



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Krutko

SUBJECT: SEE BELOW

DATE: September 3, 2008

Approved

Date

9/4/08

COUNCIL DISTRICT: City-Wide
SNI AREA: N/A

SUBJECT: DIRECTION TO STAFF FROM RULES AND OPEN GOVERNMENT COMMITTEE ON A FRAMEWORK FOR THE FORMULATION OF A CITYWIDE INCLUSIONARY HOUSING POLICY – SUPPLEMENTAL REPORT

REASON FOR SUPPLEMENTAL REPORT

The purpose of this supplemental report is to clarify the Housing Department's next steps in the Citywide inclusionary study given the direction provided by the Rules and Open Government Committee on August 6, 2008.

RECOMMENDATION

It is recommended that the City Council accept this report on direction given to staff on August 6, 2008 by the Rules and Open Government Committee on the Framework for the Formulation of a Citywide Inclusionary Housing Policy.

OUTCOME

City Council acceptance of this report will allow staff to continue with its process of outreach for public input on a Citywide inclusionary housing policy.

BACKGROUND

On June 17, 2008, the City Council reviewed and received the Economic Feasibility Study on Inclusionary Housing prepared by David Rosen and Associates (DRA). Information was presented on the pro forma budgets utilized in the study, the five selected housing project prototypes, potential affordability set-aside scenarios, developer offsets, and the cost of development in San Jose.

Also on June 17th, the City Council approved a memorandum from Councilmember Liccardo (dated June 6, 2008) that outlined a public outreach process and a range of policy alternatives that will direct the formulation of a potential Citywide inclusionary housing policy.

On August 6, 2008, the Rules and Open Government Committee reviewed and accepted the Housing Department's proposed Framework for the Formulation of a Citywide Inclusionary Housing Policy. This memorandum outlines that Framework and the Committee's direction on how to proceed with the public outreach process for a Citywide policy.

ANALYSIS

The Framework presented to the Rules and Open Government Committee on August 6th outlined a process for public outreach and input on what the elements should be included in a Citywide inclusionary housing policy. Briefly, the Framework envisioned the following steps:

1. One-on-one meetings between housing developers and the Director of Housing and the Assistant Executive Director of the Redevelopment Agency to:
 - o Gain a better understanding of the market-rate housing business model;
 - o Learn about developers' experience with inclusionary housing requirements in San Jose's redevelopment project areas and in other cities; and
 - o Discuss the range of potential offsets (e.g., density bonuses) that developers would like to be incorporated into a Citywide inclusionary housing policy.
2. Separate facilitated meetings with housing developer stakeholders and affordable housing advocate stakeholders to work toward a consensus on what should be included in the Housing Department's recommendation on a Citywide policy.
3. Based on the results of the facilitated stakeholder meetings, the Housing Department would draft a policy recommendation in coordination with the City Manager's Office, the Department of Planning, Building and Code Enforcement, the Redevelopment Agency, and the City Attorney's Office.
4. Four meetings with the general public – in locations near those areas where the bulk of future residential development is anticipated to occur – for discussion and feedback on the Housing Department's draft policy recommendation.
5. A public hearing schedule – including the Housing and Community Development Advisory Commission, the Planning Commission, the Community and Economic Development Committee, and the Neighborhood Services and Education Committee – culminating in City Council consideration of a recommended policy in early- to mid-December.

The Rules and Open Government Committee approved the Framework with the additional direction to report back to the Committee following the facilitated stakeholder meetings and before the meetings with the general public. With that direction and with some modifications to

the original scope of the Framework, the revised timetable of the process now in progress and as anticipated to unfold is as follows:.

<u>STEP</u>	<u>TASK</u>	<u>DATE(S)</u>
1.	One-on-one meetings with market-rate developers. The scope of these meetings has been expanded to include other development-oriented business interests, affordable housing advocates and developers, and landowners. To date, 29 meetings have been held or are scheduled, with the possibility of up to four more.	August 4 – September 19
2.	Facilitated stakeholder meetings. It is not clear how many sessions with each group of stakeholders will be needed, so only two meetings are being announced, with the possibility of additional meetings to be determined at the end of each initial meeting.	September 23 (with advocates, at the Willow Seniors Center) & September 25 (with developers, at City Hall, Wing Room 120)
3.	Report back to Rules Committee. Because of the uncertainty in how long the stakeholder meeting process will take, it cannot be determined at this time what the exact date of this meeting will be.	October 15 or 22
4.	Formulation of draft policy recommendation by City Administration, City Attorney's Office, and Redevelopment Agency	Late-October / early-November
5.	Meetings with the general public have been rescheduled because of the need to first report back Rules Committee, as follows: <ul style="list-style-type: none">○ Willow Glen Branch Library○ Edenvale Branch Library○ City Hall (Wing Rooms 118 and 119)○ Berryessa Branch Library All meetings will start at 6:00 p.m.	November 5 November 6 November 10 November 12
6.	Planning Commission and Housing and Community Development Advisory Commission	Mid-November
7.	Community and Economic Development Committee and Neighborhood Services and Education Committee	Late-November
8.	City Council	December 9

September 3, 2008

Subject: Framework for the Formulation of a Citywide Inclusionary Housing Policy

Page4

EVALUATION AND FOLLOW-UP

Pursuant to the tentative schedule outlined above, the Housing Department will be reporting back to the Rules and Open Government Committee, the Community and Economic Development Committee, the Neighborhood Services and Education Committee, and the City Council over the next four months.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

The recommended action meets none of the above criteria. Nonetheless, this report will be posted to the City Council Agenda website for the September 9, 2008 Council meeting.

COORDINATION

Preparation of this report was coordinated with the City Attorney's Office and the City Manager's Office.

CEQA

Not a project.


LESLEYE KRUTKO
Director of Housing

For questions please contact LESLEYE KRUTKO, DIRECTOR OF HOUSING, at 408-535-3851.