

Response to Questions on the FY 2012 Budget

Request By: Supervisor Foust

Question: Regarding the use of \$5 million from Fund 319, The Penny for Affordable Housing Fund, “to support several affordable housing initiatives,” when was it determined to use these funds for this purpose? Were these funds available as of April 12, 2011? If so, during budget deliberations, was the Board presented with the option of using these funds to fund housing programs in the FY 2012 budget before the budget was approved? What will the balance of Fund 319 be if \$5 million is used as proposed in the Carryover package?

Response: The Housing Blueprint was adopted by the Board of Supervisors on January 26, 2010 and included four principal goals: 1) to end homelessness in 10 years; 2) to provide affordable housing options to those with special needs; 3) to reduce the waiting lists for affordable housing by half in 10 years; and 4) to produce workforce housing sufficient to accommodate projected job growth. Beginning in FY 2011, a variety of federal and local resources, including \$4.1 million in project revenue from the County-owned Wedgewood Apartments complex, was identified to support the Housing Blueprint. This recurring funding was also included in the FY 2012 Advertised Budget Plan.

Discussion surrounding an additional \$2 million unfunded portion of the Housing Blueprint occurred at the Board’s Housing Committee meeting on March 1, 2011. As a result, Department of Housing and Community Development (HCD) staff explored potential revenue sources, including available funding outside of existing Fund 319 allocations, to fund the identified gap. As part of the Board’s markup of the FY 2012 budget, budget guidance for FY 2012 and FY 2013 directed staff to:

“review funding requirements for the Housing Blueprint for FY 2012 and identify flexibility in Fund 319 generated from program income, savings from the Crescent refinancing and grant opportunities, and report to the Housing Committee at an upcoming meeting so that necessary funding adjustments may be made at Carryover.” and

“work with our community stakeholders to review the Ending Homelessness Strategic Plan and develop a framework for providing a full continuum of supports that address the root causes of homelessness. The Housing Blueprint and the Preventing and Ending Homelessness Strategic plan are excellent foundations for addressing homelessness and the availability of adequate affordable housing resources, but to ensure positive and sustainable outcomes, we must work to enhance the capacity of our system to provide support services for those most in need. Our strategy must include new housing resources but also the full continuum of housing supports including customized employment services, affordable health care and childcare in an effort to prevent homelessness and end the cycle of chronic homelessness.”

At the Board’s Housing Committee meeting on May 3, 2011, HCD staff shared they had identified some flexibility and would report back to the Board and make recommendations as part of Carryover.

As part of the *FY 2011 Carryover Review*, HCD staff identified \$5 million that had been escrowed for debt reduction at Wedgewood that could be used as one time funding to support: 1) the \$2 million gap in funding for the FY 2012 Housing Blueprint activities; 2) non-profit organizations to leverage additional funding for supportive services for those on the County's affordable housing waiting lists, as well as to expand services and the affordable housing stock for the benefit of those with very low incomes, including the potential relocation of the Lamb Center; and 3) rehabilitation and renovation work at the Wedgewood Apartments community center and related facilities. It should be noted that the \$5 million is a result of accrued program income and savings from Wedgewood Apartments operations accumulated since the purchase of the complex in November 2007. It is anticipated that there will be sufficient flexibility to accommodate the FY 2013 requirement of the recurring portions of Housing Blueprint activities, as a result of program revenue and savings in debt service and operating costs from Wedgewood Apartments, Crescent Apartments, and Olley Glen.

The ending balance of Fund 319 as a result of *FY 2011 Carryover Review* adjustments remains at \$0, the same level as the FY 2012 Adopted Budget Plan.