

Memorandum

TO: RULES AND OPEN GOVERNMENT
COMMITTEE

FROM: Leslye Krutko

SUBJECT: SEE BELOW

DATE: January 9, 2009

Approved

Date

1-9-09

SUBJECT: WORKLOAD ASSESSMENT FOR ACTIONS RELATED TO
INCLUSIONARY HOUSING

RECOMMENDATION

It is recommended that the Rules and Open Government Committee accept the workload assessment and schedule related to the December 9, 2008 City Council Meeting item on Inclusionary Housing (Item #5.2) and set March 24, 2009 as the first hearing date for the Citywide inclusionary housing ordinance.

OUTCOME

With direction from the Rules and Open Government Committee, the Housing Department will proceed with the direction provided by the City Council and its workplan for the items related to the inclusionary housing ordinance.

BACKGROUND

On December 9, 2008, the City Council approved a Citywide Inclusionary Housing policy. The Council directed Housing Department staff to report to the Rules and Open Government Committee on January 14, 2009 with a recommended date for release of a draft ordinance consistent with the staff recommendations, as amended by the City Council. Additionally, the City Council directed staff to return with an implementation work plan and schedule for additional work items related to the inclusionary housing ordinance.

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ANALYSIS

In addition to bringing forward the inclusionary housing ordinance for approval, the City Council directed that staff complete several additional policy assignments. The proposed timeframe for these assignments takes into account staffing resources and ensures that sufficient time is incorporated for thorough staff work and public outreach.

- *Recommended date for release of the draft inclusionary housing ordinance.*

Staff is currently incorporating Council direction in to a draft inclusionary ordinance, which will be ready for release to the public on February 23, 2009. We recommend that the first reading of the draft inclusionary housing ordinance be scheduled at the City Council's March 24, 2009 meeting, with the second reading set on April 7, 2009. The operative date of the ordinance would then be May 7, 2009. This timeline allows for sufficient time for coordination between the Housing Department, the Department of Planning, Building and Code Enforcement, the Redevelopment Agency, and the City Attorney's Office and gives the public adequate time to review the ordinance in advance of Council consideration.

- *Implementation of in-lieu fee calculation and alternative allowable uses for the fee:*

Staff recommends that a comprehensive analysis of potential in-lieu fees and uses of those fees be presented to the City Council in the fall of 2009. This item will be coordinated with an external consultant with expertise in conducting in-lieu fee analysis and the City Attorney's Office. The review will consider whether these fees can be used for alternate uses, such as for homeless activities and wrap around services. This schedule includes the necessary time for outreach to the development community. The cost of this item is expected to be approximately \$25,000.

- *Assessment of Parkland Dedication Ordinance/Parkland Impact Ordinance (PDO/PIO) fees:*

Staff recommends returning to the City Council with an assessment of parkland dedication ordinance/parkland impact ordinance fees in June 2009. This item will be coordinated with the Parks and Recreation Department (PRNS), the City Attorney's Office, and the Redevelopment Agency. To meet this deadline, PRNS may need to extend the schedule on projects such as the Greenprint update and delay the development of various turnkey agreements with developers. The timeline includes the necessary time for outreach to the affordable housing community and neighborhoods. The cost of the consulting contract is expected to be approximately \$15,000.

- *Dispersion of affordable housing throughout San José:*

Staff recommends returning to the City Council with an analysis of the dispersion of affordable housing in San José by May 2009. The analysis will include information on the location of current affordable housing developments throughout the City, a spatial analysis of

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the distribution of affordable housing in comparison to market rate housing and a forecast on where future housing development will likely occur. This item will be coordinated with the Department of Planning, Building and Code Enforcement.

- *Sources of funds for housing that would provide offsets and/or incentive for the construction of multi-family rental housing (e.g. Housing Trust Fund, State and Federal Assistance), along with affordable housing performance measures to be considered for incorporation into the annual budget process:*

Staff will examine new sources of funds for housing that provide offsets and/or incentive for the construction of multi-family rental housing, along with developing any new affordable housing performance measures. Due to limited funds this fiscal year, this project will be budgeted for the 2009/2010 fiscal year. The cost for this item is approximately \$50,000. Staff will return to the City Council with an analysis by the end of 2009.

- *Sources of funds for security deposits for tenants and down payment assistance for otherwise qualified homebuyers:*

Staff recommends that an analysis of potential sources of funds for security deposits for tenants and downpayment assistance for qualified homebuyers be incorporated into the above analysis of alternative sources of funds for housing. The item will be available for review by the City Council by the end of 2009.

- *A full analysis, in matrix form, of the status of all residential projects within the City of San José. The matrix would include completion date, absorption rate as well as other important benchmarks for Council to be proactive in dealing with problems of occupancy (tenants) and sales (owners). Council directed this item will be provided every six months (upon implementation of the inclusionary housing ordinance)s:*

Staff will complete a full analysis of the status of all residential projects within the City of San José every six months upon implementation of the inclusionary housing ordinance. To complete this analysis, the Housing Department will develop a comprehensive strategy with the Planning and Building Code Enforcement Department (PBCE). The first report will be released six months after the operative date of the inclusionary housing ordinance.

- *Review the impact of tax exemptions for affordable housing:*

Staff will hire a consultant to provide an analysis of the impact of tax exemptions for affordable housing. The cost of this item is approximately \$15,000. Because of a limitation of available funds for the remainder of this fiscal year, this item will be added to the 2009/1010 workplan and budget. The Staff will return to the City Council with a report by the end of 2009. This item will be coordinated with the City Attorney's Office.

- *Draft administrative guidelines for inclusionary housing ordinance:*

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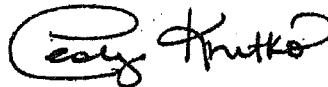
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Per the direction of the City Council, staff will complete the administrative guidelines for the inclusionary housing ordinance by the end of 2009.

Attached is a chart that shows the timeline for completion of each policy project. Also included in the chart are activities related to the completion of the Housing Element and the Five-Year Consolidated Plan, two major policy initiatives that are also underway during this time period.

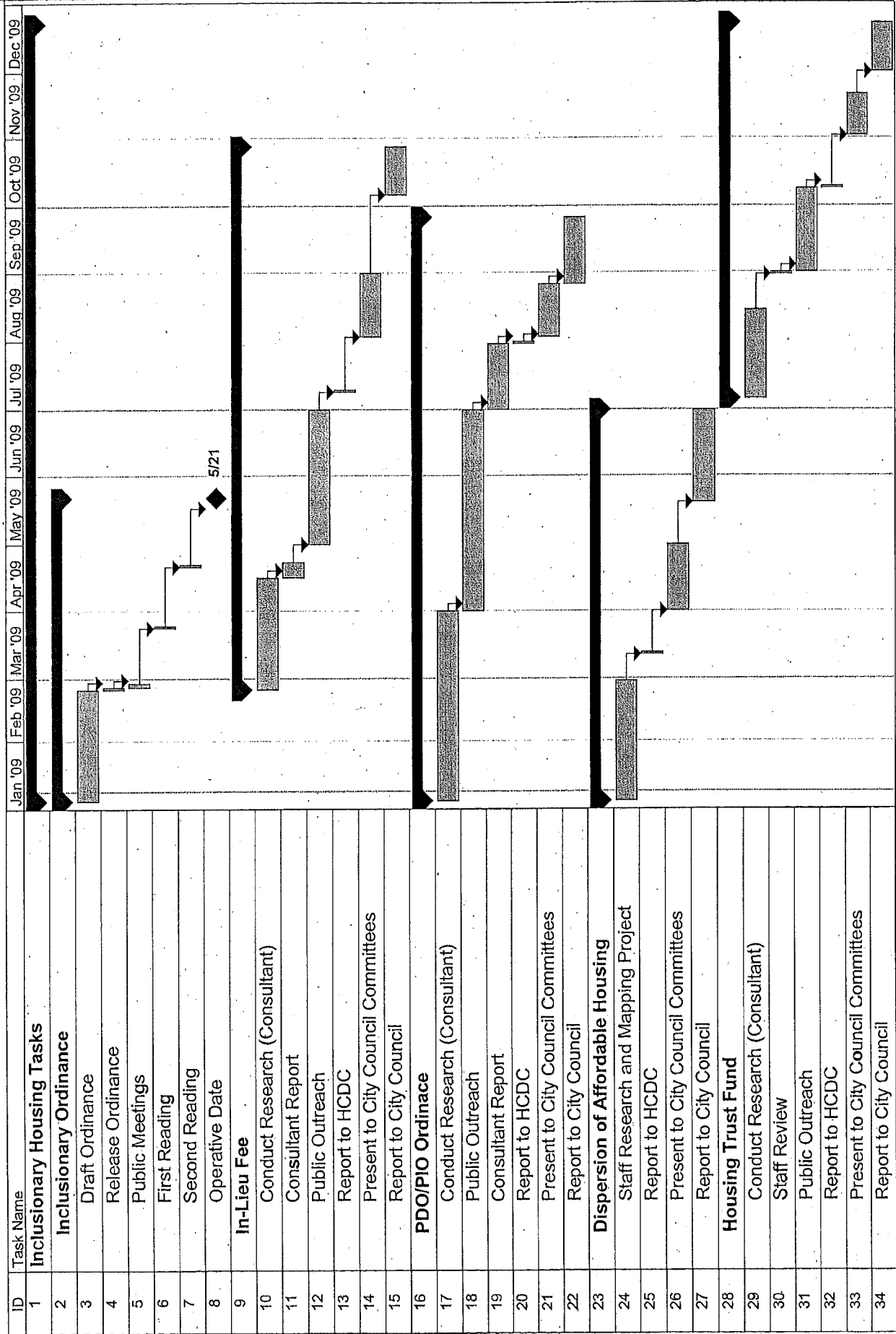


LESLYE KRUTKO
Director of Housing

Attachment

For questions, please contact Leslye Krutko at (408) 535-3851

Attachment Inclusionary Housing Workplan



**Attachment
Inclusionary Housing Workplan**

ID	Task Name	Jan '09	Feb '09	Mar '09	Apr '09	May '09	Jun '09	Jul '09	Aug '09	Sep '09	Oct '09	Nov '09	Dec '09
35	Tax Exemptions												
36	Conduct Research (Consultant)												
37	Report to HCDC												
38	Present to City Council Committees												
39	Report to City Council												
40	Design Reporting Matrix												
41	Draft Matrix (Housing & PBCE Staff)												
42	Approval of Draft Matrix												
43	Administrative Guidelines												
44	Internal Staff Drafting Guidelines												
45	Public Outreach												
46	Report to HCDC												
47	Present to City Council Committees												
48	Report to City Council												