



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Erik L. Soliván

SUBJECT: See Below

DATE: March 14, 2025

Approved

Date:

3/17/25

SUPPLEMENTAL

SUBJECT: Acceptance of the Annual Progress Report on the Implementation of the San José General Plan Housing Element and the Housing Successor to the Redevelopment Agency Annual Report

REASON FOR SUPPLEMENTAL

This supplemental memorandum includes the Housing and Community Development Commission's (Commission) comments and recommendations from its March 13, 2025, meeting regarding item 8.4, Acceptance of the Annual Progress Report on the Implementation of the San José General Plan Housing Element and the Housing Successor to the Redevelopment Agency Annual Report, scheduled for the March 18 City Council Meeting.

COMMISSION RECOMMENDATION AND INPUT

On March 13, 2025, the Commission heard the report on the Housing Catalyst Work Plan and the Housing Element Annual Progress Report as a regularly agendaized item. The Commission discussed the item and provided comments, summarized in the table below.

Table – Commissioner Comments

Commissioner	Comments
Commissioner Mowad	Concerned with the low levels of housing production in 2024. Staff shared that this is due to the rising cost of construction and interest rates for both market-rate housing and restricted affordable housing. Staff further explained that it has been more difficult for market-rate developments due to their financing structure, more so than for subsidized affordable housing.
Commissioner Sapirman	Commended the City for being a leader in Accessory Dwelling Unit (ADU) production. Asked if the City is collecting data on how ADUs are being used and rents collected. Staff shared that a survey to ADU owners is currently being distributed, and there are ongoing efforts to gather data, including regional collaboration. Shared several proposed state bills that will support the streamlining of housing development and emphasized the need for housing across all income levels.
Commissioner Navarro	Asked for clarification on the Google Community Benefits Agreement and which department is responsible for allocating those funds. Staff clarified that funding is distributed through the City Manager’s Office of Economic Development and Cultural Affairs.
Commissioner Beehler	Asked if staff has considered the conversion of vacant office buildings into affordable housing. Staff shared that there are several proposals being reviewed in the downtown area; however, conversion is challenging, dependent on specific building dimensions, and might not be financially feasible. Commended staff on the report and for work done addressing the housing crisis.
Commissioner Tran	Inquired about interim housing outcomes and the City’s current data collection efforts. Staff clarified that a new data capture system had been implemented last August, and a dashboard with performance data will be released by the end of the month. Expressed the importance of collecting this data as the City shifts to increase interim housing construction and more closely manage residents’ placements. Noted the difference between approved and issued residential permits. Staff explained that approved permits represented planning entitlements, while issued building permits signify the start of construction, and that differences between the two rates are due to developments’ slowdown due to current economic challenges. Concerns were raised about the high number of units submitted through the Builder’s Remedy law. Staff explained that the Builders

Commissioner	Comments
	<p>Remedy applications were filed due to a delay in the City’s Housing Element certification, and the City is working with developers to confirm which version of site entitlement proposals they want to pursue and to move development proposals forward to approval.</p>
<p>Commissioner Moore</p>	<p>Asked for clarification on whether Regional Housing Needs Assessment definitions included a number of bedrooms. Staff explained that Regional Housing Needs Assessment credit is earned based on building permits issued for each housing unit, regardless of size. Expressed that Figure 1 in the report was positive in showing the high cost of for-sale housing but should better reflect housing costs for dual-income households versus single-income households. Inquired about a data discrepancy in Table 3; however, staff clarified that affordable rent calculations are based on state formulas assuming a 30% payment standard. Shared concerns about inconsistent code enforcement requirements, which hurts property owners, and that the City should prioritize external code enforcement over internal. Offered a suggestion on the approved Tenant Preferences Program. Expressed the importance of the Safe Parking Program and support for the City’s continued funding of this strategy.</p>
<p>Commissioner Finn</p>	<p>Asked about the impact of Assembly Bill 393 (2024), which creates a new “acutely low-income” category (0-15% area median income) for the seventh cycle Housing Element. Staff shared that this is a new category created by the State that is not currently being tracked and will take effect during the next Housing Element cycle based on the State’s Department of Housing and Community Development guidance for requirements of how to plan for acutely low-income units. Asked why the Housing Production table in the slides excludes extremely low-income housing production. Staff explained that the table adheres to the state’s current reporting format, which includes extremely low-income data within the very low-income category.</p>
<p>Chair Jasinsky</p>	<p>Asked a clarifying question on the definition of mobilehome park preservation per the State’s Table F in the memorandum attachment and whether the City’s park conversion ordinance would qualify. Staff clarified that the State’s preservation rules for reporting are strict and focus on acquiring properties and restricting them as affordable. Staff explained that the table’s intent for mobilehomes was only to count instances in which a nonprofit was to purchase a mobilehome park and income-restrict the spaces.</p>

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Commissioner	Comments
Commissioner Gabrian	Proposed tracking interim housing residents to determine how many transition to permanent housing, return to homelessness, or benefit from the program. Staff acknowledged past data collection limitations but reported recent improvements to the County of Santa Clara's Homeless Management Information System that will better capture that data. The Housing Department intends to release a dashboard showing the performance of interim housing at the end of the month.

The Commission reviewed the Housing Catalyst Work Plan and the Housing Element Annual Progress Report, provided comments, and received responses to their questions; no vote was held for this item.

/s/
Erik L. Soliván
Housing Director

The principal author of this memorandum is Mindy Nguyen, Development Officer, Housing Department. For questions, please contact Kristen Clements, Division Manager, Housing Department, at Kristen.clements@sanjoseca.gov or (408) 535-8236.