



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Vice Mayor Jones
Councilmember Esparza
Councilmember Arenas

SUBJECT: SEE BELOW

DATE: 12/11/2020

Approved

Sylvia Arenas

Maya Esparza

Date: 12/11/2020

SUBJECT: JPA-ISSUED BONDS FOR MODERATE-INCOME HOUSING

RECOMMENDATION

Direct Staff to return to Council in April 2021 with:

- 1) an update on the process for a recommendation including a JPA-issuer evaluation and terms for City partnership.
- 2) the capacity for the item in Staff workload at that time.

BACKGROUND

We appreciate the spirit with which Councilmembers Khamis and Diep brought this proposal forward, and agree that finding solutions for our “missing middle” housing remains an important priority as we address our housing crisis. We do not believe it was their intention to create an additional burden for staff during this trying time, but rather a proposal that they hoped could be quickly and easily vetted by staff. What has become apparent over the course of two lengthy Rules Committee discussions on this topic is that moving this work forward now invariably will create a significant burden on staff in both Finance and Housing at a critical time when they desperately need to focus on more immediate issues relating to our COVID response. Evaluating JPA issuers is a large undertaking that needs to be done thoughtfully and collaboratively with Finance, Housing, Office of Economic Development, and the City Attorney’s Office.

The discussion has been that this is a no-risk opportunity for the City, however, the City’s reputation is at risk in any partnership decision we make. If San José were to partner with CalCHA, we would be the first major city to do so. In fact, San Francisco recently passed on this opportunity which deserves reflection. Considering the City’s reputation on the line, it would be

in San José's best interest to evaluate all interested JPA issuers comprehensively and with Staff's recommendation.

We are all in agreement that we need more moderate-income housing. As staff has noted, a multi-departmental effort to evaluate potential participation in CalCHA was underway prior to the COVID pandemic. This work was put on hold as staff pivoted to our pandemic response, including work on the eviction moratorium, rent increase moratorium, rental assistance, and other essential services to our community during this time.

We now find ourselves in the midst of the worst phase yet in this pandemic. At the end of this month, the window for utilizing our CRF funds will expire, and with the eviction moratorium ending next month, and further federal aid stalled, we understand that staff in both our Finance and Housing departments are completely overwhelmed, and need the ability to focus on these critical, time sensitive issues with very immediate consequences for thousands of the most vulnerable families in our communities.

At the Rules Committee, staff candidly shared with the Councilmembers present how thinly they have been stretched during this pandemic. They asked that the Council respect the established processes for maintaining acceptable workloads for city staff, particularly on issues that are not related to COVID.

Yet the Rules Committee moved this item forward to Council despite this plea from staff. We recommend that our Council reaffirm our support for our staff by not overriding their plea.

Given these extraordinary circumstances, and the evident workload that staff would need to undertake before bringing forward a final recommendation to Council on membership in a JPA such as CalCHA or the similar CSCDA program, we believe it is critical that we give staff the ability to focus on the critical, time sensitive work that they need to complete now, while ensuring that staff will have the opportunity to prioritize this important work at a more appropriate time.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.