

# SUPPLEMENTAL

COUNCIL AGENDA: 09-16-08  
ITEM: 4.2



## Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Leslye Krutko

**SUBJECT:** SEE BELOW

**DATE:** September 15, 2008

Approved

*Deanna Santana*

Date

*9/15/08*

**COUNCIL DISTRICT:** City-wide  
**SNI AREA:** N/A

**SUBJECT: FINAL HEARING ON THE CONSOLIDATED ANNUAL PERFORMANCE EVALUATION REPORT (CAPER) FOR 2007-08 – SUPPLEMENTAL REPORT**

### REASON FOR SUPPLEMENTAL REPORT

This memorandum is being sent to the Mayor and City Council in order to report on comments received on the 2007-2008 Consolidated Annual Performance Evaluation Report (CAPER) during the 15-day public comment period, which ended on September 11, 2008, and to provide the City Council with corrections and changes made to the draft report.

### RECOMMENDATION

It is recommended that the City Council approve the 2007-2008 Consolidated Annual Performance Evaluation Report (CAPER), as amended.

### OUTCOME

Approval of the CAPER will ensure compliance with the reporting requirements of the U.S. Department of Housing and Urban Development (HUD) and continue the City's qualification for receipt of federal funds for housing and community development programs.

### BACKGROUND

Since the release of the draft CAPER on August 27, 2008, staff has identified a few errors in the draft that need to be corrected. In addition, in the time since August 27<sup>th</sup>, the HUD-required 15-day public comment period for the CAPER has ended. This supplemental memorandum provides the public comments received to date, plus the City's response to those comments, and changes to the document to correct errors in the original draft of the CAPER.

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## ANALYSIS

### Public Comments

On September 11, 2008, the Housing and Community Development Advisory Commission (HCDC) held a public hearing to take comments from the public on the draft CAPER. **Attachment A** contains a summary of the public comments received through September 11, 2008 as well as responses prepared by the Housing Department. The comments and responses will be included in the final document submitted to HUD as part of the “Citizen Participation Process and Comments” section.

### Corrections and Edits

Staff recommends that the following technical amendments be included in the final 2007-2008 CAPER to be submitted to HUD:

#### *Page 10, Table 7*

- Table 7, “2007-2008 Housing Production Completions – New Construction” has been modified to correct addition errors. The subtotal of ELI units should add to 75, not 65. The subtotal of MOD units should add to 132, not 124.

#### *Pages 40/41, Table*

- The Monitoring table in the Draft CAPER has been updated to reflect that Affirmative Marketing monitoring has been completed for Timberwood. A new housing project, Curtner Gardens, was also added to the Monitoring table. Annual monitoring for this project will commence in 2009 and Affirmative Marketing monitoring for this project has already been completed.

#### *Page 69*

- Exhibit 1A, “Total Housing Completions,” has been modified to correct an addition error. The number of Owner units should add to 52, not 44.

### HCDC Recommendation

At the conclusion of its hearing on September 11, 2008, the HCDC voted to recommend that the City Council approve the 2007-2008 CAPER.

## EVALUATION AND FOLLOW-UP

Once approved, the CAPER will be submitted to HUD no later than September 30, 2008. Once it is submitted to HUD, the Housing Department will post the final document on its website at: <http://www.sjhousing.org/report/conplan.html>.

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**PUBLIC OUTREACH/INTEREST**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

The recommended action does not meet any of the above criteria. Nonetheless, this report will be posted to the City Council agenda website for September 16, 2008. Additionally, a notice of the City Council and HCDC public hearings and the availability of the draft CAPER was published in the San Jose Mercury News, San Jose Post Record, La Oferta and Thoi Bao on August 22<sup>nd</sup> 2008.

**COORDINATION**

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

**CEQA**

Not a project.

  
LESLYE KRUTKO  
Director of Housing

Attachment

For questions please contact LESLYE KRUTKO, DIRECTOR OF HOUSING, at 535-3851.

**ATTACHMENT**

**Public Comments on the Draft 2007-2008 CAPER and City Responses**

*Comments Received at the Housing & Community Development Advisory Commission Meeting – September 11, 2008*

<b><u>Comment</u></b>	<b><u>City Response</u></b>
Commissioner Munoz asked why a couple of CDBG agencies did not meet their goals as stated on page 5.	<p>The Small Business Education and Incubator Assistance program was a new program in FY 07-08 and experienced a three month delay in launching of the program. Further, mid-year changes in reporting requirements resulted in sub-contracting agencies not meeting their goals.</p> <p>A new program, Health Trust's Meals on Wheels met its CDBG goal but overestimated its total program participants.</p>
Commissioner Munoz referred to page 5 and asked why certain projects were disencumbered.	<p>The San Jose Conservation Corps Nutrition Center project was disencumbered due to underestimated project costs.</p> <p>The O'Connor Park project was disencumbered after the owner of the proposed park site decided not to sell the property.</p> <p>Economic and Social Opportunities (ESO) was disencumbered because it ceased operations in April 2007 and later filed bankruptcy.</p> <p>The Loaves and Fishes Family Kitchen project was transferred to an alternate funding source.</p>
Chair Mace asked why there were significant disparities in the percentage of persons planned to serve and actual served for grantee agencies.	<p>At the beginning of the program year, agencies and departments estimate the number of total participants they expect to serve based on historical participation rates. However agencies and departments sometimes overestimate or underestimate and disparities are created.</p>
Commissioner Bock referred to page 9 and asked why new development commitments were not fulfilled, specifically ELI developments.	<p>The tables on page 9 and page 10 are not related. The table on page 9 reflects funding commitments that will be completed 2 or 3 years from now. The table on page 10 indicates projects completed during this reporting period, but were committed to during prior years. The two tables do not give a complete picture of the</p>

	development process. 25% of affordable housing finance commitments were for extremely low units during 2007-2008.
Chair Mace suggested that the City add a middle chart to show the projects that are in the pipeline between funding commitment and completion.	City will incorporate suggestion after consulting with HUD on the change to the reporting format.
Commissioner Bock referred to page 10 and asked if City funding was involved in the completion of 124 moderate housing units.	Twelve units at Tierra Encantada, a for-sale development, used City funding, but the remaining units are inclusionary units.
Commissioner Munoz asked why District 5 did not have more activity as far as new construction.	The CAPER reflects a one-year snapshot and no new project was planned in District 5 for 2007-08.
Commissioner Bock referred to page 36 and asked why the CAPER gives a total of 56,000 people signed up on the section 8 waiting list, when she thought the number was close to 70,000.	The total number of applications may have been larger, but there were duplicate applications. The stated number of 58,000 reflects the amended list of unduplicated applicants.
Commissioner Tom referred to page 17 and asked if there was a timeline for report updates, specifically the fair housing analysis of impediments.	Updates are planned for 2009.
Ms. Lee, from Councilmember Nguyen's Office asked if her Council office could obtain a list of homeless organizations with information on the population and languages they serve.	A list will be sent to the Councilmember's office.
Vice Chair Norimoto asked if the City's surplus land acquisition program has been impacted by the Employment Lands Framework.	The City has not acquired any surplus land for the reporting period of 2007-08. The framework has not impacted the land the City has acquired except for one site. The Department monitors surplus land to see if it can be used for housing.
Commissioner Bock asked why project acquisition and rehabilitation, specifically in affordable housing preservation, is always assigned for the low income category and not the extremely low income category.	The economics for rehabilitating extremely low income units was not financially feasible.
Commissioner Munoz asked if the numbers for the Teacher Housing Program reflect the demand and if the City was doing enough to advertise this program.	The Department works with the City Schools Collaborative to increase outreach and education to teachers in both homeownership and rental projects. The Department has seen an increase in demand in the last month.
Vice Chair Norimoto referred to the Analysis of Impediments and asked if more could be done for predatory lending, specifically predatory lending laws.	Predatory lending laws enacted by city governments are pre-empted by state and federal laws. The City emphasizes education and outreach to educate prospective homebuyers on predatory lending practices.

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Chair Norimoto asked if the City could be more pro-active in predatory lending education.	The City works with the Don't Borrow Trouble Silicon Valley campaign to educate the public on predatory lending practices.
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