



Memorandum

TO: CITY COUNCIL

FROM: Councilmember Devora "Dev" Davis
Councilmember Maya Esparza

SUBJECT: SEE BELOW

DATE: April 9, 2019

Approved:

 Date:  April 4, 2019

SUBJECT: AFFORDABLE HOUSING INVESTMENT PLAN UPDATE

RECOMMENDATION

Accept the staff report, including the new priorities of funding acquisition and/or rehabilitation of existing market rate housing, and;

1. Increase the minimum of 30% of funds invested in extremely low-income housing to 45% of funds over the life of the Housing Investment Plan.

BACKGROUND

Given the insufficient supply and the overwhelming need for affordable homes in San Jose, especially amongst our lowest-income earners, it is vital that 45% of funds in the Housing Investment Plan be allocated to extremely low-income (ELI) housing.

Extremely low-income renters face the most severe shortage of affordable homes. Per the National Low Income Housing Coalition (NLIHC), San Jose has a deficit 38,689 units that are available and affordable for ELI households. On a smaller scale, this is equivalent to only 30 available units per 100 ELI households. The shortage of affordable homes for ELI renters becomes a surplus for households with higher incomes; higher-income households can occupy homes that are affordable to lower-income households, making them unavailable to lower-income households.

NLIHC also concluded that 73% of ELI renters are severely cost-burdened, which means they spend more than half of their incomes on rent. By comparison, 41% of very low-income households and 11% of low-income households are severely cost-burdened.

The lack of affordable housing disproportionately affects extremely low-income households. In addition, they are more vulnerable to being one financial emergency away from homelessness. Requiring that a minimum of 45% of all new affordable housing funding be allocated to extremely low-income households will allow our city to serve those with the greatest needs and help prevent further homelessness.