

Secretary's Report
November 15, 2011

To: Pat McMahon, President
AVCA Board of Directors

Copy: AVCA Committee Chairs

From: Bob Strain

Subject: Minutes of the November 14 meeting of the AVCA

Part 1: Guest Speaker - Jacky Morales-Ferrand, Assistant Director of Housing

[Note that this is far from a verbatim record of the talk. I have attempted to capture the major points that Jacky presented.]

Pat McMahon called the meeting to order at 7:04 PM and introduced Ms. Morales-Ferrand, who started by explaining what the San Jose Housing Department does. She described their role as managing about \$100M to support housing within the City of San Jose. These funds come from the Redevelopment Agency, state grants and federal grants. In general, their services are delivered indirectly, but have three main goals:

- Increasing the stock of “affordable” housing within San Jose
- Maintaining the “affordable” housing within San Jose
- Getting the homeless off the streets of San Jose

The housing department has a goal of having 35,000 “affordable” residences in town. At this point, there are only 18,000 units of affordable housing, so the agency is 17,000 units short.

In supporting housing development within San Jose, the Department supports the realization of “complete communities,” which implies housing, shopping and transportation in close proximity. The communities would be on “complete streets,” which could be safely used without cars. The Housing Department would like to contribute to diminishing San Jose’s dependence on cars, and transit access is particularly important for the “affordable” housing. All of this is consistent with the new 2040 General Plan.

In order to realize affordable rental housing, the Housing Department typically funds non-profit organizations to develop the structures and manage them. Right now, there are about 15,000 affordable rental units in San Jose, and 616 of them are in District 10. Of those in D10, $\frac{2}{3}$ are for seniors or disable residents, and $\frac{1}{3}$ are for families. In addition, we support about 3,000 units that are ownership opportunities.

Foreclosures are both a major problem and an opportunity for the Housing Department. Among other activities, the Housing Department operates a foreclosure help center, although its effectiveness is limited because people at risk contact them too late. On the other hand, when foreclosures have occurred, San Jose has received \$13 M in Federal funding to procure, rehabilitate and sell foreclosed residences. In general, this work is done through non-profits and real estate brokers; they hire the contractors for the rehab and then sell the units.

In connection with rehab activities and housing maintenance, the Housing Department funds 13 code enforcement officers.

Among the problems faced by the Housing Department, Ms. Morales-Ferrand noted that 40% of their funding, that coming from the Redevelopment Agency, had been claimed by the State of California. There has been a court challenge, and a decision is expected in January. Another problem concerns the Housing Department strategies. What is the right balance between affordable rental housing or affordable ownership housing? Should they allocate funds to provide lots of homes for moderate incomes (implying small subsidies) or many fewer homes for the really low income people (implying much larger subsidies)?

While the numbers are really soft, Jacky is sure that the homeless population is increasing.

[This record of the Q&A is also rough; again I try to summarize the points made by both the questioners and by the speaker.]

Q What is your return on investment?

A Our return is that, under the terms of our contracts, we provide affordable housing for 55 years.

Q Why subsidize housing?

A Local costs for housing are high in terms of the pay for many local jobs. Further, the disabled and seniors are not served by the commercial real estate market. We fill the gaps.

Q How do you know which foreclosures to acquire?

A There are Federal rules we have to follow, including requirements that the foreclosed properties have to have been in arrears for at least 60 days, and we can only purchase them for 1% below the appraised values. Further, we elect to purchase only in specific target areas within San Jose.

Q What is your process for fixing up foreclosures?

A We contract out to resellers who manage the rehab projects then sell the homes.

Q Do you work with Habitat for Humanity?

A No. Their capacity is too small for our programs.

- Q What about affordable housing in other near-by communities?
- A We try to work out regional solutions.
- Q Why not use a resource guide to help the homeless solve their own problems?
- A We produce that resource guide.
- Q How many subsidized residences are there in San Jose?
- A 18,000 in total, of which 15,000 are rentals and 3,000 are owner occupied.
- Q Do you have screening processes for owners that are better than those that got the economy in trouble?
- A We only do 30-year, fixed-rate mortgages using standard qualification criteria.
- Q Who actually holds the paper?
- A Usual folks, FHA, FNMA, and in a few cases, banks.
- Q Did I miss a bet by not bringing my parents here at tax payer expense?
- A Demand is 4X supply, sometimes 10X, so lotteries are used. Further, there are sometimes preferences for established, local residents.
- Q What about residents coming in from other near-by cities?
- A Nearly everything goes to San Jose residents.
- Q Where are the “affordable” homes in District 10?
- A (After some thought) Almaden Lake Plaza (110 units), Hoffman (12 units for disabled residents), La Mirador (130 units for seniors), Plaza del Sol (116 units), and there are some more.
- Q What is “affordable?”
- A First, the federal government defines affordable as any housing cost below 30% of the residents’ pre-tax income. Giving the structure in Silicon Valley, that means that singles earning anywhere between \$12,000 and \$55,000 annually may need a subsidy. For families earning up to \$80,000 help might be needed. To give a specific example, “affordable” in North San Jose might mean rent of \$1,200 per month. The market right now is \$1,800 per month in that area.
- Q When a builder puts up a building, what percent of the units must be “affordable?”
- A That law was struck down by the Southern California courts some time ago, so the answer is 0%.
- Q How do the Housing Department actions on foreclosures affect other homes in the vicinity?
- A In general, the impact is favorable because the Housing Department rebates facilitate rehabilitating the foreclosures to achieving fair market prices. The Department chooses homes for which that is possible.

- Q Aren't banks responsible for maintaining the foreclosed homes they own?
- A Yes, they are responsible for maintenance, particularly of the exterior, but they have no responsibility to rehab the homes. Also, just because banks are supposed to do maintenance doesn't mean that it always happens.
- Q Don't the funds that the Housing Department puts into subsidies actually put upward pressure on rents overall?
- A No, because the housing units we sponsor are built to serve a market not served by the general market. To that extent, we are increasing the supply.
- Q Are you distorting the rental market in some other way?
- A The standard definition of a healthy rental market is a vacancy rate of about 5%. San Jose has a vacancy rate well below that; San Jose has a persistent shortage.
- Q What are the alternatives for the homeless?
- A We see alternatives out there. One alternative to living on the street is living in a car; there is a lot of that. Also, there are a lot living in itinerant mobile homes, campers and so on. While these things have plumbing, they do not have hook-ups.

At 8:06 PM, Pat McMahon thanked Jacky Morales-Ferrand and opened the AVCA business meeting. Officers Pat McMahon, Joe Boudreau and Bob Boydston were in attendance. Board members Steve Levin, Jerry Mungai and Bob Strain were present. Ray Strong and Susan Bailey were absent. Lee Dimmit, Trent Engler, and Linda Spencer were also present.

Ray Strong being absent, there was no action regarding the minutes of prior meetings.

Bob Boydston had distributed the Treasurer's report by email, but he went on to add that the Red Cross had become responsive and helpful regarding the ark. Contrary to prior opinions, the ark at Castillero school does not need to be replaced. It does need to be repainted, and AVCA has committed to supply paint and a sprayer for that task. For the first time in years, the ark project is on track. [The Treasurer's report will be appended to these minutes.]

Pat McMahon, in his President's report, discussed Nancy Pyle's neighborhood leadership meeting, which took place on November 8. Kip Hartnet discussed the Neighborhood Walk program, which can be configured to meet the needs of any neighborhood, whether it is litter, graffiti, drugs, whatever. One of the indirect advantages of the Neighborhood Walk is its bringing neighbors together. Spencer mentioned that Shadowbrook, long ago, had started a program that removed litter from their stretch of Almaden Expressway. The bottom line is that Hartnet is available to help any neighborhood implement an effective Walk program.

Pat went on to discuss the San Jose Family Camp. It is up for discussion by the city council on Tuesday, November 15. This place pays for its own operating expenses, but there are capital improvements needed, and the current fees are not sufficient to cover those costs. The dining hall in particular dates to 1924, when it was used by the Hetch Hetchy construction crews. This camp is a great place and a great deal, and Pat would

like to see its continued availability to San Jose residents. Five council members have signed a memo in support of a 5-year capital improvement plan. Public support might push that up to the required council majority.

Joe Boudreau, in the VP's report, noted that the political season is approaching, and District 10 is in play. We will have to start planning for Candidate Forums. However, there are shorter term questions, like the December speaker. While there was a longish discussion, two particular people were mentioned, Rikki Goede, the new assistant police chief, and Jack Dean from Common Cause.

Lee Dimmitt, in his Membership & Communications report noted that the time has come to send out dues notices, and for that he will need approximately \$200 for postage. There was some discussion of alternatives, but the broad opinion was that setting up on-line payment capability was probably more expensive than using mail. Bob Boydston noted that this was clearly a normal business expense, needing no specific approval. Lee also noted that we had exhibited a certain lack of compassion for the speaker, which prompted a discussion of whether she had been responsible for the policy or just the message.

Bob Strain noted that the Planning & Zoning report had been distributed by email. [It will be appended to these minutes.]

Steve Levin had three main points in his Transportation report:

- Work on the Almaden Expressway between Coleman and Branham will pause for the holiday shopping season.
- During 2012, Santa Clara County will do extensive repaving in the Greystone area. It may seem chaotic because some of the stretches are in San Jose, and they will not be repaved.
- CalTrans is stressing the transformation of HOV lanes into toll lanes. This change will also happen on CA85. This may be accompanied by lane additions in some areas. (Just like I680 toll lanes, payment will be made by RFID technology, more familiarly, FasTrak.) In the ensuing discussion, it was clear that car pool lanes are not universally loved.

Linda Spencer distributed her Web Master's report by email, and it will be appended to these minutes.

Kathy Sutherland distributed a 12-page brochure titled, "2011-2012 Budget in Brief."

Bob Boydston moved that the column on Envision San José 2040 prepared by Bob Strain be sent to the Almaden Times to be published in the name of the Almaden Valley Community Association. All six of the directors in attendance voted in favor, with none opposed. Strain said he had the contact information to take care of the submission.

To the AVCA Board

Progress is being made on the ARK program. I expect to pay some invoices shortly.

Here is a message from Karl Matzke, Red Cross lead on this project:

In parallel to solving the site issue we completed a detail review of the container. As we discussed on our call the container was in better shape than we expected. So our recommendation is to keep the two current containers and repaint them. To confirm the details of the deal we discussed, Red Cross will provide the labor needed to clean and repaint both containers in exchange for AVCA support us in purchasing the paint sprayer and paint. The Red Cross will purchase a power washer to improve the container cleaning and surface preparation.

The Community Center owes AVCA \$38 due to an overcharge on the room rental. I have reminded them twice, but the CC is dragging its feet.

The State has not yet cashed the \$20 check sent by AVCA on August 2nd for biannual registration as a State Charter..

Bob Boydston
Treasurer

ALMADEN VALLEY COMMUNITY ASSOCIATION

ID 770307114

10/30/11

ACTIVITY STATEMENT

START
01/01/11
\$8,755

AVCA

NET CURRENT
TOTALS CHANGE BALANCE

INCOME

Membership dues	\$1,105			
Interest	\$0	\$1,105		

EXPENSES

Membership Costs	\$151			
Constant Contact	\$144			
Community Room	\$448			
CC room deposit	\$0			
State Registration fee	\$20	\$763	\$342	\$9,097

RESERVE FOR PREPAID DUES

2012				\$480
2013				\$155
2014				0

AVCA TOTAL **\$9,732**

ARK FUND

	\$6,354		\$0	<u>\$6,354</u>
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GRAND TOTAL **\$16,086**

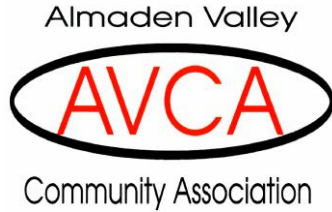
POSITION STATEMENT

USBank checking account	\$398			
Franklin Money Fund	\$15,708			
Pending Deposit	\$0			
Uncashed Checks	-20			<u>\$16,086</u>

R. Boydston, Treasurer

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Planning/Zoning Report
November 13, 2011

To: Pat McMahon, President
AVCA Board of Directors

Copy: AVCA Committee Chairs

From: Bob Strain

Subject: Planning and Zoning Action, October 17 – November 14, 2011

The most significant action in the past week was the San Jose City Council's accepting Envision San Jose 2040. Their passing the plan was no surprise. The only negative vote came from Ash Kalra. A plea from Kansen Chu to change the usage designation for a 3 acre tract in East San Jose was accepted, the only point where the Council parted with the Planning Commission. However, the two most contentious amendments were deferred to some time in the indefinite future. The first concerns changing the Rancho del Pueblo golf course from its present usage to 700 unit housing development. The second concerns changing the iStar property, near the intersection of CA85 and Monterrey Highway, from industrial to mixed use, which would allow the construction of 700 residences on that property, but would still leave space for some commercial development. (The iStar representative admitted that the housing would come fast, commercial slow.) The planning commission rejected both of these modifications. Both are contrary of the spirit of Envision San Jose 2040, which has strongly elevated the importance of job creation within San Jose.

I wrote a potential AVCA column for the Almaden Times, and I thank Bob Boydston for his constructive criticism.

On November 14, the City Council will be meeting at the Santa Clara Valley Water District headquarters for a study session on the SCVWD activities, planned and completed. From the preliminary information on that meeting, the items of most concern to Almaden Valley are the seismic risks associated with the Almaden, Calero and Guadalupe reservoirs. These reservoirs are being operated at 79%, 57% and 80% of their respective capacities, pending either seismic up-grades or a clean bill of health. Starting in the summer of 2012, all the streams in the Guadalupe watershed are going to be assessed for their landscape context, hydrology, physical structure and biotic structure. This meeting is scheduled for 1:30 PM.

While there are a lot of building permits, the number of zoning actions is small. Apart from the plethora of tree removals, this is the only new case of interest.

C11-016 Rezoning request to change a 1.03 acre lot at 1126 Barnes Lane from a single residence to 4 residences. Looks like a classic in-fill case, where most of the lot is fallow.

While it is outside of Almaden Valley, it is interesting to note a request (SP11-042) to install a cell phone antenna in the shopping center near the intersection of Cahalan Ave. and Santa Teresa Blvd. The information on line is not sufficient to know if this is T-Mobile or not, but the description of the antenna is similar to that in the Webb Canyon permit. On that topic, I have not been able to find any indication of a change in status of the Webb Canyon antenna. The city web site still lists it as approved in April.

I posted a note on my own web site concerning the T-Mobile antenna. It is at http://www.rstrain.com/avca/t-mobile_tower.html

In discussions with Edisa Bit-Badal and Dave Noel, it appears that Almaden Ranch will not be presented to the Planning Commission until either late January or February.

AVCA Webmaster Report
October 17 to November 14, 2011

The day following the October AVCA meeting, I changed the date of the next meeting to November 14 and moved the October speaker and topic to the page listing at "About AVCA" / "AVCA Speakers at Meetings and Their Subjects" (http://avca-sj.org/AVCA_Speakers.html).

After I received an email from Joe Boudreau explaining that T-Mobile was not represented at the October AVCA meeting because they had withdrawn their permit application for the cell tower, I deleted the link to the series of pages from Jim Kuhl about his concern in this matter. Joe Boudreau sent me an excellent writeup on the subject, the presentations on October 17th, and the fact that the application had been withdrawn, but I chose to put only a short description about the subject and the fact that it was no longer a concern. If Board members decide that they would like to see a more detailed and lengthy description of the concern and the process during the October 17th meeting, Joe or I can forward his writeup to board members, and then a decision can be made about how much should or should not be included on the AVCA Web site. Bob Strain also has a nice writeup with photographs on his Web site about the entire matter, but so far I have decided not to include so much detail on the AVCA site now that the matter is closed. It seems to me enough to state that the concern was raised, and our last meeting's presentations and discussion occurred after the application had been withdrawn, unknown to us. Details can be in the AVCA meeting minutes which will also be included on the Web site.

I have been gradually checking pages on our Web site which were created in previous years and have found some which needed a title added, some where the information was out of date and needed to be researched and updated, some which needed the formatting changed for better readability, and some where the links to other Web pages were broken (no longer worked) and needed to be researched for a different link and updated. I am correcting these problems as I can get to them. If any of you come across any errors on AVCA Web site pages, please feel free to drop me an email to let me know. If you find a problem, I will move the correction up to the top of the list of pages to be fixed. Thank you.

Linda Spencer
AVCA Webmaster