public hearings on the Consolidated Plan. These public meetings have been held with the Housing Advisory Commission, CDBG Steering Committee, and City Council.

On April 1, 2005, the federally required 30-day public comment period was opened and the City Council received public input regarding the Draft 2005-2010 Consolidated Plan and 2005-2006 Annual Action Plan at its April 5, 2005 meeting. In addition to the Council hearing, the Housing Advisory Commission and CDBG Steering Committee took action to approve the Consolidated Plan and Annual Action Plan. All of the comments from these hearings will be included in the Appendices of the 2005-2010 Consolidated Plan to HUD.

Because the public comment period closes on May 1, 2005, a matrix of all the comments and the City's responses will be distributed to City Council in the form of a Supplemental Memorandum prior to the May 3, 2005 City Council meeting. The Supplemental Memorandum will also include staff's recommendations for the Emergency Shelter Grants (ESG) and the Community Development Block Grant (CDBG) Program's funding. The CDBG Steering Committee will be meeting on April 20, 2005 to make its funding recommendation and the ESG Funding Committee will be meeting on April 18th.

In regard to the ESG program, a Notice of Funding went out on February 23, 2005 and 15 applications were received by the March 23rd deadline. A five-member ESG Review Panel, comprised of the City Homeless Coordinator, Grant Manager and Division Manager-Operations, the County Homeless Coordinator, and the City of San Jose Housing Trust Fund Chairperson, will meet on April 18, 2005 to discuss, rate and make approval recommendations.

Once the Mayor and City Council have approved the Consolidated Plan and Annual Action Plan, it will be submitted to the U.S. Department of Housing and Urban Development (HUD) by the May 15, 2005 deadline.

COORDINATION

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


COST IMPLICATIONS

Without an approved Consolidated Plan, the City of San José will not be eligible to receive housing and community development funds, including CDBG, HOME, HOPWA and ESG funds, from the federal government in the amount of \$17,424,026.

CEQA

Not a project.


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Director of Housing


SARA L. HENSLEY
Director of Parks, Recreation and
Neighborhood Services