



Memorandum

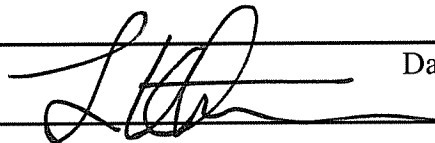
TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Krutko
Larry Lisenbee

**SUBJECT: UPDATES TO HOUSING
DEPARTMENT FY 06-07
BUDGET**

DATE: August 30, 2006

Approved

 Date 8/31/06

RECOMMENDATION

Adoption of the following amendments to the 2006-2007 annual appropriation ordinance and funding sources resolution in the Low and Moderate Income Housing Fund (443):

- (1) Increase Earned Revenue by \$517,182; and,
- (2) Increase the appropriation for Loans, Grants and Site Acquisitions by \$517,182.

Authorization by the City Council of the following position changes in the Housing Department:

- (1) Add 1.0 FTE Building Rehabilitation Inspector I/II position; and,
- (2) Delete 1.0 Office Specialist I/II position and add 1.0 Development Specialist position.

OUTCOME

The Housing Department budget will accurately reflect projected tax increment funds for FY 2006-07 and will have the resources necessary to fully implement future Project Alliance rehabilitation projects and address homeless issues.

BACKGROUND

In his March 2006 Budget Message, the Mayor recommended that the capital budget for the Housing Department be moved to August to coincide with the Redevelopment Agency budget deliberations. The City Council considered and approved the Housing Department's operating budget in June 2006, including all of the Housing Department's performance measures and most of the requested administrative budgetary actions.

On August 10, 2006, the joint City Council/Redevelopment Agency Board held a study session to consider the Redevelopment Agency's Capital Budget and Adjustments to the Housing Department FY 06-07 Budget. Overall, the discussion at the study session supported the recommended adjustments to the Housing Department FY 06-07 Budget.

ANALYSIS

On July 5th, the Santa Clara County Assessor's Office released its annual report documenting the assessed values for all real and business property in the County as of June 30, 2006. The report demonstrated a gradual growth pattern for the entire county, including a 6.83% growth rate in San Jose's Redevelopment Areas. Based on this recent information, the Housing Department is projecting an increase of \$517,182 in tax increment funds over the adopted FY 2006-07 Operating Budget, bringing the revised projection for FY 2006-07 to \$32,449,456. This additional \$517,182 will increase the Department's borrowing capacity by an estimated \$4.1 million to be used for development projects (at a projected borrowing rate of eight dollars to each dollar of tax increment.) The Department expects to issue bonds in FY 2007-08, and will utilize the additional tax increment at that time.

The Housing Department is requesting the addition of one Housing Rehabilitation Inspector position to implement the successful Project Alliance program. This program provides funding for exterior improvements to existing multi-family developments in Strong Neighborhood Initiative areas. Current projects include: Underwood Apartments in Blackford SNI, Jeanne/Forestdale project in Five Wounds/Brookwood Terrace SNI, and housing rehabilitation in Greater Gardner SNI. Total funding for these projects exceeds \$1.75 million. The Housing Department is also targeting new CalHome funds for SNI areas. Although this program has grown substantially in the past two years, no additional staffing has been made available to implement the program. The cost of adding this position is approximately \$105,680 per year.

Additionally, the Housing Department is requesting the approval of a second budgetary action that will result in the creation of a Development Specialist position that will focus on homeless issues. In 2006, the City adopted a Ten-Year Plan to End Chronic Homelessness, joining hundreds of cities throughout the country in an effort to ensure that people living on the streets, and those living in shelters and other inappropriate living situations are adequately housed and provided with needed services. Current staffing for the City's homeless programs includes a portion of a Housing Planning and Policy Administrator, one full-time Development Officer and one full-time Development Specialist. A further increase in staffing is necessary to address this goal, and, without this additional staff effort, the City will continue to "manage" rather than solve our homeless problem. The Department's request to delete a vacant Office Specialist I/II position and add a Development Specialist position to the Homeless Services program will provide critical resources to focus on addressing the problem of chronic homelessness. The total cost of this request is \$22,270 per year.

PUBLIC OUTREACH

- 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 memo is posted on the City’s website for the September 19, 2006 Council Agenda.

COORDINATION

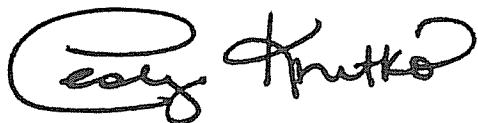
This memorandum was coordinated with the Office of the City Attorney and the Redevelopment Agency.

COST IMPLICATIONS

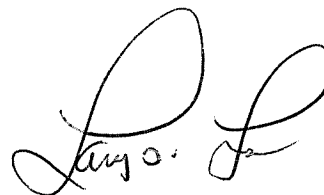
The additional tax increment will increase the Department’s borrowing capacity up to \$4 million which will be available in the future for large development projects. The ongoing cost implications of the addition of the Housing Rehabilitation Inspector will be \$105,860 annually and the net increase resulting from the add/delete action will be \$22,270.

CEQA

Not a project.

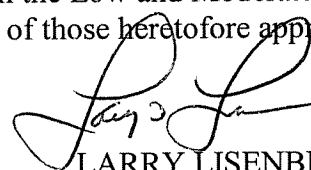


LESLYE KRUTKO
Director of Housing



LARRY LISENBEE
Budget Director

I hereby certify that there will be available for appropriation in the Low and Moderate Income Housing Fund in the Fiscal Year 2006-2007 monies in excess of those heretofore appropriated therefrom, said excess being at least \$517,182.



LARRY LISENBEE
Budget Director