

ATTACHMENT A

Detailed Descriptions of Anti-Displacement Strategy Recommendations

1. Support Equitable COVID-19 Recovery and Impact Mitigation Measures for Renters and Homeowners

- a. Support new federal and State stimulus funding and other legislation focused on eviction and foreclosure prevention and housing recovery from COVID-19.
- b. Explore ways to remove barriers for immigrant families and excluded workers to access COVID-19 relief funding and housing programs.
- c. Increase funding of legal services for tenants being evicted to negotiate rent repayment plans and avoid evictions.
- d. Coordinate with Santa Clara County Courts, the State, and local nonprofits to support the establishment of a Housing Collaborative Court to respond to evictions related to COVID-19.
- e. Track success of actions in preventing eviction of renters from their current housing and displacement from San José.
- f. Identify new funding for community emergency preparedness plans to increase residents’ ability to access resources during an emergency and to develop long-term disaster resiliency for vulnerable neighborhoods.

Type of Strategy	PROTECT Residents in Rapidly changing Neighborhoods
Summary	<p>Many families in San José impacted by the Shelter-In-Place order are seeking protection under San José’s COVID-19 Eviction Moratorium. Although currently sheltered, residents have a financial obligation to pay months of back rent and mortgage payments. Households with lower incomes are at high risk of not being able to fulfill their repayment obligation at the end of the Eviction Moratorium. Without immediate continued intervention, this situation could lead to a wave of displacement from San José and an increase in local homelessness.</p> <p>This recommendation is to develop programs to support an equitable recovery from the pandemic, equitable access to COVID-19 relief and housing programs, and the long-term wellness and resiliency of highly impacted communities. The City would continue to advocate for legislation and search for additional resources to support low-income families’ ability to pay and restructure payments of back-owed rent and mortgage payments to property owners accumulated during the emergency. Staff would analyze and identify possible ways to reach residents who are not eligible to access these supportive resources. This recommendation would involve support for alternatives to eviction, including seeking resources for increased legal services for tenants facing eviction with a focus on avoiding evictions and structuring rent repayment plans to benefit both tenants and landlords. It also would support creation of a Housing Collaborative Court to negotiate terms, settle cases, and link residents to services prior to a case proceeding to eviction court.</p> <p>Finally, staff would seek to track the success of these efforts to mitigate displacement of local residents and would Identify funding for resiliency planning and community preparedness that would be done together with the community.</p>

<p>Description</p>	<p>The COVID-19 pandemic has caused nationwide disruptions across nearly every social and economic sector. Safe and stable housing has been increasingly recognized as vital to ensuring a person’s health and to containing the spread of the virus. At the same time, the virus and the wave of unemployment and furloughs due to shelter-in-place doubled down on the existing housing and displacement crisis.</p> <p>In response, local, state, and national leaders established temporary eviction and foreclosure moratoriums to keep residents housed. While it has stabilized the community temporarily, this intervention will also lead to what some call an impending “rent cliff.” More than half of San José’s renters were already housing cost-burdened prior to COVID-19, while Latinx and Black residents are more likely to be cost-burdened than other renters. Different indicators of vulnerability agree that many lower-income San José residents lack the financial resources to weather periods of unemployment and will have difficulty paying back owed rent and mortgage payments. Their inability to pay housing payments also puts some rental property owners in a precarious financial position, as they also have mortgages and bills to pay.</p> <p>This recommendation is for the City to continue to advocate for State, federal, and private sector resources to help mitigate COVID-19’s negative impact on property owners and renters. Resources would be used to repay and/or subsidize renters’ back rent and owners’ mortgage payments. As an example, the City Council committed almost \$25 million in Rental Assistance since mid-August 2020 to help individuals, domestic violence survivors, and families who need rent assistance due to COVID-19. An increase in federal HOME or CDBG funding could increase those resources that enable both tenants and property owners to pay housing costs. An increase in federal CDBG funds could support the expansion of the City’s Legal Services program funding a local nonprofit consortium to provide legal support to property owners and tenants facing nonpayment of rent and eviction. Settlements in lieu of evictions that include some rent repayments would help both landlords and tenants to financially survive and recover from COVID-19 more easily.</p> <p>The City could also use its advocacy and could search for financial resources to facilitate the Law Foundation of Silicon Valley, the Santa Clara County Courts, the County Office of Supportive Housing, and the State to establish a Housing Collaborative Court. A mandatory settlement conference prior to eviction court dates would allow an opportunity for tenants and landlords to negotiate and settle before proceeding to eviction court. This innovative court structure would also incorporate service providers to help identify services for which tenants may be eligible, to increase their ability to pay for rent and other necessities and get them into a system of care. The Housing Collaborative Court has the potential to divert some of the eviction court volume that threatens to undermine renters’ ability to stay sheltered during the pandemic and damage their ability to stay in San José and obtain stable housing after being evicted.</p> <p>Staff could seek private, philanthropic, and/or university resources to help assess the success of these strategies to prevent evictions and displacement. The program evaluation could also suggest ways to more efficiently administer resources – by clustering geographically, or by targeting outreach in certain ways, for example.</p> <p>Finally, the City would work closely with the County and neighborhoods most affected by COVID-19 to plan and execute an equitable recovery that promotes the long-term wellness and resiliency of communities hit hard by the health crisis. The City would collaborate with resident groups and community-based organizations in highly-impacted neighborhoods and would seek resources to identify and adopt recovery strategies most beneficial to residents – starting with housing supports that help to stabilize these highly-stressed residents.</p>
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Problem it addresses	Homelessness and displacement due to eviction and foreclosure.
Potential Impact	Prior to the COVID-19 pandemic, over 7,000 households faced eviction every year in San José. In May 2020, new Unemployment Insurance claims for the San José area rose to 13,986, and 3,762 new claims for Pandemic Unemployment Assistance were filed. In the San José-Sunnyvale-Santa Clara metropolitan area alone, unemployment rose from 4% to 12%. There are many more thousands of households who have been impacted economically by COVID-19 who face the threat of eviction due to non-payment of rent.
Potential Cost	To be determined
Related Strategy(ies)	<p>Community Plan to End Homelessness 2020-2025 Strategies:</p> <ul style="list-style-type: none"> • Work with key stakeholders, including County agencies, school districts, and cities, to inventory existing prevention resources and identify regulatory, statutory, and policy changes necessary to close gaps in the safety net system. • Protect residents from evictions, displacement, and housing discrimination.
Recommendations/ Next Steps	<ol style="list-style-type: none"> a. Convene community stakeholders to identify their recovery needs. b. Help to shape and support federal and State legislation and budget proposals to forgive or subsidize back rent and mortgages. c. Explore ways to remove barriers to COVID-19 relief funding and housing programs for immigrant families and excluded workers. d. Seek increased funding for legal services to avoid evictions and seek negotiated settlements including rent repayment plans. e. Coordinate with the County Courts, the State, and the Law Foundation to support the establishment of a Housing Collaborative Court and assess financial needs for the future. f. Develop a plan to assess whether rent and mortgage repayment assistance, legal services, and the Housing Collaborative Court have been successful in helping residents to avoid displacement. g. Identify eligible funding sources for community emergency preparedness plans, including use of community-based organizations for outreach in preparing the plans.

2. Establish a Neighborhood Tenant Preference for Affordable Housing

- a. Develop a Neighborhood Tenant Preference that is broadly applicable to new restricted affordable apartments and is consistent with Fair Housing laws.
- b. Work with the State and/or federal elected representatives to support Neighborhood Tenant Preferences to maximize their ability to be used.

Type of Strategy	PROTECT Residents in Rapidly changing Neighborhoods
Summary	<p>The City could develop a Neighborhood Tenant Preference that is broadly applicable to new restricted affordable apartments for the general public, consistent with Fair Housing laws. To ensure that the Tenant Preference can be used on apartments financed with State funds and federal tax credits and/or bonds, staff would work with the California Department of Housing and Community Development, and may need to work on legislation with either the California Legislature or the U.S. Congress.</p>
Description	<p>In San José, most affordable housing developments have long waitlists, and it is hard for lower-income San José residents to quickly find replacement housing when they are displaced from their current rental homes.</p> <p>Tenant preferences set aside a percentage of affordable apartments in residential rental developments for people who meet certain criteria and are income eligible. Preferences can be geographic, meaning they can apply to neighborhoods where displacement is occurring, or they can apply to groups of people, such as residents who live or work in a city.</p> <p>A “Neighborhood” Tenant Preference sets aside some apartments for applicants who already live in the neighborhood in which affordable homes are becoming available. The main advantage of a Neighborhood Tenant Preference is that it would enable residents to remain in their neighborhoods, keeping their social networks and support systems intact. Cities must carefully study demographic data and design tenant preference programs to make sure they would not result in disproportionate selection of people of certain racial or ethnic groups or those in protected classes under federal and State laws.</p> <p>To enable the Neighborhood Tenant Preference to be used in developments funded by State funding, the State Department of Housing and Community Development would have to approve the preference at a program level and recertify it periodically.</p> <p>And, for preferences to have widespread acceptance for use in developments funded by federal tax credits and tax-exempt bonds issued by public agencies like the City, the State or the federal government would ideally acknowledge the specific population served under a policy or a funded program. However, different legal counsel disagrees on the importance of this interpretation, which varies by type of preference. Staff would explore potential solutions further with the City Attorney and external partners as part of this item’s workplan.</p>
Problem it addresses	<p>New affordable housing in a neighborhood may not directly benefit existing low-income residents in the neighborhood.</p>
Potential Impact	<p>Given the City’s potential pipeline of affordable apartments available to the general populations, a Neighborhood Tenant Preference could apply to an estimated 3,000-3,500 households over the next decade.</p>
Potential Cost	<p>Time of budgeted staff</p>

<p>Related Strategy(ies)</p>	<p><i>Tenant preferences are related to several other recommendations, as they would be used for all new affordable apartments produced under the Production recommendations (8. YIGBY, 9. Optimizing Urban Villages) and could be applied upon turnover to apartments acquired under preservation strategies (3. COPA) that become newly affordable.</i></p> <p>Community Plan to End Homelessness 2020-2025 Strategies:</p> <ul style="list-style-type: none"> • Provide rental assistance in a fair and equitable manner, especially to populations which are disproportionately vulnerable to societal and historical injustices. <p>City of San José Analysis of Impediments to Fair Housing 2016-2020:</p> <ul style="list-style-type: none"> • Explore the development of policy that will allow a set-aside in affordable housing developments that prioritizes residents who are being displaced that live in low- income neighborhoods undergoing displacement and/or gentrification.
<p>Recommendations/ Next Steps</p>	<ol style="list-style-type: none"> a. Research similar Neighborhood Tenant Preferences and analyze fair housing impact to identify possible program parameters b. Work with the City Attorney and State HCD on an evaluation framework c. Consult stakeholders on program design, if analysis indicates feasibility d. Work with State and federal lobbyists and representatives’ offices on legislation to support the preference’s legal support so it can be used with tax credits and bonds.

3. Explore a Community Opportunity to Purchase Program/Ordinance (COPA)

- a. Explore a Community Opportunity to Purchase Program (COPA) that would require advance notice and a right of first offer on the sale of multifamily residential properties to nonprofits, tenant organizations & public agencies to help keep properties affordable in perpetuity.
- b. Gauge interest of local philanthropy and other funders to develop a Preservation Investment Fund for San José.
- c. Target the use of subsidy on existing apartment buildings of a defined minimum size in neighborhoods at high risk of displacement.
- d. Determine new affordable housing development partners to work on small building acquisition and rehabilitation projects in San José and assess the capacity and needs for existing San José community organizations to learn to undertake preservation work and/or form local Community Development Corporations.

Type of Strategy	PRESERVE Existing Affordable Housing
Summary	<p>A Community Opportunity to Purchase Act (COPA) program would provide advance notice of the sale of multifamily residential properties to nonprofit developers, tenant organizations, and public agencies to provide them the first opportunity to purchase properties. COPA would enable more properties to become restricted affordable, to the extent public subsidies were available, and owned by mission-oriented organizations that would keep them affordable in the long-term.</p> <p>This strategy recommends the City learn from those involved with San Francisco’s COPA program to assess the current applicability of a similar program in San José. This recommendation leverages work that two other cities with Challenge Grant fellows through the Partnership for the Bay’s Future are also doing to explore COPA programs. Implementing COPA would require adequate long-term subsidy funding and quick-closing acquisition funds, which would entail the exploration of a new fund for preservation activities and could involve targeted investments in high displacement neighborhoods to help stabilize them. Developers who want to do this work are also necessary, so staff would identify existing affordable housing developers who would want to do this work in San José and would assess nonprofit organizations with capacity that are interested in acquiring and rehabilitating existing, potentially smaller buildings in San José in the near-term. In the long-term, San José would need to access resources and technical assistance to grow more local community development corporations to do this neighborhood perseveration work.</p>
Description	<p>When affordable housing properties deed restrictions expire, the property converts to market-rate, and the current residents may face sharp rent increases and displacement. When naturally affordable properties are sold, rent increases are also common. One of the most direct forms of displacement occurs when a property is purchased and “repositioned” by the new owner through redevelopment, increased rents, or renovations. Often, the properties are sold based not on current rents but on prospective market rents that can only be achieved through mass evictions. These purchases generally give tenants no recourse apart from relocation assistance under the Ellis Act, which in San José only applies to some tenants of buildings built before 1979.</p> <p>To help avoid these displacing situations, the City could explore a local Community Opportunity to Purchase Act (COPA) similar to those in cities such as San Francisco and Chicago. COPA would build on State law that requires owners of affordable housing to give advance notice and first right of purchase near the end of affordability periods. COPA would allow the community to have a chance to get involved earlier in the process of any</p>

multifamily building’s sale or transfer. This would increase the likelihood that properties are sold to organizations with the mission of perpetual affordability.

COPA would require all multifamily housing owners intending to sell or transfer their properties to give advance notice to qualified “community” organizations. These would include tenants’ groups, public agencies, and nonprofit affordable housing developers who would be determined to be qualified by certain experience criteria. The qualified buyers would have the right to make a first offer on the property, which they would have to inform the buyer they intend to do within a defined number of days. They would then have a certain amount of time to make the offer. The seller would be free to accept or decline the offer. If the community organization makes an offer that is rejected, and another potential buyer makes a higher offer, the community organization would have the chance to match the higher offer. In addition, the program would require relocation assistance for residents displaced due to a property’s sale, to subsequent financial restructuring, or the cessation of project-based subsidies.

Tenants of a building up for sale could by default always get the right of first refusal to purchase their own building. Generally, as tenants would often be unable to cover the cost of the property purchase, they would partner with an affordable housing developer, a philanthropic institution, or an investor who could lower return requirements to purchase the property at market price. This could allow the tenants to stay in the places they already call home, and could also provide a new pathway to homeownership in neighborhoods with few homeownership opportunities. If tenants were not able to or interested in exercising their rights, another community organization would then have the right to make an offer.

Most buildings need some rehabilitation even 10 or 15 years after they are built, and more as they age. Developers who want to acquire and rehabilitate buildings with existing residents and turn them into restricted affordable apartments are far less common than those that want to do new development. These transactions are not easy, as they involve a lot of work, considerable financial risk, and limited profit – especially if buildings are relatively small. Finding mission-oriented nonprofit affordable housing developers interested in doing this work in San José is part of making a preservation strategy feasible.

Another option would be to team existing community organizations that do not currently do development and teach them skills by helping them to access technical assistance providers (like Enterprise Community Partners and LISC) and pairing them with development partners and consultants so they can gain expertise over time. Growing these local community development corporations is a longer-term strategy that requires operating support (often from local philanthropy), but one that organizations in older east coast cities have employed for decades.

Finally, financing is the necessary ingredient for buyers to exercise their right to purchase. Quick-close acquisition financing would enable short timelines to be met; however, for preservation transactions, the amount needed to be borrowed is often much higher than a traditional lender would lend based on restricted rents. In addition, the acquisition lender will underwrite to the amount of the long-term senior mortgage and the long-term low-interest (public) subsidy. Therefore, establishing a long-term Preservation Investment Fund for San José that provides the long-term subsidy – and possibly the senior mortgage as well – is critical for acquisition financing to be available.

	<p>Once funding is available, staff could determine its most effective use in targeting buildings in neighborhoods that are experiencing displacement and those that need more restricted affordable housing to balance their housing stock.</p>
<p>Problem it Addresses</p>	<p>Lack of dependable pathway to keep low-income residents in place with affordable rents after multifamily building sales</p>
<p>Potential Impact</p>	<ul style="list-style-type: none"> • Encourages access by buyers that would keep buildings restricted affordable in the long-term • Avoids displacement from rental building sales • Gives advance notice to tenants to allow them to plan ahead • Creates a potential pathway for existing tenants to organize, form tenant co-ops, purchase buildings, and acquire assets.
<p>Potential Cost</p>	<p>To be determined</p> <p>Silicon Valley Community Foundation and Council of Community Housing Organizations (CCHO) are supporting knowledge-building, helping to build a local public/nonprofit partnership, and encouraging a Santa Clara County pilot preservation project involving acquisition and rehabilitation.</p>
<p>Related Strategy(ies)</p>	<p><i>COPA is related to Strategy 10. Establish a New Source of Funding for Affordable Housing and Anti-Displacement, as rapid acquisition of buildings and long-term, flexible subsidy sources for affordable rehabilitation/permanent financing require new, flexible sources of funding.</i></p> <p>City of San José Analysis of Impediments to Fair Housing 2016-2020</p> <ul style="list-style-type: none"> • Protect the affordability of rental homes and strengthen tenant protections <p>Community Plan to End Homelessness 2020-2025 Strategies</p> <ul style="list-style-type: none"> • Protect residents from evictions, displacement, and housing discrimination. <p>VTA’s BART Phase II TOD Corridor Strategies and Access Planning Study</p> <ul style="list-style-type: none"> • Ensure extension of affordability for expiring deed restricted projects • Develop acquisition strategy for naturally occurring affordable housing (citywide or in station areas) • Explore a dedicated funding source for housing affordability preservation
<p>Recommendations/ Next Steps</p>	<ol style="list-style-type: none"> a. Research existing programs in comparable cities to assess best practices and processes. b. Engage in co-creation process with specialized stakeholders to determine program parameters. c. Analyze potential sources of long-term funding need and other financing mechanisms to support program. d. Work with community partners to hold series of educational stakeholder forums and incorporate community feedback into policy.

4. Increase Equitable Representation of Historically Underrepresented Communities on City Commissions

- a. Conduct an analysis of appointments to the Housing and Community Development Commission and the Neighborhoods Commission to track the representation of protected classes, historically underrepresented neighborhoods, and those with other relevant characteristics.
- b. Implement a pilot and require an equitable distribution of seats for historically underrepresented populations, including low-income renters and homeless/formerly homeless residents on these two Commissions.

Type of Strategy	Increase Participation in Civic Processes
<p>Summary</p>	<p>City Commissions evaluate and provide recommendations to the City Council on policies and programs that impact San José residents, but commissions have historically not been broadly representative of the City’s diverse communities. In particular, staff has heard there is a lack of representation of renter interests on City boards and commissions. Two of the commissions that are concerned with issues related to displacement that would benefit from diverse leadership include the Housing and Community Development Commission and the Neighborhoods Commission.</p> <p>This recommendation is to increase equitable representation on City boards and commissions by conducting an analysis of the current composition of these two commissions and piloting an equitable distribution of seats to historically underrepresented communities. This would uplift often excluded perspectives to be considered in upcoming housing policies presented to the City Council.</p>
<p>Description</p>	<p>City boards and commissions were established to advise the City Council and provide ongoing input into policies and issues affecting the future of the San José community. However, commissions may miss valuable information in their decision making when members from diverse backgrounds are not represented.</p> <p>For example, several City commissions advise on policies which impact renters, who make up over 40% of all San José residents. Although some commissions have membership requirements, none require representation of renters with dedicated seats.</p> <p>One example is the Housing and Community Development Commission, which is composed of 13 members with the following requirements (SJMC 2.08.2820):</p> <ul style="list-style-type: none"> • 11 members appointed by the Mayor and City Council; • One member shall be a person recommended by an organization of owners of San José mobilehome parks (designated seat); • One member shall be a person recommended by an organization of residents of San José mobilehome parks (designated seat); • One member shall be an owner or manager of a residential rent stabilized property; • One member shall be a tenant of a residential rent stabilized rental unit; • At least five members shall represent low-income households, which for the purposes of this requirement means a person who meets one or more of the following criteria: <ul style="list-style-type: none"> ○ The person is a member of a low- or moderate-income household as defined by HUD as at or below 80% of the area median income (AMI) per 24 CFR 92.2.

	<ul style="list-style-type: none"> ○ The person is an elected member of a neighborhood organization in a low- or moderate-income neighborhood (51% of the neighborhood is at or below 80% AMI as defined by HUD). ○ The person is a resident of a city council designated neighborhood targeted under the place-based neighborhoods initiative to receive federal funding. ○ The person is employed by an organization which has as its primary purpose to serve the interests of low-income residents. <p>The commission should also include members with experience related to development, lending, community development, homeless services, or federal funding.</p> <p>Staff could analyze the current and recent composition of these two City boards and commissions to ensure diverse perspectives can be included when advising on policies presented to the City Council, especially those that impact housing and displacement topics. The analysis would include members’ gender, ethnicity, sexual orientation, disability status, and other relevant demographic qualities such as housing tenure, neighborhood, and level of income.</p> <p>The City could examine a pilot that requires an equitable distribution of seats for underrepresented communities, including renters and homeless/formerly homeless residents, on certain boards and commissions. Staff could assess whether requirements without designated seats can be regularly met, or whether designated seats are advised, and the City’s attorneys would advise how State and federal laws affect this issue.</p> <p>The pilot could also identify barriers to commissioners’ full participation that the City could help to meet to effectively implement this pilot. These may include stipends, assistance with broadband connectivity, or provision of childcare, as examples.</p>
Problem it Addresses	Those most impacted by displacement are not consistently involved in decision making.
Potential Impact	<ul style="list-style-type: none"> ● Increase in representation of protected classes and historically underrepresented neighborhoods in local policymaking
Potential Cost	Time of budgeted staff
Related Strategy(ies)	<p><i>This governance recommendation relates to all others, as it would affect commissions’ recommendations to the City Council on policies and programs.</i></p> <p>Community Plan to End Homelessness 2020-2025 Strategies:</p> <ul style="list-style-type: none"> ● Increase community engagement in supporting affordable and supportive housing development.
Recommendations/ Next Steps	<ol style="list-style-type: none"> a. Conduct a survey to collect demographic information of current and past members of the Housing and Community Development Commission and Neighborhoods Commission. b. Work with the Clerk’s Office to better understand recent history of commissions’ composition and benefits and disadvantages of different structures and sizes. c. Using this information, conduct listening sessions to develop criteria to define underrepresented communities and approaches that would increase equitable representation on commissions.

5. Create a Role for Local Government in State Tenant Protections

- a. Explore clean-up legislation for AB 1482 (Chiu 2019) that would allow local education & enforcement of this new Statewide anti-rent spike and just cause eviction law.
- b. Explore legislation to enable the City to receive copies of eviction notices provided to mobilehome owners and mobilehome renters.

Type of Strategy	PROTECT Residents in Rapidly changing Neighborhoods
<p>Summary</p>	<p>AB 1482 (2019) is a new State law that prevents rent spikes and requires just causes for eviction. AB 1482 covers more homes than the City’s Apartment Rent Ordinance, but the only enforcement mechanism is suing under State law. This recommendation is for the City to sponsor State legislation for local education and enforcement to help increase understanding and compliance with AB 1482 and how it interacts with the City’s ordinances.</p> <p>At the same time, mobilehome evictions may be an issue, but the City is unable to study this issue as it lacks data. Amending State law is the legally best way to get this information. The law could also potentially provide local education & enforcement resources.</p>
<p>Description</p>	<p>The City of San José currently provides support for the education of tenants and landlords on their rights under the Apartment Rent Ordinance (ARO), Tenant Protection Ordinance (TPO), and Ellis Act Ordinance through its Rent Stabilization Program (RSP). The City also has passed local enforcement tools so that tenants who have experienced violations to these laws can submit a petition to the RSP for an administrative hearing.</p> <p>On January 1, 2020, AB 1482 the Tenant Protection Act went into effect. AB 1482 limits annual rent increases at 5% plus local CPI (the rate of inflation) on rental housing at least 15 years old. It also requires landlords to show a “just cause” to evict tenants in place for 12 months or more. Owners who share a home with their tenants, non-REIT owners of single-family home rentals, and owner-occupied duplexes are exempt from the AB 1482. The City’s RSP Team estimates AB 1482 now covers over 31,100 apartments, condos, single family homes, and duplexes that were not previously protected under the City’s ARO or TPO.</p> <p>When AB 1482 passed, the City’s RSP Team started to receive inquiries and complaints of illegal rent increases and no-cause evictions by tenants who would be protected under AB 1482. However, the City does not have jurisdiction or resources to ensure compliance with the new law. The City has also received questions from local owners and renters who would like a local point of contact to help them understand how the State law interacts with the City’s programs. The only way currently to enforce the new State law is for tenants to sue, which is a drastic and ineffective approach. Oppositely, both property owners and renters have supported the City’s gradual enforcement approach for its own ordinances, which begin with administratively issued notices of infractions and periods to correct behavior. The City could take a similar gradual approach on AB 1482 to educate and then take reasonable administrative steps before any legal actions are taken – but only if State law is changed.</p>

	<p>San José also has a Mobilehome Rent Ordinance. However, mobilehomes and mobilehome parks are generally governed by State law. Unlike under the City’s Apartment Rent Ordinance and Tenant Protection Ordinance, the City does not receive copies of eviction notices from mobilehome parks. If the City could receive copies of mobilehome eviction notices, staff would be able to better track the impact of evictions on mobilehome park residents.</p> <p>This recommendation is for the City to sponsor State legislation for local education and enforcement of AB 1482 and to receive copies of mobilehome eviction notices.</p>
<p>Problem it Addresses</p>	<p>Enforcement of existing tenant protections is constrained by State law, limited resources, and lack of knowledge of rental rights.</p>
<p>Potential Impact</p>	<ul style="list-style-type: none"> • Over 31,100 apartments, rented condos, single family homes, and duplexes in San José are now covered by AB 1482 • Residents of nearly 11,000 mobilehomes in San José are covered by State law.
<p>Potential Cost</p>	<p>Time of budgeted staff which could not be paid for by ARO collected fees</p>
<p>Related Strategy(ies)</p>	<p><i>This recommendation is related to 1. COVID Response, as local enforcement of just cause eviction protections would be used if evictions increase due to COVID, and mobilehome evictions could also increase due to COVID.</i></p> <p>City of San José Analysis of Impediments to Fair Housing 2016-2020:</p> <ul style="list-style-type: none"> • Protect the affordability of rental homes and strengthen tenant protections <p>Community Plan to End Homelessness 2020-2025 Strategies:</p> <ul style="list-style-type: none"> • Protect residents from evictions, displacement, and housing discrimination. • Expedite the implementation of new state policies on rent control and discrimination in state and federal housing voucher programs.
<p>Recommendations/ Next Steps</p>	<ol style="list-style-type: none"> a. Initiate discussions with stakeholders to research their interests and suggestions in local education & enforcement of new Statewide anti-rent gouging and just cause eviction law. b. Place these legislative ideas on the list of 2021 City of San José Legislative Priorities.

6. Increase Housing Quality and Prevent Code Enforcement-related Displacement

- a. Seek funding sources to assist landlords with low-cost loans and grants for property improvements to address blight, substandard housing, or other health and safety issues.
- b. Explore expanding proactive rental inspections and requirements for rental units not covered by the City’s existing proactive Multiple Housing Program – rented single family homes, duplexes, condominiums, and other rentals in San José.
- c. Explore if receivership may be appropriate for properties that have become serious health and safety dangers to residents.
- d. Target Preservation funding to help community and nonprofit partners to acquire and maintain properties that have ongoing rehabilitation needs, particularly in areas experiencing displacement.
- e. Conduct a review of the City’s relocation policies, including relocation due to condemnation or “red tagging”, to ensure they result in sufficient compensation, they are consistent under similar circumstances, and that relocation is required to be paid in all situations that result in displacement.

Type of Strategy	PRESERVE Existing Affordable Housing
Summary	<p>Maintaining the City’s buildings in sound physical condition is a core element of any Preservation strategy. This recommendation recognizes that effective Code Enforcement is a critically important way to keep residents in place by lowering the risk of evictions through proactive inspections. Landlords with long-time residents may lack resources to do expensive rehabilitation without financial assistance. Public agency loans or grants for multifamily rehabilitation could help property owners, and could contain conditions that existing tenants remain in place and that short-term rental affordability or other community benefit be given.</p> <p>Some property owners may avoid making critical health and safety repairs to their buildings, despite risks to their tenants. Receivership was a useful tool during the foreclosure crisis and its use may be appropriate in these situations. If owners wanted to sell their buildings, affordable housing developers could make offers to purchase them. This could be a win-win-win for sellers, buyers, and tenants in that renters’ homes would be preserved, and they could remain in place as their buildings are sold to mission-oriented affordable housing developers and rehabilitated.</p> <p>Finally, this recommendation involves staff’s review of City’s relocation policies to ensure they do not unintentionally result in residents’ displacement.</p>
Description	<p>For long-term tenants of unregulated low-rent apartments, the prospect of a dramatic rent increase or general housing instability can create incentives to leave the City or region. As more than half of the City’s renters already pay more than 30% of their gross salary on housing costs, rent increases can be quite destabilizing. At the same time, for some landlords, the need to raise revenue to improve their properties or the incentive of market prices can run counter to their desire to keep their long-term tenants in place or to stay in the rental business altogether.</p> <p>Retaliatory evictions can sometimes occur in response to complaint-driven code enforcement. Proactive rental inspections help spur necessary maintenance of rental</p>

properties and remove some of the risk of retaliatory evictions. Unlike most cities, San José has a proactive Multiple Housing rental inspection program with a three-tier service delivery model which requires more frequent inspections and higher fees for properties with more health, safety, or other code violations. Expansion of proactive inspections would take additional resources, but would likely help to improve housing quality without the risk of retaliatory evictions.

The three-tier inspection system provides incentives for property owners to make efforts to move to a less-expensive tier through responsible property management, as demonstrated by no violations or few minor violations promptly corrected. Code Enforcement has recently reassessed enrolled rental properties to move tiers as appropriate at the end of their tier cycles. Despite this innovative model, there are still many rental properties that carry chronic health and safety issues year after year. Code Enforcement staff has begun to explore the most accurate data indicators to determine buildings that would qualify as more serious, habitual violators worthy of additional attention and resources. This promising work would take time to complete.

Many property owners do not want to evict long-term tenants or to sell their properties to owners who will demolish or “reposition” their property. The City could reward that behavior of keeping tenants in place and help owners’ financial needs by seeking State or federal funds to create a low-cost grant or loan program for multifamily rehabilitation. The funds would carry conditions that existing tenants remain in place, and that short-term rental affordability or other community benefit be given. The City could also create fee waivers or use existing funding sources to help create incentives for property owners of a small number of older buildings who have demonstrated good faith efforts to improve their properties. The goal would be for an owner to invest to increase housing quality without displacing residents. The City also could help these owners by providing special technical assistance on City compliance issues. These improvements could help property owners, help tenants, and increase the useful life of existing naturally affordable housing.

If the City Council agrees that Preservation is an important policy objective, it could allocate eligible funds (such as Measure E, or other funds) towards establishing a Preservation Fund. Many cities in the Bay Area active in preservation started funds with small initial amounts. Staff could issue a Notice of Funding Availability for award of the funds and prioritize properties that are in disrepair, particularly in areas experiencing displacement. In this way, some of those areas’ existing apartments could be repaired and turned into long-term restricted affordable housing. This would give residents the chance to stay in those changing neighborhoods and benefit from potential opportunities while paying reasonable rents.

The City could further strengthen the use of receivership for those properties that are health and safety dangers and are owned by chronic repeat code violators. While the City is just starting to utilize the receivership process, there may be many properties in the City with multiple code violations and/or tenant harassment incidents in which this type of action could be considered appropriate.

Finally, this recommendation includes reviewing the City’s relocation policies to ensure they are sufficient to enable residents to stay in San José and find new housing in all appropriate situations that would result in displacement, including ‘red tagging’ of unsafe buildings.

	<p>Successful programs in San Francisco and Salinas have demonstrated that small incentives and investments can lead to outsized impacts in housing stability. By reducing property ownership costs, proactively enforcing code violations, and providing opportunity for nonprofit partners to acquire substandard housing to preserve as affordable housing, San José can help to protect some households from displacement.</p>
<p>Problem it Addresses</p>	<p>The City loss of existing deed-restricted and naturally affordable housing stock.</p>
<p>Potential Impact</p>	<ul style="list-style-type: none"> • Single family home, condo, and duplex rentals not currently in the multi-housing inspection program • Turns previously neglected and hazardous properties into newly rehabilitated and restricted-affordable housing while keeping tenants in place • Could help 1,540 residents displaced from apartment fires from 2018 – June 2020
<p>Potential Cost</p>	<p>Time of budgeted staff for receivership and relocation policy reviews; To be determined for landlord financial assistance, proactive inspections, and targeted preservation funding</p>
<p>Related Strategy(ies)</p>	<p><i>This recommendation is linked to recommendation 3. Community Opportunity to Purchase (COPA), as owners choosing to sell properties would give notice to qualified “community” organizations, who would have the right to make a first offer to purchase.</i></p> <p><i>This recommendation is also linked to 10. Establish New Source of Funding for Affordable Housing and Anti-Displacement, as new funding would be needed for rehabilitation loans and grants, acquisition/rehabilitation/permanent financing for existing buildings, and for additional proactive Code Enforcement inspections.</i></p> <p>VTA’s BART Phase II TOD Corridor Strategies and Access Planning Study</p> <ul style="list-style-type: none"> • Develop acquisition strategy for naturally-occurring affordable housing (citywide or in station areas) <p>City of San José Analysis of Impediments to Fair Housing 2016-2020:</p> <ul style="list-style-type: none"> • Explore and establish other preservation policies, programs, funding, or tools as appropriate including acquisition <p>Community Plan to End Homelessness 2020-2025 Strategies:</p> <ul style="list-style-type: none"> • Preserve existing deeply affordable housing stock by investing resources to ensure deed restrictions are extended and naturally occurring affordable housing is protected.
<p>Recommendations/ Next Steps</p>	<ol style="list-style-type: none"> a. Identify funding sources and research the interest of landlords in a program to provide low-cost loans and grants for property improvements to address blight or health and safety issues. b. Work with Code Enforcement to explore the level of effort, cost, and potential time horizon involved in expanding proactive rental inspections/ requirements for those rental units not covered by the City’s existing Multiple Housing Program. Consider potential impact of these fee-based services, requiring registration and payment by property owners, on rents charged to tenants. c. Work with Code Enforcement to review criteria for cases where receivership may be appropriate for properties which have become serious health and safety dangers to residents. d. Research the City’s current relocation policies and best practices from other cities.

7. Create a Preservation Report and Policy

- a. Create an annual Housing Balance Report that tracks the net gain and loss of all types of affordable housing to determine the City's progress toward increasing the availability of housing opportunities for its residents.
- b. Bring to the City Council for its consideration a Preservation Policy that establishes a goal of preserving existing affordable housing and helping to prevent displacement, to inform programs, resources, and development policy decisions.

Type of Strategy	PRESERVE Existing Affordable Housing
Summary	<p>An annual Housing Balance Report could monitor the City's net gain or loss of affordable housing. The Report would capture information on all housing that is reasonably priced, including deed-restricted affordable housing, rent-stabilized apartments, and naturally affordable market-rate (low-rent) housing. It could also reflect homes that are becoming investor-owned and rented.</p> <p>The Housing Balance Report data could be paired with a Preservation Policy that the City should preserve its total amount of all types of affordable housing. This integrated, data-led strategy would allow the City to make better decisions about the allocation of its resources and the need for specific strategies.</p>
Description	<p>San José is regularly losing different types of reasonably-priced housing due to a range of causes: demolition; expired deed restrictions; tax-exempt bond payoffs; vacancy decontrol; redevelopment; withdrawals from the rental market; and/or condo conversions. At the same time, a significant amount of San José's homeownership housing is reportedly being purchased as investments and is, or has already been, converted into rental properties. Concern for the preservation of affordable housing, particularly rent-stabilized buildings that may be demolished under the Ellis Act, was one of the most commonly cited concerns from community members at recent community forums.</p> <p>The City has not yet set up an integrated report to quantify the gain and loss of all types of affordable housing so that it can track progress toward increasing the availability of affordable housing and homeownership opportunities for residents. While new State law (SB 330) requires the maintenance of a city's total housing stock, that law does not require the preservation of the total affordable housing stock.</p> <p>Other public entities report regularly on their affordable housing stock so that data-informed decisions can be made. The San Francisco Board of Supervisors adopted an ordinance on April 25, 2015, requiring its Planning Department to prepare a Housing Balance Report twice per year. The report documents how much affordable, naturally affordable, and rent-stabilized housing has been gained and lost. In 2018, this report revealed that from 2008 to 2018, San Francisco lost two units of existing affordable housing for each one being built. This report proves objective information that is useful for a city's preservation programs.</p> <p>This recommendation is for staff to build upon its current affordable housing Production and Preservation Report and Annual Rent Stabilization Report. The Housing Balance Report could pull together preservation data from the City's different sources, use market</p>

	<p>data to identify naturally affordable apartment buildings built after 1979 that sell and raise rents, and include information on the homeownership housing stock to calculate the net gain or loss of affordable housing. The analysis could also be spatially presented, so that the supply and changes could be seen in different neighborhoods.</p> <p>The results of the Report may suggest strategies on certain types of housing, or in certain areas of the City. It also could indicate the severity of any issues identified so as to better guide resource allocation decisions.</p> <p>When this data is coupled with a City Council policy that states preservation of existing affordable housing is a City objective across the City, it would help staff and the City Council make better decisions.</p>
<p>Problem it Addresses</p>	<p>The City’s loss of existing affordable housing, and the lack of knowledge about the need for different types or locations of Preservation strategies.</p>
<p>Potential Impact</p>	<p>The number of naturally occurring affordable housing units (defined as those built after 1979 with rents serving those at or below 80% AMI using a 30% payment standard): approximately 800</p> <p>San José has approximately 92 known City-restricted apartments that are at-risk of expiring affordability restrictions in the next five years, and 16 rent-stabilized apartments that may be at risk of Ellis Act demolition currently known.</p>
<p>Potential Cost</p>	<p>Time of budgeted staff</p>
<p>Related Strategy(ies)</p>	<p>Community Plan to End Homelessness 2020-2025 Strategies:</p> <ul style="list-style-type: none"> • Preserve existing deeply affordable housing stock by investing resources to ensure deed restrictions are extended and naturally occurring affordable housing is protected.
<p>Recommendations/ Next Steps</p>	<ol style="list-style-type: none"> a. Develop the format and data collection systems for the Housing Balance Report. b. Develop a Preservation Policy that would establish a goal of preserving existing affordable housing and helping to prevent displacement, to inform programs, resources, and development policy decisions.

8. Develop YIGBY Land Use – Yes in God’s Backyard

- a. Amend the City’s General Plan and zoning code to allow 100% deed-restricted affordable housing under the Public Quasi Public (PQP) General Plan land use designation and zoning district, when such residential uses are developed as a secondary use in conjunction with the primary use of the property for assembly uses.

Type of Strategy	PRODUCE New Affordable Housing
Summary	<p>Mission-oriented nonprofit organizations that control 100% restricted affordable housing tend to maintain affordability for the long-term. This prevents displacement that occurs when profit-motivated owners allow affordability restrictions to expire and raise rents. To encourage such organizations to develop affordable housing on their properties, the City could amend its General Plan and the zoning code to allow 100% affordable housing developments to proceed under the Public Quasi Public (PQP) General Plan land use designation and zoning district when such residential uses are developed as a secondary use in conjunction with the primary use of the property for assembly uses.</p>
Description	<p>Properties allowing private assembly uses are typically designated in the General Plan with a Public/Quasi Public land use designation. This land use designation supports schools, colleges, corporation yards, homeless shelters, libraries, fire stations, auditoriums, museums, government offices and airports, and private assembly uses, such as religious assembly. While permanent supportive housing for formally homeless people is also allowed within the PQP land use designation, other housing types – including affordable housing for very low- and low-income households – are not allowed.</p> <p>Provision of affordable housing is consistent with many faith organizations’ missions, and the City recently has received inquiries from several faith organizations about how to get affordable apartments developed on their sites. Faith organizations are already important partners helping address the City’s homelessness crisis by operating temporary shelters and safe parking programs. This recommendation is designed to permit development on additional sites for affordable housing and promote site control by mission-oriented organizations likely to preserve affordability in the long-term. If houses of worship use this development path, this recommendation also would be property tax-neutral, as neither they nor affordable apartments restricted to low-income residents that are materially controlled by nonprofits pay property tax under State law.</p> <p>San José has many faiths that worship in churches, temples, mosques, and other places of religious assembly throughout the City. Many of these properties are larger than needed to meet the current needs of their congregations. Underutilized portions of these larger properties present an opportunity for the development of deed-restricted affordable housing. Affordable housing developed on land controlled by mission-oriented organizations would provide new opportunities for individuals and families who might otherwise get displaced by rising rents in the City.</p> <p>This recommendation proposes a General Plan text amendment be made to the PQP land use designation to allow affordable housing for very-low and low-income households in conjunction with assembly uses. To make the zoning code consistent with this text amendment, the PQP zoning district would also need to be amended to allow affordable housing in conjunction with existing assembly uses. This recommendation is not advocating for the wholesale conversion of properties from their assembly uses, in order to preserve these types of properties sought after by many faith-based organizations.</p>

	<p>While other properties allowing assembly uses would also be eligible for this land use process, it is most likely that faith-based organizations would be willing to enter into long-term ground leases of periods such as 99 years that pay only a nominal amount, and record affordability covenants on the site. This has been the City’s experience with its overnight parking ordinance. While it is not expected that this recommendation would lead to a large number of new affordable housing projects being built, it could result in the development of some affordable homes that would help alleviate displacement in certain communities.</p> <p>State Senate Bill 899 (2020) addresses this issue as well, but broadens the scope of this proposal. If this bill passes, staff will also need to make General Plan and zoning code amendments to conform to this State law.</p> <p>Issues for staff to develop further if this strategy is pursued include:</p> <ul style="list-style-type: none"> • defining minimum restricted affordability criteria to qualify for this rule; • defining terms such as ‘primary use’ and ‘secondary use’ of the property; • defining minimum and maximum densities for PQP; • tailoring this rule for properties with multiple uses (for instance, childcare spaces as part of religious space or standalone); • ensuring on-site parking requirements are adequate to discourage excessive street parking and preserve an adequate community supply of parking if housing is developed on surface parking lots; • defining a minimum period of time for an organization to own its property, to discourage abuse by developers that could purchase properties and either ‘convey’ in name only to faith organizations, or that could purchase properties and then file for some religious designation to take advantage of the rule; • researching alternatives the City could pursue if the sponsoring owner ceases operations during the period of affordability; and, • whether land use entitlements could legally dictate that the site would need to be transferred to another nonprofit organization.
<p>Problem it Addresses</p>	<p>Need for sites to build affordable housing.</p>
<p>Potential Impact</p>	<p>There are approximately 435 acres of assembly use properties owned by nonprofit faith organizations with a PQP land use designation, which could be utilized to produce a conservative estimate of 300-500 affordable apartments.</p>
<p>Potential Cost</p>	<p>Time of existing staff</p>
<p>Related Strategy(ies)</p>	<p>Community Plan to End Homelessness 2020-2025 Strategies:</p> <ul style="list-style-type: none"> • Build 18,000 units of housing affordable to extremely low-income (with income from 0 to 30 percent of Area Median Income) and very low-income households (with income from 30 to 50 percent of Area Median Income)
<p>Recommendations/ Next Steps</p>	<ol style="list-style-type: none"> a. Amend the General Plan and zoning ordinance to allow deed-restricted affordable housing under the Public Quasi Public (PQP) General Plan land use designation and zoning district, when such residential uses are developed as a secondary use in conjunction with the primary use of the property as an assembly use. b. Determine if tracking this item is best done with other production-oriented strategies led by Planning, Building and Code Enforcement in the Housing Crisis Workplan.

9. Optimize Urban Villages for Affordable Housing Development and Anti-Displacement

- a. To encourage 100% restricted affordable housing development in Urban Villages before market-rate housing proceeds (per General Plan Policy IP-5.12) and help keep residents in place, analyze unplanned Urban Villages for areas that score well for competitive affordable housing funding sources, and make results available to developers.
- b. Identify the displacement risk for all Urban Villages using a methodology such as the Urban Displacement Project’s framework to better inform Citywide efforts to address displacement.
- c. Strategically target the City’s affordable housing development subsidies to certain Urban Villages to help maximize their ability to mitigate residents’ displacement.
- d. Include analysis from (a) and (b) above into Existing Conditions analysis in Urban Village Plans, along with a statement of the City’s anti-displacement principles and any neighborhood concerns regarding displacement. As part of the Urban Village planning process, consider strategies that support affordable housing on sites identified as optimal for funding sources in (a) above.
- e. Track and report on affordable housing production progress and displacement status of all Urban Villages as a whole within staff’s General Plan Annual Performance Review report to the City Council.

Type of Strategy	PRODUCE New Affordable Housing
Summary	<p>Urban Villages are one of four growth areas in the City’s General Plan. They have a goal of producing 25% restricted affordable housing, but have no way to require that much be built on individual sites, as 25% exceeds the 15% Inclusionary Housing site-specific requirement.</p> <p>This strategy proposes staff conduct advance analysis to inform affordable housing developers of early opportunities in areas that score well for competitive funding sources in Urban Villages, with a focus on unplanned Urban Villages. The analysis would help to increase near-term production volume under General Plan Policy IP-5.12, which allows 100% restricted affordable housing to be built before market-rate housing in Urban Villages that do not yet have Plans. This policy keeps public subsidy levels low and helps mitigate displacement of low-income residents.</p> <p>Staff analysis could also inform the City’s prioritization of its public subsidies to Villages that have higher displacement potential, so that affordable housing can be built before or alongside market-rate housing, giving residents a way to stay in San José as it develops. Analysis of affordable production levels in each Urban Village could also induce the City to geographically focus its resources to achieve more balanced outcomes.</p> <p>Urban Village Plans could increase their focus on affordable housing and displacement, and the City’s policies and goals, by incorporating chapters or sections on these topics. Plans could capture the identified optimal areas for affordable housing production and ensure that forms and densities in those areas are consistent with typical affordable housing developments. Plans also could identify risk of displacement in the area using a methodology such as the Urban Displacement Project’s framework and available map layers. Finally, Plans could identify community feedback on support for certain types of anti-displacement strategies, augmented by the inclusion of strategies appropriate for the local development context.</p> <p>Finally, regular reporting on progress towards Urban Villages’ affordable goals and areas’ displacement risk levels could also help policy makers to make better decisions regarding resources and the mitigation of potential displacement.</p>

<p>Description</p>	<p>The General Plan supports affordable housing creation in Urban Villages in several ways. Doing advance staff analysis to determine optimal areas for affordable housing development could strengthen the public’s use of General Plan Policy IP-5.12, which would result in more 100% affordable housing developments in Urban Villages. Analysis of such optimal areas could be to:</p> <ul style="list-style-type: none"> • Map and analyze existing building stock for affordability (market-rate, naturally affordable, rent-stabilized, mobilehome, and affordable) and areas at-risk of redevelopment. • Estimate income levels of existing residents in at-risk areas to inform the type of affordable housing that could directly offset local displacement following redevelopment. <p>Comparing housing stock to the potential housing need by resident income level would indicate the extent of the mismatch and need to target the City’s resources and attention.</p> <p>To identify areas within Urban Villages appropriate for affordable housing development, analysis could be to:</p> <ul style="list-style-type: none"> • Map publicly owned sites, which can have a priority for affordable housing under State law if declared surplus property. • Map parcels where 100% affordable housing developments could be located to maximize competitiveness for federal, state, and regional subsidy sources. The GIS- based Opportunity Sites map developed by Tolemi that is currently being tested for release may be able to be used for this analysis. <p>This advance access to Urban Villages for affordable housing maximizes affordable developers’ access to sites, minimizes the amount of public subsidy needed for a development, and helps to prevent displacement of local residents. If affordable housing is built before an area gets popular and market-rate housing is developed, residents from the area in danger of displacement due to rising rents and other neighborhood changes might have somewhere local and affordable to move if the affordable housing is built first.</p> <p>Finally, staff should include in the General Plan Annual Performance Review how many of the City’s affordable homes were produced in Urban Villages, and where they were produced. It could also report on how many Urban Villages are classified at different displacement risk levels. Using the Urban Displacement Project analysis framework by UC Berkeley and other universities would be a simple way to do this analysis.</p>
<p>Problem it Addresses</p>	<p>Underproduction of affordable housing in Urban Villages, prime areas close to transit and amenities throughout the City; work spent by developers to identify and assess sites appropriate for affordable housing development</p>
<p>Potential Impact</p>	<ul style="list-style-type: none"> • Improves proactive planning to produce affordable housing and to mitigate local displacement before new investment occurs.
<p>Potential Cost</p>	<p>Additional staff work would be incurred, which could be done with budgeted staff</p>
<p>Related Strategy(ies)</p>	<p>Community Plan to End Homelessness 2020-2025 Strategies:</p> <ul style="list-style-type: none"> • Increase community engagement in supporting affordable and supportive housing development. <p>City of San José Analysis of Impediments to Fair Housing 2016-2020:</p> <ul style="list-style-type: none"> • Strategies to locate affordable housing within growth areas that are experiencing or expect to experience displacement, such as urban villages.

	<ul style="list-style-type: none">• Continue to explore efforts to locate affordable housing within reach of jobs, transit and Urban Village Areas.
Recommendations/ Next Steps	<ol style="list-style-type: none">a. Identify sites in Urban Villages well-positioned to develop with affordable housing prior to adoption of Urban Village plans using General Plan Policy IP-5.1 to facilitate housing for residents who may be displaced.b. Integrate updates on affordable housing and displacement status into Urban Village annual reports.

10. Establish New Sources of Funding for Affordable Housing and Anti-Displacement

- a. Continue to explore and pursue ways to collect more funding for affordable housing and anti-displacement strategies.

Type of Strategy	PRODUCE New Affordable Housing PRESERVE Existing Affordable Housing PROTECT Tenants
Summary	Pursue a combination of public, private, and philanthropic funding sources to create the financial tools necessary to fund affordable housing and anti-displacement strategies - the production of new affordable housing, preservation of existing affordable housing, and protection of the City’s tenants. The need for involvement of all sectors is particularly evident given the COVID-19 crisis, the City’s current production goals, and its forthcoming much higher RHNA goals.
Description	<p>Following the dissolution of California’s redevelopment agencies in 2012, San José lost its largest and most stable source of affordable housing funding. Since that time, the City’s affordable housing production dropped sharply while rents increased dramatically. While some sources (Affordable Housing Impact Fee, Inclusionary Housing Ordinance, Santa Clara County’s 2016 Measure A, San José’s 2020 Measure E) have helped provide a portion of the funding needed in recent years, San José still has a significant affordable housing funding gap to meet its goals.</p> <p>In 2018, the Mayor and City Council adopted an ambitious 25,000-unit, five-year housing goal, with 10,000 of the homes to be affordable. As of September 2019, the City had met only 11% percent of its 10,000-affordable homes goal, with another 22% in the prospective pipeline. Further, within the current Regional Housing Needs Allocation cycle 2014-2023, the City is responsible for producing 20,849 affordable housing units, with 14,661 at or below 80% AMI. This averages out to 2,317 affordable units per year needed, with 1,629 at or below 80% AMI. However, in the past three years, the City has permitted an average of only 925 affordable homes per year. While this is an increase from preceding years, it is still well below both the Mayoral goal and the City’s RHNA obligation.</p> <p>In March 2020, the City passed Measure E, a parcel transfer fee to be used for a range of affordable housing uses. The City expects to receive its first revenues from Measure E in fall 2020. While this new funding source will help the City’s affordable housing production, it remains insufficient to meet the City Council’s housing goal, or its RHNA goal. Additional resources and incentives are needed to reach higher.</p> <p>In the past six months, the City has also faced several challenges related to the COVID-19 crisis. From lower revenues to vastly increased resident needs, the COVID-19 crisis has resulted in a perfect storm of fiscal headwinds. In addition, a far larger RHNA goal for the next Housing Element cycle is anticipated, potentially doubling the City’s affordable housing production goals. And, preservation and protection strategies need their own resources.</p> <p>To address the multiple needs and crisis that the City is currently facing, new and more creative forms of funding will be required. Research into how anti-displacement programs and affordable housing is funded in other cities confirms that the most effective anti-displacement programs are supported by dedicated, recurring, flexible sources of revenue.</p>

	<p>Public funding sources used for affordable housing in other cities come from consumption (sales and excise tax), employment (head tax, gross receipts tax), and/or development (commercial linkage fee, incentive-based development fees). In this current environment, the City could consider the effectiveness of these potential sources to support the production and preservation of affordable housing. The City may also consider how to restructure its current tax structure to best fit current conditions.</p> <p>It is also clear that the City will need investment and partnerships with private and philanthropic allies to address this historic crisis. Local foundations have shown interest in funding preservation pilots involving community-based acquisition and rehabilitation projects. Large local and regional employers have also pledged sizable commitments to affordable housing. Only by blending public, private, and philanthropic funds can the City’s affordable housing and anti-displacement challenges have a chance of being addressed.</p> <p>The City could take the lead in creating a low-return investment vehicle that could provide the required up-front capital for property acquisitions. Other cities such as Denver and San Francisco have created, or helped to create, acquisition and rehabilitation loan funds that have blended a variety of funding sources. Philanthropic partners have used both PRIs as well as investment capital to fund affordable real estate projects in different cities. Partnerships with private and philanthropic partners may spur creative new models for housing production and preservation.</p>
<p>Problem it Addresses</p>	<p>Insufficient amount of subsidy available to meet the City’s affordable housing and anti-displacement needs</p>
<p>Potential Impact</p>	<p>Increase in the available resources to fund the affordable housing gap and address Production, Preservation, and Protection needs</p>
<p>Potential Cost</p>	<p>Yes, to be determined</p>
<p>Related Strategy(ies)</p>	<p><i>This recommendation is related to all others in the Strategy, as it would create additional resources for Production, Preservation, and Protection programs.</i></p> <p>VTA’s BART Phase II TOD Corridor Strategies and Access Planning Study</p> <ul style="list-style-type: none"> • Explore a dedicated funding source for housing affordability preservation City of San José Analysis of Impediments to Fair Housing 2016-2020: • Explore and establish other preservation policies, programs, funding, or tools as appropriate including acquisition <p>City of San José Commercial Linkage Fee Study (being heard by the City Council in September 2020), which could fund Production and Preservation of market-rate residences</p>
<p>Recommendations/ Next Steps</p>	<ol style="list-style-type: none"> a. Identify appropriate public funding sources for additional Production, Preservation and Protection strategies b. Evaluate funding source and structures used by other cities and the amounts needed c. Discuss with local companies and foundations the potential uses of public funds together with private and philanthropic funds to consider new ways of funding capital and programs