



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Nanci Klein
Jacky Morales-Ferrand
Chris Burton

**SUBJECT: HOUSING CRISIS WORK PLAN
UPDATE**

DATE: November 4, 2022

Approved

Date

11/4/22

RECOMMENDATION

- (a) Accept the final status report on the implementation of the Housing Crisis Work Plan.
- (b) Transition the Housing Crisis Work Plan to a newly established *Housing Catalyst Team Work Plan* aligned with the timeline and goals of the Housing Element.
- (c) Adopt a resolution amending the Underwriting Guidelines developed by the Housing Department for use in underwriting and structuring affordable housing transactions adopted by Resolution No. 78761, and amended by Resolution No. 79784 to update the per unit construction and permanent funding amount from \$125,000 to \$325,000.

OUTCOME

Provide a final report on the progress made toward addressing the housing production and policy items outlined in the Housing Crisis Work Plan.

BACKGROUND

On September 28, 2017, Mayor Sam Liccardo issued a memorandum entitled “Responding to the Housing Crisis.” The memorandum identified a number of items to address the housing crisis. Many items from this initial proposal were prioritized at the October 17, 2017, Council Priority Setting Session. On June 12, 2018, staff first brought forward a Housing Crisis Work Plan (work plan), which proposed strategies and policy actions to enable the facilitation of 25,000 new housing units by 2023 that included 15,000 market-rate units and 10,000 affordable units.

Since 2018, staff has provided biannual work plan updates in the spring and fall to the Community and Economic Development (CED) Committee and the City Council. These updates provide housing production reports that show progress made toward the City's goal of 25,000 new housing units as well as status reports on work plan items.

On May 23, 2022, the CED Committee received the last update on the work plan. This report included an update on the implementation of the Commercial Linkage Fee; recommended changes related to commercial space requirements for affordable housing developments; and consideration of underutilized business corridors to allow the integration of housing. Staff also provided an assessment of the impact of completed items, and a prioritization of future work items based on this assessment.

ANALYSIS

Housing Crisis Work Plan Completed Items and Final Production Report

Numerous items on the Housing Crisis work plan are complete and have opened new opportunities for both market-rate and affordable housing development across the City. Additionally, the exercise of compiling the work plan itself has been useful to organize and align the work being done across the City's departments. It also provided an opportunity for regular updates to City Council and the public on all the individual policy work related to housing production. The dynamic nature of the work plan has allowed staff to evaluate items over time. Items are removed if no longer relevant and other items are added as new priorities emerge. This dynamic nature has greatly contributed to its value to staff, City Council, and the public.

All current and completed work plan items are detailed in **Attachment A (Housing Crisis Work Plan)** of this memorandum. At the time of this final report, over 20 work items have been completed and additional work has been done associated with ongoing work items. The completed work has facilitated new housing production through a variety of approaches, including making new residential capacity available in Urban Villages, reducing fees on affordable housing, and improving or streamlining approval processes for new housing.

Since its inception, the work plan has contained an evolving list of strategies and policy work intended to encourage housing production, or in some cases to preserve existing affordable units, with the overall goal of delivering 25,000 new housing units by 2023, with 15,000 market-rate and 10,000 affordable. The City is currently approaching the end of the timeline to achieve the goal of 25,000 housing units. Based on the latest production report detailed in **Attachment B (Housing Production Report)**, the City has met its goal for market-rate units with over 15,000 units with planning approval, under construction, or completed. Although the 15,000 market-rate unit goal was met, the City will continue to complete further policy work to encourage the production of market-rate and affordable housing entering 2023.

Implementation of the work plan is managed through the *Housing Catalyst Team*. The team meets biweekly and is composed of staff from the Office of Economic Development and Cultural Affairs, Business and Economic Development Team; Planning, Building, and Code Enforcement's Citywide Planning Division; the Housing Department's Policy and Planning and Residential Development Divisions; and Parks, Recreation, and Neighborhood Services' Strategic Planning Team. The creation of the interdepartmental Housing Catalyst Team has led to greater collaboration and a way to pool knowledge and resources around individual issues. Staff recommends that the interdepartmental team approach and unified work plan are important elements that should continue.

Transition from the Housing Crisis Work Plan to the Housing Catalyst Team Work Plan

Staff proposes that the current work items from the Housing Crisis Work Plan be transitioned to a new *Housing Catalyst Team Work Plan* starting in January 2023. The new *Housing Catalyst Team Work Plan* would be aligned with the City's updated Housing Element. Strategies and policies identified within the Housing Element will be included in the *Housing Catalyst Team Work Plan* as work on those items are initiated. The new *Housing Catalyst Team Work Plan* would also serve as a place to identify additional policies and strategies not included in the Housing Element or that may emerge in the future. Staff will provide an annual report to the CED Committee and the City Council on the Housing Element and the *Housing Catalyst Team Work Plan*. As a part of the annual update, the team will report on progress made toward the City's Regional Housing Needs Allocation. The City's Regional Housing Needs Allocation identifies the number of housing units needed across all income levels in the City for an eight-year period. The next eight-year cycle begins in 2023. The City's Regional Housing Needs Allocation will serve as the new unit goal for housing production related to the *Housing Catalyst Team Work Plan*. The team will establish the *Housing Catalyst Team Work Plan* in calendar year 2023. As part of its development, the team will undertake a new prioritization of the work items at that time. The prioritization of work plan items will be focused on the level of staff effort required to complete the work compared to the estimated impact of the policy change or program.

Cost of Development Context

The updated report on the Cost of Residential Development¹ presented to City Council on November 1, 2022 shows that the cost of construction remains a significant barrier to the construction of new housing. Unlike reports in previous years, no scenarios assessed were feasible under current market conditions. The report's results are confirmed by the low number of new multifamily developments starting construction in San José since 2020. The results of this analysis are significant because they show that site availability and the City's land use framework are not the primary impediments to new construction. Rather, the most significant impediment is the cost of construction. This is also in the number of units that have received planning approval but have not moved yet to construction.

¹ Cost of Development Report: <https://www.sjeconomy.com/how-we-help/programs-and-services/city-of-san-jose-housing-development-initiatives/cost-of-residential-development-report>

Cost of Affordable Housing Development and Increase to City Subsidy

In June 2018, the City Council approved the Affordable Housing Investment Plan², which included a cap on the per unit funding amount for affordable housing at \$125,000 per unit. This limit was established to clearly define the City's contribution to affordable housing developers and to spread funding across a larger number of affordable homes. In August 2018, City Council adopted the Underwriting Guidelines³ (Resolution No. 78761) setting standards for funding affordable housing developments, which included the construction and permanent per unit funding amount of \$125,000. For over four years, the Housing Department has used this guideline to determine the amount of construction and permanent funding invested in affordable housing developments.

On November 1, 2022, staff presented to City Council a study conducted by Century | Urban which highlighted the recent impact of market conditions on the cost and feasibility of constructing affordable housing. The report emphasized several factors that have had a significant effect on affordable housing development costs as well as funding needs:

- i. Total development costs increased by approximately 6% year-over-year in 2020 and also in 2021.
- ii. San José development costs are approximately 17% higher than those in other cities. Developments with a higher percentage of extremely low-income homes have a higher development cost.
- iii. Financing costs increased by approximately 7% in 2020 and 2021 for San José developments. Developments in this area averaged approximately six funding sources per project and therefore added costs due to extended financing timelines.

Development costs continued to increase further in 2022, which has had material consequences for the supply of new affordable housing as increased public subsidies are needed to fund higher development costs. In June 2022, staff obtained City Council approval for four development subsidy awards totaling \$53,050,885 in City funding commitments. In early 2023, staff anticipates recommending three more Notice of Funding Availability awarded developments for funding commitments to the City Council. These developments have on average requested 21% more funding than in their original December 2021 Notice of Funding Availability applications due to the impact of the factors mentioned above.

At the same time, the County of Santa Clara has depleted the Measure A funds allocated for investment in the development of new affordable housing in San José. Since the passage of Measure A in November 2016, the County of Santa Clara has invested over \$520 million to fund more than 4,000 new housing units throughout the county, with the majority located in San José. In many of the affordable housing developments funded by the City over the past four years, the County of Santa Clara has also provided funding. For Measure A developments, the County of

² <https://sanjose.legistar.com/LegislationDetail.aspx?ID=3514660&GUID=626965A7-2F4B-4F88-A328-EFC2A387EAF3&Options=&Search=>

Santa Clara held a goal of averaging \$200,000 per unit for their subsidy. This means that each development received up to \$325,000 per unit from the City and County contributions combined. Over the last few months, County of Santa Clara staff has met with the Housing Department and affordable housing developers to clarify its Measure A funding is depleted and is only available in small portions for new developments.

Because of increased costs and depleted Measure A funds, per unit construction and permanent funding requests have increased. In response to these increasing funding requests, Housing Department staff recommends an update to its [City Council approved March 2021 Multi-Family Underwriting Guidelines](#) Sections 4.3 and 4.4 to increase the per unit funding for the construction and permanent loans from \$125,000 to \$325,000 per unit in order to provide support to developments in need of additional subsidy gap financing.

The recommended change to the funding amount per unit to \$325,000 will reduce the overall number of affordable homes funded by the City over time. For example, in prior Notice of Funding Availability rounds, \$100 million was able to fund nearly 1,000 new affordable apartments. With the proposed change, the number of units funded by \$100 million will be reduced to 300-400 (not all developments utilize the full amount per unit). At the same time, working with one gap funder, rather than both the City and the County, may streamline the financing process resulting in faster development while making larger investments. The cost of time and resources for developers to secure multiple funding sources will be reduced by this policy change. In the coming months, the Housing Department will analyze the impacts of larger subsidies on the pipeline of affordable housing and available sources of funding. An updated Affordable Housing Investment Plan will be brought forward for City Council consideration to strategically determine the investment of limited resources in much-needed affordable housing.

Updates on Continued Work Plan Items

Attachment A contains the entire Housing Crisis Work Plan with status updates. More detailed updates on selected items are provided below.

Update on the Housing Element

The City's Planning Division and Housing Department are leading the work on the Draft Housing Element update for the 2023-2031 cycle. The Draft Housing Element⁴ was submitted to the State's Housing and Community Development Department (HCD) on September 16, 2022, commencing HCD's 90-day review period. A written response from HCD is expected in mid-December of this year. The City held the required 30-day public review period of the draft Housing Element prior to sending it to HCD. It is now conducting a second 90-day public review period while HCD reviews the draft, during which time members of the public can provide feedback on the posted second draft document. On October 13, 2022, Housing Department staff held the first study session with the Housing and Community Development Commission on

⁴ See www.sanjoseca.gov/housingelementupdate

proposed programs and policies to be included in the document. Staff expects to hold two more study sessions with the Housing and Community Development Commission before the end of 2022 to complete its review. Parks, Recreation, and Neighborhood Services staff is scheduled to hold a study session for the Planning Commission on November 16, 2022. The final draft Housing Element is expected to go to City Council for adoption in spring 2023.

Amend the Zoning Ordinance to Allow for 100% Affordable through a Site Development Permit

Staff will bring forward updates to the Zoning Ordinance to allow 100% affordable mixed-use projects in the Commercial Pedestrian and Commercial Neighborhood Zoning districts in Urban Villages with a Site Development Permit—which is less costly and more streamlined—than the current Special Use/Conditional Use Permit requirement. Parks, Recreation, and Neighborhood Services staff has begun to develop a schedule to complete this work, with a hearing targeted for spring 2023.

Explore Temporary Suspension of Construction Taxes for Affordable Housing

At the March 8, 2022 City Council meeting, staff provided an overview of outreach conducted to affordable housing developers and summarized governmental and non-governmental barriers described by developers during that process. Based on that feedback, City Council approved the staff recommendation to explore a temporary suspension of residential construction taxes. Staff plans to return with an analysis of the forecasted tax revenue over the next five years and provide a recommendation to the City Council on the adoption of a temporary suspension of residential construction taxes for affordable rental housing in spring 2023.

CONCLUSION

Since its adoption in 2018, the Housing Crisis Work Plan has resulted in the completion of over 20 individual work items intended to help facilitate affordable and market-rate housing production in the city. The goal of 15,000 market-rate units approved, under construction, or completed by 2023 was met. However, the continued challenges related to the cost of construction have presented problems for projects looking to initiate construction. The goal of 10,000 affordable units approved, under construction, or completed by 2023 was not met.

Given the successes of the Housing Crisis Work Plan, staff recommends that the effort be transitioned to a new *Housing Catalyst Team Work Plan* to be brought forward in 2023 that will be closely aligned with the City's updated Housing Element.

EVALUATION AND FOLLOW-UP

The acceptance of this report will mark the final report on the *Housing Crisis Work Plan*. The existing team will establish the *Housing Catalyst Team Work Plan* in calendar year 2023. Work in the plan will align with strategies outlined in the City's Housing Element. City Council will consider the updated Housing Element in spring 2023 and will receive an annual report on the progress of implementing this plan in subsequent years.

CLIMATE SMART SAN JOSE

The recommendation in this memorandum aligns with one or more Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council agenda website for the November 15, 2022 City Council meeting.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

This item will be considered at the November 10, 2022 meeting of the Housing and Community Development Commission. Due to the timing of the writing of this report, a subsequent update on the Commission discussion and any recommendations will be provided separately to City Council.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action; and PP17-008, General Procedure and Policy Making resulting in no changes to the physical environment.

/s/
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Attachments:

Attachment A – Housing Crisis Work Plan
Attachment B – Housing Production Report

Housing Crisis Work Plan

<i>I. Work Items Completed</i>				
	Item	Lead Department	Month Completed	Notes
1.	Transition Traffic Analysis from LOS to VMT	DOT/PBCE	Feb 2018	
2.	Continue to implement Urban Villages: a. Implementation Framework: b. Prioritize Horizon II Light Rail Villages into Horizon I	PBCE/ OEDCA	May 2018 Dec 2018	
3.	Update the Accessory Dwelling Unit and Garage Conversion ordinance	PBCE	Jun 2018	
4.	Complete the Downtown Vision and EIR	PBCE	Dec 2018	
5.	Move-up Tri-Village Urban Villages to Horizon I	PBCE	Dec 2018	
6.	Engage CASA on regional housing production – CASA Compact Report	Housing	Jan 2019	https://mtc.ca.gov/sites/default/files/CASA_Compact.pdf
7.	Co-living Ordinance	PBCE	Feb 2019	
8.	Created a Cross-departmental Housing Catalyst Team and Established Biweekly Team Meetings	OEDCA /PBCE/ Housing/ PRNS	Nov 2019	
9.	New Housing Webpage	PBCE/ OEDCA / Housing	Aug 2020	Webpage: link
10.	Explore Options for a Commercial Linkage Fee	CMO /OEDCA/ Housing	Sep 2020	

Housing Crisis Work Plan

<i>I. Work Items Completed</i>				
	Item	Lead Department	Month Completed	Notes
11.	Develop Anti-Displacement Strategy	Housing	Sep 2020	https://www.sanjoseca.gov/your-government/departments-offices/housing/resource-library/housing-policy-plans-and-reports/citywide-anti-displacement-strategy
12.	Explore Interim Housing Solutions on Caltrans Sites	Housing	Jun 2020	
13.	Refine General Plan Policy H-2.9 (the "1.5-acre rule")	PBCE/ Housing	Feb 2021	
14.	Updates to Inclusionary Housing Ordinance (IHO)	Housing	Feb 2021	https://sanjose.legistar.com/LegislationDetail.aspx?ID=4793396&GUID=2BE0B32F-2679-4073-9EBD-163E2D33E9FA&Options=&Search=
15.	Parks Fee Credit for Moderate Income Housing satisfying IHO	PRNS	Mar 2021	Ordinance No. 30541 and Resolution No. 79913 adopted during 3/2/21 City Council meeting (expires January 1, 2026)
16.	Housing Land Acquisition Sites Database and Mapping Tool - "SJ Housing Site Explorer"	Public Works/ PBCE/ Housing/ OEDCA	Aug 2021	https://san-jose-housing-ca.tolemi.com/
17.	Explore changes to Commercial Space Requirements for Affordable Developments	OEDCA/ PBCE/ Housing	Dec 2021	
18.	Reimagine Underutilized Business Corridors to Allow for the Integration of Housing	PBCE	Dec 2021	
19.	Further implementation of Commercial Linkage Fee	Housing/ OEDCA	Mar 2022	
20.	Updated Downtown Residential High-rise Program	OEDCA/ Housing	Nov 2022	Staff will make recommendations to the City Council on the future of the Downtown Residential High-Rise Program at the November 15, 2022 City Council meeting.

Housing Crisis Work Plan

<i>I. Work Items Completed</i>				
	Item	Lead Department	Month Completed	Notes
21.	Make Additional Residential Units Available in North San José	DOT/ OEDCA/ Planning/ Housing	May 2022	The City Council approved actions in May 2022 to effectively retire the North San José Area Development Policy. Further housing strategies for North San José are the subject of a City Council item at the November 15, 2022 City Council meeting and are included in the City's second draft sixth cycle Housing Element.
22.	Establish Regular Coordination Meetings to Communicate Affordable Housing Timelines	OEDCA/ PBCE/ Housing	July 2022/ Ongoing	Regular meetings have been established between OEDCA, the Housing Department, the Building Division, the Public Works Department, and Fire Department to review projects in the process of obtaining construction permits and that will soon apply for tax credits. This process will be aided once the Affordable Housing Navigator position is hired in the Office of Economic Development and Cultural Affairs.
23.	Cost of Residential Development Study Update	OEDCA	November 2022/ Ongoing	An update report was completed in September 22, 2022, and a City Council Study Session held on November 1, 2022. A future update is planned in 2023. This item is included in the City's second draft sixth cycle Housing Element.

Housing Crisis Work Plan

<i>II. Work Items Initiated and Underway</i>				
	Item	Lead Department	Planned Completion	Status Update
	Housing Element Update	PBCE/ Housing/ OEDCA	Spring 2023	Staff submitted the second version of its Draft Housing Element to the State's Housing and Community Development Department (HCD) on September 16, 2022, commencing HCD's 90-day review period.
	Assessment of Fair Housing (AFH)	Housing	Spring 2023	AFH work has been integrated fully into the Housing Element (see above). The Housing Department plans to seek City Council approval of an AFH Plan at the same time as the Housing Element. This item was included in the second draft sixth cycle Housing Element submitted to HCD on September 16, 2022.
	Align Zoning with the General Plan	PBCE	Spring 2024	Five thousand rezonings, out of 13,000 total rezonings needed, will be completed by the end of 2022. This item is included in the second draft sixth cycle Housing Element.

Housing Crisis Work Plan

<i>II. Work Items Initiated and Underway</i>				
	Item	Lead Department	Planned Completion	Status Update
	Work with the Bay Area Housing Finance Authority (BAHFA) on Moderate-income Financing Strategy	Housing/ OEDCA/ Finance	Winter 2023	As directed by the City Council, the Housing Department was able to hire staff to work on moderate-income housing strategies in fall 2022 after a long recruitment process. Staff also hopes to meet with the new BAHFA executive director by the end of 2022 to discuss the possibility of BAHFA creating a new regional Joint Powers Authority to issue bonds to achieve moderate-income housing with sufficient public benefit. If BAHFA is interested in developing this product, staff would need to ascertain its timeline and priority. This item is included in the second draft sixth cycle Housing Element.
	Amend the Zoning Ordinance to Allow for 100% Affordable	PBCE	Spring 2023	Staff will bring forward updates to the Zoning Ordinance to allow 100% affordable mixed-use projects in the Commercial Pedestrian and Commercial Neighborhood Zoning districts in Urban Villages with a Site Development Permit, rather than a Special Use Permit or Conditional Use Permit.

Housing Crisis Work Plan

<i>II. Work Items Initiated and Underway</i>				
	Item	Lead Department	Planned Completion	Status Update
	Allow Affordable Housing on Assembly Use Sites	PBCE/ Housing	Spring 2023	This General Plan policy change would enable any site containing assembly uses (including but not limited to houses of worship) with a Public/Quasi Public General Plan designation to allow 100% deed-restricted affordable housing to be developed as a secondary use in conjunction with the primary use of the property for assembly uses. City Council directed staff on September 22, 2020, to work on this as resources become available as part of its Citywide Residential Anti-Displacement Strategy (Recommendation 8). Outreach to developers has occurred and development of this policy continues. This item has been in the second draft sixth cycle Housing Element.
	Develop Impact Fee Registry	OEDCA	Winter 2023	Staff has developed a draft webpage that it anticipates publishing at the end of 2022 or early 2023. The webpage will be a unified place listing all fees and taxes for residential development. It will include a point of contact for each that is responsible for providing information and estimates. This item has is included in the second draft sixth cycle Housing Element.
	Explore Temporary Suspension of Construction Taxes for Affordable Housing	OEDCA/ Housing	Spring 2023	Staff has started work to analyze the fiscal implications of a construction tax suspension and will bring forward a recommendation to the City Council in early 2023.

Housing Crisis Work Plan

<i>II. Work Items Initiated and Underway</i>				
	Item	Lead Department	Planned Completion	Status Update
	General Plan Amendment to Fully Implement Removal of Commercial Requirements for Affordable Housing	PBCE	Fall 2022	Staff will bring forward a General Plan Amendment to implement the City Council direction from December 2021 to remove commercial requirements for all affordable housing throughout the City. The commercial requirement was removed from Policy IP-5.12 that allows affordable housing in unplanned Urban Villages. This item is included in the second draft sixth cycle Housing Element.
	Implementing Zoning Ordinance to allow Housing in Business Corridors	PBCE	Fall 2023	As a part of the General Plan Four-Year Review, the City Council approved allowing the construction of housing in certain business district corridors. Staff will bring forward a Zoning Ordinance update to implement this item and it has been added as a new work item. This item has is included in the second draft sixth cycle Housing Element.

Housing Crisis Work Plan

<i>II. Work Items Initiated and Underway</i>				
	Item	Lead Department	Planned Completion	Status Update
	Explore the creation of a Land Trust	Housing	Spring 2023	Staff recently issued a support letter to the South Bay Community Land Trust (SBCLT) for its application for organizational capacity building funds. Staff plans to procure consulting help to prepare a feasibility study to support the South Bay CLT's development. This work has been deprioritized given Housing Element work, but staff expects to complete work in 2023. In addition, the City has engaged HR&A Advisors to develop a Notice of Funding Availability (NOFA) to make Measure E funds available for acquisition /rehabilitation developments, with CLTs as possible recipients. The NOFA is expected to be released in spring 2023.
	Moderate-income Housing Strategy	Housing/ OED/Finance	Fall 2023	This work remains on the City Council's Roadmap waitlist. Housing finally was able to hire staff in fall 2022 after a long recruitment process to refresh the moderate-income housing analysis. This item is included in the second draft sixth cycle Housing Element.

Housing Crisis Work Plan

<i>II. Work Items Initiated and Underway</i>				
	Item	Lead Department	Planned Completion	Status Update
	Update Downtown Zoning to eliminate parking requirements	PBCE	Fall 2022	Through the American Cities Climate Challenge (ACCC), staff has comprehensively evaluated the City's parking requirements. City Council gave staff direction in June 2022 to prepare parking ordinance amendments and a TDM policy that eliminates parking requirements citywide and applies a TDM framework citywide. Staff will bring a proposed ordinance and policy framework to City Council for its consideration on November 29, 2022.
	Explore Policy for Housing on Public School Lands	PBCE	Re-Initiate Work once #10 is Complete	As directed by City Council in February 2021, explore policy changes for public school land conversions that could provide more opportunities for housing and revenue for public school districts. Staff has met with most school districts to discuss the proposed policy. Due to a recent and significant loss of staff this item is currently on hold. Staff anticipates returning to this work once the work item related to Affordable Housing on Assembly Use Sites is complete. This item has been included in the second draft sixth cycle Housing Element.
	Consider Strategies to Eliminate Incentive to Use Outside Bond Issuers	OEDCA/ Housing/ Finance	Fall 2023	Staff has conducted a preliminary analysis of its bond issuance fees and policy. Staff will consider potential strategies and bring forward any recommendations in 2023.

Housing Crisis Work Plan

<i>II. Work Items Initiated and Underway</i>				
	Item	Lead Department	Planned Completion	Status Update
	Develop an Affordable Housing Siting Policy	Housing	Fall 2022	This item will be discussed at the November Community and Economic Development Committee then is expected to be referred to the City Council in December. This item is included in the second draft sixth cycle Housing Element.
	Explore the Creation of a Land Acquisition Loan Fund	Housing	Spring 2024	Creating a source for rapid site acquisition financing is part of the Citywide Residential Anti-Displacement Strategy's Recommendation 3, Explore a Community Opportunity to Purchase Program/Ordinance (COPA). After a pause to focus on Housing Element work, Housing staff has resumed meetings with developers and lenders on preservation acquisition financing needs. If a partner external entity is required to offer rapid acquisition loans to expedite closings faster than the City could, the City must issue an RFP. Staff plans to finalize this determination and issue the RFP in early 2023. This item has been included in the second draft sixth cycle Housing Element.
	Complete the PDO/PIO Fee Study	PRNS/CMO	Spring 2023	The Department of Parks, Recreation, and Neighborhood Services is completing a Fee Study of park development impact fees. A status report about this effort was provided to the Community and Economic Development Committee on August 22, 2022. A report on the completed results of the Fee Study is anticipated to be considered by the City Council in spring 2023. Information is available online here .

Housing Crisis Work Plan

<i>II. Work Items Initiated and Underway</i>				
	Item	Lead Department	Planned Completion	Status Update
	Update to Council Policy 5-1: Transportation Analysis Policy	DOT	Fall 2022	This item is scheduled for the November 29, 2022 City Council meeting.
	Explore Reducing Signature Project Size Threshold	PBCE	Fall 2022	This item will be considered at the October 24, 2022 Community and Economic Development Committee, cross-referenced to City Council on December 6, 2022.
	Apply the Mobilehome Park Land Use Designation through City-initiated General Plan Amendments to the Remaining 56 Mobilehome Parks	PBCE	Ongoing	The City Council received an update on this item at the October 18, 2022 City Council meeting . Six mobilehome parks determined to have the greatest risk for redevelopment will be prioritized to receive the Mobilehome Park and Use Designation based on the funding received through the FY2022-2023 budget process. Through the mid-year budget process, staff will request additional money to complete the redesignation of seven additional parks identified by City Council, for a total of 13. As part of the FY 2023/2024 budget process, staff will then submit a budget request to redesignate all of the remaining mobilehome parks. This work is included in the second draft sixth cycle Housing Element.

Housing Crisis Work Plan

<i>III. Work Items To Be Initiated</i>				
	Item	Lead Department	Planned Initiation	Status Update
	Modify Martha Gardens Specific Plan	PBCE	Staffing Resources Dependent	The Martha Gardens Specific Plan predates the current General Plan and needs to be updated to reflect current development standards including height and density. This may also include exploring expanding the boundaries of the Plan area. Staff has started background work, but initiation of the public process is TBD due to significant staff departures on the Citywide Team including the project manager on this item.
	Updated Feasibility Study for Commercial Linkage Fee	OEDCA/ Housing	Leasing activity or Summer 2023	As directed by City Council in March 2022, start the process to initiate an updated feasibility study in either 18 months or once there are one million square feet in executed leases of new construction over 100,000 sq. ft. in the Downtown over more than one building, whichever happens first. This item has is included in the second draft sixth cycle Housing Element.

Housing Crisis Work Plan

<i>III. Work Items To Be Initiated</i>				
	Item	Lead Department	Planned Initiation	Status Update
	Explore Allowing Senate Bill 9 “SB 9” Type Housing on Additional Properties	PBCE	Staffing Resources Dependent	In December 2021, City Council directed staff to cease work on Opportunity Housing and instead develop comprehensive standards to implement Senate Bill 9, including standards that would allow some Senate Bill 9-type projects on properties zoned R-2 Two Family and properties listed on the Historic Resources Inventory. Timing is TBD due to significant staff departures on the Citywide Team. Staff is working on a scope of work for a consultant to begin work on this item in 2023. This item is included in the second draft sixth cycle Housing Element.
	Explore Opportunities for High-density Residential Development in Areas Surrounding San José State	PBCE/ Housing	Fall 2023	Staff intends to add this work as an action item in the Housing Element work program, which means the work would be initiated at some point following certification of the Housing Element next year.

Housing Production Report

Units Receiving Development Planning Approvals		Units Receiving Building Permits		Units Receiving Occupancy	
Market Rate:	361	Market Rate:	2,827	Market Rate:	797
Affordable:	81	Affordable:	146	Affordable:	30
Market Rate:	2,864	Market Rate:	2,248	Market Rate:	620
Affordable:	702	Affordable:	134	Affordable:	217
Market Rate:	2,660	Market Rate:	717	Market Rate:	963
Affordable:	1,702	Affordable:	663	Affordable:	259
Market Rate:	972	Market Rate:	1,081	Market Rate:	960
Affordable:	649	Affordable:	609	Affordable:	135
Market Rate:	878	Market Rate:	1,418	Market Rate:	1,385
Affordable:	590	Affordable:	351	Affordable:	0
Market Rate:	7,735	Market Rate:	8,291	Market Rate:	4,725
Affordable:	3,724	Affordable:	1,903	Affordable:	641

2018



2023

