

# Chapter 2

## Housing Needs



**READER NOTES**

In this chapter, bold blue phrases express the Housing Element Goals, which are detailed in Chapter 3.

Footnotes are compiled as endnotes at the end of this chapter.

The City of San José, at slightly over a million people, is the tenth largest city in the U.S. It is the population center of Silicon Valley, a region where the economy grew significantly even during the pandemic, with Silicon Valley tech companies exceeding \$14 trillion in market capitalization in 2022.<sup>1</sup>

San José continues to be one of the most expensive places to live in the country, with median housing prices pulling ever further out of reach for essential workers. In the first quarter of 2022, the median single-family home was \$1.7 million, the median condo/townhome was \$900,000, and median monthly rent was \$2,595.<sup>2</sup> Figure 2-1 shows how these housing costs are unaffordable for a cross-section of workers who are essential for the continued functioning of our economy and society. Please see Appendix A, Demographic Profile and Housing Needs, for more data about housing needs and demographics in the City.

Despite a thriving and growing economy and decades of population growth, the most recent U.S. census data indicates that the City has lost population in the past few years. In community outreach and engagement around the Housing Element (see Appendix H for details about our community engagement process) and in prior community engagement around the Citywide Residential Anti-Displacement Strategy,<sup>3</sup> City staff heard from many community members who want to continue to live in San José but worry about being priced out of the market, and who report that family and neighbors have already been displaced. See Appendix B, Assessment of Fair Housing, for more analysis of displacement in San José, including breakdowns of displacement risk by race and geography.

**Figure 2-1: Annual Incomes Vs. Incomes Needed to Afford Housing in San José**



SOURCE: Employment Development Department (EDD) – First Quarter 2021 Wages; income to afford average rent calculation uses Costar Q1 2022 Average Effective Rents, rent at 30% of income and a single-income household; income to afford mortgage uses SCCOAR March 2022 median home sales prices; payments at 30% of income, 20% down, March 2022 Freddie Mac 30 Year Fixed Interest Rate, 1.1% Property Tax, \$300 HOA dues for condos and a single-income household.

Given the extreme prices in our market, how do we ensure that there is ***an abundant and affordable supply of housing*** for all current residents who want to stay in the City and for all future residents who will continue to be drawn here to live and work, as well as providing ***sufficient housing for people experiencing homelessness?***

In addition to addressing issues of housing supply and production, the City needs to ensure that access to such housing is fair and equitable and that housing policies and programs work towards redressing past and current day segregation rather than reinforcing segregation. As discussed in Chapter 1, State law (Government Code section 65583) requires that all jurisdictions perform an Assessment of Fair Housing (AFH) and propose policies and programs that actively and affirmatively further fair housing.

The City's detailed AFH is attached as Appendix B and policies and programs to affirmatively further fair housing are integrated into the larger set of policies and programs described in Chapter 3. Here, to capture some of the analysis in the AFH, we cite one specific statistic to illustrate the history and current context of fair housing in San José: approximately one-third of the City's housing stock is homeowner-occupied units built between 1950 and 1979. Per Table 2-1 (next page), no other large city in America has such a high proportion of this type of housing.

The three-decades-long period starting in 1950 and ending in 1980 was San José's primary growth spurt, when it transformed from a small city in the heart of an agricultural region to the sprawling, low-density metropolis that it is today. In 1950, San José's population was under 100,000. By 1980, San José's population was approximately 630,000, with non-Hispanic Whites constituting the vast majority of the population growth.

In contrast, during this same period, the other big cities in the Bay Area — San Francisco and Oakland — experienced net population losses, with non-Hispanic Whites at the leading edge of the declines in population; during this period, San Francisco and Oakland's White population dropped by a combined 500,000 persons.

From 1950-1980, San José grew through subdivision, turning thousands of acres of open space and agricultural lands into neighborhoods built around the single-family home and the automobile. The majority of this growth occurred prior to the passage of federal Fair Housing Act of 1968 and was within the national movement to build white, middle-class suburbs. As documented in *The Color of Law* by Richard Rothstein, this national, post-War strategy to build middle-class, suburban housing was the largest publicly subsidized housing and wealth building program in the history of the U.S. And it was explicitly and intentionally racist.

**Table 2-1: Owner-Occupied Units Built from 1950-1979  
in Top 20 Largest U.S. Cities and Selected California Cities**

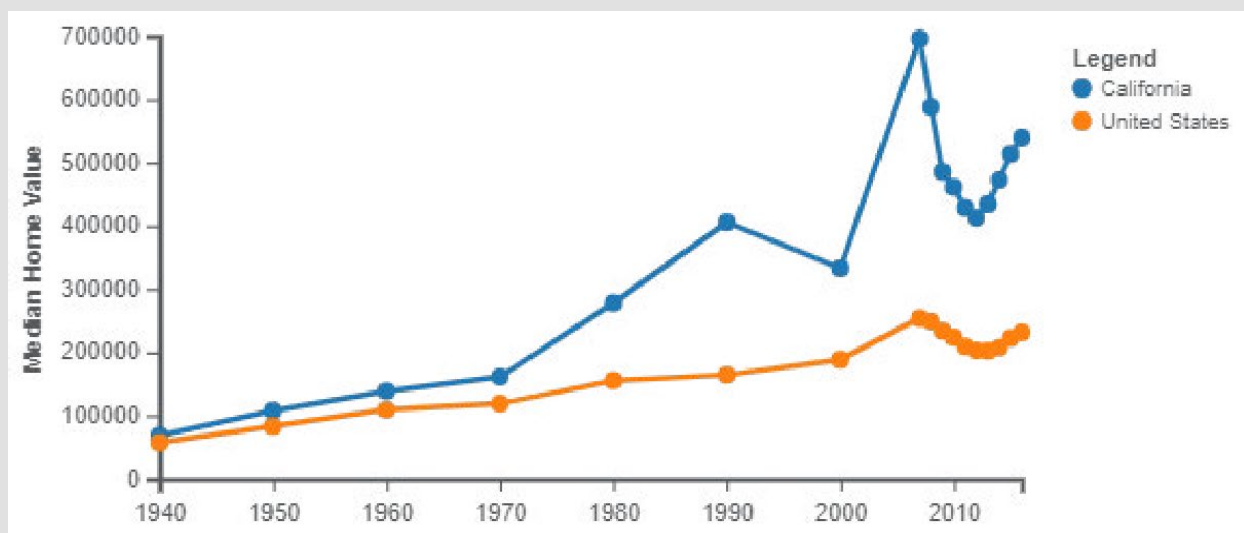
City	Occupied Housing Units	Owner-Occupied Units Built from 1950-1979	Owner-Occupied Units Built from 1950-1979 as a % of All Occupied Housing Units
San José, CA	325,114	111,694	34.4%
Phoenix, AZ	565,832	131,150	23.2%
San Diego, CA	507,580	116,577	23.0%
Dallas, TX	513,443	110,187	21.5%
Houston, TX	858,374	180,701	21.1%
San Antonio, TX	501,400	102,903	20.5%
Indianapolis (balance), IN	338,208	68,647	20.3%
Philadelphia, PA	601,337	114,251	19.0%
Denver, CO	301,501	56,250	18.7%
Long Beach, CA	166,813	31,103	18.6%
Jacksonville, FL	338,991	59,975	17.7%
Los Angeles, CA	1,383,869	241,654	17.5%
Sacramento, CA	185,331	32,314	17.4%
Fresno, CA	168,625	28,591	17.0%
Fort Worth, TX	297,498	48,071	16.2%
Columbus, OH	357,128	57,688	16.2%
Charlotte, NC	330,391	48,713	14.7%
Austin, TX	380,392	54,034	14.2%
Chicago, IL	1,066,829	147,204	13.8%
New York City, NY	3,167,034	363,999	11.5%
Seattle, WA	331,836	36,587	11.0%
Oakland, CA	162,419	16,494	10.2%
Washington, DC	284,386	25,975	9.1%
San Francisco, CA	362,354	25,799	7.1%

The latter part of San José’s population boom — in the 1970s — also coincides with the beginning of California’s long and ongoing real estate boom. As shown in *Figure 2-2*, prior to 1970, housing costs in California were roughly comparable to the U.S. market. However, starting in 1970, California’s housing costs took off on their own higher (and more volatile) trajectory.

This means there was only a small window of time where homeownership in San José was both open to all *and* affordable. Today, significant parts of the City are effectively locked into a pre-Fair Housing, segregated dynamic. While this sequence of events — a period of post-War growth followed by decades of slower growth and rapidly rising housing costs — happened in many cities across the American West, it defines San José in greater proportion than any other big city in the U.S. (as seen in *Table 2-1*). The impacts of this specific version of segregation can be seen in several ways:

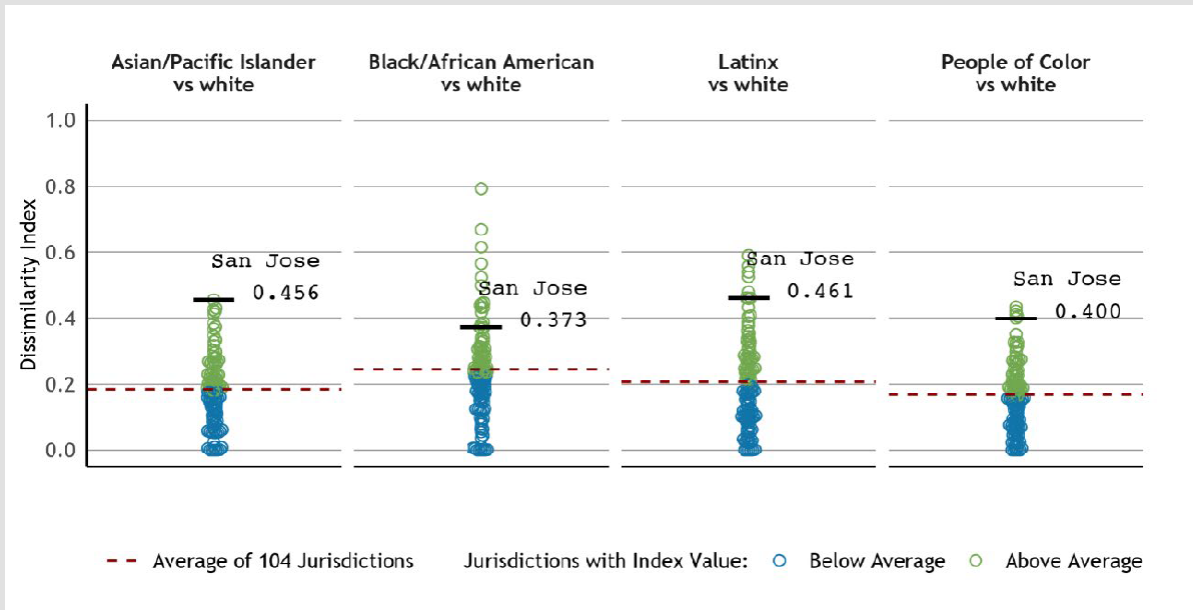
- **San José is one of the most segregated cities in the Greater Bay area.** Per *Figure 2-3* (next page), across the 104 jurisdictions in the nine-county Bay Area, San José is consistently one of the most segregated cities, as rated on the Dissimilarity Index, where a score of 0.4 or higher indicates that a geography is segregated.
- **Non-Hispanic Whites represent a disproportionate share of homeowners.** Non-Hispanic Whites are 26% of the City’s general population but 41% of the total number of homeowners; they have a higher homeownership rate than any other major racial/ethnic group, see *Figure 2-4* (below). Also, while the broader category of Asian Americans, Native Hawaiians, and Pacific Islanders (AAPIs) have a high rate of homeownership, disaggregated AAPI data reveal differences in rates among AAPI subcategories. Because homeownership has been such a prevalent pathway to wealth building in the U.S., this differential in who owns and who rents presents challenges in how the City can support *housing stability and opportunities to build wealth for all residents*.

**Figure 2-2: Median Home Prices - California vs. U.S. since 1940**  
(2021 dollars)



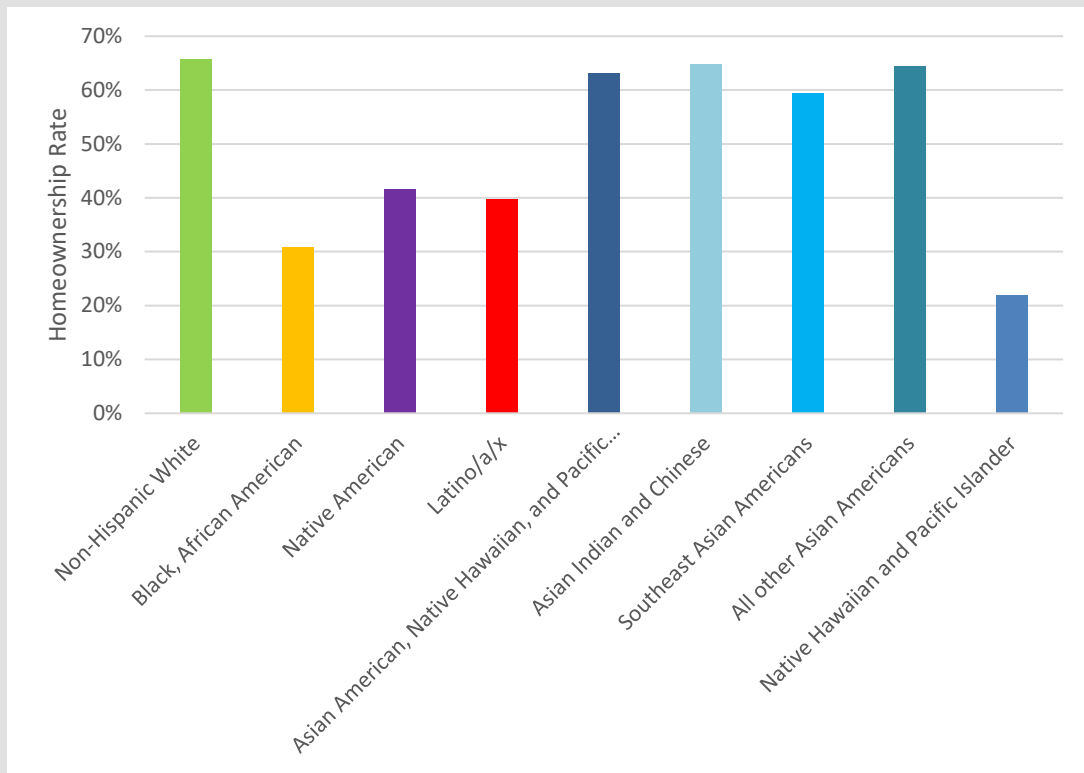
Source: [https://en.wikipedia.org/wiki/California\\_housing\\_shortage](https://en.wikipedia.org/wiki/California_housing_shortage)

**Figure 2-3: Level of Segregation in San José Compared to 103 Bay Area Jurisdictions**



Source: *AFFH Segregation Report: San José*, UC Merced Urban Policy Lab for the Association of Bay Area Governments / Metropolitan Transportation Commission (2022)

**Figure 2-4: San José Homeownership Rates by Householder Race/Ethnicity**



Source: City of San José analysis of US Census data (2019 5-Year ACS for general categories; 2015-5-year ACS for disaggregated AAPI data). Please see Appendix B for more detail on the methodology for disaggregation of AAPI data.

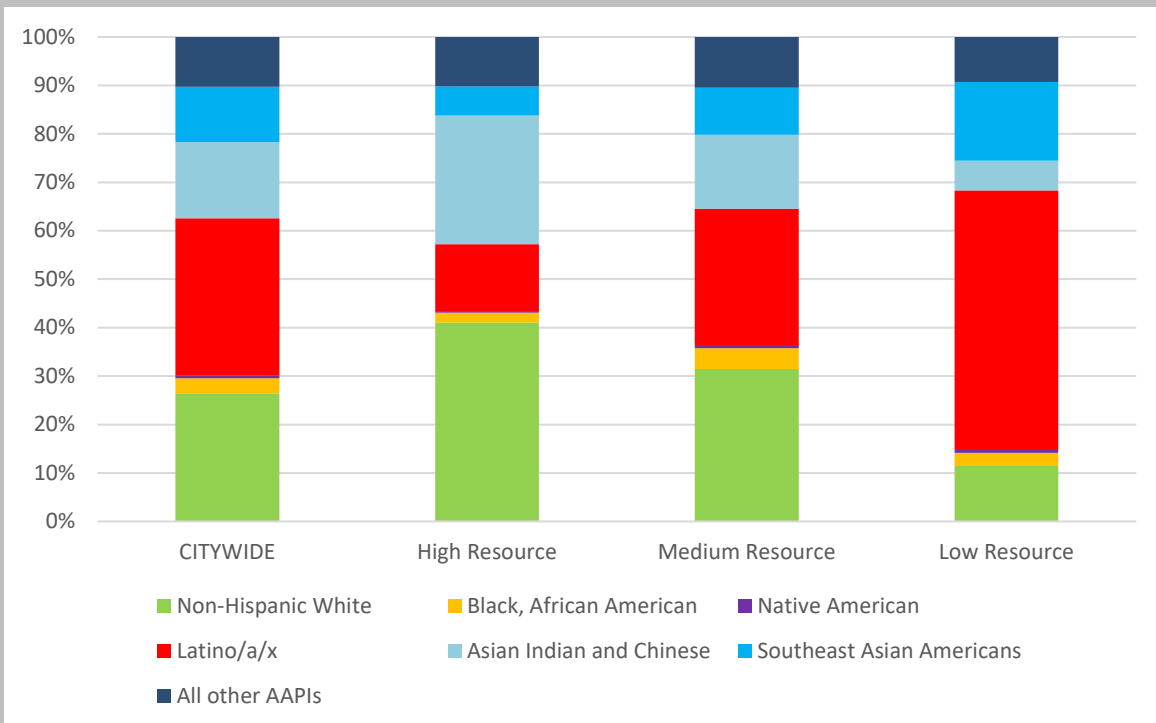
- **Segregation influences who lives in “high-resource” and “low-resource” neighborhoods.**

The State Department of Treasury Tax Credit Allocation Committee/Department of Housing and Community Development Opportunity Map (TCAC/HCD Opportunity Map)<sup>4</sup> helps to analyze high- and low-resource neighborhoods, and in San José, we can see that where people live correlates with race:

- > The majority of Latino/a/x and Southeast Asian American persons in San José live in low-resource neighborhoods.
- > The majority of Chinese and Asian Indian Americans and just under 50% of non-Hispanic Whites live in high-resource neighborhoods.

Figure 2-5 further shows the breakdown by race/ethnicity per the Opportunity Map category. Medium-resource neighborhoods resemble the City as a whole; high-resource neighborhoods have disproportionate amounts of non-Hispanic Whites, Asian Indians, and Chinese; and low-resource neighborhoods have disproportionate numbers of Latino/a/x and Southeast Asian Americans. This “geography of opportunity effect” matters, as there is a growing body of evidence that where somebody lives affects the outcomes for individuals, even holding constant other factors such as education, race, and income. This unequal distribution of population by neighborhood type is a stark datapoint showing that not all San Joséans live in *healthy, thriving neighborhoods with access to good jobs, schools, transportation*, and other resources and is indicative of our challenge to create *racially and socially inclusive neighborhoods that overcome past and present discrimination*.

**Figure 2-5: Racial/Ethnic Composition of San José Neighborhoods by Categories of TCAC/HCD Opportunity Map**



Source: City of San José analysis of US Census data (2019 5-Year ACS)

Please see Appendix B, Assessment of Fair Housing, for more history and analysis of current segregation in San José.

### **Contributing Factors to Segregation**

From City staff's AFH analysis and from community feedback during the overall Housing Element outreach process, the following issues or factors are the primary contributors to inequitable outcomes described above. These contributing factors are listed in rank order, as per staff analysis (please see Attachment G of Appendix B, the City's Assessment of Fair Housing, for more detail on how contributing factors were ranked):

1. *Racially disparate impacts of displacement:* Displacement disproportionately harms people of color,
2. *Segregation and exclusion from "High Resource" areas:* Communities of color have been excluded from neighborhoods that have benefited from the highest levels of public and private investment,
3. *Inequitable patterns of investment and disinvestment:* Lower-income communities and communities of color have not received the same levels of public and private investments,
4. *Exclusion from growth areas:* Areas of market rate growth and investment – the likely high resource areas of tomorrow – have the potential to become exclusionary,
5. *Lack of access for persons with disabilities:* Persons with disabilities continue to report barriers to housing accessibility,
6. *Racial disparities in homelessness:* The persistence of racial disparities in the population of persons who are unhoused is indicative of numerous interrelated factors,
7. *Discrimination in the housing market:* Community members still cite violations of fair housing practices as a barrier to access in our housing market.

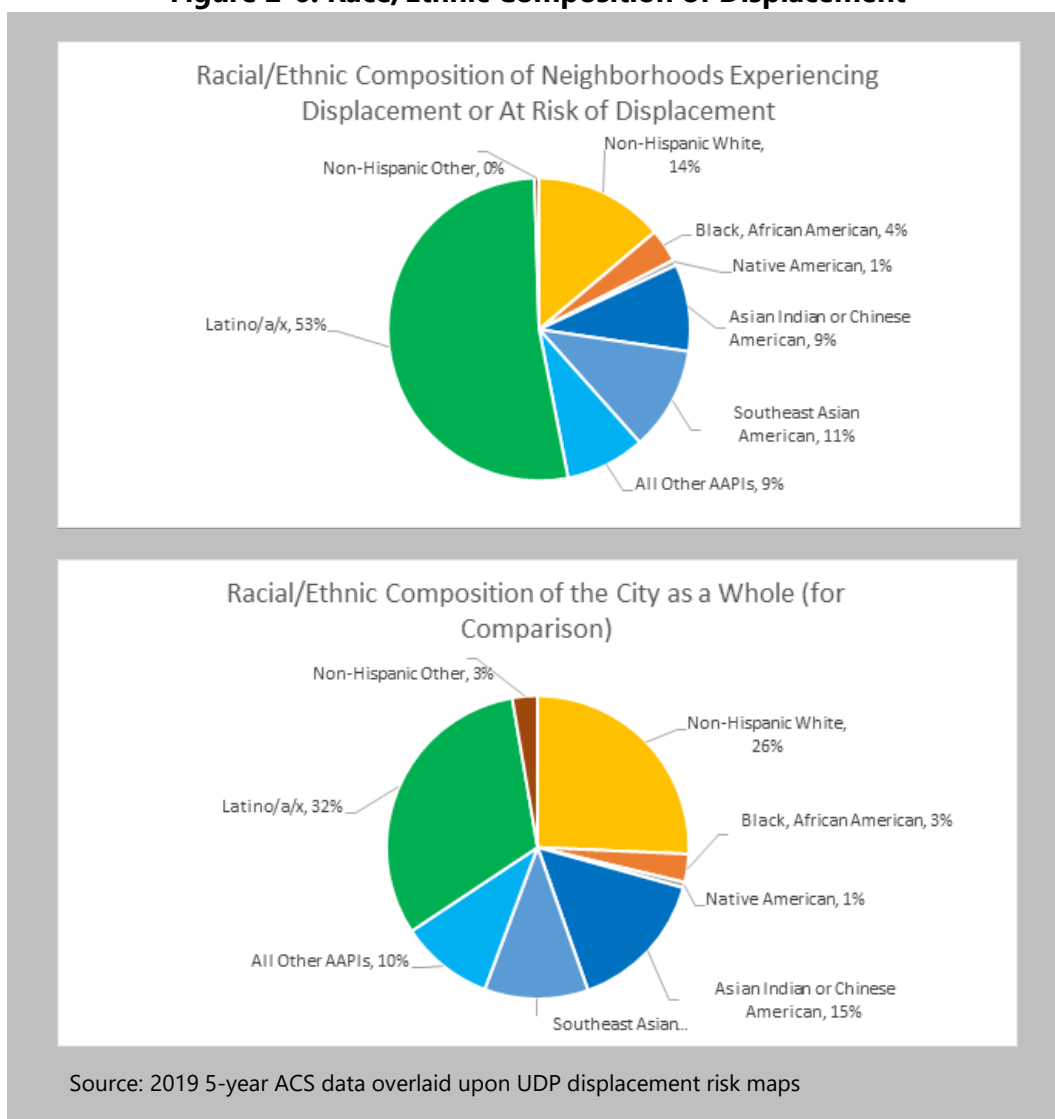
In order to affirmatively further fair housing, the City intends to create and implement policies and programs that directly address these contributing factors. Each contributing factor and the programs and policies intended to address them are described below. Each strategy listed below contain specific milestones and metrics to ensure outcomes. Of these strategies, 55% will begin implementation in the short-term, 2023-2025. Chapter 3 contains a list of all the strategies organized by those doing the most work in the short-term, medium-term, or annual/ongoing. In order to maximize beneficial impact in the planning period, a majority of the above strategies will begin implementation in the short-term.

### **Racially Disparate Impacts of Displacement**

#### Overview / AFH Data and Analysis

In San José, displacement disproportionately impacts communities of color, especially Latino/a/x people (please see AFH Section III.B.4.a.ii.). Per the figures below, while Latino/a/x people are 32% of the City as a whole, they are 53% of the population of census tracts identified by the UC Berkeley Urban Displacement Project as places where displacement is occurring or at risk of occurring.



**Figure 2-6: Race/Ethnic Composition of Displacement**

Displacement is a major contributing factor in perpetuating and exacerbating housing inequity in San José. Therefore, anti-displacement policies and programs are a significant proportion of the Housing Element's proposed slate of programs and policies. As described below, these anti-displacement policies and programs closely correspond to San José's Citywide Residential Anti-Displacement Strategy, attached as Appendix I to the Housing Element.

### Community Input

Stories of displacement, personal and external, were shared throughout the AFH outreach process and were instrumental in prioritizing City housing policies and programs. These stories highlight the painful realities of displacement and the associated impacts, including the breakup of families, children having to frequently switch schools, parents with extreme commutes, and poor health outcomes due to constant stress and long commutes. The access to rental housing and neighborhood equity group identified the disproportionate rate of displacement in communities of color. Specific recommendations offered from these working groups included tenant preferences, reparations, housing (including affordable) preservation

policies, and limiting rent increases in restricted affordable housing.

Programs and Policies

Many of the Housing Element’s programs were included in or built upon strategies in the San José’s Citywide Residential Anti-Displacement Strategy, approved by the City Council in September 2020 (Anti-Displacement Strategy).

The City Council directed staff to create an Anti-Displacement Strategy as part of the Housing Crisis Response Workplan in June 2018. Staff developed the Anti-Displacement Strategy after more than two years of outreach to the community and learning from a 14-month national peer city cohort sponsored by PolicyLink on ways for communities to fight displacement. San José’s Anti-Displacement Policy Network (ADPN) team for this peer city cohort was made up of City staff from the Housing Department, the Planning Building and Code Enforcement Department, and the City Manager’s Office of Economic Development. San José’s ADPN team also included a City Councilmember sponsor (former Councilmember Magdalena Carrasco from Council District 5) as well as three community nonprofit partners (the Law Foundation of Silicon Valley, Working Partners USA, and the Silicon Valley Bike Coalition headed by a key planning commissioner). The San José ADPN team was California’s only team selected for this Anti-Displacement cohort. The members conducted community listening sessions together with trusted community nonprofit partners to hear residents’ challenges and needs with respect to displacement.

In 2019, the San José ADPN team organized a series of stakeholder and public meetings and on January 15, 2020, released the *Community Strategy to End Displacement*. The report was written collaboratively by the San José ADPN team and provides a set of 13 recommendations to produce new affordable housing, preserve existing affordable housing, and protect residents in rapidly-changing neighborhoods. The report intentionally centers around the voice and perspectives of residents most impacted by displacement and was produced in English and translated into Spanish and Vietnamese. The *Community Strategy* formed the basis for many recommendations in the City’s Anti-Displacement Strategy.

The connection between the Sixth Cycle Housing Element programs and the City’s Anti-Displacement Strategy is strong. The 20 programs and strategies from the Housing Element listed in Table 2-2 are closely related to the corresponding work items from the Citywide Residential Anti-Displacement Strategy.

**Table 2-2 – Housing Element Programs and Corresponding Anti-Displacement Strategy Recommendations**

Programs in Housing Element	Corresponding Recommendations in Anti-Displacement Strategy
<p><b>S-12 Eviction Prevention - Housing Collaborative Weekly Eviction Prevention Court Clinic, Eviction Diversion Program, and Other Support for Legal Services</b></p> <ul style="list-style-type: none"> <li>• Work in ongoing partnership with the County’s Superior Court and other community partners to staff an Eviction Diversion Program, holding weekly workshops at the Courthouse that offer a spectrum of resources to all parties. Resources include rental assistance, social services referral, mediation, and legal assistance.</li> <li>• Coordinate eviction diversion referrals from Tenant Resource Centers.</li> </ul>	<p>1C) Increase funding of legal services for tenants being evicted to negotiate rent repayment plans and avoid evictions.</p>

<b>Programs in Housing Element</b>	<b>Corresponding Recommendations in Anti-Displacement Strategy</b>
<ul style="list-style-type: none"> <li>• Identify funding to continue to conduct the Eviction Diversion Program during the unlawful detainer court proceedings.</li> <li>• Explore conversion of Superior Court Eviction Diversion into a possible Collaborative Housing Court model within the County's Superior Court Process that builds on the foundation of the weekly clinic and Eviction Diversion Program, as appropriate.</li> <li>• Seek additional funds to increase funding to nonprofit legal organizations to provide eviction counseling and defense.</li> <li>• Include support for residents in the Eviction Diversion Program to register for Doorway [online affordable housing portal] to help them search for affordable homes.</li> </ul>	
<p><b>S-28 Right to Counsel or Alternative</b> – Develop a San José Right to Counsel and/or an alternative housing collaborative court program proposal for the City Council's consideration aimed at providing legal services/representation for tenants.</p> <ul style="list-style-type: none"> <li>• Issue a Request for Proposals and work with selected consultant to study costs and benefits of a Right to Counsel program and other court intervention alternatives; identify necessary legal, financial and other resources, a cost estimate, and potential funding sources.</li> <li>• Additionally, explore potential regional partnerships for a regional Right to Counsel study and implementation as an alternative.</li> <li>• Coordinate program design with community-based organizations, especially those who serve historically redlined communities.</li> <li>• Coordinate public outreach and education with community-based organizations.</li> <li>• Integrate persons with lived experience into program oversight and implementation.</li> </ul>	<p>1D) Coordinate with Santa Clara County Courts, the State, and local nonprofits to support the establishment of a Housing Collaborative Court to respond to evictions related to COVID-19.</p>
<p><b>S-20 Tenant Preferences that Help Fight Displacement</b> – To help mitigate displacement and serve the most vulnerable local residents, develop fair-housing compliant tenant preferences for this population.</p> <ul style="list-style-type: none"> <li>• Seek Council approval for two tenant preferences: an Anti-Displacement Tenant preference, and a Neighborhood Tenant preference.</li> <li>• Include, as part of both policies, requirement that property managers accept alternative forms of documentation appropriate for non-citizens to prove eligibility for the preferences.</li> <li>• If approved, implement the preferences on affordable housing units subject to the preferences within 6 months of Council approval, including already operating buildings that have tenant preference language in their City agreements.</li> <li>• Seek the state's approval to use both tenant preferences within 12 months in HCD-funded affordable housing developments.</li> <li>• After Council approval of the Tenant Preferences that Fight Displacement, develop a proposal for a Displaced Persons Tenant Preference and examine design that could address non-geographic displacement patterns.</li> <li>• Seek Council approval for a Displaced Persons Tenant Preference.</li> </ul>	<p>2A) Develop a Neighborhood Tenant Preference that is broadly applicable to new restricted affordable apartments and is consistent with Fair Housing laws.</p>

<b>Programs in Housing Element</b>	<b>Corresponding Recommendations in Anti-Displacement Strategy</b>
<ul style="list-style-type: none"> <li>• Seek adequate funding for staff implementation and continued community education about opportunities to use tenant preferences.</li> </ul>	
<p><b>R-5 Acquisition Loan Fund –</b> Work with external funders to identify and/or establish sources of reliable acquisition financing that work together with City preservation Notices of Funding Availability, with the goal of preserving low-cost housing, creating more restricted affordable multifamily properties, and stabilizing low-income renters who are disproportionately people of color.</p>	<p>3B) Gauge interest of local philanthropy and other funders to develop a Preservation Investment Fund for San José.</p>
<p><b>R-2 Establish a Preservation NOFA –</b></p> <ul style="list-style-type: none"> <li>• Establish a regular housing Preservation program, including an annual funding allocation averaging at least \$5 million (dependent on funding availability), funding priorities, underwriting guidelines, Notice of Funding Availability (NOFA) scoring framework, NOFA issuances, and ongoing workplan.</li> <li>• Eligible Preservation activities should include acquisition and rehabilitation of existing market-rate housing, community land trusts' rental housing acquisition, and other nonprofit-led alternative homeownership models.</li> <li>• Create a staffing plan for a Preservation team to underwrite, fund and facilitate Preservation deals, and request staffing through the city budget process when ongoing sources of funding are available for this work.</li> <li>• Establish priorities within Preservation NOFA for community-centered, community-led preservation efforts.</li> </ul>	<p>3C) Target the use of subsidy on existing apartment buildings of a defined minimum size in neighborhoods at high risk of displacement.</p> <p>6D) Target Preservation funding to help community and nonprofit partners to acquire and maintain properties that have ongoing rehabilitation needs, particularly in areas experiencing displacement.</p>
<p><b>N-4 Preservation and Community Development Capacity Building –</b></p> <ul style="list-style-type: none"> <li>• Establish programs to provide capacity building and technical assistance to community-based nonprofit organizations to engage in grassroots community preservation, empowerment, and development activities partnered with nonprofit developers in order to stabilize neighborhoods.</li> <li>• Pursue preservation activities that include acquisition and rehabilitation of existing low-cost housing, alternative community ownership models, and anti-displacement support for community-serving small businesses.</li> <li>• Pursue empowerment activities that include resident and small business outreach and organizing around tenant association formation, cooperative formation, business district formation, community planning, and know-your-rights education.</li> <li>• Develop activities that include development of affordable housing, community facilities, and community-serving commercial space.</li> <li>• Continue to support formation and maturation of community land trusts and community development corporations, learning from models such as Los Angeles County's Community Land Trust Partnership Program.</li> <li>• Seek additional funding, partnerships and/or learning curricula to support nonprofit capacity building efforts.</li> </ul>	<p>3D) Determine new affordable housing development partners to work on small building acquisition and rehabilitation projects in San José and assess the capacity and needs for existing San José community organizations to learn to undertake preservation work and/or form local Community Development Corporations.</p>
<p><b>I-9 Equitable Representation of Historically Underrepresented Communities on City Bodies –</b></p> <ul style="list-style-type: none"> <li>• Conduct an analysis of appointments to commissions and advisory bodies to track the representation of protected classes, historically underrepresented neighborhoods, and those with other relevant</li> </ul>	<p>4B) Implement a pilot and require an equitable distribution of seats for historically underrepresented populations, including low-income renters</p>

Programs in Housing Element	Corresponding Recommendations in Anti-Displacement Strategy
<p>characteristics.</p> <ul style="list-style-type: none"> <li>Based on the outcomes of that analysis, develop and implement guidelines, update the municipal codes where needed to require an equitable distribution of seats for historically underrepresented populations, including low-income renters and homeless/formerly homeless residents.</li> <li>Translate City materials and ensure the City has adequate resources to provide translations and translators to non-native English speakers.</li> </ul> <p><b>I-10 Lived Experience with Homelessness Seat on Commission –</b></p> <ul style="list-style-type: none"> <li>Fully implement the primary and alternate seats for a commissioner with Lived Experience Seat with homelessness on the Housing and Community Development Commission.</li> <li>Work with the Mayor's Office and the Clerk's Office to ensure the primary and alternate seats are filled promptly and the primary seat remains filled ongoing.</li> <li>Provide orientation, training, compensation, and other supports as needed together with Destination: Home.</li> <li>Perform a confidential evaluation with those two commissioners, and other interested commissioners, starting 12 months after the Lived Experience commissioner seat is filled, and implement additional recommended improvements to support the commissioners.</li> </ul>	<p>and homeless/formerly-homeless residents on these two Commissions.</p>
<p><b>S-32 Local enforcement of state tenant protections –</b></p> <ul style="list-style-type: none"> <li>Work with the state to establish that San José can enforce source of income discrimination laws, and other state tenant protections that interact with City programs.</li> <li>Assess whether desired enforcement authority can be granted administratively or if legislation is needed.</li> <li>If needed, advocate for legislation such as SB 567 (2022) or with state HCD to establish authority of enforcement.</li> <li>Make information about AB 1482, the state's anti-rent spiking and just cause eviction protection law, available through Eviction Help Centers, the Eviction Diversion Program, the Tenant Resource Center, and other tenant engagement via phone inquiries to staff.</li> <li>Conduct and coordinate outreach and education on local enforcement of state requirement to property owners, tenants, and community-based organizations.</li> <li>Identify processes and needed resources to track units subject to AB 1482 in San José, and data needed to enforce the state law.</li> <li>Track the City's AB 1482 education and enforcement activities, including for just cause evictions and for anti-rent spiking, in reports for the public.</li> </ul>	<p>5A) Explore clean-up legislation for AB 1482 (Chiu 2019) that would allow local education &amp; enforcement of this new Statewide anti-rent spike and just cause eviction law.</p> <p>5B) Explore legislation to enable the City to receive copies of eviction notices provided to mobilehome owners and mobilehome renters.</p>
<p><b>R-13 Soft Story program –</b>            Develop a 'soft story' seismic mitigation ordinance for older multifamily buildings with weak and/or open frontlines, which have a higher likelihood of collapse during an earthquake and a high likelihood of being rent stabilized. Create an implementation process and incentive retrofit program that</p>	<p>6A) Seek funding sources to assist landlords with low-cost loans and grants for property improvements to address blight or health and safety issues.</p>

<b>Programs in Housing Element</b>	<b>Corresponding Recommendations in Anti-Displacement Strategy</b>
increases renters' safety and considers equity issues for lower-income renters, minimizing their risk of displacement as a result of construction and rent increases.	
<p><b>S-6 Proactive Code Enforcement for More Rented Residences –</b> Create a study on the cost, needed staffing, potential timeline for expansion, and other resources needed to expand the types of housing units covered by proactive code inspections which help avoid complaint-based evictions. Units include rented single family homes, duplexes, condominiums, and/or townhomes. Bring a recommendation to City Council if needed resources can be identified.</p>	6B) Explore expanding proactive rental inspections/requirements for rental units not covered by the City's existing inspections – rented single family homes, duplexes, condominiums, and other rentals in San José.
<p><b>S-4 Updated Relocation Assistance –</b> Update the City's municipal code to ensure that compensation given to residents for potential displacing events -- noticing, relocation payments, housing search assistance, the replacement of affordable units, and a right of return -- matches or exceeds any state requirements, is sufficient given current housing costs, is transparent, and is consistent across City programs.</p>	6E) Conduct a review of the City's relocation policies, including relocation due to red tagging, to ensure they result in sufficient compensation, they are consistent under similar circumstances, and that relocation is required to be paid in all situations that result in displacement.
<p><b>I-4 Create a Housing Balance Report –</b> Create a biannual Housing Balance Report that tracks the net gain and loss of all types of affordable and low-cost housing, analyzes it spatially, and compares to demographics to determine the City's progress in maintaining and increasing the availability of appropriate housing opportunities for all residents (including those in protected classes) across the City. Geographic analysis should also identify displacement risk and segregation, and analyze Urban Villages and neighborhoods or Council districts.</p>	7A) Create an annual Housing Balance Report that tracks the net gain and loss of all types of affordable housing to determine the City's progress toward increasing the availability of housing opportunities for its residents.
<p><b>R-9 Creation of a Preservation Policy –</b> Create a community-informed Preservation Policy or set of policies for Council consideration aimed at preserving existing affordable and low-cost housing and helping to prevent displacement. The following are examples of what could be included in preservation policies:</p> <ul style="list-style-type: none"> <li>• To help organizations access state Foreclosure Intervention Housing Preservation Program (FIHPP) funds, establish criteria to help identify properties at-risk of foreclosure and properties where renters might be at risk of displacement.</li> <li>• Publish a list of affordable housing providers that could be eligible to receive City funding to acquire and rehabilitate existing residential rental properties and create homes that are restricted affordable in perpetuity.</li> <li>• Require as a condition of City funding that affordable housing providers intending to acquire and preserve a property must engage with tenants prior to purchase of the property.</li> <li>• Create voluntary system for property owners to notify eligible preservation organizations about the availability of properties for sale.</li> </ul>	7B) Bring to the City Council for its consideration a Preservation Policy that establishes a goal of preserving existing affordable housing and helping to prevent displacement, to inform programs, resources, and development policy decisions.

Programs in Housing Element	Corresponding Recommendations in Anti-Displacement Strategy
<ul style="list-style-type: none"> <li>Require property owners to provide notification to tenants when owners intend to sell their properties.</li> <li>Create incentives for private multifamily owners to sell properties to affordable housing nonprofits for purposes of preservation, such as a transfer tax rebate program.</li> </ul>	
<p><b>P-24 Housing on Public/Quasi Public Lands –</b> Focus on school district housing and on sites with houses of worship is superseded per City Council direction at the Joint Meeting of the Rules and Open Government Committee, item C.2 on November 2, 2022. Instead, the City will amend the General Plan to allow housing development proposals that are 100% affordable, which includes at least 25% of the units as permanent supportive housing, to proceed on land-designated Public/Quasi Public. Collaborate with nonprofit organizations to create a program to implement SB 4 including outreach and education to faith communities in coordination with affordable housing developers.</p>	<p>8A) Amend the City’s General Plan and zoning code to allow 100% deed-restricted affordable housing under the Public Quasi Public (PQP) General Plan land use designation and zoning district, when such residential uses are developed as a secondary use in conjunction with the primary use of the property for assembly uses.</p>
<p><b>S-9 Fair Housing Equity Analysis and Anti-Displacement for Specific Plans –</b> Integrate fair housing equity analysis and residential and small business anti-displacement features into specific plans and area plans, including Urban Village plans. Consider anti-displacement features identified from Five Wounds Urban Village updates into forthcoming Urban Village Plans and consider appropriateness for inclusion in the General Plan Four-Year Review.</p>	<p>9D) Include analysis on competitiveness for competitive affordable housing funding and displacement risk into Existing Conditions analysis in Urban Village Plans, along with a statement of the City’s anti-displacement principles and any neighborhood concerns regarding displacement. As part of the Urban Village planning process, consider strategies that support affordable housing on sites identified as optimal for funding sources in analysis above.</p>
<p><b>P-34 Affordable housing funding advocacy</b></p> <ul style="list-style-type: none"> <li>Support bond funding initiatives at the County and regional levels to increase the supply of affordable housing production and preservation.</li> <li>Sustain advocacy for state and federal funding programs and advocate for more resources so that they meet the affordable housing production and preservation needs of San José.</li> <li>For homelessness response, advocate for both operating and capital subsidies.</li> </ul> <p><b>N-1 Equitable neighborhoods-based investment strategies -</b> Identify new, additional funding sources to implement the co-created neighborhood investment and anti-displacement priorities.</p> <p><b>I-18 Advocacy on public policies and programs to facilitate production, preservation, protection, and neighborhood investments –</b> Inform, support and advocate for public policies and programs at all levels that create funding</p>	<p>10A) Continue to explore and pursue ways to collect more funding for affordable housing and anti-displacement strategies.</p>

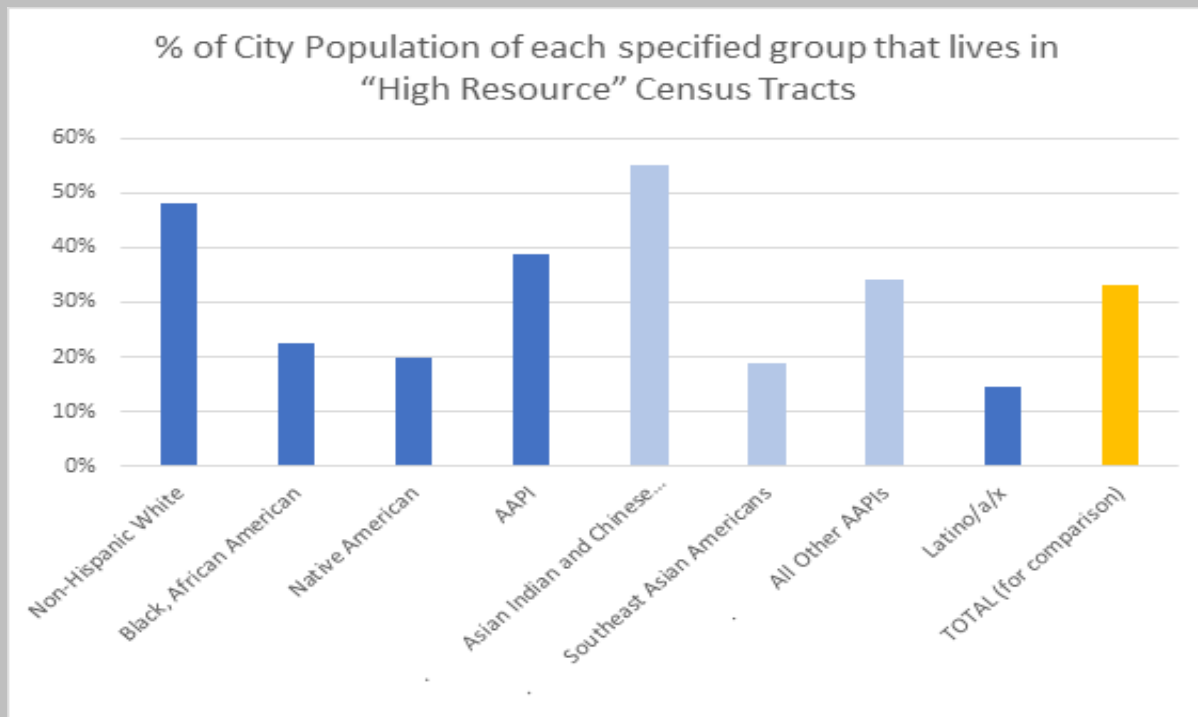
<b>Programs in Housing Element</b>	<b>Corresponding Recommendations in Anti-Displacement Strategy</b>
<p>and other assistance for affordable housing production and preservation, tenant protections, and investments in prioritized extremely low-income, racially segregated neighborhoods.</p> <p><b>S-14 Advocacy for tenant-based vouchers</b> – Continue to use local funds for tenant voucher programs. Advocate at the state and federal levels for additional vouchers to meet local needs and expand housing choices.</p>	

**Segregation and Exclusion from “High Resource” Areas**

Overview / AFH Data and Analysis

San José is one of the most segregated cities in the Bay Area (please see AFH Section III.A.2.b.). As described in AFH section II.C., San José’s patterns of segregation were established through redlining and suburbanization. As documented in AFH Section III.A.2.e., one present day result of the City’s segregation is that specific communities of color continue to be excluded from parts of the City that have benefited from the highest levels of investment (see also “Inequitable Patterns of Investment and Disinvestment” factor, below). One indicator of this level of segregation and exclusion is the percentage of the City’s population of each major racial/ethnic group who live in TCAC/HCD High Resource Areas. Overall, approximately one-third of the City’s population lives in TCAC/HCD High Resource Areas. If all things were equal, approximately one-third of each population would also live in High Resource Areas. However, as per the table below, non-Hispanic Whites and AAPIs (especially Asian Indian and Chinese groups) are disproportionately concentrated in High Resource census tracts while African Americans, Native Americans, Southeast Asian Americans, and Latino/a/x groups are disproportionately excluded from High Resource Areas.



**Figure 2-7: Racial/Ethnic Composition in San José “High Resource” Census Tracts**

Source: 2019 5-Year ACS data overlaid on 2021 TCAC/HCD Opportunity Map

### Community Input

The Housing Department held a series of stakeholder meetings focused on the topic of increasing access to high opportunity areas. Community input on this topic was also received in several other focus groups and stakeholder meetings. Overall, the input received identified barriers to housing production, regardless of area, including lack of subsidies and delays to production caused by permitting or CEQA. However, input received also identified specific barriers to housing in high opportunity areas, including the power of NIMBYism to delay or deter housing production or preservation in high opportunity areas. Suggestions for increasing access to high opportunity areas included increased subsidies for affordable housing production, increased housing vouchers and increased access to transit for low-income earners in high opportunity areas.

### Programs and Policies

In order to increase the number of lower-income people in high opportunity areas, the City of San José has established the Housing Siting Policy, a set of goals and incentives to increase the new construction of affordable housing in higher opportunity areas and will explore creating additional incentives for use of vouchers in higher opportunity areas. These program proposals are listed in Chapter 3 of the Housing Element as:

- *N-5, increase affordable housing production in higher-resource areas*
- *S-25, tenant-based vouchers in higher-resource areas.*

## **Exclusion from Growth Areas**

### Overview / AFH Data and Analysis

Home to some of the largest and most successful companies in the world, the greater region of Santa Clara County / Silicon Valley is continuing to grow. Policies to affirmatively further fair housing not only need to take into account past patterns of investment/underinvestment (which created the segregation we see now) but also planned patterns of growth and investment which, if not inclusive of intentional policies and programs to affirmatively promote equity, will become future landscapes of segregation.

As an example, the northern part of Santa Clara County along Highway 237, stretching from Mountain View, through Sunnyvale, Santa Clara, and north San José, and terminating in Milpitas is a large cross-city area that generally consists of large-site parcel industrial/commercial office parks (low-rise buildings surrounded by surface parking). As characterized in a recent local newspaper article, the area “has a sizeable amount of vacant and underutilized industrial land ripe for conversion into housing and office space.”<sup>5</sup> Across multiple cities, there are multiple specific plan area upgrades and major development proposals,<sup>6</sup> representing billions of dollars of planned private and public investments, millions of square feet of new commercial development, and tens of thousands of new units of housing. Taken together, this will have a transformative effect on the sub-region that is not fully visible if only looking at the growth plans for each individual city. And, if there is not due care taken to assure that these areas are inclusive and equitable, they will become exclusionary, segregated communities in the future. For example, in 2006, before housing production in north San José was estopped due to legal disputes between the City and the City of Santa Clara and the County of Santa Clara, the City released capacity for development of 8,000 units of housing in north San José. This available capacity was quickly built and none of the 8,000 units developed were affordable. And, as a result, two North San José census tracts qualify per the City’s locally specific definition of Racially Concentrated Areas of Affluence.

Currently, because the broader North County is lightly populated, the overall area (defined by small sample sizes) has metrics that classify it as middle resource under the TCAC/HCD opportunity maps. However, given the transformative level of investment planned for this subregion, this area likely will not be middle resource for much longer. It is therefore important to ensure that low-income people (disproportionately people of color in City and in the Greater Bay Area region) are considered in the planned growth in these areas.

### Community Input

The need for affordable housing in the City’s growth areas (i.e., places designated for growth through specific area plans such as Downtown, Downtown West, North San José and in planned and unplanned urban villages) was identified as an issue in nearly every working group, focus group and stakeholder meeting convened in the AFH outreach process. Additionally, barriers to affordable housing production were also identified on a near consistent basis. General feedback to address these issues included increasing subsidies and reducing barriers to land acquisition for affordable housing. Specific strategies offered by the AFH Advisory Committee included changing zoning, land use and overlays to increase multi-family production, especially affordable housing production.

### Programs and Policies

The City of San José will create goals and incentives for increased affordable housing production in

specified growth and investment areas such as North San José and the Diridon Station Area (including the Downtown West area).

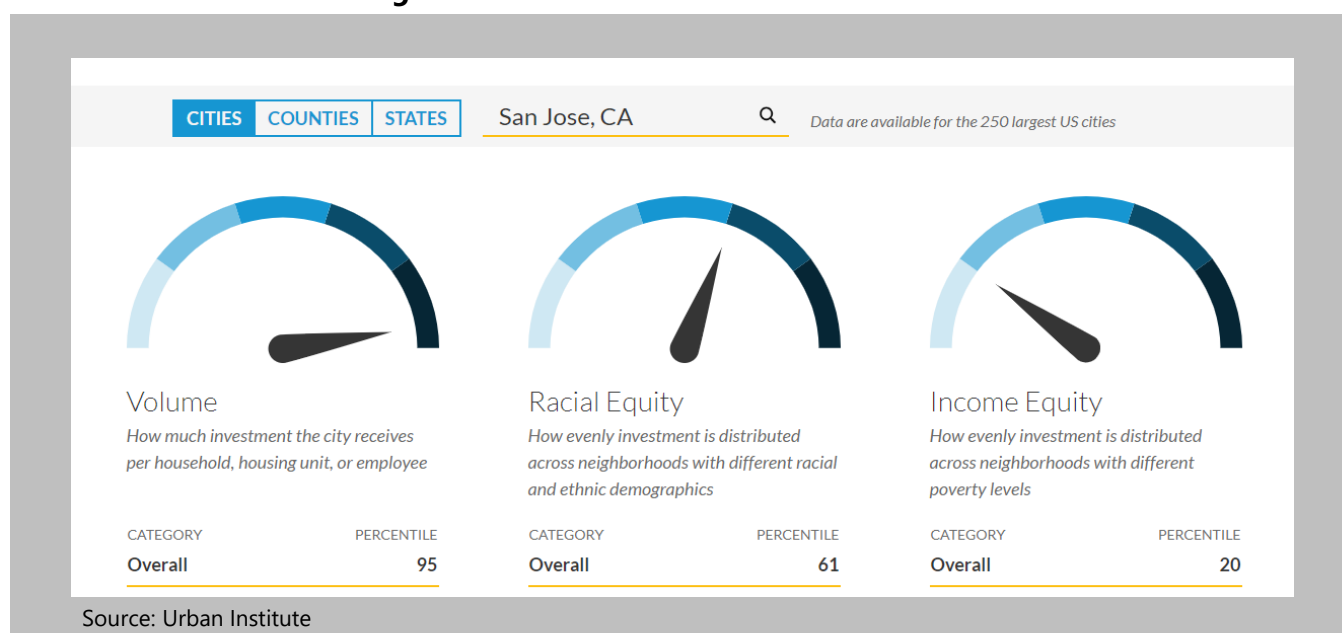
- P-9, Diridon Affordable Housing Production Goal
- P-3, North San José Affordable Housing Overlay Zone.

## Inequitable Patterns of Investment and Disinvestment

### Overview / AFH Data and Analysis

Per research conducted by the Urban Institute and cited in San José's AFH (see AFH Section III.B.2.e.), while San José has had a high volume of public and private investment relative to the 250 largest U.S. cities, the City has done less well in terms of equitable distribution of these investments.

**Figure 2-8: San José Investment Distribution**



San José's patterns of infrastructure investment (see for e.g., AFH Section II.C.5-6) have historically been to the benefit of suburban expansion and not towards improving quality of life in neighborhoods that were redlined.

### Community Input

In both written comment and in community forums and working groups, community advocates identified inequities in neighborhoods across the San José and advocated for solutions that would directly right the wrong of historical disinvestment and marginalization. These solutions included reparations and housing programs, including access to rental housing and home ownership programs, based on race. A self-organized working group of stakeholders representing lower-income communities of color (neighborhood equity working group) offered specific recommendations to address inequities. One of their priority recommendations is to develop processes for tenant associations to target Apartment Rent Ordinance (ARO) and code violations. Noting the lack of tenant organizations, the working group advocated for collective power structures to improve reporting processes for violations.

### Programs and Policies

Based upon recommendations from community stakeholders, San José staff propose to better coordinate citywide investments and service programming to target neighborhoods and communities that historically have not been the beneficiary of public and private investments.

- *N-1, interdepartmental team for equity-based framework for investment*
- *N-7, external funding for infrastructure to create complete, high-quality living environments.*

In addition, deteriorating conditions of housing stock is another way in which patterns of disinvestment become physically manifest. In order to mitigate this long-term neglect, staff proposes enhanced code enforcement in targeted areas of disinvestment per the following:

- *S-3, proactive, place-based code enforcement*
- *S-5, improved case management for code enforcement.*

### **Lack of Access for Persons with Disabilities**

#### Overview / AFH Data and Analysis

In the approximate past five years, the population of persons with disabilities grew faster than the general public (please see Section AFH III.D.1.a.), with a 9% increase as compared to 4% increase for the general population. Amongst disabilities as categorized by the US Census, the largest increases were for persons with self-care difficulties (a 15.7% cumulative increase) and independent living difficulties (a 15.5% increase). Over the same time period, the housing market has not produced the corresponding number of accessible units.

#### Community Input

Focus groups for persons with disabilities and veterans provided critical information regarding the gap in accessible housing. Overall, lack of accessible housing units was identified as a key concern. Specifically, feedback included unwillingness of owners to grant reasonable accommodation requests, unwillingness of owners to accept Section 8 vouchers, difficulties in obtaining vouchers, long waitlists for affordable housing units and difficulties accessing and navigating disability and housing programs. One participant noted the toll of navigating housing challenges on their mental health to which the remaining participants agreed.

### Programs and Policies

In order to increase the number of accessible, affordable units, the City will implement policies, plans, and incentives for affordable housing units to be built with universal design principles and that existing developments implement industry best practices in accessibility in lease-up and operations, including in terms of affirmative marketing and effectuating reasonable accommodation requests. These policies and practices include the following:

- *I-6, universal design and ADA upgrades*
- *I-2, affirmative marketing to disabled community.*

## Racial Disparities in Homelessness

### Overview / AFH Data and Analysis

As shown in Table 2-2, below, and as described further in AFH Section III.D.4.a., people of color – especially Black, Native American, and Latino/a/x people – are over-represented in the population of persons experiencing homelessness.

**Table 2-3: Racial/Ethnic Composition of Unhoused Population in City of San José**

<b>Racial/Ethnic Category</b>	<b>Unhoused Population Racial Breakdown City of San José, 2019</b>	<b>Total Population Racial Breakdown City of San José, 2019</b>
Black/African American	18.8%	3.0%
American Indian/Alaskan Native	8.1%	0.6%
Latino/a/x	42.7%	31.6%

Sources: 2019 PITC, 2019 5-yr ACS

This disproportionate representation is the result of multiple generations of discrimination, including inequitable and racist public policies enacted at all levels of government.

### Community Input

Feedback from LGBTQ+, Disability, Veterans, Indigenous and African Ancestry focus groups identified the importance of having persons with lived experience and those from underrepresented populations involved in policy development and decision-making processes. Further feedback identified barriers to participation including lack of compensation, tokenization of protected class characteristics, frustration with slow government processes and difficulties understanding government processes. Barriers to accessing supportive services was also identified in these focus groups as a deterrent to persons from protected classes. Barriers included discrimination and bias at shelters and prohibitive rules around medication and pets, cultural misunderstandings, high turnover of staff and lack of availability of supportive services.

### Programs and Policies

To make programs and services addressing issues of homelessness more inclusive, City staff seeks to evaluate racial bias within the shelter and supportive housing systems and to increase involvement of persons with lived experience in system-wide decisions about program design and implementation. These include:

- *H-10, evaluate racial bias in shelter and supportive housing systems*
- *H-11, involvement of persons with lived-experience of homelessness in decision making*
- *I-10, lived experience with homelessness seat on HCDC.*

## Discrimination in the Housing Market

### Overview / AFH Data and Analysis

While many of the factors described above relate to structural problems within the larger systems of

housing and land use policy, individual discrimination within the local housing market still persists. Per AFH Section III.E.3.a., there are approximately 60 fair housing complaints per year in the City. Approximately half of these complaints are related to access for persons with disabilities.

### Community Input

The rental access working group identified lack of information regarding housing, including renter rights and affordable housing availability, especially in relevant languages, as a barrier to accessing rental housing. The rental access group also identified continued high rates of discrimination in housing, especially for persons with disabilities and non-citizens.

### Programs and Policies

To address housing discrimination with emphasis on specific issues raised by community feedback and public comment, the Housing Element programs and policies include the following:

- *S-21, facilitation of equal access to housing*
- *I-12, resident-identified priorities*
- *S-11, alternative documentation for non-citizens*
- *S-23, know your rights materials*
- *S-13, affordable housing renter portal language access.*

### **Special Needs Housing**

To examine the barriers to housing, the Assessment of Fair Housing (Appendix B) analyzed the existing needs and resources of special needs populations in San José, and found challenges persist for members of protected classes. A full analysis can be found in Appendix B, including comparisons of San José with other jurisdictions. An overview of the analysis for special needs households, including persons with disabilities, female-headed households, large households, seniors and extremely low- income (ELI) households, is summarized below.

### Persons with Disabilities

For persons with disabilities, of which there are approximately 88,253 living in the City of San José according to 2019 5-year American Community Survey (ACS Survey), there is a significant gap in coverage for housing. Given the range of disabilities, the range of housing needs ranges widely as well, including accessible housing (housing design features such as wheelchair ramps, holding bars and special bathroom design). Feedback received during the outreach process found that there is a lack of accessible housing, and a lack of resources to find and obtain accessible housing. Overall, gaps in coverage identified are housing affordability, support services and supportive housing, housing accessibility and housing discrimination.

The City has adopted reasonable accommodation procedures for persons with disabilities. Chapter 20.160 of the Zoning Code identified who is authorized to request reasonable accommodation provisions, what the application requirements are, and what findings are needed to grant the request. These procedures allow modifications to regular development standards as needed to accommodate individuals with

disabilities. Organizations serving people with disabilities include San Andreas Regional Center (SARC). Services provided include advocacy, skills training and residential placement.

### Female Heads of Households

According to the 2019 5-Year American Community Survey (ACS), 11.5% of San José households (37,319 households) are female-headed family households, down slightly over 5 years. Female-headed households with children face unique housing challenges. They often deal with pervasive gender inequality that results in lower wages for women. About 15% of the female-headed family households fall below the poverty level compared with 5% of all San José families who fall below the poverty level. Women of color face significantly worse housing problems than any other group in San José. The Bay Area Equity Atlas highlights the cost burden experienced by females. Data from 2019 IPUMS for San José indicates that, while 58% of all female renters in San José are cost burdened (compared with 48% of males), 69% of female Black renters and 62% of female Latina renters in San José are cost burdened. The City currently has 1,070 emergency shelter beds and transitional housing beds that serve homeless individuals including women with children and victims of domestic violence. The City also funds the a small Supportive Housing Employment Initiative to develop and launch an employment engagement system focused on homeless (men and) women in rapid rehousing programs. The City does not provide enough affordable housing specifically for female-headed households.

### Large Households

Large households are defined by the HUD as households with five or more members. According to the 2019 5-year ACS, there are 49,165 households with five or more persons in the City of San José, which makes up 15% of the City's total households. HUD's Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release provides some data on the income distribution among large family households. CHAS indicates that 28% of large family households were extremely or very low-income, earning less than 50% of the Area Median Income (AMI). There are no specific City sponsored programs targeting large or multigenerational households. The 2019 5-Year ACS data reveals that there are 89,065 occupied housing units in San José that have 4 or more bedrooms, 27% of the total housing units. Most of them (75,839 or 85%) are owner occupied while 15% (13,226) are renter occupied. If we assume that a minimum of 4 bedrooms is required to house a large person household, the city potentially has housing available to accommodate its 27,532 large family owner households. But large family renter households have a housing unit deficit – 13,226 housing units to accommodate 21,638 large family households. Moreover, the cost of owning or renting large family housing may make it prohibitive for the 28% of the large family households who earn 50% or less of the AMI.

### Seniors

According to the 2019 5-year ACS, there are 128,611 persons at or over the age of 65 living in the City of San José or 13% of the city's population. From 2014 to 2019, the number of seniors grew at a much faster pace than the general population – i.e., the city's population grew by 4.2% while the senior population grew by 19.5%. Approximately 36% of San José's seniors are AAPI, 32% are Latino/a/x, and 26% are non-Hispanic White. About 33% of San José's senior population have a disability. With the senior population growing at a much higher rate than the general population, the demand for affordable Senior Housing is expected to accelerate in the future. Currently there are about 87,059 households in San José with at least

one person over the age of 65. City-assisted affordable housing apartments meet only a small percentage of the need for senior housing.

### Extremely Low Income (ELI) Households

According to 2021 HCD Income Limits, a family of four making an annual income of \$49,700 in Santa Clara County is considered an Extremely Low-Income (ELI) household. CHAS 2013-17 tabulation reveals that 16.2% of San José households (51,924 households) are ELI households. ELI households face significant housing challenges, especially in a high-cost economy like the Silicon Valley. Their wages are low and stagnant. They are forced to compete with higher wage earners for the limited supply of affordable housing. According to *The Gap*, a 2021 report published by the National Low Income Housing Coalition,<sup>7</sup> there are just 29 homes available for every 100 extremely low-income households in the San José-Sunnyvale-Santa Clara metro area. For this current RHNA cycle, the City has been able to meet only 13% of its ELI housing goal.

### Programs and Policies

To increase the supply, quality, and access to housing for persons with special needs, the Housing Element contains the following programs and policies:

- *I-1, create partnerships with organizations that provide outreach to persons with disabilities*
- *I-2, affirmative marketing to persons with disabilities*
- *I-4, create a housing balance report*
- *I-5, accessibility plans and guidance*
- *I-6, universal design and ADA upgrades*
- *1-19, update ordinance to streamline reasonable accommodation review process*
- *P-21, issue special needs housing Notice of Funding Availability*
- *P-42, update zoning code to be consistent with state and federal laws regarding group homes.*



## ENDNOTES

- 1 Silicon Valley market capitalization: <https://jointventure.org/a-message-about-the-2022-index>
- 2 San José median housing prices: <https://www.sanjoseca.gov/home/showpublisheddocument/86697/>
- 3 Citywide Residential Anti-Displacement Strategy: Attached as Appendix I, and [https://www.sanjoseca.gov/your-government/departments-offices/housing/\\_resource-library/housing-policy-plans-and-reports/citywide-anti-displacement-strategy](https://www.sanjoseca.gov/your-government/departments-offices/housing/_resource-library/housing-policy-plans-and-reports/citywide-anti-displacement-strategy)
- 4 TCAC/HCD Opportunity Map: <https://belonging.berkeley.edu/2022-tcac-opportunity-map>
- 5 Mercury News article on North San José: <https://www.mercurynews.com/2022/05/20/settlement-could-bring-thousands-of-new-housing-units-to-north-san-jose-after-decadelong-pause/>
- 6 For examples of other jurisdiction-specific plans in the sub-region, please see: <https://www.mountainview.gov/depts/comdev/planning/activeprojects/google/googleshorebird.asp>; <https://www.moffettparksp.com/>; <https://www.santaclaraca.gov/business-development/related-santa-clara>
- 7 NLIHC, *The Gap*, <https://nlihc.org/gap>.