

# Executive Summary

San José faces important challenges in providing affordable housing for all socioeconomic segments of its population given the highly competitive housing market and limited public dollars. This Five-Year Housing Investment Plan (FYHIP) outlines the approach the City plans to take during the next five years – from Fiscal Year 2006-07 through Fiscal Year 2011-12 – to meet these challenges.

The FYHIP is intended to serve as a guide to the City’s housing policies and production goals, providing a concise summary of the City’s actions towards achieving its vision for meeting the City’s housing needs. The purpose of this document is to provide a summary of the programs offered by the Housing Department, what the Department has achieved over the last five years, key policy recommendations, and an analysis of future funding sources that will encourage the development of affordable housing in San Jose.



## What We Do: The Housing Department’s Core Services

The City Council created the Housing Department in 1988 with a mission “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.”

The Housing Department’s core services are to:

- Increase the affordable housing supply
- Maintain the existing affordable housing supply
- Provide services to homeless and at-risk populations

To achieve the annual housing goals and implement the core services, the Department administers a number of programs:

- **Housing Development Program** provides gap-financing for the construction of affordable housing.
- **Homebuyer Assistance Programs** include: Building Equity and Growth in Neighborhoods (BEGIN); Teacher Homebuyer Program (THP); San Jose State University Faculty Homebuyer Program (FHP); and Downpayment Assistance for Participating New Developments. These programs assist potential homeowners bridge the financial gap to homeownership.
- **Rehabilitation and Preservation Program** offers a variety of rehabilitation and preservation programs to assist low-income homeowners repair and improve their homes.
- **Rental Rights and Referrals Program** oversees two ordinances; the Rental Dispute and Mediation Ordinance for apartment units constructed prior to 1979, and the Mobilehome Rent Mediation Ordinance.
- **Homeless Services:** The City of San José works in close partnership with the County of Santa Clara to help local jurisdictions take a coordinated approach to ending homelessness in ten years.

## What We Have Accomplished

Since 1988, more than 17,500\* units of affordable housing have been produced in the City of San José, with over 5,900 units completed in the past five years. Using redevelopment funds and a combination of other government funding, the City has provided more than \$580 million in loans and grants to affordable housing developers and leveraged more than \$2.3 billion in private and public capital. Over the last five years, the City has been successful in leveraging approximately \$2.90 for every one dollar of City funds spent on housing.

In addition to providing affordable rental housing opportunities, the City has provided over 13,300 units with rehabilitation loans/grants and exterior paint grants more than 1,650 new homebuyers with second mortgage assistance, including 650 public school teachers.



## Key Policy Recommendations

Faced with competing priorities and limited resources, the City must develop policies that balance these concerns while continuing to provide the greatest good to the largest number of residents. As San Jose continues to grow, existing policies must be amended to meet the changing needs of the community. Below are five key policy recommendations.

- **Mixed Income Housing Policy:** Amend the City’s existing mixed income housing policy to encourage the mix of extremely low-income (ELI) units among other low-income and market rate units.
- **Leveraging Policy:** The City continues to deeply subsidize extremely low-income units and should consider having a leveraging goal, rather than a policy. The leveraging goal should be set at 2.5:1.
- **Income Allocation Policy:** Recommend the following policy changes to the income allocation policy:
  - Change the existing policy to include deeper affordability levels.
  - Adopt a policy that emphasizes the City’s efforts to target housing for those most in need, including extremely low-income households.
- **Assistance to Teachers:** Implement a pilot rental assistance program that provides move-in assistance to teachers in partnership with the Silicon Valley Leadership Group and the school district.
- **Inclusionary Housing Policy:**
  - Expand and revise the current inclusionary policy.
  - Expand the policy to include large special planning areas and conversions of planned land use from industrial to residential.
  - Adopt a Citywide inclusionary policy.



## **The Five Year Goals**

Combined, over the next five years, the Project Development and Rehabilitation Programs plan to finance and assist 4,304 affordable housing opportunities. The 4,304 units include: 1,191 new construction units, 421 acquisition/rehabilitation units, 626 single family rehabilitation grants/loans, and 724 mobilehome rehabilitation grants/loans. The total number of affordable units does not include the 230 paint grants, 659 minor repair program grants, 98 Project Alliance units, or an anticipated 1,350 inclusionary units. In total, the City expects to finance or otherwise assist over 5,000 affordable units over the next five years.

## **Challenges Facing San Jose**

Developing affordable housing, particularly for very low- and extremely low-income households, requires both deep financial subsidies and creativity. Layers of funding from various sources are often needed to make an affordable housing project financially feasible. The Housing Department partners with developers to actively seek and obtain various State, federal, and private funding resources to achieve the City's affordable housing production goals. Given the economic troubles in the U.S. and California, there is limited funding available for affordable housing development. Through active community engagement, participation in local and statewide initiatives and legislation, and assistance from the federal government, San Jose will meet these challenges and continue to provide quality affordable housing.