



Memorandum

TO: THE HONORABLE MAYOR &
CITY COUNCIL

FROM: Councilmember Lan Diep

SUBJECT: FY 2017/18 – 2021/22 AFFORDABLE
HOUSING INVESTMENT PLAN

DATE: 6/11/2018

Approved

Lan Diep

Date

6/11/18

RECOMMENDATION

Adopt staff recommendations with the following amendment:

1. Grant the most preferential bonus points to development projects that build homeless units, relative to other desired outcomes deserving of bonus points, such as projects that present cost savings, affordable housing and sustainable communities capability, or are ready for immediate construction.

BACKGROUND

The Affordable Housing Investment Plan (AHIP) is the Housing Department's strategy to meet the housing demand in light of available funding. The Plan lays out priorities on how such limited resources will be spent. Whereas traditionally AHIPs submitted for Council consideration lay out plans for the following fiscal year, this AHIP lays out plans for the next five years, from fiscal year 2017/18 – 2021/22.

The Housing Department estimates that it will have nearly \$335.1 million available to help build affordable housing over the next five years. With this money, about 2,276 new affordable housing units will be added to the 1,099 units already currently funded, yielding about 3,375 new affordable units by 2022. Staff's strategy to achieve this over the next five years is to provide a \$125,000/unit subsidy to developers to build affordable housing units, regardless of target income or population. Staff will evaluate projects based on project readiness, and will provide additional bonus points for developments that provide 1) cost savings; 2) affordable housing and sustainable communities capability; and 3) homeless units.

The AHIP of previous years prioritized initiatives to rapidly serve the vulnerable homeless population and to reduce illegal encampments throughout the City, as permanent supportive housing is considered "the most effective method to address the homeless issue."

ARGUMENT

A five year plan takes a longer view than a plan that projects just one year out. It is understandable then that in the Affordable Housing Investment Plan (AHIP), which will guide our actions for the next five years, will allow for more flexibility than the one-year AHIPs of years past. However, the problem of homelessness that vexed previous councils still confronts this council today, and we should continue to do what we can to prioritize our policy efforts to end homelessness sooner than later.

Everyone knows about the housing crisis in the Bay Area. But the problem is so enormous and the need for housing is so great that there can be no simple solution to addressing it. However, the problem becomes more manageable if we seek to address it in segments.

There are over 4,000 homeless individuals in San José on any given night. While that number is significant, it is at least manageable. Innovative ideas like Bridge Home Communities may prove to be a valuable tool, but ultimately cannot be our main answer to the problem of homelessness. We need more permanent supportive housing.

The plan Staff has proposed raises a tension between project readiness for any affordable housing unit, regardless of target income or population and the homeless units that are needed to achieve the longstanding goal of the City to reduce the people homeless on our streets.

It is possible that in racing towards the goal of building 10,000 affordable housing units of any type, we will delay the City from making significant progress towards ending homelessness and the problems associated with it, such as open encampments, trash heaps, etc...

Over the last five years, the City has succeeded in getting 570 supportive and rapid rehousing units in the pipeline. However, prior to specific prioritization of homeless units in the AHIP of recent years, before 2013, the City only constructed approximately 250 units of supportive housing for the formerly homeless.

As we broaden our policy goals to build more affordable housing for all people regardless of target population or income, we must not backslide on the progress we have made on the homeless front. Developers will do what is possible within their constraints, and we can craft policies to incentivize desired outcomes.

CONCLUSION

Staff should amend its Affordable Housing Investment Plan to give the most bonus points to development of homeless housing units over any other type of outcome. The homeless units the City needs will not be built otherwise.

