



Memorandum

TO: City Council

FROM: Councilmember Matt Mahan

SUBJECT: Item 8.2: Inclusionary
Housing Ordinance

DATE: February 23, 2021

APPROVED:

A handwritten signature in black ink that reads "Matt Mahan".

02/23/2021

RECOMMENDATIONS:

Adopt all staff recommendations A through D and direct the Administration to return to Council in one year with a progress report on the Inclusionary Housing Ordinance, including but not limited to trends related to new housing permits issued by development area and the proportion of new affordable units planned to be built versus expected in-lieu fees.

BACKGROUND:

I appreciate the lengthy and substantive process that city staff, current and previous Councilmembers, and members of the public have engaged in to prepare for amending our Inclusionary Housing Ordinance (IHO).

Recognizing that we make policy in a complex environment and with limited control over the variables that determine housing production, we should regularly check in on the production of housing, including affordable housing, in San José, especially as we change key policies such as the IHO. While development cycles are typically longer than one year, there is certainly value in checking in on trends in new development applications and the planned mix of affordable units to be built versus the use of in-lieu fees. This progress report will offer an opportunity for Council to hear feedback from community stakeholders and consider further analysis of market trends and the success of the new IHO. In particular, it will be valuable to understand if the new policy offers the intended increase in flexibility for developers and is successfully incentivizing affordable housing development as a part of market rate projects. Regular check-ins are all the more important given that we do not know how COVID-19's impact on rents and vacancy rates will evolve over the coming years.