County of Santa Clara
Office of Supportive Housing

September 24, 2019

Sent Via Electronic Mail

San José City Council
200 E. Santa Clara Street
San José, CA, 95113

Honorable Members of the San José City Council:

On April 9, 2019, the City updated its Affordable Housing Investment Plan, increasing the minimum investment for extremely low-income (ELI) housing from 30% to 45% of the City's housing funds. This unprecedented policy demonstrated the City's leadership in aggressively meeting the housing needs of the community's poorest residents. Thank you.

Coupled with the 2016 Measure A Affordable Housing Bond's (Housing Bond) priorities, the City's investment provides affordable housing developers the resources necessary to successfully produce ELI housing. Staff from the County, the City, and other partners, such as the Santa Clara County Housing Authority, are working to further streamline and align funding sources to make affordable housing development – especially those with ELI and supportive housing units – as efficient as possible.

While capital and operating subsidies are critical resources, they are not the only tools or resources necessary to ensure the production of ELI housing. For example, in the past, a barrier to supportive housing development has been the lack of funding for supportive services. Since 2015, the County has committed to providing supportive housing residents with access to effective supportive services.

Another barrier to the production of ELI housing is siting. The statewide housing crisis has created tremendous competition for developable sites. Neither the City's nor the County's ELI housing resources can be used efficiently or effectively if there are not enough sites on which to use these resources.

On September 24, 2019, the City Council will consider various actions to reduce homelessness and increase affordable housing production. Two potential actions would directly address the challenge of siting. First, the City Council will consider whether to approve staff's recommendation to add an "addendum to the Housing Investment Plan introducing a place-based strategy for funding affordable housing in the next Notice of Funding Availability to growth areas," such as the Diridon Station Area. Second, the City Council will consider Council Peralez's recommendation to "[d]evelop specific income targets for the 25% area-wide affordable housing requirement for the Diridon Station Area, including a minimum percentage of [ELI] housing units that is commensurate with the 45% ELI allocation requirement adopted in the April 2019 update to the Affordable Housing Investment Plan."

Both of these policies would create more opportunities to produce ELI housing. As the City Council weighs the costs and benefits of these and other policies, County staff affirm our commitment to partner with City staff to resolve any challenges that may arise, and to develop and implement solutions that would advance the City's and the County's mutual housing priorities.

Thank you for your continued partnership and leadership.

Sincerely,

DocuSigned by:

Kyle
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Director, Office of Supportive Housing
County of Santa Clara

cc: Jeff Smith, County Executive, County of Santa Clara
Miguel Márquez, Chief Operating Officer, County of Santa Clara
David Sykes, City Manager, City of San José
Jacky Morales-Ferrand, Director, Housing Department, City of San José