

STAFF REPORT



ITEM NO. 17
CITY OF OCEANSIDE

DATE: August 1, 2007

TO: Honorable Mayor and City Councilmembers

FROM: Neighborhood Services Department

SUBJECT: **APPROVAL TO ALLOCATE \$200,000 OF HOME INVESTMENT PARTNERSHIP PROGRAM FUNDS FOR USE BY A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION FOR DEVELOPMENT OF TRANSITIONAL HOUSING FOR YOUTH AGING OUT OF THE FOSTER CARE SYSTEM**

SYNOPSIS

Staff recommends that the City Council allocate \$200,000 of HOME Investment Partnership Program funds for use by a Community Housing Development Organization to develop transitional housing for youth aging out of the foster care system, and amend the FY 2007-08 Action Plan to add this activity.

BACKGROUND

The City of Oceanside is a participating jurisdiction (PJ) in the HOME Investment Partnership Program (HOME) of the U.S. Department of Housing and Urban Development (HUD). The HOME program provides funds to encourage homeownership for low- and moderate-income families and the development of rental housing for very low-income families and for persons with special needs. The regulations governing the HOME program require PJs to allocate at least fifteen percent of their allocation of HOME funds to Community Housing Development Organizations (CHDO). A CHDO is a private nonprofit organization that has among its purposes the provision of decent housing that is affordable to low- and moderate-income persons as evidenced in its charter, articles of incorporation, resolutions or by-laws; has a demonstrated capacity for carrying out activities assisted with HOME funds; and has a history of serving the community within which housing to be assisted with HOME funds is to be located (24CFR92.2). The fifteen percent requirement is cumulative and the City has exceeded the requirement for some years due to allocation of CHDO funding for the Old Grove Apartments project.

The City has not allocated HOME funds to a CHDO for more than three years, which requires re-certification of organizations that are interested in providing housing and community development programs for the City. The Neighborhood Services Department

sent letters in February to ten known CHDOs that are active in the San Diego region and are not limited to specific geographic areas for their projects. Community HousingWorks was the only organization to respond and has provided sufficient information to be re-certified as a CHDO.

The City has recognized for some time that youth aging out of the foster care system at age 18 face significant challenges in housing and employment in order to become independent, self-sufficient adults. The City's 2005-2010 Consolidated Plan for Housing and Community Development and FY 2007-08 Action Plan includes as a strategy for preventing homelessness the "expansion of transitional housing, supportive services and education or job-training programs for homeless youth, including youth aging out of the foster care system." One of the Housing Objectives in the Action Plan includes as a strategy to "work with a local CHDO for the acquisition and rehabilitation of a small apartment building to use as transitional housing for young adults (ages 18-22) aging out of the foster care system."

ANALYSIS

Allocation of HOME funds to CHDOs for housing and community development projects is a requirement under federal regulations of the HOME Investment Partnership Program. The City allocated significant HOME funds to a CHDO for development of the Old Grove Apartments and this satisfied the fifteen percent CHDO requirement for the past four years. The City has recently re-certified Community HousingWorks as a CHDO with a demonstrated interest and ability to work on housing and community development programs in the City.

Youth aging out of the foster care system face significant challenges in housing and employment; many such youth end up homeless or in prison due to a lack of available housing and supportive services. The passage of Proposition 63 (now known as the Mental Health Services Act or MHSA) in November 2004 provides the first opportunity in many years for the State Department of Mental Health (DMH) to provide increased funding, personnel and other resources to support county mental health programs and to monitor progress toward statewide goals for children, transition age youth, adults, older adults and families. The MHSA addresses a broad continuum of prevention, early intervention and service needs and provides funding for the necessary infrastructure, technology and training elements that will effectively support this system. A portion of the Act will support housing and services for youth aging out of the foster care system.

Local social service agencies have approached the Neighborhood Services Department for discussion about acquisition and rehabilitation of a small apartment building for use as transitional housing with supportive services for youth aging out of the foster care system. Resident youth would have the opportunity to continue education and/or job-training programs in a stable housing environment managed by Interfaith. The youth would pay up to thirty percent of their income as rent with MHSA funding providing support for staff and services. The initial proposal would allow youth to stay until they are 22 years of age or are able to move to independent, self-sufficient living.

The City does not have available housing development funds for which social service agencies are eligible; the proposed housing project is, however, eligible for funding through a CHDO. The City has encouraged Community HousingWorks to develop a joint program with an appropriate social service agency for the transitional housing project through a Memorandum of Understanding (MOU) or other agreement. This agreement would allow the City to allocate funds to Community HousingWorks as a CHDO to develop the housing project and then transfer operation and management of the program to the social service agency or to a separate legal entity. The loan agreement, regulatory agreement and/or other documents will be brought to the Housing Commission for review and to the City Council for approval when the parties are prepared to move forward on the project. The allocation of funds at this time will support leveraging of other public and private funds for the project.

FISCAL IMPACT

The HOME Program Unallocated – CHDO Requirement account (277.294798/00195) has approximately \$370,789 available for allocation as of July 10, 2007. The allocation of \$200,000 (277.29xxxx) for development of transitional housing for former foster youth will reduce the CHDO account by that amount. Another request for allocation before the City Council will, if approved, further reduce the CHDO requirement account by \$50,000.

INSURANCE REQUIREMENTS

Recipients of HOME funds from the City must meet standard City insurance requirements.

COMMISSION OR COMMITTEE REPORT

The Housing Commission reviewed this item at their June 26, 2007, meeting and recommended that the City Council approve the proposal. The report of the Housing Commission is attached.

CITY ATTORNEY'S ANALYSIS

The City Council is authorized to hold a public hearing in this matter. Consideration of this matter should be based on the testimony and evidence presented at the hearing. After conducting the public hearing, the Council shall affirm, modify or deny the project.

RECOMMENDATION

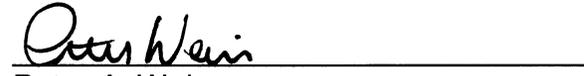
Staff recommends that the City Council allocate \$200,000 of HOME Investment Partnership Program funds for use by a Community Housing Development Organization to develop transitional housing for youth aging out of the foster care system, and amend the FY 2007-08 Action Plan to add this activity.

PREPARED BY:



John A. Lundblad
Management Analyst

SUBMITTED BY:



Peter A. Weiss,
Interim City Manager

REVIEWED BY:

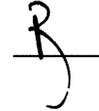
Michelle Skaggs Lawrence, Deputy City Manager



Margery M. Pierce, Director, Neighborhood Services



Paul Bussey, Interim Director, Financial Services



ATTACHMENTS:

Housing Commission Report

TO: OCEANSIDE CITY COUNCIL
FROM: HOUSING COMMISSION
RE: DEVELOPMENT OF TRANSITIONAL HOUSING FOR YOUTH
AGING OUT OF FOSTER CARE
DATE: JUNE 26, 2007

THE HOUSING COMMISSION RECOMMENDS THAT THE CITY COUNCIL RESERVE \$ 200,000 OF HOME INVESTMENT PARTNERSHIP PROGRAM FUNDS FOR USE BY A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION FOR THE DEVELOPMENT OF TRANSITIONAL HOUSING FOR YOUTH AGING OUT OF THE FOSTER CARE SYSTEM.

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| CAMP | ABSENT |
| COOPER | YES |
| FARMER | YES |
| HUSKEY | ABSENT |
| MEYER | ABSENT |
| OLINSKI | YES |
| PARKER | YES |
| SORENSEN | YES |

ALTERNATES

| | |
|-------|--------|
| SAIZ | ABSENT |
| DAVIS | ABSENT |