



Housing

Affordable Housing Programs and Policies:

Production, Preservation & Protection

City Council Study Session - Panelist Presentation
September 7, 2023

Regina Williams, Moderator
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California Apartment Association

Stephen Lewis
California Rent Stabilization Network

The 3Ps of Housing

An equity centered framework
for solving the housing crisis.

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**San Francisco
Foundation**

SFF's Equity Agenda

All people living in the San Francisco Bay Area are economically secure, rooted in vibrant communities, and engaged in civic life.

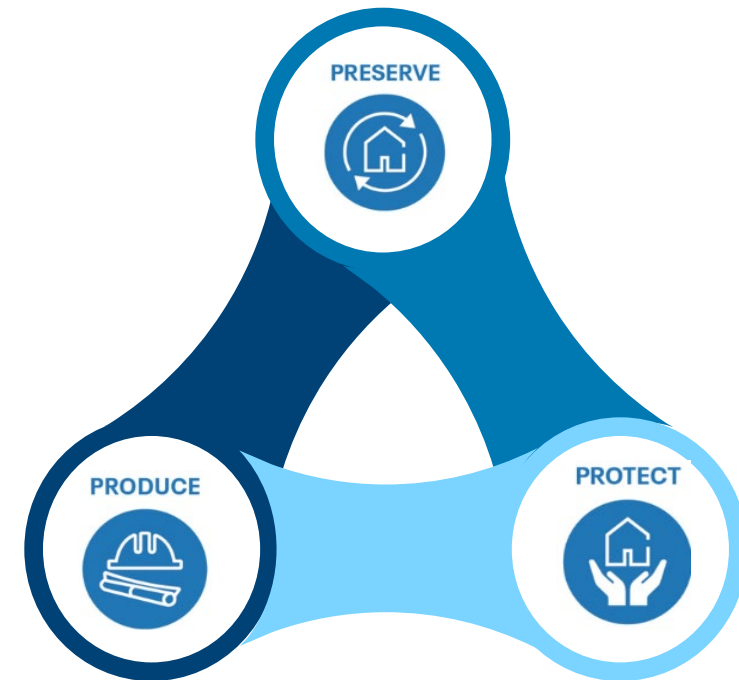


The 3 Ps Framework

Protect ➤ Protection for current residents to avoid displacement

Preserve ➤ Preservation of existing housing affordable to lower- and middle-income residents

Produce ➤ Production of new housing at all income levels, especially affordable housing



3Ps Projects and Policies



- Preserving housing so it stays affordable (Acquisition/Rehab)

- The Bay Area Affordable Housing Pipeline Project



- Anti-Displacement Services Network
- Homelessness Prevention

Potential \$10-20 Billion Regional Housing Bond

San José Housing Policies are Aligned with Regional Efforts



Protect ⓘ

9/11



Preserve ⓘ

6/9



Produce ⓘ

13/14



Prevent ⓘ

6/8

San José has already adopted 34 of the 42 key housing policies tracked by the Association of Bay Area Governments (ABAG).

The Region Looks to San José's Leadership for Policy

Housing Readiness Report

<http://housingreadiness.org/>

CITY	HOUSING ELEMENT	RENT BURDEN	AFFORDABLE HOUSING PERMITTED	POLICIES
Oakland   	 Certified	52%	 57%	335
San Jose   	 Adopted	52%	 15%	172
Palo Alto	 Adopted	41%	 14%	158
San Francisco 	 Certified	37%	 67%	112
Milpitas	 Certified	43%	 21%	72
Campbell	 Certified	46%	 4%	57
Mountain View	 Certified	39%	 42%	53
Los Altos	 Adopted	25%	 41%	47
Los Gatos	 In Progress	43%	 13%	40
Gillroy	 Adopted	57%	 273%	36
Monte Sereno	 Adopted	N/A	 195%	28
Cupertino	 In Progress	37%	 11%	27
Sunnyvale	 In Progress	36%	 14%	27
Morgan Hill	 Adopted	52%	 201%	26
Saratoga	 In Progress	30%	 46%	23
Santa Clara	 Adopted	44%	 59%	11
Los Altos Hills	 Certified	N/A	 129%	9

Thank You

Khanh Russo

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**San Francisco
Foundation**

Affordable Housing Production – Panel Presentation

Chris Neale

President, The Core Companies



ROLE OF AFFORDABLE HOUSING DEVELOPER

1. IDENTIFY SITE

2. DETERMINE FEASIBILITY
FOR AFFORDABLE HOUSING

3. IDENTIFY FINANCING GAP
FOR PROJECT TO "PENCIL"

4. SECURE ENTITLEMENTS

5. COMPETE FOR GAP FUNDS
AND TAX CREDITS

6. CLOSE ON CONSTRUCTION
FINANCING AND GUARANTEE
PROJECT COMPLETION

7. LEASE UP TO TARGET
RENTERS

8. DELIVER TAX CREDITS TO
INVESTOR

9. OPERATE TO
UNDERWRITING CONSTRAINTS
FOR 15 YEARS

**WHAT THE
AFFORDABLE
HOUSING
DEVELOPER
DOES**

EQUITY
45%

SENIOR LOAN
55%

MARKET RATE

EQUITY
43.5%

STATE 2 - 2.4%

STATE 1 - 12.6%

COUNTY - 19.8%

CITY - 13.6%

SENIOR LOAN - 8.1%

AFFORDABLE

Preservation and Community Building

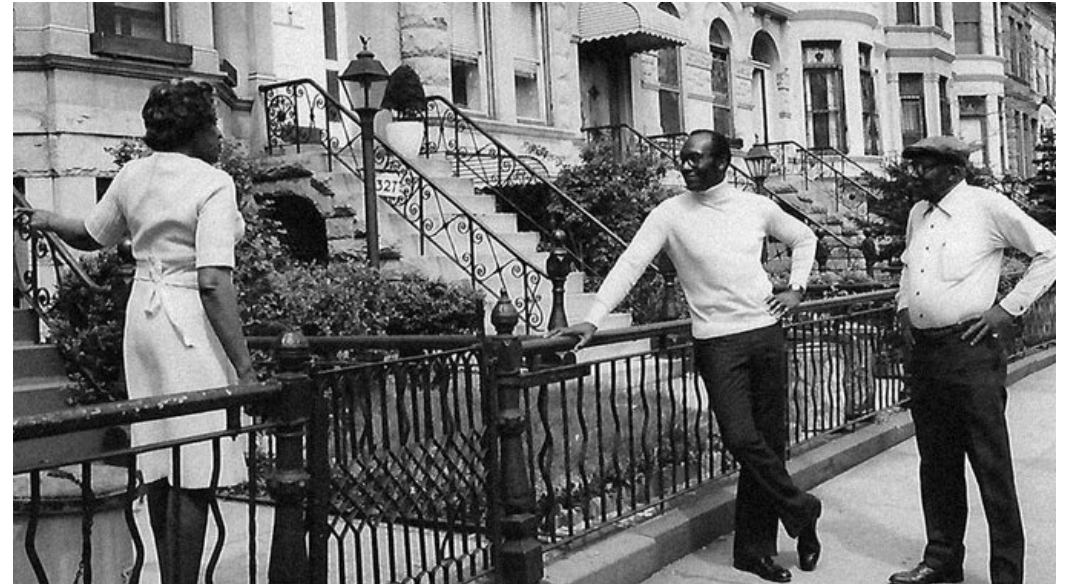
September 2023

LSC



The Local Initiatives Support Corporation (LISC)

- Founded in 1979
- Mission: Partner with local organizations to create communities of opportunity across the entire country
- 38 offices nationwide
- \$29.7 billion invested
 - 489,000+ affordable homes
 - 81.5+ million square feet of commercial retail and community space



Franklin Thomas (center), LISC founder, in Bedford Stuyvesant, NY

LISC Bay Area

- Launched in 1981
- Homes for over 40,000 people
- 1.4 million+ square feet of commercial, retail, and community space
- 400+ nonprofit real estate development professionals trained



LISC Bay Area's preservation work



Preservation is necessary and strategic



New resources for Preservation



The Foreclosure Intervention Housing Preservation Program (FIHPP)

- Funding available from the State of California
- \$500 Million
- Acquisition and preservation of existing rental properties that are up to 25-units
- Properties are in foreclosure or at-risk of foreclosure
- LISC was selected as statewide Fund Manager

Preservation resources in the pipeline



BAHFA Regional Bond

- Projected to be on the November 2024 ballot
- Estimated \$10-20 billion for affordable housing in the Greater Bay Area
- Estimated >\$1 billion for San José
 - 3Ps approach for this funding
 - \$10-20 million for Preservation in the City of San José



California Statewide Bond

- SB 225 (Caballero) and \$500 million budget request
- 2-year bill
- Statewide funding for acquisition-rehabilitation
- Also includes technical assistance and capacity building for Preservation

Components for a successful Preservation ecosystem

Funding

- Acquisition funding
- Local, state, regional funding for takeout/gap financing
- Funding that is flexible and serves a range of needs
- Regular, reliable funding

Organizational

- Organizations qualified and committed to acquisition / rehabilitation
- Capacity building for Community Development Corporations and Community Land Trusts
- Multiple (formal and informal) venues for peer support and technical assistance

Property Owner Representative

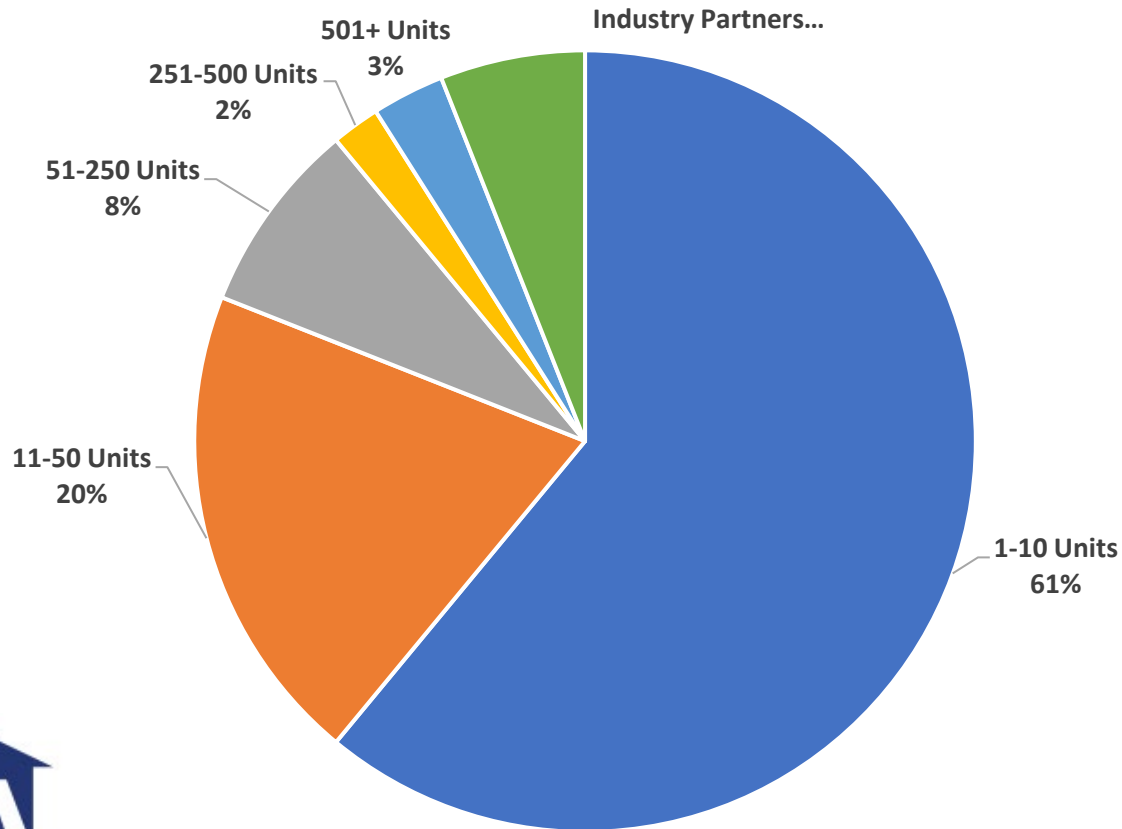
Anil Babbar

Senior Vice President of Local Public Affairs, California Apartment Association



California Apartment Association

Member Stratification



Compliance

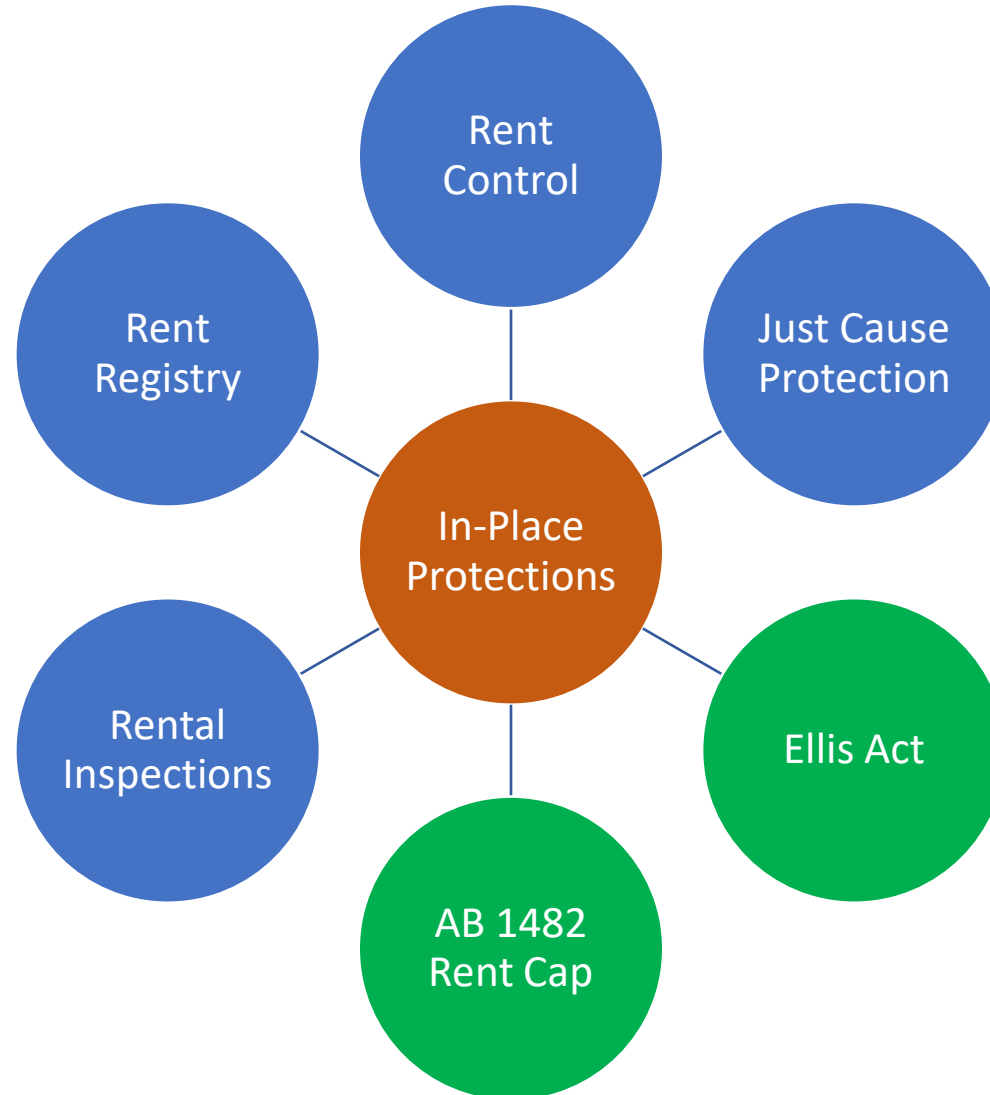
Education

Advocacy

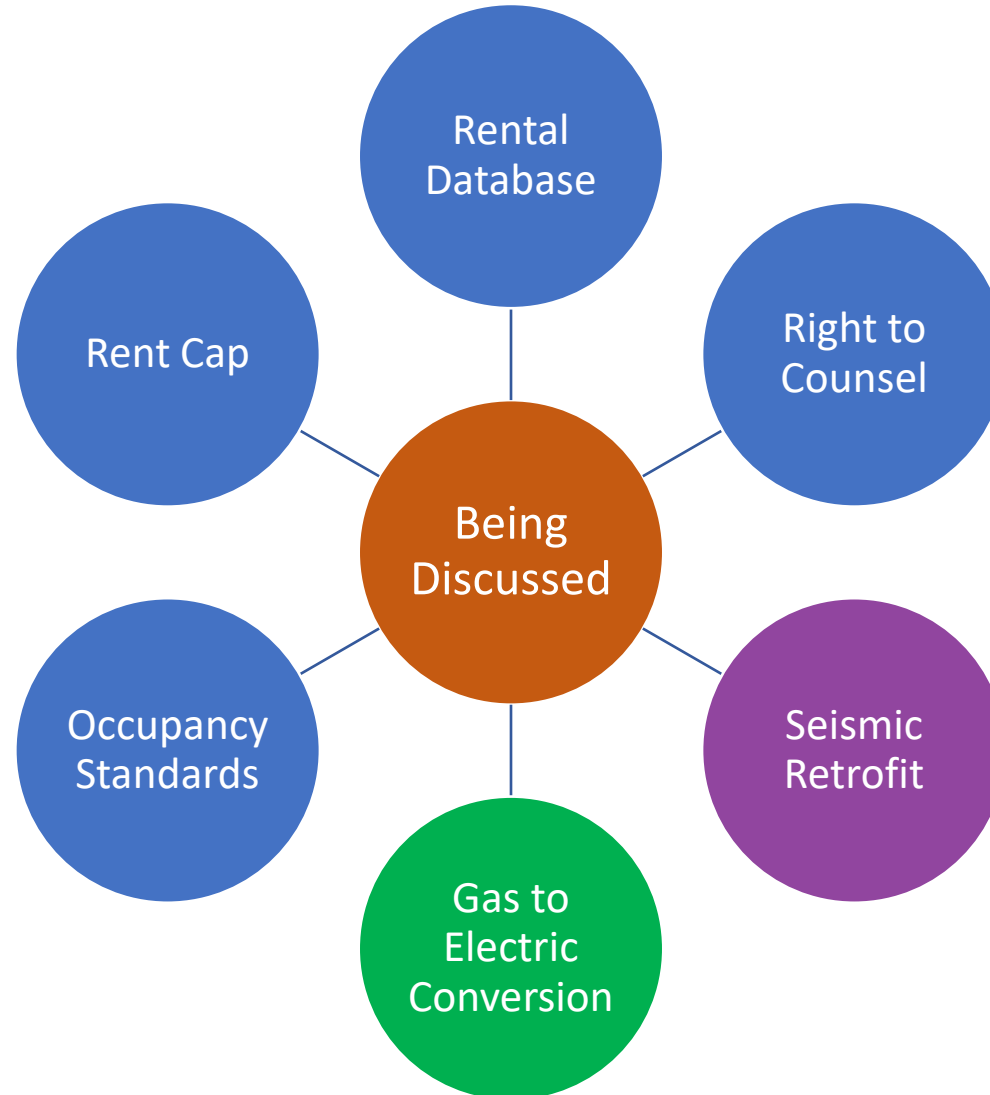
Ethics



Renter Protections for San José Residents



Looking Forward



How the City can Help

Provide stability in regulatory actions

Weigh the impact of actions on housing production

Take a neutral approach to housing provider/tenant issues

Focus on direct rental assistance



Affordable Housing Protections - Panel Presentation

Stephen Lewis

California Rent Stabilization Network





1979 to 1988	Post-2004
Berkeley Beverly Hills East Palo Alto Gardena Hayward (rev. 2019) Los Angeles City Oakland San Francisco *San Jose (rev. 2017) Santa Monica West Hollywood	Los Gatos (2004) *Mountain View (2016) Richmond (2017) Alameda (2019) Baldwin (2019) Inglewood (2019) Culver City (2020) Los Angeles County unincorporated (2020) Santa Ana (2021) Antioch (2022) Bell Gardens (2022) Fairfax (2022) Oxnard (2022) Pasadena (2022) Pomona (2022)

**San Jose and Mountain View are the only jurisdictions that exempt all duplexes*

State Limitation on Local Rent Laws

COSTA-HAWKINS RENTAL HOUSING ACT OF 1995

1. Rents can rise to market-rate between tenancies
2. Cities cannot apply rent stabilization to:
 - Single-family residences, condominiums
 - “New Construction” = buildings built after February 1, 1995
 - For cities with rent laws adopted before 1995, “new construction” = units built after enactment date of local law

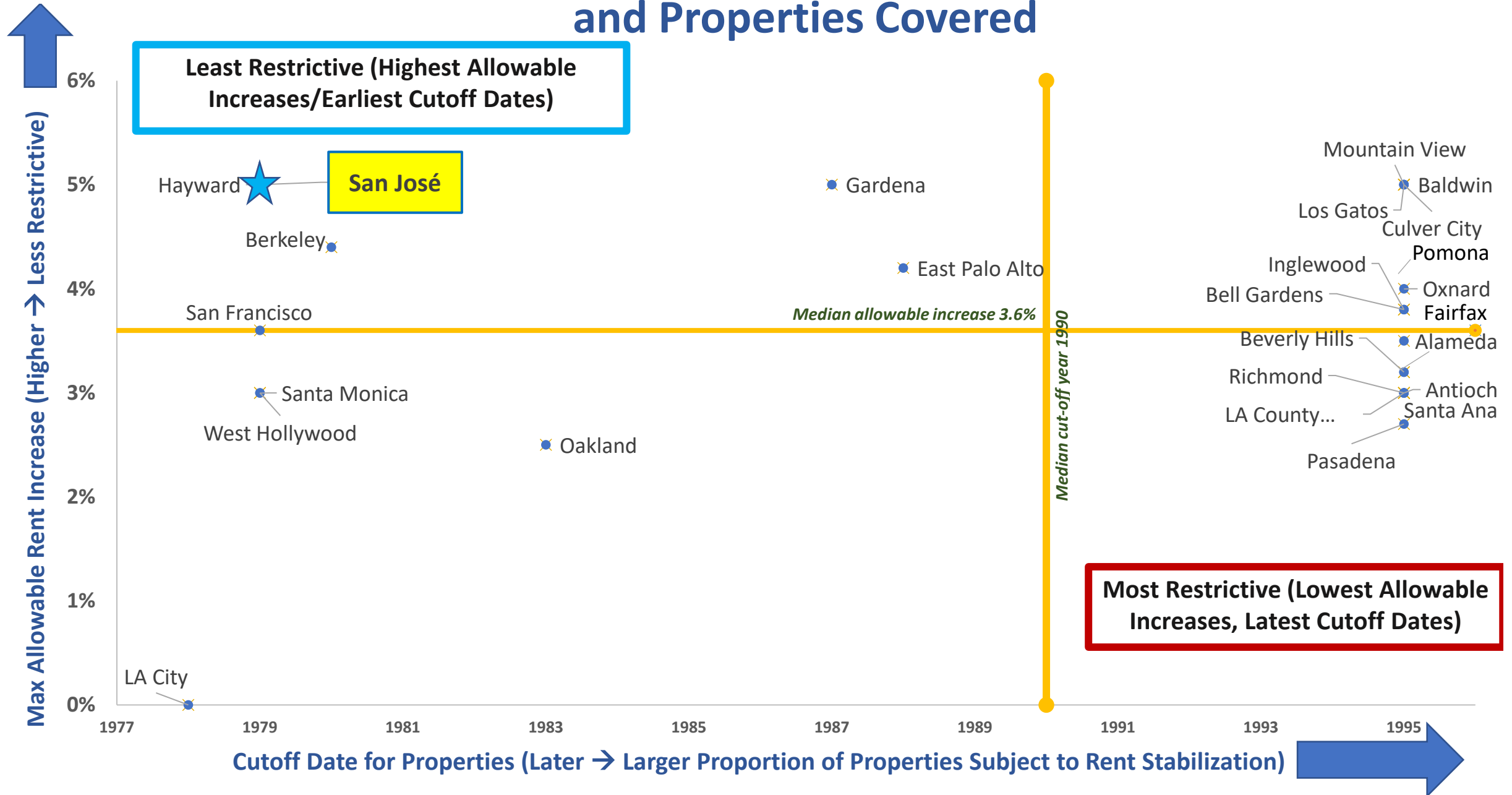


San José cannot expand rent stabilization to single family homes, condominiums or units constructed after September 7, 1979

Thresholds for
Annual Rent
Increases

Flat % Adjustment Allowed Annually					
4% or 5% flat					
Baldwin	Gardena	Hayward	Los Gatos	Oxnard	San José
Allowable Adjustment Tied to Inflation					
Based on annual change in regional Consumer Price Index (CPI)					
Alameda			Los Angeles County		
Antioch			Mountain View		
Bell Gardens			Oakland		
Berkeley			Pasadena		
Beverly Hills			Pomona		
Culver City			Richmond		
East Palo Alto			Santa Ana		
Fairfax			San Francisco		
Inglewood			Santa Monica		
Los Angeles City			West Hollywood		

Jurisdictions' August 2023 Allowable Rent Increases and Properties Covered





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