



Memorandum

TO: COMMUNITY AND
ECONOMIC DEVELOPMENT
COMMITTEE

FROM: Rosalynn Hughey

SUBJECT: City Council Focus Area
Status Report: Building
More Housing

DATE: December 2, 2025

Approved

Date:

12/2/2025

RECOMMENDATION

Accept the status report on the City's Building More Housing Focus Area implementation and progress toward building the long-term infrastructure required for learning and continuous improvement.

BACKGROUND

On September 30, 2025, the City Council approved the *Focus Area Model 2.0*—a framework designed to strengthen and accelerate progress on San José's most significant, cross-cutting challenges.¹ The model organizes City efforts into five Focus Areas:

1. Increasing Community Safety
2. Reducing Unsheltered Homelessness
3. Cleaning Up Our Neighborhoods
4. Growing Our Economy
5. Building More Housing

Model 2.0 represents a major shift from data reporting to a shared learning model, structured through quarterly cycles of planning, executing, reflecting, and improving. Each Focus Area is supported by a logic model—a framework linking long-term goals to near-term actions and measurable results—and by a regular cadence of retrospective

¹See September 30, 2025, City Council, Item 3.4, City Council Focus Areas Semi-Annual Status Report. <https://sanjose.legistar.com/View.ashx?M=F&ID=14796341&GUID=F10DEA6B-E69E-4648-A366-E7C99FB38D05>

learning sessions that enable teams to adjust strategies in real time and report insights to the City Council.

ANALYSIS

Building the Infrastructure for Long-Term Impact (June–December 2025)

Between July and September 2025, the Administration focused staff capacity around building logic models that would serve as the foundation for a shared long-term vision for each Focus Area. Since Council approval, the Administration has focused on establishing the *people, processes, and technology* that will sustain this new performance learning infrastructure.

MONTH (2025)	MILESTONE	PURPOSE
JULY- SEPTEMBER	Completion of Fiscal Year 2025–2026 logic models and retrospective training series <ul style="list-style-type: none"> • Conducted staff workshops and deep-dive consultations • Articulated Long-Term Goals, Problem Areas, Change Initiatives, and Near-Term Goals • Established indicators and metrics to serve as feedback loops • Initiated implementation of select change initiatives 	Established foundations for shared understanding and learning
SEPTEMBER 30	Council adoption of Model 2.0	Formalized governance and accountability structure
OCTOBER– NOVEMBER	Completion of retrospective trainings and dashboard buildouts <ul style="list-style-type: none"> • Provided retrospective trainings for execution leaders in each Focus Area; training on performance leadership • Held first monthly retrospectives in each Focus Area • Conducted user experience interviews for public dashboards • Finalized data structure and collected data sets for dashboards 	Capacity building and operational rollout
DECEMBER	Committee briefings and launch of first-iteration of dynamic public dashboards	Community learning

Additionally, during the initial two-month period since the City Council formally accepted the new model, teams have been learning how to apply *execution-as-learning*—testing small changes, documenting observations, and refining their approach. This process builds the City’s internal capacity for adaptive learning while maintaining focus on results.

Through this model, City leadership is encouraging curiosity and reflection through questions such as:

- What are we seeing in our metrics to date? How do we make sense of what we’re seeing?
- What did we observe from this past cycle? What went well? What could have gone better?
- What barriers are limiting progress? What are we learning as a result?
- What will we adjust now to have the most impact? What did we learn last quarter that might inform new approaches to goals?

Staff invite Committee members to ask similar questions during these updates, as Committee reports offer an opportunity to learn together about how our collective efforts are working in practice. During Committee discussions, we welcome conversations about what we are learning from implementation—what the data, stories, and staff experiences suggest about the effectiveness of current interventions. These updates are not intended to modify problem areas, near-term goals, or success measures, which are established and adjusted by the full City Council through the budget process. However, Committee members are encouraged to explore how we measure success, such as opportunities to disaggregate or contextualize existing data, where available, to deepen understanding of outcomes and equity impacts. Committee conversations can help shape how we learn and support the City Council’s broader decision-making.

Focus Area Updates

This Committee oversees the following Focus Area(s):

- Building More Housing
- Growing Our Economy

The Committee will hear both focus areas as separate items. Because the September 30, 2025 City Council presentations were brief, for the first Focus Area Committee Updates in December 2025, staff will review the new logic model components and provide a full walk through of each Focus Areas long-term goals; problems that are preventing the City from reaching its goal; the near-term goals staff committed to accomplishing to address the goals; and the change initiatives tied to those near-term goals. Implementation updates will be embedded in this presentation with a summary of key lessons learned to date.

Moving forward, each Focus Area Committee Update will include:

- A brief reminder of the long-term goal and near-term fiscal year goals;
- A summary of progress to date, drawing from retrospective learnings; and
- Key lessons learned and next steps to strengthen implementation.

A few major updates from the Building More Housing Focus Area are summarized below; more learnings will be expanded upon during the presentation.

1. Land Use, Policy, and Regulation

- *General Plan Four-Year Review.* Use of the Planning Commission as the task force for the four-year review process is effective and enables staff to drive a timely process. In order to facilitate additional community input, staff have developed an online form that residents can access online or during the task force meeting to provide input.
- *State Legislation.* Recent state housing legislation, including Senate Bill 79 and Assembly Bill 130, has generated notable public inquiries. There is an ongoing need to provide clear interpretation and revisit existing policy efforts in response to continuous state housing policy changes. Staff will agendize an item for a January 2026 City Council meeting that will provide an analysis and potential next steps on Senate Bill 79.
- *“Housing Day”.* To support more comprehensive City Council discussions on housing policy, staff have grouped several upcoming major items into a dedicated “Housing Day” at the January 27, 2026, City Council meeting. This approach allows the City Council to consider these items with the benefit of information presented at the December 8, 2025, Cost of Residential Development Study Session. It also provides a clearer understanding of the complexity of the policies, how they interrelate, and collectively support the City’s *Building More Housing* goals.

2. Development Services Process

- *Performance Management.* Staff are moving affordable housing projects with 20-plus units through the building permit process quickly, surpassing time targets. Prioritizing this work, however, extends timelines for other types of housing and non-housing development.
- *Multi-family Fee Estimator.* The multi-family fee estimator shows more detailed permit fee information than ever before. This models the opportunity to improve permit fee transparency more widely.
- *CEQA Streamlining.* Implementation of the CEQA streamlining provisions under Assembly Bill 130 has been nuanced to date. Some applicants have chosen not to use the state process because their projects were already well underway, reducing the anticipated benefits of streamlining.

3. Linking Land and Capital

- *Cost of Development Study Session.*
 - *Market-rate Housing.* Findings align with previous studies demonstrating that the majority of cost barriers are outside the City's direct control. Current market conditions are challenging; however, feasibility is often dependent on factors such as building type, parking, and location. Targeted policies and greater flexibility can help close the gap and expand opportunities for new housing development, preservation, and conversion. A larger sample is needed for more conclusive findings on hard costs, particularly labor.
 - *Affordable Housing.* Costs to build affordable housing in San José are consistent with regional averages. Affordable units are typically smaller than market-rate units, which raises their cost per square foot. This is because major hard costs (e.g., toilets, kitchen appliances, HVAC systems) stay largely the same regardless of unit size, while the costs that do decrease (e.g., flooring, paint) represent only a small share of total unit costs. San José contains a significant share of proposed affordable housing across the region.
- *Multi-family Housing Incentive Program.* Since approval by City Council on December 10, 2024, the Multi-family Housing Incentive program has facilitated 1,444 total housing units from entitlement to construction. This includes 1,216 market-rate units and 228 affordable units. Ongoing evaluation for flexibility and adjustments to project circumstances are necessary to make this and other incentive programs work for as many developments as possible.

What's Next: Continuing to Learn and Build

The Administration views Fiscal Year 2025–2026 as a pilot year for Model 2.0 that is focused on building the infrastructure, tools, and culture needed for long-term success.

Key next steps include:

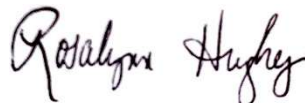
- Continue iterating on the functionality of public-facing dashboards – improving usability and data shared for each Focus Area.
- Continue sequenced implementation of near-term goals and associated change initiatives.
- Refining processes and metrics through monthly retrospectives and interdepartmental coordination.
- Building capacity through additional training on data literacy, goal setting, and performance leadership.
- Cultivating a work environment and team culture that ensures our staff feel supported to test new approaches, identify challenges early, and learn openly. What this looks like is staff feeling comfortable publicly working through discussions on projects where any missed targets are valued as learning

opportunities, knowing that experimentation in this space requires creativity, iteration, and public learning without fear of personal blame.

The Administration's learning from this foundational work will be reported on during communications to City Council in Spring 2026, which will include updates on results-to-date across all Focus Area near-term goals. As this first year of Focus Area Model 2.0 implementation represents an important step in building the long-term infrastructure for performance, learning, and results, staff will also provide relevant implementation insights with recommendations for further improvement in the second year of execution. While this work takes time to refine, the City is already gaining valuable insight from implementation and developing the systems and culture needed for major, lasting impact.

COORDINATION

This memorandum was coordinated with the City Manager's Budget Office, City Attorney's Office, Fire Department, Housing Department, Planning, Building and Code Enforcement, and Public Works.

A handwritten signature in black ink, reading "Rosalynn Hughey". The signature is fluid and cursive, with the first name "Rosalynn" and last name "Hughey" clearly distinguishable.

Rosalynn Hughey

Deputy City Manager, City Manager's Office

For questions, please contact Kailyn Kenney, Assistant to the City Manager, City Manager's Office, at kailyn.kenney@sanjoseca.gov.