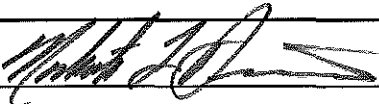


Memorandum

TO: RULES AND OPEN GOVERNMENT COMMITTEE **FROM:** Leslye Krutko

SUBJECT: FRAMEWORK FOR FORMULATION OF A CITYWIDE INCLUSIONARY HOUSING POLICY **DATE:** July 30, 2008

Approved  Date 8/1/08

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

RECOMMENDATION

It is recommended that the Rules and Open Government Committee review and accept the Housing Department's proposed Framework for the Formulation of a Citywide Inclusionary Housing Policy.

OUTCOME

With direction from the Rules and Open Government Committee, the Housing Department will proceed with an outreach and public meeting process preparatory to drafting a policy recommendation on making inclusionary housing a Citywide policy, to be presented to the Planning Commission, Housing and Community Development Advisory Commission, Council Committees, and the City Council.

BACKGROUND

On June 17, 2008, the City Council reviewed and accepted 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.

ANALYSIS

An attachment to this memorandum outlines the Housing Department's Framework for the Formulation of a Citywide Inclusionary Housing Policy. The Framework lays out a strategy for reaching consensus from the primary stakeholder interests regarding the form that such a policy should take. The public outreach component of the Framework is indicated below.

A key element of the Framework is a series of facilitated focus group sessions with both homebuilders and affordable housing advocates. On July 9th, the Housing Department issued a Request for Proposals (RFP) to retain contractual meeting facilitation services for these sessions. Two responsive proposals were received by the July 25th deadline. The two companies who submitted proposals will be interviewed on August 4th by a panel that includes Housing Department staff and representatives of the Homebuilders Association of Northern California and the Silicon Valley Leadership Group.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 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)**
- Criteria 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 action recommended in this memorandum does not meet any of the above criteria.

Implementing the Department's Framework for the Formulation of a Citywide Inclusionary Housing Policy in the coming months, public outreach will be conducted as follows:

Upcoming Outreach Efforts

The attached Framework outlines a series of facilitated meetings with stakeholders to help shape the Department's policy recommendation and follow-on meetings with the general public at which the Department's draft recommendation will be presented.

In addition to these meetings, the Department will convene an evening session at the Martin Luther King, Jr., Main Library on September 17th to elicit ideas other than an inclusionary housing requirement for addressing the community's need for affordable housing.

Outreach for all of the above meetings will include the following means of communication:

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- Using the Housing Department's list of about 700 e-mail addresses of individuals who have expressed interest in the issue.
- An announcement on the Housing Department's website.
- Sharing the information with the Housing and Community Development Advisory Commission.
- Requests that the following forward the announcement of these public meetings to their respective constituents/membership:
 - City Councilmembers and their chiefs of staff.
 - United Neighborhoods.
 - Neighborhood Development Center.
 - Homebuilders Association of Northern California.
 - Silicon Valley Leadership Group.
 - Silicon Valley Chamber of Commerce.
 - Affordable Housing Network.
 - Silicon Valley Council of Nonprofits.

Additionally, the Department will seek media coverage on inclusionary housing and opportunities for public input.

COORDINATION

The preparation of this memorandum has been coordinated with the Department of Planning, Building and Code Enforcement, the Redevelopment Agency and the City Attorney's Office.

CEQA

Not a project.


LESLYE KRUTKO
Director of Housing

Attachment

For questions, please contact LESLYE KRUTKO, DIRECTOR OF HOUSING,
at (408) 535-3851

ATTACHMENT

Framework for the Formulation of a Citywide Inclusionary Housing Policy

City of San Jose Housing Department

July 30, 2008

INITIAL OUTREACH TO MARKET-RATE DEVELOPERS

TIMEFRAME

The Housing Department will hold individual one-on-one meetings with approximately 20 market-rate housing developers. The purpose of these sessions is to:

August 4th - 15th

- o Gain a better understanding of the market-rate housing business model;
- o Learn about developers' experiences with inclusionary housing in San Jose redevelopment project areas and in other communities; 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.

Some of the developers invited to these sessions were recommended by the Homebuilders Association of Northern California. Others are developers and business interests who have been invited because they have participated in prior public meetings on the subject.

FACILITATED MEETINGS WITH STAKEHOLDERS

The Housing Department will host a series of meetings with inclusionary housing stakeholders. The meetings will be conducted by an outside, third-party facilitator. Separate meetings will be held with developers and with affordable housing advocates. It is anticipated that more than one session will be needed with each group. Because potential offsets that might be included in an inclusionary housing policy involve issues that are governed by the City's development policies and ordinances, the Department of Planning, Building and Code Enforcement will be represented. Additionally, because redevelopment project areas have an existing inclusionary requirement, the Redevelopment Agency staff will be in attendance.

August 26th - September 11th

The purpose of these meetings will be to work toward a consensus on what the Department's recommendation on a Citywide inclusionary housing policy should include.

While these meetings will be open to the general public, it is the Department's objective that only the invited stakeholders will participate in the discussions. Stakeholders invited to the sessions with developers are those business interests who have participated in prior public meetings on the subject as well as others recommended by the Homebuilders Association of Northern California. Stakeholders invited to the sessions with affordable housing advocates will include nonprofit developers, the Silicon Valley Leadership Group, People Acting in Community Together, the Public Interest Law Firm, Catholic

Charities, Neighborhood Housing Services Silicon Valley, the Affordable Housing Network, Working Partnerships, and the Community Homeless Alliance Ministry.

FORMULATE POLICY RECOMMENDATION

Based on the results of the facilitated stakeholder meetings, the Housing Department will 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.

September 12th – 15th

MEETINGS WITH THE GENERAL PUBLIC

The Housing Department will host four community meetings throughout San Jose at which the draft policy recommendation will serve as the basis for public discussion and feedback. Meeting locations were selected because of their proximity to those areas of the City where most future housing development is planned. The meeting dates and locations are:

September 16th - 25th

- Tuesday, September 16th – Southside Community Center
- Monday, September 22nd – Berryessa Youth Center
- Tuesday, September 23rd – Willows Senior Center
- Thursday, September 25th – City Hall, Wing Rooms 119 and 120

All of these meetings are scheduled to start at 6:00 p.m.

PUBLIC HEARING SCHEDULE

The tentative schedule for presenting a final recommendation on a Citywide inclusionary housing policy is as follows:

*October 8th – Mid-December
(tentatively)*

- Planning Commission – October 8th
- Housing and Community Development Advisory Commission – October 9th
- Community and Economic Development Committee – Special Meeting to be scheduled in October or November
- Neighborhood Services and Education Committee – Special Meeting to be scheduled in October or November
- City Council – Early- to mid-December