



Housing

Welcome

**Anti-Displacement
Stakeholder Advisory Committee
(SAC) Meeting #4**

August 19, 2021

Your Connection to San Jose

Poll



Agenda Overview

- 🏠 Welcome
- 🏠 Introductions/roll call
- 🏠 Presentation on COPA components:
 - Financing
 - Affordability
- 🏠 Discussion and Activity
- 🏠 Wrap up/next steps



Introductions

Name and
Organization/Affiliation



Ground Rules

- Be curious
- Keep an open mind
- Speak from your perspective
- Challenges accompanied by solutions
- Make proposals
- Everyone has space to talk





Housing

Financing and Affordability

Ensuring program success and access

Anti-Displacement
Stakeholder
Advisory Committee Meeting #2
August 19th, 2021

Asn Ndiaye

*Partnership for the Bay's
Future Fellow, Housing
Department*

Where We Are Now

🏠 Prior

- Overview, process, timeline, applicability, qualified nonprofits

🏠 Today

- **Financing, affordability**

🏠 Future meetings

- ownership, offers, tenant engagement and education/outreach



Financing & Affordability Objectives

- Ensure program success through community/government/lender partnerships
- Stem displacement by ensuring equitable access to lower-income households and households most at-risk
- Create multiple pathways to affordability and home stability

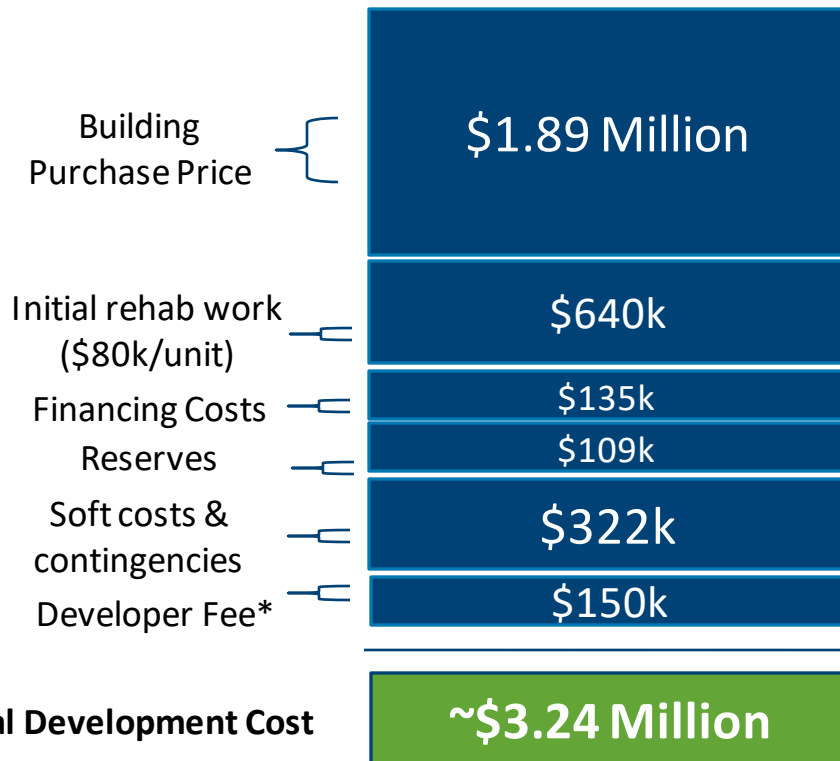


Financing

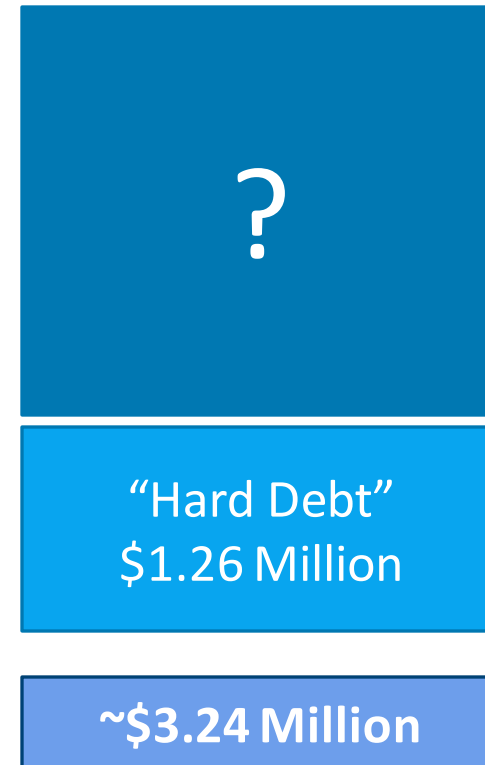


Understanding “The Gap”: An Example

Sample 8-Unit Building Costs



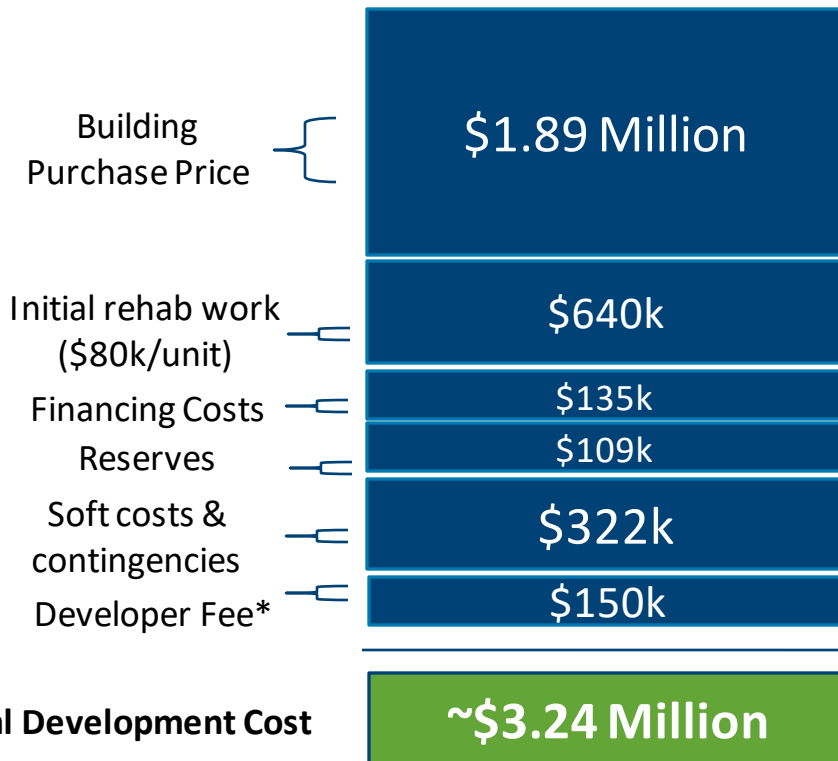
Sources



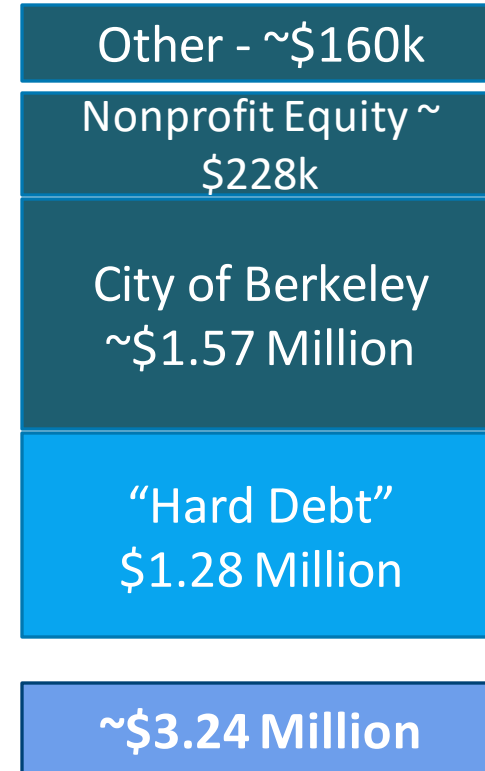
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Understanding “The Gap”: An Example

Sample 8-Unit Building Costs



Sources



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Preservation Funding in Other Cities

🏠 San Francisco

- SF Accelerator Fund
 - **Quick acquisition financing for preservation**
 - Initial Fund capital provided by City
 - Funders: banks, foundations, tech, health
 - **1,270 affordable homes, invested \$278M**
- Small Site Acquisition Program
 - Funded by voter-approved bonds
inclusionary fees, Housing Trust Fund
 - Targets buildings **5-25 units and restricts affordability to 80% AMI**



Preservation Funding in Other Cities

▲ District of Columbia

- Local Housing Production Trust Fund - total annual \$116M, with a **minimum of \$10M set aside for TOPA projects**
- In FY 2018, \$22.5M spent on TOPA acquisition projects - **449 units in 9 projects**
- Significant **funding is available to support transactions** (for local partners, legal assistance, tenant association formation)



Potential San José Preservation Funding

🏠 Measure E

- Transfer tax on property \$2M and up
- **Budgeting \$40M for FY 2021-22**

🏠 Commercial Linkage Fee

- Dependent on commercial development
- May get \$14M over next 3 years
- **Most of it directed to 25% affordable housing goal at Diridon**, as most of fees generated there

🏠 Former redevelopment funds

- City's largest source of funds, but dwindling



Up to 20% can be spent on housing 60-80% AMI

Potential Other Preservation Funding

🏠 Regional and State

- Bay Area Preservation Pilot
 - \$49M fund managed by MTC, Low Income Investment Fund, and Enterprise Community Partners
- Partnership for the Bay's Future
 - Regionwide effort to invest up to \$500M for 3Ps
- State Preservation Funds (possible)



Who's in the Room?

Poll



Affordability



FUEL CURV
TROWING THE NEEDLE

COPA Affordability in Other Cities

- San Francisco: 30-80% of area median income (AMI)
- District of Columbia: At least 50% of households meet the low-/moderate-income definition
- Proposed for Berkeley:
 - 80% AMI if QNP is buying
 - no affordability restrictions if tenants are buying



Maximum Median Incomes & Rents

	Maximum Incomes		Maximum Rents	
	1 person	4 people	1-bedroom	3-bedroom
30% AMI (Extremely Low)	\$34,800	\$49,700	\$907	\$1,134
50% AMI (Very Low)	\$58,000	\$82,850	\$1,512	\$1,891
80% AMI (Low)	\$82,450	\$117,750	\$2,420	\$3,026
120% AMI (Moderate)	\$127,100	\$180,550	\$3,630	\$4,539



Proposed Affordability Baseline

- 🏠 30 to 80% of Area Median Income
 - Not under 30% AMI
 - Residents need additional services
 - May include formerly homeless residents
 - Requirements for QNPs would be different
 - Buildings may need different configurations
 - 🏠 Not over 80% AMI
 - Focus on avoiding negative displacement effects for low-income residents per research
 - Consistent with City Council direction
 - Consistent with Measure E usage plan



Set Additional COPA Affordability Standard?

Pro - Lower Incomes

- Displacement more concern for lowest-income residents
- Neighborhood incomes far lower than County incomes
- Balance of portfolio
- If it's not a goal, it doesn't get met

Con - Higher Incomes

- Easier to manage
- City funds set criteria
- Less likely to displace higher income residents
- More rent = more rehab
- Could support other deeply-affordable units
- Could cap rent increases



Sample Households in the Community

Ext. low-income household

- **Job:** Single home healthcare aide
- **Income:** \$30,092

Very Low-income household

- **Jobs:** Rehab counselor & part-time admin assistant
- **Income:** \$44,000 + \$23,500 = \$67,500

Moderate-income household

- **Jobs:** Computer user support specialist & health information tech specialist. Two children.
- **Income:** \$80,000 + \$71,300 = \$151,300



Activity



When push comes to shove, which is most important?

- Deeper affordability
- More rehab
- More small properties (duplexes, triplexes)
- High opportunity areas (e.g. well resourced schools)
- More units overall

menti.com, code **8122 2961**



Should there be a deeper affordability target or keep it flexible between 30-80%?



How should COPA address tenants who are over-income when the building is purchased?



Scenario

- Alex has a family of three. The household makes about \$122,500 a year (95% AMI). They currently pay \$2,300 in rent, but with their income, they can afford up to \$3,062/month*.
- ***How should COPA address this? The rent should:***
 - Stay the same and be increased over time as would be allowed under the rent stabilization ordinance (as applicable)
 - Be set to 30% of their income (including utilities)
 - Be set to a market-rate level
 - Require the resident to leave within a reasonable amount of time and with a move-out payment

Would you answer change if the tenant was way over income?



Small group discussions



Report Back



Vote



Wrap Up & Next Steps

- **SAC #5 Meeting, Sept 23, 6 – 7:30**
 - RSVP: <https://bit.ly/sjantidisplacement5>
- **Feedback survey**



Thank you!

