



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Corsiglia

SUBJECT: AMENDMENT TO THE
HOUSING TRUST FUND

DATE: January 3, 2011

Approved

Date

1/11/11

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Adopt an ordinance amending the provisions governing the Housing Trust Fund (Part 46 of Title 4 of the Municipal Code) to allow administrative expenditures for personal services and non-personal expenses.

OUTCOME

Approval of the recommended action will allow the City to continue to provide staff support to Destination:Home's efforts to end homelessness in Santa Clara County.

BACKGROUND

On September 30, 2010, the California Senate Office of Oversight and Outcomes issued an audit report on the use of the Low- and Moderate-Income Housing Fund ("20% Fund") based on an investigation of 12 redevelopment agencies around the State (not including San Jose). Among the findings and recommendations in the report is clear re-statement of State redevelopment law that the 20% Fund can only be used to increase, maintain and preserve each community's supply of affordable housing.

ANALYSIS

In reviewing the Housing Department's use of the 20% Fund, staff has concluded that the current practice of paying for staff dedicated to homeless prevention activities out of the 20% Fund should be discontinued. While much of the effort to end homelessness has now shifted to Destination:Home – the public-private partnership addressing the issue on a Countywide scale – the Department's Homeless Prevention Team provides critical support to Destination:Home and should not, therefore, be discontinued.

The Department's Homeless Prevention Team provides the following services to the Destination:Home program:

- Providing staff support to the various specialized working groups of Destination:Home in their development of initiatives and programs.
- Providing staff support to elected City officials and the Director of Housing in their leadership roles on ending homelessness.
- Grant writing and grant administration, most importantly for sources of funding available only to public agencies. For example:
 - In 2009, the Team was instrumental in securing a \$315,000 grant to the City from the U.S. Department of Labor to provide green-job training for 75 at-risk adult youth.
 - In 2010, the Team's effort secured a \$400,000 grant to the City from the U.S. Department of Justice to provide apprenticeships in green jobs for 50 women who are either incarcerated or recently released from jail, or who are victims of domestic violence.
- Program development and administration through access to City funds. Presently, the Team is administering a HOME-funded \$1.5 million Tenant-Based Rental Assistance (TBRA) program to house mentally ill, chronically homeless individuals. Additionally, the Team has initiated the proposed program for a Downtown Homeless Outreach Program to be jointly funded by ESG and the Housing Trust Fund.
- Oversight of events like Project Homeless Connect (PHC), which at various locations throughout the community brings shelter and service providers to the targeted homeless population. In the 2010-11 fiscal year, four events have already been held and another ten are planned through June at locations throughout the County. Based attendance so far, it is expected that 110-120 homeless individuals will be served at each event.
- Supervising and paying VISTA volunteers who are largely responsible for organizing and coordinating PHC events. There are presently four volunteers on staff, and an application will be submitted for a continuation of the program for one volunteer next fiscal year to continue these efforts.
- Coordination with outside agencies, including facilitating meetings.

The Housing Trust Fund is the only source available to the Department that could be used to pay staff engaged in homeless activities. However, when the Trust Fund's predecessor – the Housing and Homeless Fund – was established in 1993, it was not foreseen that it would need to support staff costs, so the eligible uses allowed by the Code are limited to providing funding to outside agencies. The action recommended in this report would allow for such uses.

The Housing Trust Fund is the only source available to the Department that could be used to pay staff engaged in homeless activities. However, when the Trust Fund's predecessor – the Housing and Homeless Fund – was established in 1993, it was not foreseen that it would need to support staff costs, so the eligible uses allowed by the Code are limited to providing funding to outside agencies. The action recommended in this report would allow for such uses.

EVALUATION AND FOLLOW-UP

The Statement of Source and Use for the Housing Trust Fund (440) in the proposed 2011-12 City Budget will include appropriations for Housing Department Personal Services and Housing Department Non-Personal/Equipment.

POLICY ALTERNATIVES

The following alternative was considered in developing the recommended action:

Alternative #1: *Continue to pay for staff engaged in homeless activities out of the 20% Fund*

Pros: The limited funding available each year in the Housing Trust Fund would continue to be devoted solely to supporting the private sector meet the immediate needs of the homeless and preventing and ending homelessness.

Cons: The City risks a finding in a potential future audit of the 20% Fund that it is being used for ineligible purposes.

Reason for not recommending: The City's ability to provide staff support to Destination:Home outweighs the need to maximize funding for specific homeless-related projects.

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 on the City Council Agenda Website for the January 25, 2011 meeting. Additionally, this proposal will be reviewed by the Housing and Community Development Advisory Commission at its regularly scheduled meeting on January 13, 2011.

HONORABLE MAYOR AND CITY COUNCIL
January 3, 2011
Subject: Amendment to the Housing Trust Fund
Page 4

COORDINATION

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

FISCAL/POLICY ALIGNMENT

This proposal is consistent with the *10-Year Homeless Strategy to End Chronic Homelessness*, approved by the City Council on September 9, 2003 and the *Final Report of the Blue Ribbon Commission on Homelessness*, accepted by the City Council on March 11, 2008.

CEQA

CEQA: Not a Project, PP10-068 (b), General Procedure & Policy Making, Municipal Code or Policy (new or revised)

/s/
LESLYE CORSIGLIA
Director of Housing

For questions please contact LESLYE CORSIGLIA, Director of Housing, at 408-535-3851