

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Councilmember Jimenez  
Councilmember Arenas

**SUBJECT:** Affordable Housing Investment Plan  
Update

**DATE:** April 5, 2019

Approved by:

Date: 04.05.2019

## RECOMMENDATION

Accept the Affordable Housing Investment Plan Update and approve the memo from Councilmembers Devora “Dev” Davis and Maya Esparza dated April 9, 2019, to 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

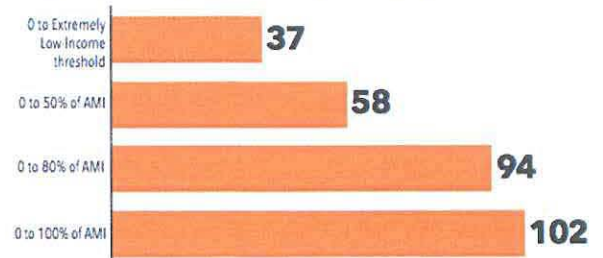
As the City continues to implement its Affordable Housing Investment Plan, we must not forget the massive housing gap that remains for our city’s lowest-income earners, the *Forgotten Poor*. At the March 19, 2019 Council meeting, the Housing Element Progress Report indicated that the City met 94% of its annualized goal for new market-rate units and only 61% of its annualized goal for affordable units. Of these affordable units, the City only met 12% of its goal for new ELI units<sup>1</sup>.

Investing 30% of our affordable housing funds for ELI housing is the bare minimum. We owe our most vulnerable residents a stronger commitment. According to *The GAP*, a study done on the shortage of affordable homes by the National Low Income Housing Coalition, 22% of ELI renters are disabled, 26% are seniors, and a majority are people of color<sup>2</sup>. “Black, Native American, and Hispanics households are more likely than white households to be extremely low-income renters”<sup>2</sup>. These same residents are critical to our economic prosperity by virtue of their employment in the service industry, construction and other fields essential to our growth, it is in our best interest to guarantee that they can

afford to live in San Jose. Properly funding ELI units will secure housing for households that the private market lacks the ability to produce because of development costs.

In our efforts to secure funding for the “Missing Middle,” we must not overlook the heavy burden our costly housing market places on the *Forgotten Poor*. According to The GAP, renters with extremely low incomes face the most severe shortage of affordable rental homes. Only 37 rental homes are affordable and available for every 100 extremely low-income renter households<sup>2</sup>. Additionally, as seen in Figure 2, the relative supply of affordable and available rental homes improves as income increases.

FIGURE 2: AFFORDABLE AND AVAILABLE RENTAL HOMES PER 100 RENTER HOUSEHOLDS, 2017



Source: NLIHC tabulations of 2017 ACS PUMS data. AMI = Area Median Income

We urge our colleagues to increase funding for ELI units and demonstrate that as a City we have not abandoned the *Forgotten Poor*.

<sup>1</sup> Acceptance of the Annual Progress Report on the Implementation of the San Jose General Plan Housing Element and the Housing Successor to the Redevelopment Agency Annual Report (2019)

<http://sanjose.legistar.com/gateway.aspx?M=F&ID=f5fdcbaf-2ae0-4268-babe-c025e389f0fd.pdf>

<sup>2</sup> The Gap: A Shortage of Affordable Homes (2019)

[https://reports.nlihc.org/sites/default/files/gap/Gap-Report\\_2019.pdf](https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2019.pdf)