

County of Santa Clara
Office of the County Executive
Office of Affordable Housing



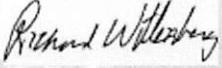
CE09 100802

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Submitted by: Jane Decker
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DATE: October 8, 2002

TO: Board of Supervisors

FROM: 
Richard Wittenberg
County Executive

SUBJECT: Use of Redevelopment Settlement Agreement Revenues for Housing Purposes

RECOMMENDED ACTION

Consider recommendations relating to use of redevelopment settlement agreement revenues for housing purposes.

Possible action:

- a. Accept preliminary recommendations on the use of redevelopment settlement agreement revenues for housing purposes.
- b. Direct the Administration to report back to the Board of Supervisors with specific recommendations and a process for allocating designated funds following Board action

Item Number 43

on the State budget impacts, the Board's Capital Workshop (scheduled for October 22, 2002) and on the receipt by Administration of the Office of Affordable Housing (OAH) role and staffing recommendations prepared by the Enterprise Foundation. The Administration will report back to the Board in early December.

FISCAL IMPLICATIONS

There is no impact on the General Fund as a result of this action.

CONTRACT HISTORY

None.

REASONS FOR RECOMMENDATION

While it is possible for the Administration to make some preliminary recommendations for use of the redevelopment settlement agreement revenues, three issues preclude us from providing a formal recommendation at this time.

First, the Enterprise Foundation interviews and analysis (which is discussed in greater detail below) will provide the County with a better understanding of what non-County stakeholders (nonprofit organizations, other jurisdictions, affordable housing developers) are looking for in terms of support from a new County Office of Affordable Housing. The result of this work will assist the Administration in structuring the new organization in a way which targets these activities and supports the Board's concern that "special needs" clients be the primary beneficiaries of County housing activities.

Second, until a staffing configuration for the new office is developed, it will not be possible to evaluate how to structure federal program reimbursements and how much supplemental funding (from the redevelopment revenues) will be required for ongoing staff and other operational costs. At the least, a Director position and a staff support position will be required; however, other changes in the organizational mission will drive staffing needs. These may be met by targeted add/delete actions and may be achieved through reassignment of existing staff, but it is premature to speculate now on what these changes might be.

Meeting Date October 8, 2002

Finally, the timing of the Enterprise Foundation work, which is expected to be completed in late October, coincides with the Board's Capital Workshop on October 22, 2002, and

Item Number 43

decisions on the County's FY2003 budget, both of which the Board has previously indicated will influence the final decision on the activities of the new OAH and the funding available to support those activities.

Based on the scheduled timing of these activities, it is anticipated that the Administration can provide a full report to the Board of Supervisors in early December.

Preliminary Recommendations Regarding Use of Redevelopment Revenues

While a formal recommendation must await the events described above, it is possible to provide preliminary information on what is likely to be the direction of the Administration's recommendations, based on prior Board of Supervisors direction and meetings with non-County stakeholders and County staff who are involved in the provision of housing services to County clients.

If redevelopment revenues are allocated to housing, the County should focus most of its resources on the provision of housing and services in areas which will reinforce and support County programs in the Homeless Concerns, Social Services and Health and Hospitals areas. These are the "special needs" issues which were the focus of previous Board direction. Failure to address these critical needs will result in continued placement of County clients outside Santa Clara County at considerable cost and with reduced program effectiveness.

Some existing programs require additional support to ensure that those County residents who are most at risk for losing existing housing do not become homeless. One example of this is the emergency rent assistance grants which are coordinated through the County's Homeless Concerns Office. For a modest increase in support, large numbers of clients can be maintained in affordable housing.

Housing specifically targeted to County clients can be incorporated into larger affordable housing projects, thus benefiting from economies of scale and resulting in housing which is dispersed throughout the County, where support services can be provided and where the client base may be concentrated or may be underserved by existing housing activities. In order to encourage development of this housing, the County has been advised that the largest gap in governmental housing support is assistance in assembling property for housing construction, provision of predevelopment grants to cover the higher risk, front-end activities (phase 1 environmental report, soils report, analysis of historic issues, noise studies, traffic studies and

Meeting Date: October 8, 2002

Processor Name: [illegible]

Item Number 43

arborist studies) and acquisition deposits to hold property during the early predevelopment planning work. Should the County establish a fund for affordable housing, part of the funds could be earmarked for these specific activities and disbursed either as part of a yearly allocation process or, more effectively, as part of a rolling allocation process based on specified criteria.

The County may also support the purchase and retrofit of smaller, existing properties at risk for conversion to higher cost housing, although this is likely to be less cost effective than having a similar number of units reserved for County clients in a larger, managed complex. If this approach is taken, it should be opportunity based, so as to take advantage of market conditions.

One of the most effective ways to target the affordable housing need relates to providing land, either through grant, sale or long term lease at low cost. Contract work through the County's contract for support of the Mortgage Credit Certificate (MCC) Program continues to evaluate the potential for using vacant public land in Santa Clara County for affordable housing. Data which has been generated for this work includes both privately owned vacant land and publicly owned vacant land and publicly owned land which has some improvement value (i.e., may be substantially underutilized). The County is also conducting its own internal review, trying to determine which County surplus land may be appropriate for affordable housing development or otherwise used to further the County's housing goals. As part of this analysis, the different requirements for surplus land disposition (depending on the nature of ownership) are also being reviewed.

All of these approaches will require the development of some very specific criteria for fund allocation. In the case of the County's desire to address special needs, these will include the County's ability to provide critical services to support those clients as well as the more traditional requirements (e.g., geographic dispersal, access to transit, location near other multi-family units, rezoning for high density residential use). Clearly, different criteria will be required for construction funding than for service provision. Specific recommendations, including a timeline for implementation, will be included in the Administration's December report.

Meeting Date October 8, 2002

On September 19, 2002, the Board of Supervisors' Housing, Land Use Environment and Transportation Committee (HLUET) accepted this report and forwarded a favorable

Item Number 43

recommendation to the Board of Supervisors.

BACKGROUND

During the FY2003 Budget Hearings in June, 2002, the Board of Supervisors considered a range of issues related to the creation of the new Office of Affordable Housing and identification of funds to increase the supply of affordable housing and housing services in Santa Clara County.

Office of Affordable Housing

Effective July 1, 2002, the Housing and Community Development Program (formerly in the Environmental Resources Agency), the Office of Homeless Concerns and the Mortgage Credit Certificate/Housing Bond Program (both in the County Executive's Office) were consolidated into the Office of Affordable Housing (OAH), under the auspices of the County Executive's Office. While the budgets of these units have been consolidated into one office, no changes in staffing or operations have been made. These changes are on hold, pending completion of a Housing and Urban Development (HUD) Technical Assistance grant-funded assessment by the Enterprise Foundation and Board of Supervisors action to support staff positions necessary to implement the expanded role of the new office.

In mid July, an executive manager, Susan Phillips, was loaned from the General Services Agency to coordinate OAH activities with regard to follow through on the Board's direction for program consolidation and report back. There is currently no specific timeline in place for replacement by a permanent Director, as creation of new staff positions is on hold pending results of the Enterprise Foundation work, salary ordinance amendments and appropriation adjustments to support the additional staff positions, once identified.

Enterprise Foundation Analysis

The County is fortunate to have the assistance of the Enterprise Foundation in preparing an analysis and implementation plan for structuring the new Office of Affordable Housing. This work began in mid July and is scheduled for completion in late October. To date, interviews have been completed with three members of the Board of Supervisors, County staff in the new OAH, Social Services Agency staff, fourteen nonprofits, and many of the Santa Clara County jurisdictions. Remaining to be completed are interviews with two Supervisors, staff in the Health and Hospital System, seven cities, two for-profit affordable housing developers and six nonprofits.

Item Number 43

The focus of this analysis is to define ways in which the new OAH can support the work of those already involved in the provision of affordable housing and housing services, by determining what current activities are perceived to be effective and what gaps in service and support remain. The Administration is expecting some very preliminary feedback from the Enterprise Foundation staff in late September, with a completed analysis and implementation plan in late October.

Additional analyses and benchmarking related to other, related issues (e.g., regional housing advocacy, land banking, and identification of ongoing sources of local public revenue to support housing development to leverage existing federal-funded programs) are not currently funded by HUD Technical Assistance grants. Development of a proposal for this work will follow completion of the current Enterprise Foundation activities.

CONSEQUENCES OF NEGATIVE ACTION

None. The Administration will continue its work toward a December report to the Board of Supervisors.

STEPS FOLLOWING APPROVAL

No action required following approval of this request.

Meeting Date October 8, 2002

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Item Number 43