



Memorandum

TO: COMMUNITY AND
ECONOMIC DEVELOPMENT
COMMITTEE

FROM: Rosalynn Hughey
Dolan Beckel

SUBJECT: See Below

DATE: February 10, 2025

Approved

Date: 2/14/2025

SUBJECT: Community and Economic Development City Service Area Performance Measure Status Report

RECOMMENDATION

Accept the status report on the performance modernization of the Community and Economic Development City Service Area, including updates to core services, budget programs, and performance measures.

BACKGROUND

As part of the City Manager's Foundational Strategic Support Focus Area, *Driving Organizational Performance*, the Administration has worked with the City Service Area (CSA) to improve performance management by updating the various measures reported within the operating budget. The two primary drivers of this modernization are:

1. The CSA performance management framework has not been updated in over 15 years, during which dynamic economic, environmental, and social priorities have changed dramatically, requiring a refresh to reflect a contemporary context; and
2. While the City of San José's CSA framework is considered a national best practice, it was initially designed around program and service performance ("how well?" and "how much?") and did not include a mechanism for outcome monitoring ("what impact?"). A high-performing local government must measure program, service performance, and community impact.

The Community and Economic Development CSA and the corresponding departmental Core Services underwent the performance management modernization in Fiscal Year

(FY) 2023-2024. This initiative included modernizing the elements of the Community and Economic Development CSA structure and the corresponding departmental Core Services performance measures and activity and workload highlights for the City Manager's Office of Economic Development and Cultural Affairs, Fire Department (Fire Safety Code Compliance Core Service), Housing Department (not including Homelessness Response and Solutions Core Service which is in the Neighborhood Services CSA), Planning, Building and Code Enforcement Department (Planning and Building Core Services), and Public Works Department (Regulate/Facilitate Private Development Core Service). The full set of updates is reflected in the FY 2024-2025 Adopted Operating Budget¹, with alignments made between other reports to the City Council, including the City Auditor's Annual Report on City Services FY 2023-2024 and the City Council Focus Area Scorecards and Dashboards. The CSA modernization also added community indicators into the CSA structure to better measure outcomes that inform the equity, efficiency, and effectiveness of the City's service delivery system.

After the initial modernization work, the Housing Department and City Manager's Office are currently working to refactor some metrics to align with the Housing Department's dashboards. These changes will be reflected in the FY 2025-2026 Operating Budget.

The initiative is a collaboration between the Community and Economic Development CSA and departmental partners, the City Manager's Office of Administration, Policy, and Intergovernmental Relations, the City Manager's Budget Office, the City Manager's Office of Racial and Social Equity, and the Information Technology Department.

October 17, 2023, the City Council accepted the audit report on the Housing Department's performance measures audit.² The audit recommendations included 1) reducing and streamlining the number of performance measures for Housing's programs, 2) aligning measures across Housing's different reporting platforms and documenting the methodology for calculating measures to ensure consistency, and 3) reporting meaningful targets to provide context for results. City Council additionally directed staff to report to the Community and Economic Development Committee twice in the spring of 2024 on progress towards these recommendations before implementing final performance measures administratively through the FY 2024-2025 budget process. With those status reports^{3,4}, the Administration showed progress specifically on the Housing Department aspects of the Community and Economic Development CSA. This

¹ 2024-2025 Adopted Operating Budget

sanjoseca.gov/home/showpublisheddocument/115774/638717709976570000

² October 17, 2023, City Council Item 3.5

<https://sanjose.legistar.com/LegislationDetail.aspx?ID=6370289&GUID=FC92694F-F752-48C2-A849-2AA99A31EAD1&Options=&Search=>

³ January 1, 2024, Community and Economic Development Committee Housing Audit Discussion [City of San José - File #: CC 24-273](#)

⁴ April 22, 2024, Community and Economic Development Committee Housing Audit Discussion [City of San José - File #: CC 24-337](#)

memorandum provides an update on progress across the full set of CSA partner departments and offices.

This Committee item is consistent with the 2024-2025 City Manager's Foundational Strategic Support Focus Area of *Driving Organizational Performance* and is complementary to the City Council Focus Area direction. The ongoing work plan includes:

- For FY 2024-2025, three additional City Service Areas and those related departmental Core Services will undergo performance management modernization: Strategic Support, Environmental and Utility Services, and Transportation and Aviation Services.
- Recognition that in the spirit of "iterate to improve," key lessons from the initial modernization of each CSA may require the team to revisit previous work and incorporate new opportunities into a previously modernized CSA.

ANALYSIS

The City uses a performance-based budget as required by City Council Policy 1-18. All performance at the Core Service level must be consistent with the mission statements at the CSA and department levels and the outcomes of the CSA at the City level, meeting the performance, budget goals, and policies established by the Mayor and City Council. The CSA performance modernization initiative allows the Administration to report more meaningful measures, performance targets, and forecasts in the budget.

Initial Community and Economic Development CSA Modernization

During FY 2023-2024, the Administration completed an initial modernization of the CSA, resulting in updates published into the FY 2024-2025 Operating Budget. Through this effort, the number of total measures reported decreased while community indicators were added, enabling a clearer focus and a more effective logic model structure. In addition, the qualitative elements of the CSA were updated, including the mission, outcomes, and strategic goals.

During the process, department staff were asked to review and propose more meaningful measures using the following guidelines:

- Frequency: How often is the measure collected and reported? Does the measure adopt an adequate time horizon for impact? Can the measure be collected reliably over a specific period? Is there a lag between the collection and the reporting time?
- Equity: Can the measure be disaggregated by race/ethnicity, geographic location, income, and other categories to measure disparities?

- **Credibility:** Is the measure used by other agencies? Is it peer-reviewed, evidence-based, or part of a standard? Can it be used to benchmark against other cities or jurisdictions across categories that matter to the policy or program? Is the methodology sufficiently accurate and precise?
- **Scope:** Is the measure representative in ways that matter to the population impacted by the policy or program? What perspective and scale does the measure capture, including human, economic, material, environmental, and social? Is the measure strengths-focused and culturally responsive?
- **Relevancy:** Does that measure align with an organizational or community goal? Is it meaningful to a range of stakeholders? Is it actionable? Is it understandable to all audiences?

The results of the Community and Economic Development CSA modernization effort are included in the Adopted Operating Budget.

Table 1. CSA Mission, Outcomes, and Strategic Goals

Mission: Facilitate the equitable and focused evolution of the City to foster strong communities and a diverse economy with shared prosperity for all		
Outcome 1: Thriving, inclusive, and attractive communities and vibrant public spaces	Outcome 2: Strong, responsive, and equitable economy	Outcome 3: Accessible and diverse range of housing and business opportunities
Strategic Goal 1.1: Support inclusive policy and decisions to shape healthy, thriving, and attractive neighborhoods with access to community opportunities and resources Strategic Goal 1.2: Support diverse private and public art, cultural assets, and public entertainment offerings	Strategic Goal 2.1: Cultivate and support a diverse business ecosystem and workforce Strategic Goal 2.2: Ensure the safety and welfare of the built environment through reliable and solutions-oriented regulatory compliance and inspections	Strategic Goal 3.1: Steward the production and preservation of a mix of housing types, tenure, and affordability Strategic Goal 3.2: Strengthen and stabilize our community through neighborhood investment and displacement prevention

Table 2. CSA Community Indicators and Performance Measures

Outcome 1: Thriving, inclusive, and attractive communities and vibrant public spaces
Community Indicators: <ul style="list-style-type: none"> • Planning for Growth: % of residents rating the City's planning for future growth as "excellent," "good," or "fair" (Planning, Building and Code Enforcement (PBCE))

- City Land Use: % of land by General Plan designation (PBCE)
- Income Diversity Ratio: Ratio of 60% percentile earners to 20% percentile earners (Housing)

Performance Measures:

- City Growth and Development Management: % of residents rating the City's management of growth and development as "good" or "excellent" (PBCE)
- Eviction Help Center Utilization Rate: Number of tenants facing eviction who are served by the Eviction Help Center and Court Clinic (Housing)
- Quality and Diversity of Arts and Cultural Activities (Economic Development and Cultural Affairs: % of residents surveyed rating the availability and variety of arts and cultural offerings as "good" or "excellent" (OEDCA))
- Outdoor Special Events Availability and Variety: % of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as "good" or "excellent" (OEDCA)
- Downtown Attractiveness and Viability: % of residents rating the City's efforts to make downtown attractive and viable as "good" or "excellent" (OEDCA)
- San José as a Shopping and Dining Destination: % of residents rating San José as a place to shop and dine as "good" or "excellent" (OEDCA)

Outcome 2: Strong, responsive, and equitable economy

Community Indicators:

- Estimated ratio of San José jobs to employed residents (PBCE; OEDCA)
- Jobs Held by San Jose Residents (PBCE; OEDCA)

Performance Measures:

- Workforce Innovation and Opportunity Act Clients: % of work2future adult and youth clients served who are low income or have a significant barrier to employment (OEDCA)
- Business Development Assistance Tax Changes: Estimated % change in sales and business tax revenue from businesses receiving Business Development assistance (Taxes from attracted or expanded companies and Taxes from retained companies) (OEDCA)
- Specialized Building Project Reviews: % of total Building projects that utilize specialized application and permit review programs (Streamlined Restaurant Program (SRP); Streamlined Tenant Alteration Review (STAR); Mall Thursday) (PBCE)
- Attracting Businesses and Good Paying Jobs: % of residents rating the City's efforts at attracting businesses and good paying jobs as "good" or "excellent" (OEDCA)

- Consistent Staff Feedback: % of projects that receive consistent staff feedback throughout project review (Entitlement Process and Construction Process) (PBCE; Public Works; Fire)
- Development Project On-Time Reviews: % of development projects completed within published timelines for first review (Planning Permit Process and Construction Process) (PBCE; Public Works; Fire)
- Development Services Customer Service Satisfaction: % of customers surveyed who (Discretionary Projects and Ministerial Projects) (PBCE; Public Works; Fire)
- Resident Perception of Building and Safety Code Compliance: % of residents rating the City's efforts of ensuring new construction follows codes as "good" or "excellent" (PBCE)

Outcome 3: Accessible and diverse range of housing and business opportunities

Community Indicators:

- Residential Displacement Risk: % of low-income households by race/ethnicity and neighborhood displacement risk level (Housing)
- Housing Cost Burden: % of owner- and renter-occupied households that are cost-burdened (Housing)
- Overcrowded Residential Housing by Tenure: % of overcrowded housing units (Housing)
- Affordable Housing Availability and Distribution by Tenure: Homeowner Vacancy Rate and Rental Vacancy Rate (Housing)
- Living Wage and Median Annual Income: \$/year/household wage that a sole provider work full-time must earn to support themselves and their family by benefit category (Housing)

Performance Measures:

- Affordable Housing Production Rates: % of target achieved for total affordable housing units produced in (Overall; Continued Investment Areas; Housing Expansion Area) (Housing)
- Extremely Low-Income Household Funding Rates: % of Housing Department funds committed to extremely low-income households (Housing)
- Housing Production Rates: % of San José housing production compared to regional fair share number (RHNA) target for total units/affordable units/market rate units (Planning Permit Issued; Building Permit Issued; Certificate of Occupancy Issued) (PBCE; Housing)
- Affordable Housing Units Receiving Subsidies: % of affordable housing units receiving City subsidy by phase (Entitled; Building permit issued; Certificate of Occupancy issued) (Housing)

- Businesses in Neighborhood Business Districts: Ratio of sales tax to number of small businesses (with a sales tax license) (with City investment and City Wide) (OEDCA)
- Housing Rehabilitation Completion Units: Rehabilitation projects completed by Area Median Income (Residents earning 30% Area Median Income or less; Residents earning 50% Area Median Income or less; Residents earning 80% Area Median Income or less) (Housing)
- Rent Stabilization Rates: % of rent-stabilized units that did not have vacancy turnover in the past year (Housing)

Second Iteration Updates to the Community and Economic Development CSA

In the timeframe between the initial Community and Economic Development CSA performance modernization, the Housing Department and Planning, Building and Code Enforcement Department have developed a set of dashboards to improve the management of key areas of service delivery, including a Housing Production Dashboard. The Administration is working on refactoring a set of the existing operating budget measures to align with that dashboard. Table 3 summarizes the major updates (not comprehensive) expected in this future iteration. These updates will be reflected in the 2025-2026 Proposed Operating Budget, along with other expected updates from partner departments/offices that are based on lessons learned from the first year of reporting data on the modernized CSA. The Housing Department will explore adjustments to the Core Service metrics in future budget cycles.

Table 3. Proposed Changes to Housing-Specific Measures

Proposed Changes to Community Indicators:
<ul style="list-style-type: none"> • Remove: Residential Displacement Risk (% of low-income households by race/ethnicity and neighborhood displacement risk level) • Remove: Affordable Housing Availability and Distribution by Tenure (Homeowner vacancy rate and Rental vacancy rate)
Proposed Changes to CSA Performance Measures:
<ul style="list-style-type: none"> • Remove: Eviction Help Center Utilization Rate (Number of tenants facing eviction who are served by the Eviction Help Center and Court Clinic) • Remove: Affordable Housing Production Rates (% of target achieved for total affordable housing units produced in: Overall; Continued Investment Areas; Housing Expansion Area) • Modify: Affordable Housing Units Receiving Subsidies (Average \$ of City subsidy per affordable housing unit) • Remove: Housing Rehabilitation Completion Units (Rehabilitation projects completed by Area Median Income: Residents earning 30% Area Median Income or less; Residents earning 50% Area Median Income or less; Residents earning 80% Area Median Income or less)

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- Modify: Rent Stabilization Rates (% of rent stabilized units that did not have a rent increase in the past year)

COORDINATION

This memorandum was coordinated with the City Attorney's Office, the City Manager's Budget Office, the City Manager's Office of Racial and Social Equity, and the Information Technology Department.

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