

HOUSING

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To assist San Jose's lower- and moderate-income families by increasing, preserving, and improving housing that is affordable and livable, and to the extent possible, ensuring long-term affordability and contributing to neighborhood revitalization.

Alex Sanchez, Director

Leslye Corsiglia
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Management & Analysis

Doris Hencken
Administrative Officer

Loan Management

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Housing Production

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Housing

BUDGET SUMMARY

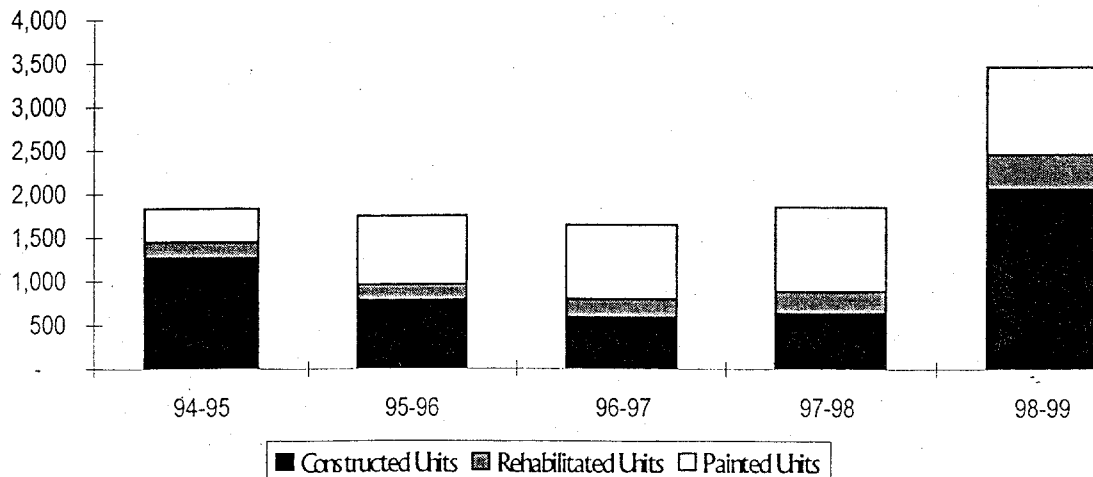
	Adopted 98-99	Adopted 99-2000	Change
Authorized Positions	59.00	68.00	15.3%
Department Budget (All Funds)	\$ 5,083,306	\$ 6,743,745	32.7%
Budget per Capita	\$ 5.55	\$ 7.34	32.3%

BUDGET HIGHLIGHTS 1999-2000

- Increase new construction of affordable housing by 50% in the next five years.
- Commit outreach and education resources to such programs as the Window Bar Retrofit and target housing rehabilitation resources to certain neighborhoods.
- Improve data collection, analysis, and reporting efforts by creating and/or improving data for Cash-flow, Pre-development, Contract, Rehabilitation, Project Development, Loan Management, and Homeless Assistance databases.
- Implement new teacher housing program through addition of position whose responsibilities will include design, marketing, and implementation.
- Expand commitment to technology through replacement of obsolete computers.

Budget Byte

Completed Units Over the Last Five Years



Housing

DEPARTMENT OVERVIEW

For 1999-2000 combined operating funding for Housing Department administration is approximately \$6.7 million dollars and used exclusively for that purpose. Programmatic expenditures are detailed in the proceeding summary of funding sources that support departmental programs.

As required by State law, the Housing Department receives 20% of the gross property tax increment from the Redevelopment Agency of the City of San Jose (Agency) each year for affordable housing purposes. This tax increment revenue is deposited in the Low and Moderate Income Housing Fund and is the primary source of funds for housing development and rehabilitation projects. It also supports the Department's operating expenditures.

In addition, a variety of other funding sources are used to support departmental programs. Included are the following: funds from the U.S. Department of Housing and Urban Development (HUD), proceeds from a line of credit, the sale of tax allocation bonds, loan repayments, Real Estate Owned (REO) property disposition, interest earned in the Low and Moderate Income Housing Fund, and miscellaneous unrestricted revenues that are deposited in the Housing and Homeless Fund. The finances of the Department are accounted for in this budget in four funds. These are the Low and Moderate Income Housing Fund (443), HOME Investment Partnership Program Fund (445), the Housing and Homeless Fund (440), and the Community Development Block Grant. A full description of the elements of these funds can be located in a later section of this document.

To summarize, the sources of funding available to the Department for 1999-2000 program expenditures are as follows:

\$ 3,955,865	Community Development Block Grant
190,458	Predevelopment Loan Program
445,000	Emergency Shelter Grant
600,000	Housing and Homeless Fund
3,881,000	HOME Investment Partnership Program Fund
649,000	Housing Opportunities for People with AIDS (HOPWA)
24,800,000	20% Property Tax Increment
8,250,000	Loan Repayments, Interest Income, & Misc. Revenue
10,000,000	Redevelopment Supplemental Funding
25,000,000	Line of Credit
<u>24,000,000</u>	Bond Sales
\$101,771,323	TOTAL PROGRAM FUNDING SOURCES

Housing

DEPARTMENT OVERVIEW (CONT'D.)

Through the above-listed sources of program funding, the Department provides a variety of programs and services to the community. The following is a summary of programs and services available to the community:

Project Development Program (Budgeted Funding: \$52.27 million)

- Teacher Home Loan Assistance (new and existing units)
- Gap Loans to Rental Housing Developers for new construction and acquisition/rehabilitation, including various housing types: Family Rental Housing, Senior Rental Housing, Single Room Occupancy (SRO), Transitional Housing, Shelters, and Housing for the Disabled
- Loans to For-Sale Housing Developers
- Homebuyer Assistance Programs (new and existing units)
- Selective Acquisition of Targeted Properties for rehabilitation or replacement of affordable units

Housing Rehabilitation Program (Budgeted Funding: \$6.4 million)

- Amortized/Deferred Loans to Homeowners for health & safety repairs, including retrofit of window bars
- Amortized/Deferred Loans and Grants to Mobilehome Owners for health and safety repairs
- Amortized Loans to Owners for Income-Qualifying Rental Properties for health and safety repairs
- Paint Grants To Homeowners, Mobilehome Owners, and Rental Property Owners
- Neighborhood Services, including targeting resources to Neighborhood Revitalization Strategy (NRS) neighborhoods and assistance to the San Jose Neighborhood and Housing Services (NHS) organization

Additional Programs (Budgeted Funding: \$43.1 million)

- Direct services and referrals for homeless individuals and families
- Operating and one-time subsidies to shelter operators and service providers
- HOPWA grants to organizations serving persons with AIDS
- Debt Service and Line of Credit payments
- Loan Management Working Capital to acquire and maintain distressed affordable housing stock
- Administration, overhead, and expenditures to other City departments

In 1998-99, the Housing Department experienced a significant increase in the 20% property tax increment from the Agency, which brought the total to approximately \$22 million. The Department expects this level of revenue to continue for 1999-2000. The Department established a \$30 million line of credit to cover its cash flow needs. Of this amount, the Department drew \$8.5 million by the end of the 1998-99 fiscal year.

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DEPARTMENT OVERVIEW (CONT'D.)

The Department also anticipates receipt of \$15 million in supplemental Agency funding in 1999-2000 and the generation of \$1 million in interest income.

While the Department has approximately \$101.8 million in available funds for program expenditure purposes, what follows in this section of the budget document is a description of the adopted budget for Department operating expenditures which total approximately \$6.3 million of the available \$101.8 million. Highlights of the Adopted Budget for this department reflect changes that will allow the department to implement two major housing initiatives established by City Council policy direction.

In April 1999, Council directed the Department to lead an effort to increase the construction and availability of new affordable housing units by 50% over the next five years. Housing Department-financed new construction projects completed in 1998-99 included 1,196 affordable units and 595 market-rate units. In 1999-2000, the Department expects to complete 537 affordable units and 109 market-rate units in new construction. In addition, the Department also expects to complete 611 affordable units and 43 market-rate units in acquisition/rehabilitation projects. Both categories of new construction and acquisition/rehabilitation projects have increasing production figures in later years. The Department projects an increase in 20% property tax increment revenue over the 1999-2004 period to support this effort and received prior approval for six positions to cover the increased workload. This action is also responsive to direction contained in the March 17 Operating Budget Message.

The second major initiative involves providing homebuyers assistance to teachers. Upon recommendation by the Mayor, the City Council directed the Department to designate \$2 million of its Loans, Grants, and Site Acquisition funding for the establishment of the Teacher Home Loan Assistance Program. This new program enables teachers to obtain 100% financing for the purchase of a home in San Jose upon meeting certain qualification parameters. Further, the Department received approval for one position to promote and implement the program and related non-personal funding for the position as well as outreach expenses for 1999-2000.

Given the two newest initiatives and existing programs, funding is also included in this budget to augment the Department's marketing, outreach, and education efforts, and to acquire database software programming support and staff training on the use of the Oracle database system.

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DEPARTMENT BUDGET SUMMARY

	1997-98 Actual 1	1998-99 Adopted 2	1999-2000 Forecast 3	1999-2000 Adopted 4	% Change (2 to 4)
Dollars by Program					
Management and Analysis	\$ 1,891,210	\$ 1,916,668	\$ 2,366,429	\$ 2,950,651	53.9%
Loan Management	443,068	796,125	900,929	900,929	13.2%
Housing Production	1,718,387	2,370,513	2,359,105	2,892,165	22.0%
Total	\$ 4,052,665	\$ 5,083,306	\$ 5,626,463	\$ 6,743,745	32.7%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 3,040,672	\$ 4,007,600	\$ 4,356,623	\$ 4,888,916	22.0%
Overtime	4,512	26,420	26,420	26,420	0.0%
Subtotal	\$ 3,045,184	\$ 4,034,020	\$ 4,383,043	\$ 4,915,336	21.8%
Non-personal					
Equipment	892,382	969,286	1,243,420	1,808,409	86.6%
	115,099	80,000	0	20,000	(75.0%)
Total	\$ 4,052,665	\$ 5,083,306	\$ 5,626,463	\$ 6,743,745	32.7%
Dollars by Fund					
Low/Moderate Housing Fund	\$ 3,601,718	\$ 4,464,075	\$ 4,955,069	\$ 6,072,351	36.0%
HOME Fund	322,266	480,512	529,607	529,607	10.2%
CDBG	128,681	138,719	141,787	141,787	2.2%
Total	\$ 4,052,665	\$ 5,083,306	\$ 5,626,463	\$ 6,743,745	32.7%
Authorized Positions	45.00	59.00	61.00	68.00	15.3%

Housing

DEPARTMENT RECOMMENDATIONS

Proposals Approved	Positions	All Funds (\$)
Management and Analysis Program		
- Database Programming and Training		40,000
- Computer Replacement		35,120
- Public Education and Outreach		48,000
- Addition of Position Previously Approved by Council	1.00	60,999
- Rebudgets: Phone Conversion, Computer Hardware/Cabling, & Modular Furniture		400,103
Subtotal:	1.00	584,222
Housing Production Program		
- Development Officer for Teacher Home Loan Program	1.00	97,907
- Addition of Positions Previously Approved by Council	5.00	435,153
Subtotal:	6.00	533,060
Total Proposals Approved		7.00 1,117,282

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Management & Analysis Program

Doris Hencken, Administrative Officer

The Management & Analysis Division, which administers the Management and Analysis Program, provides the Department's planning, organization, direction, and evaluation activities. This Division is responsible for administration of the operating budget and accounting functions for all departmental programs. In addition, this division provides fiscal management of the City's loan portfolio that consists of approximately 1,400 loans worth approximately \$204 million.

The Division provides department-wide support necessary to achieve maximum operating efficiency. Services include: administrative analyses, resolution of personnel issues, fiscal management, coordination and bond financing for bond-financed developments, payroll administration, inventory control and purchasing, accounting, budget preparation and monitoring, fleet management, agenda control, contract administration, training, and management of automation systems. The Division is also responsible for responding to and monitoring audits, including those performed by the City Auditor and outside agencies. The Management & Analysis Division also coordinates with the Loan Management Division which provides for the day-to-day monitoring of loan activities. For loan activities, the Management & Analysis Division provides fiscal management services, including the following: developer loan disbursements; homeless shelter grant payments; funding of rehabilitation loans and grants; establishment of escrow accounts for contractor payments; maintenance of loan documents; processing of loan collections and payoffs; processing of payments for paint grants; preparation of documents for reconveyance; maintenance of subsidiary loan ledgers for all receivables; and tracking of cash flow for all Housing funds.

In addition, the Division leads implementation actions included in the federally required Consolidated Plan. This plan outlines the City's housing needs and requests funding to construct and rehabilitate low- and moderate-income units throughout the City. The Division also has primary responsibility for the review and advocacy of Federal and State legislation related to housing planning, financing, and development. This includes efforts to secure the use of State housing tax credits and the preservation of federally assisted housing projects.

Through its Homeless Unit Team, the Division provides referral services to the homeless population in cooperation and coordination with multiple cities, counties, nonprofit shelter providers, nonprofit service providers, and other agencies. By working with all of its partners, the Homeless Unit Team is able to refer homeless clients to a comprehensive array of homeless services, ranging from homelessness prevention counseling to a system of homeless shelters and transitional as well as permanent housing.

Housing

Management & Analysis Program

PROGRAM BUDGET SUMMARY

	1997-98 Actual 1	1998-99 Adopted 2	1999-2000 Forecast 3	1999-2000 Adopted 4	% Change (2 to 4)
Personal Services	\$ 1,089,309	\$ 1,470,341	\$ 1,667,342	\$ 1,726,981	17.5%
Non-personal	686,802	446,327	699,087	1,223,670	174.2%
Equipment	115,099	0	0	0	0.0%
Total	\$ 1,891,210	\$ 1,916,668	\$ 2,366,429	\$ 2,950,651	53.9%
Authorized Positions	18.00	20.00	22.00	23.00	15.0%

Housing

Management & Analysis Program

BUDGET CHANGES (1998-99 Adopted to 1999-2000 Adopted)

	Positions	All Funds (\$)
Prior Year Program Budget (1998-99):	20.00	1,916,668
Base Adjustments		
One-time Prior Year Expenditures Deleted		
• Supplies and materials funding for new positions		(41,080)
One-time Prior Year Expenditures Subtotal:	0.00	(41,080)
Technical Adjustments to Costs of Ongoing Activities		
• Salary/benefit changes, position reallocation, and annualization of the following position addition:		53,728
- Administrative Officer for Preservation of Affordable Housing	1.00	98,688
- Office Specialist for Preservation of Affordable Housing	1.00	44,585
• Annualization of Mid-year telephone conversion from analog to digital		4,584
• Change in rent		149,682
• Net zero non-personal interprogram shift		111,550
• Change in parking		21,600
• Copier lease		3,732
• 1% non-personal COLA adjustment		2,492
• Change in vehicle operating costs		200
Technical Adjustments Subtotal:	2.00	490,841
1999-2000 Forecast Base Program Budget:	22.00	2,366,429

Housing

Management & Analysis Program

BUDGET CHANGES (CONT'D.)

Adopted Program Budget Changes	Positions	All Funds (\$)
Core Service: Management and Analysis, Loan Management, Housing Production		
1. Database Programming and Training		40,000
<p>This change provides one-time funding to improve existing databases and convert the Cash-flow, Pre-development, Contract, Rehabilitation, and Homeless Assistance databases, as well as training for those key staff members who will use the databases. Staff will create ad hoc reports from the databases, freeing approximately eight hours of Senior Programmer's time currently spent gathering data to create staff reports for them. Freed Senior Programmer time will be spent writing new program modules to accommodate changing report needs, including the development and design of new management information reports to track production increases. In addition, on-going savings of \$10,000 will be generated by taking the Cash-flow database in-house since staff will perform tasks previously completed through contract services. (Ongoing savings: \$10,000)</p> <p>Performance Result: Quality Four databases will be created, staff will be trained to use them, and \$10,000 of non-personal savings will be generated. With specific regard to the Cash-flow database, less reporting errors will result since Department staff will directly enter the data as opposed to sending the data to the outside contractor which then enters the data. Also, the Department will be able to make better decisions regarding homeless assistance with the enhanced tracking system.</p>		
2. Computer Replacement		35,120
<p>This change provides one-time funding to replace 20 computers and five monitors. The replacement will allow additional staff to have greater access to new operating systems and databases, both of which require more storage capacity and memory than current computers contain. (Ongoing cost: \$0)</p> <p>Performance Result: Quality Staff productivity will increase and be able to support increased workload.</p>		
3. Rebudgets: Phone Conversion, Computer Hardware/Cabling, and Modular Furniture		400,103
<p>This change rebudgets unexpended 1998-99 funds for use in 1999-2000 for various projects that could not be completed in 1998-99, including the Department's conversion of phones from digital to analog (\$62,025), installation of computer hardware and cabling (\$47,908), and purchase of modular furniture (\$290,170). (Ongoing cost: \$0)</p> <p>Performance Result: N/A (Final Budget Modification)</p>		

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Management & Analysis Program

BUDGET CHANGES (CONT'D.)

Adopted Program Budget Changes	Positions	All Funds (\$)
Core Service: Housing Production, Rehabilitation		
4. Public Education and Outreach		48,000
<p>This change provides ongoing funding to increase public awareness of Housing Department services and programs, including Window Bar Retrofit, rehabilitation, and the newest initiative to increase units of affordable housing produced by 50% in five years. The Department has had difficulty in providing 75% of housing rehabilitation resources to areas targeted by the Neighborhood Revitalization Strategy. Flyers, brochures, and other informational materials will be produced for targeted areas in at least three languages. Quarterly newsletters will also be produced that are now offered only once a year. The Department will attract at least three new developers to develop affordable housing. The number of annual presentations and tours to community groups and service organizations will increase from 18 to 36, highlighting the positive effects of affordable housing development in neighborhoods and attracting additional outside capital. (Ongoing cost: \$48,000)</p> <p>Performance Result: Quality The percentage of homes in targeted neighborhoods participating in the Window Bar Retrofit and rehabilitation programs will increase. The number of affordable housing developers will increase by 16%, contributing to the Department's five-year plan goal of increasing the production of affordable housing stock by 50%.</p>		
Core Service: Housing Production		
5. Addition of Position Previously Approved by Council	1.00	60,999
<p>This action provides for the addition of one Principal Account Clerk that was approved by Council (April, 1999). The position will support and work with the other five position additions in the Housing Production Program that are charged with increasing affordable housing production by 50% over the next five years. (Ongoing cost: \$60,999)</p> <p>Performance Result: Quality The Department will be able to support an increased fiscal workload generated by the increase of affordable housing production.</p>		
Adopted Program Change Subtotal:	1.00	584,222
1999-2000 Adopted Program Total	23.00	2,950,651

Housing

Management & Analysis Program

PERFORMANCE MEASUREMENT

Objectives:

- To conduct comprehensive and timely housing planning, policy, and program development activities.
- To coordinate homeless assistance programs effectively with the County Regional Homeless Coordinator.
- To provide quality staff services to the Housing and Community Services Committee, the Housing Advisory Commission, and/or other task forces assigned by the City Council.
- To review and advocate federal and state legislation and regulations concerning housing planning, financing, development, and regulation.
- To obtain outside federal, state, and private capital for housing.
- To market the Department's programs to increase public participation in, and awareness of, affordable housing programs.

Program Performance Measures	Target			Workload		Accomplishment		Variance from Target	
	97-98	98-99	99-2000	Actual 97-98	Actual 98-99	Actual 97-98	Actual 98-99	97-98	98-99
1. Percentage of Consolidated Plan recommendations implemented on schedule	75%	75%	75%	23	25	82%	76%	7%	1%
2. Percentage of HAC referrals/initiatives completed on schedule	80%	80%	100%	5	3	100%	100%	20%	20%
3. Number of homeless citizens assisted in finding housing and other activities	500	1,000	3,000	4,040	7,500	4,040	7,500	708%	650%
4. Number of programs and program activities developed or evaluated	3	3	3	3	6	3	6	0%	100%
5. Number of proposed federal or state bills and regulations reviewed	75	100	150	150	82	150	82	100%	(18%)
6. Number of persons (in thousands) reached with marketing efforts (fliers, TV, radio, etc.)	10	10	10.7	10	87.6	10	87.6	0%	776%
7. Dollars (in millions) of borrowed funds obtained for affordable housing	0	20	30	N/A	N/A	0	8.5	N/A	(57.5%)

Housing

Management & Analysis Program

PERFORMANCE MEASUREMENT (CONT'D.)

Program Performance Measures	Target	Target	Target	Workload		Accomplishment		Variance from Target	
	97-98	98-99	99-2000	Actual 97-98	Actual 98-99	Actual 97-98	Actual 98-99	97-98	98-99

(Cont'd.)

Explanation of Targets Not Met:

- Unpredicted increase in number of large families with children caused dramatic increase in numbers of homeless people served.
- Many bills issued by the California State Legislature take two years to gain approval. The variance is due to this lag in processing time.
- In 1998-99, a full-time position was added to focus on public outreach and education, thus dramatically increasing numbers reached. In addition to above figures, over one million people were potentially reached through three publications in San Jose Mercury News and Metro, and through local television news items.
- In March of 1999, the Department was issued a \$30 million line of credit. Of that amount, the Department drew \$8.5 million prior to July 1, 1999. No bonds were issued in 1998-99.

For information on the development and use of the Performance Measurement Charts
see the Budget Guide-Performance Measurement Section

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Loan Management Program

Leon Kimura, Loan Management Officer

The Loan Management Division, which administers the Loan Management Program, provides portfolio management services for the loans underwritten through the various Housing Department programs. These services range from providing initial input during the loan origination stage to ongoing monitoring responsibilities throughout the term of the City-financed housing loans. The portfolio contains in excess of 1,400 loans with a principal balance of over \$200 million. Each loan is monitored for affordability and occupancy requirements, payment of property taxes and hazard insurance, and other terms and conditions of the loan. The full range of portfolio management services also includes developing and maintaining reports and schedules to track portfolio activities such as repayments, delinquencies and deferrals; performing property and site inspections; conducting property management and sales of REOs; safeguarding the security interest in the Department's investments; providing contract oversight for third party loan servicing; and, as necessary, working-out problem loans or pursuing collection procedures for delinquent accounts. Loan Management staff respond to customer service requests and act as the principal borrower contact for payoff demands, assumptions, refinances, subordinations, and title changes. The Loan Management Division maintains the custody files of all original loan documents and related records.

PROGRAM BUDGET SUMMARY

		1997-98 Actual 1	1998-99 Adopted 2	1999-2000 Forecast 3	1999-2000 Adopted 4	% Change (2 to 4)	
Personal Services	\$	435,021	\$	731,041	\$	780,971	6.8%
Non-personal		8,047		45,084		119,958	166.1%
Equipment		0		20,000		0	(100.0%)
Total	\$	443,068	\$	796,125	\$	900,929	13.2%
Authorized Positions		7.50		11.00		11.00	0.0%

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Loan Management Program

BUDGET CHANGES (1998-99 Adopted to 1999-2000 Adopted)

	Positions	All Funds (\$)
Prior Year Program Budget (1998-99):	11.00	796,125
Base Adjustments		
One-time Prior Year Expenditures Deleted		
• Supplies and materials funding for new positions		(14,500)
• Vehicle purchase		(20,000)
One-time Prior Year Expenditures Subtotal:	0.00	(34,500)
Technical Adjustments to Costs of Ongoing Activities		
• Salary/benefit changes		49,930
• Change in rent		39,374
• Net zero non-personal interprogram shift (\$44,250) and increase for change in contractual services (\$5,750)		50,000
Technical Adjustments Subtotal:	0.00	139,304
1999-2000 Forecast Base Program Budget:	11.00	900,929
Adopted Program Budget Changes		
None		
1999-2000 Adopted Program Total	11.00	900,929

Housing

Loan Management Program

PERFORMANCE MEASUREMENT

Objectives:

- To provide loan management and monitoring services.
- To protect the financial and physical assets in the loan portfolio.
- To provide complete and accurate records to satisfy audit requirements.

Program Performance Measures	Target	Target	Target	Workload		Accomplishment		Variance from Target	
	97-98	98-99	99-2000	Actual 97-98	Actual 98-99	Actual 97-98	Actual 98-99	97-98	98-99
1. Percentage of rehabilitation amortized loan portfolio delinquent over 90 days	3%	3%	3%	482	447	3.75%	3.46%	(0.75%)	(0.46%)
2. Percentage of new construction loan portfolio delinquent over 90 days	4%	4%	4%	111	110	8%	4.84%	(4%)	(0.84%)
3. Percentage of loan portfolio monitored for program compliance	25%	50%	100%	44	100	32%	100%	7%	50%

Explanation of Targets Not Met:

For information on the development and use of the Performance Measurement Charts see the Budget Guide-Performance Measurement Section

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Housing Production Program

Tom MacRostie, Housing Development Administrator

The Housing Production Division, which administers the program, incorporates housing project development and housing rehabilitation sub-programs. The Project Development Unit works to expand the supply of housing affordable to lower- and moderate-income households. This unit provides the following: low-interest gap loans to developers of rental and for-sale housing projects; first-time homebuyer programs; and loans to preserve 1960s and 1970s affordable housing projects financed by the U.S. Department of Housing and Urban Development. The Housing Rehabilitation Programs Unit works to preserve the existing supply of affordable housing through rehabilitation of dwelling units to ensure that they are safe and sanitary. This unit provides the following: low-interest and deferred-payment loans to lower- and moderate-income homeowners, including mobilehome owners; small grants for repairs for mobilehome owners; low-interest loans for rental property owners with lower-income household occupants; and grants to owners of income-qualifying owner-occupied and rental properties for some or all of the cost of exterior re-painting. The Division also assumes responsibility for the Neighborhood Services sub-program. The function of this sub-program is to assist in coordinating the delivery of City services to neighborhoods, particularly those characterized by serious blight, overcrowding, and crime. Responsibilities include working with other departments to implement the City's neighborhood improvement efforts and coordinating programs and projects with San José Neighborhood and Housing Services, an organization led by a partnership of lenders, business people, community leaders, and local public officials.

PROGRAM BUDGET SUMMARY

	1997-98 Actual 1	1998-99 Adopted 2	1999-2000 Forecast 3	1999-2000 Adopted 4	% Change (2 to 4)
Personal Services	\$ 1,520,853	\$ 1,832,638	\$ 1,934,730	\$ 2,407,384	31.4%
Non-personal	197,534	477,875	424,375	464,781	(2.7%)
Equipment	0	60,000	0	20,000	(66.7%)
Total	\$ 1,718,387	\$ 2,370,513	\$ 2,359,105	\$ 2,892,165	22.0%
Authorized Positions	19.50	28.00	28.00	34.00	21.4%

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Housing Production Program

BUDGET CHANGES (1998-99 Adopted to 1999-2000 Adopted)

	Positions	All Funds (\$)
Prior Year Program Budget (1998-99):	28.00	2,370,513
Base Adjustments		
One-time Prior Year Expenditures Deleted		
• Supplies and materials funding for new positions		(33,500)
• Purchase of vehicles		(60,000)
One-time Prior Year Expenditures Subtotal:	0.00	(93,500)
Technical Adjustments to Costs of Ongoing Activities		
• Salary/benefit changes		102,092
• Increase in supplies and materials for positions whose funding was approved at Mid-year		1,000
• Change in rent		96,279
• Change in vehicle operating costs		21
• Net zero non-personal interprogram shift		(117,300)
Technical Adjustments Subtotal:	0.00	82,092
1999-2000 Forecast Base Program Budget:	28.00	2,359,105

Adopted Program Budget Changes

Core Service: Low- and Moderate-Income Loans

1. Development Officer for Teacher Home Loan Program	1.00	97,907
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This change provides funding for one new Development Officer to design and implement the new Teacher Home Loan Program. The position will be responsible for designing the program and coordinating City loan assistance with State housing agencies and other lenders, including pre-qualifying buyers and underwriting loans. The position will also work to promote the program with 7,000 San Jose public school teachers. Associated one-time (\$12,500) and on-going (\$8,500) costs to design and print brochures are included as well as position-related one-time (\$7,600) and ongoing (\$1,360) non-personal costs. (Ongoing cost: \$83,714)

Performance Result:

Quality The Department will have the ability to make down-payment assistance loans to 275 teachers.

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Housing Production Program

BUDGET CHANGES (CONT'D.)

Adopted Program Budget Changes	Positions	All Funds (\$)
2. Addition of Positions Previously Approved by Council	5.00	435,153
<p>This technical adjustment adds two Senior Development Officers, one Building Rehabilitation Supervisor, one Development Specialist, and one Staff Technician as approved by Council (April, 1999). These positions will work to increase housing production by 50% over the next five years, according to the Department's Five-Year Spending and Operations Plan which was also approved by Council. (Ongoing cost: \$435,153)</p> <p>Performance Result: Quality The Department will be able to increase the units of affordable housing produced by 50% over the next five years.</p>		
Adopted Program Change Subtotal:	6.00	533,060
1999-2000 Adopted Program Total	34.00	2,892,165

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Housing Production Program

PERFORMANCE MEASUREMENT

Objectives:

- To provide low interest loans to developers of lower-income rental projects.
- To assist qualified households to purchase homes, including indirect assistance through low-interest loans to for-sale housing developers.
- To subsidize predevelopment costs for nonprofit housing organizations who construct or rehabilitate housing for lower-income households.
- To provide loans to qualified homeowners for the rehabilitation or replacement of substandard housing.
- To provide low-interest loans to landlords with qualified tenants who wish to rehabilitate substandard rental housing.
- To provide owners of income-qualifying properties with paint grants.
- To implement neighborhood program plans, including acquiring targeted properties in some cases.
- To implement and coordinate the relocation required in connection with housing projects.

Program Performance Measures	Target			Workload		Accomplishment		Variance from Target	
	97-98	98-99	99-2000	Actual 97-98	Actual 98-99	Actual 97-98	Actual 98-99	97-98	98-99
1. Number of affordable units in housing projects receiving fund reservations	800	925	1,520	1,724	1,209	1,095	975	37%	5%
2. Number of affordable housing units starting construction (new and rehabilitated)	1,210	1,128	1,000	1,016	1,823	1,016	1,219	(16%)	8%
3. Number of affordable housing units completed (new and rehabilitated)	1,900	1,700	1,148	2,322	3,522	634	1,791	(67%)	5%
4. Percentage of affordable units completed within 110% of budget	95%	95%	95%	634	1,791	83%	81%	(12%)	(14%)
5. Ratio of outside funds to new dollars (with finalization of business terms)	3 to 1	3 to 1	3 to 1	N/A	N/A	3.9 to 1	2.88 to 1	30%	(4%)
6. Number of units in paint grants awarded	1,250	1,250	1,250	1,100	1,300	963	1,167	(23%)	(7%)
7. Number of dwelling units approved for rehabilitation	300	300	300	388	670	310	476	3%	59%

Housing

Housing Production Program

PERFORMANCE MEASUREMENT (CONT'D)

Program Performance Measures	Target			Workload		Accomplishment		Variance from Target	
	97-98	98-99	99-2000	Actual 97-98	Actual 98-99	Actual 97-98	Actual 98-99	97-98	98-99
(Cont'd.)									
8. Number of dwelling units rehabilitated or replaced	250	275	300	332	407	254	310	2%	13%
9. Percentage of rehabilitation grant applications processed within 30 days	75%	85%	85%	339	608	81%	88%	6%	3%
10. Percentage of rehabilitation loan applications processed within 60 days	75%	85%	85%	42	62	94%	88%	19%	3%

Explanation of Targets Not Met:

4. Two projects (260 total units) were overbudget for the following reasons: 1) El Nino rain delays and 2) the financial package and budget were established before the projects were completely designed, including design upgrades required by the California Housing Finance Agency.
7. Unexpectedly high volume of applications for rehabilitation grants were processed with less per-unit staff time than loan applications
8. Unexpectedly high volume of units were rehabilitated as a result of completing the jobs with less staff time than anticipated.

For information on the development and use of the Performance Measurement Charts see the Budget Guide-Performance Measurement Section