

MEMORANDUM

Building Safety and Housing Department



DATE: March 17, 2022

TO: Mayor and Council

THROUGH: Steve McHarris, City Manager *Steve McHarris*

FROM: Sharon Goei, Building Safety and Housing Director

SUBJECT: Follow-up to Below Market Rate (BMR) Unit Applicant Selection Process

On January 14, 2022, staff provided an [information memorandum](#) summarizing how the selection process of applicants for below market rate homeownership units is conducted. Since that time, the City Council has adopted amendments to the Affordable Housing Ordinance, which included updates to the selection criteria. The amended ordinance was adopted at the February 1, 2022, City Council meeting and became effective on March 3, 2022. This information memorandum describes the implementation of the adopted selection criteria and summarizes the process through which implementation is achieved.

Priority Groups for Affordable Housing

Among the amendments to the Affordable Housing Ordinance were provisions adding displaced former Milpitas residents and McKinney-Vento households as priority groups, in addition to Milpitas residents and employees. The amended ordinance states that the City would endeavor to make affordable housing opportunities available for the following preference categories:

- Milpitas residents (defined in ordinance as persons that have been residents of the City of Milpitas for at least one year prior to eligibility determination)
- Former Milpitas residents who have been displaced
- Households with children enrolled in the Milpitas Unified School District (MUSD) that have inadequate housing as defined in the federal McKinney-Vento Homeless Assistance Act
- Employees employed within the boundaries of the City of Milpitas (defined in ordinance as persons currently employed within the City or have been offered employment for a job within the City)

Selection Process

The Affordable Housing Ordinance requires the City to use an equitable selection method. After a review of the methodologies employed by other cities in our region, a lottery provides the most equitable selection method.

The following procedure describes the steps in assigning the number of lottery tickets to applicants:

1. Each applicant receives one lottery ticket as a baseline for submitting their application.
2. Each preference category is assigned a number of additional tickets based on the weighting for that preference category.
3. Each applicant identifies which preferences apply to their household. These preferences are then used to determine how many additional lottery tickets each household will receive. The intent of the weighted number of tickets is to prioritize the selection of a household that meets the most of the City Council's priorities.

Applicants	Number of Lottery Tickets
All applicants	Receive 1 lottery ticket
Milpitas residents	Receive 5 additional lottery tickets
Former Milpitas residents who have been displaced	Receive 3 additional lottery tickets
Households with children enrolled in the Milpitas Unified School District (MUSD) that have inadequate housing as defined in the federal McKinney-Vento Homeless Assistance Act	Receive 3 additional lottery tickets
Applicants employed within the boundaries of the City of Milpitas	Receive 1 additional lottery ticket

The preferences are weighted as such to prioritize the Council's desire to ensure that affordable housing opportunities are available to current Milpitas residents. As such, current residency adds an additional five lottery tickets to those applicants. The second tier of preferences adds an additional three lottery tickets. They are given to those who have been displaced from Milpitas, either through public or private action, and households with children enrolled in the MUSD McKinney-Vento Program. The final tier gives one additional lottery ticket to those who work in Milpitas. All of these groups will be given more chances to secure affordable housing opportunities as they become available in Milpitas.

These preference categories have been identified by the Council as a priority for the affordable housing program since there are many public policy benefits to ensuring that low and moderate income households that live in our community or have children in our schools are not displaced from the area. However, it should be noted that the ordinance does not prohibit a household that does not meet any of these preferences to be selected for a housing opportunity. Thus, a household that has one lottery ticket as a baseline for submitting application and has no additional tickets will still have an opportunity to be selected through lottery. This is to ensure that all appropriate fair housing laws are complied with throughout this selection process.

The adoption of the amended Affordable Housing Ordinance supersedes the BMR selection process in Resolution No. HA0001. Effective immediately, staff will employ the above selection methodology to select an eligible applicant for any newly developed affordable housing units and any existing units as they come up for resale. Eligible applicants will continue to be qualified on the basis of unit size, household size, and household income.

Staff will conduct outreach to inform applicants and the community through direct email, City newsletters, City website, social media, and Permit Center counter. The City's website will include a dedicated webpage that outlines the affordable unit applicant selection criteria and process as described above.