



Housing

Affordable Housing Siting Policy Draft Recommendations

Item: VII.C

May 13th, 2021

Housing & Community
Development Commission

Jacky Morales-Ferrand
Director

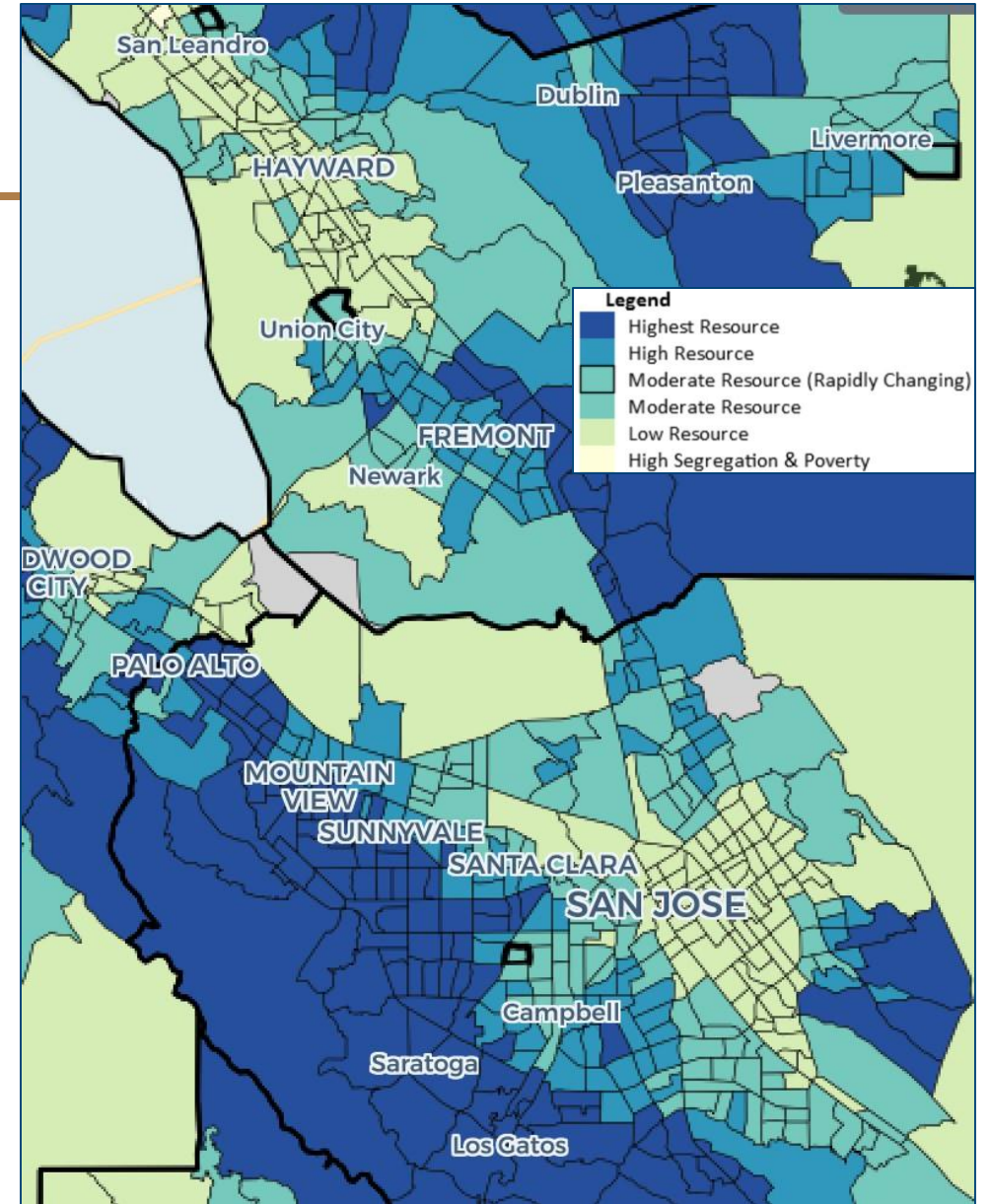
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Consultant Team

The **California Housing Partnership** and the **Othering & Belonging Institute** developed the State of California's Opportunity Map



Source: TCAC/HCD Opportunity Map, California Fair Housing Task Force, 2020



Siting Policy Goals

- Affirmatively further fair housing (AFFH) consistent with Federal and California fair housing laws
- Increasing affordable housing in higher opportunity neighborhoods of choice
- Mitigating residential displacement
- Easily administered by City staff and understood by developers



Affordable Housing Siting Policy applies to:



Rental housing assisted by City of San José



Affordable Siting Policy does not apply to:



Shelters



Bridge Housing



Group Homes



What we heard ...

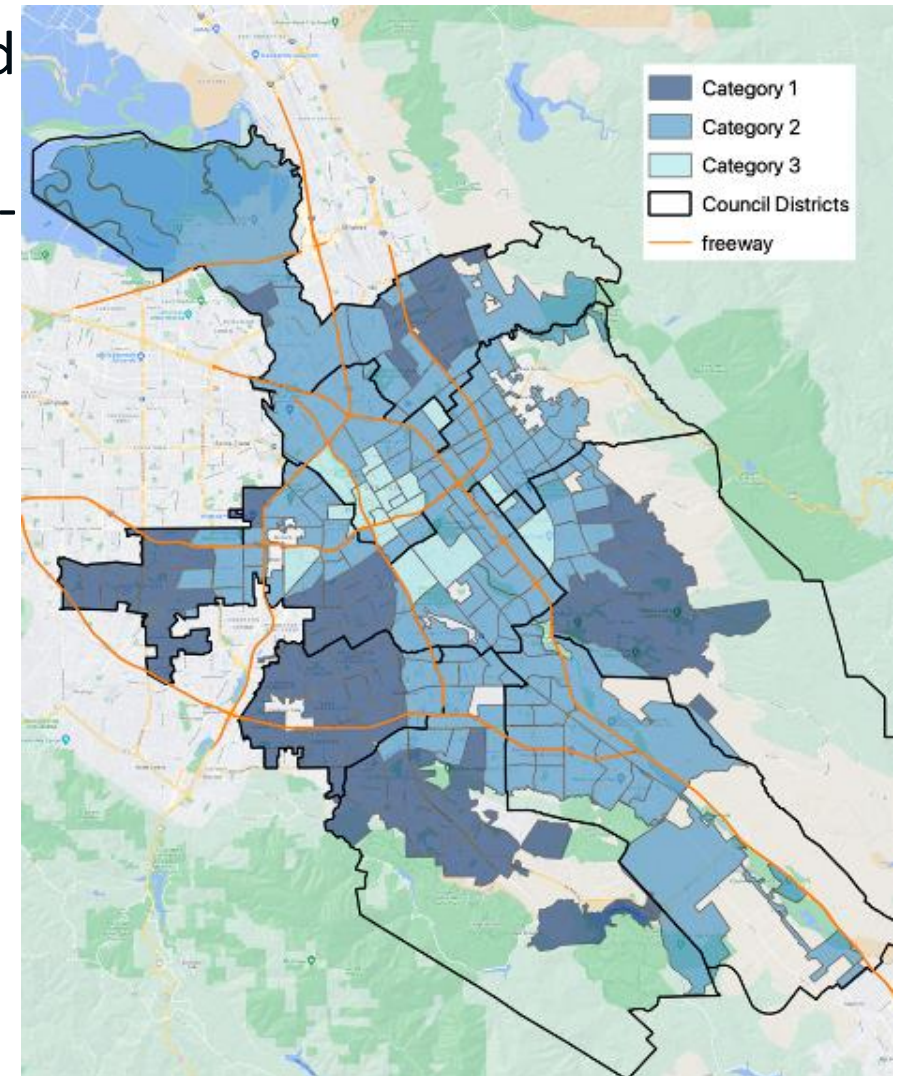
- Provide affordable housing in both high-income and low-income areas
- Prevent displacement as formerly low-income neighborhoods undergo changes
- Consider the dynamics of those moving from high-poverty neighborhoods when moved into another community – loss of support systems and cultural aspects
- City Council should consider neighborhoods' characteristics before and after developments proceed
- Concern about phase 1, some developers have already invested in existing sites located in Category 3 neighborhoods

Siting Policy Neighborhood Categories

Category 1. Resource-rich areas, defined as scoring in top 40% of census tracts in the Bay Area based on an index of place-based factors associated with positive long-term outcomes for residents.

Category 2. Areas that do not meet the resource-rich criteria, but which are neither high-poverty (20% poverty rate or above) nor high-crime (above 95th percentile in violent crime in the city).

Category 3. Areas that are high-poverty and/or high-crime.



Distribution of Affordable Homes in Existing & Pipeline Developments

Siting Policy Neighborhood Category	% of Census Tracts in City	% of Current & Pipeline Affordable Homes (all)	% of Current & Pipeline Affordable Homes (by population)
Category 1	34%	9%	Family = 8% Senior = 17% Supportive/Special Needs = 1%
Category 2	59%	68%	Family = 71% Senior = 61% Supportive/Special Needs = 59%
Category 3	7%	23%	Family = 21% Senior = 22% Supportive/Special Needs = 39%



Recommendations: Interim Goal

Initial five-year transition period

30% in Category 1

Locate **30%**
affordable housing
in **Category 1**
neighborhoods

50% in Category 2

Locate **50%** of
affordable housing
in **Category 2**
neighborhoods

20% in Category 3

Locate **20%** of
affordable housing
in **Category 3**
neighborhoods

Recommendations: Second Phase *

After initial 5-year phase-in period, locate:

60% in Category 1

Locate **60%** of future affordable housing in **Category 1** neighborhoods

30% in Category 2

Locate **30%** of future affordable housing in **Category 2** neighborhoods

10% in Category 3

Locate **10%** of future affordable housing in **Category 3** neighborhoods

*Evaluate the policy after one year to analyze effectiveness



NEW: One Year Evaluation of the Policy

Conduct an Evaluation after the funding of the first NOFA

- How did the policy work?
- What does the upcoming pipeline for affordable housing developments look like in context of the policy?
- What is the availability of sites in Category 1 neighborhoods?

Recommendation: Progress Tracking, Course Correction, and Evaluation

Track key indicators on an annual basis, course correct based on results, and conduct a formal evaluation prior to beginning the second phase. Indicators should include, but not be limited, to the following:



Progress toward siting goals for each neighborhood category



Representation of each affordable housing population (family, senior, supportive) in each neighborhood category



Project costs of Category 1 affordable housing relative to other parts of the city



Tenancy data to ensure affordable housing reflects the city's racial and ethnic demographics



Locations of County and Bond only funded developments in assessing progress toward siting policy goals



Update Siting Policy map resulting from changing community demographics

Recommendations For Specific Neighborhood Categories

- Explore strategies to **increase affordable housing production in Category 1 neighborhoods**, including but not limited to the following:
 - Ensure adequate supply of residential sites that would allow affordable housing
 - Provide access to predevelopment funding and capacity building grants
- Explore strategies to **increase resources and opportunity in Category 3 neighborhoods**, including but not limited to the following:
 - Require developers to choose from menu of options to enhance the neighborhood and the experience of its residents and identify additional funding sources
 - Direct other City agencies to coordinate investments in order to increase resources and opportunity while avoiding displacement of low-income residents

Recommendations for Policy Alignment

- **Align with Other Policies**, including:
 - Establish an agreement with the County to make funding decisions that align with the City's high-level Siting Policy goals
 - Incorporate the Siting Policy into its policy for the issuance of multifamily housing revenue bonds

Timeline for Public Process

Upcoming	Timeline
• Community Listening Sessions	January – May 2021
• Housing and Community Development Commission	May 13th, 2021
• Estimated City Council Date	June 22nd, 2021



Affordable Housing Siting Policy Webpage

For more information on the Interactive Map and Draft of the Siting Policy Report, please go here: <https://www.sanjoseca.gov/your-government/departments-offices/housing/developers/affordable-housing-plans-policies/affordable-housing-siting-policy>





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