

SUPPLEMENTAL



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Krutko

SUBJECT: SEE BELOW

DATE: September 14, 2009

Approved

Date

9/14/09

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

SUBJECT: FINAL HEARING ON THE CONSOLIDATED ANNUAL PERFORMANCE EVALUATION REPORT (CAPER) FOR 2008-09 – SUPPLEMENTAL REPORT

REASON FOR SUPPLEMENTAL REPORT

This memorandum is being sent to the Mayor and City Council in order to report on comments and revisions received on the 2008-2009 Consolidated Annual Performance Evaluation Report (CAPER) during the 15-day public comment period, which ended on September 10, 2009.

RECOMMENDATION

It is recommended that the City Council approve the 2008-2009 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 26, 2009, staff has identified a few corrections needed to the draft. In addition, this supplemental memorandum provides the public comments received to date, plus the City's response to those comments.

ANALYSIS

Public Comments

On September 10, 2009, 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 10, 2009 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.

HCDC Recommendation

At the conclusion of its hearing on September 10, 2009, the HCDC voted to recommend that the City Council approve the 2008-2009 CAPER.

Corrections and Edits

Staff recommends that the following technical amendments be included in the final 2008-2009 CAPER to be submitted to HUD:

Page 12, Page 63, Page 66 - Health Trust and San Benito County Tables

The tables in page 12 have been modified to reflect actual households assisted rather than persons assisted. This performance measure reflects more accurately the goals specified in the CAPER and Annual Performance Reports (APR). The Health Trust AIDS Services assisted 295 households and the San Benito County program assisted 17 households in 2008-09. The performance charts in page 63 and page 66 have also been revised to reflect the households assisted rather than persons assisted.

Page 19 BEDI Grants and Section 108 Loans

The paragraph on the BEDI grants has been changed to reflect the most current contract negotiations. It should read as follows:

San Jose’s Economic Development Strategy (EDS) adopted November 2003 recognized the Norman Y. Mineta San Jose International Airport (the “Airport”) as one of the City’s key assets. The EDS #1 strategy is to build a world class airport facility and air services.

To facilitate the construction, the City applied for and was awarded a \$25.8 million loan under the Section 108 through the U.S. Department of Housing and Urban Development (HUD) for the acquisition of 23.23 acres of land from the FMC Corporation. The land is directly adjacent to the Airport. The acquisition was in conjunction with an additional City bond-financed purchase of 51.64 acres of land also acquired from FMC. To fund a portion of the interest on the Section

108 loan, the City applied for and received a \$2 million Brownfield Economic Development Initiative (BEDI) grant.

The approximate 75 acres of land, identified as Airport West, is intended, in the long term, to accommodate 1.5 million square feet of high-end office R&D, 300 hotel rooms and up to 95,000 square feet of retail space that will each support the Airport and the City's overall revenue position. The current use of the land is for construction staging in support of the new terminal construction, and the relocation of airport related services such as rental agencies, used car, recreation and motorcycle sales, and courier and delivery services. Upon completion the land will be sold for redevelopment.

As of May 2009, the City Council authorized the City Manager to negotiate and enter into an amended Option and Purchase and Sale Agreement of the site. The City maintains its commitment to create the proposed 836 jobs.

EVALUATION AND FOLLOW-UP

Once approved, the CAPER will be submitted to HUD no later than September 30, 2009. 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>.

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 15, 2009. 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, Thoi Bao and China Press on August 21st 2009.

HONORABLE MAYOR AND CITY COUNCIL

September 14, 2009

Subject: Public Hearing on the CAPER for FY 08-09 – Supplemental Memo

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COORDINATION

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

CEQA

Not a project.

A handwritten signature in black ink, appearing to read 'Leslye Krutko', is written over a circular stamp or seal.

LESLYE KRUTKO
Director of Housing

Attachment

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

ATTACHMENT A

Public Comments on the Draft 2008-2009 CAPER and City Responses

Comments Received at the Housing & Community Development Advisory Commission Meeting – September 10, 2009

Comment	City Response
Commissioner Jaime Contreras asked if the last public review meeting would be September 10.	Staff responded that September 10 would be the last public review day.
Vice Chair Norimoto asked about the \$4.3 million in unexpected CDBG funds (pg 5).	Staff responded that these are actually carry-over program funds from previous years. Staff also explained that HUD has a baseline requirement for the City to spend a certain amount of money or risk giving that money back to HUD, but the City has met the requirement.
Commissioner Vincent Cantore asked if the HOME program is similar to the Section 108 program and whether it provides loans or grants.	Staff responded that the City has the discretion to structure the funds as a loan or a grant depending on aspects such as affordability restrictions.
Senior Commission Representative Rene Lovato asked if the increase in the goal toward services offered to seniors is related to the Village in Willow Glen (pg. 25).	Staff responded that the Village is not related and that the numbers reference projects that CDBG funds that provides services to seniors.
Commissioner Jaime Contreras commented that the paragraph on CDBG youth services should be adjusted to show an “under met” goal of 2% instead of the stated “exceeded goal by 2%” (pg. 7).	Staff responded that the change will be made.
Commissioner Lee Ellak commented that CDBG should decrease funding to Code Enforcement (pg. 5).	Commissioner Jaime Contreras commented that the Housing Commission has advocated for additional Code Enforcement funding in the past because it sees value in the program.
Commissioner Al Munoz asked why the Housing Department would be granting prospective homeowners 2 nd mortgages considering the foreclosure situation.	Staff responded that the down payment assistance is structured as deferred so that homeowners do not have to make a payment until the sale of the house. In addition, the program guidelines ensure that the loans made are fiscally sound.
Chair Bonnie Mace asked why the shopping center improvement pilot project was not completed.	Staff responded that CDBG staff could not find a mall owner that would allow for federal review of their bookkeeping and it would be hard to define local serving for a project.

Attachment A

<p>Chair Bonnie Mace asked how the Department quantifies limited success for the cancellation of the revolving loan fund.</p>	<p>Staff responded that the intent was to provide money to small businesses to create jobs, but it became difficult to track over a long period of time when a limited amount of jobs were created or none at all. Overall, it was not creating the desired results.</p>
<p>Vice Chair Norimoto asked if there is a report that includes performance results for agencies funded from all funding sources not included in the CAPER.</p>	<p>Staff responded that they would consider whether it had resources to put together a report at a later date for the Commission's review.</p>
<p>Vice Chair Norimoto asked why there were so many more homeless individuals and families served than the City's goal (pg. 49).</p>	<p>Staff responded that that because these were numbers developed five years ago, it was unforeseen how many individuals/families would have been impacted by the foreclosures and economic crisis. San Jose simply had more clients than it had anticipated more than five years ago.</p>
<p>Commissioner Al Munoz asked if MACSA's legal troubles would pose a problem for the CDBG program.</p>	<p>Staff responded that the Department has been working closely with MACSA to verify their documentation, payroll registers, and timecards to ensure that the CDBG funding is used correctly.</p>