



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Toni J. Taber, CMC
City Clerk

SUBJECT: SEE BELOW

DATE: June 4, 2024

SUBJECT: Bay Area Affordable Housing Bond

Recommendation

As recommended by the Rules and Open Government Committee on May 22, 2024, adopt a resolution taking a position in support of the Bay Area Regional Housing Bond on the November 5, 2024 ballot.

CEQA: Not a Project, File No. PP17-010, City Organizational and Administrative Activities resulting in no changes to the physical environment. (Mayor, Kamei, and Davis)
[Rules and Open Government Committee referral 5/22/2024 – Item C.1.1]



Memorandum

TO: RULES AND OPEN
GOVERNMENT COMMITTEE

FROM: Mayor Matt Mahan
Vice Mayor Rosemary Kamei
Councilmember Dev Davis

**SUBJECT: BAY AREA AFFORDABLE
HOUSING BOND**

DATE: May 16, 2024

Approved:

RECOMMENDATIONS

1. Adopt a resolution taking a position in support of the Bay Area Regional Housing Bond on the November 5, 2024 ballot.
2. If voters approve the Regional Housing Bond, direct the City Manager to return with a spending plan within ninety days consistent with state law that reflects the following priorities:
 - a. Fifty two percent of the funding shall be used for the construction of new affordable housing with a priority for cost and time-effective projects consistent within the existing city Affordable Housing Investment Plan.
 - i. Prior to issuing any funding, the City shall conduct an audit of its Notice of Funding Availability (NOFA) process and return to Council with proposed cost-control measures to maximize unit production.
 - b. Twenty eight percent of the funding shall be used on immediate, low barrier, and flexible solutions that provide safe and dignified shelter. Solutions may include:
 - i. Emergency interim housing
 - ii. Acquisition and rehabilitation of motels/hotels
 - iii. Acquisition of land for safe parking or safe sleeping
 - iv. Acquisition and conversion of industrial or commercial buildings
 - v. Construction of new and/or redesigning of existing congregate shelter
 - vi. Acquisition of market rate housing to convert to permanent deed restricted housing
 - vii. Operations and services associated with affordable housing and interim housing if State law is amended to allow for bond proceeds to be used for providing services.

- c. Fifteen percent shall be used for the preservation of affordable housing, with a priority for privately-owned affordable housing developments with expiring deed restrictions.
 - d. If State law is amended to allow for bond proceeds to be used for providing services:
 - i. Five percent of bond proceeds shall be used for tenant protections.
 - ii. If State law is not amended, five percent of the funding shall be used for the construction of new affordable housing in accordance with 2.a.
 - e. Conduct community outreach on the spending plan with these priorities before the spending plan returns to City Council for approval.
3. Any changes to the allocations described in Recommendation 2.b.¹ shall require two thirds vote of the city council in addition to complying with applicable state law.

BACKGROUND

AB 1487 (Chiu) established the Bay Area Housing Finance Authority's (BAHFA) in 2019 to create regional affordable housing solutions for the nine county Bay Area. BAHFA is the first regional housing finance authority in California and is overseen by the board of the Metropolitan Transportation Commission (MTC) and the Executive Board of the Association of Bay Area Governments (ABAG).

Currently, the Bay Area's nine counties and 101 cities and towns address most housing issues individually, and often with limited staff and financial resources. A regional housing bond can be transformative not only in terms of resources, but also equity, in that every jurisdiction will contribute funding to address our housing shortage. With most funds earmarked to return to source, we can ensure that all communities receive investment.

San José stands to significantly benefit from a \$20 billion dollar bond receiving approximately \$2.1 billion in funding to allocate within certain limits. The County of Santa Clara would receive approximately \$2.4 billion as well. When combined, these resources could leverage four to five times that amount in State and Federal funding to create or preserve tens of thousands of homes. San José's early and robust support is a signal to the region that we must act together to ensure everyone has a safe and stable place to call home.

The spending outline in this memo was created to be consistent with direction in both state law and BAHFA's guidance on the local spending plan.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.

¹ Allocations described in Recommendations 2.a., 2.c., and 2.d. reflect local implementation of state law requirements. See Cal. Gov't Code § 64650 (describing expenditure plans and their mandatory minimum allocations).