



Robert C. Larson Workforce Housing Public Policy Awards

This year, the ULI Terwilliger Center introduces a new award to recognize an exemplary state or local government that provides ongoing and sustainable support for the production, rehabilitation, or preservation of workforce housing.

The workforce housing public policy award is named in honor of Robert C. Larson.

Bob Larson was actively engaged as a member of the Urban Land Institute for more than 35 years, where he served as a ULI trustee and chairman of the ULI Foundation.

Award applicants were evaluated according to a number of criteria, from the comprehensiveness of their programs to the innovative strategies in their policies and the degree to which working households with moderate incomes are served. The extent to which the state or local jurisdictions use public/private partnerships and incorporate transit-oriented development in their projects was also considered.

The 2011 Robert C. Larson Workforce Housing Public Policy Award recipient is the city of San Jose.



Robert C. Larson

Workforce Housing

CITY OF SAN JOSE: 2011 Robert C. Larson Workforce Housing Policy Award

Once a quiet center of agriculture, San Jose is now the nation's tenth-largest city, with a dynamic and well-educated population of nearly 1 million. Known throughout the world as the capital of Silicon Valley, San Jose has seen its population more than double since 1970 and expects an increase of another 50 percent by 2035. Today, the city is home to some 5,600 technology companies, including such global leaders as Cisco Systems, IBM, eBay, and Hitachi. The city's technology companies alone employ nearly a quarter million people.

The rapid growth of the city's high-tech sector has transformed this former agrarian community into a very expensive place to live. The median price of a home in San Jose is a staggering \$350,000 higher than that for the country, making it extremely difficult for members of workforce households (defined by the Terwilliger Center as those making 60 to 120 percent of area median income) to purchase a home reasonably near their jobs. In fact, Silicon Valley business leaders cite the high cost of housing as the greatest economic challenge facing their workers, as well as a significant impediment to ensuring that their companies remain globally competitive.

Early during its transformation, San Jose recognized that it faced a serious workforce housing problem. In response, it has implemented a comprehensive and innovative series of programs over the past 20 years that have leveraged government resources at all levels, as well as enlisted the support of private and

nonprofit partners, to maximize the creation of workforce housing opportunities. These efforts have focused on new construction, multifamily and single-family rehabilitation and preservation, and homebuyer assistance.

The city's new construction program, for example, provides gap financing using a variety of funding sources, including revenue from locally derived tax increment financing, bonds, state tax credits, and funds available under the federal HOME program. To help preserve existing housing units, San Jose acquires and finances the rehabilitation of aging multifamily apartments, ensuring long-term affordability through deed restrictions. The city also operates a second rehabilitation program designed to preserve both single-family homes and mobile homes.

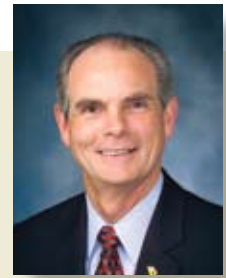
In addition, San Jose operates several homebuyer programs aimed at helping workforce households and lower-income households. Its Welcome Home program offers downpayment loans of up to \$25,000 to first-time homebuyers, and the Teacher Homebuyer program provides downpayment assistance for public school teachers, as well as other key school staff. The city has also put in place an expanded inclusionary zoning program ensuring that 20 percent of all new housing units in redevelopment areas and 15 percent of new housing units citywide will be affordable to low- and moderate-income families.

Working together, these policies have facilitated the creation of some 20,275 housing units of which more

than half—10,600—are affordable to workforce households.

Perhaps just as significant, ensuring that newly created workforce housing is located near transportation stations, along transit corridors, and close to employment centers is a key feature of San Jose's past approach and vision for the future. Of the thousands of units produced through the city's new construction program, more than 93 percent are within a half mile of a light-rail station or a bus stop. Looking ahead, the city's general plan, called Envision 2040, proposes development of mixed-income urban villages that will be strategically located in employment centers and near transit in order to provide housing opportunities across incomes for San Jose's workforce.

San Jose has benefited from the leadership and foresight of Mayor Chuck Reed, who developed an interest in housing as an attorney in private practice offering free legal advice to tenants. Reed understands the close connection between workforce housing and economic growth. As he explains: "Providing safe and affordable workforce housing has been an important part of San Jose's economic vitality. That's why the city of San Jose and its redevelopment agency have invested over \$645 million in loans and grants—leveraging \$2.5 billion in private and public capital—to create over 18,200 units of affordable housing since 1988. San Jose is the capital of Silicon Valley, the world's center of innovation, and having a variety of housing options for our workforce has helped us keep our competitive edge."



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--MAYOR CHUCK REED

