

Department of Housing and Community Development

ANNUAL HOUSING ELEMENT PROGRESS REPORT

City or County Name: City of San José

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Reporting Period: January 1, 2017 through December 31, 2017

Progress Report on the Implementation Of the San José Housing Element Update - Calendar Year 2017

February 26, 2018

A. INTRODUCTION

Purpose

This report summarizes the City's progress towards meeting its Regional Housing Needs Assessment (RHNA) goals and other housing objectives during the 2017 calendar year as set forth in its Housing Element. Upon City Council acceptance of the report, it will be forwarded to the California Housing and Community Development (HCD) Department and the Governor's Office of Planning and Research (OPR). It is important to note that certain State funding programs require an adopted and certified Housing Element, while others may also require ongoing Housing Element compliance. Not satisfying these varying requirements may impact the eligibility of the City of San José and/or developers working in San José who apply for such funding. Since 2005, San José has received over \$100 million in State and regional grants, loans and tax credit benefits that would not have been possible without a certified Housing Element and annual update reports.

Background

California State law provides that each governing body prepares an annual report on the status and progress in the implementation of its Housing Element. The City of San José has successfully submitted annual progress reports on the implementation of the Housing Element to the HCD for review and evaluation. By providing this information, the City complies with State law and qualifies for various State housing, community development, transportation, and park funding programs.

State law also requires that jurisdictions include the Housing Element as one of the mandatory elements of a General Plan. The Housing Element identifies constraints to housing production, as well as establishes policies and programs to mitigate those constraints and to facilitate the production of housing opportunities to meet the needs of all economic segments of the community as determined through the Regional Housing Needs Allocation (RHNA) process. The City Council adopted the *2014 - 2023 Housing Element* on January 27, 2015 and submitted it to HCD for approval on January 30, 2015. HCD certified the Housing Element on April 30, 2015.

The Association of Bay Area Governments (ABAG) is responsible for coordinating with and allocating the regional housing needs among each jurisdiction in the nine-county Bay Area. ABAG has determined that San José's fair share of the regional need for the period between January 1, 2014 through October 31, 2022 is 35,080 units across several income

categories. This goal equates to 3,987 total units annually (assuming an 8.8-year RHNA cycle), which is higher than San José’s actual average production (3,100 units) permitted annually since 1980. The following table shows that the City’s current RHNA goals are slightly higher than the goals from the previous cycle. In addition, the proportion of affordable units has grown relative to market rate units.

Income Category	2007-14 RHNA Goal	2014-23 RHNA Goal	% change
ELI	3,876	4,617	19.1%
VLI	3,875	4,616	19.1%
LI	5,322	5,428	2.0%
MOD	6,198	6,188	-0.2%
Total Affordable Housing	19,271	20,849	8.2%
Total Market Rate	15,450	14,231	-7.9%
Total All Housing	34,721	35,080	1.0%
Number of years in cycle	7.5	8.8	

City of San José Envision 2040 General Plan

The City of San José’s *Envision 2040 General Plan* (General Plan) incorporates the City’s current Housing Element and establishes a comprehensive policy framework that supports San José’s residential strategies identified in the Housing Element. A central component of the General Plan is the development of new “Urban Villages” at strategic locations throughout the city so that a significant percentage of future housing growth is planned to occur as compact, mixed-use, pedestrian-friendly, and transit-oriented development near jobs. The General Plan reinforces the City’s environmental goals, such as preservation of hillside areas outside of the City’s Urban Growth Boundary, so that all new residential development can occur within the City’s current Urban Growth Boundary. The General Plan also includes a comprehensive and coordinated set of goals, policies, and implementation actions that link multiple objectives to promote the development of complete, inclusive, and equitable communities with proximity to transit and jobs.

The City is committed to facilitating the production of housing across income categories and to mitigating both governmental and non-governmental constraints that may unduly limit such production. To achieve these objectives, the General Plan includes strategic planning for residential land uses at appropriate locations and densities. It seeks to maximize housing opportunities on infill parcels already served by the City to utilize existing infrastructure, and at locations served by transit. The General Plan also seeks to provide sufficient housing opportunities for new workers to encourage and support continued economic development, as well as access to housing for lower-income workers in occupations that support driving industries. Additionally, San José is planning for demographic and market shifts that indicate greater future demand for more urban forms of housing and neighborhoods.

In December 2014, the City adopted a General Plan text amendment in support of affordable housing. The amendment proposed that at least 15% of new housing stock developed in San José be affordable to extremely low, very low and low income households. The language is not considered a mandate to impose affordable restrictions, but rather it expresses a strong need and support for affordable housing in San José.

Additionally, the General Plan establishes a major review every four years (Four-Year Review), which provides an opportunity to evaluate the City's achievement of key goals and to make mid-course adjustments to the General Plan. The Four-Year Review entails the reassembly of a community stakeholder Task Force, which reviews and evaluates changes in the context of sound planning as well as achievement of the City's goals for several objectives: planned job growth; implementation of the Urban Village concept; environmental stewardship; and, affordable housing needs. The first Four-Year Review concluded in December 2016. General Plan amendments recommended by the Task Force and approved by the City Council to facilitate affordable housing included:

- Establishing a 25% goal for affordable housing in each Urban Village;
- Allowing 100% restricted-affordable housing to move forward ahead of market-rate development in Urban Villages; and,
- Allowing selected 1.5-acre commercial sites to convert to mixed-use residential and commercial developments if including 100% restricted-affordable housing.

City of San José Department of Housing

The City's Department of Housing was established in 1987 and has created more than 21,000 new affordable housing opportunities since that time. The Department partners with the development community and provides gap financing and technical assistance to facilitate the production, rehabilitation, and preservation of affordable units for lower- and moderate-income households. The Housing Department also collaborates with public, private, and nonprofit partners to end homelessness, to serve special needs populations, to help stabilize renters and to help families stay in their homes, and to ensure regional fair housing practices.

San José's affordable housing developments are recognized nationally for their quality designs, excellent management, community integration, and innovation. The City has been a recipient of many awards including the Urban Land Institute's Robert C. Larson Workforce Housing Public Policy award and the Harvard Kennedy School Innovations in Local Government Award. The City has been recognized as an exemplary local government that provides ongoing and sustainable support for the production, rehabilitation, or preservation of workforce housing. Additionally, many City sponsored housing developments have received awards from the California Redevelopment Agency and the National Association of Housing and Redevelopment Officials, which recognize projects and programs that are outstanding examples of the redevelopment process that have resulted in building better communities.

The Department continues to innovate with new initiatives including prefabricated bridge housing and hotel rehabilitations for formerly homeless residents, tenant eviction protections, and permanent supportive housing for residents who have experienced chronic homelessness.

Housing Market Conditions

The San José Metro Area is the second most expensive homeownership and rental market in the U.S.¹ Median single family home prices in San José rose from \$863,000 in December 2016 to \$1,140,000 in December 2017. Sales inventory remains very tight and interest rates remain relatively low, despite small increases over the past two years. A median-priced single family home in San José would require a down payment of \$228,000 and an annual income of \$220,611, which is more than twice San José's median household income of \$101,940.² Saving for a 20% down payment on a median-priced home, while paying high rents, puts additional burden on first-time homebuyers.

San José's rental market exhibited continued strength in the fourth quarter of 2017, with an average effective monthly rent for all apartments reaching \$2,291.³ This represents an annual increase of 3% from the prior year. While the rate of rent increases has slowed, the cost to rent in San José is at an all-time high. About 51% of renter households in San José experience a housing cost burden, defined as spending more than 30% of their income on housing costs.⁴ Using a 30% income standard for housing costs including utilities, a San José household would need an income of more than \$82,000 to afford the rent for a one-bedroom apartment. This is more than the average salary of a retail salesperson, a construction laborer, or an elementary school teacher. High prices make it challenging for renters to save for a home down payment while paying for other important expenses like food, healthcare and education.

The Bay Area's economy has rebounded from the recession along with the housing market. This particular economic recovery has been characterized by job creation in highly-skilled, high-wage occupations as well as in low-skill, low-wage employment, but growth in middle-class jobs has lagged. As low-wage employment increases, income disparity grows and the challenge of housing affordability affects more households and families. In the San José-Sunnyvale-Santa Clara metropolitan area, 38% of workers earn salaries above moderate-income levels (defined as 120% of the area median income), 13% earn median

¹ National Housing Conference, Paycheck to Paycheck Report for 2017; <https://www.nhc.org/paycheck-to-paycheck/> Metropolitan areas are matched as well as possible between the sales data metro areas, HUD's FMR area definitions, and the existing definitions of Core Based Statistical Areas (CBSAs) and metropolitan divisions by the Office of Management and Budget.

² Assuming a fixed rate mortgage at 3.95%, a 20% downpayment, a 1.25% property tax rate, and standard utilities. Census Bureau, American Community Survey 2016, One Year Estimates

³ Costar, Q4 2017

⁴2010-14 CHAS data, US Census Bureau, <https://www.huduser.gov/portal/datasets/cp.html>

to moderate incomes, and 49% earn wages that qualify as low-income.⁵ See **Attachment A** for a chart of Area Median Incomes.

Resources Available

Our market's need for affordable housing production is clear. However, providing enough new homes to meet the City's RHNA goals for affordable housing would take significantly more resources than what the public sector can capture.

Financial challenges across all levels of government have severely reduced the ability of the public sector to help house lower-income households. The primary challenge for affordable housing in California is the continued absence of tax-increment funding. The dissolution of all of California's redevelopment agencies (RDA) removed approximately \$2 billion in funding, by far the largest and most flexible revenue stream for low- and moderate-income housing. San José's redevelopment funds totaled approximately \$38-40 million per year for affordable housing, which has not been replaced. In addition, the federal government's decreases in funding for housing and community development have exacerbated the local funding shortfall.

The City has a limited number of local tools to spur affordable housing production and to capture local resources for affordable housing. San José's City Council adopted an Inclusionary Housing Ordinance (IHO), Chapter 5.08 of the San José Municipal Code, on January 12, 2010. The IHO requires that, in market-rate developments of 20 or more units, 15% of the onsite units be made affordable to income eligible buyers or renters. For rental developments, 9% of units must be affordable to households earning less than 80% of Area Median Income and 6% must be affordable to households earning less than 50% of area median income. For-sale inclusionary housing must be priced at 110% of Area Median Income but can be sold to households earning 120% of Area Median Income. San José's IHO provides alternative ways that a developer may meet the affordable unit requirement, including payment of an In-Lieu Fee and construction of affordable units off-site. When a developer elects an alternative to providing the units at a different location from the market-rate units, the production requirement is increased to 20%. The In-Lieu Fee is calculated based on the 20% requirement.

Although the IHO was effective on January 1, 2013, court challenges delayed its implementation until mid-2016. During that period, the City's Inclusionary Housing Policy remained in effect for for-sale developments. Once the IHO was implemented, it applied to for-sale developments but its applicability to rental developments was suspended until the 2009 court decision in *Palmer v. City of Los Angeles* was superseded with the passage of AB 1505, effective January 1, 2018.⁶ The Inclusionary Housing Ordinance includes a self-executing provision that if *Palmer* were overturned by a court or the

⁵ Based on mean annual wages by occupation from the California Employment Development Department, June 2017 release.

⁶ *Palmer/Sixth Street Properties vs City of Los Angeles* – In Oct 2009, California Court of Appeal ruled that inclusionary rental housing requirements violated the Costa Hawkins Act, calling into question affordable housing and inclusionary requirements for new rental housing.

Legislature, its application to rental housing would apply with no further action required by the City Council. As a result, the rental provisions are also now in effect and are being implemented as described below.

Prior to AB 1505, rental developments were subject to the City's Affordable Housing Impact Fee (AHIF), adopted on November 18, 2014, by the San José City Council. Since its adoption, approximately \$230,000 in fees have been collected. As a result of Assembly Bill (AB) 1505, rental developments will transition from the current Affordable Housing Impact Fee Program to the IHO. Rental developments submitting planning applications after June 30, 2018, will be subject to the IHO.

The California Legislature also passed two important funding bills in 2017. SB 2, the Building Homes and Jobs Act, will generate approximately \$250 million annually statewide for affordable housing development. SB 3, the Statewide housing bond, which would generate \$4 billion statewide for affordable housing, will go before the voters in 2018. Finally, in 2016, Santa Clara County voters approved a \$950 million affordable housing bond which is now being implemented. Together, these new sources will leverage existing resources to provide a much-needed boost to affordable housing production in Silicon Valley.

The Housing Department intends to bring a five-year Affordable Housing Investment Plan to City Council in Spring 2018. This report will include estimates on the amount of federal, State, regional, and local funding that will be available for the construction of affordable housing in San José.

B. ANNUAL BUILDING ACTIVITY SUMMARY FOR VERY LOW-, LOW-, AND MODERATE-INCOME UNITS AND MIXED-INCOME MULTIFAMILY PROJECTS (TABLE A, A2)

Affordable units are categorized for Extremely Low-, Very Low-, Low-, and Moderate-Income households (see **Attachment B**). For Calendar Year 2017, the City issued permits for 475 affordable apartments, which represents 20% of the City's annualized affordable housing goal of 2,370 units.

For CY 2017, the City developed a methodology to determine market-rate units that can reasonably be categorized as moderate-income units for RHNA reporting purposes. HCD's guidelines indicate that where information pertaining to unit affordability is unavailable, units can be counted in the moderate-income category based on market conditions.

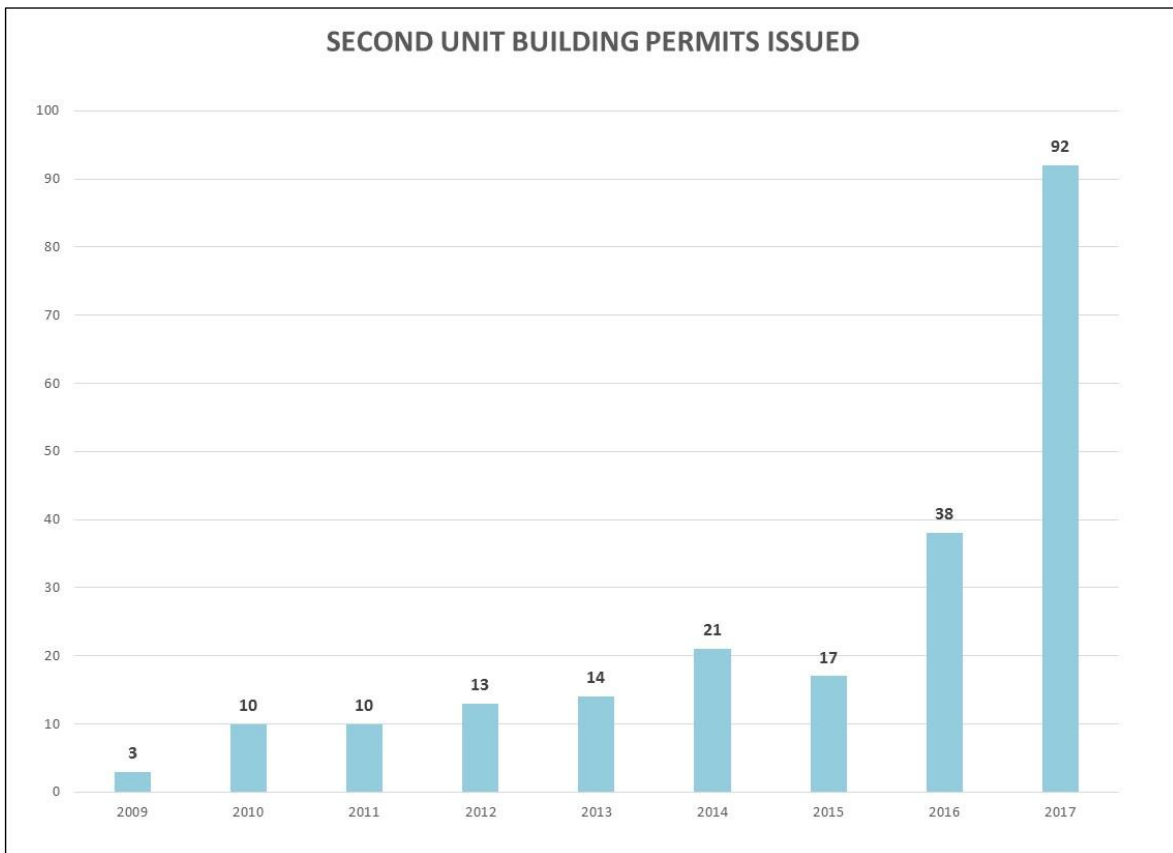
Staff projected average effective rents for apartments permitted in 2017 using CoStar and found three zip codes where rents were naturally affordable for moderate-income households. Staff analysis looked at buildings with 10 or more apartments and assumed HCD occupancy guidelines of two persons per bedroom. This analysis identified 285

apartments that issued building permits in 2017 that are projected to rent at moderate-income levels in 2019. A detailed description of the methodology used in this analysis is included as **Attachment C**.

C. ANNUAL BUILDING ACTIVITY SUMMARY FOR ABOVE MODERATE-INCOME UNITS (TABLE A3) [AND SECONDARY DWELLING UNITS?]

In calendar year 2017, the City issued building permits for a total of 2,622 above moderate-income units, which constitutes 162% of the City’s annualized market rate-goal of 1,617. Most of the developments pulling permits were rental projects. New mid-rise and high-rise construction projects indicate a strong market for dense, mixed-use urban living.

As shown in the table below, building permits for secondary dwelling units (SDUs) jumped significantly following changes in State law and amendments to the City’s Zoning Code in 2016 and 2017.



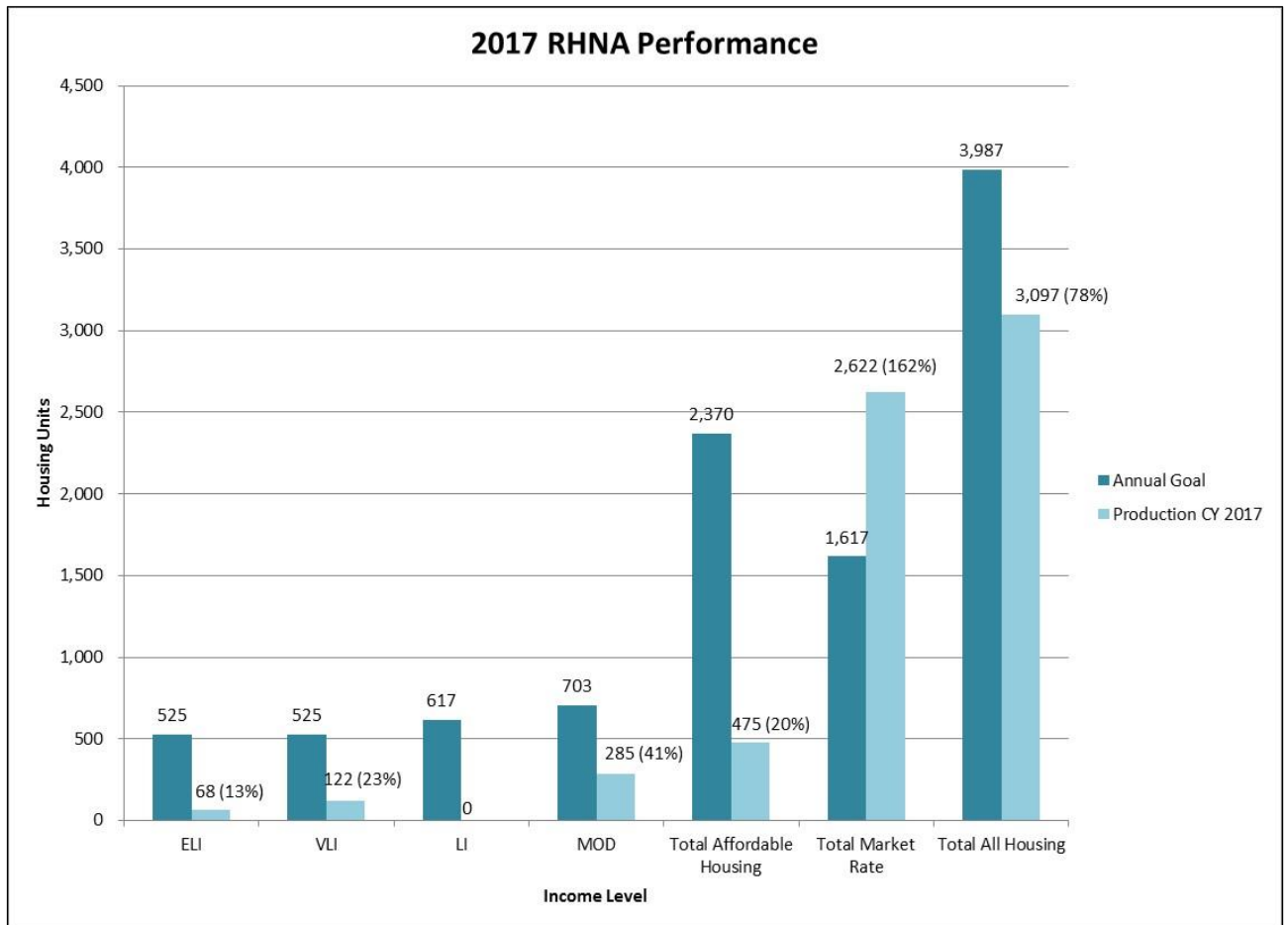
The City continues to explore ways to lower barriers to the construction of SDUs, and has been directed by the City Council to explore developing an ordinance that would allow conversion of existing garages to SDUs. In addition, the City has noted a spike in the number of applications for master-suite additions in single family homes. It is possible that a subset of single family home additions are being built as “junior” SDUs with separate

entrances and eating areas, which would qualify to count for purposes of RHNA. City staff will be exploring how to better capture data so that new junior SDUs can be quantified.

D. REGIONAL HOUSING NEEDS ALLOCATION PROGRESS (TABLE B)

2017 RHNA Performance

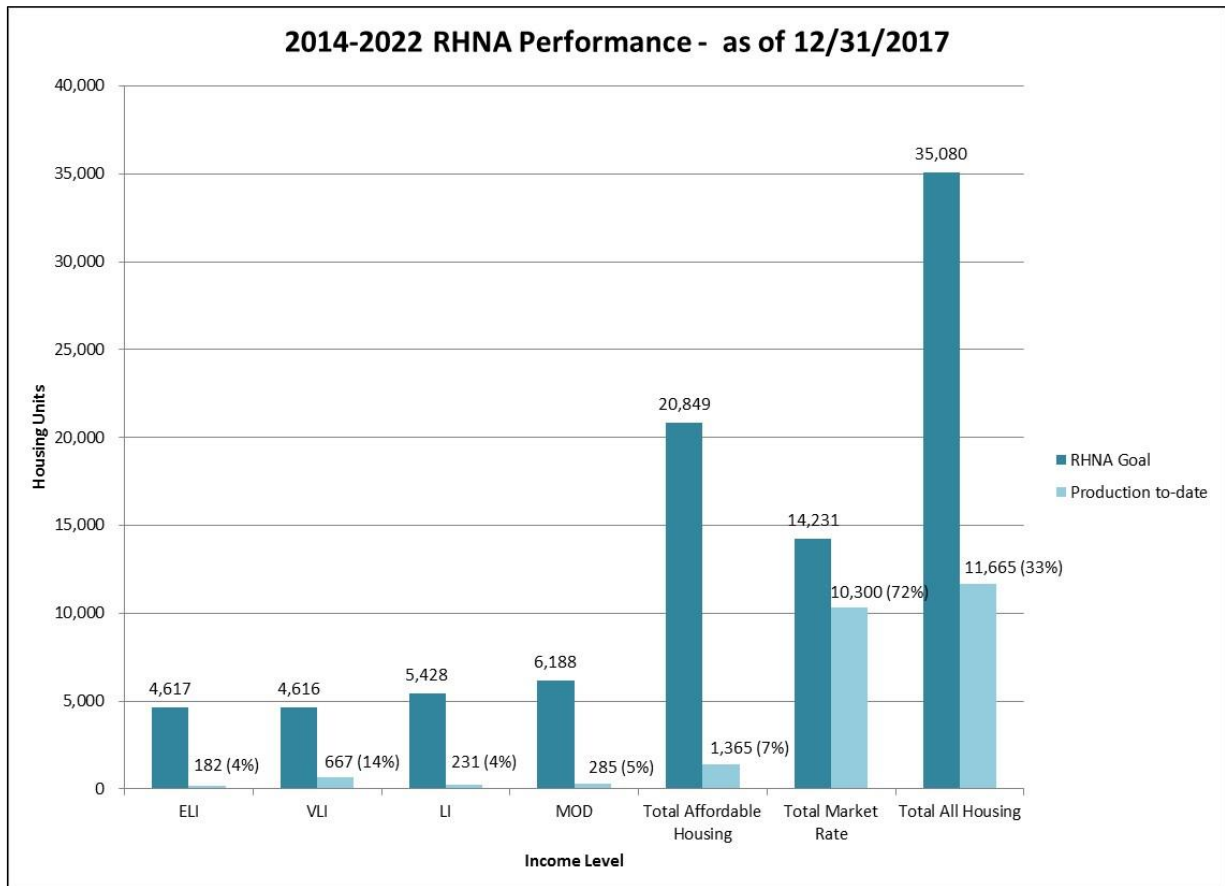
Building permit activity in 2017 jumped 48% over 2016. In 2017, the City exceeded its market-rate RHNA goal although it fell behind in meeting its affordable RHNA goals. The City issued building permits for 3,097 units, composed of 2,622 above-moderate-income homes and 475 extremely low-income (ELI), very low-income (VLI), low-income (LI), and moderate-income homes. This translated into 162% of the City’s annualized above-moderate income RHNA goal, and 20% of annualized ELI, VLI, LI and moderate income RHNA goal. Table B summarizes the City’s 2017 RHNA performance.



Year-to-Date RHNA Performance:

2017 marks the fourth year of the current 8.8-year RHNA production period, January 2014 to October 2022; therefore, the RHNA cycle is 45% complete. During this time, San José has met 7% of its total ELI, VLI, LI goal, 5% of its total moderate-income goal, and 72% of its total above-moderate-income goal. To catch up on meeting its affordable goals, the City would need to permit 2,830 ELI, VLI, and LI homes, and 1,230 moderate-income homes annually for the remaining 4.8 years of the RHNA cycle.

The current status of San José’s RHNA goals are summarized below.



Affordable Housing Pipeline

The City has been proactive in planning for additional housing to meet the needs of existing and future residents. In 2011, the City approved its *Envision San José 2040 General Plan*, which includes long-term capacity for 120,000 new housing units, which includes sufficient residential capacity to meet the requirements of the current RHNA. A portion of this total capacity has already been built or is under construction.

In spite of reduced funding for below-market rate units, San José continues to invest in the development of new affordable housing units. The City's affordable pipeline is growing and contains approximately 800 units from projects that have received a funding commitment but have not yet pulled building permits. The City also intends to issue a Notice of Funding Availability (NOFA) for approximately \$100 million in Spring 2018. The funds, derived mostly from repayments of redevelopment-funded loans, are expected to help create approximately 800 new affordable apartments at varying affordability levels.

The City plays an important role in mitigating constraints to housing production across all income levels through the implementation of existing and new housing programs and through process improvements. In 2017, San José Mayor Sam Liccardo unveiled an ambitious 15-point plan to respond to the region's housing crisis. The plan will facilitate the construction of 25,000 new apartments (10,000 of which would be affordable for low income households) over the next five years. The City will continue to work creatively and collaboratively with both internal and external partners to develop strategies and financial tools to meet the City's market rate and low income housing needs.

E. PROGRAM IMPLEMENTATION STATUS (TABLE C)

Table C provides a complete list and status report on the City's programs to assist low-income renters and homebuyers. Additionally, San José continues to adopt process improvements that streamline housing production and facilitate the creation of affordable housing.

F. HOUSING SUCCESSOR ANNUAL REPORT FY 2016-17

This section satisfies the annual reporting requirements of SB 341. The City, as the Housing Successor to the former San José Redevelopment Agency, is required to report specific housing and financial activity information to HCD. This report is included as **Attachment D**.

Attachments:

- A. Area Median Income Chart
- B. Implementation Tables A-C.
- C. Methodology for Moderate-Income Unit Analysis
- D. Housing Successor to Redevelopment Agency Annual Report Fiscal Year 2016-17

San José Area Median Income Limits - 2017

HCD Income Limits								% of AMI Rent & Income Level
Efficiency	1BR	2BR	3BR	4BR	5BR	6BR	7BR	
\$95,150	\$108,750	\$122,350	\$135,950	\$146,850	\$157,700	\$168,600	\$179,450	120%
\$87,230	\$99,715	\$112,145	\$124,630	\$134,585	\$144,595	\$154,550	\$164,505	110%
\$79,300	\$90,650	\$101,950	\$113,300	\$122,350	\$131,450	\$140,500	\$149,550	100%
\$59,400	\$67,900	\$76,400	\$84,900	\$91,650	\$98,450	\$105,250	\$112,050	80%
\$50,160	\$57,360	\$64,500	\$71,640	\$77,400	\$83,160	\$88,860	\$94,620	60%
\$45,980	\$52,580	\$59,125	\$65,670	\$70,950	\$76,230	\$81,455	\$86,735	55%
\$41,800	\$47,800	\$53,750	\$59,700	\$64,500	\$69,300	\$74,050	\$78,850	50%
\$37,620	\$43,020	\$48,375	\$53,730	\$58,050	\$62,370	\$66,645	\$70,965	45%
\$33,440	\$38,240	\$43,000	\$47,760	\$51,600	\$55,440	\$59,240	\$63,080	40%
\$29,260	\$33,460	\$37,625	\$41,790	\$45,150	\$48,510	\$51,835	\$55,195	35%
\$25,100	\$28,650	\$32,250	\$35,800	\$38,700	\$41,550	\$44,400	\$47,300	30%
\$20,900	\$23,900	\$26,875	\$29,850	\$32,250	\$34,650	\$37,025	\$39,425	25%
\$16,720	\$19,120	\$21,500	\$23,880	\$25,800	\$27,720	\$29,620	\$31,540	20%
\$12,540	\$14,340	\$16,125	\$17,910	\$19,350	\$20,790	\$22,215	\$23,655	15%

Note: Income limits are set by the California Department of Housing and Community Development (HCD).

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction
Reporting Period

City of San José
1/1/17 - 12/31/17

Table A
Annual Building Activity Report Summary - New Construction
Very Low-, Low-, and Mixed-Income Multifamily Projects

Housing Development Information										Housing with Financial Assistance and/or Deed Restrictions	Housing without Financial Assistance and/or Deed Restrictions	
1	2	3	4				5	5a	6	7	8	
Project Identifier (may be APN No, project name or address)	Unit Category	Tenure R=Renter O=Owner	Affordability by Household Incomes					Total Units per Project	Est # Infill Units	Assistance Program for Each Development	Deed Restricted Units See Instructions	Note below the number of units determined to be affordable without financial or deed restrictions and attach an explanation how the jurisdiction determined the units were affordable.
			Extremely Low-Income (11)	Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income					
Metropolitan South			12	18			1	31	31			
Renascent Place			56	104			2	162	162			
Silver/ Ohlone Block C						94	174	268				94
The Graduate						16	244	260				16
Diridon @ Vespaio						80	82	162				80
Sparq						95	10	105				95
								0				
(9) Total of Moderate and Above Moderate from Table A3			▶	▶	▶	▶	▶	▶	0			
(10) Total by income units Table A/A3			▶	▶	▶							
			68	122	0	285	513	988	193			

Table A2
Annual Building Activity Report Summary - Units Rehabilitated, Preserved and Acquired pursuant to GC Section 65883.1(c)(1)

Please note: Units may only be credited to the table below when a jurisdiction has included a program in its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its RHNA which meet the specific criteria as outlined in GC Section 65583.(c)(1)

Activity Type	Affordability by Household Incomes					(4) Description of Activity Including Housing Element Program Reference
	Extremely Low-Income (11)	Very Low-Income	Low-Income	Moderate-Income	TOTAL UNITS	
(1) Rehabilitation Activity					0	
(2) Preservation of Units At-Risk					0	
(3) Acquisition of Units						
(5) Total Units by Income	0	0	0	0	0	

Table A3
Annual building Activity Report Summary for Above Moderate-Income Units
(not including those units reported on Table A)

	1. Single Family	2. 2 - 4 Units	3. 5+ Units	4. Second Units	5. Mobile Homes	6. Total	7. # of Infill units
No. of Units Permitted for Moderate						0	
No. of Units Permitted for Above Moderate	102	22	1,893	92		2,109	2,904

Table B
Regional Housing Needs Allocation Progress
Permitted Units Issued by Affordability

Enter Calendar Year starting with the first year of the RHNA allocation period. See Example		2014	2015	2016	2017	2018	2019	2020	2021	2022	Total Units to Date (all years)	Total Remaining RHNA by Income Level
Income-Level		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9		
Extremely_low	Deed Restricted	4,617	29	18	67	68					182	4,435
	Non-deed Restricted										0	
Very-Low	Deed Restricted	4,616	246	52	247	122					667	3,949
	Non-deed Restricted										0	
Low	Deed Restricted	5,428	231								231	5,197
	Non-deed Restricted										0	
Moderate	Deed Restricted	6,188									0	5,903
	Non-deed Restricted					285					285	
Above-Moderate		14,231	3,954	1,950	1,774	2,622					10,300	3,931
Total RHNA by COG. Enter allocation number:		35,080										
Total Units ▶▶▶			4,460	2,020	2,088	3,097	0	0	0	0	11,665	
Remaining Need for RHNA Period ▶▶▶▶▶											23,415	

Note: The City of San Jose is not able to track the affordability of non-deed restricted units. Based on economic conditions and the variety of dwelling units in the City, there are likely to be some dwelling units that are not deed-restricted that are affordable to Moderate or Low-Income households.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
	1. Increase, Preserve, and Improve the Supply of Affordable Housing				
	<i>Programs and Funding</i>				
1	Continue Predevelopment Loan and Project Development Loan Programs.	<p>a. Review City's existing Income Allocation Policy and update as necessary to provide a funding framework for income categories.</p> <p>b. Continue to provide predevelopment loans to assist nonprofit housing developers with funds necessary to explore feasibility of proposed affordable multifamily housing.</p> <p>c. Continue to provide land acquisition, construction, and permanent financing for the development of new affordable homes and the acquisition/rehabilitation of existing rental housing for affordable homes pending availability of funds.</p>	Housing	<p>a. 2015-16</p> <p>b. Annual, Ongoing</p> <p>c. Annual, Ongoing</p>	<p>a. In 2017, the Housing Department continued its focus on completing commitments to new permanent supportive apartments for the homeless. These apartments also include funding, services and housing vouchers from the County and the Santa Clara County Housing Authority. The three agencies' joint 2016 NOFA for vouchers, services and funding resulted in new funding commitments of ELI units as detailed below. The City Council approved a revised Housing Investment Plan in June 2017 that clarifies that the City will shift to fund VLI and LI apartments to complement the County's Measure A-funded ELI focus.</p> <p>b. Council approved four new predevelopment loans committing \$2.8M to support 347 new affordable apartments.</p> <p>c. In 2016-17, staff obtained City Council approval for approximately \$25M for acquisition, construction and permanent loans and grants in 2016 to support the creation of 141 new affordable homes. The City also issued \$51M in tax-exempt bonds to support rehabilitation and refinancing of two existing rental complexes totaling 171 affordable apartments.</p>
2	Maximize revenues from the City's loan portfolio.	a. Maximize City revenues and residual receipts when senior loans mature or are refinanced/restructured.	Housing	Ongoing	Residual receipts increased by 3% from 2015 in 2017 for a total of \$12.6MM. Organizational capacity to monitor and enhance portfolio revenues has been strengthened and continues to grow.

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
3	Facilitate affordable housing deals that require no City subsidies.	a. Facilitate mixed income deals. b. Facilitate 9% and 4% tax credit/bond developments.	Housing	Ongoing	a. & b. It is the Housing Department's goal to review and modify the City's multifamily revenue bonds policy on or before June 30, 2019. The Housing Department will engage with affordable housing developers, financial institutions, and other stakeholders with the goal of updating the bonds policy to increase the supply of affordable housing in San Jose.
4	Implement the City's Housing Impact Fee Program.	a. Develop and implement the Housing Impact Fee Program by the effective date. b. Utilize the fees generated to finance the development of housing that is affordable to the workforce.	Housing, PBCE	a. 2016 b. 2016, Ongoing	a. Implementation of the Affordable Housing Impact Fee (AHIF) Program is successfully underway. - 11 projects have submitted their Affordable Housing Compliance Plans and plan to pay their AHIF prior to issuance of their building permits. - AB 1505 was introduced on February 17, 2017 and the legislation clarifies the Legislature's intent to supersede the court decision in Palmer v. City of Los Angeles, thereby making inclusionary housing requirements apply to rental developments. As a result of Assembly Bill (AB) 1505, rental developments will transition from the AHIF Program to the Inclusionary Housing Ordinance. Rental development projects submitted after June 30, 2018 will be considered under the Inclusionary Housing Ordinance. - Staff has prepared and educated developers and other stakeholders on this transition including a total of 4 stakeholders meetings were conducted from July to November 2017, and 5 additional meetings are currently scheduled from January to mid-June 2018. Several developers have already met or scheduled meetings with staff to submit their AHIF Compliance Plan applications, along with the \$3,200 administrative processing fee, to remain under AHIF. b. So far approximately \$230,000 in Affordable Housing Impact Fees has been paid. The AHIF resolution provided a grandfathering provision (Pipeline Exemption) open to projects with approvals completed before June 30, 2016. A development will be exempted from the fee if the development receives its Certificate of Occupancy for buildings containing at least 50% of the declared units prior to January 31, 2020. - 29 developments were deemed eligible for the exemption. There are 6,486 exempted apartments with an estimated value of the exempted fee revenue for these developments that totals \$95.3 million. - 24 developments remain eligible for the exemption as of FY 17-18, revising the estimated value of the exempted fee revenue for these developments to total: \$75.5 million. - Staff will check in with the remaining Pipeline Exempted projects again during their Annual Monitoring Fee process (scheduled for July 2018). - Staff plan to issue a NOFA mid-2018 for affordable development projects.

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	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
5	Acquire land for residential development, especially near transit for the development of low and moderate-income housing.	<p>a. Utilize resources to acquire land.</p> <p>b. Partner with transit agencies such as VTA and BART to explore and facilitate transit-oriented development (See workplan item #15)</p> <p>c. Explore the creation of a land bank to ensure the creation of affordable housing within Urban Villages.</p> <p>d. Explore partnerships such as Community Land Trusts to facilitate acquisition of land.</p>	Housing	<p>a. 2015, Ongoing, Assess Annually</p> <p>b. 2015, Ongoing, Assess Annually</p> <p>c. 2016-17</p> <p>d. 2016-17</p>	<p>a. City committed \$4.5 million for the City and for developers to acquire both unimproved land as well as land with existing buildings that will create 84 new affordable housing units.</p> <p>b. VTA selected a developer team to build up to 440 housing units and commercial at the Tamien Light Rail and Caltrain Station. 20% of the units will be affordable per VTA's joint development policy. VTA continues to engage with the community and the City on several other TOD projects on the Santa Teresa light rail line.</p> <p>c. The City has engaged in initial conversations with financial institutions on potential ways in which to create a land banking strategy.</p> <p>d. The City has engaged in initial conversations with financial institutions on potential ways in which to create a Land Trust in San Jose. At this time, there is some interest among stakeholders, however, the City/partners will need to focus on what the preferred outcomes would be before moving this idea forward.</p>

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Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
6	Advance Inclusionary Housing Programs.	<p>a. Continue to defend the Citywide inclusionary housing ordinance in court.</p> <p>b. Continue to implement the City's existing inclusionary housing policy on for-sale projects in former redevelopment areas.</p>	Housing	Ongoing	<p>a. & b. Staff continued to implement the City's Inclusionary Housing Ordinance for new for-sale developments after it was upheld in 2015 by the California Supreme Court. Staff implemented requirements for newly-filed for-sale projects after the "Grace Period" ended for developments obtaining all needed Planning Permits prior to June 30, 2016.</p> <ul style="list-style-type: none"> - 4 developments were deemed eligible for the IHO Grace Period. These 385 units would have generated \$9.8 million in in-lieu fees. - 3 projects are subject to the Inclusionary Housing Policy and expected to generate \$24.1 million in in-lieu revenue most likely to be paid in FY 2018-19. - As a result of the passing of AB 1505 (2017), the City's Inclusionary Housing Ordinance will automatically cover new first approvals for residential rental projects for which applications for first approval are submitted after June 30, 2018. New rental developments will transition from being subject to the City's AHIF Program to the Inclusionary Housing Ordinance. - Housing staff plans to return to City Council in Spring 2018 with a resolution that retains an Inclusionary In Lieu Fee as an incentive for high-rise rental developments in the Downtown Core.
7	Increase supply of permanent supportive housing for homeless individuals.	a. Explore all opportunities to create homeless apartments with supportive services within the City.	Housing, Santa Clara County, Housing Authority	Ongoing, D3 Assess Annually	a. Since the start of 2016, the City has committed funding for 440 units of housing for homeless individuals; the City, County and Housing Authority meet regularly to coordinate investments and progress.

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	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
8	Preserve existing deed-restricted multifamily rental homes.	<p>a. Develop a funding framework to guide the allocation of resources between the production of new affordable homes or the preservation of existing affordable homes.</p> <p>b. Fund the extension of the affordability restrictions for existing multifamily affordable homes pending funding availability.</p> <p>c. Monitor at-risk units and upon notification outreach with landlord, tenants, and qualified entities to assist with funding preservation of existing homes.</p> <p>d. Explore and establish an outreach and tenant education program.</p>	Housing	<p>a. 2015-16</p> <p>b. Ongoing</p> <p>c. Ongoing</p> <p>d. 2015-16</p>	<p>a. The Department has developed new underwriting guidelines to guide the process of funding of new projects as well the refinancing of existing properties.</p> <p>b. Staff has extended and strengthened affordability restrictions for approximately 4 developments without funding.</p> <p>c. The City currently monitors its portfolio to identify at-risk projects and evaluates alternatives for extending affordability restrictions through negotiations with the borrower.</p> <p>d. For projects in the portfolio for which an extension of affordability restrictions cannot be negotiated, the City will work with borrowers to ensure that a satisfactory transition plan for existing residents is implemented.</p>
9	Continue parkland fee reduction for new affordable housing development.	a. Continue to charge affordable housing developers a lower rate under the Parkland Dedication Ordinance (PDO) and Park Impact Fee (PIO) for new affordable housing developments.	Housing	Ongoing	a. The Housing Department regularly works with affordable housing developers to ensure that they receive the PDO-PIO fee reduction on their developments. No changes have been proposed for this reduction.

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	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
10	Shape national, state, regional and local programs, policies and regulations to facilitate affordable housing development.	<p>a. Help shape the National Housing Trust Fund, GSE reform, tax reform and other Federal policies that create funding for affordable housing development.</p> <p>b. Shape cap and trade implementation.</p> <p>c. Shape permanent source to replace lost State bond funding that was depleted.</p> <p>d. Support new tools that replace Redevelopment Agency Low/Moderate Income Housing Funds including Infrastructure Financing Districts.</p>	<p>Housing</p> <p>Housing</p>	<p>a. Ongoing</p> <p>b. 2015-2016</p> <p>c. Ongoing</p> <p>d. Ongoing</p>	<p>a. Staff closely followed progress of tax reform in 2017 and assessed potential impacts on its operations.</p> <p>b. Completed. In 2017 Housing staff attended AHSC information workshops and provided feedback on the program to our technical assistance provider. The City also partnered with Resources for Community Development and VTA to apply for over \$12.5 M in funding via round three of the Affordable Housing and Sustainable Communities Program. If awarded, this grant would support the creation of 70 service-enhanced affordable apartments.</p> <p>c. Completed. Staff gave input to industry advocates that informed the formula for SB 2 (The Building Homes and Jobs Act) that was successfully passed as part of the Housing Legislation package in 2017. The new law uses a CDBG-based funding formula for the funding that will be directed to local governments, consistent with the City's input.</p> <p>d. In 2017 the City analyzed numerous state bills and took support positions on several bills to increase funding for affordable housing including SB 2 (Atkins), SB 3 (Bealle), and AB 1505 (Bloom).</p>

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	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
11	Advance regional solutions to address housing needs.	a. Work collaboratively with other City departments, local jurisdictions and working groups such as the Santa Clara CDBG Grants Management Group, Regional Housing Working Group, ABAG/MTC's One Bay Area Plan, Regional Prosperity Plan, Santa Clara Association of Planning Officials, and other initiatives.	Housing	Ongoing	a. San Jose's Housing Director serves on the MTC CASA technical advisory committee. CASA seeks to build an actionable political consensus around increasing housing production, preserving existing affordable housing and protecting vulnerable populations from housing instability and displacement. City staff continue to interface with Destination Home, VTA Land Use and Transportation Initiatives Working Group, NPH Legislative Committee, Santa Clara CDBG Grants Management Group, and others.
<i>Potential Actions</i>					
12	Advance regional solutions to address housing needs.	a. Explore creation of regional body or formal collaboration to make more efficient use of limited resources, maximize the delivery of affordable housing, or respond to homelessness. b. Explore strategies to facilitate a more balanced regional distribution of affordable housing production.	Housing	Ongoing	a. The City provided feedback to Santa Clara County on the implementation of Measure A bond funding. b. No additional progress was made on this item in 2017.

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	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
13	Coordinate and implement housing policies and goals contained in the City's housing plans.	a. Develop a Housing Element, Consolidated Plan and 5-Year Investment Plan with goals and measurable actions that are consistent with each other.	Housing, PBCE	2015	a. The State-mandated Housing Element was certified by HCD in April 2015, and federal Consolidated Plan was submitted in May 2015, and the City's 2016/17 and 2017/18 Affordable Housing Investment Plan was approved by the City Council in June 2017.
14	Coordinate with Valley Transportation Authority (VTA) on transit-oriented development activities.	a. Explore ways to facilitate transit-oriented affordable housing development near BART, Light Rail, and Bus Rapid Transit (BRT) stations, including identification of opportunities to develop parcels owned by either agency with affordable housing.	Housing, PBCE	a. 2015, Ongoing	a. Housing staff continue to monitor VTA's intentions to lease and sell land near light rail stations and near the forthcoming Berryessa BART station. VTA's first BRT line on Alum Rock Avenue will include new station areas and was completed in 2017. The City approved funding for Quetzal Gardens, a 70 unit mixed use affordable housing development that will be located on the BRT line. It remains to be seen if BRT will generate demand for additional dense, mixed-use transit-oriented development.

**Table C
Program Implementation Status**

	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
	<i>Housing Planning Tools</i>				
15	Develop and Implement Urban Village Plans.	<p>a. Explore various funding mechanisms and programs to help finance infrastructure and amenities for Urban Villages.</p> <p>b. Complete and/or implement Urban Village plans for The Alameda, West San Carlos, South Bascom, and Diridon Station.</p> <p>c. Develop and implement additional Horizon 1 and other Horizon Urban Village Plans as appropriate.</p> <p>d. Annually and as part of the Four Year Major Review of the General Plan evaluate the Urban Village Strategy and modify the Strategy as appropriate and needed, to facilitate its successful implementation, and to evaluate and address constraints.</p>	<p>PBCE Housing OED PW DOT DOF CMO PRNS</p>	<p>a. Ongoing, Assess Annually</p> <p>b. 2015-2016</p> <p>c. 2016-23</p> <p>d. Assess Annually, 2015-16 & 2019-20 (4 year Major Review)</p>	<p>a. a. The City Council accepted an Urban Village Implementation Framework in December 2017, and staff is currently preparing an Implementation Financing Plan for Urban Villages to be considered by Council in 2018.</p> <p>b. The Diridon Station Urban Village Plan and The Alameda Urban Village Plan was adopted by the City Council in June 2014 and December 2016, respectively. Draft Urban Village Plans have been completed for West San Carlos and South Bascom. These Plans are anticipated to be adopted by the City Council by the end of 2018.</p> <p>c. In 2017, the City adopted Urban Village Plans for Steven's Creek Boulevard, Santana Row/Valley Fair, and Winchester Blvd. A Draft Urban Village Plan has been completed for East Santa Clara and is anticipated to be adopted by City Council in 2018. Also, development of the North 1st Street and Berryessa/BART Urban Village Plans are underway, with the public planning process to begin in Spring 2018.</p> <p>d. In late 2016, the City completed its first four year major review of the General Plan. Changes included a goal that 25% of new housing in urban villages be affordable, allowing selected 1.5 acre commercial sites to convert to mixed use affordable housing, and allowing affordable housing to move forward ahead of market rate housing in Urban Villages. Staff continues to implement these changes.</p>

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	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
16	Maximize the City's competitiveness for external infrastructure funding to create complete, high quality living environments.	<p>a. Continue to explore new funding sources for parks, transportation, and other types of infrastructure that favor cities with a demonstrated commitment to building affordable housing.</p> <p>b. Such programs include OBAG, Cap and Trade and other regional, state, and Federal programs.</p>	Housing PRNS PW DOT OED	<p>a. Ongoing</p> <p>b. Ongoing, Assess Annually</p>	a. & b. Since 2011, the City has been awarded over \$106 M in State loans and grants to plan and build parks, transportation infrastructure, affordable housing and more. Ongoing eligibility for these grants would not be possible had the City not had a certified Housing Element and regularly submitted Annual Reports to HCD. In 2017, City staff partnered with a developer on San Jose's third Affordable Housing and Sustainable Communities (AHSC) funding application.
17	Work with the private sector to help facilitate the development of affordable homes.	<p>a. Adopt City-wide density bonus ordinance in compliance with updated State law offering specific incentives and concessions to encourage the construction of affordable homes while remaining sufficiently flexible to respond to market conditions across the City.</p> <p>b. Continue to negotiate developer agreements in exchange for "extraordinary benefits" including affordable housing.</p>	PBCE, Housing	<p>a. 2015</p> <p>b. Ongoing</p>	a. Citywide density bonus ordinance incorporating State legislation through the effective date of January 2018 is in administrative draft format, and is under review. Targeted for Council hearing in Spring 2018.

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	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
18	Protect mobile home parks as a source of naturally affordable housing.	a. Explore the efficacy of the existing mobilehome conversion requirements and potential updates/responses in order to protect an appropriate supply of mobilehomes.	PBCE, Housing	a. 2015-16	a. Zoning Code amendments, and a new City Council Policy to enhance protection of existing mobilehome park residents were approved by Council in February 2016. In 2017, City Council approved General Plan text amendments to enhance goals and policies to protect mobilehome parks. In 2018, City Council to consider whether to direct staff to pursue General Plan land use amendments to further protect existing mobilehome park sites.
19	Facilitate the increase of the supply of legal secondary units.	a. Consider amending the existing secondary unit ordinance to facilitate a larger supply of compact "naturally affordable" homes. b. Develop and provide informational materials to inform homeowners of the development standards and the process for secondary unit approval and construction.	PBCE, Housing	a. 2015 b. 2015-16	a. The City Council approved a secondary unit ordinance in November 2016. This ordinance loosened existing zoning code regulations and incorporated 2016 changes made to state law. b. Existing materials have been updated to reflect changes to the regulations.
20	Continue to ensure that existing redevelopment-assisted housing remains in compliance with long-term restrictions on rents and tenant incomes.	a. Continue to monitor redevelopment assisted homes for compliance with restrictions and other regulations.	Housing	Ongoing	a. The City currently monitors approximately 19,934 units of affordable housing for compliance with affordability restrictions. System capacity to measure non-compliance corrections has been developed and implemented to allow more effective and efficient compliance monitoring.

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	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
21	Continue to update the City's Zoning Code to facilitate housing at urban densities.	<p>a. Evaluate and revise as appropriate Zoning Code to reduce parking ratios for Emergency Shelters, such as from 1 space for every 4 residents to 1 space for every 10 residents.</p> <p>b. Evaluate and modify existing or develop new Zoning Code to set appropriate parking ratios for developments in transit-rich or in urban/infill locations.</p>	PBCE	<p>a. 2015-16</p> <p>b. 2015-17</p>	<p>a. Revisions to the Zoning Code were made in 2016 for parking ratios for Emergency Shelters to allow up to 100% reduction with approval of a Development Permit.</p> <p>b. Revisions to the Zoning Code were made in 2016 for Secondary Dwelling/Accessory Dwelling unit requirements to allow up to 100% reduction in proximity to transit or car-sharing in urban/infill locations.</p>
22	Assess development application and review process. Consider improvements as needed.	a. Conduct an annual Customer Satisfaction Survey Study to measure satisfaction and to provide insight into how services can be improved.	PBCE	a. Annual Ongoing	a. Based on customer feedback, staff has revised the Department's webpage, simplified applications, and expanded public information hours to make services more user-friendly.
Potential Actions					
23	Facilitate the development of Single Room Occupancy (SRO) buildings.	a. Modernize development standards for Single Room Occupancy (SRO) housing.	PBCE, Housing	a. 2015	a. In process Targeted for Council hearing in 2016.
24	Minimize the impacts of condo-conversions on households.	<p>a. Assess the rate of apartment to condominium conversions and impacts on the rental housing stock to determine if displacement is an issue.</p> <p>b. If displacement is identified as an issue, explore and establish policies and programs as appropriate to mitigate the potential impact on renters in the event of a condo-conversion.</p>	Housing	<p>a. 2016-17</p> <p>b. 2017-18</p>	<p>a. Work on this goal has not yet commenced.</p> <p>b. Work on this goal has not yet commenced.</p>

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Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
	2. Invest In Activities To End Homelessness				
25	Design, fund, and evaluate outreach, rapid rehousing, and supportive service programs for homeless individuals and families.	a. Continue to fund various nonprofit agencies that provide services to people who are homeless or at risk of becoming homeless. Funding includes but is not limited to programs geared toward preventing and ending homelessness, programs that permanently house homeless households with case management, one-time purchase of capital needs and equipment.	Housing, Santa Clara County, Housing Authority, Destination: Home	a. 2017, Ongoing, Assess Annually	a. In 2017, the City dedicated over \$16.5M in support for outreach, shelter, case management, rental subsidies, and other assistance to serve over 4,000 individuals experiencing homelessness.
26	Implement master-lease program to provide transitional housing for homeless people in existing under-occupied hotels.	a. Revise Zoning Code to allow Hotel Supportive Housing as an incidental use to commercial hotels in non-residential zoning districts. b. Seek funding to begin implementation.	PBCE, Housing	2014	a. Completed in 2014. b. Completed in 2016.

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	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
27	Engage in regional homeless coordination, planning efforts, and other initiatives with external partner agencies.	<p>a. In cooperation with the County Destination: Home, and other community partners prepare and implement the new Community Plan to End Homelessness in Santa Clara County that focuses both on chronic homelessness as well as family and youth homelessness.</p> <p>b. Continue work with the County - as the COC applicant - to develop and implement new community-wide standards to ensure compliance for funding associated with the Federal HEARTH Act.</p>	Housing, PBCE, Santa Clara County, Destination: Home	Ongoing	<p>a. In February 2015, City Council endorsed the Community Plan to End Homelessness. Further, the City provided direct support and funding to the County Office of Supportive Housing as it assumed the role of Collaborative Applicant for the COC and centralized the operations of HMIS.</p> <p>b. All new service contracts from the City included community-wide standards and metrics as adopted by the COC and tracked in the Countywide HMIS system.</p>
28	Provide an encampment response to abate, prevent, or deter significant encampments that impact the health and safety of the community and homeless individuals.	a. Partner with the Water District and other interested parties to implement a plan to consistently clean up encampments, prevent re-encampments, and responsibly address with the housing needs and belongings of homeless residents.	Housing, PRNS, Police, ESD, Santa Clara Valley Water District	Ongoing	a. In 2017, the City completed 440 clean-up activities removing approximately 800 tons of debris and hazardous waste from the waterways.

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	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
29	Research and explore potential alternative homeless housing and services options.	<p>a. Examine an array of alternative housing options, including: tiny homes and other best practice or new housing and service models.</p> <p>b. Implement overnight safe parking program.</p> <p>c. Implement hotel/motel master leasing and conversion - see goal #26 also</p>	Housing	<p>a. Ongoing</p> <p>b. 2018</p> <p>c. 2017</p>	<p>a. The City developed a new program using manufactured homes to create an interim housing community to be developed in 2018. Several challenges, including community resistance delayed implementation originally scheduled for 2016. Additionally, The City implemented a Temporary and Incidental Shelter Program providing guidance and leadership to places of assembly as they open their doors for overnight shelter.</p> <p>b. The City issued an RFP in 2015 for Safe Parking, Overnight Warming Locations, and Mobile Hygiene Services. Operated warming locations, mobile hygiene and case management for those residing in their vehicles in 2017. Issuing an RFP in 2018 for Safe Parking and other crisis programs, including on-call mobile case management to begin operations in 2018.</p> <p>c. The City rehabbed one hotel for permanent and short-term residential homeless housing and rehabbed an additional hotel for interim homeless housing to be leased up in 2018.</p>
30	Inform and engage the community around the issue of homelessness and how it impacts the City and its residents.	<p>a. Develop ongoing community outreach through social and print media to provide comprehensive and consistent messaging on current services, outcomes, challenges, and long-term goals.</p>	Housing	Ongoing	<p>a. Staff made presentations at community groups, boards, neighborhood associations, and a variety of other public and private entities on the issues of homelessness, bridge housing, and deeply affordable housing.</p>

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	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
32	Update the City's dispersion policy to align with the Envision 2040 General Plan.	a. Update the City's existing dispersion policy: 1) to align the location of future affordable housing with residential growth areas identified in the Envision 2040 General Plan; 2) to maximize the access of transit, retail, services, and amenities to affordable housing developments; and 3) to facilitate the development of diverse and complete communities.	Housing	a. 2016	a. Work on this goal has not yet commenced.

**Table C
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	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
33	Protect the affordability of rental homes.	<p>a. Assess the efficacy of the existing rent control ordinance as a tool for preserving the affordability of rental homes and the feasibility of strengthening the program.</p> <p>b. Review Rental Rights and Referral Program to determine opportunities for improvement.</p> <p>c. Secure voluntary agreements for at least 75% of petitions within ordinance-required 30 day period.</p> <p>d. Explore and establish other preservation policies, programs, or tools as appropriate.</p>	Housing	<p>a. 2015-16</p> <p>b. 2015-16</p> <p>c. Ongoing</p> <p>d. Ongoing, Assess Annually</p>	<p>a. Complete. On November 14, 2017, the City Council approved a modified Apartment Rent Ordinance providing additional protections to tenants in San Jose. Additionally, in May 2017 an Ellis Act and Tenant Protection Ordinance were approved providing additional stability to tenants in San Jose. In November, two additional phases of a staffing plan were also approved providing enhanced services to tenants and landlords.</p> <p>b. Complete</p> <p>c. In 2017, the City was able to secure voluntary mutual agreements for 68% of the petitions filed.</p> <p>d. Staff has initiated a preliminary research into potential preservation policies and programs. Development of implementable policies and programs may require time and internal coordination with other City departments.</p>

**Table C
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	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
	<i>Potential Actions</i>				
34	Consider proposed policies or ordinances to protect low and moderate income residents in market-rate and deed-restricted affordable housing from displacement.	<p>a. Explore policy requiring tenant relocation benefits so displaced low and moderate income tenants in market-rate housing can find comparable and affordable housing in San Jose.</p> <p>b. Explore other anti-displacement policies or programs, including financing, land use, and acquisition strategies.</p>	Housing	<p>a. 2017-18</p> <p>b. Ongoing</p>	<p>a. In May 2017, the City Council approved an Ellis Act Ordinances. This ordinance requires extended noticing, relocation benefits, and reconrol requirements to owners who remove apartments from the rental market. This ordinance provides significant benefits to tenants facing displacement in San Jose.</p> <p>b. Staff attended a one day workshop on displacement at the San Francisco Federal Reserve in December 2017. Staff is currently studying literature on gentrification and displacement including a recent report on displacement monitoring published by the University of California, Berkeley and the California. The City is also teaming with external stakeholders to apply for to PolicyLink's Anti-Displacement Network to learn about additional tools and strategies to help prevent and mitigate the effects of residential displacement.</p>

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	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
	4. Create Healthy, Sustainable, Communities and Neighborhoods				
35	Increase the health and resilience of communities	<p>a. Develop partnerships, policies, and programs to increase access to healthy foods and health care resources, especially for lower-income and at-risk communities.</p> <p>b. Explore and establish as appropriate strategies to increase economic opportunities, self-sufficiency, and asset-building for households and communities.</p> <p>c. Explore a "soft story" rehabilitation program to facilitate seismic retrofits of at-risk buildings.</p>	Housing PBCE	<p>a. 2015-17</p> <p>b. Ongoing</p> <p>c. 2015-16</p>	<p>a. In 2016-17, the Housing Department released an RFP to fund programs with CDBG funding to increase access to healthy foods for lower-income and at-risk communities. The Health Trust and the Portuguese Organization for Social Services & Opportunities were selected to provide meal access to seniors.</p> <p>b. The City released a new Request for Proposals for job training and job creation for homeless and youth. The Housing Department partnered with other City Departments, non-profits and community leaders to provide a variety of programs to link lower income residents to job opportunities. Additionally, the Housing Department funds the Downtown Streets Team to provide work experience to 80 individuals. 90% of participants who graduate from the program have retained employment for at least three months.</p> <p>c. Staff from several departments are exploring best practices for developing a Multi-Family Soft Story retrofit incentive program. Staff is pursuing a Cal OES HMPG Project Grant to assist with developing the program and potentially offset the cost of future retrofit projects.</p>

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	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
36	Enhance San Jose's place-based neighborhood strategies.	<p>a. Develop a strategic framework for neighborhood strategies that establishes investment criteria, priorities, goals, and metrics.</p> <p>b. Implement the Community Improvement Program to provide enhanced inspection services to multi-family rental properties to arrest the decline and deterioration of aging housing stock and reduce blighted conditions within lower income neighborhoods within CDBG areas.</p>	Housing PBCE	<p>a. 2015-16</p> <p>b. Ongoing</p>	<p>a. In Process - The Department established guiding principles for neighborhood investment including 1)increase social capital 2)create economic resilience and 3)promote healthy communities. Goals and metrics are forthcoming.</p> <p>b. The Department Continues to fund enhanced code enforcement inspections in all multi-family apartments in the three current Place-based neighborhoods.</p> <p>The Housing Department has funded Somos Mayfair to provide services in place-based neighborhoods to increase social capital, create economic resilience, and promote healthy communities. Somos Mayfair has trained 297 individuals in leadership development, 7 individuals in a urban agriculture entrepreneur program, 30 individuals in non-profit & community leadership, and 46 individuals in child care provider business ownership.</p>

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	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
37	Educate rental property owners on ways to better manage tenants and prevent crime.	a. Organize classes for property owners and managers with instruction provided by a professional property manager, crime prevention specialist, attorney, mediator, and other related experts.	PBCE	Ongoing	<p>a. In November 2015, Code Enforcement initiated a Code Connection Newsletter which offers building safety and code compliance tips to owners and managers. Printed newsletters are included in the twice-a-year Residential Occupancy Permit notifications. An electronic version of the newsletter is sent quarterly to subscribers.</p> <p>b. Code Enforcement offers classes to assist multi-family rental property owners and managers in improving housing conditions using best management practices. Classes are offered in February, March, April, May, September, October and November.</p>

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Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
38	Continue robust code enforcement.	<p>a. Multiple Housing Inspection Program: this program issues permits of occupancy for all apartments, hotels/motels, guesthouses, residential care facilities, and fraternity/sorority houses. Code Enforcement Inspectors investigate complaints about substandard housing and conduct inspections.</p> <p>b. Vacant Neglected Building Program: this program monitors all identified vacant or neglected buildings so that they remain safe and secure until such time as they are rehabilitated and reoccupied. This proactive program reduces the risk of loitering, illegal occupancy, and fire hazards.</p>	PBCE	Ongoing	<p>a. In January 2015, Code Enforcement implemented a 3-tier service delivery model providing more frequent proactive inspections of buildings with higher risk profiles. Inspections are conducted on a 3-year, 5-year or 6-year inspection cycle. Code Enforcement Inspectors also investigate complaints and ensure that violations are corrected.</p> <p>b. The Vacant Neglected Building Program registers buildings that meet the standards of SJMC 17.38. Staff prepares summary abatements as needed to secure vacant buildings, conducts monthly monitoring site visits and investigates complaints.</p>

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
39	Continue to partner with the Responsible Landlord Engagement Initiative (RLEI).	<p>a. Continue to support the collaboration of landlords, tenants, community leaders, elected officials, service providers and social justice advocates to identify solutions for longstanding issues with crime, safety, nuisance, gang activities, graffiti, abandoned cars, trash and more at residential properties.</p> <p>b. Staff from Rental Rights and Referrals Program will continue to attend RLEI meetings.</p>	NHSSV Sacred Heart PD PBCE Housing	Ongoing	<p>a. In 2015, the nonprofit Housing agency NHSSV ceased operations. The City Housing Department provided financial assistance to the organization to facilitate a smooth dissolution and transfer of assets, including a City funded loans, loan pools and the RLEI program. In addition to facilitating the program transfer, the Housing Department provided a \$150,000 operating grant to Catholic Charities to administer the RLEI program for one year. The Housing Department is working with Catholic Charities to identify a long-term funding source. The City is currently funding RLEI through the 2017-2018 Fiscal Year.</p> <p>b. Rental Rights and Referrals staff will attend RLEI meetings once they are reconvened.</p>
40	Facilitate residential development that minimizes environmental impacts and operating costs.	<p>a. Monitor availability of funding sources for energy and water efficiency measures.</p> <p>b. Explore alternate bulk energy procurement mechanisms.</p>	Housing	Ongoing	<p>a. Staff has not yet begun work on this item.</p> <p>b. Staff has not yet begun work on this item.</p>

Table C
Program Implementation Status

	Goal	Action/Programs	Entity	Time-frame	Program Status (CY 2017)
41	Maintain the stock of existing owner-occupied homes.	<p>a. Continue to work with nonprofit partners to provide low cost loans for emergency home repairs.</p> <p>b. Continue to provide minor grants and low cost loans for urgent repair needs as funds remain available.</p>	Housing	Ongoing	<p>a. The City continues to close out the pipeline of existing City Administered Housing Rehab Projects. The City anticipates release of a Request for Proposal for an outside agency to implement a Housing Rehab Program.</p> <p>b. The Housing Department funded Rebuilding Together Silicon Valley to implement a Minor Repair Grant Program that has assisted 220 homeowners in 2016.</p>
42	Continue to support financial literacy programs for potential homebuyers as funds remain available.	a. Continue to work with nonprofit organizations to educate homebuyers.	Housing	Ongoing	Financial literacy classes for first time homebuyers are offered through Project Sentinel. In CY 2017, 257 residents attended the classes.
43	Continue to assist low- and moderate-income first-time homebuyers as funds remain available.	a. Originate 5 BEGIN second mortgages per year pending funding availability.	Housing	Ongoing	In CY 2017, the City assisted 11 homebuyers with \$922,900 in loans through the BEGIN, CalHome and NSP2 programs.
Potential Actions					
44	Explore providing design guidance for convenient site accessibility for residents, workers, and visitors.	<p>a. Explore utilization of existing accessible homes.</p> <p>b. Explore partnership with organizations that provide outreach to disabled persons.</p> <p>c. Explore ways to encourage site accessibility design in residential development.</p>	Housing PBCE	Ongoing, Assess Annually	<p>a. Staff has not yet begun work on this item</p> <p>b. Staff has not yet begun work on this item</p> <p>c. Not started due to priority on funding and creating new housing opportunities for homeless households.</p>

Methodology for Moderate Income Unit Analysis – 2017 Housing Element Annual Report

The purpose of this analysis is to determine if market rate apartments can reasonably be categorized as moderate income for RHNA reporting purposes. Our hypothesis is that some class A rental units that were permitted in 2017 will be affordable to moderate income households in 2019 when they are occupied. Generally, these would tend to be studio and one-bedroom apartments in zip codes with lower average effective rents. Note that RHNA counts units permitted, not constructed so this analysis uses current CoStar rents and HCD income limits to project future rents and income limits. The analysis consists of the following steps:

1. Determine rent ranges affordable to 81-120% AMI households:

- a. Calculate affordable rent ranges that would be affordable to moderate income households using 2017 HCD Income Limits and assuming a rent of no more than 30% of 110% of Area Median Income as the affordability standard following the California Health and Safety Code.
- b. Convert rent range from household size to rents by # bedrooms, using HCD Occupancy Guidelines. Assign rent maximum by unit type (studio, 1BR, 2 BR etc.)
- c. Adjust these rent ranges to approximate what they will be in two years when these units are occupied. (In 2019 we assume incomes will be higher). Apply the average % change that HCD Income limits have had over the last 5 years.

2. Identify Zip Codes where average effective rents (by unit size) are at/below the moderate income rent range:

- a. Use Costar to identify Q4 2017 average effective rents (by bedroom size) in SJ by zip code.
- b. Convert average effective rents by household size to rents by # bedrooms, using HCD Occupancy Guidelines. Assign rent maximum by unit type (studio, 1BR, 2 BR etc)
- c. Adjust average effective rents to approximate what they will be in two years when these units are occupied. (In 2019 we assume average effective rents will be higher). Apply the % change in average effective rent observed in each zip code over the last 5 years.
- d. Identify target zip codes where adjusted average effective rents, by bedroom size, are at or below the rent ranges calculated in step 1.

3. Identify permitted housing developments within the target zip codes:

- a. Obtain CY2017 Building Permits for projects with 10 or more units. Exclude potential ownership projects.
- b. Identify Zip Codes of the projects
- c. Identify projects that fall in the qualifying zip codes from #2

4. Collect unit mix data and identify the units affordable to moderate income households:

- a. Identify the # of units by bedroom size, in each of the qualifying projects
- b. Count only those units, by bedroom size, that are equal to or less than the rent ranges calculated in step 1.

HOUSING SUCCESSOR TO THE REDEVELOPMENT AGENCY ANNUAL REPORT

REGARDING THE

LOW AND MODERATE INCOME HOUSING ASSET FUND

FOR FISCAL YEAR 2016-17

PURSUANT TO

CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)

FOR THE

CITY OF SAN JOSÉ

This Housing Successor Annual Report (Report) regarding the Low and Moderate Income Housing Asset Fund (LMIHAF) has been prepared pursuant to California Health and Safety Code Section 34176.1(f) and is dated as of FEBRUARY 4, 2018. This Report sets forth certain details of the housing activities of the City of San Jose, successor to the former Redevelopment Agency of the City of San Jose during Fiscal Year 2016-17. The purpose of this Report is to provide the governing body of the Housing Successor an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (Dissolution Law).

The following Report is based upon information prepared by Housing Successor staff and information contained within the independent financial audit of the Low and Moderate Income Housing Asset Fund CITY OF SAN JOSÉ COMPREHENSIVE ANNUAL FINANCIAL AUDIT for Fiscal Year 2016-17 as prepared by GRANT THORTON LLP, which Audit is separate from this annual summary Report; further, this Report conforms with and is organized into sections I. through XI., inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

I. Loan Repayments: The amount the city, county or city and county received pursuant to subparagraph (A) of paragraph (3) of subdivision (b) of Section 34191.4.

II. Amount Deposited into LMIHAF: This section provides the total amount of funds deposited into the LMIHAF during the Fiscal Year. Any amounts deposited for items listed on the Recognized Obligation Payment Schedule (ROPS) must be distinguished from the other amounts deposited.

III. Ending Balance of LMIHAF: This section provides a statement of the balance in the LMIHAF as of the close of the Fiscal Year. Any amounts deposited for items listed on the ROPS must be distinguished from the other amounts deposited.

IV. Description of Expenditures from LMIHAF: This section provides a description of the expenditures made from the LMIHAF during the Fiscal Year. The expenditures are to be categorized.

V. Statutory Value of Assets Owned by Housing Successor: This section provides the statutory value of real property owned by the Housing Successor, the value of loans and grants receivables, and the sum of these two amounts.

VI. Description of Transfers: This section describes transfers, if any, to another housing successor agency made in previous Fiscal Year(s), including whether the funds are unencumbered and the status of projects, if any, for which the transferred LMIHAF will be used. The sole purpose of the transfers must be for the development of transit priority projects, permanent supportive housing, housing for agricultural employees or special needs housing.

VII. Project Descriptions: This section describes any project for which the Housing Successor receives or holds property tax revenue pursuant to the ROPS and the status of that project.

VIII. Status of Compliance with Section 33334.16: This section provides a status update on compliance with Section 33334.16 for interests in real property acquired by the former redevelopment agency prior to February 1, 2012. For interests in real property acquired on or after February 1, 2012, provide a status update on the project.

IX. Description of Outstanding Obligations under Section 33413: This section describes the outstanding inclusionary and replacement housing obligations, if any, under Section 33413 that remained outstanding prior to dissolution of the former redevelopment agency as of February 1, 2012 along with the Housing Successor's progress in meeting those prior obligations, if any, of the former redevelopment agency and how the Housing Successor's plans to meet unmet obligations, if any.

X. Income Test: This section provides the information required by Section 34176.1(a)(3)(B), or a description of expenditures by income restriction for five year period, with the time period beginning January 1, 2014 and whether the statutory thresholds have been met. However, reporting of the Income Test is not required until 2019.

XI. Senior Housing Test: This section provides the percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Housing Successor, its former redevelopment Agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Housing Successor, its former Redevelopment Agency and its host jurisdiction within the same time period. For this Report the ten-year period reviewed is January 1, 2007 to January 1, 2017.

XII. Excess Surplus Test: This section provides the amount of excess surplus in the LMIHAF, if any, and the length of time that the Housing Successor has had excess surplus, and the Housing Successor's plan for eliminating the excess surplus.

XIII. Homeownership Units:

An inventory of homeownership units assisted by the former redevelopment agency or the housing successor that are subject to covenants or restrictions or to an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund pursuant to subdivision (f) of Section 33334.3. This inventory shall include all of the following information:

(A) The number of those units.

(B) [This isn't the first report, right?] The number of the units lost to the portfolio in the last fiscal year and the reason for those losses.

(C) Any funds returned to the housing successor as part of an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund.

(D) Whether the housing successor has contracted with any outside entity for the management of the units and, if so, the identity of the entity.

This Report is to be provided to the Housing Successor's governing body by April 1, 2017. In addition, this Report and the former redevelopment agency's pre-dissolution Implementation Plans are to be made available to the public on the City's website <http://www.sanjoseca.gov/index.aspx?nid=1302>.

I. LOAN REPAYMENT

The City did not receive any amount pursuant to subparagraph (A) of paragraph (3) of subdivision (b) of Section 34191.4.

II. AMOUNT DEPOSITED INTO LMIHAF

A total of \$18,249,714 of program income from loan repayments was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, zero dollars were held for items listed on the ROPS.

III. ENDING BALANCE OF LMIHAF

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$92,752,396 of which zero dollars are held for items listed on the ROPS.

IV. DESCRIPTION OF EXPENDITURES FROM LMIHAF

The following is a description of expenditures from the LMIHAF by category:

	Fiscal Year
Monitoring & Administration Expenditures	\$8,126,608
Homeless Prevention and Rapid Rehousing Services Expenditures	\$0
Housing Development Expenditures	
- Expenditures on Extremely-Low Income Units (0-30% AMI)	\$3,007,542
- Expenditures on Very-Low Income Units (31-50% AMI)	\$3,702,490
- Expenditures on Low Income Units (51-60% AMI)	\$0
- Expenditures on Unrestricted Units (Manager's unit)	\$83,635
- Expenditures on Acquisition and Predevelopment	<u>\$2,511,606</u>
Total Housing Development Expenditures	\$9,305,273
Total LMIHAF Expenditures in Fiscal Year	\$17,431,881

California Health and Safety Code Section 34176.1 allows for 5% of the total \$654,280,937 gross value of Housing Successor assets, or \$32,714,047 to be used on monitoring and administrative expenditures. The housing department [City? Housing Successor?] continues to monitor expenditures from the LMIHAF.

In Spring 2018, the Housing Department expects to issue its next Notice of Funding Availability ("NOFA") to identify [seek proposals for?] additional affordable housing commitments from the LMIHAF.

V. STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR IN LMIHAF

Under the Dissolution Law and for purposes of this Report, the "statutory value of real property" means the value of properties formerly held by the former redevelopment agency as listed on the housing asset transfer schedule approved by the Department of Finance as listed in such schedule under Section 34176(a)(2), the value of the properties transferred to the Housing Successor pursuant to Section 34181(f), and the purchase price of property(ies) purchased by the Housing Successor. Further, the value of loans and grants receivable is included in these reported assets held in the LMIHAF.

The following provides the statutory book value of assets owned by the Housing Successor.

	As of End of Fiscal Year
Statutory Value of Real Property Owned by Housing Successor	\$36,908,263
Value of Loans and Grants Receivable	\$524,620,278
Total Value of Housing Successor Assets	\$561,528,541

VI. DESCRIPTION OF TRANSFERS

The Housing Successor did not make any LMIHAF transfers to other Housing Successor(s) under Section 34176.1(c)(2) during the Fiscal Year.

VII. PROJECT DESCRIPTIONS

The Housing Successor does not receive or hold property tax revenue pursuant to the ROPS.

VIII. STATUS OF COMPLIANCE WITH SECTION 33334.16

Section 34176.1 provides that Section 33334.16 does not apply to interests in real property acquired by the Housing Successor on or after February 1, 2012; however, this Report presents a status update on the projects related to such real property.

With respect to interests in real property acquired by the former redevelopment agency prior to February 1, 2012, the time periods described in Section 33334.16 shall be deemed to have commenced on the date that the Finance Department approved the property as a housing asset in the LMIHAF; thus, as to real property acquired by the former redevelopment agency now held by the Housing Successor in the LMIHAF, the Housing Successor must initiate activities consistent with the development of the real property for the purpose for which it was acquired within five years of the date the DOF approved such property as a housing asset. For San José, the date of Finance's approval was March 14, 2013.

Address of Property	Date of Acquisition	Deadline to Initiate Development Activity	Status of Housing Successor Activity
Playa Almaden (aka Sycamore Terrace)	02/16/96	3/13/2018	Previously-identified developer could not obtain community support for its proposed development. The Housing Department will be seeking the City Council's approval to sell the property to the City's Parks Department at the appraised value. The Housing Department expects to sell this property in 2018 and will deposit the funds in the LMIHAF.
Evans VTA (aka Willow Glen Woods)	12/31/02	3/13/2018	The City issued an RFP in early 2016 for a developer to develop an affordable housing community on this site. Abode Services was selected and in March 2016, the City awarded predevelopment funds to pursue site design. Abode Services is working on obtaining entitlements for the site.

E side Evans Lane (aka Willow Glen Woods)	06/30/05	3/13/2018	See Evans Lane VTA description.
Vermont House	06/30/09	3/13/2018	In June 2016, City staff closed a Conditional Grant for rehabilitation and a Lease of this City-owned property to Abode Services, an owner and developer of supportive housing. Once rehabilitation completed, Vermont House will provide permanent supportive housing for 16 homeless veterans pursuant to its award of VASH vouchers from the Housing Authority of the County of Santa Clara. Abode Services began overseeing property rehabilitation using Grant funds in June 2016. The rehabilitation is expected to be completed in January 2018.
COMPLETED:			
The Haven	06/30/08	3/13/2018	This property includes an affordable apartment building and a building which is currently being managed by a nonprofit agency (LifeMoves, f.k.a. InnVision) as a shelter for fire victims. Income-eligible residents occupy the adjacent apartment.
Brookwood Terrace	03/01/09	3/13/2018	Construction on this 84-unit family development started in March 2010 and completed in January 2012. The City Financing Authority holds the site fee simple and has a groundlease to the development. The development is in its permanent financing phase and units are occupied by income-eligible residents.
Orvieto Family	03/01/09	3/13/2018	Construction on this 92-unit family development started in September 2010 and completed in August 2012. The City Financing Authority owns the site fee simple and has a groundlease to the development. The development is in its permanent financing phase and its units are

			occupied by income-eligible residents.
Japantown Seniors	05/03/10	3/13/2018	Construction on this 75-unit seniors' development completed in late 2015, and it converted to its permanent financing phase in August 2016. All apartments are occupied by income-eligible residents. The City holds the site fee simple and has a groundlease to the development.
North Fourth Street	05/21/10	3/13/2018	Construction on this 100-unit development started in July 2010 and completed in June 2012. The development includes 35 apartments for developmentally disabled residents. The City owns the site fee simple and has a groundlease to the development. It is in its permanent financing phase and units are occupied by income-eligible residents.

IX. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing. No Section 33413(a) replacement housing obligations were transferred to the Housing Successor fiscal year.

Inclusionary/Production Housing. No Section 33413(b) inclusionary/production housing obligations were transferred to the Housing Successor in the fiscal year.

X. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF to be expended for development of rental housing affordable to and occupied by households earning 30% or less of the AMI. If the Housing Successor fails to comply with the Extremely-Low Income requirement in any five-year report, then the Housing Successor must ensure that at least 50% of the funds remaining in the LMIHAF be expended in each fiscal year following the latest fiscal year following the report on households earning 30% or less of the AMI until the Housing Successor demonstrates compliance with the Extremely-Low Income requirement. This information is not required to be reported until 2019 for the 2014- 2019 period.

XI. SENIOR HOUSING TEST

The Housing Successor is to calculate the percentage of units of deed-restricted rental housing restricted to seniors and assisted by the Housing Successor, the former redevelopment agency and/or the City

within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted by the Housing Successor, the former redevelopment agency and/or City within the same time period. If this percentage exceeds 50%, then the Housing Successor cannot expend future funds in the LMIHAF to assist additional senior housing units until the Housing Successor or City assists and construction has commenced on a number of restricted rental units that is equal to 50% of the total amount of deed-restricted rental units.

The following provides the Housing Successor’s Senior Housing Test for the 10-year period of 2007-08 through 2016-17:

Senior Housing Test	2007-08 THROUGH 2016-17
# of Assisted Senior Rental Units	882
# of Total Assisted Rental Units	4,241
Senior Housing Percentage	21%

XII. EXCESS SURPLUS TEST

Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the Housing Successor’s preceding four Fiscal Years, whichever is greater.

The following provides the Excess Surplus test for the preceding six Fiscal Years (in millions):

	FY13-14	FY 14-15	FY 15-16	FY16-17	Total
Beginning Balance	\$21.7	\$31.1	\$54.6	\$91.7	
Add: Deposits	15.8	34.3	52.9	18.2	121.2
(Less) Expenditures	(6.4)	(10.8)	(15.8)	(17.1)	
(Less) Encumbrances				(7.0)	
Unencumbered Balance	\$31.1	\$54.6	\$91.7	\$85.8	

The LMIHAF does not have an Excess Surplus. The aggregate amount deposited into the account during the four Fiscal Years is \$121.2 million. The unencumbered amount of \$85.8 million does not exceed the aggregate amount deposited.

XIII. HOMEOWNERSHIP UNITS

The Housing Successor is to provide an inventory of homeownership units assisted by the former redevelopment agency or the housing successor that are subject to covenants or restrictions or to an

adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund pursuant to subdivision (f) of Section 33334.3.

A. Number of Homeownership Units as of 6/30/17

Number of Homeownership Units	523
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B. Homeownership Units lost after February 1, 2012 [Isn't this just supposed to cover the last year?]

Units Lost	Reason for Loss
331	Loans paid off
22	Loans written off due to foreclosure or short sale

C. \$15,666,527 single family loan funds were returned to the housing successor since February 2012 as part of an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund.

D. The housing successor has contracted with an outside entity for the management of the single family homeownership loans. The name of the entity is AmeriNat Loan Servicing.