



August 7, 2018

Mayor Sam Liccardo
San Jose City Council
San Jose City Hall
200 E. Santa Clara St.
San José, CA 95113
TRANSMITTED VIA EMAIL

RE: August 7, 2018 City Council Meeting Item 3.4 Strategic Support Potential General Obligation Bond Ballot Measure.

Dear Mayor Liccardo and Councilmembers,

Below are several proposals BIA Bay Area would recommend for consideration by the City Council and City Staff as you commence your efforts to consider and outline a proposed 2018 Bond Measure for Affordable Housing.

BIA's position is that all funds secured through the proposed bond measure must achieve the greatest number of new housing units possible. Silicon Valley's under supply of housing is at a critical level considering the region's past, current and expected job growth. Bond measure implementation criteria that will maximize the region's supply of new housing will be most effective at reducing housing costs.

With this in mind BIA Bay Area recommends the following for consideration under a proposed "Spending Plan Framework" for the proposed 2018 bond measure:

- **Cost containment:** To compete for Bond funds, require developers to include evaluation/scoring points that require cost containment criteria of City funded affordable units. The goal being to "contain" the cost of producing affordable units so as to insure the greatest amount of housing is built with the limited funds available.
- **Gap Funding:** To make sure that Bond funds provide the best bang for the buck, set criteria for the Bond funds to provide gap financing rather than complete funding for affordable housing projects.
- **The Missing Middle, Workforce Housing, etc.:** Individuals and families looking for workforce housing often do not qualify within existing affordable housing programs but still struggle to find housing. Target a substantial portion of the Bond to address the "missing middle" of working families that earn too much to qualify for low income housing, up to 150% of median income, but not enough to afford market rate housing.
- **Down Payment Assistance:** It is important that many of our moderate-income workers i.e., teachers, public safety personnel, medical assistants be able to buy a new or existing home in

their communities. Therefore, the Measure should set aside at least 10% of the Bond for a Down Payment Assistance Program for qualified homebuyers similar to Napa County's "Proximity Housing Homebuyers Assistance Program" that has been integrated into Santa Clara County's Measure A Affordable Housing Bond.

- Market Rate Units: Make sure that the financing subsidy on each City funding proposal does not have the unintended consequence of increasing inclusionary housing fees on market rate housing. Impact fees have become a huge percentage of overall costs with often detrimental effect to the ability of the market rate project to meet financial goals.

Housing affordability has become a crisis due to many factors: the lack of housing supply, recent explosive regional job growth, the termination of redevelopment by the state legislature and other economic, political and social factors that should be addressed by society at large, not solely allocated to builders of market-rate housing through inclusionary housing policies or affordable impact fees.

BIA respectfully provides these comments in the spirit of collaboration with the City on the very complex challenge of addressing housing supply and affordability. BIA offers our availability to participate in working group sessions, stakeholder outreach efforts and other opportunities to help shape the Bond Measure in the near future.

Yours truly,

Dennis Martin
BIA Government Affairs