

April 29, 2013

The Santa Clara County Board of Supervisors  
70 W. Hedding, 10<sup>th</sup> Floor  
San Jose, CA 95110

Dear County Supervisors,

On behalf of those who care about affordable housing, we are writing to enlist your support in seeking a solution to the affordable housing funding that was lost due to the elimination of redevelopment. In the short term, we are requesting that the one-time distribution of liquidated Low and Moderate Income Housing Funds of former redevelopment agencies be allocated to affordable housing.

With the dissolution of Redevelopment Agencies (RDA), the State of California has deprived our communities of a significant funding source to support the creation of affordable housing. That funding source generated approximately \$1 billion across the State and approximately \$55 million in Santa Clara County. And, this is not a one-time funding cut that can be restored once the economy picks up. The elimination of redevelopment is permanent. The loss of this funding jeopardizes our ability to house those who make our community and economy strong, placing additional costs on the County.

We appreciate that the County recognizes the link between the efficient expenditure of County dollars and the provision of permanent housing for homeless individuals, extremely low income families, and those who use County services, such as extremely high users of the County's health care delivery system. We are pleased that the County has taken its recognition of this link to the next step and is in the midst of an economic analysis that will quantify the costs of homelessness. Supportive housing that could be funded with these former RDA revenues can dramatically reduce the costs to the county through overuse of its health care system as well as from the costs that occur when transient individuals become embroiled in the criminal justice system.

It is also important to note that the County has a long and admirable track record on affordable housing issues. For example, leading up to the housing boom years the County was a catalyst in the formation of the Housing Trust of Santa Clara County through a \$1 million contribution. A few years later, the County underscored its commitment to affordable housing by forming the Office of Affordable Housing with \$18.2 million from the redevelopment settlement with the City of San Jose. The County also recently reaffirmed its ongoing commitment to housing through the allocation of \$1.2 million towards chronic homelessness.

The below signatories respectfully request that the County consider and ultimately adopt the recommendations outlined below.

- 1) *Former Redevelopment Tax Increment*: Under former redevelopment law, redevelopment agencies were required to set aside 20% of redevelopment revenues for affordable housing.

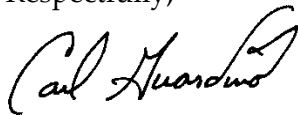
We encourage the County to dedicate the equivalent share of former redevelopment agency property tax revenues to affordable housing along with a factor that incorporates property tax growth over time.

- 2) *Unencumbered Housing Funds*: When redevelopment was eliminated, many cities had collected redevelopment housing funds that were intended to be spent on housing. However, many cities had not yet encumbered those funds although they had every intention of spending them to meet their affordable housing needs. As a one-time action, a policy should be adopted that returns what were the unencumbered low and moderate income housing funds. Again, these are funds that cities had already set aside to use for affordable housing in their Low and Moderate Income Housing Accounts but had not yet been “encumbered” for a specific project. Although many of our local cities had every intention of spending these funds on affordable housing, the State decided they should be handed over to the taxing entities, including the County. At this point, it is still unknown how much will be swept from each city although Los Gatos has already given approximately \$3 million to the County. We ask that you set aside the County’s portion of these returned affordable housing funds and dedicate them for affordable housing uses. The County of San Mateo recently adopted this recommendation and attached is the memo from the County Manager.

The County has many critical needs. Significant costs are associated with those needs and like an intricate web, the provision of affordable housing can positively impact costs borne by the County in the form of incarceration, mental health services and hospital stays. We believe returning affordable housing money to affordable housing can help alleviate the County’s overall service costs while meeting important community needs.

We look forward to working with you on this issue and hope to see this important, time-dependent matter move through the Board process.

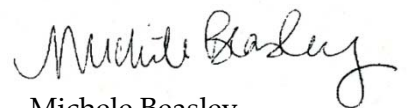
Respectfully,



Carl Guardino  
Silicon Valley Leadership Group



Bob Brownstein  
Working Partnerships



Michele Beasley  
Greenbelt Alliance



James Zahradka  
Law Foundation, Silicon Valley



Poncho Guevara  
Sacred Heart Comm. Services

Greg Kepferle  
Catholic Charities



Crisand Giles  
Building Industry Association  
Bay Area



Kevin Zwick  
Housing Trust Silicon Valley



Allen Fernandez-Smith  
Urban Habitat



Matt Huerta  
Neighborhood Housing Services  
Silicon Valley



Megan Fluke  
Sierra Club, Loma Prieta

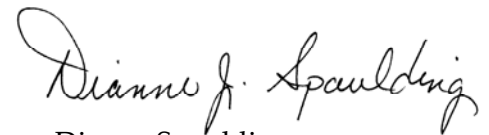


Chris Lepe  
Transform



Jennifer Loving  
Destination Home

Joshua Howard  
Ca. Apartment Association



Dianne Spaulding  
Nonprofit Housing Assoc

Patricia Gardner  
Silicon Valley Council of Nonprofits

Cc: County Executive, Jeff Smith