

TRANSMITTED VIA EMAIL

April 4, 2019

Honorable Mayor Sam Liccardo and Members of the City Council
 City of San Jose
 200 East Santa Clara Street, 18th Floor
 San Jose, CA 95113

Dear Mayor Liccardo, Vice Mayor Jones, and Councilmembers Arenas, Carrasco, Davis, Diep, Carrasco, Esparza, Foley, Khamis, and Peralez,

Re: Item 4.3-- Affordable Housing Investment Plan Update

We write today on behalf of our members to provide comments on the City's Affordable Housing Investment Plan progress. First, we want to acknowledge the important work staff has done over the past year to implement the many actions included in the Investment Plan and the Housing Crisis Workplan. Importantly, the Housing Department's recent \$100 million NOFA resulted in selected of 11 developments, totaling 1,144 new affordable homes and leveraging another \$500 million in funding from other public and private sources. The City now has 2,000 affordable units in some stage of the development process- 20% of the way toward the City's 10,000 unit goal.

Following are specific comments on the report before you:

Acquisition/Rehabilitation of Existing Apartments

We are in support of staff's request to set aside funds for the acquisition and rehabilitation of existing apartments. Preservation of affordable housing is one of the three Ps—production, preservation, and protection-- all three of which are key to responding to our affordable housing crisis. By acquiring and rehabilitating outdated market-rate developments and enforcing permanent deed-restrictions for lower-income households or by preserving existing affordable homes that are at risk of loss, the city can ensure that it doesn't lose ground on meeting its goals even as it approves the construction of new affordable homes.

Moderate Income "Missing Middle" Housing

We are strongly supportive of the proposal to dedicate \$10 million to leverage additional state funding to build housing for households with incomes between 61% and 80% of Area Median Income (AMI). We also support broader efforts to reach missing-middle households with incomes between 80% and 100% of AMI. However, while we strongly support efforts that respond to the challenges of missing middle housing, **we do not believe this should come at the expense of funding or programs that serve low- and very-low income households.**

ELI Housing Setaside

We concur with the staff recommendation that 30% of all housing funds be

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set aside for families and individuals making Extremely Low Incomes (ELI). This enables the city to serve ELI households, while also providing access to safe, stable, and affordable homes for lower-income families and those who don't qualify for affordable housing but can't afford to live here—the missing middle—enabling them to remain in the community.

Need for More Funding

What the Affordable Housing Investment Plan shows most clearly is that San Jose needs to identify significant new funding sources for affordable housing and that, without these additional funds, it will be impossible to meet the goals of the Housing Investment Plan. Although not included in the staff's list of potential future resources, we know that a robust Commercial Linkage Fee is a critical source of local funding for affordable housing. We are pleased that the City has moved forward with its Nexus and Feasibility studies. **We also urge the Council to give serious consideration to another affordable housing ballot measure.** Measure V came heartbreakingly close to passage during an off-year election and affordable housing deserves another chance.

As the City considers additional measures to encourage new housing development, it is important to ensure that homes are planned for all income groups, not just those with the highest incomes. In the *Affordable Housing Impact Fee and Inclusionary Housing Ordinance Exempted Project Report* published late last month, staff reported that, through the combination of Affordable Housing Impact Fee (AHIF) pipeline exemptions, AHIF Downtown High-rise exemptions, and the grace period for the enforcement of the Inclusionary Housing Ordinance, over 8,100 planned market rate homes will be built without paying affordable housing fees or building inclusionary units. The total subsidy, or loss of affordable housing resources could be as high as \$138,180,950, which could have subsidized more than 1,100 new affordable homes. This needs to be considered as conversations about extension of fee exemptions for downtown high rises and other proposals to amend the city's inclusionary program are considered.

Thank you for your time and consideration.

Sincerely,

Sincerely,



Leslye Corsiglia
Executive Director

