



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Krutko

SUBJECT: APPROVAL OF AMENDMENT
TO THE HOUSING TRUST FUND

DATE: February 6, 2009

Approved

Date

2-11-09

COUNCIL DISTRICT: City-wide
SNI AREA: NA

RECOMMENDATION

It is recommended that the City Council adopt a resolution:

- 1) Authorizing the Housing and Community Development Advisory Commission (HCDAC) to act as the Housing Trust Fund Oversight Committee for all grants except those needed for emergency situations.

OUTCOME

Approval of the proposed recommendation will allow the City's Housing Trust Fund to be administered in a more effective and efficient manner.

BACKGROUND

On January 21, 1993, the City Council established the Housing and Homeless Fund (HHF) using proceeds from the defeasance of several mortgage revenue bond issues. In June of 2003, the City Council approved the conversion of the HHF into a Housing Trust Fund (See Ordinance Number 26920, Part 46 of Chapter 4.80 of Title 4 of the San José Municipal Code) to allow the City to seek additional revenue sources to ensure an ongoing source of funding for affordable housing programs. The primary goals of the Fund were 1) to meet the needs of low- and moderate-income households; and 2) to enable the City to qualify for additional funding opportunities for its programs and housing for San José low- and moderate-income residents. The Housing Trust Fund was to be funded by a variety of sources, including revenues received from tax credit application review fees, repayments of specially funded loan programs, administrative fees from City multifamily housing bond issues, and other outside sources such as the State's Proposition 46 Local Housing Trust Fund Matching Grant Program.

The Director of Housing was designated as the administrator of the Housing Trust Fund, with the assistance of the Housing Trust Fund Oversight Committee. The Committee was to be a five-

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member board that would review applications for funding and provide recommendations to the Director of Housing.

During its discussion last December on inclusionary housing, the City Council asked the Housing Department to look into other sources of funding for affordable housing. As part of its workload assessment for actions related to inclusionary housing, the Housing Department expects to bring this information to the City Council by the end of 2009.

ANALYSIS

Since its establishment, the Housing Trust Fund has proven to be a valuable vehicle for both bringing new funds into the City and providing a flexible source of funding for programs and housing that serve San José's low-income residents. With over \$13 million in revenues since July of 2003, the Housing Trust Fund has been able to support a plethora of programs and services including hot meal programs, emergency funds to quickly rehouse persons displaced from their homes due to a fire or other disaster, one-time emergency repairs of facilities that serve homeless residents, and the City's Housing Services Partnership (HSP) program – a direct service and financial assistance program for homeless households.

Because the Housing Trust Fund has few requirements on the use of its funds, it has been used to provide grants for a number of programs and services that would have likely not qualified for other funding. For example, most of the Housing Department's funding is restricted in ways that does not allow it to be used for services for homeless and at-risk residents such as the HSP program and the provision of emergency funds for displaced residents. The HSP program alone has assisted thousands of homeless and at-risk households to become housed or maintain their current housing.

However, there are significant problems with the current structure of the Housing Trust Fund Oversight Committee, especially with regard to its ability to provide timely recommendations. Therefore, in order to administer the Fund with greater efficiency and effectiveness, the following changes are recommended and are allowed by resolution under the Housing Trust Fund:

- Authorize the Housing and Community Development Advisory Commission (HCDAC) to serve as the Housing Trust Fund Oversight Committee. This nine-member commission meets on a monthly basis to advise the Housing Department Director on matters pertaining to affordable housing policies and serves as the oversight body for federal programs including the City's Community Development Block Grant, the Emergency Shelter Grant, and Housing Opportunities for Persons with AIDS programs. The HCDAC is ideally situated to act as the Housing Trust Fund Oversight Committee both due to the Commissioners' knowledge of San José's affordable housing and community service needs and its formalized structure including regular meetings, public notification, and governance structure. In addition, because the Housing Department already staffs the HCDAC, merging the two advisory bodies would be a more effective and efficient use of City staff and resources. Following approval by the HCDAC, all Housing Trust Fund grants greater than \$100,000 would be

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provided to the City Council for approval. The Director of the Housing Department, under existing authority, would approve funding recommendations up to \$100,000, as appropriate.

- Authorize all emergency requests under \$100,000 to be exempt from the requirement of obtaining approval from the HCDAC. The Housing Trust Fund occasionally receives requests from nonprofit organizations that provide services to homeless or at-risk residents in need of emergency repairs to their facilities or replacement of vital appliances such as a stove or freezer. These requests require an extremely quick review period to ensure that the organizations are able to continue serving their clientele. Therefore, the additional time required to get approval from the HCDAC could be detrimental to the homeless or at-risk households served by the requesting organization. In addition, Housing Trust Fund monies are available to quickly rehouse residents displaced from their homes due to a fire or other such emergency. In order to prevent these residents from becoming homeless, the granting of these funds must be approved within days, rather than the weeks that are required when seeking approval from the HCDAC.

EVALUATION AND FOLLOW-UP

Information on the fund's uses will be provided in the Housing Department Director's quarterly Delegation of Authority report and, for proposals over \$100,000, in City Council memorandums.

PUBLIC OUTREACH

This memo will be posted to the City Council Agenda via the City's website and will be discussed at the City's Housing and Community Development Advisory Commission's February 12, 2009 meeting.

- 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)

COORDINATION

This report has been prepared in coordination with the Office of the City Attorney.

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FISCAL/POLICY ALIGNMENT

None

COST SUMMARY/IMPLICATIONS

There are no fiscal impacts to the City arising from this proposal.

CEQA

N/A (Not a project)


LESLYE KRUTKO
Director of Housing

For questions please contact Leslye Krutko, Director of Housing, 535-3851.