



RULES AGENDA: 03-23-05

ITEM: C(1)(a)

Memorandum

TO: RULES COMMITTEE

FROM: Leslye Corsiglia

SUBJECT: STATE HOUSING LEGISLATION

DATE: March 17, 2005

Approved

Date

3-18-05

RECOMMENDATION

It is recommended that the Rules Committee recommend that the City Council support and sponsor Senate Bill (SB) 527 by Senator Elaine Alquist.

BACKGROUND

On January 1 2002, new State law took effect, which significantly amended Community Redevelopment Law. This new law, AB 637, changed the redevelopment agency housing production, replacement housing, and Low- and Moderate-Income Housing Fund requirements.

One area of concern to the Housing Department is a provision related to senior housing. This provision requires agencies to spend their Housing Fund (20% Fund) to "assist housing for families with children" in at least the same proportion that the community's population under age 65 bears to the community's total population as reported in the most recent Census.

This requirement has given rise to both confusion and criticism among redevelopment agencies and practioners. For example, in some cities, the percentage of senior citizens, relative to the general population, may be so low that an agency would not have sufficient funding to assist even one senior housing project. Also, the law doesn't recognize the regional need for senior housing that may be identified by a community through its Consolidated Plan or Housing Element.

In addition to these problems, State law does not recognize another important aspect about our senior population: their socio-economic situation. When looking at the population of San José, the 2000 Census indicates that the senior population in San José is 73,860 (65 years or older) people. This represents about 8.25% of the entire population of San José.

Seniors in San José make up more than 38,600 households and of this amount 27,000 (70%) could be considered low income because they make under \$60,000 based on a family size of two. When considering seniors as a percentage of the low-income population, the picture becomes more troubling. In San José, there are 114,476 low-income households. Seniors (65 years or

older) make up 20.5% of this population. This percentage speaks to the true need for affordable housing in San José. If we continue to cap our senior development at 8%, we are missing a large part of the population that most needs housing. Census data shows that seniors, as a percentage of the low-income population, have a tremendous need. The current law will hinder our ability to address this need. Additionally, the 2000 US Census finds that, among elderly renter households, 61.8% experienced cost burden, meaning that they pay more than 30% of their income on rent. Also, ABAG growth projections indicate that over the next 20 years, those in the category of "65 and older" will grow by 150%.

ANALYSIS

Current State law hinders the City's ability to meet the housing needs of our low-income population, as it restricts our ability to spend more than 8% of our funds on senior low-income housing, even though seniors (65 years or older) make up 20.5% of the low-income population. To address this need, Senator Elaine Alquist has introduced a "spot" bill, SB 527, to allow jurisdictions to spend their 20% Fund money in the same proportion as seniors in the low-income population. This bill more adequately gauges the true need for low-income housing in a community and will allow cities to spend their Housing Fund dollars on those most in need.

OUTCOME

By supporting and sponsoring legislation to allow for the building of more low-income senior housing, the City will advocate for more equitable distribution of its 20% Housing Funds in order to meet the needs of its low-income population.

COORDINATION

This memorandum was coordinated with the City's Sacramento Lobbyist, the Intergovernmental Relations Office, and the Attorney's Office.


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Director of Housing