



Memorandum

TO: CITY COUNCIL

FROM: Mayor Mahan
Councilmember Davis
Councilmember Candelas

SUBJECT: SEE BELOW

DATE: December 6, 2024

Approved 




SUBJECT: Multifamily Housing Incentive Program and North San José Parks Fee Realignment

RECOMMENDATIONS

1. Accept the staff recommendation.
2. Direct staff to brief the Council on the progress of projects under this incentive program during the regularly scheduled cost of development reports and/or study sessions.
3. Direct staff to issue an informational memo by August 2025 on the progress of the projects under this incentive program.

BACKGROUND

Historically, San José boasted the greatest opportunities for economic mobility in the country. In recent years, the lack of new housing development and high job growth has led to increased displacement, higher housing costs, and a dramatic increase in homelessness in San José. We all know that low supply drives up housing costs, increasing burdens on renters. In our high cost of construction market, we need to embrace every opportunity at our disposal to unblock housing development.

Silicon Valley created six jobs for every new home built from 2010 to 2019. Respectively, we should have added one home for every two jobs – about 75,000 units – over that same time to stabilize rents. As the largest city in Silicon Valley, San José accounts for a large part of that housing need. Yet, San José only permitted an average of 2,737 units per year from 2014 to 2022. In 2024, we didn't see a single multifamily market rate housing break ground. At this rate, San Jose will not only fail to catch up on the deficit, but we will also fall far short of meeting our state housing goals of producing 62,200 homes for the 2023-2031 RHNA cycle.

Considering the scale of the housing shortage, the Multifamily Housing Incentive Program policy is a modest but necessary tool we can leverage to boost production, specifically the moderate-income housing income gap by requiring five percent of the housing onsite to be affordable for households earning 100% of area-median income or below. However, to build homes at the rate needed to increase opportunity for all residents, we will need to continue take on bolder and more effective policies that streamline the production of housing so that San José can lead in upward mobility once again.

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.