

County of Santa Clara

Office of the Board of Supervisors

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THIS RELATES TO:
12/17/02 (Item 43)
Supplemental Information #2

James T. Beall, Jr.
Supervisor, Fourth District

To: Board of Supervisors

From: Supervisor James T. Beall, Jr. *Jim Beall*
District 4

Supervisor Liz Kniss *Liz Kniss*
District 5

Date: December 16, 2002

Subject: Agenda Item #43 – Report on Office of Affordable Housing Staffing and
Use of Redevelopment Set-Aside Funds.

I respectfully propose the following actions be approved by the Board of Supervisors:

- A. Accept report on the Office of Affordable Housing status and funding.
- B. Direct the Administration to proceed with staffing initiatives identified as Phase 1 actions and work with the Employee Services Agency to return to the Board on January 14th, 2003 with recommended actions necessary to implement this direction. At this time, Phase 1 should only include staffing recommendations for the position of Director, Office of Affordable Housing and one analyst position.
- C. Authorize the Administration to proceed with the physical consolidation of the Office of Affordable Housing staff in leased space at 1735 N. First Street.
- D. Direct the Administration to report back on January 14th, 2003 with level of initial redevelopment set-aside funds required for use by the Office of Affordable Housing for a three-year operating plan, including housing initiatives, as directed by the Board on June 10th, 2002.

- E.* Finalize dedication of Redevelopment Set-Aside Funds for affordable housing. Staff will report back on January 14th, 2003 with a year one funding plan. The balance will remain set-aside for affordable housing.

Attachment 2
Office of Affordable Housing – Current Funding Sources

The following are non-General Fund sources of support for current Office of Affordable Housing programs and activities.

- Housing Bond Trust Fund (Fund 0208)

This fund was established in 1991 with administrative fees and revenues from the Housing Bond and Mortgage Credit Certificate Program. Application fees from Mortgage Credit Certificates (MCCs) and Reissued MCCs (RMCCs), fees to lenders who participate in the MCC and RMCC programs, and issuance and administrative fees for housing bonds provide operating funds to support the contract-based MCC program and administration of tax-exempt bonds. Almost \$2.5 million has been disbursed from the Housing Bond Trust Fund to affordable housing projects as loans in \$100,000 increments. It is estimated that the balance of the Housing Bond Trust Fund will reach approximately \$450,000 at the conclusion of FY2003.

- CDBG Program – Community Development Block Grant (Fund 0035)

This is an HUD formula-based program providing block grant funding to carry out a wide range of community activities, including providing safe and secure housing, revitalizing neighborhoods, supporting economic development and improving community facilities and services. The County administers CDBG funds for the Urban County – “non-entitlement” jurisdictions within the County whose populations total fewer than 50,000. These jurisdictions are Morgan Hill, Saratoga, Monte Sereno, Campbell, Los Gatos, Los Altos, Los Altos Hills and Cupertino. Because Cupertino has met the population threshold to become an entitlement jurisdiction, it is expected to leave the Urban County group in the upcoming cycle. This funding source allows 20% of the allocation to support administrative costs. Use of CDBG funds is not restricted to housing programs. The Urban County allocation for the current year was \$2,584,000; of this, the County’s share was \$801,846 -- \$190,046 for project allocations which are obligated by Board action annually, \$200,000 in funding set aside for rehabilitation program services and \$411,800 to cover County administrative costs.

- HOME Program (Fund 0038)

This is a HUD formula-based program providing grant funding for housing rehabilitation targeted to low and very low-income residents. Administration of this fund is similar to the CDBG fund and allocations are approved by the Board in the same funding process. This funding source allows 10% of the allocation to support administrative costs. Use of these funds is restricted to housing programs. The Urban County allocation for the current year was \$1,043,000, which includes County administrative costs.

- **ESG – Emergency Shelter Grant (Fund 0034)**

This is a HUD formula-based program for rehabilitation or conversion of buildings into homeless shelters and funding of certain social services, homeless prevention activities, operating expenses and administrative costs. Program administration is handled through the HCD Program. The County allocation for the current year was \$91,000, which includes County administrative costs.

- **Shelter Plus Care (Fund 0032)**

This is a HUD program to provide rental assistance and continuum service support for people with disabilities. Program administration is handled through the Housing Authority, with County program coordination through the Homeless Concerns Program. This program allows 8% of the allocation to support administrative costs, which is shared between the Housing Authority (6%) and the County (2%).

- **Revolving Loan Program – Single Family (Fund 0036)**

This fund was established to capture loan repayments from the CDBG program. Loan proceeds are used for single family housing rehabilitation and is administered by the HCD Program. Loans are reviewed and approved by a County loan committee, comprised of staff from the Finance Agency, General Services Agency and County Executive's Office. This funding allows 20% of the allocation to support administrative costs. The fund balance (as of June, 2002) totaled \$766,507.

- **Revolving Loan Program – Multi-Family (Fund 0029)**

Like the Single Family Revolving Loan Program, this fund was also established to capture loan repayments from the CDBG program. The program has been closed by HUD; however, the County has the flexibility to continue to use the program funds as matching funds under the HOME program rules and/or as a match for any CDBG eligible activities. The fund balance (as of June, 2002) totaled \$516,437.

- **CALDAP Earthquake Loan (Fund 0252)**

This was a State program to rehabilitate owner-occupied and rental properties damaged in the Loma Prieta earthquake. The program is now closed. The fund balance represents reimbursements to the HCD Program for expenses incurred in Loma Prieta staff response. Use of these funds is not restricted. The fund balance (as of June, 2002) totaled \$311,568.

- **Low and Moderate Income Housing Fund (0209)**

This fund was established in 1979, when the Board approved the Density Bonus Program. This program permitted a 10% increase in density for subdivisions in which 10% or more of the units are devoted to low or moderate income housing. The additional "affordable" lots can be sold at fair market value and the proceeds deposited in the Low and Moderate Income Housing Fund. In 1999, it was reported to the Board that activity in this program had ceased, after roughly ten subdivisions participated in the program. Historically, these funds have been allocated by the Board to supplement CDBG-funded projects for housing and housing services. The fund balance (as of June, 2002) totaled \$497,242.

- **Stanford Affordable Housing Trust Fund (Fund 289)**

This is a recently-established fund, relating to the General Use Permit for Stanford University. The GUP requires that, for every 11,763 square feet of academic development, one affordable housing unit be developed or a cash in lieu fee of \$15 per square foot of development be paid into this fund. The June 2002 fund balance totaled \$85,772; another \$50,720 will be deposited into this fund prior to the end of FY2003. These funds must be used for affordable housing projects located within 6 miles of the Stanford Campus.