



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Corsiglia
Jennifer A. Maguire

SUBJECT: SEE BELOW

DATE: January 24, 2011

Approved

Date

1/25/11

COUNCIL DISTRICT: 2, 7, 10
SNI AREA: Edenvale/Great Oaks

SUBJECT: AUTHORIZATION FOR THE HOUSING DEPARTMENT TO ACCEPT FEDERAL EMERGENCY MANAGEMENT AGENCY FUNDS TO PROVIDE MOBILEHOME SEISMIC RETROFIT UPGRADES

RECOMMENDATION

It is recommended that the City Council adopt a resolution:

- 1) Authorizing the Housing Department to accept a Federal Emergency Management Agency (FEMA) grant of \$3,000,000 from the California Emergency Management Agency to assist with the creation of a mobilehome seismic retrofit program.
- 2) Adoption of the following Appropriation Ordinance amendments in the Low and Moderate Income Housing Fund:
 - a. Establish an appropriation to the Housing Department for the Hazard Mitigation Grant Match project in the amount of \$1,000,000; and
 - b. Decrease the appropriation to the Housing Department for the Loans, Grants, and Site Acquisition project by \$1,000,000.
- 3) Authorize the Director of Housing to negotiate and execute agreements to carry out the mobilehome Seismic retrofit work to be performed under this grant.
- 4) Making findings that the use of Low- and Moderate-Income Housing Funds to provide match funds for seismic rehabilitation outside a redevelopment project area benefits the Agency's redevelopment project areas.

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OUTCOME

Approval of the above recommendations will enable the Director of Housing to accept Federal Emergency Management Agency grant funds and implement the mobile home seismic retrofit program. Acceptance of these recommendations will ensure that an estimated 650 Mobilehomes in San Jose will be seismically secured in the event of an earthquake; greatly reducing the potential for loss of life and major property damage.

BACKGROUND

In August 2008, the City submitted an application to the California Emergency Management Agency (CalEMA) for a \$3,000,000 Hazard Mitigation Grant. The Hazard Mitigation Grant Program (HMGP) is a federally funded grant which is administered through the State of California's emergency management agency CalEMA. The HMGP was created to respond to the Southern California fires in 2007. Additionally, the hazard mitigation funds were made available to specific jurisdictions to fund cost-effective disaster mitigation projects which meet the state-established program priorities. Eligible project activities include, fire mitigation, flood mitigation, acquisition of severe repetitive loss properties and seismic retrofit.

If approved San Jose would utilize these funds to provide financial assistance to mobilehome owners in designated areas of San Jose to seismically retrofit their mobilehomes. The HMGP funds cover 75% of the proposed activity cost, requiring the grantee to contribute a 25% matching local share. The new mobilehome seismic program would provide a total of up to \$4,000,000 (\$3,000,000 in grant funds, \$1,000,000 in City funds) to seismically upgrade approximately 650 individual mobile homes in San Jose. Each application required a cost benefit analysis to evaluate the cost effectiveness of each proposed project and to determine the projects impact. San Jose's application targeted ten mobilehome parks within two designated zip codes, 95111 and 95123. The ten parks listed in the application contain a pool of 2,751 individual mobile homes.

On August 7, 2009, the City received notification from CalEMA that the Housing Department's application for the Hazard Mitigation Grant had been received and reviewed by FEMA. In order for FEMA to complete their application review, the City was required to provide CalEMA with an inventory list of the 2,751 individual mobilehomes within the ten designated mobilehome parks. The response from CalEMA included an option for the City to undertake a Phase One Inventory study in order to collect and document the required information to complete the HMGP application review.

Phase One Inventory

On November 9, 2009, the City was notified by CalEMA that its Phase One application was approved by FEMA. The Phase One approval provided \$150,000 of Federal grant funds to collect information and create an inventory of specific data required by FEMA to complete its review of the City's \$3,000,000 HMGP application. The City was required to provide the required \$50,000 match to bring the total Phase One project budget to \$200,000.

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On February 23, 2010 the City Council approved the Director of Housing's recommendations to accept the \$150,000 Phase One grant and proceed with collecting the inventory of mobilehomes that may be eligible to participate in a seismic bracing program. At the February 23rd meeting, Councilmember Herrera raised a question regarding inconsistencies of fault line locations on various maps that the Council member had previously observed. There are in fact numerous agencies studying seismic activity. These agencies have different missions. For example, one is charged with determining building code requirements for occupied structures while another is responsible for evaluating the safety of dams and bridges. These agencies prepare their maps based on the purpose of their research. This ultimately leads to discrepancies in the documents they create.

While there are some differences in the data, all sources substantiate that mobilehomes that are not seismically secured are vulnerable to a major earthquake, irrespective of where they are located within the City of San José. Should mobilehomes be dislodged from their foundation as a result of an earthquake, in addition to individual property loss, gas, sewage and electrical conduits could be ruptured causing major safety hazards to the entire mobilehome park and all of its residents. As stated previously, the areas selected in the application have a high concentration of units that are not structurally braced.

Staff made use of earthquake fault data provided through the United States Geologic Survey (USGS) for the seismic data incorporated this funding application. Additional information can be found at <http://earthquake.usgs.gov/earthquakes/recenteqscanv/FaultMaps/121-37.html>

The Phase One was completed and the inventory list submitted to CalEMA on July 12, 2010. The Phase One assessments resulted in a master inventory list comprised of data pertaining to the 1,614 individual mobilehomes in the ten eligible mobile home parks identified in the original HMGP application.

ANALYSIS

On October 13, 2010, CalEMA notified the Housing Department that the City's Mobilehome Seismic Retrofit grant application had been approved for the full \$4,000,000 program (\$3,000,000 Federal Share, \$1,000,000 in Local Share). The timeline to complete the project and fully expend the grant funds is 36 months from the date of the award (October 12, 2013).

Based on the cost estimates included in the original application and the \$4,000,000 project budget, approximately 650 individual mobilehomes will be retrofitted under this grant. The mitigation activity is limited to the pool of 1,614 mobilehomes included on the master list. In addition to direct project cost, direct staffing and limited administrative expenses are eligible under the HMGP grant. FEMA is aware that the number of mobilehomes in our Master Inventory is less than the 2,751 in our original application. Irrespective of the smaller number of mobilehomes in the inventory, the grant award amount is not affected. However, should the

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number of mobilehomes actually retrofitted be less than the 650 mobilehome figure included in our grant, our reimbursements and match fund requirement may be reduced.

Mobilehome Park Selection

During the application process, Housing Department staff identified several areas within the City of San Jose as possible candidates for this program. These areas were analyzed and scored using FEMA's Benefit and Cost Analysis (BCA) criteria. The BCA criteria included factors such as:

- Concentration of homes
- Number of homes in each area
- Cost of each retrofit
- Proximity to earthquake fault lines
- Structure types
- Flood zone designation

Additionally, the BCA required Housing Department staff to analyze negative impacts in the event of an earthquake such as:

- Estimated number of residents per home affected
- Cost of replacement housing
- Potential injury and loss of life

Upon completion of the analysis, the selected area containing the ten selected mobilehome parks ranked as the highest, with the greatest probability of receiving this competitive FEMA Grant.

Through extensive outreach and coordination efforts, all ten of the parks managers were contacted and invited to participate during the Phase One assessments. Housing Department staff prepared letters of interest for each of the parks to distribute to their residents and conducted several community meetings to solicit interest and raise awareness. As a result, Housing staff received 1,614 responses from residents or mobilehome park managers interested in participating in the program. The ten mobilehome parks and 1,614 eligible mobilehomes are listed by park in the table below:

Mobilehome Park	Address	Zip	# of Homes	# of Respondents
Caribees I	2855 Senter Road	95111	442	151
Casa Alondra Mobile Home Park	5450 Monterey Road	95111	201	187
Chateau La Salle	2681 Monterey Road	95111	433	425
County Fair Mobile Estates	270 Umbarger Road	95111	133	135
San Jose Verde Mobile Home Park	555 Umbarger Road #150	95111	148	147
Spanish Cove Mobile Home Park	2600 Senter Road	95111	305	116
Coyote Creek Mobile Home Park	2580 Senter Road	95111	183	67
Magic Sands	165 Blossom Hill Road	95123	541	151
Imperial San Jose Mobile Estates	5770 Winfield	95123	174	51
Town/Country Mobile Village	195 Blossom Hill Road	95123	191	184
Total			2751	1614

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Implementation

In preparation for implementation of the Mobilehome Seismic Retrofit program, the Housing Department has hired a former Building Rehabilitation Inspector on a temporary basis to manage the delivery of these retrofit projects. Staff has coordinated with the State's Housing and Community Development (HCD) Office of Codes and Standards to facilitate permitting of the seismic upgrades. The Housing Department will issue a competitive Request for Proposal (RFP) to contract with multiple seismic retrofit contractors. Under the Program timeline, the RFP will be issued in mid February with contracts being executed in March of this year.

The Housing Department will utilize existing Rehabilitation Program staff, systems and standards to ensure that the retrofit work is being properly reviewed, tracked and completed in accordance with all applicable requirements. Based on the Program Work Schedule, work will be completed prior to October 12, 2013.

The undertaking involves no ground disturbance and no work shall be visible. In accordance with 44 CFR 10.8(d)(2)(xv) and in compliance with the National Environmental Policy Act, this project is categorically excluded from the need to prepare either an environmental assessment or environmental impact statement.

Local Funding Match

As stated in the City's application to FEMA, the City's required 25% funding match will be funded in the Low and Moderate Income Housing Fund. The match will be met through the expenditure of funds for payment to the construction contractors, the use of Housing Department staff funded from 20% funds assigned to oversee the construction, or a combination of the two. The City will be reimbursed for actual expenditures. Therefore, it is important that the City reserve these funds so they can be spent over the three year term of the grant.

Required Finding if Benefit for Use of 20% Funds Outside of RDA Project Areas

Funds in the Low and Moderate-Income Housing Fund will be used for mobilehome seismic retrofitting/rehabilitation in areas outside of a redevelopment project area that provides benefit to redevelopment project areas in San José. This work will result in improving the safety of some of the City's most affordable housing, will help revitalize neighborhoods that are in and near redevelopment project areas and is part of the City's efforts to improve and preserve affordable housing in redevelopment project areas. Further, the use of these funds for the retrofitting/rehabilitation will be of benefit to redevelopment project areas because the planned rehabilitation will help prevent and eliminate blight, revitalize neighborhoods, and improve and assist in the retention of affordable housing throughout the City.

EVALUATION AND FOLLOW-UP

Staff will include this project in the Housing Rehabilitation Program quarterly and year end reports, and staff will provide an update to the Community and Economic Development Committee. The \$4,000,000 project will be completed within 36 months, and a portion of these funds as recommended in this memorandum will be appropriated and expended in 2010-2011.

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Staff will bring forward recommendations to recognize the grant funding and appropriate the remaining project funds through the annual budget process for Council approval.

POLICY ALTERNATIVES

In reaching the recommendation spelled out above, the following alternative was also considered:

Alternative #1: The City could choose to not accept the Federal Hazard Mitigation Grant funding.

Pros: The Hazard Mitigation Grant Program requires a 25% local funding match. The Hazard Mitigation Grant will require a shift in approximately \$1,000,000 of funds from other housing programs to meet the match requirement. Given the current budget challenges, the Housing Department can utilize the \$1 million dollar match requirement to fund other Housing programs.

Cons: Not accepting Federal Hazard Mitigation grant would eliminate the opportunity for the City of San Jose to receive \$3,000,000 in federal funding that will directly benefit San Jose Residents.

Reason for not recommending: Accepting the grant funds allows the City to utilize federal funds that would not otherwise be available to San Jose residents. The funding challenges presented are outweighed by the benefit of a new significant source of funding and the benefit to the community of safer housing.

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 actions recommended in this memorandum meet Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater. This memorandum will be posted on the City's website for the February 8, 2011 Council agenda.

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COORDINATION

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

FISCAL/POLICY ALIGNMENT

Funding for this proposal is consistent with the 5 year Housing Investment Plan adopted in June 2007 and the 5 year Consolidated Plan adopted in May 2009.

COST SUMMARY/IMPLICATIONS

As part of this memorandum, \$1,000,000 of funding is recommended to be appropriated to reflect the City's local match for the Hazard Mitigation Grant. Based on the estimated timing of program expenditures and subsequent reimbursements, future appropriation actions will be brought forward for Council approval as part of the proposed budget process in the respective fiscal years as follows:

Fiscal Year	Amount
2010-2011	\$1,000,000
2011-2012	\$1,400,000
2012-2013	\$1,600,000
Total	\$4,000,000

BUDGET REFERENCE

The table below identifies the fund and appropriation proposed to fund the City's local match for the Hazard Mitigation Grant.

Fund #	Appn #	Appn. Name	Total Proposed Appn	Amt. for Local Match	2010-2011 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
Funding Recommended						
443	New	Hazard Mitigation Grant Match	\$1,000,000*	\$1,000,000	N/A	N/A

* The recommended actions in this memorandum will establish \$1,000,000 to the Hazard Mitigation Grant Match appropriation from the Loans, Grants and Site Acquisition appropriation in the Low and Moderate Income Housing Fund, which currently has a balance of \$23,592,385.

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CEQA

Not a Project - PP10-067

/s/

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