



Memorandum

TO: COMMUNITY AND
ECONOMIC DEVELOPMENT
COMMITTEE

FROM: Erik L. Soliván

SUBJECT: Multifamily Rental Housing
Balance Status Report

DATE: May 5, 2025

Approved

Date:

5/12/25

RECOMMENDATION

Accept a status report on the balance between gains and losses in restricted affordable and low-cost housing stock relative to city demographics as included in Strategy I-4 of the Housing Element.

BACKGROUND

In January 2024, the State of California Department of Housing and Community Development (HCD) certified the City's Sixth Cycle Housing Element. Included in the Housing Element is Strategy I-4, which is to create a Housing Balance Report (Report) on the City's multifamily rental housing stock.¹

The purpose of the Report is to provide data and an analysis on San José's multifamily rental housing stock and identify whether the different types of housing across the income scale are meeting the needs of all residents. It establishes a baseline for the City's multifamily rental housing stock through analysis of past performance, current status, and objectives looking forward.

ANALYSIS

The Report analyzes the balance of the City's multifamily rental housing stock, including market-rate, rent-restricted and rent-stabilized housing, given the city's housing needs across the income scale and at various points on the housing continuum. This frame of analysis is consistent with the Housing Department's focus on supporting production and preservation of all housing market segments throughout San José.

¹ <https://sanjose.legistar.com/View.ashx?M=F&ID=13916379&GUID=FE591AF3-0387-4DAE-9045-16F126DDC2B6>

Key takeaways regarding the city's multifamily housing supply include:

- 1) **Stability:** Privately owned rent-stabilized or rent-restricted units make up 63% of the city's multifamily rental housing stock. In 2024, these units were at or below affordable rents for extremely low—and very low-income residents.
- 2) **Production:** As reported prior, in 2024, there were zero starts of market-rate multifamily rental housing, while rent-restricted affordable housing units added over the 2019-2023 period marked significant growth in extremely low-income units to address housing for residents experiencing homelessness.
- 3) **Preservation:** Only 87 units lost their affordability restrictions in the last five years, but continued investment in unit preservation is needed.

Additionally, the Report includes the following objectives:

- 1) **Foster Housing Production:** There are over 34,000 extremely low-income renter households in San José, and more housing production at these levels is needed. The City has already been focusing on producing extremely low-income affordable units, as the Report highlights that they comprised 10% of the total restricted affordable housing portfolio. At the same time, over the most recent five years, they accounted for 26% of the units added to the portfolio.
- 2) **Preservation is Key:** There are over 82,000 lower-income renter households to serve in San José; therefore, continued production and the preservation of the low-cost housing stock are important to meet the ongoing housing needs of San José residents.
- 3) **Tracking our Progress:** The Housing Department will need to expand and improve its tracking of local housing stock data for all forms of housing at all income levels to provide a comprehensive and complete picture of the City's housing stock balance. Improved data will enable the City to make better decisions to achieve the stated outcomes through data-informed policy and investments.

The data in the Report illustrates the importance of providing and preserving reasonably priced housing throughout San José to meet the needs of all residents.

COORDINATION

This memorandum was coordinated with the City Attorney's Office.

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Page 3

/s/

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Housing Director

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

ATTACHMENT:

Multifamily Rental Housing Balance Report, City of San José, May 2025