



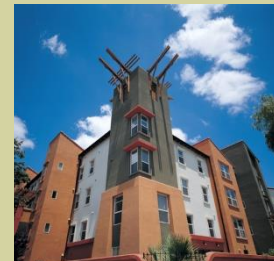
City of San Jose

Task Force for Envision 2040 Four-Year Review

Affordable Housing Policies

Thursday, February 25, 2016

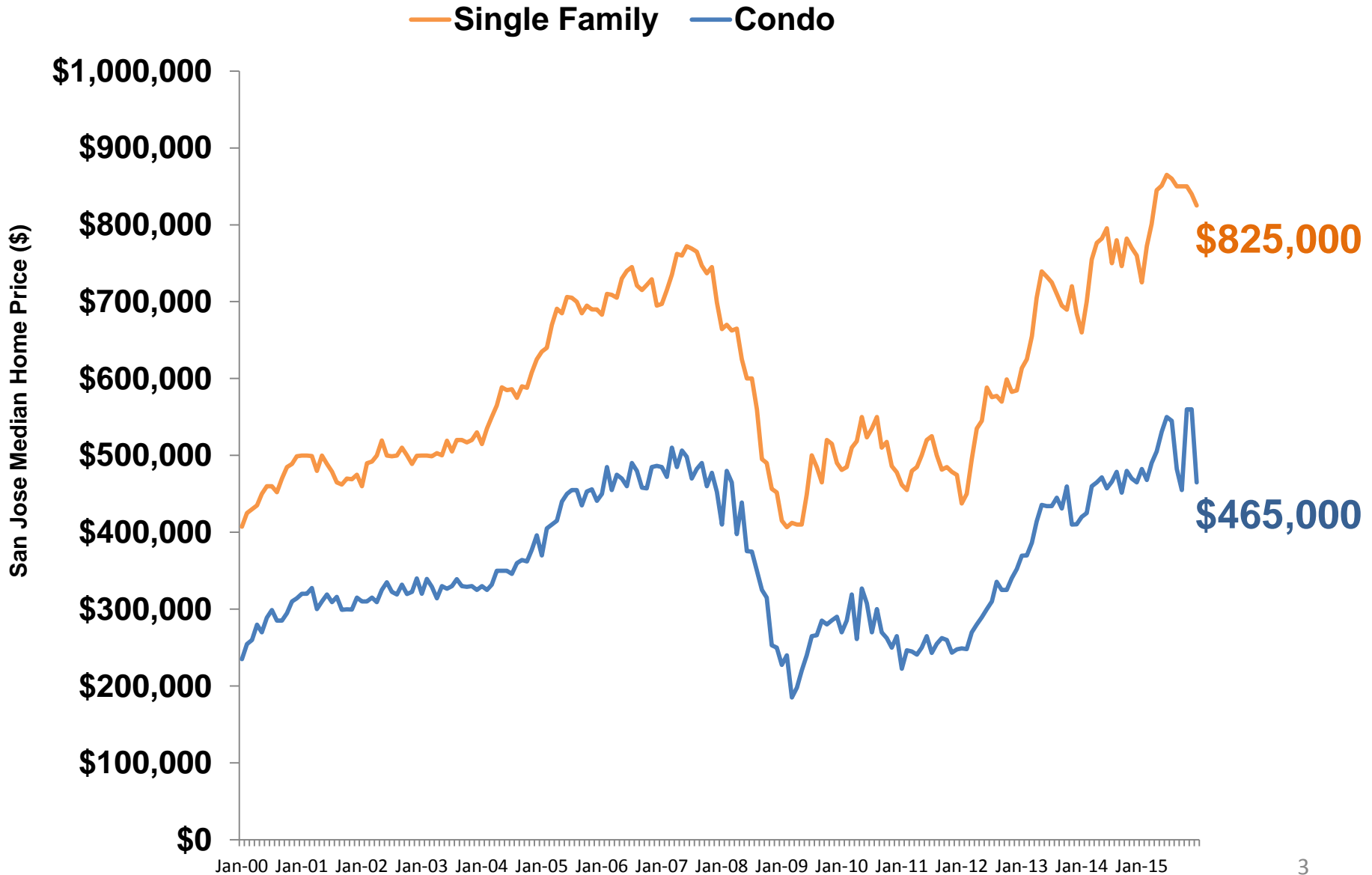
San Jose City Hall Wing Rooms 118-120



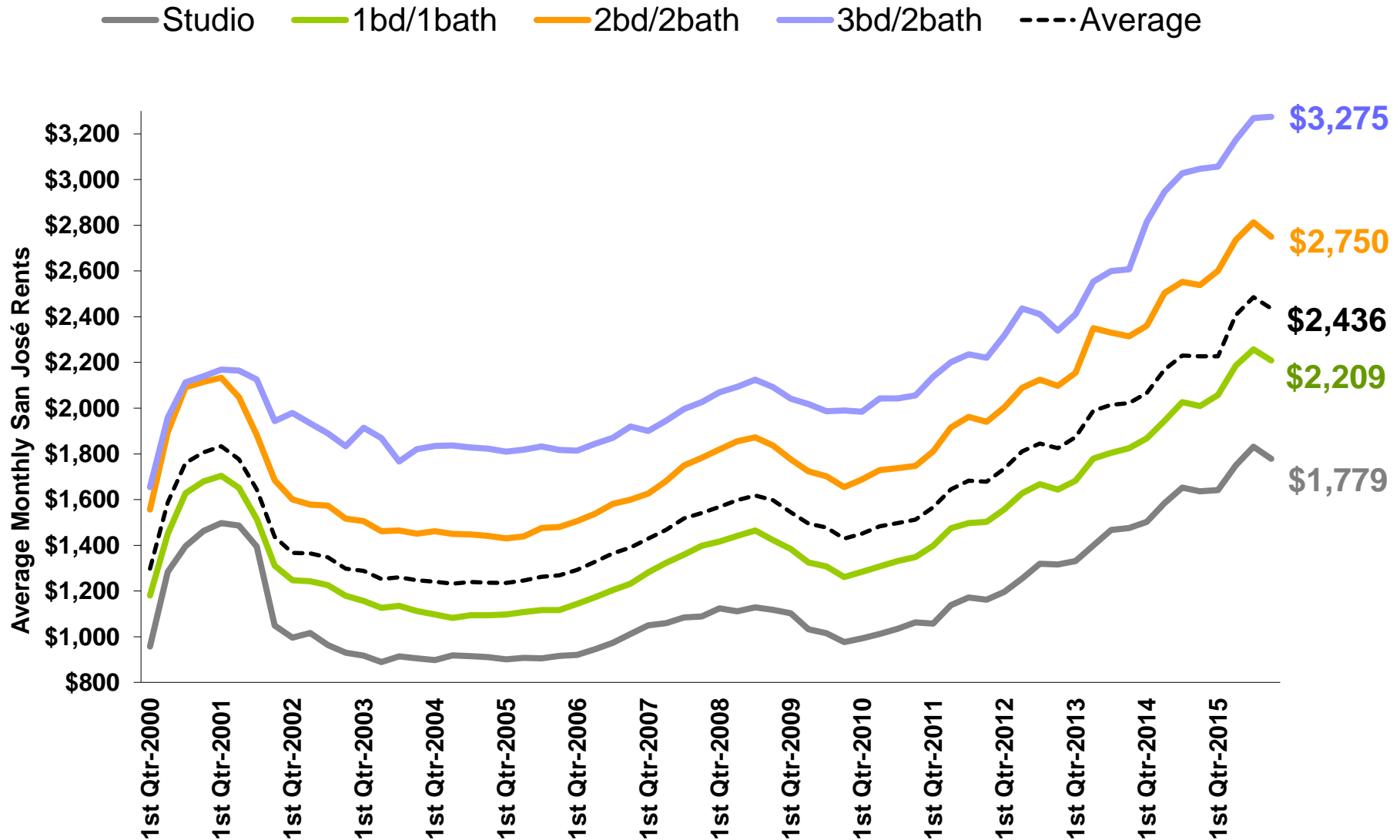
Presentation Goals

- Provide contextual information
- Identify key themes and issues
- Share results of regional housing needs allocation (RHNA)
- Review proposed affordable housing policies/actions






For-Sale Housing Costs Have Recovered - SJ



Rents at All-Time Highs - SJ



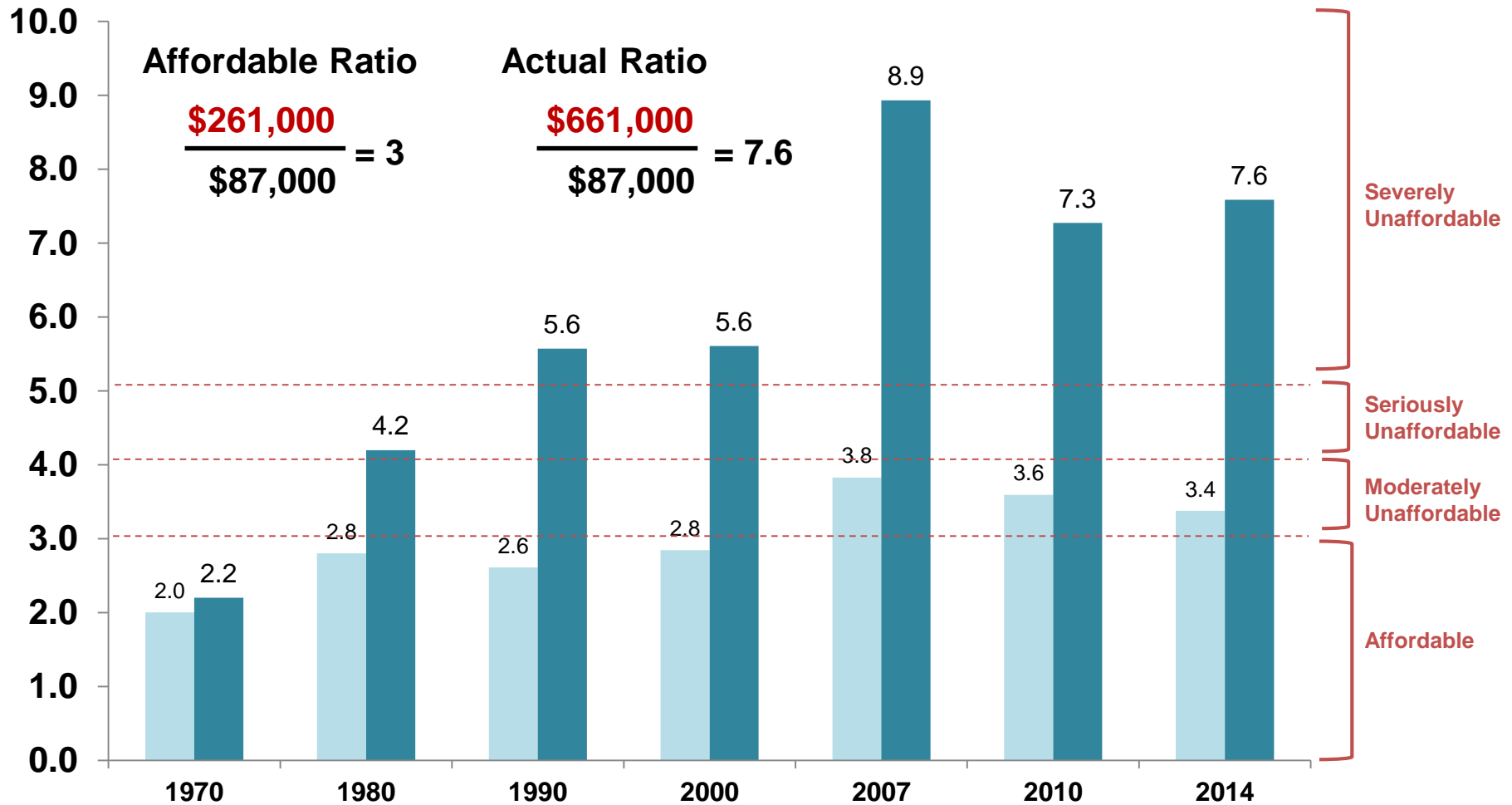
Housing Costs & Minimum Incomes

Ownership	Median Price	Minimum Income
	\$465,000	\$109,000 <i>\$91,000 Down</i>
	\$825,000	\$160,000 <i>\$170,000 Down</i>
Rental	Average Rent	Minimum Income
Studio	\$1,779	\$71,160
	\$2,209	\$88,360
	\$2,750	\$110,000
	\$3,275	\$131,000

History of High Housing Costs in San Jose

Ratio of Median Housing Value Compared to Median Income

■ US ■ San Jose







Vilaggio St

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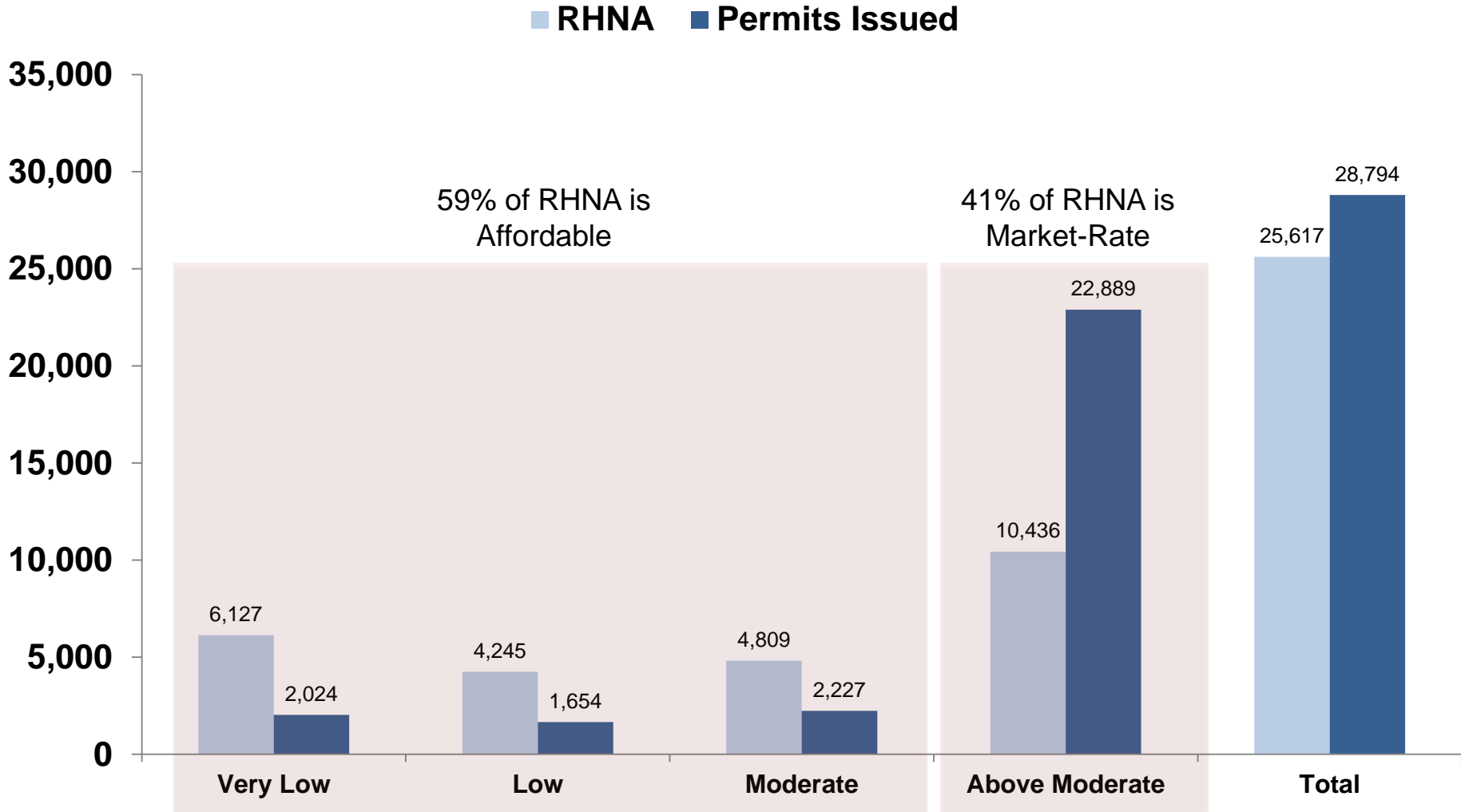


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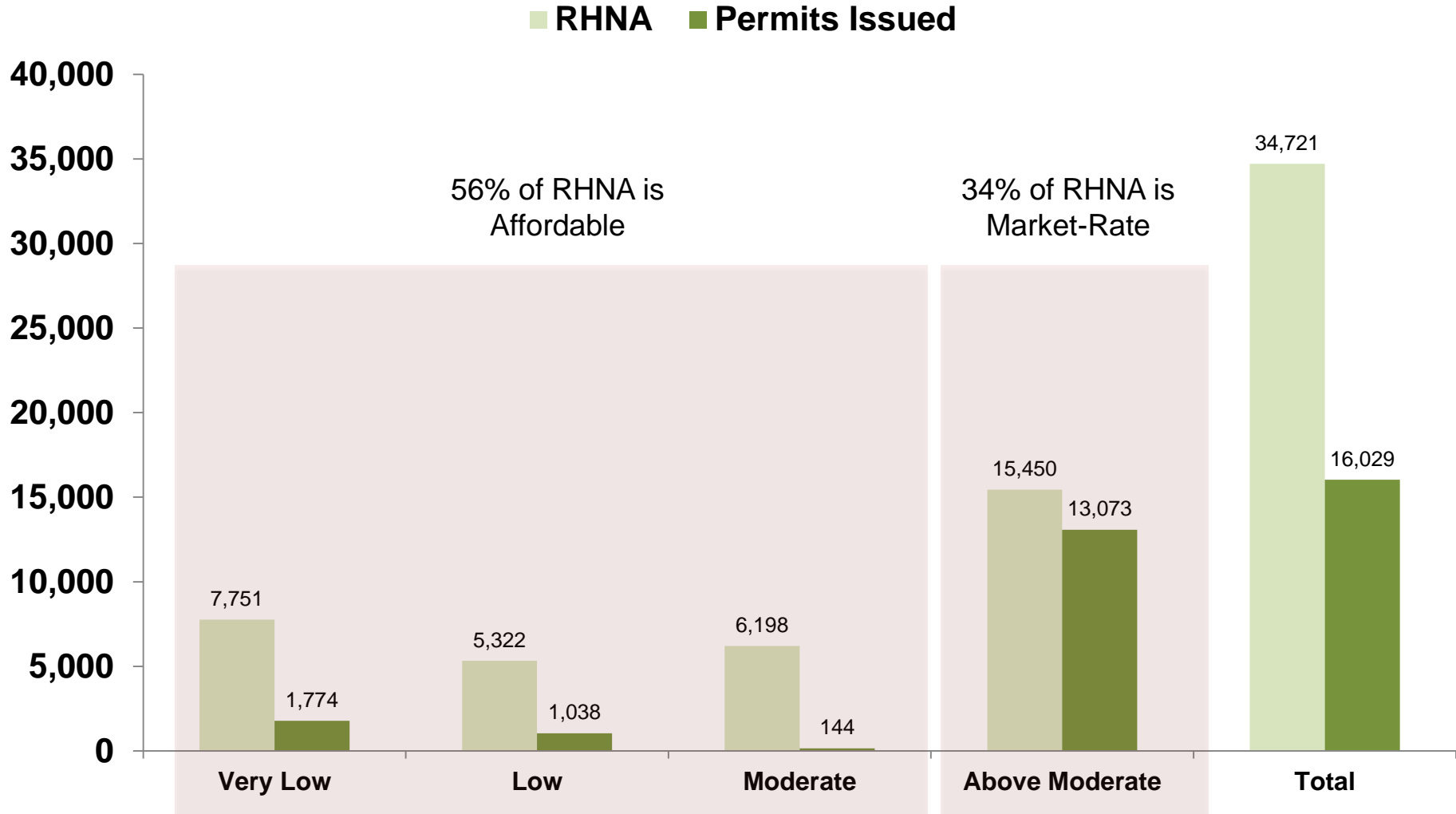
Income Categories for Affordable Housing

	Household Size			
Income Category	1	2	3	4
Extremely Low (0-30% AMI)	\$22,350	\$25,550	\$28,750	\$31,900
Very Low (31-50%)	\$37,250	\$42,550	\$47,850	\$53,150
Low (51-80% AMI)	\$59,400	\$67,900	\$76,400	\$84,900
Median (AMI)	\$74,400	\$85,050	\$95,650	\$106,300
Moderate (81-120% AM)	\$89,300	\$102,050	\$114,800	\$127,550

Regional Housing Needs 2007-14: County ex-SJ



Regional Housing Needs 2007-14: San Jose



Regional Housing Needs 2007-14: Summary

	ELI/VI		Low		Moderate		Above Mod		Total	
County ex-SJ	2,024/ 6,127	33%	1,654/ 4,245	39%	2,227/ 4,809	46%	22,889/ 10,436	219%	28,794/ 25,617	112%
SJ*	1,774/ 7,751	23%	1,038/ 5,322	20%	144/ 6,198	2%	13,073/ 15,450	85%	16,029/ 34,721	46%

*San Jose counted permit data through 2014, while other cities counted through September 2015.

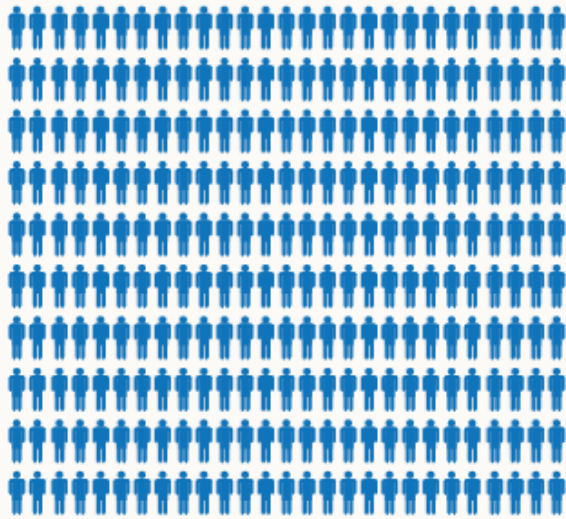
Divided Workforce

Above Moderate-Income

31% of Workforce

\$89,301 - \$155,000

(>120% of AMI)



Management
Computer & Mathematical
Architectural & Engineering
Healthcare
Legal

Median wages by occupation from California Employment Development Department, May 2015

* Area Median Income (AMI); income levels from 2015 HCD Income Limits for one-person household in Santa Clara County



Steve, Shop Technician & Metalworker

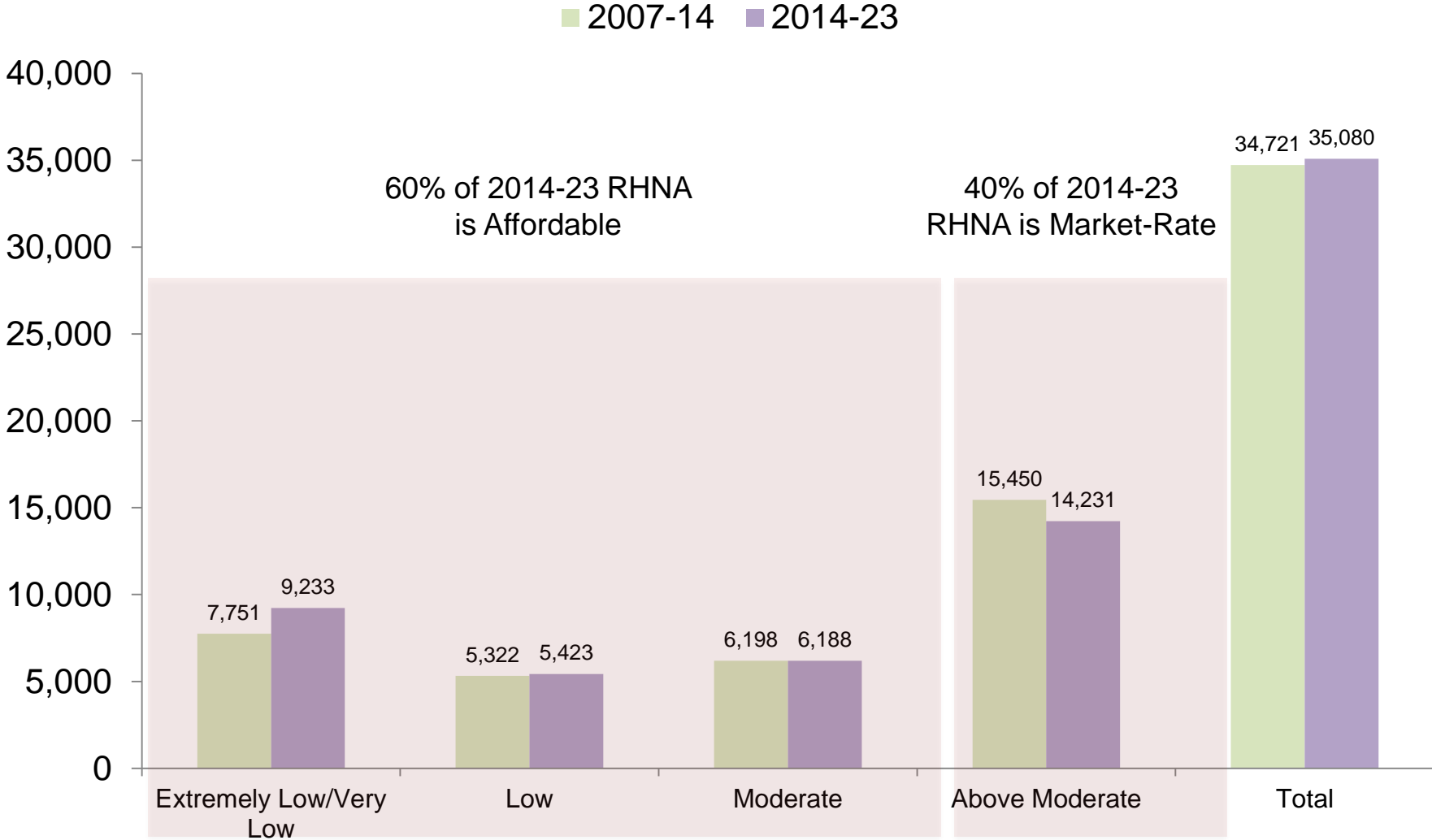


Robert, Artist & Former Machinist



Monica, Food Concessions

2014-23 RHNA versus 2007-14 RHNA



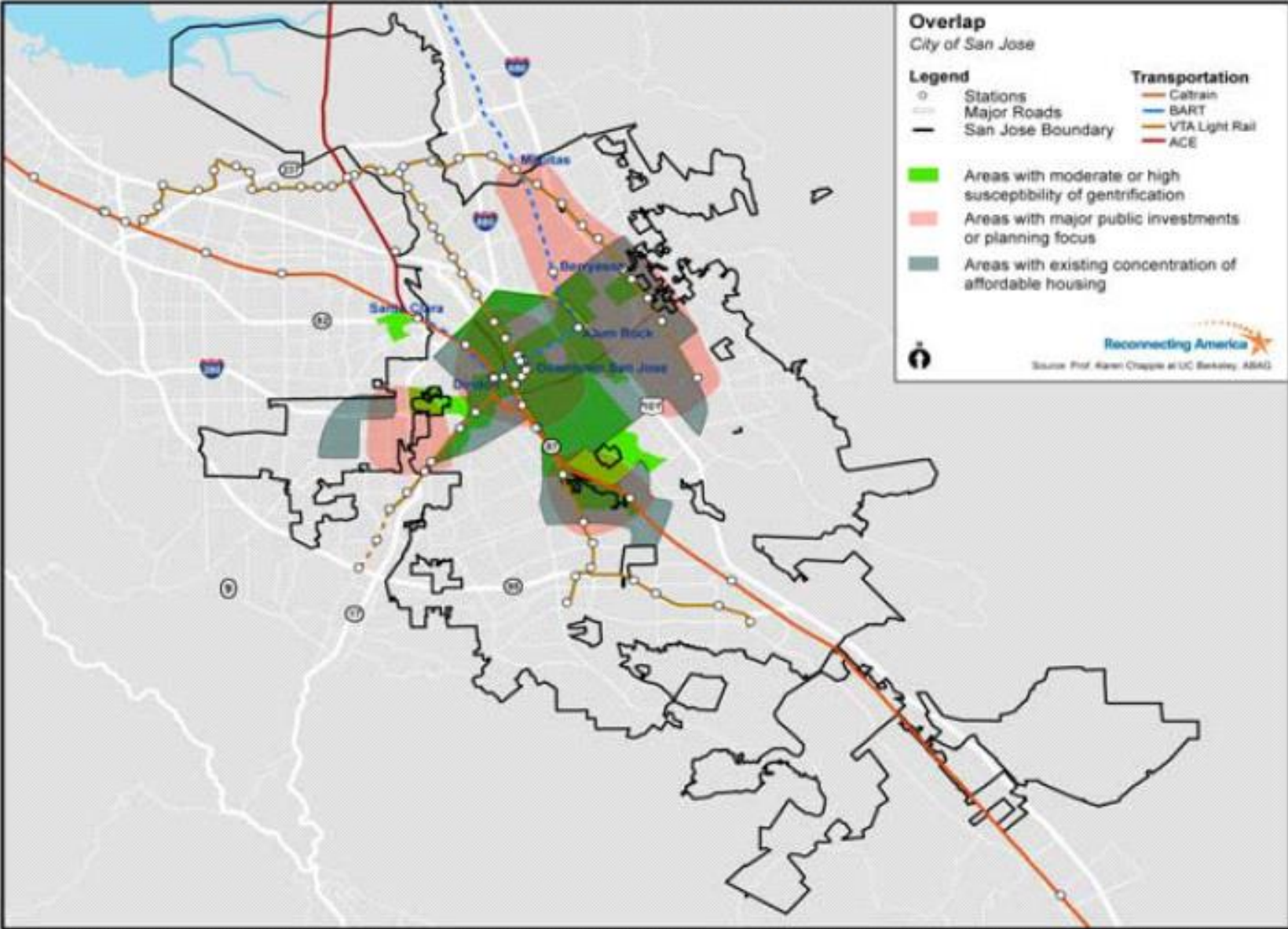
Jobs-Housing Fit

- Jobs-housing *balance* indicator of overall jobs and housing/employed residents.
- Jobs-housing *fit* measures availability of housing types relative to worker incomes.
 - Ratio of # of Low-Wage Jobs: # of Affordable Homes.
- SJ has jobs-housing fit of 4.37:1.
 - Deficit of 21,200 affordable homes.
- Considerations
 - One high-wage worker induces demand for four additional low-wage jobs.
 - Desire for additional sales tax, retail jobs are usually low-wage.

Market Demand for Urban TOD

- Continued market demand for urban, walkable, transit-oriented communities.
- 2016 Emerging Trends in Real Estate - ULI
 - Suburbs 2.0: More Main Street Living, including transit-oriented development
 - “Existing parking represents a suboptimal use of land.”
 - New housing options and ideas: “Developing improved housing options for everyone, however, is passing from the realm of “nice to do” to “must do.” That’s going to be shaping the housing trends going forward.”

Areas Susceptible to Displacement



Proposed General Plan Policies

- Facilitate new affordable housing opportunities, especially in key development areas – such as in Urban Villages – where the market would otherwise price them out.
- Preserve existing affordable housing opportunities.
- Mitigate/prevent displacement of low-income residents.

Proposed General Plan Policies: Urban Villages

- 100% affordable housing in Urban Villages may proceed in an Urban Village ahead of a growth horizon, or in a Village in current horizon that does not have a Council-approved Village plan if:
 - Must be for low-income residents who are extremely low-income (up to 30% AMI), very low-income (up to 50% AMI), or low-income (up to 60% AMI)
 - Project does not exceed 25% of total residential capacity of the Urban Village. For Villages < 500 unit capacity, max of 125 units of AH could be developed, not to exceed total planned housing capacity.
 - Development is consistent with Village plan (if one has been approved by Council).
 - Does not need to pull from the residential pool.

Proposed General Plan Policies: Urban Villages

- Continued:
 - Development that demolishes and does not adaptively reuse existing commercial buildings should replace the existing commercial square footage with an equal or greater amount of new commercial development either in vertical or horizontal mixed-use format.
 - Project is not located on identified key employment opportunity sites, which are sites generally 2 acres or larger, located at major intersections and for which there is anticipated market demand for commercial uses within the next 10-15 years.
 - Deed-restricted affordable housing built under this policy does not need to pull from the residential pool.

Proposed General Plan Policies: Urban Villages

- As part of preparation of an Urban Village Plan, establish a goal of a minimum of 25% of the residential capacity be for deed restricted affordable housing, with 15% of the units targeting households with an income below 30% of AMI.

Proposed General Plan Actions: Preservation

- Mobilehome parks.
 - Deferred by City Council February 23, 2016.
- Existing affordable housing opportunities.

Proposed General Plan Actions: Anti-Displacement

- Identify neighborhoods/planning areas undergoing change:
 - Market-driven
 - Infrastructure investment
- Identify, assess, and implement potential tools, policies, and programs to prevent or to mitigate displacement of low-income residents.

Proposed General Plan Policies: Other

- Allow conversion of commercial property if following conditions are met:
 - 100% deed-restricted affordable housing development.
 - Site is 1 acre or less.
 - Site is vacant or underutilized.
 - Residential uses adjacent on at least two sides & development would be compatible with surrounding neighborhood.
 - Would not impact viability of surrounding commercial or industrial properties or businesses.
 - Site is located within ½ mile of existing transit line.
 - Development integrates commercial uses that support the affordable housing development and/or surrounding neighborhood.

Proposed General Plan Policies/Actions: Other

- Prioritize and facilitate affordable housing in other key areas such as infill areas and transit areas.
- Work with partners to develop regional mechanism for affordable housing.
- Explore, analyze, and implement innovative programs, policies, and partnerships that lead to new housing solutions/products.
- Periodically analyze City's jobs-housing fit.



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