



COUNCIL AGENDA: 9-27-16
ITEM: 2.12

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Toni J. Taber, CMC
City Clerk

SUBJECT: SEE BELOW

DATE: September 23, 2016

SUBJECT: COUNTY MEASURE A: PARCEL TAX FOR AFFORDABLE HOUSING

RECOMMENDATION: As recommended by the Rules and Open Government Committee on September 21, 2016, adopt a position of support for County Measure A. CEQA: Not a Project, File No. PP10-069(d), Legislative Positions.



CITY COUNCIL ACTION REQUEST

Department(s):	Date:	Coordination:	Dept. Approval:
Housing	9/13/2016	City Attorney's Office City Manager's Office	/s/ Jacky Morales-Ferrand
			CMO Approval: <i>D. D. Sy</i>

SUBJECT: County Measure A: Parcel Tax for Affordable Housing

RECOMMENDED POSITION: Adopt a Support Position for County Measure A

RECOMMENDED ACTION:

1. Adopt a position of support for County Measure A.
2. Recommend a one-week turnaround so that the City can indicate a support position for County Measure A.

BILL SYNOPSIS:

On June 21, 2016, the County of Santa Clara County Board of Supervisors voted unanimously to place a \$950 million Bond Measure (Measure A) on the November ballot. If approved by voters, the majority of the \$950 million of general obligation bonds would be used for the acquisition or improvement of real property to provide affordable housing for vulnerable populations including; veterans, seniors, the disabled, victims of abuse, the homeless and individuals suffering from mental health or substance abuse illnesses. Services will be provided in supportive housing developments. There will also be a set-aside for low and moderate income families for rental housing and homeownership. The current recommended allocation of funding includes:

- \$700 million for vulnerable populations, including Supportive Housing for our homeless residents;
- \$100 million for low-income families;
- \$150 million for low- to moderate- income families and first-time Homebuyer programs.

Passage of Measure A requires a two-thirds majority approval by voters. If the Measure succeeds then the County may issue bonds, in one or more series, in an aggregate principal amount not to exceed \$950 million. With regard to impact for the taxpayers, the bond would raise property taxes based on the value of the property established for tax purposes. The tax has been set at \$12.66 per \$100,000 of assessed valuation. At this rate, the owner of a home valued at \$500,000 by the Tax Assessor's Office would pay an additional \$63.30 a year in property taxes.

The County would expect to issue the first series of bonds in September of 2017. A notice of funding availability (NOFA) would be issued and proposals would be considered from developers of affordable housing.

The criteria applied to proposals would include the following items:

- Project Readiness.
- Alignment with priority housing type – Permanent supportive housing and Rapid Rehousing for homeless populations, units for individuals and families at 30% of AMI.
- Geographical Distribution.
- Project's ability to leverage other revenue streams.

The Bond implementation requirements include an annual audit that will be performed by an independent, external audit firm and reviewed by an oversight committee created in the ballot measure for that purpose. The annual audit will verify that bond proceeds are allocated consistent with State law and the language included in the ballot.

IMPACTS TO CITY OF SAN JOSE:

Housing Need in San José

During the 2015 biennial homeless census and survey, census workers enumerated 4,063 homeless individuals in San José. Of those individuals, 69% were living on the streets, in abandoned or storage structures, vehicles, or encampments. On a per capita basis, San José has one of the largest unsheltered populations of any major city in the United States.

Homelessness in San José also accounts for 62% of the total homeless population County-wide. With thousands of people living on the street on any given night, supportive housing options are needed to ensure the continued health and well-being of the most vulnerable members of the community. Even though housing for homeless and populations with very low income is currently being built, the number of apartments available to these special needs populations falls far short of the demand within the community. Measure A will generate stability for the most vulnerable residents in the City, while also decreasing the impacts of homelessness for the community as a whole.

In San José, only 6% of our housing stock has an income restriction, yet 44% of households are “overpaying” for housing and more than 20% of households are “severely overpaying” for housing.¹ According to the City’s 2014-2023 Housing Element, in 2010 San José was home to:

- 45,760 extremely low income (ELI) households earning < \$31,850 annually (30% of AMI²)
- 36,830 very low income (VLI) households earning < \$53,050 annually (50% of AMI)
- 22,395 low income (LI) households earning < \$84,900 annually (80% of AMI)

ELI, VLI and LI households are often comprised of multiple wage earners. Some residents work in more than one lower-wage job to make ends meet. Jobs that may pay wages in the VLI and LI categories include retail workers, hair dressers, nursing assistants and at-home health care workers, food and service workers, teachers and entry-level public safety personnel.

With the loss of Redevelopment Funds and the changes in redevelopment law that lowered the target income from 120% to 70% of the AMI for homeownership, the City has limited sources to help with homeownership. The Bond will provide much needed funding to support homeownership.

Priority Housing Development & Service Integration

The Community Plan to End Homelessness in Santa Clara County provides a blueprint regarding the types of housing that need to be built in the next five years. The plan identifies the addition of 3,600 supportive apartments and 2,400 rapid rehousing apartments to address the complex needs of the homeless populations in our community. The supportive housing apartments are targeted at addressing the needs of the chronically homeless. This population is the most vulnerable

¹ City of San José Housing Element, Chapter III, Page 15. HUD defines “overpaying” as paying more than 30% of your income toward housing and “severely overpaying” as paying more than 50% of income toward housing. AMI stands for Area Median Income.

² The above income limits assume a household size of four.

population in our community and may require mental health, substance abuse and medical services. The rapid rehousing apartments are targeted at those populations experiencing homelessness on an episodic basis, who need transitional assistance that may last up to 18 months. These populations would include victims of human trafficking, domestic violence and young adults emerging from the Foster Care system. These apartments would be available to individuals and families with incomes at 50% of AMI and lower.

For all of the populations described above, existing County systems will provide direct access to the funded services for the residents, including: the Office of Supportive Housing, the Social Services Agency, the Department of Behavioral Health Services, and Reentry Services. This level of service integration will help to further ensure that all housing developed as a result of this Measure will have the necessary resources to serve the needs of the residents on an ongoing basis.

Land Use Planning & Geographical Distribution

The design of the Notice of Funding Availability (NOFA) will be a key component in addressing issues regarding land use and geographic distribution of all funded affordable housing throughout the County. Under the current law, all developments funded through this NOFA still must conform to the City's land use regulations and follow existing planning processes. The County will work with key stakeholders, including the City, to develop evaluation and scoring criteria in the NOFA specifically focused on these concepts to ensure the projects are equitably dispersed throughout the region, while also providing residents with readily available access to transit, services, and other necessary public amenities.

The County has also suggested additional scoring opportunities for applicants that meet or significantly increase a city's new dwelling units as outlined within the city's Housing Element. San Jose's Regional Housing Needs Assessment (RHNA) housing allocation for 2014-2023 is 35,080 units.

POLICY ALIGNMENT:

This bill aligns with the Council-approved *2016 Legislative Guiding Principles and Priorities* to "support legislation and secure funding sources to end homelessness to benefit unhoused veterans, youths, families, individuals with mental and/or physical disabilities, and victims of domestic violence."

SUPPORTERS/OPPONENTS:

This Measure has been supported by over 100 elected officials and over 50 non-profit and community organizations.

This Measure does not yet have any listed opponents.

STATUS OF BILL:

Measure A will appear on the November 8, 2016 Countywide General Election ballot. As a parcel tax, it requires a 2/3rds majority approval.

FOR QUESTIONS CONTACT: Jacky Morales-Ferrand, Director of Housing, 408-535-3851