



Housing

San José Proposed Tenant Preferences to Fight Displacement

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Agenda

- 🏠 Introductions
- 🏠 SV@ Home and CSJ Housing Welcome
- 🏠 Program Overview and Changes
- 🏠 Next Steps
- 🏠 Q&A



Two Proposed Preferences to Fight Displacement

1. Citywide Anti-Displacement Tenant Preference

- **Definition:** Requires a portion of affordable apartments in a subject property be set aside for applicants from census tracts experiencing definitive or probable displacement. Subject properties can be anywhere in the city.

2. Neighborhood Tenant Preference

- **Definition:** Requires a portion of affordable apartments in a subject property be set aside for applicants already living in the same Council District of the subject property.

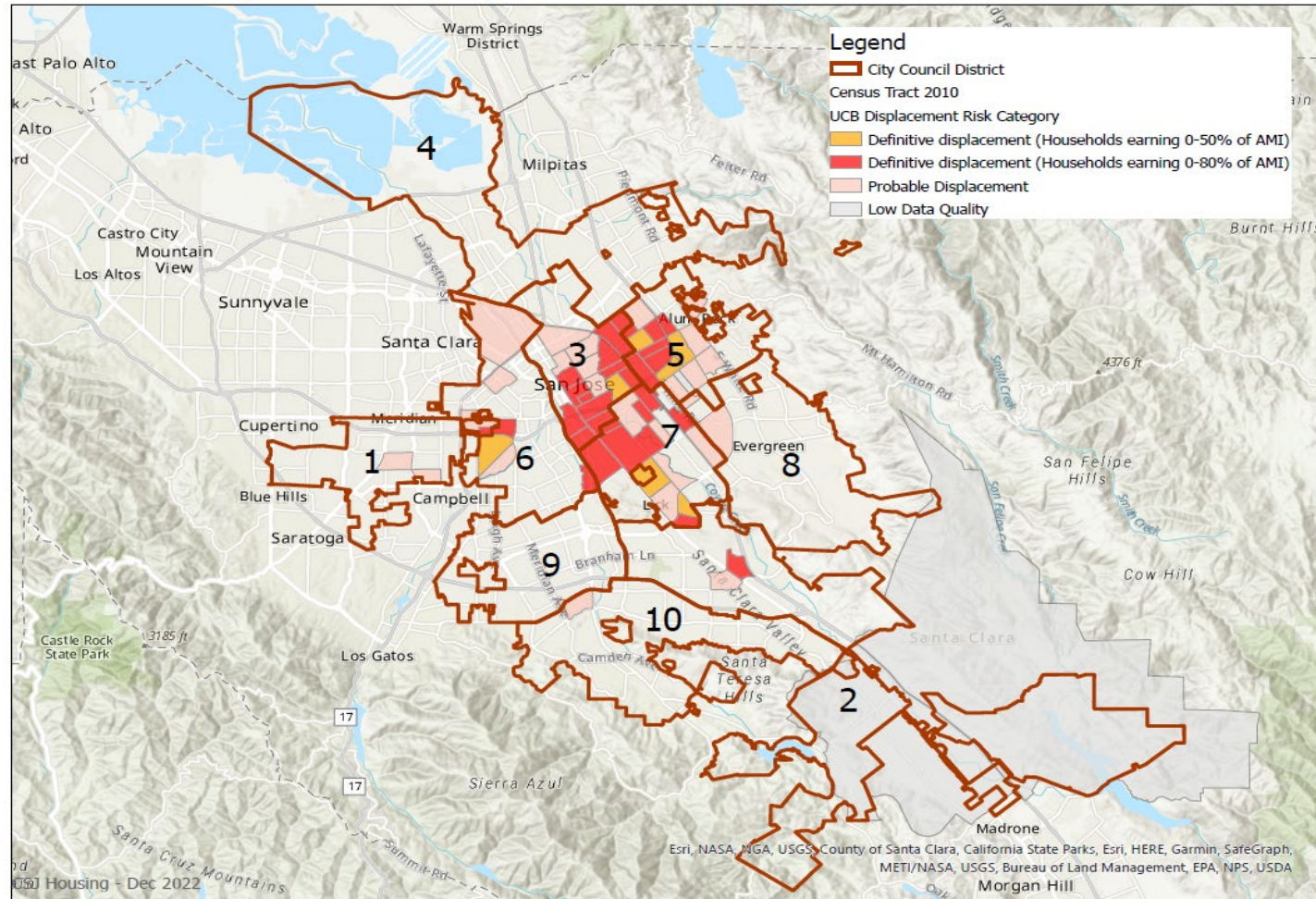
Set asides will apply to 35% of general population units: Limit of 15% of units for Neighborhood Preference and 20% for Anti-Displacement Preference

Applicants: Lower-income ($\leq 80\%$ AMI) and otherwise meeting eligibility criteria for apartments

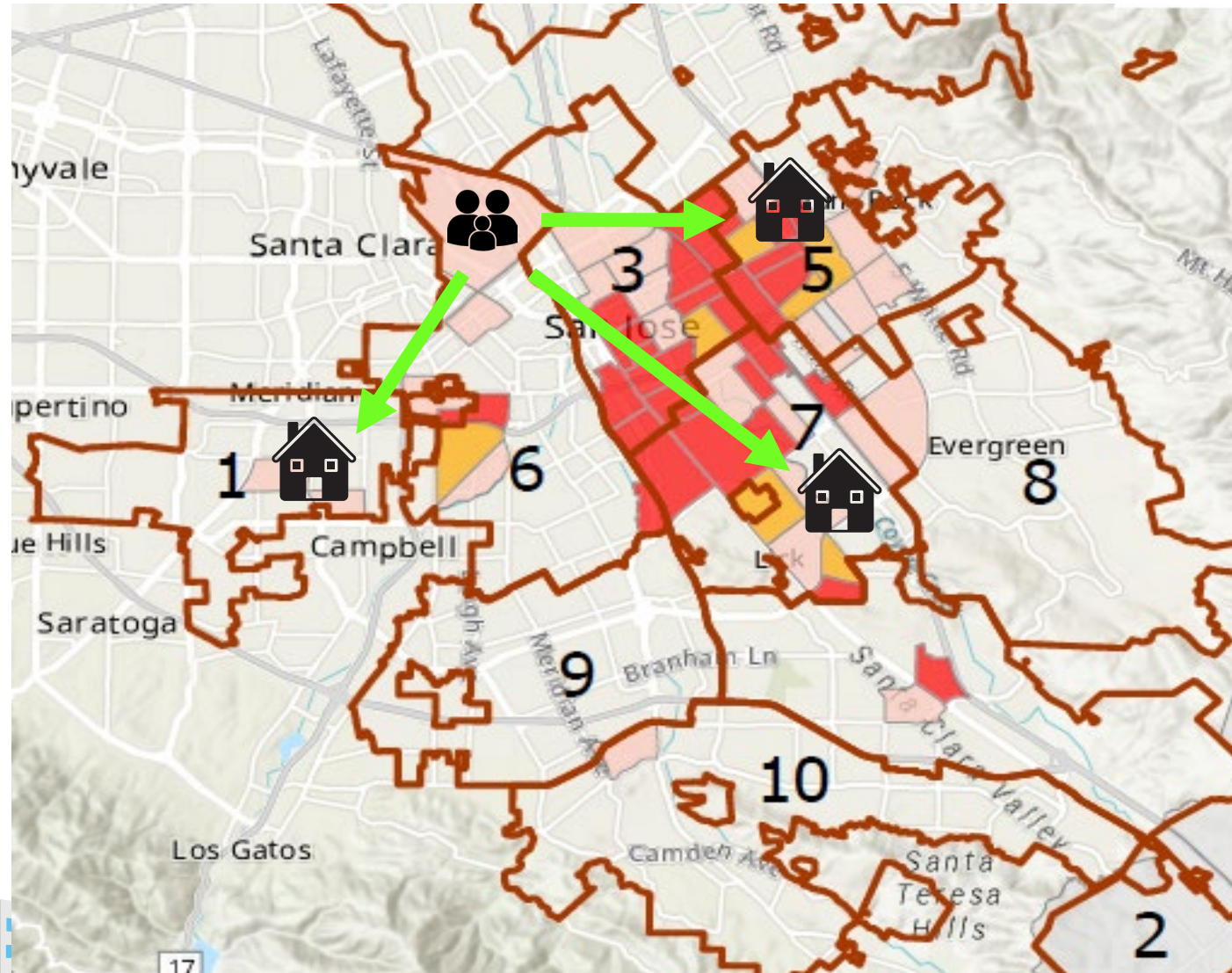


Displacement Tract Maps

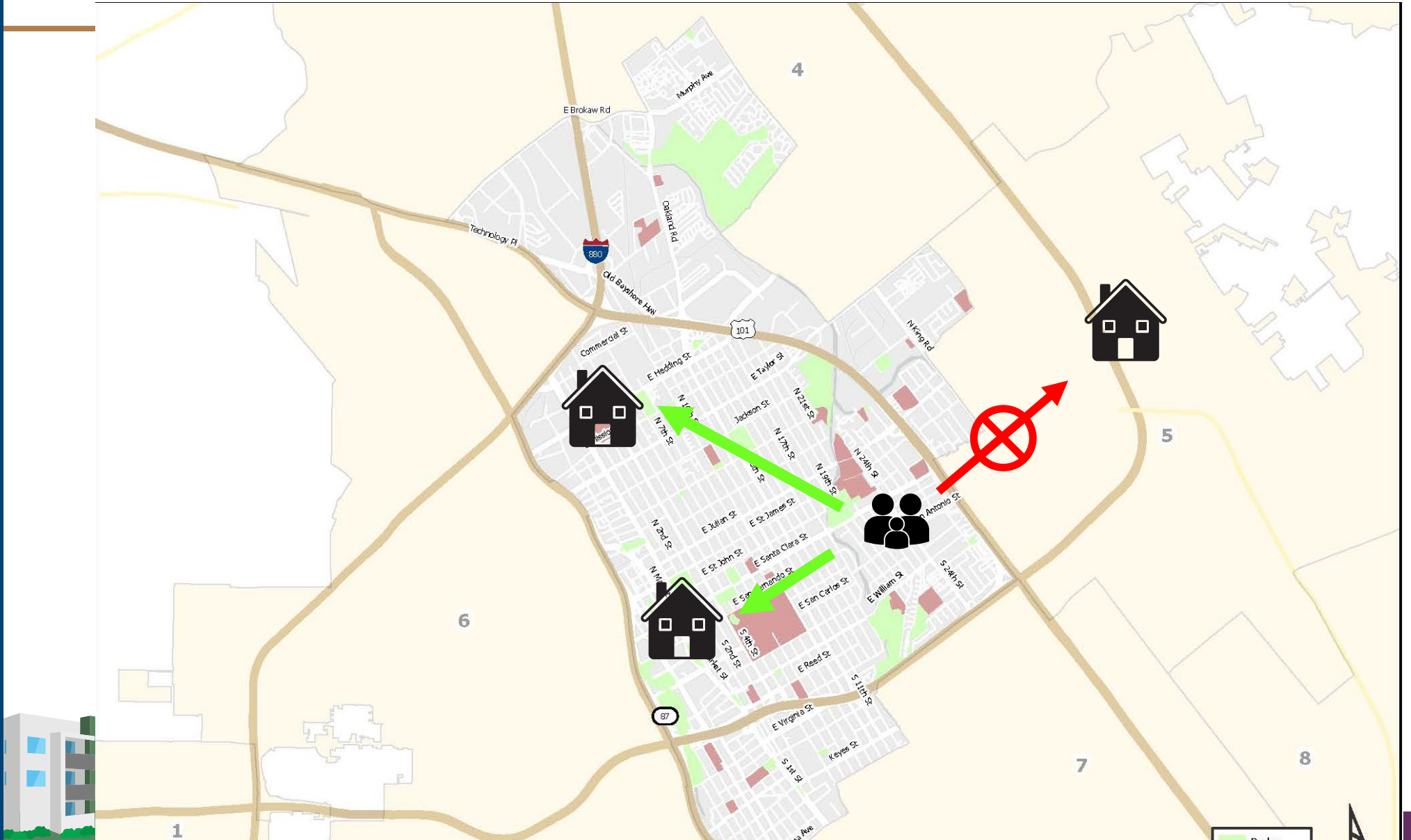
UC Berkeley CA Estimated Displacement Risk Model - June 2022 - San José Census Tracts



Anti-Displacement Preference



Neighborhood Preference



Proposed Framework: Properties

🏠 Types of deals

- City-funded deals for new construction and acq/rehab
- Deals subject to negotiated agreements (e.g., Development Agreements)
- Existing City-funded affordable deals (worked in on a deal-by-deal basis)
- Does include senior housing
- Could include HCD-funded deals, pending HCD approval
- Does not include:
- Units for special populations (i.e., permanent supportive housing)
 - Inclusionary Housing affordable apartments
 - HUD-funded properties
 - Units restricted over 80% AMI
 - Unrestricted units

🏠 Phase-in

- All subject properties 'in process' by effective date of approved ordinance



Proposed Framework: Units

🏠 Preferences set-aside for

- Up to a total of 35% of all restricted affordable units otherwise available to the general public in a subject property
 - Limit of 15% of units for Neighborhood Preference
 - Remaining 20% of units for Anti-Displacement Preference
- Disparate Impact Analysis results limit the preference applicability to 35% to ensure fair housing requirements are met
 - Analysis will be conducted periodically, and preference applicability will be updated accordingly



Proposed Framework: City Responsibilities

- Integrate preferences into online tenant application portal (Doorway): <https://housing.sanjoseca.gov/listings>
 - Explanation of preferences
 - Backend: geocoding of Census tracts for both preferences
- Place preferences into new and modified loan documents for properties
- Create administrative guidelines and implementation manual for property managers
- Approve lease-up plan and tenant selection plan prior to advertising (or phase-in plan) on subject properties
- Ensure Compliance annually for administration of preferences



Proposed Framework: Properties' Responsibilities

- Set up property on Doorway Portal
- Receive list(s) of applicants
- Identify units for preference and apply the tenant preferences to 35% of the general restricted units in the property
- Maintain single, lotterized waitlist of adequate length
- Advertise alternative documents for non-citizens are accepted
- Qualify applicants, including those eligible for one or both preferences
 - Verify applicant's eligibility for preference
 1. Check current address is in displacement Census tract and/or same Council District as the property through Doorway
 2. Validate two forms of proof of address
 - Income and all other eligibility



Feedback and Changes to Proposal

Affordable Housing Developers' and Property Managers' Feedback

City Response

- | | |
|--|--|
| <ul style="list-style-type: none"> • Allow some flexibility on the required unit mix for initial lease-up. • Allow units to be filled within 15 days if no qualified applicant is on the waiting list or can be identified. • Include a program review in coordination with developers within 18-24 months of the first implementation, and on an ongoing basis. • The City should indemnify developers against fair housing lawsuits. | <ul style="list-style-type: none"> • Agree. Flexibility given if 'next available unit rule' creates small imbalance during annual compliance review. • Agree. Documents will describe conditions. 'Next available unit' used to meet commensurate unit mix for 35% set-aside. Property managers' responsibility to maintain adequate waitlist for all applicant types. • Agree. Approval memo will include program evaluation 18-24 months after effective date, in coordination with developers, property managers, and community stakeholders. • City Attorney cannot approve. |
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Proposed Framework: Compliance

- 🏠 Property managers need to demonstrate annually:
 - 35% set-aside with commensurate unit mix is met, indicated on rent rolls
 - Waitlist procedures adhere to guidelines
 - Tenant selection plan describes tenant preference procedures
 - Acceptance of alternative documents was advertised
 - Property listing is remains active in Doorway



Proposed Framework: Compliance

🏠 Non-compliance

- First Violation:
 - Meeting to re-educate property management staff
 - 6-month follow-up with City and property management
- Second Violation:
 - City issues formal letter of non-compliance to owner and property management
- Third Violation:
 - City issues formal letter of non-compliance to owner, property management, and all other funders
 - City reserves the right to pursue any of its remedies under loan documents in the event of non-compliance



Next Steps

- 🏠 Summer to current: Present draft framework to property owners and managers, stakeholders, and the public
 - Public meetings in August
 - Presentations to stakeholders
 - Framework amendments based on feedback
- 🏠 January 2024: Integrate tenant preferences into Doorway
 - Exygy Beta Testing opportunity
- 🏠 Winter 2024: Public approvals
 - Community and Economic Development Committee: 2/26/2024
 - City Council: Mid-March 2024



Questions and Feedback

- 🏠 Compliance escalation
- 🏠 Single lotterized waitlist management
- 🏠 Other?



Thank you!

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General Comments/Feedback

HSG-policy@sanjoseca.gov

Website: <https://www.sanjoseca.gov/your-government/departments-offices/housing/resource-library/housing-policy-plans-and-reports/tenant-preferences>

Sign up for updates and beta testing!

