



# Memorandum

**TO: RULES AND OPEN  
GOVERNMENT COMMITTEE**

**FROM:** Leslye Krutko

**SUBJECT: SEE BELOW**

**DATE:** June 10, 2009

Approved

Date

6/11/09

**Council District:** Citywide  
**SNI:** N/A

**SUBJECT: SUPPORT OF STATE LEGISLATION AB 767 (AMMIANO) – HOUSING  
AND EMERGENCY SHELTER TRUST FUND OF 2006**

## RECOMMENDATION

The Housing Department recommends that:

1. The Mayor and City Council support AB 767 (Ammiano); and
2. The Committee provide a one-week turn around for Mayor and City Council review.

## OUTCOME

If the Rules and Open Government Committee and the Mayor and City Council accept staff's recommendation, the City lobbyist may begin seeking support for AB 767 (Ammiano).

## BACKGROUND

The 2009-2010 State and federal legislative cycles feature 145 State and 70 federal legislative proposals that address issues related to affordable housing development, construction, homeless, special needs populations, and finance. One of the bills is of particular interest to the City's affordable housing development program. An analysis of AB 767 is attached to this memo for the Rules and Open Government Committee's consideration.

## ANALYSIS

A fact sheet and analysis of AB 767 is attached.

**PUBLIC OUTREACH/INTEREST**

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
  
- Criteria 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)**
  
- Criteria 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)**

This legislative item does not meet any of the above criteria.

**COORDINATION**

This memorandum was coordinated with the Intergovernmental Relations Office in the City Manager's Office, the City's State and federal lobbyists, and the City Attorney's Office.

**POLICY ALIGNMENT**

The attachment and analysis are consistent with the Council-adopted 2009 Legislative Guiding Principles.

**CEQA**

Not a project.

  
LESLYE KRUTKO  
Director of Housing

For more information call Melissa Whatley, Policy Manager, at (408) 975-4418

## ATTACHMENT

### **AB 767 (Ammiano) - Housing and Emergency Shelter Trust Fund of 2006: Reversion of Funds**

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#### *What's the issue the bill is trying to resolve?*

AB 767 (Ammiano) provides a three-year extension for the Homeless Youth Program and the Building Equity and Growth in Neighborhoods (BEGIN) program authorized by the Proposition 1C: Housing and Emergency Shelter Trust Fund Bond Act of 2006. Proposition 1C appropriated \$50 million for the development of housing for homeless youth under the Multifamily Housing Program (MHP) and \$125 million for down payment assistance for homebuyers in communities that reduce regulatory barriers to housing production under the BEGIN program. For both of these appropriations, Proposition 1C specified that any funds not committed to projects within 30 months of availability were to revert to other, related HCD programs. Specifically, AB 767:

- Extends funding authorized by Proposition 1C for the Homeless Youth Program to July 31, 2012 after which all unencumbered funds shall revert to general use for MHP. Also extends funding authorized for the BEGIN program to August 17, 2012 after which all unencumbered funds shall revert to the CalHome Program; and
- Allows the Department of Housing and Community Development (HCD) to determine if funds should revert sooner for either program due to diminished demand.

Demand for both programs has been substantial, but not sufficient to use all of the available funds. In addition, the current freeze on application and commitment activity for bond-funded programs is effectively truncating the 30 month period, and the turmoil in the financial markets is slowing development activity in general. As a result, approximately \$24 million of Homeless Youth funding is scheduled to revert to the general component of MHP on July 31, 2009. Similarly, \$40 million is scheduled to revert from BEGIN to CalHome on August 17, 2009.

#### *How would the passage of this bill affect San José?*

The City of San José has successfully competed for more than \$7.17 million in BEGIN grant funds since 2005 and assisted over 200 first-time homebuyers with these funds. The BEGIN funds have been used to provide deferred repayment loans to low- and moderate-income first time homebuyers in ten new for-sale housing developments through the City's homeownership program. Extending funding for the BEGIN Program until August 2012 will provide additional time for the City to continue to seek out these valuable funds for homebuyers in new for-sale housing communities throughout the City.

Currently, there is a City-funded project, the Commons that is waiting for the State to fulfill a funding commitment from the Proposition 1C Homeless Youth Supportive Housing Fund. The Bill Wilson Center plans to rehabilitate the Commons to include 28 units that will house thirty-two youth from San Jose and Santa Clara who are aging out of foster care or are otherwise at risk of homelessness. The City has committed \$1.8 million of HOME funds to the project. Due to the State's difficulties in obtaining bond financing, the Bill Wilson Center has been unable to

## ATTACHMENT

proceed with the rehabilitation of the Commons. The extension of the Homeless Youth program will allow the Bill Wilson Center to begin renovations this year.

### *What is staff's Proposed Position?*

Staff recommends that the City support AB 767. The Homeless Youth and BEGIN programs provided invaluable funding opportunities for projects that serve special needs populations and low- and moderate- income individuals and families.

### *Who are the bill's supporters and opponents?*

Supporters of AB 767 include: Bill Wilson Center; City of East Palo Alto; Corporation for Supportive Housing; David & Margaret Youth and Family Services, La Verne; Department of Housing and Community Development (HCD); East Palo Alto Community Alliance and Neighborhood Development Organization; Housing Leadership Council of San Mateo County; and Koreatown Youth and Community Center, Los Angeles. As of May 18, 2009 there is no registered opposition.

### *What is the current status of the measure?*

On June 2, 2009, AB 767 was passed by the Assembly. AB 767 is currently in the Senate awaiting committee assignment.