



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Raul Perez
Councilmember Sergio Jimenez
Councilmember David Cohen
Councilmember Maya Esparza

SUBJECT: SEE BELOW

DATE: December 10, 2021

Approved by:

Date: 12/10/2021

SUBJECT: GENERAL PLAN FOUR-YEAR REVIEW -OPPORTUNITY HOUSING

RECOMMENDATION

Accept staff recommendation and direct staff to:

1. Explore existing resources, and additional programs or policies that could incentivize the inclusion of more affordability within Senate Bill 9 (SB9) projects. This work should be incorporated into the SB 9 implementation work as recommended by staff.
2. Explore opportunities such as education workshops, technical support and processing, and coordination with Community Development Financial Institutions (CDFIs) and lenders to make construction of SB 9 homes more accessible, equitable and feasible
3. Facilitate a robust and inclusive citywide community outreach effort when developing SB 9’s design standards

DISCUSSION

While the City is recovering slowly from the pandemic, its housing market has remained consistently unaffordable, or rather has even worsened. The lack of housing supply has contributed deeply to our city and state’s housing crisis. In the last year alone, the price of a home in San José rose 18.6%, now averaging \$1.3 million. Homeownership remains elusive for many and working class families continue to be shut out of well resourced neighborhoods siloed through single family zoning. SB 9 is a modest tool to increase the housing stock and combat the rising cost of homes while taking the first meaningful step to address the discriminatory history of single family zoning by creating neighborhoods that are inclusive and equitable.

It is important that as we begin to implement SB 9 in San José , we look at all avenues that would promote affordability within these projects. We appreciate that this recommendation has come from the General Plan 4-Year Review Task Force, the Planning Commission, and is supported by city staff.

SB 9 is aimed at addressing the severe shortage in middle income housing and has the potential to open the doors to zip codes that have been exclusive to certain communities. Here in San José , we have acknowledged that we need to make a commitment to expanding more affordable options at all income levels throughout the city. In the past, single family zoning coupled with racially-motivated policies such as redlining have explicitly barred black families and families of color from homeownership at the same levels as white families, denying them the ability to build generation wealth. While these practices are now illegal, the racist and discriminatory undertones of single family zoning has continued the de facto segregation in our city. By creating a wider range of affordability, it creates a pathway to resource-rich neighborhoods that were once inaccessible to many families and communities.

Achieving this vision of equitable distribution of housing must begin by making the process more streamlined and easier to build so that SB 9 can be appropriately implemented. Comparable to the level of support of Accessory Dwelling Units (ADUs) development in San José , staff should take a similar approach with SB 9 in reducing barriers for homeowners of all incomes. Developing educational workshops, or creating a position like an ADU Ally, can help homeowners better navigate and understand the benefits of SB 9. Partnering with CDFIs, private lenders that are geared to support under-resourced communities, can also help low income homeowners secure affordable loans and aid in SB 9 projects being built throughout the entire city.

Furthermore, as this program evolves, we must make certain that the guidelines and standards created are easily accessible and equitable, and build on our efforts to meet our housing goals. To achieve that, community engagement must be robust and inclusive of renters, prospective homeowners, and homeowners so that the policy we implement truly benefits all.

It is important to note and as mentioned in the staff report, in a study done by the Turner Center for Housing Innovation at UC Berkeley, only 5.4% of all single-family lots in the state would be feasible for redevelopment under SB 9. This should assuage the unfounded fear that mass redevelopment of single family neighborhoods will suddenly happen, but rather will begin to loosen the stronghold that single family zoning has long had against fair growth and development. I fully understand that SB 9 alone will not solve our housing crisis, but it does serve as a critical tool in the housing toolbox that will address housing affordability, and in doing so we must look to all opportunities to maximize its benefits.