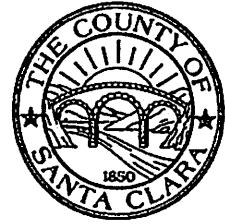


County of Santa Clara

Office of the County Executive

County Government Center, East Wing
70 West Hedding Street
San Jose, California 95110
(408) 299-2424

Item#13



MEMORANDUM

TO: Supervisor Don Gage
Supervisor Pete McHugh
Housing, Land Use, Environment, and Transportation Committee

FROM: Ray Villarreal, Interim Housing Coordinator *Ray V.*

DATE: February 12, 2002

SUBJECT: Status Report on Housing Task Force Steering Committee

Since our report of last month, the Steering Committee has been exceedingly busy accomplishing several objectives and now is engaged in the development of a final report. It is our intention to present this final report at the next HULET Committee meeting on March 21, 2002.

The accomplishments of the Steering Committee are as follows:

- 1) The Steering Committee has completed a thorough examination of the Housing Task Force Recommendations.
- 2) The Steering Committee has reorganized the recommendations under the three initiatives recommended by the Housing Task Force.
- 3) The Steering Committee has developed a format for presenting each of the 8 major recommendations to the Board of Supervisors.

At this time the Steering Committee has divided into three Subcommittees: 1) Regional Leadership & Advocacy, 2) Infrastructure & Organization and, 3) Resource Acquisition and Allocation. The subcommittees are drafting their reports of the 8 recommendations and will be presenting them to the whole Steering Committee at our meeting of February 20, 2002. Next, the 8 reports will be merged into a single report, which the Steering Committee will then submit to a "feasibility analysis" at our February 27, 2002 meeting.

The resulting changes and adjustments will then be incorporated into a draft report format for review by the Steering Committee at our March 8, 2002 meeting. A final report will be approved by the Steering Committee no later than March 12, 2002 and presented to the HULET Committee on March 21, 2002.

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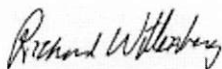


CE03 040902

Prepared by: Jane Decker
Deputy County Executive

DATE: April 9, 2002

TO: Board of Supervisors

FROM: 
Richard Wittenberg
County Executive

SUBJECT: Recommendations regarding Board Referrals from Housing Task Force

RECOMMENDED ACTION

Consider recommendations relating to Housing Task Force

Possible action:

- a. Approve the creation of a Housing Unit and direct the Administration to develop implementation plans depending on availability of revenue.
- b. Consider the use of up to 30% of the Redevelopment Settlement Agreement delegated revenues for housing purposes.

FISCAL IMPLICATIONS

There should be no general fund costs as a result of Board action. Support will come from existing revenues, redevelopment settlement revenues or exchanges of revenue sources.

REASONS FOR RECOMMENDATION

On December 4, 2001, the Board of Supervisors referred two recommendations from the Housing Task Force to the Administration for analysis:

- Creation of an affordable housing unit in the County Executive's Office
- Use of up to 30% of Redevelopment Settlement revenue for affordable housing purposes.

A full discussion by the Administration follows below.

BACKGROUND

The County currently is engaged in a number of housing activities located throughout County Agencies and Departments. In the County Executive's Office, the Housing Bond Coordinator administers the Housing Bond, Mortgage Credit Certificate, and Housing Bond Trust Fund programs. The Homeless Services Coordinator administers the Shelter Plus Care and Cold Weather Shelter programs and also works with other entities to expand housing opportunities for the homeless. In addition, the Fairgrounds Revitalization Project, which includes the largest affordable housing project currently being developed in the State, is managed by County Executive staff. And last, the contract interim Housing Coordinator prepared a report last year on special needs housing issues which recommended a higher level of emphasis and coordination needed to be directed toward the County's special needs housing issues which recommended a higher level of emphasis and coordination needed to be directed toward the County's special needs clients. He has continued to work with departments, some city staff and the Housing Task Force to develop recommendations for County housing efforts.

The Environmental Resources Agency administers several important housing programs including the Community Development Block Grant Program (CDBG), the HOME program, Emergency Shelter Grants Program, and other related housing programs. The Social Services Agency has an extensive housing program and recently established a Housing unit to coordinate their Agency efforts in finding housing opportunities for CalWORKS clients, Foster care children, domestic violence victims, aging adults, and other clients of the Agency. The Santa Clara Valley Health and Hospital System performs the same functions for their clients in Mental Health, Department of Drug and Alcohol, and Public Health.

The above narrative is intended to demonstrate the range of housing activities in which the County is engaged and is not inclusive of all County housing programs.

After review of our current housing program organization, it is clear that there are benefits to consolidation and coordination. Ongoing communication and interaction among the departments engaged in housing activities could create opportunities to use resources in ways not currently contemplated. Some of this activity could conceivably occur without consolidation, through regular meetings of the housing staff, but there is more that could be gained through consolidation of programs.

A centralized office with an active Housing Director would have a countywide perspective. He/She would be knowledgeable about all of the County housing programs and would be able to identify ways to leverage resources. A Housing Director could be involved at high levels of the organization to identify opportunities to include housing in County projects. The Director would work closely with GSA and the Departments. A Housing Director could also work with other jurisdictions and housing providers to expand housing for County clients.

County departments with specific responsibilities in the special needs housing area need the help of bolder, more directed activity at a high level of the organization to create new affordable housing opportunities for their clients. Existing housing and service dollars currently used by departments could be leveraged and expanded in areas that departments don't have the resources to address. An increase in the number of housing units for special needs is absolutely critical to the mission of the departments who are, on a daily basis, searching for appropriate housing for their clients.

Housing Office Proposal

The Administration is proposing that the Housing Bond Programs, the Homeless Services Program, and the Community Development Block Grant Program be consolidated under the direction of the County Executive's Office. This would allow for better communication among the programs and create a single focus for County housing efforts. By consolidating these programs, revenues associated with each of them could be better targeted and leveraged for maximum benefit. Spending by these programs has benefited worthy projects but has not necessarily been part of an overall strategic County effort to accomplish specific goals.

The special needs housing efforts in the Social Services Agency and Health and Hospital System would remain in place. Staff in those agencies know the needs of their clients and the specialized revenue sources that can be drawn down to provide housing. Housing office staff would interact with special needs housing staff and hold regular meetings of all of the

departmental special needs housing staff. The housing office would enhance the efforts of the departments and identify opportunities to create new housing units; something the departments have indicated is critical to the success of their mission. Departments have indicated that they need help in working with other jurisdictions to develop partnership opportunities and they have resources that can be brought to the table. In the County Executive's Supportive Housing Initiative, presented to the Board in March, 2001, the special needs housing crisis was identified as the most important housing focus for the County. Crisis, transitional, and permanent housing is needed. The special needs clients, who are in the very low-income category and may be receiving SSI, have felt the affordable housing shortage more than most.

Depending upon funding available, there are different forms a new housing unit could take. Under optimum circumstances, revenue could be made available to fund a Housing Director position and support staff. If the Board chooses to dedicate a portion of the Redevelopment Settlement Agreement revenue to housing, it may be possible to use that revenue for staff. However, there are certain constraints on the use of the delegated revenue. For one, staff must be actively engaged in overseeing housing construction. It may be possible to exchange a portion of the redevelopment revenue for general fund dollars, but additional analysis will be required to determine under what conditions that can occur. In the absence of new revenue sources to fund a housing office, an interim configuration could be developed using existing staff to begin addressing the needs at no cost to the general fund. When general fund revenues have stabilized in the future, augmentations to interim staff could be made. We are also assessing the benefits of co-locating the economic development program with housing to take advantage of obvious opportunities for synergy and use of existing resources and staff. The Fairgrounds Revitalization Project demonstrates how housing can be integrated with economic development.

The Board referral also asked the Administration to review housing activity organization in other counties. The attached matrix reviews the organization of five counties and demonstrates very different approaches. Ventura County's department within the County Executive's Office appears to be the most similar to what the Administration is recommending.

Use of Redevelopment Settlement Revenue for Housing

The Board asked the Administration to analyze using up to 30% of the San Jose Redevelopment Settlement Agreement revenue for housing. There are distinct revenue

streams that resulted from the agreement. The pass through revenue, or discretionary revenue, has been budgeted in the general fund for ongoing expenditures. For purposes of this analysis, the Administration focused on the stream of revenue known as the delegated revenue. That revenue consists of proceeds of tax exempt bonds and is subject to certain restrictions on its use, including that it be spent on capital projects. As demonstrated in the attached chart prepared by the Department of Finance, over the four year period beginning in FY2001, the total delegated revenue produced by the agreement is \$6.11 million to \$18.36 million over the four year period. After FY2004, the delegated revenue will come from future San Jose Redevelopment bond sales that are not predictable and, therefore, not shown at this time.

As mentioned above there are restrictions on the use of the tax exemption bond proceeds. According to the attached County Counsel opinion, direct administrative costs associated with a capital project are reimbursable from the proceeds. Because of caps on private activity reached already by San Jose, the County's revenue must be used for public projects that are owned and managed by the County or another public agency. The funds must be used in San Jose or, generally, in areas contiguous to San Jose.

An option to explore is exchanging delegated redevelopment revenues for general fund revenues currently being used for capital projects. The exchange would create potentially unrestricted revenues to be used for housing or other purposes. There are various permutations of this kind of swap that could provide more flexibility in the use of the money. Once a policy decision on using redevelopment money has been made by the Board of Supervisors, the Administration will develop options for using the revenue to expand housing opportunities.

The Board referral asked the Administration to investigate possible partnerships with the Housing Trust of Santa Clara County if these revenues were to be used for housing. After meeting with the Housing Trust, it appears there are projects that could be accomplished with them that would expand affordable housing units and that could be targeted to special needs clients. However, because of the restriction that the delegated monies be used for public projects, there may be constraints on our ability to work with the Housing Trust unless we are able to exchange redevelopment revenue for unrestricted general fund revenue.

We also met with the Housing Authority. As a public agency, they are in a position to partner with the County using these revenues. They would be able to develop projects, as well as manage them, thereby satisfying the legal requirements related to the revenue. The Housing Authority is assessing options for working with the County.

In summary, the Administration is supportive of the creation of a housing office in the County Executives' office at no expense to the general fund. In the event the Board of Supervisors decides to spend redevelopment settlement revenues for housing, the Administration will analyze specific ways the revenue could be spent.

ATTACHMENTS

- RDA Funds (Miscellaneous)