

City of San José
Coyote Valley Specific Plan

Summary of Affordable Housing Focus Group Meeting #6
May 9, 2006
City Hall, Room T-1654

Affordable Housing Focus Group Members Present

Connie Langford (CSJ Senior Commission), Chris Block (CHDC), Sarah Muller (Working Partnerships), Evelyn Stivers (NPH), Stephanie Schaaf (EHC LifeBuilders), Smitha Seshadri (BRIDGE Housing), Beverly Bryant (HBANC), Dan Hancock (CHG), and Kerry Williams (CHG).

City Staff Present

Sal Yakubu (PBCE), Sylvia Do (PBCE), Leslye Krutko (Housing), Mike Meyer (Housing), Karen Wing (Housing), and Rebecca Flores (Housing).

Consultants Present

Roger Shanks (Dahlin Group), Darin Smith (Economic and Planning Systems), and Eileen Goodwin (Apex Strategies).

1. Welcome and Introductions

Eileen Goodwin, with Apex Strategies, welcomed everyone to the sixth Coyote Valley Specific Plan (CVSP) affordable housing focus group meeting. The meeting began with introductions around the room.

2. Agenda Review and Meeting Purpose

Eileen reviewed the meeting agenda. The purpose of the meeting was to consider the affordable housing sub-committee's recommended draft CVSP Affordable Housing Program.

3. Draft Affordable Housing Program

Mike Meyer, with the Housing Department, reviewed the draft Affordable Housing Program developed by the affordable housing sub-committee. The CVSP will include a minimum of 25,000 dwelling units, 20 percent of which shall be affordable units (a minimum of 5,000 dwelling units). The CVSP shall have the following production goals for moderate (MOD), low (LI), very low (LI), and extremely low income (ELI) units:

Affordability Level	Rental Goals 80%	Ownership Goals 20%	Total
ELI	1,500	n/a	1,500
VLI	1,400	100	1,500
LI	1,100	250	1,350
MOD	n/a	650	650
Totals	4,000	1,000	5,000

The 5,000 affordable units requirement will be met through inclusionary and land bank and in-lieu fee contribution.

a. Inclusionary

900 LI and MOD ownership units will be met by directly incorporating the units into market rate developments. In addition, 500 LI rental units will be incorporated into market rate developments. The specific percentage for any individual market rate project will be established by the City based on the expected number and type (i.e., rental or ownership) of market rate units at the beginning of each phase. It is estimated that Coyote Valley will have 21,400 inclusionary units, of which 16,050, or 75 percent, is estimated to be ownership. To realize the aforementioned 900 inclusionary ownership units for LI and MOD, the requirement for each project would be approximately 6 percent. Similarly, it is estimated that 5,350 units will be rental units, of which 500 would be inclusionary rental units. The inclusionary requirement for each rental project would be approximately 9 percent. Combining or trading inclusionary obligations within a phase is permitted. No greater than 25 percent inclusionary units are allowed for an individual market rate project. The 1,400 affordable units will be provided through the inclusionary program as follows:

Affordability Level	Rental Goals 80%	Ownership Goals 20%	Total
ELI	n/a	n/a	n/a
VLI	n/a	n/a	n/a
LI	500	250	750
MOD	n/a	650	650
Totals	500	900	1,400

b. Land Bank

All 2,900 VLI and ELI rental units and 600 LI rental units shall be provided for through the dedication of 88 acres of land for rental housing. VLI ownership housing will be provided for through the dedication of 5-7 acres. The land bank will be administered by the City, with land made available to affordable housing developers. In addition, market rate developers will be required to pay in-lieu fees totaling \$70 million. Fees will be paid upon issuance of a final map for each market rate project and will be “front-loaded” to allow 100% affordable housing developers to move forward more quickly. Fees will be “indexed” over time to reflect increased construction and related costs. The 3,600 affordable units will be provided through the land bank and in-lieu fee contribution approach as follows:

Affordability Level	Rental Goals 80%	Ownership Goals 20%	Total
ELI	1,500	n/a	1,500
VLI	1,400	100	1,500
LI	600	n/a	600
MOD	n/a	n/a	n/a
Totals	3,500	100	3,600

Rebecca Flores, with the Housing Department, reviewed the affordable housing implementation strategy in terms of phasing, design and location standards, availability of City affordable housing subsidies for the CVSP, and developer requirements.

The affordable housing focus group members had the following questions and comments:

- Thanked the affordable housing sub-committee for its great work.
- Commended market-rate developers for their tremendous contribution. The burden carried by developers is enormous.
- Developers are providing all affordable units except for ELI units. Developers are also providing ELI units more cost effectively.
- In regards to the land bank approach, how was the \$70 million in-lieu fee requirement derived? *ELI units could not be provided through land dedication alone. The \$70 million represents the financing needed to subsidize VLI units to ELI levels.*
- The in-lieu fee of \$3,500 per affordable unit is not stated correctly. Recommended rewording the statement to say that in-lieu fees of \$20,000 per affordable unit, or a total of \$70 million, will be paid by market-rate developers on market-rate units.
- What if there is no state funding available for a particular phase? *Land will be dedicated in advance of each phase. Affordable units will not be built until state funding is available.*
- Hopes that outside funding will be contributed over time.
- North and Mid-Coyote Valley property owners are concerned with the burden carried by property owners. Need to articulate why Coyote Valley has affordable housing requirements whereas other parts of the city do not.

- Coyote Valley is a unique new community. It is not comparable with other parts of the city.
- Coyote Valley is a large-scale project that will accommodate people of different income levels. This is an opportunity to be proactive to social problems.

4. Future Communications and Meetings

The draft Affordable Housing Program will be presented to the city's Housing Advisory Committee on May 11, 2006.

Several members of the affordable housing sub-committee will present the draft Affordable Housing Program at the next CVSP task force meeting on May 22, 2006. The presenting sub-committee members include Leslye Krutko with the city's Housing Department, Dan Hancock with the CVSP task force, Bob Brownstein with Working Partnerships, and Chris Block with Charities Housing Development Corporation.

5. Next Steps/Adjourn

The next CVSP task force meeting will take place on May 22, 2006.

The meeting adjourned at 11:08 a.m.