
FW: December 10 2024 City Council Agenda Item #8.2

From City Clerk <city.clerk@sanjoseca.gov>

Date Mon 12/9/2024 11:04 AM

To Agendadesk <Agendadesk@sanjoseca.gov>

 1 attachment (241 KB)

RUP MultiFamily Incentive Program Letter to Mayor and Council - Agenda 12-10-24 - 8.2.pdf;

From: Michael Van Every [REDACTED]

Sent: Monday, December 9, 2024 11:01 AM

To: City Clerk <city.clerk@sanjoseca.gov>

Cc: Lomio, Michael <Michael.Lomio@sanjoseca.gov>; Klein, Nanci <Nanci.Klein@sanjoseca.gov>; Burton, Chris <Christopher.Burton@sanjoseca.gov>; Reyad Katwan [REDACTED] Melissa Durkin [REDACTED]

Subject: December 10 2024 City Council Agenda Item #8.2

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San Jose City Clerk:

Please find our advocacy letter for Item #8.2 of the December 10, 2024, San Jose City Council.

Please distribute to the mayor each council member ahead of the meeting.

Thank you,

MVE

Michael R. Van Every

President/Managing Partner

Republic

1098 Lincoln Avenue #200

San Jose, CA 95125
[REDACTED]



December 9, 2024

Mayor Matt Mahan and San Jose City Council
C/O City Clerk
200 East Santa Clara Street #18th Floor
San Jose, CA 95113

RE: Council Agenda item #8.2 – Multi-Family Housing Incentive Program and North San Jose Parks Fee Realignment.

Dear Hon. Mayor and City Council:

Republic Urban Properties and its affiliated entities as identified in “Attachment A” of the November 25, 2024, Staff Report are in support of Staff recommendations to temporarily reduce affordable housing, construction taxes and parkland impact fees. We appreciate City Staff’s understanding of the current economic challenges facing the commercial real estate market and believe many of the identified projects will benefit from this temporary economic incentive to move much needed market and affordable housing projects forward in 2025.

As a real-world example, the proposed incentive program would save the project known as “The Sunol” (Midtown) \$13 million dollars in city fees -a 56% savings. These are meaningful reductions of costs in a high interest rate and high construction cost environment where developers are struggling to reduce costs. Please note that while these are excellent fee waiver incentives, only having a one-year window to pull building permits for the park fee and construction taxes is not enough time for many of these projects understanding the current state of the capital markets.

To that end, projects that are working with public jurisdictions like the Valley Transportation Authority (“VTA”) that have prevailing wage and project labor agreements should be further incentivized by the City. By way of example, our two projects (market rate projects – #16-605 Blossom Hill & # 17 -1197 Lick Ave) with the VTA have separate affordable housing projects which alleviate the in-lieu impact fees; however, they have prevailing labor wage requirements which adds as much as 20-30% more in construction costs. As a result, these projects can take longer to get financing, especially within this current economic climate. ***We would suggest the Mayor and Council consider December 31, 2027, for these projects to receive building permits so to receive the incentive benefits of the reduced parkland impact fees and construction and conveyance tax abatement.***

Thank you again to City Staff for assisting the market rate apartment community in these times of economic uncertainty. We urge the Mayor and Council to adopt the following resolutions:

- 1) Inclusionary Housing Ordinance fee to \$0 for eligible projects and include 5% 100% AMI.
- 2) Approve ordinances pertaining to 50% parkland impact fee by 2025.
 - a. *Consider the addition of additional time (December 2027) to this temporary ordinance for projects with prevailing wage requirements associated with public-private projects with agencies like the Valley Transportation Authority.*

Regards,



Michael R. Van Every
President and Managing Partner

CC: Reyad Katwan, COO

FW: Nor Cal Carpenters Union comment re "Multifamily Housing Incentive Program" concerns

From City Clerk <city.clerk@sanjoseca.gov>
Date Mon 12/9/2024 1:28 PM
To Agendadesk <Agendadesk@sanjoseca.gov>

 1 attachment (136 KB)
NCCU letter_Multifamily Housing Incentive Program_San Jose City Council.pdf;

From: Harvey McKeon [REDACTED]
Sent: Monday, December 9, 2024 1:20 PM
To: City Clerk <city.clerk@sanjoseca.gov>
Subject: Fw: Nor Cal Carpenters Union comment re "Multifamily Housing Incentive Program" concerns
Importance: High

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Harvey McKeon
Field Representative, Strategic Campaigns & Research
Nor Cal Carpenters Union



<https://norcalcarpenters.org>



From: Harvey McKeon [REDACTED]
Sent: Monday, December 9, 2024 1:18 PM
To: mayor@sanjoseca.gov <mayor@sanjoseca.gov>
Cc: city.clerk@sanjoseca.gov; Sean Hebard [REDACTED]; Ron Rowlett [REDACTED]; Jacob Adiarte [REDACTED]; Douglas M. Chesshire [REDACTED]; Samuel Munoz <[REDACTED]>; Humberto Nava <[REDACTED]>; Scott Littlehale [REDACTED]
Subject: Nor Cal Carpenters Union comment re "Multifamily Housing Incentive Program" concerns

To Mayor Matt Mahan,

Please find attached a letter commenting on the "Multifamily Housing Incentive Program" proposal due to come before Council at tomorrow's meeting.

Thank you in advance for taking the Nor Cal Carpenter Union's concerns into account.

Yours sincerely,



Harvey McKeon

Field Representative, Strategic Campaigns & Research

Nor Cal Carpenters Union



<https://norcalcarpenters.org>



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December 9, 2024

Mayor Matt Mahan
City of San Jose
200 E. Santa Clara St.
San Jose, Ca 95113

Re: Opposition to San Jose's proposed "Multifamily Housing Incentive Program."

To Mayor Matt Mahan,

The Nor Cal Carpenters Union ("NCCU") is writing to express its opposition to the City of San Jose's proposed "Multifamily Housing Incentive Program."

While the NCCU supports efforts to stimulate housing production, this initiative ignores existing City policy by exempting a public subsidy from triggering labor standards including prevailing wage. In sum, this program would give to developers while depriving workers of longstanding protections and benefits.

For reasons further outlined in this letter, the City should pause introducing this program until a comprehensive analysis can be undertaken regarding the inclusion of labor standards in the "Multifamily Housing Incentive Program".

Today, Californian construction workers and their families are already forced to contend with an economically precarious situation which this measure as currently proposed would only stand to exacerbate.

The City of San Jose's proposed "Multifamily Housing Incentive Program" should legally trigger labor standards including prevailing wage

The City's "Multifamily Housing Incentive Program" offers multifamily housing developers an in-lieu fee waiver and a significant reduction in principal construction taxes. Pursuant to generally applicable City laws (Chapter 14.10 of the San Jose Municipal Code), these incentives constitute public subsidies which trigger labor standards including a requirement that workers on the benefited projects receive prevailing wages.¹

Despite this, the City is using a single third-party consultant's assumption that prevailing wage renders projects "financially infeasible" to justify exempting the "Multifamily Housing Incentive Program" from Chapter 14.10 of the San Jose Municipal Code.²

¹ Chapter 14.10 of the San José Municipal Code sets "Minimum Labor Standards for a Private Construction Project Accepting a City Subsidy." Chapter 14.10 defines a subsidy to include any "reduction, permanent suspension or exemption of any fee or tax" that applies to single or multiple projects.

² sanjose.legistar.com/View.ashx?M=F&ID=13583575&GUID=F101D3D4-D65C-407D-9B6C-234BDE8EB26A

This assumption and resulting exemption, which are not backed by a comprehensive data analysis, would provide residential developers with potential cost savings of tens of thousands of dollars per market rate unit.³

This is not fair on working people.

To give to developers while cancelling worker protections exacerbates an already difficult situation for construction workers and their families

Data shows that half of Construction Trades households in San Clara and nearby Santa Mateo Counties are at or below the Low Income and Very Low Income area median income (AMI) income bands,⁴ meaning they qualify for affordable housing.

Statewide, almost half of families of construction workers in California are enrolled in a public safety net program such as MediCal, basic household income assistance under Temporary Aid for Needy Families (TANF), Earned Income Tax Credit (EITC), and Supplemental Nutrition Assistance Program (SNAP). By comparison, just over a third of all California workers have a family member enrolled in one or more safety net program.

Further, any erosion of public safety net programs accompanying changing political administration could make this situation even worse.

Conclusion

For the reasons outlined in this letter, the City should pause introducing this program until a comprehensive analysis can be undertaken regarding the inclusion of labor standards in the "Multifamily Housing Incentive Program."

Now more than ever is the time to protect workers, and not let their welfare be subject to a third-party consultant's uncontested assumption, the accuracy of which is currently uncertain.

The NCCU and its members await your decision.

Yours Sincerely,



Sean Hebard

Southern District Manager
Nor Cal Carpenters Union

³ Analysis based on three market rate projects sampled in the City's analysis using the following formula:
Total projected IHO in-lieu fee waived + total value of the 50% construction tax waiver / divided by the total number of units per project

⁴ Statistic calculated from the MetroSight "HOPE Tool," based on U.S. Census ACS 2015-2019 microdata.

FW: SJ Chamber Support Letters - Items 8.1 and 8.2

From City Clerk <city.clerk@sanjoseca.gov>
Date Mon 12/9/2024 2:44 PM
To Agendadesk <Agendadesk@sanjoseca.gov>

 2 attachments (499 KB)

SJ Chamber Support MFH Incentive Program 121024.pdf; SJ Chamber Support Monterey Corridor Business Improvement District 102924.pdf;

From: Kat Angelov [REDACTED]
Sent: Monday, December 9, 2024 2:33 PM
To: District1 <district1@sanjoseca.gov>; District2 <District2@sanjoseca.gov>; District3 <district3@sanjoseca.gov>; District4 <District4@sanjoseca.gov>; District5 <District5@sanjoseca.gov>; District 6 <district6@sanjoseca.gov>; District7 <District7@sanjoseca.gov>; District8 <district8@sanjoseca.gov>; District9 <district9@sanjoseca.gov>; District 10 <District10@sanjoseca.gov>; The Office of Mayor Matt Mahan <mayor@sanjoseca.gov>
Cc: Leah Toeniskoetter <[REDACTED]>; Klein, Nanci <Nanci.Klein@sanjoseca.gov>; City Clerk <city.clerk@sanjoseca.gov>
Subject: SJ Chamber Support Letters - Items 8.1 and 8.2

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Dear Mayor and Honorable Councilmembers,

Please find attached our letters in support of items 8.1: Monterey Corridor Business Improvement District & 8.2: Multifamily Housing Incentive Program and North San Jose Parks Fess Realignment.

We are thrilled to see the City of San Jose supporting local businesses and policies that support dense housing in our growth areas. Thank you for the consideration of our comments.

Regards,

Kat



Kat Angelov

Policy Manager

San Jose Chamber of Commerce

Office: 101 W. Santa Clara Street, San Jose, CA 95113

Mailing Address: PO Box 149, San Jose, CA 95103



**San Jose
Chamber of Commerce**

December 9, 2024

City of San Jose City Council
200 E. Santa Clara St.
San José, CA 95113

RE: Item 8.2 - Multifamily Housing Incentive Program and North San Jose Parks Fees Realignment

Dear Mayor Mahan, Vice Mayor Kamei, and Honorable Councilmembers,

The San Jose Chamber of Commerce is pleased to support the proposed Multifamily Residential Incentive Program to aid in the development of new homes across San Jose. At a time when new housing starts are decreasing due to uneasiness in capital markets and high cost of construction, this proposal will aid in the ground-breaking of currently entitled projects that need additional support to come to fruition.

Housing is a foundational component of the job market. New housing attracts new businesses and supports existing businesses to expand as workers need places to live. Building more housing provides the supply that can lower rental and purchase pricing. Considering the pivotal role that new housing holds in our local economy, it is prudent to support policies and programs which allow for new housing to be built quickly and affordably, especially as the current market conditions make building new housing increasingly difficult. As proposed, the incentive program targets housing in urban villages and planned growth areas within San Jose. The Chamber is excited to support a policy that will catalyze dense multifamily housing in areas that are primed for residential growth and will lead to commercial growth as new residents fill the new homes – a win-win for the local economy.

Creating the incentive program will make a difference for several already entitled housing proposals, both market-rate and affordable. As proposed, the tiered program for construction taxes would encourage an immediate effect in housing proposals move forward. The Chamber commends the efforts of city staff, particularly the Office of Economic Development and Cultural Affairs, in putting this program together and incorporating feedback from the business community.

Thank you for the consideration and we urge you to support the creation of this incentive program.
Sincerely,

Leah Toeniskoetter
President & CEO, San Jose Chamber of Commerce



FW: Item 8.2 Multifamily Housing Incentive Program and North San José Parks Fee Realignment

From City Clerk <city.clerk@sanjoseca.gov>
Date Tue 12/10/2024 7:39 AM
To Agendadesk <Agendadesk@sanjoseca.gov>

From: Anthony Montes <[REDACTED]>
Sent: Monday, December 9, 2024 6:59 PM
To: City Clerk <city.clerk@sanjoseca.gov>
Subject: Item 8.2 Multifamily Housing Incentive Program and North San José Parks Fee Realignment

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Dear San Jose City Council,

On behalf of the Silicon Valley Bicycle Coalition (SVBC), a nonprofit dedicated to creating healthier and more just communities by promoting safe and accessible bicycling, we are writing to oppose the implementation of the Multifamily Housing Incentive Program and North San José Parks Fee Realignment policy.

The proposed policy aims to stimulate multifamily housing development by temporarily reducing construction taxes by 50% and 25% in the upcoming years. Nevertheless, the staff report lacks concrete data or metrics to substantiate this approach. City staff are also uncertain about whether these incentives will effectively increase our housing supply.

The proposed policy comes at a significant cost to essential city services, particularly transportation infrastructure. They directly impact the Traffic Capital Improvement Program, which funds essential transportation infrastructure, staffing, and grant matching for the San Jose Department of Transportation (SJDOT). Waiving these taxes for two phases of the housing project could lead to a loss of approximately \$7.3 million. Although the city plans to offset some of this loss with Community Development Block Grant funds, a substantial reduction of \$4.6 million to the program is still projected. The city should avoid jeopardizing critical traffic improvement funding to benefit developers who may only see a marginal increase in profit.

Moreover, the city's proposal risks placing historically marginalized communities in danger by stalling vital street safety projects, Vision Zero priorities, and eliminating traffic fatalities. From 2012 to 2023, the city has averaged 50 traffic deaths per year and this policy takes resources and tools away from SJDOT to change the built environment and make our streets safer. In the past year, we have worked alongside the department to connect with community members as part of the King Road Complete Streets project.

We commend SJDOT's excellent work in engaging with the community on this project and hope to continue this type of intentional outreach and progress on street safety projects. We urge the council not to force our community to choose between housing and street safety.

Additionally, SVBC's strategic plan prioritizes creating "People-Centered Communities." This means we support equitable land-use policies that bring jobs, housing, and essential services to the community, alongside promoting street safety and bike-friendly streetscapes. We're deeply concerned about the proposed changes to the Inclusionary Housing Ordinance, including the lowered affordability threshold to 100% AMI and the 100% discount on IHO fees. Offering developers \$0 in-lieu fees for projects with fewer than 15% affordable units undermines our affordable housing goals. This policy counterintuitively prioritizes market-rate development over affordable housing, diverting future funds and hindering our progress toward a more equitable city.

To that end, we strongly urge the City Council to reconsider this policy and carefully consider how to incentivize development without compromising vital street safety and sustainability projects.

Thank you for your consideration.

Best,

Anthony Montes | he/him/his
Associate Director of Advocacy and Development
Mobile: [REDACTED] | LCI # 7,038



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Upcoming Events:

[Community Bicycle Event Calendar](#)

[SVBC Volunteer Calendar](#)

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FW: Letter in Support of the Multifamily Housing Incentive Program

From City Clerk <city.clerk@sanjoseca.gov>
Date Tue 12/10/2024 7:40 AM
To Agendadesk <Agendadesk@sanjoseca.gov>

From: Joe Kirchofer <[REDACTED]>
Sent: Monday, December 9, 2024 9:24 PM
To: Mahan, Matt <Matt.Mahan@sanjoseca.gov>; Kamei, Rosemary <Rosemary.Kamei@sanjoseca.gov>; Jimenez, Sergio <sergio.jimenez@sanjoseca.gov>; Cohen, David <David.Cohen@sanjoseca.gov>; Davis, Dev <dev.davis@sanjoseca.gov>; Doan, Bien <Bien.Doan@sanjoseca.gov>; Candelas, Domingo <Domingo.Candelas@sanjoseca.gov>; Foley, Pam <Pam.Foley@sanjoseca.gov>; Batra, Arjun <arjun.batra@sanjoseca.gov>; Ortiz, Peter <Peter.Ortiz@sanjoseca.gov>; Casey, George <George.Casey@sanjoseca.gov>
Cc: Burton, Chris <Christopher.Burton@sanjoseca.gov>; Tu, John <john.tu@sanjoseca.gov>; Atienza, Manuel <Alec.Atienza@sanjoseca.gov>; Erik Schoennauer <[REDACTED]>
Subject: Letter in Support of the Multifamily Housing Incentive Program

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Dear Mr Mayor, Councilmembers, and City Staff -

First of all, I apologize that I am not able to attend in person tomorrow. I am writing to express AvalonBay's support of the Multifamily Housing Incentive Program, which is on your agenda Tuesday afternoon, December 10th.

AvalonBay is the developer of the approved project at 700 Saratoga Ave, where we hope to build 302 new apartments to serve the community of West San Jose. This project was originally conceived in 2016, and was approved by City Council in spring of 2019. We prepared full construction drawings and were prepared to pull building permits in the late spring of 2020, just as the breadth and extent of the COVID pandemic was starting to become clear. At that time, we decided to put construction of these new homes on hold.

In the intervening years, the economic conditions that allowed this project to proceed in 2016 have changed dramatically. We have watched rents in San Jose stay mostly flat, while construction costs have risen sharply and general inflation has increased operating costs for multifamily buildings. In the current environment, most new housing development is simply not economically feasible, and 700 Saratoga is no exception.

Still, we are diligently seeking a path forward to revive this development proposal and bring new housing to the underutilized parking lots on this property. Anything that the City can do to reduce the cost of building new housing will make a difference, and the proposal in front of you today will significantly improve the feasibility of the 700 Saratoga Ave development. While this change alone will not allow us to start construction right away, it

represents a step in the right direction. And, if it is combined with a reduction in construction costs or an increase in market rents, we are optimistic that we can re-start active development of the site in 2025.

Thank you for your consideration of this important measure,
-Joe Kirchofer
SVP, AvalonBay Communities

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FW: Concerns Regarding the Proposed Multifamily Housing Incentive Program and Its Impact on Affordable Housing Development

From City Clerk <city.clerk@sanjoseca.gov>
Date Tue 12/10/2024 10:56 AM
To Agendadesk <Agendadesk@sanjoseca.gov>

 1 attachment (245 KB)

SVH Letter RE - Concerns Regarding the Proposed Multifamily Housing Incentive Program (MHIP).pdf;

From: Manuel Salazar <[REDACTED]>
Sent: Tuesday, December 10, 2024 10:16 AM
To: The Office of Mayor Matt Mahan <mayor@sanjoseca.gov>; District1 <district1@sanjoseca.gov>; Kamei, Rosemary <Rosemary.Kamei@sanjoseca.gov>; District2 <District2@sanjoseca.gov>; Jimenez, Sergio <sergio.jimenez@sanjoseca.gov>; District3 <district3@sanjoseca.gov>; District4 <District4@sanjoseca.gov>; Cohen, David <David.Cohen@sanjoseca.gov>; District5 <District5@sanjoseca.gov>; Ortiz, Peter <Peter.Ortiz@sanjoseca.gov>; District 6 <district6@sanjoseca.gov>; Davis, Dev <dev.davis@sanjoseca.gov>; District7 <District7@sanjoseca.gov>; Doan, Bien <Bien.Doan@sanjoseca.gov>; District8 <district8@sanjoseca.gov>; Candelas, Domingo <Domingo.Candelas@sanjoseca.gov>; District9 <district9@sanjoseca.gov>; Foley, Pam <Pam.Foley@sanjoseca.gov>; District 10 <District10@sanjoseca.gov>; Batra, Arjun <arjun.batra@sanjoseca.gov>; Rocha, Vincent <Vincent.Rocha@sanjoseca.gov>; City Clerk <city.clerk@sanjoseca.gov>
Cc: Regina Celestin Williams <[REDACTED]> Alison Cingolani <[REDACTED]> Mathew Reed <[REDACTED]>
Subject: Concerns Regarding the Proposed Multifamily Housing Incentive Program and Its Impact on Affordable Housing Development

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Dear Mayor Mahan and Members of the San Jose City Council,

As affordable housing developers, we recognize the significant challenges posed by rising development costs, and we share a collective interest in advancing projects to address the urgent need for more housing in San Jose. We are, however, deeply concerned about the proposed Multifamily Housing Incentive Program (MHIP), which proposes to waive all In Lieu fees to incentivize units at 100% Area Median Income (AMI) rents. While we understand the program's intent to support market rate development, we urge you to consider the potential loss of scarce resources for affordable housing development in return for a small number of units with rents far above what is needed to truly address the affordability crisis in our region.

The original intent of the Inclusionary Housing Ordinance (IHO) was to leverage market-rate development to generate affordable housing and funds for affordable housing that serves those at lower income levels. The funds generated by San Jose's IHO fees have become increasingly important for funding 100% affordable housing projects, which leverage other state, federal, and commercial resources to address our housing needs where they are most acute. This is particularly true as other sources of local funding, including Measure E and Measure A, are either being redirected to other uses or have been successfully invested. Between 2020 and 2023 the IHO collected nearly \$52.5 million. Future IHO fee resources will be essential to supporting our collective efforts to expand deeply affordable and permanent supportive housing resources in the city.

We urge the City Council to reconsider completely waiving IHO fees for these projects without requiring the inclusion of units affordable to the city's low-income residents. We believe market development can be incentivized without abandoning public value. Affordable housing delivers significant community benefits, including stability for underserved residents and long-term economic impacts. Preserving local funding mechanisms like IHO fees is essential to ensuring these homes continue to serve the populations most in need.

Sincerely,

Regina Celestin Williams
Executive Director

Manuel Salazar
Housing Planning and Production Associate
SV@Home
Pronouns: He/Him
t.



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*MidPen Housing Corporation*Bob Brownstein
*Working Partnerships USA*Julie Mahowald
*Housing Trust Silicon Valley*Candice Gonzalez
*Sand Hill Property Company*Amie Fishman
Non-Profit Housing
*Association of Northern CA*Maria Noel Fernandez
*Working Partnerships USA*Randy Tsuda
*Alta Housing*Steven Yang
*Northern CA LIIF*Victor Vasquez
*SOMOS Mayfair*Javier Gonzalez
*Google*Pilar Lorenzana
Silicon Valley Community
*Foundation*Poncho Guevara
Sacred Heart Community
*Service*Chris Neale
*The Core Companies*Staff
Regina Celestin Williams
*Executive Director***Via Email**December 10th, 2024San Jose City Council
200 E Santa Clara St
San Jose, CA 95113**RE: Concerns Regarding the Proposed Multifamily Housing Incentive Program and Its Impact on Affordable Housing Development**

Dear Mayor Mahan and Members of the San Jose City Council,

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The original intent of the Inclusionary Housing Ordinance (IHO) was to leverage market-rate development to generate affordable housing and funds for affordable housing that serves those at lower income levels. The funds generated by San Jose's IHO fees have become increasingly important for funding 100% affordable housing projects, which leverage other state, federal, and commercial resources to address our housing needs where they are most acute. This is particularly true as other sources of local funding, including Measure E and Measure A, are either being redirected to other uses or have been successfully invested. Between 2020 and 2023 the IHO collected nearly \$52.5 million. Future IHO fee resources will be essential to supporting our collective efforts to expand deeply affordable and permanent supportive housing resources in the city.

We urge the City Council to reconsider completely waiving IHO fees for these projects without requiring the inclusion of units affordable to the city's low-income residents. We believe market development can be incentivized without abandoning public value. Affordable housing delivers significant community benefits, including stability for underserved residents and long-term economic impacts. Preserving local funding mechanisms like IHO fees is essential to ensuring these homes continue to serve the populations most in need.

Sincerely,

[Redacted Signature]

Regina Celestin Williams
Executive Director

Date: December 10th, 2024

RE: Concerns Regarding the Proposed Multifamily Housing Incentive Program and Its Impact on Affordable Housing Development

Page 2 of 2

Welton Jordan,
Chief Real Estate Development Officer



Jennifer Hark Dietz,
Chief Executive Officer



Louis Chicoine,
Chief Executive Officer





Outlook

FW: RE: Agenda Item 8.2 Multifamily Housing Incentive Program and North San José Parks Fee

From City Clerk <city.clerk@sanjoseca.gov>
Date Tue 12/10/2024 10:57 AM
To Agendadesk <Agendadesk@sanjoseca.gov>

 1 attachment (802 KB)

12-10-24 SV@Home Alternative to Proposed MHIP.pdf;

From: Alison Cingolani <[REDACTED]>
Sent: Tuesday, December 10, 2024 10:13 AM
To: City Clerk <city.clerk@sanjoseca.gov>
Subject: FW: RE: Agenda Item 8.2 Multifamily Housing Incentive Program and North San José Parks Fee

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Alison Cingolani
Director of Policy | SV@Home



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From: Alison Cingolani
Sent: Monday, December 9, 2024 7:51 PM
To: The Office of Mayor Matt Mahan <mayor@sanjoseca.gov>; District1 <district1@sanjoseca.gov>; Kamei, Rosemary <Rosemary.Kamei@sanjoseca.gov>; District2 <District2@sanjoseca.gov>; Jimenez, Sergio <sergio.jimenez@sanjoseca.gov>; district3@sanjoseca.gov; District4 <District4@sanjoseca.gov>; Cohen, David

<David.Cohen@sanjoseca.gov>; District5 <District5@sanjoseca.gov>; Ortiz, Peter <Peter.Ortiz@sanjoseca.gov>; District 6 <district6@sanjoseca.gov>; dev.davis@sanjoseca.gov; District7 <District7@sanjoseca.gov>; Doan, Bien <Bien.Doan@sanjoseca.gov>; District8 <district8@sanjoseca.gov>; Candelas, Domingo <Domingo.Candelas@sanjoseca.gov>; District9 <district9@sanjoseca.gov>; Foley, Pam <Pam.Foley@sanjoseca.gov>; District 10 <District10@sanjoseca.gov>; Batra, Arjun <arjun.batra@sanjoseca.gov>; Rocha, Vincent <Vincent.Rocha@sanjoseca.gov>

Cc: Solivan, Erik <Erik.Solivan@sanjoseca.gov>; Ferguson, Jerad <Jerad.Ferguson@sanjoseca.gov>; Mathew Reed <[REDACTED]>; Regina Celestin Williams <[REDACTED]>; Manuel Salazar <[REDACTED]>

Subject: RE: Agenda Item 8.2 Multifamily Housing Incentive Program and North San José Parks Fee

Hello Mayor Mahan, Vice Mayor Kamei, and Councilmembers Jimenez, Cohen, Ortiz, Davis, Doan, Candelas, Foley, and Batra,

Please find attached SV@Home's letter proposing alternatives to the Multifamily Housing Incentive Program, under consideration at the December 10, 2024 meeting of the City Council. We look forward to a robust discussion, and action that both provides incentives for growth and preserves the public benefit of the City's Inclusionary Housing Ordinance.

Warm regards,

Alison Cingolani

Director of Policy | SV@Home

[REDACTED] | [REDACTED]



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Regina Celestin Williams
Executive Director

Via email

December 9, 2024

RE: Agenda Item 8.2 Multifamily Housing Incentive Program and North San José Parks Fee Realignment

Dear Mayor Mahan, Vice Mayor Kamei, and Councilmembers Jimenez, Cohen, Ortiz, Davis, Doan, Candelas, Foley, and Batra,

As an organization dedicated to ensuring every resident of Santa Clara County has access to a safe, stable home they can afford, SV@Home has been actively engaged with city staff as they draft the Multifamily Housing Incentive Program (MHIP). This program was developed in response to Council's direction to explore reducing costs of development within the City's control and proposes to reduce certain fees and taxes. The current staff proposal also would substantially reduce developers' obligations under the Inclusionary Housing Ordinance (IHO) for nearly 20 developments with applications deemed complete by December 2022, comprising more than 7,500 housing units, some with entitlements potentially valid through 2029. We appreciate the detailed work staff is doing on this program, and we share an interest in lowering the costs to develop market rate and affordable residential pipeline projects. **However, we continue to have concerns about core aspects of the proposed MHIP, which we believe unnecessarily sacrifice the significant public benefits achieved by the City's Inclusionary Housing Ordinance (IHO).**

We believe there are unique circumstances that justify a significant reduction of the public benefits associated with inclusionary housing to render development feasible. As a result, we supported the City's Downtown highrise exemption to facilitate the development of this more costly construction type in a critical growth geography. We understand the difficult development environment facing the South Bay today. We support incentives for targeted projects that are stuck in the pipeline or are early in the process but expect to be stuck. However, the IHO remains a critical tool for the City to meet its RHNA and affordable housing commitments, particularly for its most vulnerable residents. We believe that the City must continue to deliver substantial public benefits to its residents through the IHO. **Below, we propose an alternative that would signal to the market that San Jose welcomes residential development, provide regulatory relief and simplified options for developers, AND preserve the value capture & public benefit of the City's IHO.**

Background

The City of San Jose has long been a leader in California in the use of an IHO, leveraging market-rate development to create affordable housing resources for lower income families and individuals. Assembly Bill 1505, known as the Palmer Fix, was created in

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response to the 2015 California Supreme Court ruling in *Building Industry Association v. City of San Jose*. AB 1505 codifies the Court's decision, upholding the constitutionality of local governments' ability to adopt inclusionary housing ordinances.

The City of San Jose's IHO, adopted in 2010 and amended 2021, requires developers building for-sale or rental housing to provide deed-restricted units affordable to qualified buyers or renters at income levels specified in the ordinance. The base obligation of the IHO requires 15% of the inclusionary units to be provided on site, and city staff have also worked with developers to provide a broad menu of alternative means to comply with the IHO. Key among these options is the payment of a fee in lieu of on-site development, which has proven to be an important source of City funding for subsidy of 100% affordable housing developments.

Analysis

As data on the performance of the IHO is not published by the City, SV@Home requested from the City raw data from 2020 to present in order to fully understand the potential costs and benefits of the proposed MHIP. Our analysis produced the key findings below, which reinforce our experience of the IHO.

The IHO is and has been an important source of both affordable units and city funds for 100% affordable development.

- Since 2020, the IHO has produced hundreds of affordable homes within market rate developments, advancing the City's goal of mixed-income developments without public subsidy.
- Since 2020, the IHO has produced more than \$52 million in in-lieu fees, which the City uses toward meeting its commitment to subsidize deeply affordable housing, while leveraging billions of dollars in state and federal investment in our communities.

Summary of revenue from in-lieu fees, 2020 - 2023			
2020	2021	2022	2023
\$8,649,119	\$6,928,727	\$32,390,622	\$4,496,214
Total: \$52,464,681			

- In lieu fees are especially important now that Measure E, once the City's primary source of funding for affordable housing, has been largely reprogrammed to support the construction and operation of interim shelters and other homelessness response programs. Other sources of subsidy are also declining (such as Commercial Linkage Fees), or have been nearly fully deployed (such as the County's Measure A).

In-lieu fees are an important source of subsidy to "close the gap" in the financing stack of 100% affordable housing developments, leveraging about \$3.50 in state, federal, and other resources for every dollar of City funding.

- City funding of affordable housing continues to deliver significant public benefits by delivering **deeply affordable homes to serve the needs of our most vulnerable residents** with most units for residents below 60% of area median income.
- The table below shows the eleven 100% affordable developments receiving City subsidy, 2021-2024. The City's average award of \$156,372 leveraged an additional \$902,330 in State and Federal Funds for 1,272 affordable homes.

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Project Name	Total # of Units	Date of City Funding Commitment	Total City Funding Commitment	Final per Unit CSJ Funding	Tax Exempt Bond Award from CDLAC	State/ Federal Tax Credit Award from CTCAC	Total State/ Federal Funds Leveraged (Includes only Tax Credits & Bonds)	Per Unit State/ Federal Funds Leveraged (Includes only Tax Credits & Bonds)
Hawthorn Senior Apts 118 and 124 N 15th St	103	4/15/2024	\$15,150,000	\$147,087	In application process			
Santa Teresa Multifamily 5885 Santa Teresa Blvd	49	6/7/2024	\$7,250,000	\$147,959	In application process			
Lupina 797 Almaden	99	3/1/2023	\$24,940,000	\$251,919	In application process			
525 N Capitol 525 N Capitol Ave	160	3/13/2024	\$26,500,000	\$165,625	(To Be Considered 12/11/24, Recommended by TCAC Staff)	(To Be Considered 12/11/24, Recommended by TCAC Staff)	\$112,137,704	\$700,861
Kooser Apts 1371 Kooser Ave	191	3/13/2024	\$29,251,066	\$153,147	(To Be Considered 12/11/24, Recommended by TCAC Staff)	(To Be Considered 12/11/24, Recommended by TCAC Staff)	\$165,587,042	\$866,948
Alum Rock Multifamily 1860 Alum Rock	60	4/8/2023	\$8,087,753	\$134,796	\$29,468,877	\$28,587,415	\$58,056,292	\$967,605
Parkmoor 1510-1540 Parkmoor Ave	81	9/1/2023	\$16,826,688	\$207,737	\$39,807,713	\$37,426,690	\$77,234,403	\$953,511
The Charles 551 Keyes	99	5/4/2023	\$9,675,885	\$97,736	\$44,565,052	\$47,797,507	\$92,362,559	\$932,955
Tamien Station 1197 Lick Ave	135	5/4/2023	\$17,250,000	\$127,778	\$64,000,000	\$60,848,900	\$124,848,900	\$924,807
777 West San Carlos 777 West San Carlos St	154	5/12/2023	\$22,247,500	\$144,464	\$70,700,000	\$81,492,330	\$152,192,330	\$988,262
McEvoy Apartments 699 W San Carlos St	141	8/20/21	\$20,000,000	\$141,844	\$64,160,884	\$60,439,970	\$124,600,854	\$883,694
Total Units	1272	Average CSJ Per-Unit Funding	\$156,372	Average Per-Unit State/ Fed Funding Over 10 years		\$902,330		

100% Area Median Income (AMI) is not affordable housing.

- According to the City's most recent Cost of Residential Development study, current market rents are well below the published rent limits for 100% AMI units, even in the city's most expensive market (West San Jose). The table below shows that the City's rent limits for 100% AMI 1- and 2-bedroom units are hundreds of dollars above current market rents (which include both existing and new-construction units).

Restricted v. Market Rent Comparison		
	1-Bedroom	2-Bedroom
HCD 2024 100% AMI*	\$3,686	\$4,146
Est. West SJ 2024 (CRD 11/2023) **	\$2,870	\$3,690
<u>*HCD</u>		

****West SJ (\$4.1 psf + 2.2% yoy - 1bdr 700, 2bdr 900) Century Urban CRD 11/2023**

Note: Estimated 2024 rents calculated by applying a 2.2% multiplier to per-square foot market rents for West San Jose in the City's Cost of Residential Development report (presented to Council in November, 2023). Our calculations are borne out by the Zillow Observed Rent Forecast, available at <https://www.zillow.com/research/data/>

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- While developers will likely rent these units at lower cost than the published rent limits, they would have no obligation to do so under the current proposal and could increase rents up to the higher 100% AMI rent maximums as the market recovers.
- The proposed MHIP creates a regulatory burden for developers and imposes the burden of regular income-qualification for residents, yet fails to deliver a public benefit of affordability.

We support thoughtful cost reduction to enable projects to move forward. This will have far-reaching impacts, and we should carefully analyze and understand the costs and benefits of the solutions we choose. We believe we should not sacrifice a community benefit of this magnitude for short-term gains- which may still not materialize given the challenging economic environment.

Recommendations

Instead, we recommend a phased approach for the MHIP, with the proposed incentive plan applying to the first 1,500 units in the eligible project list that also obtain a city building permit by December 31, 2025. This would allow any developments able to benefit from the proposed incentive structure to move forward quickly, achieving Council objectives.

After December 31, 2025, projects should have the following compliance options:

1. **A reduction of the current Inclusionary Housing Ordinance in-lieu fee to \$11.71 per square foot in “Strong Market Areas,” and \$7.43 in “Moderate Market Areas.”**
2. **Or, the provision of 5% of units onsite at up to 50% of the Area Median Income.**
This option both provides housing targeted to the needs of San Jose’s more vulnerable residents, **and** allows developers to take advantage of the cost reductions available under the State Density Bonus Law (20% density bonus, 1 concession, unlimited waivers provide regulatory relief and related cost reductions) **at no cost to the City**, and delivers the significant community benefit of more homes at deep affordability for our most vulnerable residents.

The chart below compares the potential outcomes of the City’s current IHO, the proposed MHIP, and SV@Home’s proposal. Although our proposal represents a dramatic reduction in inclusionary obligations for the projects under consideration for the MHIP, it preserves both in lieu funding and housing affordable to San Jose’s residents in greatest need.

For the pipeline of 19 market-rate housing development estimated to produce 7,533 market-rate housing units	Estimated total #IH units	Estimated In-lieu fee \$
Current IHO	1117 (mixed >100% AMI)	\$68,846,006
Proposed MHIP	377 at 100% AMI	\$0
Estimated loss of IH units and in-lieu fee	Loss of 740 IH units	-\$54,910,275
SV@Home proposal for consideration	268 at 50% AMI	\$14,899,560

An MHIP providing 2 IHO compliance options to developers allows them to choose the option that best meets the needs of their unique development. These options can create momentum for both market-rate and affordable

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development **and** support expanded affordable housing resources for our most vulnerable households by leveraging an important tool in the city's affordable housing tool kit.

Sincerely,



Regina Celestin Williams
Executive Director

Silicon Valley @ Home is a nonprofit advocacy organization that supports housing and affordable housing development throughout Santa Clara County. SV@Home works with a broad coalition of strategic partners to address the urgent housing needs of the diverse residents across all our communities. We advocate for solutions including increasing production of homes at all income levels, especially affordable housing; preserving existing affordable housing; and protecting our community's most vulnerable residents from displacement.

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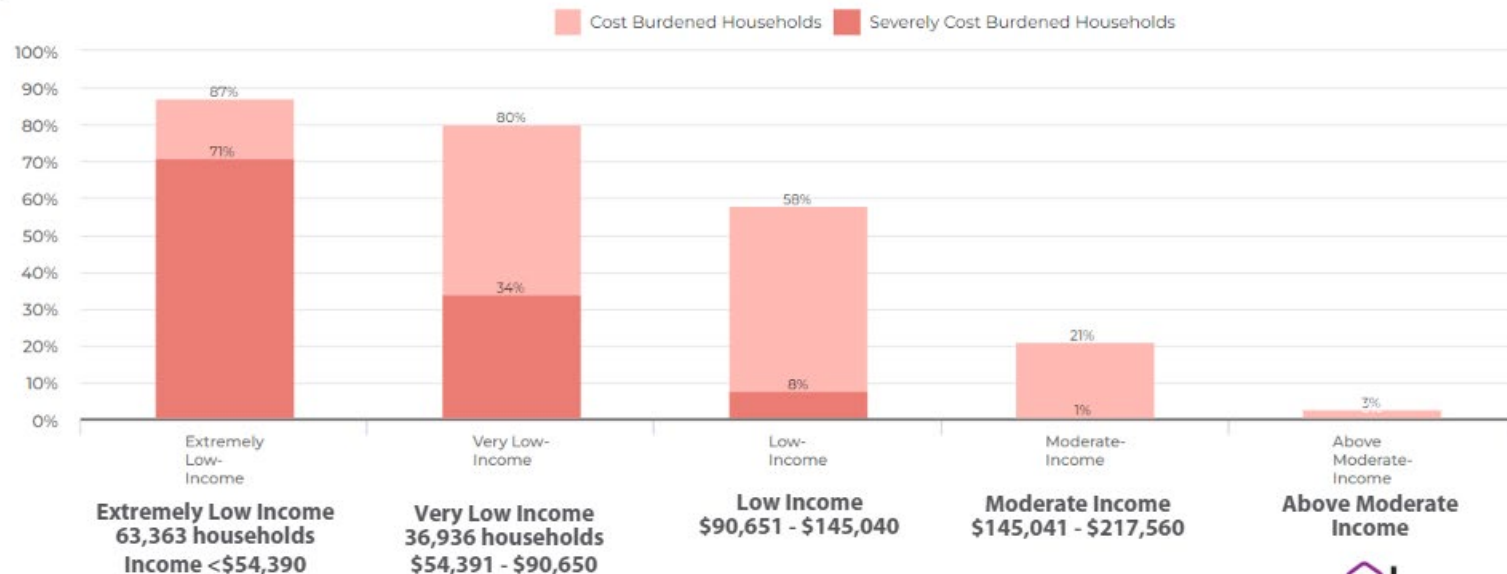
Appendix

Table A: The chart below shows that throughout Santa Clara County, rent burdens are highest among households with the lowest incomes. Nearly 90% of households with extremely low incomes (ELI, or up to 30% of area median income) and 80% of households with very low incomes (VLI, or up to 50% of area median income) are cost burdened, paying more than 30% of their monthly income for housing. A large proportion of these (71% of ELI households and 34% of VLI households) pay **more than half their income** in housing costs each month, leaving little income to cover the cost of food, medical care, transportation, and other basic needs. Moderate income households, including those at 100% AMI, face comparably little cost burden.

COST BURDEN ACROSS INCOME LEVELS

COST BURDENED RENTER HOUSEHOLDS BY INCOME: ALL HOUSEHOLDS ⓘ Chart

71% of ELI households in Santa Clara County are paying more than half of their income on housing costs compared to 1% of moderate-income households.



Source: California Housing Partnership: Housing Need, Santa Clara County 2023

sv@home

www.svathome.org

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Table B: City of San Jose Affordable Housing Funding Commitment Housing Memos

This table shows the final per-unit awards from the City of San Jose to 100% affordable housing developments, with links to the staff memo showing the final award. We note that the average per-unit award across all developments is \$156,372, well below the City's approved per-unit threshold.

Project Name	Total # of Units	Date and link to City Housing Memo	Total City Funding Commitment	Per-Unit City Funding	Notes on City Funding
Hawthorn Senior Apts 118 and 124 N 15th St	103	4/17/2024	\$15,150,000	\$147,087	Approving a combined Construction-Permanent Loan commitment of up to \$15,150,000 in Measure E Funds, or such other special funds as the City may designate, for the Hawthorn Senior Apartments development
Santa Teresa Multifamily 5885 Santa Teresa Blvd	49	6/7/2024	\$7,250,000	\$147,959	Approving a Construction-Permanent Loan commitment of up to \$7,250,000 in Measure E Funds, or such other special funds as the City may designate, for the Santa Teresa Multifamily affordable housing development
Lupina 797 Almaden	99	3/1/2023	\$24,940,000	\$251,919	Approving a total Construction-Permanent Loan commitment of up to \$21,350,000 and a land acquisition loan or acquisition funding commitment of up to \$3,590,000 in funds from Measure E for the 797 Almaden development
525 N Capitol 525 N Capitol Ave	160	3/13/2024	\$26,500,000	\$165,625	A total Construction-Permanent loan commitment of up to \$20,000,000 with \$14,920,000 in Measure E Funds and \$5,080,000 in Inclusionary Fee Funds. A land acquisition loan or acquisition funding commitment of up to \$6,500,000 in Inclusionary Fee Funds.
Kooser Apts 1371 Kooser Ave	191	3/13/2024	\$29,251,066	\$153,147	A total Construction-Permanent loan commitment of up to \$19,551,066 with \$5,912,450 in Low- and Moderate-Income Housing Asset Funds and \$13,638,616 in Inclusionary Fee Funds; and (b) A land acquisition loan or acquisition funding commitment of up to \$9,700,000 in Inclusionary Fee Funds.
Alum Rock Multifamily 1860 Alum Rock	60	4/8/2023	\$8,087,753	\$134,796	Authorizing an increase of up to \$587,753, from \$7,500,000 to \$8,087,753 using Measure E Funds , to the City Council approved construction-permanent loan commitment to Alum Rock, LP., a California limited partnership, to provide funds

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					to complete tenant improvements to the commercial space for the community-based non-profit Amigos de Guadalupe.
Parkmoor 1510-1540 Parkmoor Ave	81	9/1/2023	\$16,826,688	\$207,737	Approving a total commitment of up to \$16,826,688 from the Low and Moderate Income Housing Asset Fund and the Affordable Housing Impact Fee Fund for a Construction Permanent Loan to Allied Housing, Inc. or an affiliated development entity for the Parkmoor Community Apartments.
The Charles 551 Keyes	99	5/4/2023	\$9,675,885	\$97,736	The City Council approved a loan to the Borrower on June 21, 2022, for eligible development costs up to \$9,405,000 during the construction period (the City Construction Loan) and up to \$9,675,885 during the permanent period after construction and lease-up. The funding sources for the City Loan will consist of Measure E Real Property Transfer Tax Revenue plus other sources at the City's discretion.
Tamien Station 1197 Lick Ave	135	5/4/2023	\$17,250,000	\$127,778	Adopt a resolution authorizing an increase of up to \$500,000 from Measure E Funds to increase the City Council-approved construction-permanent loan commitment to Tamien Affordable, L.P., a California limited partnership, from \$16,750,000 to \$17,250,000 to provide funds for tenant improvements to the commercial space for a commercial childcare facility.
777 West San Carlos 777 West San Carlos St	154	5/12/2023	\$22,247,500	\$144,464	The City agreed to lend the Borrower eligible development costs up to \$21,420,500 during the construction period (City Construction Loan) and an additional \$827,000 for a total of \$22,247,500 during the permanent period (City Permanent Loan) after construction and lease-up (the City Permanent Loan and, with the City Construction Loan, collectively the City Loan). Of the total loan amount, up to \$247,500 in Measure E funds are planned to provide tenant improvements for a childcare facility.
McEvoy Apartments 699 W San Carlos St	141	8/20/21	\$20,000,000	\$141,844	Approving a total commitment of up to \$20,000,000 in Measure E funding reserved in the General Fund for a Construction-Permanent Loan to First Community Housing, or an affiliated entity, for the McEvoy Apartments , which is being developed to offer 222 rent-and income-restricted apartments for extremely low-income, very low-income, low-income at 80% of Area Median Income households. (McEvoy Apartments & Dupont Family Apartments)

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Table C: State and Federal Awards to 100% Affordable Developments in San Jose

The table below shows the value of state and federal Low Income Housing Tax Credits and tax exempt bond cap awards to 100% affordable developments in San Jose from 2021-2024. Although other state, federal, and county programs also provide funding for affordable housing in San Jose, the value of these awards alone represent significant outside investment leveraged by developments affordable to households at extremely low, very low, and low incomes.

State and Federal Awards to 100% Affordable Developments in San Jose				
Year	Tax-Exempt Bond Cap Awarded	# of Developments Receiving State/ Federal Tax Credits	Amount of State/Federal Tax Credit	Total State/Federal Funding (Includes only Bonds & Tax Credits)
2021	\$239,724,907	5	\$149,505,233	\$389,230,140
2022	\$333,733,929	7	\$366,704,662	\$700,438,591
2023	\$518,698,516	10	\$564,591,948	\$1,083,290,464
**2024	\$65,400,000	1	\$99,848,925	\$165,248,925
		23 Projects		\$2,338,208,120
Between 2021 and 2024, 23 affordable housing developments in San José received state and federal funding, creating a total of 3,372 units and leveraging at least \$2.34 billion in outside funding.				
**2 additional San Jose developments considered on 12/11/24, expected to receive a total of \$135,286,555 in bond cap and \$141,481,541 in tax credits				

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Table D: Potential Public Benefit of a sample of Pipeline Projects Under SV@Home's Proposed Incentives

The table below analyzes four developments, one in a high market (498 W. San Carlos) and three in moderate markets. At the reduced inclusionary obligation of 5% at 50% AMI (serving VLI households) or reduced in lieu fees of \$11.71 in a high market and \$7.43 in a moderate market, these four developments would produce up to 112 affordable homes, \$13,335,773 in in lieu funds, or some combination of the two.

Sample: Potential Public Benefit of Pipeline Projects					
Pipeline Projects	Total Units	5% VLI (50% AMI) Units	Sq Ft (assuming 750 s/f avg)	Our Proposed Fee/ sq ft	Benefit of Our Proposed Fee
498 W. San Carlos	278	14	208,500	11.71	\$2,441,535
905 N Capital	345	17	258,750	7.43	\$1,922,513
Trimble (Seely - Hanover)	1318	66	988,500	7.43	\$7,344,555
210 Baypoint	292	15	219,000	7.43	\$1,627,170
Total	2233	112	- OR SOME COMBINATION-		\$13,335,773

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Table E: Comparative Benefits of In-Lieu Fees

The table below shows the value, in number of units subsidized by the City, of the in lieu fees potentially generated by the sample of developments above. At the City's current level of average per-unit award (\$156,327), \$13,335,773 would generate 85 homes affordable to households at 50% of AMI, leveraging more than \$46.6 million in state and federal investment in San Jose.

Comparative Benefits of In Lieu Fees				
Estimated impact of \$13,335,773 (from sample set), leveraging \$46,675,200				
City Subsidy Per Unit	Number of units	Rents (45% AMI)	Rents VLI (50% AMI)	Add'l Funds Leveraged
\$150,000	89	\$1,866	\$1,950	\$46,675,204
Current City Avg Final Award \$156,327	85	\$1,866	\$1,950	\$46,675,204
\$200,000	67	\$1,866	\$1,950	\$46,675,204
\$250,000	59	\$1,866	\$1,950	\$46,675,204
5% of Units at 100% AMI	112	\$3,900		0

4 projects 2,233 units, 750sf pu, 11.71 for 1, and 7.43 for 3, Assumes average 45% AMI as reflection of recent TCAC awards

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Table F: Full Comparative Analysis of Yield of Pipeline Projects Eligible for the MHIP Under Current Compliance Plans, Proposed MHIP, and SV@Home Proposal

Planning Dept. Market Rate Development Pipeline Data					Rough estimate for analysis	AHCP Public Request Data	Estimated BMR units and Fees based on current AHCP and current Development Plan under consideration			Proposed MHIP inclusionary housing units of 5% at 100%AMI and waiving of in-lieu fee		Estimated loss of BMR Units and fees		SV@Home alternative proposal to require 5% housing units at 50% AMI(VLI) or reduced in-lieu fee		
Last Entitlement Expiration	Developer	Project Address	Total Units	Market Area	Estimated Net Residential Sq Ft (total units X assuming 750sq.ft)	IHO Compliance Option listed	Estimated BMR Units	Current Fee per Sq ft based on Market Area and Compliance option	Estimated In-Lieu Fee based on listed compliance option	Proposed 5% units at 100%AMI	Proposed Fee \$0	Potential Loss of BMR units	Loss of In-lieu fee	Estimated 5% units at 50% AMI (VLI units)	Reduced in-lieu fee (lowest in current IHO)	Estimated in-lieu fee
11/29/2029	ROYGBIV	1298 Tripp; 1325/1347E. Julian	913	Strong (Central)	684,750	Will Provide required affordable units on-site (15%)	137			46	0	91		46		
5/31/2029	IHC Investment LLC	70 N. 27th	198	Strong (Central)	148,500	Will Provide required affordable units on-site (15%)	30			10	0	20		10		
7/12/2029	Vivji Mani	1520 W. San Carlos	256	Strong (Central)	192,000	Will Provide required affordable units on-site (15%)	38			13	0	25		13		
10/22/2028	Summerhill Homes	210 Baypointe	292	Moderate (North)	219,000	Will Provide required affordable units on-site (15%)	44			15	0	29		15		
6/29/2028	Hanover	905 North Capitol	345	Moderate (Berryessa)	258,750	Will pay the required in lieu fee (20% requirement)		\$21.74	\$5,625,225	17	0		\$5,625,225	0	\$7.43	\$1,922,513
6/28/2029	Urban Villas LLC	1530 W. San Carlos	237	Strong (Central)	177,750	Will pay the required in lieu fee (20% requirement)		\$49.99	\$8,885,723	12	0		\$8,885,723	0	\$11.71	\$2,081,453
4/19/2029	Evershine XVII LP	1050 Saint Elizabeth	206	Moderate (Willow Glen)	154,500	Will pay the required in lieu fee (20% requirement)		\$21.74	\$3,358,830	10	0		\$3,358,830	0	\$7.43	\$1,147,935
10/25/2028	A&Z Development	1065 S. Winchester	70	Strong (West Valley)	52,500	Will pay the required in lieu fee (20% requirement)		\$21.74	\$1,141,350	4	0		\$1,141,350	0	\$11.71	\$614,775
8/9/2028	Republic Urban	605 Blossom Hill	239	Moderate (Edenvale)	179,250	Will use partnership for clustered	89			12	0	77		12		
12/14/2028	Urban Catalyst	498 West San Carlos	278	Strong (Central)	208,500	Mixed Compliance In-Lieu Fee (assume 5% VLI units + Fee)	14	\$11.71	\$2,441,535	14	0	0	\$2,441,535	14		
8/30/2028	Fortbay/Perry Hariri	4300-4360 Stevens Creek	407	Strong (Central)	305,250	No compliance option listed (updated development plan info)	173			20	0	153		20		
5/4/2028	Miramar Capital/Perry Hariri	205 Dupont	689	Strong (Central)	516,750	No compliance option listed (updated development plan info)	375			34	0	341		34		
8/14/2028	Hannover Company	681 E. Trimble	1318	Moderate (North)	988,500	Not in AHCP database (updated development plan info)	178			66	0	112		66		
11/29/2029	Sand Hill Property	1312 El Paseo deSaratoga/1177 Saratoga	775	Strong (West Valley)	581,250	AHCP Approved by Planning Commission (11/20/2024)	39		\$13,935,731	39	0	0		39		
11/2/2028	Weingarten Investors	14200 Union	305	Moderate (Cambrian/Pioneer)	228,750	Will use an alternative method (assume fees)		\$21.74	\$4,973,025	15	0		\$4,973,025		\$7.43	\$1,699,613
3/17/2027	Avalon Bay Communities	700 Saratoga	247	Strong (West Valley)	185,250	No compliance option listed (assume fees)		\$49.99	\$9,260,648	12	0		\$9,260,648		\$11.71	\$2,169,278
5/4/2028	Republic Urban	860 W San Carlos and Sunol	263	Strong (Central)	197,250	Not in AHCP database (assume fees)		\$49.99	\$9,860,528	13	0		\$9,860,528		\$11.71	\$2,309,798
8/25/2027	A&Z Development	1073 S. Winchester	61	Strong (West Valley)	45,750	Not in AHCP database (assume fees)		\$49.99	\$2,287,043	3	0		\$2,287,043		\$11.71	\$535,733
12/9/2026	Republic Urban	1197 Lick/Tamien Station	434	Moderate (South)	325,500	Not in AHCP database (assume fees)		\$21.74	\$7,076,370	22	0		\$7,076,370		\$7.43	\$2,418,465
			7533				1117		\$68,846,006	377		-740	-\$54,910,275	268		\$14,899,560

**Current IHO in-lieu fee for rental residential developments for adding 20 or more units- Strong Market Area is \$49.99, and Moderate Market Area is \$21.74 per net new sq. ft. of residential floor area
With 5% at 50% AMI rents inclusionary units on-site- Strong Market Area is \$11.71, and Moderate Market Area is \$7.43 per net new sq. ft. of residential floor area