

CITY COUNCIL ACTION REQUEST

DEPARTMENT(S): Planning, Building and Code Enforcement, Housing, City Manager's Office of Emergency Management	CEQA: Categorically Exempt, File No. ER23-173, CEQA Guidelines Section 15301, Existing Facilities.	COORDINATION: City Attorney's Office, City Manager's Budget Office	Director Approval: /s/ Chris Burton /s/ Erik L. Soliván /s/ Raymond Riordan
COUNCIL DISTRICT(S): Citywide			CMO Approval:  3-5-26

SUBJECT: Amendment to the Soft Story Seismic Retrofit Ordinance

RECOMMENDATION

Approve an ordinance amending the effective date of the Soft Story Seismic Retrofit Ordinance from April 1, 2026, to April 1, 2027, along with the compliance deadlines in San José Municipal Code section 17.41.550, which requires seismic retrofit of certain wood-frame target story residential buildings.

BASIS FOR RECOMMENDATION

On September 24, 2024, City Council approved an ordinance amending Title 17 of the San José Municipal Code to add Chapter 17.41 to require seismic retrofit of certain wood-frame target story residential buildings, effective April 1, 2025. Development of the Soft Story Retrofit Ordinance (Ordinance) and initial program implementation were funded by a \$6 million Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant award overseen by the California Governor's Office of Emergency Services. The Phase 1 grant was awarded in 2021. In August 2023, the City applied for an additional \$25 million FEMA grant.

Implementation of the Ordinance includes a Retrofit Financing Program, a public-private partnership, to defray the retrofit costs for property owners. Housing Department data analysis provided the context for designing a Retrofit Financing Program to complete the retrofits by incorporating rebates offered through the FEMA grants and leveraging City funds to offer participating property owners a low-cost retrofit financing while mitigating tenant rent increases.

In response to federal government action, uncertainty of FEMA programs, and the slow movement of the City's \$25 million FEMA grant application, on March 25, 2025, City Council amended the effective date of the Ordinance from April 1, 2025, to April 1, 2026, along with the compliance deadlines in San José Municipal Code section 17.41.550, which requires seismic retrofit of certain wood-frame target story residential buildings.

Following City Council's prior consideration of the proposed Soft Story Seismic Retrofit Financing Program, FEMA announced reductions to the Building Resilient Infrastructure and Communities grant program. These changes significantly reduced the level of external funding previously anticipated to support the program implementation. As a result, the City will not receive sufficient federal funding to initiate a full program at the scale contemplated initially.

In response, staff proposed recalibrating the initial phase of the Ordinance implementation to a smaller, voluntary, targeted pilot financing program. On January 27, 2026, City Council approved the Soft Story Seismic Retrofit Pilot Financing Program along with the cost analysis of \$1,616,900.

While recent court rulings set an injunction requiring the release of FEMA's Building Resilient Infrastructure and Communities program funding, uncertainty remains regarding the award of the City's

\$25 million FEMA grant application. Therefore, staff recommends that the effective date of the Ordinance be changed from April 1, 2026, to April 1, 2027.

Table 1 below shows the corresponding extension of compliance dates for each of the groups impacted by the Ordinance.

TABLE 1. Compliance deadlines in total years commencing from the effective date of the Ordinance

Compliance Group	Screening Phase	Construction Completion
Group 1	18 months (October 1, 2028)	5 years (April 1, 2032)
Group 2	18 months (October 1, 2028)	6 years (April 1, 2033)
Group 3	18 months (October 1, 2028)	7 years (April 1, 2034)

After City Council action, staff will post the new effective date of the Ordinance on the Planning, Building, and Code Enforcement Department and Housing Department websites and conduct outreach to housing providers, tenants, and other stakeholders. Housing Department staff will continue to administer the Soft Story Seismic Retrofit Pilot Financing Program.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

COST AND FUNDING SOURCE

There are no costs associated with this action.

FOR QUESTIONS CONTACT: Lisa Joiner, Deputy Director, Planning, Building and Code Enforcement Department at lisa.joiner@sanjoseca.gov.