


**CITY COUNCIL ACTION REQUEST**

<b>Department:</b> PBCE	<b>CEQA:</b> Not a Project, PP17-006, Grant Application and PP17-003, Agreements/	<b>Coordination:</b> Housing	<b>Dept. Approval:</b> /s/ Rosalynn Hughey
<b>Council District:</b> Citywide	Contracts (New or Amended) resulting in no physical changes to the environment.		<b>CMO Approval:</b>  8/15/19
<b>SUBJECT: REQUEST AUTHORIZATION TO APPLY FOR THE SENATE BILL 2 PLANNING GRANT PROGRAM</b>			
<b>RECOMMENDATION:</b>			
<p>Adopt a resolution authorizing the City Manager or Manager's designee to apply for the Senate Bill 2 Planning Grant (SB 2 Grant) administered by the California Department of Housing and Community Development and, if awarded, authorizing the City Manager or designee to accept grant funding from Housing and Community Development. SB2 Grant funding would be used for various planning efforts to facilitate housing production and to comply with recent changes in State law.</p>			
<b>BASIS FOR RECOMMENDATION:</b>			
<p>The 2017 Building Homes and Jobs Act (Senate Bill 2) establishes a recording fee on real estate documents to increase the supply of affordable homes in California which is remitted to the California Department of Housing and Community Development (HCD) to accelerate housing development. Proceeds from the first year will go toward the SB 2 Planning Grant program. The principle goal of the grant program is to make funding available to local governments for the preparation, adoption, and implementation of plans that streamline housing approvals and accelerate housing production. In subsequent years, SB 2 Grant funds will be allocated for the predevelopment, development, acquisition, rehabilitation, and preservation of affordable multifamily and live-work housing.</p> <p>City of San José qualifies for an award of up to \$625,000 based on a population size of greater than 200,000 residents. The application deadline is November 30, 2019, with a performance period end date of June 20, 2022. Staff proposes to use the grant to fund planning efforts that would facilitate housing consistent with eligible activities defined through the SB 2 Planning Grant program. Staff proposes to submit an application with the following work proposal options for HCD to evaluate:</p> <ul style="list-style-type: none"> <li>a) Advance implementation of Phase I and II of the update of the Zoning Code to remove obstacles to housing development and support future work related to certification of the next Housing Element;</li> <li>b) Develop objective design and development standards for missing middle housing (e.g., duplexes, triplexes, and other similar multifamily housing types) to increase housing supply as identified in the "Opportunity Housing" scope of work item for the General Plan Four-Year Review;</li> <li>c) Develop illustrative outreach and informational material to assist applicants and community members in understanding housing-focused development standards in the Zoning Code, including the Density Bonus chapter (Chapter 20.190 – Affordable Housing Density Bonuses and Incentives); and</li> <li>d) Other housing policy work to facilitate housing production consistent with eligible activities as defined in the SB 2 Planning Grant program.</li> </ul>			
<b>COST AND FUNDING SOURCE:</b>			
<p>There is no fee to submit the application and the grant is non-competitive. The City of San Jose can qualify for an award of up to \$625,000 from the California Department of Housing and Community Development based on the evaluation of the work proposal options, and there is no matching fund requirement. Anticipate funding encumbrance is in the summer of 2020, FY2020-21. Once the award is received, the City Manager's Budget Office will recognize the revenue and appropriate and advance the funds, then to be reimbursed by the California Department of Housing and Community Development.</p>			
<b>FOR QUESTIONS CONTACT:</b> Jared Hart, Division Manager – Citywide Planning, (408) 535-7896			