

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE 1) ADDING TO THE MULTIFAMILY HOUSING INCENTIVE PROGRAM AS ADOPTED UNDER RESOLUTIONS RES2024-420 AND RES2024-421 SPECIFIED MULTIFAMILY HOUSING PROJECTS FORMERLY SUBJECT TO THE AFFORDABLE HOUSING IMPACT FEE PROGRAM; 2) ADDING SANTANA ROW LOT 12, A PROPOSED MULTIFAMILY HOUSING DEVELOPMENT LOCATED AT 358 HATTON STREET; AND 3) INCREASING THE NUMBER OF UNITS FROM 1,500 TO 1,800 THAT MAY QUALIFY FOR A 50% REDUCTION TO THE COMMERCIAL, RESIDENTIAL, MOBILE HOME PARK TAX AND THE BUILDING AND STRUCTURE TAX FOR PROJECTS THAT OBTAIN A BUILDING PERMIT BEFORE DECEMBER 31, 2025, UNDER THE MULTIFAMILY HOUSING INCENTIVE PROGRAM**

**WHEREAS**, the City received an allocation 62,200 units from the Association of Bay Area Governments and adopted by the California Department of Housing and Community Development for its 6th Cycle Housing Element covering the period of January 31, 2023 to January 31, 2031; and

**WHEREAS**, San José has experienced modest production of affordable housing in the last several years and continues to underperform in housing production, particularly in the last calendar year for multifamily housing market rate housing; and

**WHEREAS**, on October 26, 2023, the City Council held a study session and received the latest report on the Cost of Residential Development (“Report”) that concluded the current economic conditions remain a significant barrier to the construction of new market rates and affordable housing within Downtown and citywide; and

**WHEREAS**, following the Report, Century Urban, the City’s Consultant, provided an updated high-level feasibility analysis, noting that there has been no material improvement in key drivers of economic feasibility since publishing the Report and therefore no indication or evidence that the challenging residential development economics observed in the 2023 analysis have improved; and

**WHEREAS**, on December 10, 2024, San Jose City Council found that the fee reduction permitted under the Multifamily Housing Incentive Program is not a subsidy under Chapter 14.10 and thereafter adopted the Multifamily Housing Incentive Program under Resolution 2024-420 for qualifying projects listed under Attachment A to such Resolution (“Projects”); and

**WHEREAS**, the Multifamily Housing Incentive Program is further defined under the companion Resolution 2024-421 affecting the Project’s Inclusionary Housing Ordinance obligations codified under SJMC Chapter 5.08 (“IHO”) and also defined under Ordinance 31160 related to the Project’s tax obligations codified under SJMC Chapters 4.46 and 4.47 (collectively referred to as “Incentive Program”); and

**WHEREAS**, Attachment A to this Resolution contains the list of projects eligible under the Incentive Program and includes the proposed addition of Santana Row Lot 12; and

**WHEREAS**, the list of eligible projects in Attachment A (“Projects”) are generally located in a Planned Growth Area, e.g., Urban Village, defined in the Envision San José 2040 General Plan, have a density exceeding 50 dwelling units per acre equivalent to the minimum density in the Envision San José 2040 General Plan Transit Residential land use designation, and submitted a project application that was deemed complete by the Department of Planning, Building, and Code Enforcement by the end of December 2022; and

**WHEREAS**, the Incentive Program generally provides a waiver of the Inclusionary Housing Ordinance (IHO) in lieu fees for Projects providing at least 5% of units at an affordable housing cost or affordable rent available to households earning no more than 100% Area Median Income (AMI) that are approved by the Housing Director consistent with the Program requirements including amending the Project's Inclusionary Housing Compliance Plan, and also provides a 50% reduction in the Building and Structure Construction Tax and Commercial, Residential and Mobile Home Park Construction Tax for the first 1,500 units meeting specified deadlines and 25% reduction in the Building and Structure Construction Tax thereafter for the remaining units in such Projects; and

**WHEREAS**, San Jose Lot 12 is a multifamily housing project located on a 2.94-acre site proposed by Federal Realty consisting of a five-and-a-half-story building with 258 residential units and 355 parking spaces; and

**WHEREAS**, San Jose Lot 12 was originally entitled under permit number PD15-066 in 2016 and through a series of permit extensions, was deemed complete by the Planning, Building, and Code Enforcement Department in December 2022; and

**WHEREAS**, San Jose Lot 12 was originally subject to the City's Affordable Housing Impact Fee program ("AHIF") adopted under Resolution No. 77218 when it completed its permit application; and

**WHEREAS**, on December 19, 2017, the Council adopted Resolution No. 78473 providing a transition period that allowed projects with first approvals prior to June 30, 2018 to pay the housing impact fee, rather than comply with the IHO requirements, if they met certain conditions and deadlines including the issuance of all building permits for the residential development prior to January 1, 2020; and

**WHEREAS**, on June 2, 2020, the City extended the deadline to pay the AHIF until the end of the Proclamation of Local Emergency that terminated on June 30, 2023;

**WHEREAS**, Federal Realty paid San Jose Lot 12's AHIF by wire transfer on December 21, 2022 in the amount of \$3,435,672; and

**WHEREAS**, San Jose Lot 12 meets the requirements of density exceeding 50 dwelling units per acre, and (3) is located within the Valley Fair/Santana Row Growth Area as defined in the Envision San Jose 2040 General Plan; and

**WHEREAS**, upon refund of the AHIF to Federal Realty, San Jose Lot 12 will be subject to the IHO.

**NOW, THEREFORE**, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

- A. The above recitals are true and correct.
- B. San Jose Lot 12 shall be added to the list of eligible multifamily housing projects under the Multifamily Housing Incentive Program and be subject to the IHO.
- C. Subject to a public subsidy hearing under the City of San José's Sunshine Policy, Reso 2024-99, and CA Govt Code § 53083, the Director of Housing is authorized to initiate and refund \$3,435,672 to Federal Realty constituting its' previous payment of Affordable Housing Impact Fees.
- D. Increase the number of units from 1,500 to 1,800 that may qualify for a 50% reduction to the Commercial, Residential, Mobile Home Park Tax and the Building and Structure for those qualifying projects who obtain their building permit before

December 31, 2025.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2025, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

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MATT MAHAN  
Mayor

ATTEST:

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TONI J. TABER, MMC  
City Clerk

## ATTACHMENT A

### LIST OF ELIGIBLE MULTIFAMILY HOUSING PROJECTS

#### Market-Rate Projects

	Project Address	Developer	Last Entitlement Expiration	Units
1	498 West San Carlos	Urban Catalyst	12/14/2028	272
2	4300-4360 Stevens Creek	Fortbay/Perry Hariri	8/30/2028	407
3	14200 Union	Weingarten Investors	11/2/2028	305
4	1312 El Paseo de Saratoga/1177 Saratoga	Sand Hill Property	11/29/2029	772*
5	205 Dupont	Miramar Capital/Perry Hariri	5/4/2028	689
6	700 Saratoga	Avalon Bay Communities	3/17/2027	247
7	905 North Capitol	Hanover	6/29/2028	350
8	1298 Tripp; 1325/1347 E. Julian	ROYGBIV	11/29/2029	913
9	70 N. 27th	HC Investment LLC	5/31/2029	198
10	1530 W. San Carlos	Urban Villas LLC	6/28/2029	237
11	1520 W. San Carlos	Vivji Mani	7/12/2029	256
12	1050 Saint Elizabeth	Evershine XVII LP	4/19/2029	206
13	West San Carlos and Sunol	Republic Urban	5/4/2028	263
14	1065 S. Winchester	A&Z Development	10/25/2028	70
15	1073 S. Winchester	A&Z Development	8/25/2027	61
16	605 Blossom Hill	Republic Urban	8/9/2028	239
17	1197 Lick/Tamien Station	Republic Urban	12/9/2026	434
18	681 E. Trimble	Hannover Company	8/14/2028	1146
19	210 Baypointe	Summerhill Homes	10/22/2028	292
20	San Jose Lot 12	Federal Realty	4/24/2026	258

\*Revised number of project units pending City Council approval.

**Total      7,615**

#### Affordable Projects

	Project Address	Developer	Last Entitlement Expiration	Units
1	802 S. First	Maracor/Pacific West	10/12/2028	166
2	2080 Almaden	Affirmed Housing Group	10/6/2029	80
3	1371 Kooser	Affirmed Housing Group	8/24/2028	190
4	525 N. Capitol	Community Development Partners	9/1/2028	160
5	771-797 Almaden	Resources for Community Development	1/28/2028	99
6	675 E. Santa Clara St.	Housing Authority/Eden/Core	4/20/2028	178
7	605 Blossom Hill	Green Republic Blossom Hill LLC	8/9/2028	89
8	70 Kentucky Place	Charities Housing	11/9/2029	55

9	501 Almaden	Satellite Housing	9/1/2028	53
10	1135 E. Santa Clara	Allied Housing	10/9/2026	91
11	2315 Canoas Garden	Sand Hill Property Co	1/10/2028	237
12	995 E. Santa Clara	First Community Housing	9/23/2028	74
13	2920/2928 Alum Rock	Charities Housing	9/1/2028	83
14	934-948 E. Santa Clara	Milestone Housing Group	8/8/2029	103
15	71 Vista Montana	Charities Housing	3/21/2029	446
16	178 E. Trimble	Pacific Companies	8/14/2028	172

**Total                    2276**