

Attachment C

CITY OF SAN JOSÉ AFFORDABLE HOUSING SITING POLICY

Purpose:

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 and mitigating displacement.

Siting Policy

Siting Policy will be administered by staff through the issuance of Notices of Funding Availability (NOFA). When determining whether to award funding for a given project, staff and the developer will be able to access an online mapping tool. When the developer applies for City funding through a NOFA, staff will do the following:

- 1) Determine if the proposed affordable housing project is located in the Affordable Housing Expansion Areas or Continued Investment Area;
- 2) Evaluate the census tract where the development is located to see if further review is required per the Siting Policy; and
- 3) Notify the developer if the development is eligible for city funding.

Applicability

For the purposes of policy evaluation, the Siting Policy applies to the location of new permanent deed-restricted affordable housing **financed** by the City of San José, acquisition/rehabilitation of newly affordable housing, and where the Siting Policy applies under the Inclusionary Housing Ordinance.

The Siting Policy applies to all homes that meet the following criteria:

- 1) Site is located in the City of San José;
- 2) Will receive funding from the City or is provided as off-site rental under the Inclusionary Housing Ordinance;
- 3) Will have a City affordability restriction; and
- 4) Will have rents that are affordable to households up to 80% of the Area Median Income.

The Siting Policy does not apply to the acquisition and rehabilitation of existing deed-restricted affordable homes, 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 or dedicates land for this purpose).

Distribution Goals

The Siting Policy defines the affordable housing distribution goals in each neighborhood area for Fiscal Year 2021-2022 to Fiscal Year 2025-2026. Funds will be prioritized during this five-year period to ensure that at least 35% of all homes funded will be developed in Affordable Housing Expansion Areas.

Affordable Housing Expansion Area: These neighborhoods have characteristics associated with upward mobility, educational attainment, physical and mental health, and other positive outcomes. These areas are identified as High or Highest Resource Areas in the California Tax Credit Allocation Committee (TCAC)/Housing and Community Development (HCD) Opportunity Map. They rank in the top 40% of census tracts in the Bay Area according to indicators associated with positive economic, educational, and health outcomes for residents. In these areas, the Siting Policy will expand access to opportunities and affordable housing for low-income residents of San José.

Continued Investment Area: Areas that do not meet the above definition, but where the City intends to continue investing in affordable housing including in historically disinvested areas, with the goal of supporting and lifting up these communities.

| Neighborhood Areas | Share of Cityside Census Tracts | New Unit Distribution Goal for FY 21-22 to FY 25-26 |
|------------------------------------|---------------------------------|---|
| Affordable Housing Expansion Areas | 34% | 35% |
| Continued Investment Areas | 66% | 65% |

Required for Further Review

Developments that are building in either of the two areas listed below will require further review before a funding commitment can be made.

1. If more than 50% or more of existing homes in a census block group are deed-restricted affordable housing, and the block group contains 200 or more affordable homes; or
2. If a census tract's poverty rate is at or above 20%, adjusting for the presence of college and graduate students.

The funding commitment may move forward if any of the following criteria are met:*

- The site is located in a neighborhood facing displacement;
- The site is located in a growth area as defined by the [General Plan](#);
- The proposed development is a mixed-income development with 50% of the units market-rate; or
- The site for the proposed development is a part of a community development investment plan that has approved funding.

Staff will disclose in the City Council funding memorandum why a development triggered further review and indicate what criteria was met to qualify the development for funding.

Evaluation

An evaluation of the Siting Policy will begin immediately after the preliminary award of the Fiscal Year 2025-2026 NOFA. All affordable housing that restricts residents who earn up to 80% of the Area Median Income, regardless of how it was financed, or the beneficiary of the affordability restriction will be included in the analysis. The evaluation should include if the Siting Policy met its distribution goals in addition to conducting an analysis of the performance indicators.

Performance indicators to track will include the following:

- Populations served including family, senior, special needs in each neighborhood area;
- Number of homes in Affordable Housing Expansion Area;
- Housing development costs in Affordable Housing Expansion Areas relative to other areas;
- Tenant demographic data by race and ethnicity to ensure that affordable housing is serving residents who reflect San José's racial and ethnic demographics. Any other additional tenant demographic data being collected such as people with disabilities, seniors, and household type (families, individuals) should also be included, if available; and
- Non-City funded affordable housing developments (e.g. County of Santa Clara -funded, Bond funded, Housing Authority of the County of Santa Clara).

Maps

Siting Policy Maps will be updated periodically when neighborhood-level data adjust or become available that result in changes at the census tract level.

- 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.

Developers selecting sites in census tracts that may change over time may use the Siting Policy map in effect when the initial site control was obtained up to seven calendar years prior to the funding application.

Exceptions

Any exceptions to the Siting Policy will be made by the City Council.

EXHIBIT A

Maps for Affordable Housing Expansion and Continued Investment Area, locations subject to further review

