

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE REPEALING RESOLUTION NO. 67604 AND APPROVING THE AFFORDABLE HOUSING SITING POLICY AND THE AFFORDABLE HOUSING SITING POLICY MAPS

WHEREAS, in 1989, the Council of the City of San José (“City”) approved a Mayor’s Task Force Report on Housing which included a dispersion policy for financing of affordable housing in the City; and

WHEREAS, on August 26, 1997, the City Council adopted Resolution No. 67604, which revised the City’s Dispersion Policy for Affordable Housing (“Dispersion Policy”); and

WHEREAS, in 2017, the City Council voted to pause the implementation of the City’s Dispersion Policy, which encouraged the development of affordable housing throughout the City and every Council District to promote economic integration, so that this policy could be updated to align with the General Plan 2040 and federal and state guidance on fair housing; and

WHEREAS, in 2019, the City released a Request for Proposal for the creation of an Affordable Housing Siting Policy (“Siting Policy”) and selected California Housing Partnership and the Othering and Belonging Institute to assist staff in developing the Siting Policy; and

WHEREAS, the proposed Siting Policy, one of several policies to help the City prioritize affordable housing developments, aligns with federal and state fair housing laws and obligations and seeks to increase affordable housing availability in resource-rich areas, mitigate displacement, and ensure that the policy is easily administered by City staff and understood by developers; and

WHEREAS, the City wishes to repeal Resolution No. 67604 and approve the Affordable Housing Siting Policy attached hereto as Exhibit A and the Affordable Housing Siting Policy Maps attached hereto as Exhibit B;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

- 1.) Resolution No. 67604, adopted on August 26, 1997, is hereby repealed.
- 2.) The Affordable Housing Siting Policy set forth in Exhibit A attached hereto is hereby approved.
- 3.) The Affordable Housing Siting Policy Maps set forth in Exhibit B attached hereto are hereby approved.

ADOPTED this _____ day of _____, 2021, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk

EXHIBIT A
CITY OF SAN JOSE
AFFORDABLE HOUSING SITING POLICY

The Siting Policy guides the distribution of funding by neighborhood categories over time to achieve the City’s objective to promote housing choice consistent with affirmatively furthering fair housing goals and the development and acquisition of new affordable housing throughout San José.

Applicability

The progress towards meeting the High-Level Distribution Goals includes all affordable housing located in the City of San José. The Siting Policy funding priorities applies to all funding sources invested by the City of San José in the development and/or acquisition of property for income restricted affordable housing and any other City policy that refers to this Siting Policy.

High-Level Distribution Goals

The high-level Siting Policy allocation goals for the share of affordable housing in each neighborhood category during a three-year transition phase (Phase One) and during the following period (Phase Two) are shown in the table below.

Neighborhood Category	Percentage of Census Tracts in San José	Current Distribution of Existing and Pipeline Affordable homes	Phase One Distribution High-Level Goal (% of Affordable homes)	Phase Two Distribution High-Level Goal (% of Affordable homes)
Category 1	34%	9%	30%	60%
Category 2	59%	68%	50%	30%
Category 3	7%	23%	20%	10%

Definitions:

Category 1. Category 1 areas are opportunity areas. Thirty-four (34) percent of census tracts in San José are Category 1 areas.

Category 2. Category 2 areas do not meet the criteria for opportunity areas, but they are neither high-poverty* nor high-crime*. Fifty-nine (59) percent of census tracts in San José are Category 2 areas. The Diridon Station Area Plan is categorized as Category 2, despite a portion of this area falling within census tracts that currently meet the criteria for Category 3.

Category 3. Category 3 areas are high-poverty, high-crime, or both. Seven (7) percent of census tracts in San José are Category 3 areas. Per above, the portion of census tracts that meet the high-crime and/or high-poverty criteria but overlap with the Diridon Station Area Plan are categorized as Category 2.

*Definitions of these terms can be found in the City of San José Affordable Housing Siting Policy Report, June 2021.

Funding Priorities

Phase one: During the initial three-year phase-in period, July 1, 2021 to June 30, 2024, allocate 30 percent of funding for affordable housing in Category 1 neighborhoods, 50 percent of funding in Category 2 neighborhoods, and 20 of funding percent in Category 3 neighborhoods. This “phase-in” period acknowledges that existing affordable homes pipelines in San José are concentrated in Category 2 and 3 neighborhoods.

Phase two: Beginning July 1, 2024, allocate 60 percent of funding for affordable homes in Category 1 neighborhoods, 30 percent of funding in Category 2 neighborhoods, and 10 percent of funding in Category 3 neighborhoods.

The percentage funding allocations should be met at the end of each phase. During Phase One, these funding set-asides for each neighborhood category could occur at any point within the three-year period, at the City’s discretion. During Phase Two, these set-asides could occur at any point within five-year implementation periods, at the City’s discretion. Implementation periods during Phase Two would renew every five years.

During both phases, the following areas will be prioritized for funding within each neighborhood category:

- Category 1: Transit-accessible areas* and Growth Areas*;
- Category 2: Displacement and exclusion risk areas*, transit-accessible areas, and Growth Areas; and
- Category 3: Displacement and exclusion risk areas and Growth Areas (all tracts in this category are transit-accessible).

*Definitions of these terms can be found in the City of San José Affordable Housing Siting Policy Report, June 2021.

Limited Funding to High-Concentration Neighborhoods

The City will consider limiting funding allocation for future affordable housing developments in census block groups where 50 percent or more of existing homes are deed-restricted affordable (existing + pipeline) and the census block group contains 200 or more affordable housing, unless:

- The block group is located within a Displacement and Exclusion Risk census tract, where low-income people could struggle to remain (or move in) without the benefit of new affordable housing; or
- The block group overlaps with a Growth Area, where new housing production could reduce affordable housing’s share of the

overall housing stock over time. In these cases, affordable housing should continue to be allowed in the portion of block group that overlap with a Growth Area, and the City should in the meantime assess the capacity and feasibility of future affordable and market-rate development within the Growth Area.

- Exceptions to the policy will require City Council approval

Additional Requirements

Funding priorities may be adjusted after reviewing annual performance indicators to ensure that high-level goals provided above are being met and that affordable housing populations located in a high-concentration neighborhood.

Reporting Requirements

The City will track performance indicators on an annual basis and periodically adjust the Siting Policy and implementation strategy based on the results. In addition, the City will commission an evaluation of the Siting Policy's transition phase (Phase One) before Phase Two begins to assess progress and recommend changes in implementation in order to achieve its high-level goals during the second phase.

Performance indicators to track on an annual basis will include, but not be limited, to the following:

- Progress in reaching high-level goals.
- Affordable housing populations including family, senior, special needs, other, in each neighborhood category and note where housing populations are over-or under-represented.
- Housing development costs in Category 1 relative to other parts of the City.
- Tenant demographic data by race and ethnicity to ensure that affordable housing is serving residents who reflect San José's racial and ethnic demographics. Any other additional tenant demographic data being collected such as people with disabilities, seniors, and household type (families, individuals) should also be included, if available.
- Non-City funded affordable housing developments (e.g. County of Santa Clara -funded, Bond funded, Housing Authority of the County of Santa Clara) in each neighborhood category.

Maps

Siting Policy Maps, attached hereto, will be updated periodically when neighborhood-level data changes or becomes available that may result in census tracts changing categories.

- Updated Maps will be posted on the Housing Department's website if a substantial number of tracts shift categories. As the Siting Policy map is updated over time, the City Council may consider adjusting high-level goals and funding priorities to reflect these changes.

EXHIBIT B
CITY OF SAN JOSE
AFFORDABLE HOUSING SITING POLICY MAPS

FIGURE 1. SITING POLICY MAP SHOWING ALL OF THE DIRIDON STATION AREA PLAN AS CATEGORY 2

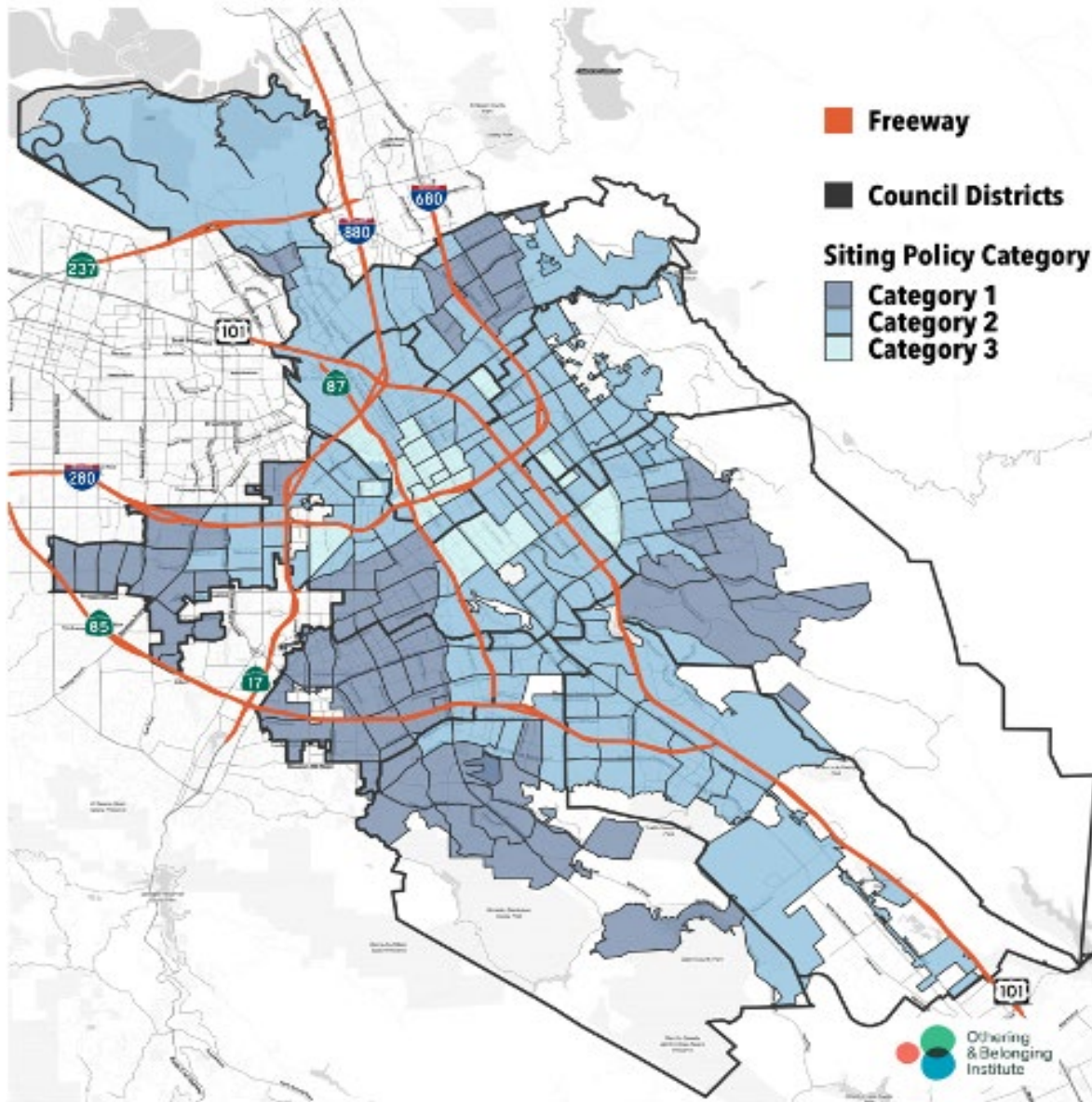


FIGURE 2. BLOCK GROUPS WITH HIGH CONCENTRATION OF AFFORDABLE HOUSING

