

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 proposed Siting Policy shall apply to deed-restricted affordable housing funded by the City.

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 Resolution No. 67604, adopted on August 26, 1997, is hereby repealed.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

1. POLICY

The purpose of the Affordable Housing Siting Policy (“Siting Policy”) is to align affordable housing siting patterns in San José with affirmatively furthering fair housing (AFFH) principles, including increasing access to higher opportunity neighborhoods, mitigating displacement, and reducing disparities in resources between communities. The Siting Policy applies to all restricted rents 80% Area Median Income and below housing in the City of San José.

2. APPLICABILITY

The Siting Policy applies to permanent deed-restricted affordable housing financed by the City of San José, except acquisition and rehabilitation of existing deed-restricted affordable homes. For the purposes of policy evaluation (Section 6), the evaluation will include all permanent deed-restricted affordable housing in the City of San José restricted rents at 30% of 80% AMI and below, regardless of how it was financed.

The Siting Policy would not apply to temporary shelters or to affordable homes created through the City’s inclusionary housing ordinance (except in cases where the developer elects to build this housing off-site).

3. OBJECTIVES

The policy’s objective is to consider the long-term success and stability of low-income households residing in affordable housing developments in San José. Research shows that increasing access to affordable housing is the most cost-effective strategy for reducing childhood poverty and increasing economic mobility in the United States.

3.1. The four primary Siting Policy Objectives are:

1. Aligning with Federal and State affirmatively furthering fair housing (AFFH) laws and obligations;
2. Increasing affordable housing availability in opportunity areas;
3. Mitigating displacement of low-income residents; and
4. Creating a Siting Policy that is easily administered by City staff and understood by developers.

3.2. Neighborhood Categories

The Siting Policy identifies three neighborhood categories organized according to their characteristics listed in order of the greater number of positive outcomes for residents.

Category 1 Neighborhoods are resource-rich areas identified as High or Highest Resource Areas in the Tax Credit Allocation Committee (TCAC)/Housing and Community Development (HCD) Opportunity Map. The criteria for Opportunity Areas in the TCAC/HCD Opportunity Map have characteristics associated with upward mobility, educational attainment, physical and mental health, and other positive outcomes, especially for children.

Category 2 Neighborhoods do not meet the criteria for resource-rich areas, but they are neither high-poverty nor highest rates of violent crime.

Category 3 Neighborhoods are high-poverty, highest rates of violent crime, or both. High poverty areas are defined as census tract areas where more than 20% of the households living in the area fall below the federal poverty line. Highest Violent Crime Areas are neighborhoods where exposure to violent crime is especially high relative to the rest of the San José. Areas are defined as highest violent crime if they rank above the 95th percentile in violent crime rate per 1,000 people in San José.

4. SITING POLICY GOALS

- 4.1. The goal of the Siting Policy is to evenly distribute affordable housing units across all three neighborhood categories at the same rate as the share of census tracts within each neighborhood category area. The long-term goal of the Siting Policy is to achieve a distribution of affordable housing units as follows:

Category 1 Neighborhoods 34% of affordable units

Category 2 Neighborhoods 59% of affordable units
Category 3 Neighborhoods 7% of affordable units

In order to achieve this goal, the Siting Policy incentivizes the distribution of affordable housing units in Category 1 and 2 neighborhoods over time. The policy is broken into two phased periods where “Phase One” is the first three-years of the policy (September 2021 to June 30, 2024) and “Phase 2” is the following five-year period (July 1, 2024 to June 30, 2029).

4.2. Phase One – During the initial three-year period, the Siting Policy will allocate funding based on the distribution of affordable units as follows:

Category 1 Neighborhoods 30% of affordable units
Category 2 Neighborhoods 50% of affordable units
Category 3 Neighborhoods 20% of affordable units

4.3. Phase Two – During the second five-year period, the Siting Policy will allocate funding based on the distribution of affordable units as follows:

Category 1 Neighborhoods 60% of affordable units
Category 2 Neighborhoods 30% of affordable units
Category 3 Neighborhoods 10% of affordable units

For Phase 1 and 2 of the Siting Policy, the goals should be met at the end of each phases and do not need to be met on an annual basis.

5. LIMITED FUNDING FOR NEW AFFORDABLE HOUSING DEVELOPMENTS IN HIGH- CONCENTRATION NEIGHBORHOODS

5.1. 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 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, which is defined as 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 those listed in 4.1 funding for new affordable housing developments in high concentration neighborhoods will require City Council approval.

6. IMPLICATIONS FOR THE INCLUSIONARY HOUSING ORDINANCE

- 6.1. The Inclusionary Housing Ordinance includes an option for market rate developers to meet their obligation under the ordinance by developing affordable housing through the offsite construction option (Municipal Code Section 5.08.510). This option allows the developer to provide 20% of the number of market rate homes as affordable inclusionary housing homes on an offsite location. Where the Inclusionary Housing Ordinance requires these to be in located in the same "Opportunity Area" as the market rate homes, the criteria for that Ordinance shall mean that offsite location must be in the same or lower neighborhood category as defined by the Siting Policy. For example, if the market rate housing development was built in a Category 2 neighborhood, the offsite affordable housing development must be built in either a Category 2 or a Category 1 neighborhood to comply with the Siting Policy.

7. POLICY EVALUATION

- 7.1. The City will track performance indicators on an annual basis and periodically adjust the Siting Policy 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:

- High-level goals: Progress toward high-level Siting Policy goals for each neighborhood category;
- Affordable housing populations: Representation of each affordable housing development type (family, senior, special needs, other) in each neighborhood category, noting where affordable housing populations are over- or under-represented;
- Costs: using development costs in Category 1 neighborhoods relative to costs in other parts of San José;
- Race and ethnicity: Tenancy data to determine whether homes across the city are serving residents who reflect San José's racial and ethnic demographics;
- Non-City funded developments: Location of developments that do not require funding from the City, so that the City can adjust its funding priorities in accordance with high-level Siting Policy goals for each neighborhood category; and
- Map changes: Substantial changes to the Siting Policy map resulting from data updates reflecting neighborhood-level changes.
- An evaluation of the Siting Policy's interim phase (Phase One) will be commissioned before Phase Two begins. The purpose of the evaluation is to assess all progress and recommend changes in implementation in order to achieve the Policy's high-level goals during the second phase.

8. MAPS

8.1. The initial Siting Policy Maps, attached hereto as Exhibit A, are incorporated in this policy. The Siting Policy will be

updated periodically when neighborhood-level data changes or becomes available that may result in census tracts changing categories requiring updated Siting Policy Maps.

9. CHANGES TO THE POLICY

- 9.1. The Director of Housing may update the Siting Policy maps and post the updated maps on the Housing Department website. Any changes to the Siting Policy will be made by resolution of the City Council.

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

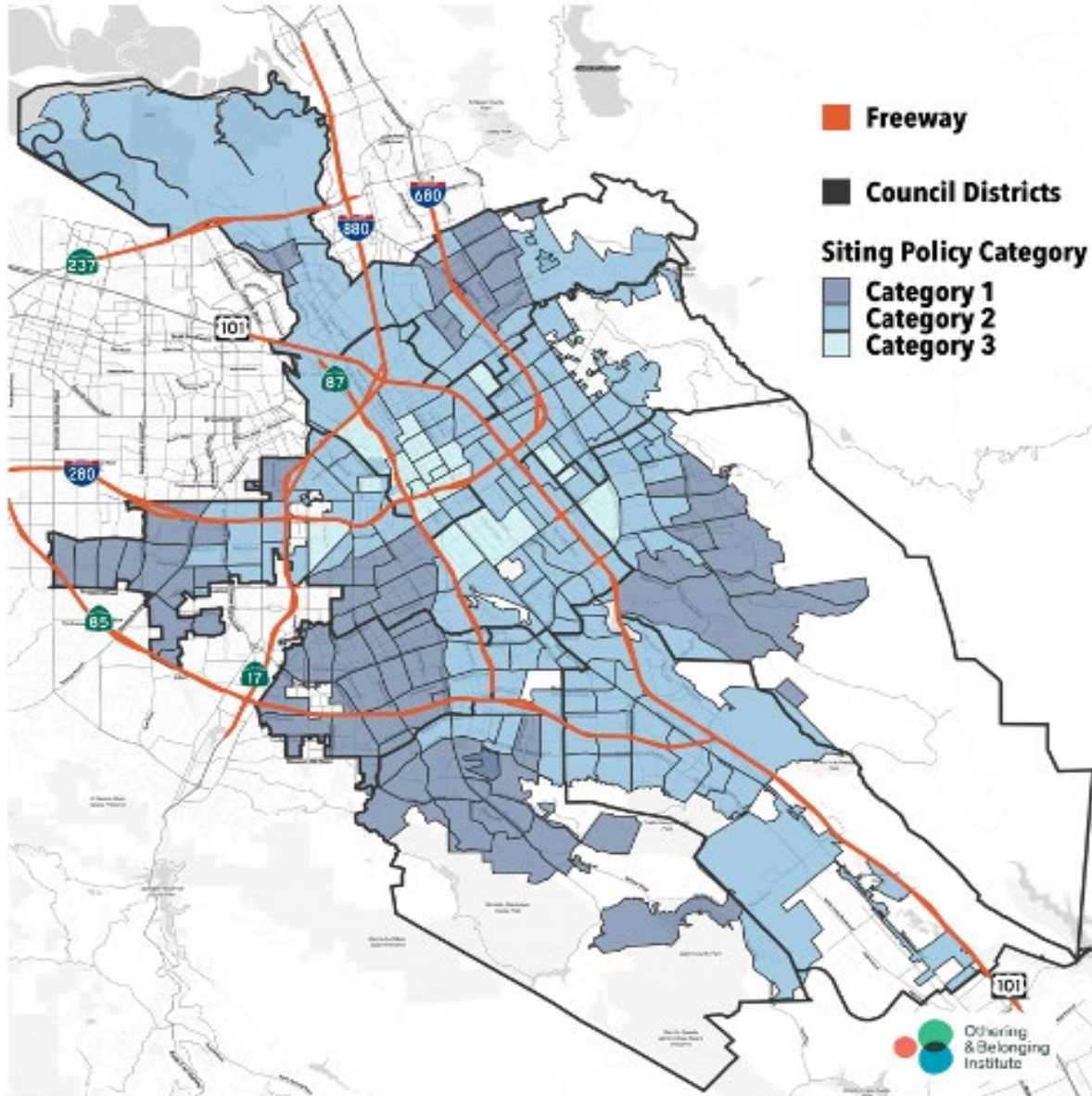


FIGURE 2. Census Block Groups with High Concentration of Affordable Housing

