



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Candelas

SUBJECT: SEE BELOW

DATE: January 27, 2026

Approved

Date: 01/27/2026

A handwritten signature in cursive script that reads "Domingo Candelas".

SUBJECT: Amendments to Chapter 5.08 of Title 5 of the San José Municipal Code and Regulations for the Inclusionary Housing Ordinance

RECOMMENDATION

1. Approve Amendments (b) and (d) to Chapter 5.08 of Title 5 of the San José Municipal Code and Regulations for the Inclusionary Housing Ordinance.
2. Defer Amendments (a) and (c) to Chapter 5.08 of Title 5 of the San José Municipal Code and Regulations for the Inclusionary Housing Ordinance to Summer of 2026.
3. Direct the Housing Department to return to Council with alternative policy options, analysis on how this will impact development, and include further stakeholder input.

BACKGROUND

At this time, the City does not have sufficient data on how the proposed changes to the affordability levels for inclusionary housing units would affect overall housing affordability. As elected officials, decisions like these have long-term implications and it is imperative to make informed, data-driven decisions. Given the scale and durability of this change, additional analysis is needed before modifying the City's affordability framework.

The intent of the Inclusionary Housing Ordinance was to provide built-in measures for market-rate developments to incorporate affordability and equity in their projects. By shifting the affordability requirements away from lower income levels, we would fundamentally shift the

intent of the ordinance. Furthermore, given the disproportionate impact of housing affordability on historically marginalized communities, we risk having major, unintended consequences on highly sensitive populations in our city.

Deferring (a) and (c) would allow the Housing Department to conduct a more comprehensive evaluation, including feasibility modeling across multiple AMI levels and consideration of equity impacts. This additional work would ensure that any future changes to affordability requirements are informed by robust data, stakeholder input, and a clear understanding of long-term consequences.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.