



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Jacky Morales-Ferrand

**SUBJECT:** SEE BELOW

**DATE:** February 11, 2016

Approved

Date

2/11/16

**SUBJECT: RESPONSE TO COUNTY HOUSING TASK FORCE RESOLUTION**

## RECOMMENDATION

- (a) Adopt a resolution formally endorsing the October 9, 2015 resolution of the Santa Clara County Housing Task Force pertaining to the crisis of homelessness in Santa Clara County; and
- (b) Accept the staff report on actions that the City has taken or will take to implement the various recommended actions in the Santa Clara County Housing Task Force's resolution.

## OUTCOME

Adoption of the recommended resolution will indicate to all jurisdictions in Santa Clara County that the City of San José endorses the Santa Clara County Housing Task Force's (Task Force) coordinated and consistent approach to the problem of homelessness.

## BACKGROUND

On October 9, 2015, the Task Force adopted a resolution finding that the problem of homelessness in Santa Clara County constitutes a crisis and urging all jurisdictions within the County to evaluate a set of policy prescriptions that could help solve the problem. The Task Force's intent was to promote a coordinated and consistent approach to the problem of homelessness across the County. On November 12, 2015, the Santa Clara County Cities Association adopted the Task Force's resolution and urged all jurisdictions within the County to adopt it as well. The Cities of Campbell and Saratoga adopted a version of the resolution in January 2016.

On November 18, 2015, the Rules and Open Government Committee considered a memorandum from Councilmember Rocha recommending adoption of such a resolution by the City Council. At that time, the Committee referred the matter to the Administration, with particular direction to ask staff to determine whether the matter needed to be referred to the Housing and Community Development Commission (HCDC) for its review and recommendation.

**ANALYSIS**

The affordable housing and homelessness crises are regional in nature. As such, a coordinated and consistent approach to these issues by all cities in the County is essential for ultimately achieving success in meeting the affordable housing needs of lower-income residents and ending homelessness. The resolution describes a range of strategies, policies and funding mechanisms that each jurisdiction should consider. For this reason, staff recommends that the Council endorse the Task Force’s resolution.

The individual recommendations of the Task Force resolution and its status in the context of the City of San José’s affordable housing and homelessness response efforts are as follows:

<b>Recommendation</b>	<b>Status in San José</b>
Adopt an inclusionary zoning program to produce affordable housing units	San José adopted its Inclusionary Housing <u>Ordinance</u> in 2010. The Operative Date of the Ordinance was January 1, 2013. Because of the Palmer decision, it would apply only to for-sale housing developments. Its implementation has been delayed due to litigation initiated by the California Building Industry Association (CBIA). The California Supreme Court unanimously upheld the City’s ordinance. The Inclusionary Housing Ordinance’s requirements are currently being included in land use approvals. On September 14, 2015, the CBIA submitted a petition to the U.S. Supreme Court to review the decision of the California Supreme Court. The City is waiting to hear whether the Court will decide to hear the appeal.
Adopt a Community Plan to End Homelessness	The City Council adopted the <u>Plan</u> on February 3, 2015.
Consider placing a tax measure on the ballot in the 2016 election cycle that includes funding for affordable housing	No action on this item.

<b>Recommendation</b>	<b>Status in San José</b>
Adopt a residential impact fee to provide financing for affordable housing development	San José adopted its <u>Housing Impact Fee</u> in late-2014, under which market-rate rental housing developments would be subject to a \$17 square foot fee. The Affordable Housing Impact Fee’s requirements are currently being included in land use approvals. Staff will be returning this Spring with a complete feasibility study for small developments, and residential care facilities, together with a proposal for mixed-used developments.
Adopt a commercial linkage fee to provide financing for affordable housing development	On December 15, 2015, the City Council considered whether to proceed with a nexus analysis of a <u>commercial impact fee (CIF)</u> . The Council decided to <u>postpone</u> (Item 4.4) undertaking a Nexus and Feasibility Study.
Consider committing 20% of ongoing “boomerang funds” (i.e., the revenue stream formerly going to Redevelopment Agencies) to affordable housing programs	The City of San José receives no boomerang funds.
Allow the construction of micro-units of 200-400 square feet that are relatively more affordable than other market-rate units	The Zoning Code already allows units of this size.
Incentivize affordable housing by offering such benefits as density bonuses or increased allowed height or reduced parking requirements	Staff is working on a density bonus ordinance with a goal to bring forward an action in 2016.
Prioritize surplus land owned by the City for affordable housing development, facilitating affordability by reducing or eliminating land costs	On February 2, 2016, the City Council will consider the Administration’s recommendation for revising City policy regarding the disposal of <u>surplus property</u> . The recommendations generally prioritize affordable housing for surplus City properties (with certain exceptions) but does not automatically provide for a reduced sales price.

Recommendation	Status in San José
<p>Protect naturally affordable existing housing such as mobilehome parks (MHP). Provide that, in the event of the conversion of a MHP to another use, require: 1) fair compensation be provided to displaced residents; 2) replacement housing be made available to displaced residents; and 3) an affordable housing component requirement as part of the development plan for the converted site.</p>	<p>On February 9, 2016, the City Council will consider the Administration's recommendations for preserving mobilehome communities. This is Item #5 on the <u>City Council's Priority List</u>.</p>
<p>To the extent that the above measures are not sufficient to end homelessness and no new permanent source of funding for affordable housing is forthcoming from the State, consider additional measures to address the problem</p>	<p>The Housing Department continues to monitor federal, State and local opportunities for new affordable housing resources. The Council has approved the following actions in the last six months:</p> <ul style="list-style-type: none"> <li>- Approved the acquisition of the <u>Plaza Hotel</u>.</li> <li>- Joined the County in an RFQ to find a nonprofit willing and able to oversee the development of an unconventional housing pilot program, including sanctioned encampments.</li> <li>- Declared a <u>shelter crisis</u> to allow the opening of four overnight warming centers.</li> <li>- Created a pilot temporary <u>Church Shelter Program</u>.</li> <li>- Approved the funding to allow Abode Services to acquire the <u>Santa Clara Inn</u>.</li> <li>- Approved the Affordable <u>Housing Investment Plan</u> with included a new Notice of Available Funding (NOFA) to support the development of permanent supportive housing for the homeless.</li> <li>- Approved a <u>pilot interim housing community</u> to provide bridge housing options for homeless individuals.</li> <li>- Awarded federal funds for <u>homeless outreach, shelter and rapid re-housing services</u>.</li> </ul>

<b>Recommendation</b>	<b>Status in San José</b>
Adopt a second-unit ordinance that enables homeowners to build seconding residential units on existing lots	The Zoning Code already allows secondary units. However, Item #9 on the <u>City Council's Priority List</u> is an investigation into modifying those regulations to facilitate the building of secondary detached residential units on residential parcels. The Planning and Housing Department staffs will undertake this task as time allows after the Council's consideration of staff recommendations regarding mobilehome park conversions.

As demonstrated in the table above, the majority of the individual policies and recommended actions included in the Task Force's resolution have already been considered or are under consideration by the City. For this reason, staff did not refer the resolution to the HCDC as it has already been or will be consulted on each of these policy questions.

Adoption of a resolution by the City Council formally endorsing the Task Force's resolution pertaining to the crisis of homelessness in Santa Clara County will further demonstrate the City's commitment to a regional and coordinated approach to the problem of homelessness.

### **EVALUATION AND FOLLOW-UP**

The Housing Department will continue to advise the City Council on the status of approved actions and programs that address affordable housing and homelessness.

### **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the February 23, 2016 Council Meeting.

### **COORDINATION**

Preparation of this report was coordinated with the Department of Planning, Building and Code Enforcement, the City Attorney's Office and the City Manager's Budget Office.

### **COMMISSION RECOMMENDATION**

As demonstrated in the table above, the majority of the individual policies and recommended actions included in the Task Force's resolution have already been considered or are under consideration by the City. For this reason, staff did not refer the resolution to the Housing and

HONORABLE MAYOR AND CITY COUNCIL

February 11, 2016

**Subject: Response to County Housing Task Force Resolution**

Page 6

Community Development Commission (HCDC) as it has already been or will be consulted on each of these policy questions. Housing Department staff provided an update on this item to the HCDC on February 11, 2016.

**CEQA**

Not a Project, File No. PP10-068, General Procedure & Policy Making that involves no changes to the physical environment and File No. PP10-069(a), Staff Reports that involve no approvals of any City actions.

/s/

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Director, Housing Department

For questions, please contact Jacky Morales-Ferrand, Director of Housing, at (408) 535-3855.