



Memorandum

TO: COMMUNITY & ECONOMIC
DEVELOPMENT COMMITTEE

FROM: Leslye Corsiglia

SUBJECT: SEE BELOW

DATE: October 7, 2011

Approved

Date

Oct. 14, 2011

COUNCIL DISTRICT: Citywide
SNI Area: N/A

SUBJECT: FIVE-YEAR HOUSING INVESTMENT PLAN

RECOMMENDATION

It is recommended that the Community & Economic Development Committee receive the presentation and accept the report on the Five-Year Housing Investment Plan.

BACKGROUND

It is time to update the City's Five-Year Housing Investment Plan (HIP), San Jose's comprehensive housing document containing local priorities, policies, and programs for meeting the residential and shelter needs of its existing and future residents. The current HIP covers a five year period from July 2007 to June 2012. The HIP has a three-fold purpose: 1) to provide an analysis of the City's housing needs across incomes and populations; 2) to provide a policy framework to guide the direction of scarce resources to meet those needs; and 3) to provide a statement of the City's values and vision as it relates to housing, land use, equity, and quality of life.

The HIP is a locally-based plan reflecting policies and priorities determined by the City, its residents, and stakeholders. Many of these local priorities inherently align with State and federal housing requirements, which have their own reporting mandates for jurisdictions that receive State and federal financial support (the State required Housing Element and the federally required Consolidated Plan). Therefore, the City maintains a local, a State, and a federal housing plan in order to meet the priorities and requirements of different levels of government. The primary distinctions between the HIP and its other required housing plans are that the HIP has an even more extensive public engagement process and that it seeks to make an even more explicit plan to target City resources towards achieving specific housing goals.

To date, the HIP has been written as a five-year plan. However, staff proposes to develop the next HIP as a three-year FY 2012-15 plan in order to align it with the planning and reporting cycle required by the federal Consolidated Plan, which is also a five-year plan and currently

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covers FY 2010-15. At the conclusion of FY 2015, the HIP will return to its regular five-year cycle, allowing both the HIP and the Consolidated Plan to move in lockstep going forward. Because developing and implementing these important plans are time and resource-intensive, aligning the two in order to be on the same timeline will allow staff to leverage and use the same data analyses, outreach efforts, and policy and program development required for both plans.

ANALYSIS

The three-year 2012-15 Housing Investment Plan update will include the following key items: 1) assessment of progress towards meeting the goals of the FY 2007-12 HIP; 2) public engagement process and stakeholder outreach; 3) analysis of housing needs; 4) updating existing or developing new policies and programs as necessary; and 5) development of an implementation work plan for FY 2012-15.

As the City, residents, and stakeholders develop the FY 2012-15 HIP together, it is important to keep in mind that the world has changed dramatically since the adoption and implementation of the FY 2007-12 HIP. Most significantly, the residential market peaked in 2007, burst in 2008, and has yet to recover. As of August 2011, the median value of single family homes sold in San Jose has fallen 35% from its peak, whereas the median value of condominiums/townhomes sold has dropped 50% (data from the Santa Clara County Association of Realtors). Furthermore, foreclosures have skyrocketed, rental rates have increased, and jobs have been lost. Even after three years, the economy and the housing market remain distressed. There is now renewed talk that the economy may be entering into another recession.

In the midst of this turmoil, governments across all levels have faced severe fiscal challenges. California's trouble with its own budget caused it to take dollars from redevelopment agencies across the State in 2010. The State legislature and the Governor took the ultimate next step in 2011 by enacting legislation that eliminates redevelopment agencies that do not or cannot make substantial payments to the State and prohibits redevelopment agencies from entering into new obligations. The California Supreme Court has taken up the litigation on the legality of this legislation and is expected to make a decision in January 2012.

The swift and dramatic changes that have occurred during the last four years make it clear that the way the City conducts business must account for new fiscal and organizational realities in order to meet a new set of housing and community development priorities and challenges.

OUTCOME

Staff anticipates completing a final draft of the 2012-15 HIP for Council consideration in late May or early June 2012. Once approved, staff will begin plan implementation July 1, 2012 in accordance with the adopted policy priorities identified in the HIP.

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NEXT STEPS

Staff will develop an 8-month work plan composed of the following items:

- November 2011 – April 2012: Task Force Review and Recommendations
- April 2012: Initial draft FY 2012-2015 HIP released for public comment
- April 2012 – May 2012: Public outreach
- May 2012: Council study session
- Late May /Early June 2012: Final draft of the FY 2012-2015 HIP
- June 2012: Consideration of the FY 2012-15 Housing Investment Plan

/s/

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Director of Housing

For questions please contact Leslye Corsiglia, Director of Housing, at 408-535-3851.